

County of Delaware, Pennsylvania

Financial Statements and
Supplementary Information

Year Ended December 31, 2023



County of Delaware, Pennsylvania

Table of Contents
December 31, 2023

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances -Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual Comparison - General Fund	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Net Position -Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Net Position - Fiduciary Funds	28
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	29
Notes to Financial Statements	30

County of Delaware, Pennsylvania

Table of Contents
December 31, 2023

	<u>Page</u>
Required Supplementary Information (Unaudited)	
Schedule of Changes in Net Other Post-Employment Benefit Liability and Related Ratios	78
Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios	79
Schedule of Employer Contributions	80
Schedule of Investment Returns	81
Supplementary Information	
Schedule of Expenditures of Federal Awards	82
Schedule of Selected Commonwealth of Pennsylvania Department of Human Services Assistance	85
Notes to Schedule of Expenditures of Federal Awards and Selected Commonwealth of Pennsylvania Department of Human Services Assistance	86
Supplementary Information - City of Philadelphia Schedules	
Housing Opportunities for Persons With AIDS, City of Philadelphia Contract Number 2320136	
Schedule of Source and Status of Funds	88
Schedule of Program Expenditures	89
Reconciliation Schedule	90
Schedule of Program Income	91
Housing Opportunities for Persons With AIDS, City of Philadelphia Contract Number 2420053	
Schedule of Source and Status of Funds	92
Schedule of Program Expenditures	93
Reconciliation Schedule	94
Schedule of Program Income	95
Single Audit Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	96
Report on Compliance for Each Major Federal Program, PADHS Program and City of Philadelphia Programs and on Internal Control Over Compliance Required by the Uniform Guidance, the Commonwealth of Pennsylvania Department of Human Services Single Audit Supplement and the City of Philadelphia <i>Subrecipient Audit Guide</i>	98

County of Delaware, Pennsylvania

Table of Contents
December 31, 2023

	<u>Page</u>
Schedule of Findings and Questioned Costs	101
Summary Schedule of Prior Year Audit Findings	110
Agreed-Upon Procedures	
Independent Accountants' Report on Applying Agreed-Upon Procedures on the Schedule of WIOA Expenditures by Contract Number and Year	114
Schedule of WIOA Expenditures by Contract Number and Year	116
Independent Accountants' Report on Applying Agreed-Upon-Procedures on Department of Human Services Supplemental Schedules	117
Child Support Enforcement - Comparison of Single Audit Expenditures With Reported Expenditures	120
Child Support Enforcement - PACSES OCSE 157 Data Reliability Validation	121
Child Support Enforcement - Comparison of Reported Incentives to Incentives on Deposit	122
Child Support Enforcement - Comparison of Single Audit Title IV-D Account With Reported Title IV-D Account	123
Schedule of Revenues and Expenditures - EARN - Exhibit II	124
Schedule of Revenues and Expenditures - Medical Assistance Transportation Program - Exhibit III	125
Funding of Program Costs - Early Intervention Services - Exhibit V(a)	126
Report of Income and Expenditures - Early Intervention Services - Exhibit V(b)	127
Report of Income and Expenditures - Early Learning Resource Center -Exhibit VIII(a),(b),(c),(d)	128
Recap Worksheet - Early Learning Resource Center	132
Reconciliation Supplemental Financial Schedule - Exhibit XX	133
Children and Youth Agency Monitoring Schedule - Exhibit XXI	135



Independent Auditors' Report

To the County Council of
County of Delaware, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the budgetary comparison for the General Fund of the County of Delaware, Pennsylvania (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report 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, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Delaware County Solid Waste Authority, the Economic Development Oversight Board, the Redevelopment Authority of the County of Delaware, the Delaware County Chester Waterfront Industrial Development Authority or the Delaware County Interactive Gaming Revenue Authority, (collectively, the discretely presented component units), which represent 100% of the assets, net position and revenues of the discretely presented component units of the County. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely presented component units are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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, 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 assistance, as required by the Commonwealth of Pennsylvania Department of Human Services (DHS) *Single Audit Guidelines*; and the City of Philadelphia Schedules, as required by City of Philadelphia *Subrecipient Audit Guide* as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024 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

Philadelphia, Pennsylvania

June 28, 2024 except for our report on other information for which the date is September 30, 2024

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

County of Delaware, Pennsylvania

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, 2023, compared to 2022. The County's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the County's primary government. Component units, unless otherwise noted, are not included in this discussion.

Financial Highlights

During 2023, the County's governmental activities total net position as shown in the government-wide statements increased by \$42.7 million. This increase in net position is primarily attributable to \$27.3 million in revenues related COVID-19 relief that was used to subsidize lost revenue, as well as a decrease in expenditures by \$36.9 million as a result of a change in the discount rate used in determination of the total other post-employment benefit liability.

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, deferred outflows of resources, liabilities and deferred inflows of resources, 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 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 human services, highways, bridges and streets. The business-type activity of the County is a geriatric center.

County of Delaware, Pennsylvania

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, legally separate Chester Waterfront Industrial Development Authority and legally separate Interactive Gaming Revenue 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 18-19 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 14 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, the Health and Human Services Fund and the COVID-19 Relief Fund, all of which are considered to be major funds. Data from the other 10 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 20-24 of this report.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

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 25-27 of this report.

Fiduciary Component Unit/ Fiduciary Funds. The County maintains two fiduciary funds which consists of a fiduciary component unit pension trust fund (the Pension Trust Fund) and the Custodial Funds. 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 Custodial Funds are maintained to account for delinquent and transfer taxes collected by the County for other governments and then remitted to those other taxing authorities and refundable deposits held by the Sheriff's Office, Recorder of Deeds, Office of Judicial Support, Sheriff's sale proceeds payable to creditors, and inmate accounts held on behalf of the prison.

The basic fiduciary fund financial statements can be found on pages 28-29 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 30-77 of this report.

Required Supplementary Information. In addition to the Management's Discussion and Analysis, 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 78-81 of this report.

General Fund Budgetary Highlights

The General Fund final expenditure budget for fiscal year 2023 was approximately \$280 million. This was a decrease of approximately \$10 million from the prior year final budget. Considering account total expenditures and transfers, the County experienced an overall favorable budgetary variance of approximately \$26.1 million, primarily because of lower than budgeted elections and information technology costs of approximately \$1.5 million, lower than expected juvenile detention costs of approximately \$715,000, lower than budgeted public defender costs of approximately \$1.8 million, and other program and grant expenditures were lower than the budgeted by \$14.4 million.

By law, the County's Budget Management Department may authorize budget line-item transfers within or among the budgets of County departments and offices after January 31. All interdepartmental budget transfers are subject to approval of County Council. The Budget Management Department may recommend County Council approve increased budget appropriations for necessary purposes, but increases may not exceed additional revenues.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

County Council may amend the annual budget after its final adoption through approval of an ordinance. There were no council ordinances amending the 2023 General Fund budget. However, County Council did approve certain interdepartmental adjustments.

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 \$25,549,069.

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

	Governmental Activities		Business-Type Activity		Total		% Change
	2023	2022	2023	2022	2023	2022	
Current assets	\$ 385	\$ 419	\$ 23	\$ 10	\$ 408	\$ 429	(5) %
Other noncurrent assets	282	350	1	16	283	366	(23)
Capital assets, net	<u>270</u>	<u>254</u>	<u>25</u>	<u>21</u>	<u>295</u>	<u>275</u>	7
Total assets	<u>937</u>	<u>1,023</u>	<u>49</u>	<u>47</u>	<u>986</u>	<u>1,070</u>	(8)
Deferred outflows	<u>142</u>	<u>84</u>	<u>21</u>	<u>7</u>	<u>163</u>	<u>91</u>	79
Current liabilities	369	420	23	10	392	430	(8)
Long-term liabilities outstanding	<u>668</u>	<u>584</u>	<u>40</u>	<u>20</u>	<u>708</u>	<u>604</u>	16
Total liabilities	<u>1,037</u>	<u>1,004</u>	<u>63</u>	<u>30</u>	<u>1,100</u>	<u>1,034</u>	6
Deferred inflows	<u>178</u>	<u>281</u>	<u>1</u>	<u>15</u>	<u>179</u>	<u>296</u>	(40)
Net position:							
Net investment in capital assets	25	9	(2)	(3)	23	6	>100
Restricted	57	81	-	7	57	88	(35)
Unrestricted	<u>(218)</u>	<u>(268)</u>	<u>8</u>	<u>5</u>	<u>(210)</u>	<u>(263)</u>	(20)
Total net position	<u>\$ (136)</u>	<u>\$ (178)</u>	<u>\$ 6</u>	<u>\$ 9</u>	<u>\$ (130)</u>	<u>\$ (169)</u>	(23)

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
	2023	2022	2023	2022	2023	2022	
Program revenues:							
Charges for services	\$ 22	\$ 23	\$ 63	\$ 57	\$ 85	\$ 80	6 %
Operating grants and contributions	492	536	2	1	494	537	(8)
Capital grants and contributions	8	8	-	-	8	8	-
General revenues:							
Property taxes	176	173	-	-	176	173	2
Gaming revenue	5	6	-	-	5	6	(17)
Other	2	2	1	3	3	5	(40)
Investment earnings	12	4	-	-	12	4	>100
Total revenues	717	752	66	61	783	813	(4)
Program expenses:							
General government	166	135	-	-	166	135	23
Judicial	42	40	-	-	42	40	5
Corrections	83	73	-	-	83	73	14
Health and Human Services	366	390	-	-	366	390	(6)
Highways, streets and bridges	10	9	-	-	10	9	11
Interest on long-term debt	5	6	-	-	5	6	(17)
Geriatric Center	-	-	72	63	72	63	16
Total expenses	672	653	72	63	744	716	4
Net revenue (expense) before transfers	45	99	(6)	(2)	39	97	(60)
Transfers	(3)	(7)	3	7	-	-	-
Change in net position	42	92	(3)	5	39	97	(60)
Net position, beginning	(178)	(270)	9	4	(169)	(266)	(36)
Net position, ending	<u>\$ (136)</u>	<u>\$ (178)</u>	<u>\$ 6</u>	<u>\$ 9</u>	<u>\$ (130)</u>	<u>\$ (169)</u>	<u>(23)</u>

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Governmental Activities. Governmental activities increased the County's net position by approximately \$42.7 million. Key elements of this increase are a result of the following:

- The County recognized \$27.3 million of the Coronavirus State and Local Fiscal Recovery Funds against lost revenue.
- The County's other post-employment benefit liability (OPEB) decreased by \$36.9 million because of the assumed discount rate related to OPEB liability.

Business-Type Activity. Business-type activities decreased the County's net position by approximately \$3.4 million. The key element of this decrease was a result of the following:

- The Geriatric Center's operation, maintenance and housekeeping costs increased by \$1.9 million
- The Geriatric Center's employee benefits expenses increased \$5.8 million, which included its proportionate share of the net pension liability that increased by \$2.7 million.
- The Geriatric Center's transfer from primary government was \$3.1 million in 2023, a decrease of \$3.8 million from 2022.
- The impact of these changes was partially offset by the \$6.1 million increase in the Geriatric Center's charges for services as a result of increased Medicaid reimbursement and additional inter-governmental transfer from the Commonwealth of Pennsylvania.
- The business-type activities for the Geriatric Center for 2022 included a \$2.0 million gain on the sale of beds. There was no similar gain reported in 2023.

Financial Analysis of the Major Funds

General Fund

Revenues of the General Fund totaled \$232,519,203 for the year ended December 31, 2023. The following represents a summary of General Fund revenue, by source, along with changes from 2022:

	<u>2023 Amount</u>	<u>2022 Amount</u>	<u>Increase (Decrease) From 2022</u>	<u>Percentage Increase (Decrease)</u>
Real estate taxes	\$ 174,340,833	\$ 174,530,462	\$ (189,629)	(0.1) %
Gaming revenue	5,302,869	5,842,691	(539,822)	(9.2)
Licenses and permits	59,385	192,248	(132,863)	(69.1)
General grants	14,893,062	14,584,479	308,583	2.1
Charges for services, fines and forfeits	21,796,894	23,104,504	(1,307,610)	(5.7)
Investment earnings	9,873,779	3,264,121	6,609,658	>100
Other	<u>6,252,381</u>	<u>5,813,350</u>	<u>439,031</u>	<u>7.6</u>
Total	<u>\$ 232,519,203</u>	<u>\$ 227,331,855</u>	<u>\$ 5,187,348</u>	<u>2.3</u>

Investment earnings increased by \$6.6 million as a result of interest earned on state and local fiscal recovery award funds.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

General Fund expenditures totaled \$253,798,959 for 2023, which represents an increase of \$20,121,251 or 8.6% from 2022. The following represents a summary of General Fund expenditures for the year ended December 31, 2023, by source, along with changes from 2022:

	2023 Amount	2022 Amount	Increase (Decrease) From 2022	Percentage Increase (Decrease)
General government	\$ 40,186,999	\$ 38,370,976	\$ 1,816,023	4.7 %
Judicial	42,617,134	40,015,789	2,601,345	6.5
Corrections	79,515,630	73,282,194	6,233,436	8.5
Transportation	9,941,258	9,802,264	138,994	1.4
Other	54,284,947	46,130,475	8,154,472	17.7
Debt service:				
Principal	21,823,777	21,031,287	792,490	3.8
Interest	5,429,214	5,044,723	384,491	7.6
Total	\$ 253,798,959	\$ 233,677,708	\$ 20,121,251	8.6

General government expense increased in 2023 primarily due to additional legal expenses incurred through the solicitors office and costs incurred on the maintenance of the West Baltimore Pike property that started in 2023. Corrections expense increased in 2023 as a result of the prison operations for a full year of 2023, compared to a portion of 2022, as the prison operations was managed by the County starting April 2022. Other operations increase in 2023 due to approximately \$9.5 million of expenditure commitments associated with leases and subscription based IT arrangements during the fiscal year.

The following shows the original and final revenue and expenditure budgets for the General Fund:

	Original	Final	Increase (Decrease)
Revenues:			
Real estate taxes	\$ 173,350,000	\$ 173,350,000	\$ -
Gaming revenue	7,424,883	7,424,883	-
Licenses and permits	55,700	55,700	-
General grants	12,563,815	12,563,815	-
Charges for services, fines and forfeits	20,802,699	20,802,699	-
Investment earnings	756,500	756,500	-
Other	27,416,675	27,416,675	-
Total revenues	\$ 242,370,272	\$ 242,370,272	\$ -
Expenditures:			
General government	\$ 43,768,160	\$ 46,207,888	\$ 2,439,728
Judicial	50,143,786	45,757,927	(4,385,859)
Corrections	82,163,396	82,748,624	585,228
Transportation	10,063,000	10,063,000	-
Other	63,377,962	67,981,021	4,603,059
Debt service:			
Principal	24,945,000	24,945,000	-
Interest	5,428,212	2,186,059	(3,242,153)
Total expenditures	\$ 279,889,516	\$ 279,889,519	\$ 3

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Expenditures

General government - The budget for general government increased for information technology and telecommunications and increased for legal expenditures

Judicial - The budget for judicial expenditures decreased due to a significant amount of employee vacancies which resulted funding in this category not being used and transferred to other areas of need

Other - The budget for other expenditures was increased for employee benefits to cover unbudgeted amounts for retiree insurance.

Capital Project 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, 2023, the County expended \$26,396,154 for such projects, which represents a decrease of \$10,293,633 from 2022. The Capital Projects Fund's fund balance at December 31, 2023, totaled \$34,339,576, 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. This was an increase of approximately \$10.4 million, which was primarily the result of the issuance of the 2023 note proceeds of \$35 million offset by the increase in spending of the prior debt issuance proceeds on capital outlay.

Health and Human Services 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 grants, are restricted by law or other formal action to expenditures for specific purposes. The County match of \$7,500,001 in 2023 to the Health and Human Service Funds is reflected as 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 10 special revenue funds, which contain activity related to Office of Workforce Development and other grants; Opioid Settlement Funds to be used to address opioid misuse and addiction abatement 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 (COSA); monitoring and administering development and rehabilitation grants; operations of the County of Delaware Health Department; administration of the hotel tax collected; and to accounting for Marcellus Shale Impact Fees. Revenues and expenditures totaled \$85,021,173 and \$84,763,094, respectively, for 2023. These amounts represent an increase in revenue of 20.8% and an increase in expenditures of 17.0% from 2022 amounts. The following programs had an excess of revenues over expenditures in 2023: Liquid Fuels - \$475,747 and CDBG - \$3,829,520. The following programs had a deficiency of revenues over expenditures in 2023: Opioid Settlement - \$(136,198) and Library - \$(485,776).

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Pension Trust Fund

The net position reserved for employees' pension benefits was \$625,887,319. 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 by 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, 2023, amounts to \$294,825,105 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and intangible right-to-use leased assets.

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Land	\$ 30,673,714	\$ -	\$ 30,673,714
Construction in progress	19,694,854	-	19,694,854
Land improvements	6,789,665	-	6,789,665
Buildings and improvements	119,864,020	24,533,598	144,397,618
Equipment	37,901,203	432,717	38,333,920
Infrastructure	21,703,494	-	21,703,494
Right-to-use leased asset	28,938,749	-	28,938,749
Subscription asset	4,293,091	-	4,293,091
Total	<u>\$ 269,858,790</u>	<u>\$ 24,966,315</u>	<u>\$ 294,825,105</u>

Additional information on the County's capital assets can be found in Note 13 on page 53 of this report.

Long-Term Debt

As of December 31, 2023, the County's actual general obligation debt of \$300,233,000 is well below the legal limit of \$2,118,954,774 by \$1,785,489,934. Additional information on the County's long-term debt can be found in Note 17 on page 57 of this report.

American Rescue Plan Act

The Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan (ARP), delivered \$350 billion to state, local and Tribal governments across the country to mitigate public health and economic impacts caused by the pandemic. In 2021, the County was awarded \$110,083,961 in total ARP funds. The County received its first tranche of ARP funds totaling \$55,041,980 in May 2021 and its second tranche of ARP funds totaling \$55,041,981 in June 2022. The County held public sessions to present, source and discuss the programming of these recovery funds into four major relief categories: (1) Public Health, (2) Negative Economic Impacts, (3) Premium Pay and (4) Water, Sewer and Broadband Infrastructure.

As of December 31, 2023, the County allocated \$110,008,801 of the total ARP award. Expenditures to date from inception through December 31, 2023, were \$57,332,124.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

In the category of Public Health, County Council approved an allocation of \$42,788,891, and expenditures of \$15,289,100 through December 31, 2023. Following were some of the major public health initiatives:

- The County expanded the Health Department using an ARP allocation of \$35,430,362 with \$11,323,397 in expenditures.
- \$2,500,000 was allocated for the COVID-19 response, and \$773,348 was expended.
- Of \$1,750,000 set aside to provide relief funds to the County's firehouse, \$1,564,974 was expended.
- \$1 million was earmarked and \$553,688 was expended for the gun violence prevention program.

In the category of Negative Economic Impacts, a total of \$25,021,792 was allocated and \$14,925,430 was expended through December 31, 2023, for the following projects:

- The largest project was providing childcare to eligible working caregivers, and all \$5 million allocated was expended through the Childcare Professional Network.
- \$2,500,000 was allocated and expended to rehabilitate and reopen a historic theater in Lansdowne Borough.
- \$407,375 of the \$1,907,375 allocated to preserve open space was expended.
- \$3,227,452 was allocated and \$2,188,410 was expended to renovate two County parks, Little Flower and Upland.
- County Council approved funding totaling \$2,730,124 on a partnership with the Whole Home Repair Program, of which \$21,702 was expended in 2023.

A total of \$57,500 in ARP funds were allocated towards two Water, Sewer and Broadband Infrastructure projects: a hydrology study of Upland Park and a flood study by Brandywine Conservancy. Zero dollars were expended through 2023.

\$767,000 was set aside and \$298,023 has been expended to cover ARP's administrative costs:

- An allocation of \$68,000 was expended for grant writing assistance.
- County Council apportioned \$500,000 for general administrative costs, of which \$31,023 has been expended.
- \$199,000 was allocated and spent on installation of cloud computing software to facilitate community engagement.

\$41,373,618 was allocated under ARP's revenue loss clause, and \$27,602,013 was expended through December 31, 2023.

- \$37,102,348 formed part of the fiscal year 2023 budget, and over \$26 million has been expended.
- \$2.8 million was applied to a building project at the County's geriatric center, with \$227,909 expended through December 31, 2023 for Buildings 1 and 19.
- \$1 million was set aside in December of 2023 to fund a Micro Lending Grant Program through the County's Commerce Center. No dollars have been expended yet.

In summary, the allocation of ARP funds comprised the following classifications: 38.9% Public Health, 22.7% Negative Economic Impacts, 37.6% Revenue Loss and 0.8% Water, Sewer and Broadband Infrastructure and costs to administer the ARP program.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Additional COVID-19 Relief Funds

In response to the coronavirus pandemic, the U.S. Congress established two emergency rental assistance programs, one under Section 501 of the 2021 Consolidated Appropriations Act (ERA1) and the second under Section 3201 of the American Rescue Plan Act of 2021 (ERA2). The County has received funds under ERA1 and ERA2 both directly from the U.S. Treasury and also indirectly through the Pennsylvania Department of Human Services under Pennsylvania Act 1 of 2021. Funds may also be reallocated by both the U.S. Treasury and the Pennsylvania Department of Human Services from other recipients. As of the end of 2023, the County had been allocated or reallocated \$50,622,103 under ERA1 and \$35,661,330 under ERA2.

The two programs allow assistance to fund rent, utilities and home energy costs, and other housing-related expenses. Eligible households must have household income at or below 80% of area median income (AMI), and priority is to be given to those with less than 50% of AMI and/or a household member unemployed for at least 90 days. All ERA1 funds were timely obligated prior to the end of 2022; ERA2 funds are required to be obligated by September 30, 2025.

Selected program statistics for 2023 are shown below.

Applications Received:	4,996 (4,977 unique households)
Assistance Provided:	\$2,143,027
Rent and Rent Arrears:	\$1,957,671
Utility and Utility Arrears:	\$185,356
Households Assisted:	335
Under 50% of AMI:	315
Household Subject to Eviction	237
Average Grant Amount:	\$6,358

The County stopped taking applications for additional grants to households in August of 2023, and all amounts allocated to household grants have been expended. The County is currently exploring uses of the remaining funds other than supporting additional household grants.

Economic Outlook

Throughout 2023, the County continued to encourage and support economic development.

According to the U.S. Bureau of Labor Statistics, the number of employed persons in the County totaled 293,033 as of December 2023, up from 289,800 the year prior. The County's unemployment rate as of December 2023 was 2.7%, while the statewide and national rates were 3.4% and 3.7%, respectively.

In 2022, Delaware County Council appointed the Delaware County Redevelopment Authority (RDA) the Delaware County Land Bank. This program will prioritize strategic development utilizing vacant and abandoned property, allows for the transition of property from one use to another and permits multiple acquisitions for redevelopment purposes. County Council's appointment provides the RDA/Land Bank with priority bidding at real estate tax sales, a streamlined process for lien discharge and the ability to expedite quiet title proceedings. A group of volunteers is currently working with a Pennsylvania blight expert to develop Land Bank guidelines for RDA's consideration. The RDA anticipates having the Land Bank active in the second quarter of 2024.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

2023 marked the third annual Festival of Lights held at the County's Rose Tree Park. To promote retail gains in the County, the Economic Development Oversight Board (EDOB) partnered with the County's Department of Parks and Recreation and the Delaware County Chamber of Commerce to add an outdoor market with local retail and food truck vendor opportunities to the event. Six holiday market nights provided 72 retail vendor and 20 food truck vendor opportunities. Capital improvements were made in the park to accommodate the additional activity, and assistance was provided to the County's Parks Department to upscale the lighting. The event experienced a dramatic uptick in the number of visitors to the festival over prior years.

The U.S. Environmental Protection Agency for Brownfield Assessment, Planning and Remediation awarded the RDA \$1 million to establish a local revolving loan fund to support remediation of contaminated properties. The award application focused on the County's 28 Justice40 census tracts, or census tracts that meet the threshold for certain environmental or socio-economic burdens; however, funding can be used countywide.

At the request of the County's Office of Housing and Community Development, the RDA is participating in a pilot program using Act 135 in Delaware County on parcels where there is no guaranteed return on investment. The County's Commerce Center partnered with Upper Chichester Township and the City of Chester Community Improvement Project with a goal of developing countywide guidelines and internal policies. Delaware County is using this program to create new workforce/affordable housing, infusing federal HOME funds where applicable. This legislation is also authorized for use on commercial properties, if desired.

The following notable projects were initiated and ongoing in 2023:

- Brandywine Museum and Conservancy of Art initiated renovations and upgrades to its museum building, with a total estimated project cost of over \$4 million with administration of a \$2 million state capital grant by the RDA.
- The Franklin Mint redevelopment, an approximate 82-acre campus in Middletown Township, continued construction of the multi-use development to include retail, office and housing. The estimated total project cost of \$500 million is assisted by the facilitation of a \$5 million state capital grant by the Delaware County Industrial Development Authority (IDA).
- Located adjacent to the Franklin Mint development, the Pond's Edge 32-acre mixed use development continues with construction of a new state police barracks, retail strip and housing. The total estimated project cost is \$30 million and is assisted by the IDA's administration of a \$5 million state capital grant.
- An upgrade of the County's 911 communication system is estimated to exceed costs of \$40 million and is supported by \$6 million in state grant funding facilitated by the IDA.
- Construction began in the fourth quarter of 2023 on the Delaware County Community College expansion in Upper Darby Township. The redevelopment of a building will enhance educational offerings and increase enrollment in the eastern portion of the County. This project is supported by \$11 million in state grants overseen by the IDA.
- Main Line Health/Riddle Memorial Hospital embarked on a \$18 million expansion of critical services in their intensive care and emergency departments in Middletown Township, which was assisted by the IDA's oversight of a \$6 million state capital grant.
- Monroe Energy, LLC invested in their Trainer Borough facility with electrical upgrades and a new cooling tower to reduce energy consumption and water usage.
- Construction began in 2023 on the conversion of the 245-year-old Concordville Inn in Concord Township into an inpatient, 50-bed rehabilitation hospital.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

- Thayer Distribution, a minority-owned and family-operated redistributor of candy, snacks and convenience products, signed a lease to expand its current footprint to an additional 88,665 square feet in the Springbrooke Trade Center in Aston Township.
- AmeriHealth Caritas signed a lease to redevelop a five-story, 106,000 square foot office building at Ellis Preserve in Newtown Square Township. The build-to-suit project is slated for completion in 2024.
- Cocoa producer Barry Callebaut signed a lease for 350,000 square feet at the Delco Logistics Center located in the Borough of Eddystone.
- Phase I of the Philadelphia Union's \$70 million WSFS Bank Sportsplex project in the City of Chester was completed in 2023. The project includes seven outdoor, lighted, multi-sport fields. The YSC Academy, a private school for elite soccer student athletes, transitioned to the campus, making its new home within the Union Power Plant building.

A number of school districts are taking advantage of state programs to help redevelop aging public schools in the County:

- William Penn School District kicked off their master facilities improvement project focused on Kerr Athletic Fields and the district elementary schools. The project is supported by a \$7 million state capital grant administered by the RDA.
- Plans by Interboro School District to invest in their high school will be supported by a \$4 million state capital grant, facilitated by the IDA.
- Upper Darby School District will invest \$180 million in facilities over the coming years, including a new middle school in the Borough of Clifton Heights. Phase I began with support by a \$3 million state capital grant administered by the RDA.

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

- 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 and void the agreement. DELCORA and Aqua, in turn, filed proceedings to block the County's actions. Decisions in these matters have been appealed by both parties. The litigation of these matters 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.
- On May 8, 2024, Moody's Investor's Service, Inc. downgraded the County's issuer rating and general obligation rating from Aa1 to Aa2 with a stable outlook.

County of Delaware, Pennsylvania

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
610 East Baltimore Pike
Media, Pennsylvania 19063
- Economic Development Oversight Board
2 West Baltimore Pike, Suite 200
Media, Pennsylvania 19063
- Delaware County Chester Waterfront Industrial Development Authority
2 West Baltimore Pike, Suite 200
Media, Pennsylvania 19063
- Redevelopment Authority of the County of Delaware
2 West Baltimore Pike, Suite 200
Media, Pennsylvania 19063
- Delaware County Interactive Gaming Authority
201 West Front Street
Media, Pennsylvania 19063

Basic Financial Statements

County of Delaware, Pennsylvania

Statement of Net Position
December 31, 2023

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activity		
Assets				
Cash and cash equivalents	\$ 197,084,453	\$ 8,402,265	\$ 205,486,718	\$ 18,288,224
Receivables (net of allowance for uncollectibles):				
Taxes	7,701,918	-	7,701,918	-
Accounts	1,133,909	13,073,638	14,207,547	5,660,614
Grants	135,227,537	-	135,227,537	-
Leases	6,474,381	-	6,474,381	-
Notes	28,281,890	-	28,281,890	-
Other	5,485,645	-	5,485,645	634,400
Due from fiduciary component unit	25,659	-	25,659	-
Internal balances	(1,542,369)	1,542,369	-	-
Inventories	-	-	-	54,920
Other assets	5,087,432	3,075	5,090,507	165,207
Investments	-	-	-	21,631
Due from component units	7,475,000	-	7,475,000	-
Restricted cash and cash equivalents	117,916,719	1,137,485	119,054,204	239,323
Investment in joint venture	156,964,849	-	156,964,849	-
Capital assets (net of accumulated depreciation):				
Land	30,673,714	-	30,673,714	8,873,485
Construction in progress	19,694,854	-	19,694,854	-
Land improvements	6,789,665	-	6,789,665	1,256,647
Buildings and improvements	119,864,020	24,533,598	144,397,618	15,661,333
Equipment	37,901,203	432,717	38,333,920	25,766,143
Infrastructure	21,703,494	-	21,703,494	-
Right-to-use leased assets	28,938,749	-	28,938,749	298,874
Subscription assets	4,293,091	-	4,293,091	-
Total assets	937,175,813	49,125,147	986,300,960	76,920,801
Deferred Outflows of Resources				
Deferred outflows of resources, other post-employment benefit liability	61,786,622	-	61,786,622	-
Deferred outflows of resources, pension	79,809,118	21,209,547	101,018,665	756,927
Total deferred outflows of resources	141,595,740	21,209,547	162,805,287	756,927
Total assets and deferred outflows of resources	\$ 1,078,771,553	\$ 70,334,694	\$ 1,149,106,247	\$ 77,677,728
Liabilities				
Accounts payable and other current liabilities	\$ 142,974,759	\$ 20,501,682	\$ 163,476,441	\$ 4,332,297
Accrued interest payable	102,495	-	102,495	-
Other liabilities	19,362,625	-	19,362,625	-
Unearned revenue	173,119,252	-	173,119,252	1,033,869
Due to primary government	-	-	-	7,475,000
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	21,989,632	3,414,368	25,404,000	608,000
Claims payable	4,284,293	-	4,284,293	-
Lease liability	5,116,199	-	5,116,199	54,257
Subscription liability	1,581,018	-	1,581,018	-
Due in more than one year:				
Bonds and notes payable	251,081,304	23,747,696	274,829,000	4,496,000
Claims payable	1,308,171	-	1,308,171	-
Lease liability	23,822,550	-	23,822,550	247,319
Subscription liability	2,712,073	-	2,712,073	-
Total other post-employment benefit liability	328,338,867	-	328,338,867	-
Net pension liability	60,895,565	16,183,205	77,078,770	865,501
Accrued closure costs	-	-	-	18,007,340
Total liabilities	1,036,688,803	63,846,951	1,100,535,754	37,119,583
Deferred Inflows of Resources				
Deferred inflows of resources, leases receivable	6,474,381	-	6,474,381	-
Deferred inflows of resources, other post-employment benefit liability	168,602,351	-	168,602,351	-
Deferred inflows of resources, pension	2,726,647	724,615	3,451,262	168,438
Total deferred inflows of resources	177,803,379	724,615	178,527,994	168,438
Net Position				
Net investment in capital assets	25,549,069	(2,195,749)	23,353,320	46,752,482
Restricted for:				
Highways and streets	1,268,737	-	1,268,737	-
Opioid remediation settlement	47,374,737	-	47,374,737	-
Library	193,216	-	193,216	-
Community development	5,646,544	-	5,646,544	-
Title IV D program	2,348,948	-	2,348,948	-
Economic development	-	-	-	15,314
Unrestricted	(218,101,880)	7,958,877	(210,143,003)	(6,378,089)
Total net position	(135,720,629)	5,763,128	(129,957,501)	40,389,707
Total liabilities, deferred inflows of resources and net position	\$ 1,078,771,553	\$ 70,334,694	\$ 1,149,106,247	\$ 77,677,728

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total	
Primary Government								
Governmental activities:								
General government	\$ 166,039,614	\$ 6,682,883	\$ 117,401,706	\$ 37,873	\$ (41,917,152)	\$ -	\$ (41,917,152)	
Judicial	42,063,003	7,630,998	11,802,012	-	(22,629,993)	-	(22,629,993)	
Corrections	83,294,463	7,321,387	920,912	-	(75,052,164)	-	(75,052,164)	
Health and human services	365,803,892	-	361,196,284	-	(4,607,608)	-	(4,607,608)	
Highways, streets and bridges	10,004,413	-	1,127,315	8,537,235	(339,863)	-	(339,863)	
Interest on long-term debt	5,320,791	-	-	-	(5,320,791)	-	(5,320,791)	
Total governmental activities	672,526,176	21,635,268	492,448,229	8,575,108	(149,867,571)	-	(149,867,571)	
Business-type activity:								
Geriatric Center	72,021,376	63,149,626	1,884,258	-	-	(6,987,492)	(6,987,492)	
Total primary government	\$ 744,547,552	\$ 84,784,894	\$ 494,332,487	\$ 8,575,108	(149,867,571)	(6,987,492)	(156,855,063)	
Component Units								
Solid Waste Authority	\$ 44,541,005	\$ 54,441,491	\$ -	\$ -				\$ 9,900,486
Economic Development	1,023,909	2,695	1,073,469	-				52,255
Waterfront Industrial Development Authority	978,833	-	-	-				(978,833)
Redevelopment Authority	2,410,160	-	2,425,837	-				15,677
Interactive Gaming Revenue Authority	490,183	-	740,665	-				250,482
Total component units	\$ 49,444,090	\$ 54,444,186	\$ 4,239,971	\$ -				9,240,067
General Revenues								
Property taxes					176,319,281	-	176,319,281	-
Gaming revenue					5,302,869	-	5,302,869	-
Grants and charges not restricted to specific programs					2,259,615	-	2,259,615	-
Other revenues (expenses)					-	459,611	459,611	(76,703)
Unrestricted investment earnings					11,739,810	74,496	11,814,306	433,798
Transfers					(3,068,008)	3,068,008	-	-
Total general revenues and transfers					192,553,567	3,602,115	196,155,682	357,095
Change in net position					42,685,996	(3,385,377)	39,300,619	9,597,162
Net Position, Beginning					(178,406,625)	9,148,505	(169,258,120)	30,792,545
Net Position, Ending					\$ (135,720,629)	\$ 5,763,128	\$ (129,957,501)	\$ 40,389,707

See notes to financial statements

County of Delaware, Pennsylvania

Balance Sheet

Governmental Funds

December 31, 2023

	General	Capital Projects	Health and Human Services	Other Governmental Funds	COVID-19 Relief Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 37,730,014	\$ -	\$ 16,105,958	\$ 52,984,912	\$ 85,856,158	\$ 192,677,042
Receivables:						
Taxes	7,963,125	-	-	-	-	7,963,125
Accounts	1,133,909	-	-	-	-	1,133,909
Grants	4,515,462	-	75,683,301	13,969,486	-	94,168,249
Leases	2,826,641	3,647,740	-	-	-	6,474,381
Notes	-	-	-	28,281,890	-	28,281,890
Due from component units	2,000,000	5,475,000	-	-	-	7,475,000
Due from fiduciary component unit	25,659	-	-	-	-	25,659
Due from other funds	90,156,520	13	39,535,817	9,658,900	-	139,351,250
Restricted cash and cash equivalents	2,327,172	43,273,485	61,680,880	10,635,182	-	117,916,719
Other assets	1,818,640	-	417,986	121,178	-	2,357,804
Total assets	\$ 150,497,142	\$ 52,396,238	\$ 193,423,942	\$ 115,651,548	\$ 85,856,158	\$ 597,825,028
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Vouchers and accounts payable	\$ 15,963,243	\$ 4,151,710	\$ 111,728,047	\$ 9,815,703	\$ 1,316,056	\$ 142,974,759
Payroll payable	5,451,688	-	-	-	-	5,451,688
Payable from restricted assets	138,487	-	-	-	-	138,487
Due to other funds	43,730,594	10,257,212	28,310,011	24,480,521	32,570,706	139,349,044
Unearned revenues	1,965,351	-	51,784,328	67,400,177	51,969,396	173,119,252
Other liabilities	10,835,239	-	1,601,556	531,202	-	12,967,997
Total liabilities	78,084,602	14,408,922	193,423,942	102,227,603	85,856,158	474,001,227
Deferred inflows of resources:						
Unavailable revenues, taxes	6,622,452	-	-	-	-	6,622,452
Deferred inflows related to leases	2,826,641	3,647,740	-	-	-	6,474,381
Total deferred inflow of resources	9,449,093	3,647,740	-	-	-	13,096,833
Fund balances:						
Nonspendable:						
Prepaid items	1,818,640	-	-	-	-	1,818,640
Restricted for:						
Highways and streets	-	-	-	1,268,737	-	1,268,737
Opioid remediation settlement	-	-	-	6,315,448	-	6,315,448
Library	-	-	-	193,216	-	193,216
Community development	-	-	-	5,646,544	-	5,646,544
Title IV D program	2,348,948	-	-	-	-	2,348,948
Capital projects	-	34,339,576	-	-	-	34,339,576
Assigned to:						
Appropriated for 2024 spending	37,803,209	-	-	-	-	37,803,209
Economic Development Micro Lending Program	1,000,000	-	-	-	-	1,000,000
Unassigned	19,992,650	-	-	-	-	19,992,650
Total fund balances	62,963,447	34,339,576	-	13,423,945	-	110,726,968
Total liabilities, deferred inflows of resources and fund balances	\$ 150,497,142	\$ 52,396,238	\$ 193,423,942	\$ 115,651,548	\$ 85,856,158	\$ 597,825,028

See notes to financial statements

County of Delaware, Pennsylvania

Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position
December 31, 2023

Amounts reported for governmental activities in the statement of net position
(page 18 are different because:

Total fund balance - total governmental funds (page 20)	\$ 110,726,968
Capital assets, including investment in joint venture, used in governmental activities are not financial resources and, therefore, are not reported in the funds	393,591,799
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	6,622,452
Establishment of an allowance for doubtful accounts, net of additional penalty and interest receivable on the statement of net position	(261,207)
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	5,485,645
Accrued interest payable included on the statement of net position	(102,495)
Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Opioid remediation settlement receivable	41,059,289
Right-to-use leased assets	28,938,749
Right-to-use, subscription assets	4,293,091
Bonds and notes payable	(273,070,936)
Total other post-employment benefit liability	(328,338,867)
Net pension liability	(60,895,565)
Lease liabilities	(28,938,749)
Subscription liability	(4,293,091)
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	61,786,622
Deferred outflows related to the net pension liability	79,809,118
Deferred inflows related to the other post-employment benefit liability	(168,602,351)
Deferred inflows related to the net pension liability	(2,726,647)
Accrued compensatory time included in other liabilities on the statement of net position	<u>(804,454)</u>
Net position of governmental activities (page 18)	<u>\$ (135,720,629)</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2023

	General	Capital Projects	Health and Human Service	Other Governmental Funds	COVID-19 Relief Fund	Total Governmental Funds
Revenues						
Real estate taxes	\$ 174,340,833	\$ -	\$ -	\$ -	\$ -	\$ 174,340,833
Gaming revenue	5,302,869	-	-	-	-	5,302,869
Licenses and permits	59,385	-	-	-	-	59,385
General grants	14,893,062	37,872	-	84,291,573	38,280,143	137,502,650
Charges for services, fines and forfeits	21,796,894	-	-	-	-	21,796,894
Investment earnings	9,873,779	1,632,458	-	729,600	-	12,235,837
Health and human service grants	-	-	361,196,284	-	-	361,196,284
Other	6,252,381	126,783	-	-	-	6,379,164
Total revenues	232,519,203	1,797,113	361,196,284	85,021,173	38,280,143	718,813,916
Expenditures						
Current:						
General government	40,186,999	-	-	-	453,848	40,640,847
Judicial	42,617,134	-	-	-	-	42,617,134
Corrections	79,515,630	-	-	-	-	79,515,630
Transportation	9,941,258	-	-	-	-	9,941,258
Health and human services	-	-	368,696,285	-	-	368,696,285
Highways, streets and bridges	-	-	-	9,416,306	24,992	9,441,298
Other	54,284,947	-	-	75,346,788	9,633,690	139,265,425
Debt service:						
Principal	21,823,777	-	-	-	-	21,823,777
Interest	5,429,214	-	-	-	-	5,429,214
Capital outlay	-	26,396,154	-	-	-	26,396,154
Total expenditures	253,798,959	26,396,154	368,696,285	84,763,094	10,112,530	743,767,022
Excess (deficiency) of revenues over (under) expenditures	(21,279,756)	(24,599,041)	(7,500,001)	258,079	28,167,613	(24,953,106)
Other Financing Sources (Uses)						
Issuance of debt	-	35,000,000	-	-	-	35,000,000
Commitment for lease liability	3,803,140	-	-	-	-	3,803,140
Commitment for subscription liability	5,764,610	-	-	-	-	5,764,610
Transfers in	28,016,093	-	15,422,261	4,067,348	-	47,505,702
Transfers out	(13,841,703)	-	(7,922,260)	(642,134)	(28,167,613)	(50,573,710)
Total other financing sources (uses)	23,742,140	35,000,000	7,500,001	3,425,214	(28,167,613)	41,499,742
Net change in fund balances	2,462,384	10,400,959	-	3,683,293	-	16,546,636
Fund Balances, Beginning	60,501,063	23,938,617	-	9,740,652	-	94,180,332
Fund Balances, Ending	\$ 62,963,447	\$ 34,339,576	\$ -	\$ 13,423,945	\$ -	\$ 110,726,968

See notes to financial statements

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, 2023

Amounts reported for governmental activities in the statement of activities
(page 19) are different because:

Net change in fund balances - total governmental funds (page 22)	\$ 16,546,636
<p>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</p>	
Purchase of capital assets	\$ 27,614,087
Depreciation expense	(11,535,830)
Amortization of right-to-use leased assets	<u>(5,250,221)</u>
	10,828,036
<p>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</p>	
Net investment in joint venture	(5,366,133)
<p>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</p>	
	2,011,028
<p>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</p>	
	(32,580)
<p>Collections on long-term receivables due from the City of Chester and Eddystone Borough are reported as revenue in the funds, while the collection reduces long-term receivables in the statement of net position</p>	
	(321,685)
<p>Revenues related to opioid settlement funds in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
	(2,190,500)
<p>The lease financings of the intangible right-to-use underlying assets provides current financial resources, to governmental funds while the repayment of the principal of the lease liability consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Reconciling items related to lease liability activity for the year ended are as follows:</p>	
Financing of intangible right-to-use leased assets	(3,196,813)
Scheduled principal payments on lease liability made current year	<u>5,250,221</u>
	2,053,408
<p>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. Reconciling items related to long-term debt activity for the year ended are as follows:</p>	
Issuance of long-term debt	(35,000,000)
Scheduled principal payments on long-term debt made current year	21,823,777
Allocation of debt to business type activity for capital assets	<u>6,341,671</u>
	(6,834,552)
<p>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.</p>	
	(6,577)
<p>The other post-employment benefit liability is considered long-term in nature and is not reported as a liability at the fund level. This liability is, however, reported within the statement of net position, and changes in the liability are reflected within the County's statement of activities. This represents the change in the total other post-employment benefit liability and the associated deferred outflows of resources and deferred inflows of resources.</p>	
	36,889,415
<p>The net pension liability is considered long-term in nature and is not reported as a liability at the fund level. This liability is, however, reported within the statement of net position, and changes in the liability are reflected within the County's statement of activities. This represents the change in the net pension liability and the associated deferred outflows of resources and deferred inflows of resources.</p>	
	(10,746,120)
<p>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.</p>	
	<u>(144,380)</u>
Change in net position of governmental activities (page 19)	<u>\$ 42,685,996</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual Comparison - General Fund

Year Ended December 31, 2023

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Real estate taxes	\$ 173,350,000	\$ 173,350,000	\$ 174,340,833	\$ 990,833
Gaming revenue	7,424,883	7,424,883	5,302,869	(2,122,014)
Licenses and permits	55,700	55,700	59,385	3,685
General grants	12,563,815	12,563,815	14,893,062	2,329,247
Charges for services, fines and forfeits	20,802,699	20,802,699	21,796,894	994,195
Investment earnings	756,500	756,500	9,873,779	9,117,279
Other	27,416,675	27,416,675	6,252,381	(21,164,294)
Total revenues	<u>242,370,272</u>	<u>242,370,272</u>	<u>232,519,203</u>	<u>(9,851,069)</u>
Expenditures				
Current:				
General government	43,768,160	46,207,888	40,186,999	6,020,889
Judicial	50,143,786	45,757,927	42,617,134	3,140,793
Corrections	82,163,396	82,748,624	79,515,630	3,232,994
Transportation	10,063,000	10,063,000	9,941,258	121,742
Other	63,377,962	67,981,021	54,284,947	13,696,074
Debt service:				
Principal	24,945,000	24,945,000	21,823,777	3,121,223
Interest	5,428,212	2,186,059	5,429,214	(3,243,155)
Total debt service	<u>30,373,212</u>	<u>27,131,059</u>	<u>27,252,991</u>	<u>(121,932)</u>
Total expenditures	<u>279,889,516</u>	<u>279,889,519</u>	<u>253,798,959</u>	<u>26,090,560</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(37,519,244)</u>	<u>(37,519,247)</u>	<u>(21,279,756)</u>	<u>16,239,491</u>
Other Financing Sources (Uses)				
Transfers in	37,552,348	37,552,348	28,016,093	(9,536,255)
Transfers out	(42,745,034)	(42,745,034)	(13,841,703)	28,903,331
Total other financing uses, net	<u>(5,192,686)</u>	<u>(5,192,686)</u>	<u>14,174,390</u>	<u>19,367,076</u>
Net change in fund balances	(42,711,930)	(42,711,933)	(7,105,366)	35,606,567
Fund Balances, Beginning	<u>60,501,063</u>	<u>60,501,063</u>	<u>60,501,063</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 17,789,133</u>	<u>\$ 17,789,130</u>	<u>\$ 53,395,697</u>	<u>\$ 35,606,567</u>

See notes to financial statements

County of Delaware, PennsylvaniaStatement of Net Position
Proprietary Funds
December 31, 2023

	<u>Business-Type Activity</u>	<u>Governmental Activities - Internal</u>
	<u>Geriatric Care</u>	<u>Service Fund</u>
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 8,402,265	\$ 4,407,411
Accounts receivable, net	13,073,638	-
Due from other funds	1,542,369	3,138,636
Restricted cash and cash equivalents	1,137,485	-
Prepaid expense and other assets	3,075	2,729,628
	<u>24,158,832</u>	<u>10,275,675</u>
Total current assets		
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Buildings and improvements	24,533,598	-
Equipment	432,717	-
	<u>24,966,315</u>	<u>-</u>
Total noncurrent assets		
Total assets	49,125,147	10,275,675
Deferred Outflows of Resources, Pension		
	21,209,547	-
Total assets and deferred outflows of resources	<u>\$ 70,334,694</u>	<u>\$ 10,275,675</u>
Liabilities		
Current liabilities:		
Vouchers and accounts payable	\$ 20,501,682	\$ -
Due to General Fund	-	4,683,211
Claims payable	-	4,284,293
General obligation bonds and notes payable, current	3,414,368	-
	<u>23,916,050</u>	<u>8,967,504</u>
Total current liabilities		
Noncurrent liabilities:		
General obligation bonds and notes payable	23,747,696	-
Net pension liability	16,183,205	-
Claims payable	-	1,308,171
	<u>39,930,901</u>	<u>1,308,171</u>
Total noncurrent liabilities		
Total liabilities	63,846,951	10,275,675
Deferred Inflows of Resources, Pension		
	724,615	-
Net Position		
Net investment in capital assets	(2,195,749)	-
Unrestricted	7,958,877	-
	<u>5,763,128</u>	<u>-</u>
Total net position		
Total liabilities, deferred inflows of resources and net position	<u>\$ 70,334,694</u>	<u>\$ 10,275,675</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2023

	Business-Type Activity	Governmental Activities -
	Geriatric Care	Internal Service Fund
Operating Revenues		
Charges for services	\$ 63,149,626	\$ 56,499,392
COVID-19 relief funding	1,884,258	-
Total operating revenues	<u>65,033,884</u>	<u>56,499,392</u>
Operating Expenses		
Administration	9,946,556	3,505,790
Operation, maintenance and housekeeping	12,243,797	-
Nursing	20,490,867	-
Dietary	6,915,361	-
Medical and physical therapy	4,648,195	-
Employee benefits	14,809,695	-
Insurance claims	-	53,019,229
Depreciation	2,110,119	-
Total operating expenses	<u>71,164,590</u>	<u>56,525,019</u>
Operating loss	<u>(6,130,706)</u>	<u>(25,627)</u>
Nonoperating Revenues (Expenses)		
Investment earnings	74,496	25,627
Miscellaneous revenues	459,611	-
Interest expense	(856,786)	-
Total nonoperating revenues (expenses), net	<u>(322,679)</u>	<u>25,627</u>
Transfers in	<u>3,068,008</u>	<u>-</u>
Change in net position	(3,385,377)	-
Net Position, Beginning	<u>9,148,505</u>	<u>-</u>
Net Position, Ending	<u>\$ 5,763,128</u>	<u>\$ -</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2023

	Business-Type Activity	Governmental Activities - Internal Service Fund
	Geriatric Care	
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 65,604,697	\$ 55,235,995
Payments to suppliers	(27,087,071)	(55,165,835)
Payments to employees for services	(35,863,027)	-
Resident trust account receipts	8,812,037	-
Resident trust account disbursements	(8,966,166)	-
	<u>2,500,470</u>	<u>70,160</u>
Net cash provided by operating activities		
Cash Flows From Capital and Related Financing Activities		
Acquisitions of capital assets	(6,341,671)	-
Issuance of debt for purchase of capital assets	6,341,671	-
Principal paid on capital debt	(3,121,223)	-
Interest paid on capital debt	(856,786)	-
	<u>(3,978,009)</u>	<u>-</u>
Net cash used in capital and related financing activities		
Cash Flows Provided by Investing Activities		
Interest received	74,496	25,627
	<u>74,496</u>	<u>25,627</u>
Net (decrease) increase in cash and cash equivalents		
	(1,403,043)	95,787
Cash and Cash Equivalents, Beginning		
	9,805,308	4,311,624
Cash and Cash Equivalents, Ending		
	<u>\$ 8,402,265</u>	<u>\$ 4,407,411</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (6,130,706)	\$ (25,627)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	2,110,119	-
Nonoperating receipts from patients	459,611	-
Transfer in from General Fund	3,068,008	-
Decrease in accounts receivable	1,995,461	-
Increase in restricted cash and cash equivalents	9,326	-
Increase in prepaid expense and other assets	(196)	1,400,271
Increase in net pension liability and deferred outflows / inflows	2,763,693	-
Increase in due to other funds	(15,990,381)	(1,263,397)
Decrease in vouchers and accounts payable	16,099,793	-
Increase in unearned revenue	(1,884,258)	-
Increase in claims payable	-	(41,087)
	<u>8,631,176</u>	<u>95,787</u>
Total adjustments		
	8,631,176	95,787
Net cash provided by operating activities	<u>\$ 2,500,470</u>	<u>\$ 70,160</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2023

	Pension Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 7,004,585	\$ 35,984,218
Interest receivable	<u>1,100,452</u>	<u>-</u>
Investments:		
Common stock	143,540,064	-
Equity mutual funds	295,975,803	-
Bond mutual funds	27,534,648	-
Corporate bonds	34,358,965	-
U.S. government securities	58,179,735	-
Municipal bonds	14,146,865	-
Asset-backed securities	4,904,041	-
Mortgage-backed securities	246,407	-
Annuity contracts	3,818,084	-
Guaranteed investment contracts	30,169,753	-
Private equity fund	<u>5,278,480</u>	<u>-</u>
Total investments	<u>618,152,845</u>	<u>-</u>
Total assets	<u>626,257,882</u>	<u>35,984,218</u>
Liabilities		
Accounts payable and other liabilities	344,904	31,995,702
Due to other funds	<u>25,659</u>	<u>-</u>
Total liabilities	<u>370,563</u>	<u>31,995,702</u>
Net Position		
Net position restricted for pension and other custodial funds	<u>\$ 625,887,319</u>	<u>\$ 3,988,516</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2023

	Pension Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
Additions		
Contributions:		
Plan members	\$ 14,503,097	\$ -
Employer	9,233,377	-
Total contributions	<u>23,736,474</u>	<u>-</u>
Fee collections for government entities	-	79,426,520
Collections of delinquent taxes for other governments	-	29,116,019
Receipts from others	-	26,977,065
Total collections	<u>-</u>	<u>135,519,604</u>
Investment earnings:		
Interest and dividends	13,855,387	-
Net appreciation in fair value of investments	75,005,207	-
Less investment expense	(1,635,513)	-
Net investment income	<u>87,225,081</u>	<u>-</u>
Total additions, net	<u>110,961,555</u>	<u>135,519,604</u>
Deductions		
Death benefits	688,064	-
Refunds of contributions	2,384,625	-
Retirement allowance	40,013,164	-
Remittances to government entities	-	85,281,661
Remittances of delinquent taxes to other governments	-	29,116,019
Remittances to others	-	17,133,408
Total deductions	<u>43,085,853</u>	<u>131,531,088</u>
Net increase in net position	67,875,702	3,988,516
Net Position, Restricted for Pensions and Other, Beginning	<u>558,011,617</u>	<u>-</u>
Net Position, Restricted for Pensions and Other, Ending	<u>\$ 625,887,319</u>	<u>\$ 3,988,516</u>

See notes to financial statements

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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 (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. 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 GAAP, 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 a fiduciary component unit and 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.

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 revenues 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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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 Services Fund accounts for operations and administration of various County health and human services programs. Financing is provided by state and federal grants with an appropriation from the County General Fund.

COVID-19 Relief Fund accounts for financial resources received and used for the purpose to provide economic relief to individuals and businesses impacted by the COVID-19 Public Health Emergency.

Other Governmental Funds account for financial resources 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 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.

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

The Pension Trust Fund (a fiduciary component unit) 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 Custodial Funds are custodial in nature and maintained to account for delinquent and transfer taxes collected by the County for other governments and then remitted to those other taxing authorities and refundable deposits held by the Sheriff's Office, Recorder of Deeds, Office of Judicial Support, Sheriff's sale proceeds payable to creditors and inmate accounts held on behalf of the prison. 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. Additional details can be found in the other supplemental information section under custodial funds.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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 10 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.

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 are independent of the calculation of the net change in the fair value of pension plan investments. Realized gains and losses on investments that have 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 \$261,207 at December 31, 2023.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Leases

The County is a lessor because it leases its capital assets to other entities. As a lessor, the County reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The County uses its estimated incremental borrowing rate as the discount rate for its lessor arrangements. The County continues to report and depreciate the capital assets being leased as capital assets of the primary government. The County monitors changes in circumstances that would require remeasurement of a lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur.

The County is a lessee because it leases capital assets from other entities. As a lessee the County reports a lease liability and an intangible right-to-use capital asset (known as the right-to-use leased asset) on the government-wide financial statements. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require remeasurement of a lease and will remeasure the lease asset and liability if certain changes occur. The County uses its estimated incremental borrowing rate as the discount rate as of the time the lease was placed in service. In the governmental fund financial statements, the County recognizes lease proceeds and capital outlay at initiation of the lease and the outflow of resources for the lease liability as a debt service payment.

Subscription-Based Information Technology Arrangements

The County reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the government-wide financial statements. In the governmental fund financial statements, the County recognizes subscription proceeds and capital outlay at initiation of the subscription and the outflow of resources for the subscription liability as a debt service payment.

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, 2023, 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 (including right-to-use leased assets and subscription 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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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
Right-to-use leased assets	3 - 20 years
Subscription assets	3 - 20 years

Right-to-use leased assets and subscription assets are amortized over the lease term.

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 March 31 following the year earned for nonbargaining employees and for bargaining employees, as per their respective collective bargaining agreements. Sick leave is earned by employees monthly and may be accumulated up to a maximum of 180 days or as per the respective collective bargaining agreements. 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 can 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 Revenues

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, like 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, like 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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Under the modified accrual basis of accounting, governmental funds report unavailable revenues from lessor arrangements, 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.

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, opioid remediation settlement, library, community development, the Title IV D program and economic development.

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, appropriation for 2023 spending and contingency fund for constituent programs.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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 balances include 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.

Net investment in capital assets is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Capital assets, net	\$ 269,858,790	\$ 24,966,315	\$ 294,825,105
Less general obligation debt	(273,070,936)	(27,162,064)	(300,233,000)
Less lease liability	(28,938,749)	-	(28,938,749)
Less subscription liability	(4,293,091)	-	(4,293,091)
Add back:			
Unspent capital-related bond proceeds	43,273,485	-	43,273,485
Noncapital long-term debt	33,128,492	-	33,128,492
Capital accounts payable and retainages payable	(14,408,922)	-	(14,408,922)
Net investment in capital assets	<u>\$ 25,549,069</u>	<u>\$ (2,195,749)</u>	<u>\$ 23,353,320</u>

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 GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

The County adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended December 31, 2023. This Statement defines a subscription-based information technology arrangement (SBITA) as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The Statement requires the recognition of a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability. The amortization of the subscription asset is then recognized as an outflow of resources over the subscription term. The adoption of this statement resulted in the initial recording of \$5,764,610 of right-to-use subscription assets and subscription liabilities during the year ended December 31, 2023.

2. Reporting Entity

This report includes all of the funds of the County. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government and (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government or its component units, is entitled to or has the ability to otherwise access, are significant to the primary government.

Fiduciary Component Unit

The Pension Trust Fund is established for the Delaware County Employees' Pension Plan (the Pension Plan). The Pension Plan functions for the benefit of these employees and is governed by the Retirement Board. The Retirement Board consists of three County Council members, the Controller and the County Treasurer. The County and the Pension Plan's participants are obligated to fund all Pension Plan costs based upon actuarial valuations. A primary government is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the Pension Plan. Per the Commonwealth of Pennsylvania's 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.

The Pension Trust Fund is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as the Pension Trust Fund. No separate annual financial report is issued for the Pension Plan.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Discretely Presented Component Units

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), the Delaware County Chester Waterfront Industrial Development Authority (IDA), and the Delaware County Interactive Gaming Revenue Authority (DCIGRA) 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.

The Delaware County Solid Waste Authority 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 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 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 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.

The Delaware County Interactive Gaming Revenue Authority is governed by a board appointed by County Council. Its purpose is to receive a portion of the local share assessment equal to 1% of Harrah's Philadelphia's daily gross interactive gaming revenue to be used for certain grants within the County. DCIGRA was incorporated by the County for the purpose of receiving local share funds pursuant to 4 Pa C.S.A. Section 13B53 and utilizing the funds to provide grants to be used for economic development, municipal police and emergency services, and other purposes in the public interest.

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

- Delaware County Solid Waste Authority
610 East Baltimore Pike
Media, Pennsylvania 19063
- Economic Development Oversight Board
2 West Baltimore Pike, Suite 200
Media, Pennsylvania 19063

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

- Delaware County Chester Waterfront Industrial Development Authority
2 West Baltimore Pike, Suite 200
Media, Pennsylvania 19063
- Redevelopment Authority of the County of Delaware
2 West Baltimore Pike, Suite 200
Media, Pennsylvania 19063
- Delaware County Interactive Gaming Authority
201 West Front Street
Media, Pennsylvania 19063

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

Condensed Statement of Net Position						
December 31, 2023						
	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Interactive Gaming Revenue Authority	Totals
Assets:						
Current assets	\$ 20,524,779	\$ 2,413,297	\$ -	\$ 1,405,654	\$ 459,635	\$ 24,803,365
Long-term assets	257,904	-	-	3,050	-	260,954
Capital assets, net	<u>34,321,664</u>	<u>-</u>	<u>16,510,619</u>	<u>1,024,199</u>	<u>-</u>	<u>51,856,482</u>
Total assets	55,104,347	2,413,297	16,510,619	2,432,903	459,635	76,920,801
Deferred outflows of resources	<u>756,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,927</u>
Total	<u>\$ 55,861,274</u>	<u>\$ 2,413,297</u>	<u>\$ 16,510,619</u>	<u>\$ 2,432,903</u>	<u>\$ 459,635</u>	<u>\$ 77,677,728</u>
Liabilities:						
Current liabilities	\$ 4,764,689	\$ 454,187	\$ -	\$ 809,547	\$ -	\$ 6,028,423
Due to primary government	7,475,000	-	-	-	-	7,475,000
Long-term liabilities	<u>23,616,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,616,160</u>
Total liabilities	<u>35,855,849</u>	<u>454,187</u>	<u>-</u>	<u>809,547</u>	<u>-</u>	<u>37,119,583</u>
Deferred inflows of resources	<u>168,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,438</u>
Net position:						
Net investment in capital assets	29,217,664	-	16,510,619	1,024,199	-	46,752,482
Restricted	-	15,314	-	-	-	15,314
Unrestricted	<u>(9,380,677)</u>	<u>1,943,796</u>	<u>-</u>	<u>599,157</u>	<u>459,635</u>	<u>(6,378,089)</u>
Total net position	<u>19,836,987</u>	<u>1,959,110</u>	<u>16,510,619</u>	<u>1,623,356</u>	<u>459,635</u>	<u>40,389,707</u>
Total	<u>\$ 55,861,274</u>	<u>\$ 2,413,297</u>	<u>\$ 16,510,619</u>	<u>\$ 2,432,903</u>	<u>\$ 459,635</u>	<u>\$ 77,677,728</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

	Condensed Statement of Activities					Totals
	For the Year Ended December 31, 2023					
	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Interactive Gaming Revenue Authority	
Program revenues:						
Charges for services	\$ 54,441,491	\$ 2,695	\$ -	\$ -	\$ -	\$ 54,444,186
Operating grants and contributions	-	1,073,469	-	2,425,837	740,665	4,239,971
Total	54,441,491	1,076,164	-	2,425,837	740,665	58,684,157
Expenses:						
Operating expenses	44,541,005	1,023,909	978,833	2,410,160	490,183	49,444,090
Net revenue (expense)	9,900,486	52,255	(978,833)	15,677	250,482	9,240,067
General revenues, net	174,417	165,891	-	16,697	90	357,095
Change in net position	10,074,903	218,146	(978,833)	32,374	250,572	9,597,162
Net position, beginning	9,762,084	1,740,964	17,489,452	1,590,982	209,063	30,792,545
Net position, ending	\$ 19,836,987	\$ 1,959,110	\$ 16,510,619	\$ 1,623,356	\$ 459,635	\$ 40,389,707

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)

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 a minimum of 10 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 5.4%, plus administrative fees of 10% and a contingency charge of \$956,623 that would anticipate covering unexpected changes in technology, inflation or applicable laws and regulations.

On October 5, 2022, DCSWA obtained a surety bond amounting to \$25,871,604 to cover post closure costs. In 2023, the premium paid for the surety bond was \$206,973.

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 authority.

Accrued closure and post closure costs, as reflected on the statement of net position, totaled \$18,007,340 as of December 31, 2023. Accrued closure and post-closure costs are estimated using the DEP's cost requirement to close the landfill as a percentage of landfill capacity used to date. Post-closure costs ended for the year amounted to \$1,526,863. The estimated closure and post closure costs total \$25,871,604, comprised of \$6,739,146 of closure costs and \$19,132,458 of post closure costs. At December 31, 2023, there remains \$7,864,264 in closure and post closure costs to be recognized in excess of the Act 101 requirements previously mentioned.

Capital Assets

Capital assets are recorded at actual cost or estimated historical cost. Donated assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which range from 2 to 37 years.

The DCSWA capitalizes assets in excess of \$2,000 and an estimated useful life in excess of one year.

Environmental Liability, Department of Environmental Protection

In 2013, the DCSWA entered into a consent agreement with the Department of Environmental Protection (DEP) whereby the DCSWA agreed to update the leachate treatment facility to accommodate the treatment of the leachate. As a part of their settlement with the DEP regarding the treatment of leachate, the DCSWA established a reserve totaling \$500,000 as ordered by the DEP to be used to pay for future environmental projects in the neighborhood. Interest earned on the account has been included in the total reserve balance. In 2023, the DCSWA did not pay any costs for local environmental projects. The total liability at December 31, 2023 was \$236,273, which was included in accounts payable and other liabilities on the statement of net position.

Covanta Delaware Valley, LP, Revenues and Expenses

As of May 1, 2022, DCSWA and Covanta Delaware Valley LP (Covanta) entered into an amended and restated service agreement for a three year term, with two one-year term options. Under the revised agreement, DCSWA has the right to deliver up to 375,000 tons of waste per year. Unlike previous years, DCSWA has no obligation to deliver any minimum amounts of waste. DCSWA is obligated to receive for disposal one ton of ash for each ton of waste they have processed by Covanta on an annual basis. The ash disposal commitment is subject to a 12-month renewal term. 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 2023, the DCSWA paid to Covanta \$15,635,581, which included insurance costs, for its County waste deliveries. Covanta paid to the DCSWA \$9,469,105 in ash disposal charges.

Folcroft Landfill Annex

DCSWA is a party to a Landfill Settlement Group, with 14 other parties. In 2006, DCSWA entered into an Administrative Settlement Agreement and Order on Consent (Settlement Agreement) between the United States Environmental Protection Agency (USEPA) and Folcroft Landfill Steering Committee to properly close and remediate a former landfill that accepted a variety of waste to EPA standards. To date, the Settlement group has investigated different options regarding the remediation of the site. While the final cost share is unknown at this time, DCSWA anticipates final costs for remediation to be presented and paid in the 2024-2025 fiscal year.

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.

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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

4. Deposits and Investments

The County's investments are included primarily in the Pension Trust Fund (the Fund) and are invested in accordance with Delaware County 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 Pension Trust 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 Pension Trust 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 Pension Trust 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% 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% of those outstanding. Not more than 25% 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.

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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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% 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% 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 or 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, 2023, cash and cash equivalents consists of cash on hand of \$13,797, deposits with financial institutions of \$360,511,343 and cash equivalents of \$7,004,585 held in uninsured investment funds. At December 31, 2023, the carrying amount of deposits with financial institutions and the bank balance was \$360,511,343 and \$374,098,437, respectively. The differences were caused primarily by items in transit.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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 formal 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, 2023, \$1,250,000 of the County's bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining balance of \$372,848,437 is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above. At December 31, 2023, 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	\$ 372,848,437
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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, 2023, the County's total cash equivalents and investments held with investment fund institutions, excluding its investment in joint venture of \$156,694,849, 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% of the portfolio be invested in developed international markets. On December 31, 2023, the international equity fund represented approximately 14.7% of the total portfolio.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

The following is the carrying value of deposits and investments at December 31, 2023:

	<u>Moody's Rating ⁽¹⁾</u>	<u>Duration (Range) ⁽¹⁾</u>	<u>Carrying Value</u>
Cash and cash equivalents	N/A	N/A	\$ 367,529,725
Investments:			
Common and preferred stocks and stock funds	N/A	N/A	143,540,064
Equity mutual funds	N/A	N/A	295,975,803
Bond mutual funds	N/A	N/A	27,534,648
Corporate bonds	A1	0.64-18.58	8,515,478
	A2	0.84-29.40	4,218,110
	A3	0.28-22.10	5,865,449
	AA2	2.36-18.38	973,632
	AA3	3.29-29.39	862,139
	AAA	3.87-46.45	313,214
	BAA1	1.90-29.19	3,943,611
	BAA2	0.23-40.57	6,758,328
	BAA3	0.62-28.94	2,636,321
	N/A	0.06-3.29	272,683
U.S. government securities	AAA	1.09-29.90	44,850,825
	N/A	0.42-30.06	13,328,910
Municipal bonds	A1	29.06-34.52	464,643
	A2	1.50	129,113
	A3	2.75-27.52	1,182,714
	AA1	0.59-1.59	416,663
	AA2	1.84-25.35	2,937,464
	AA3	1.50-31.35	3,396,098
	AAA	3.75-30.52	1,078,620
	N/A	0.29-27.44	4,541,550
Asset-backed securities	AA2	4.63	135,479
	AAA	1.23-34.25	3,430,390
	N/A	3.38-45.4	1,338,172
Mortgage-backed securities	AAA	23.21-34.56	136,379
	N/A	29.15-31.15	110,028
Annuity contracts	AA-	N/A	3,818,084
Guaranteed investment contracts	A+	27.00	30,169,753
Private equity fund	N/A	N/A	5,278,480
Total investments in pension trust fund			<u>618,152,845</u>
Total			<u>\$ 985,682,570</u>

(1) N/A - not applicable

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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, 2023:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 197,084,453	\$ 117,916,719	\$ -	\$ 315,001,172
Business-type activity	8,402,265	1,137,485	-	9,539,750
Pension Trust Fund	7,004,585	-	618,152,845	625,157,430
Custodial Funds	35,984,218	-	-	35,984,218
Total cash and cash equivalent and investments	<u>\$ 248,475,521</u>	<u>\$ 119,054,204</u>	<u>\$ 618,152,845</u>	<u>\$ 985,682,570</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, 2023:

	Carrying Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 367,529,725	\$ 367,529,725	\$ -	\$ -	\$ 367,529,725
Common stock	143,540,064	143,540,064	-	-	143,540,064
Equity mutual funds	295,975,803	295,975,803	-	-	295,975,803
Bond mutual funds	27,534,648	27,534,648	-	-	27,534,648
Fixed income securities:					
Corporate bonds	34,358,965	34,358,965	-	-	34,358,965
U.S. government securities	58,179,735	58,179,735	-	-	58,179,735
Municipal bonds	14,146,865	-	14,146,865	-	14,146,865
Asset-backed securities	4,904,041	-	4,904,041	-	4,904,041
Mortgage-backed securities	246,407	-	246,407	-	246,407
Annuity contracts	3,818,084	-	-	3,818,084	3,818,084
Guaranteed investment contracts	30,169,753	-	-	30,169,753	30,169,753
Total cash, cash equivalents, and investments at fair value		<u>\$ 92,538,700</u>	<u>\$ 19,297,313</u>	<u>\$ 33,987,837</u>	
Investments valued at net asset value:					
Private equity fund	5,278,480				5,278,480
Total cash, cash equivalents and investments	<u>\$ 985,682,570</u>				<u>\$ 985,682,570</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 County'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.

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).

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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, 2023, 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, 2023, 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, 2023, is \$792,500.

6. Component Units, Deposits, Investments and Fair Value

Solid Waste Authority

On December 31, 2023, the DCSWA held \$14,555,792 in cash and cash equivalents without restriction.

On December 31, 2023, restricted cash consists of \$236,273 in cash balance held in settlement with the Department of Environmental Protection.

At December 31, 2023, the carrying amount of the DCSWA's deposits was \$14,792,065, and the bank balance was \$16,140,231. Of the bank balance, \$486,273 was covered by federal depository insurance, and \$1,779,860 was collateralized by pooled securities in accordance with the Act 72. The deposits collateralized in accordance with Act 72 were exposed to custodial credit risk because they were uninsured, and the collateral held by the depository's agent was not in the DCSWA's name. The remaining cash deposits of the Authority in the amount of \$13,874,098 was held with the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of December 31, 2023, PLGIT was rated as AAAM by a nationally recognized statistical rating agency.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

On December 31, 2023, the DCSWA's investments consist solely of certificates of deposit totaling \$21,631, 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 exposed 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, 2023, the total carrying amount of EDOB's cash and cash equivalents were \$2,134,570, and the corresponding bank balances were \$2,154,330.

The EDOB's policy is to place deposits only in FDIC insured institutions. Deposits in excess of the FDIC limit are collateralized pursuant to Act 72, 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.

Redevelopment Authority

On December 31, 2023, the RDA held \$1,396,018 in cash and cash equivalents without restriction.

On December 31, 2023, restricted cash consists of \$3,050 for escrow deposits.

On December 31, 2023, the total carrying amount of RDA's cash and cash equivalents were \$1,399,068, and the corresponding bank balances were \$1,399,067.

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.

Interactive Gaming Revenue Authority

The DCIGRA's deposits are held in a bank account which is covered by federal depository insurance up to \$250,000. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. DCIGRA does not have a policy for custodial credit risk on deposits. At December 31, 2023, the carrying amount of DCIGRA's deposits was equal to the bank balance of \$201,844 and was fully covered by federal depository insurance.

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% discount February 1 through April 1; face amount April 2 through June 1; and 10% 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 \$261,207 as of December 31, 2023, 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, 2023, the millage rate was 2.999 mills on each dollar of assessed valuation, or \$2.999 on each one thousand dollars of assessed valuation.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

8. Accounts and Grants Receivable, Net

Business-type activity net accounts receivable of \$13,073,638 consists of amounts due from the Commonwealth of Pennsylvania, Department of Human Service Medical Assistance of \$11,611,955; Private Pay Patients of \$3,296,607; Medicare Part A and B of \$1,551,961 and other patient-related receivables of \$300,648. The accounts receivable allowance for uncollectibles is calculated based on historical data and currently known facts and was \$3,687,533 at December 31, 2023.

Governmental activities net accounts receivable of \$1,133,909 consists of amounts due from the Commonwealth of Pennsylvania and Harrah's Chester for gaming revenue of \$828,623; ACT 164 Rideshare fees for \$303,482 and various miscellaneous receivables of \$1,804.

Governmental activities net grants receivable of \$135,227,537 consists of the receivables due from the Commonwealth of Pennsylvania to the General Fund of \$4,515,462, due to Health and Human Services of \$75,683,301, and Other Governmental Funds of \$12,499,656, due to COVID-19 Relief Fund from the federal government for receipt of obligated FEMA costs of \$1,469,829, and the opioid remediation settlement of \$41,059,289 (Note 34).

9. Other Receivables

Other receivables of \$5,485,645 in the governmental activities consist of amounts due from the City of Chester of \$4,877,645 (Note 31), \$541,000 note receivable from the City of Chester and \$67,000 due from the City of Eddystone related to the General Obligation Notes, 2021 Series (Note 17).

10. Lessor, Leases Receivable

The County has 11 building and cell tower lease agreements in effect as of December 31, 2023. The deferred inflow of resources associated with these leases have been recognized as a receivable in both the fund financial statements and government-wide statement of net position based on the present value of future rental payments expected to be received during the lease term.

Lease terms may include options to extend or terminate certain leases. The value of the lease is reflected in the valuation if it is reasonably certain an option to extend or terminate is exercised.

The County has certain leases that are for periods of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the government-wide statement of net position since the County has elected the practical expedient to exclude these leases from lease receivable and deferred inflow of resources. Short-term lease revenues are recognized on a straight-line basis over the lease term as program revenues.

<u>Lease Receivables Description</u>	<u>Weighted Average Lease Term (Years)</u>	<u>Interest Rates</u>	<u>Receivable Balance</u>
Buildings	14.21	2.29 %	\$ 1,332,035
Cell phone towers	11.48	2.29	<u>5,142,346</u>
			<u>\$ 6,474,381</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

The present value of future payments receivable are as follows:

	<u>Principal Receivable</u>	<u>Interest Receivable</u>	<u>Total Principal and Interest Receivable</u>
Years:			
2024	\$ 975,746	\$ 132,079	\$ 1,107,825
2025	749,195	111,992	861,187
2026	606,888	95,923	702,811
2027	627,826	81,212	709,038
2028	649,040	66,085	715,125
2029 - 2033	2,232,077	1,467,051	3,699,128
2034 - 2038	468,972	35,547	504,519
2039 - 2040	164,637	1,419	166,056
Total	<u>\$ 6,474,381</u>	<u>\$ 1,991,308</u>	<u>\$ 8,465,689</u>

The County recognized \$1,397,892 in rental revenue included in other revenue on the statement of revenues, expenditures and changes in fund balances.

11. 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, 2023, are represented by receivables in the amount of \$3,928,883, net of an allowance for doubtful accounts of \$49,683.

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, 2023, totaled \$1,731,731, net of an allowance for doubtful accounts of \$40,104.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2023

12. 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, 2023, restricted cash and cash equivalents are held for the following:

Primary government:

District Attorney asset forfeiture funds represent 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)	\$ 249,936
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	10,635,182
Workers' Compensation Escrow Funds are to be utilized for payment of major workers' compensation claims	2,077,236
Capital Project Funds held for debt service payments and to be utilized for various capital improvement projects as defined in the corresponding note agreements	43,273,485
Health and Human Service Funds to be utilized for Health Choices reinvestment plans	50,075,305
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.	11,605,575
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	<u>1,137,485</u>

Total primary government 119,054,204

Component units:

Delaware County Solid Waste Authority deposited funds with an escrow agent	236,273
Delaware County Redevelopment Authority deposited funds with an escrow agent	<u>3,050</u>

Total component unit 239,323

Total \$ 119,293,527

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

13. Capital Assets

A summary of changes in capital assets follows:

	January 1, 2023	Additions	Reclassifications/ Disposals	December 31, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,023,714	\$ 650,000	\$ -	\$ 30,673,714
Construction in progress	14,728,817	6,533,168	(1,567,131)	19,694,854
Total capital assets not being depreciated	44,752,531	7,183,168	(1,567,131)	50,368,568
Capital assets being depreciated:				
Land improvements	23,632,923	191,071	-	23,823,994
Buildings and improvements	257,810,615	8,841,784	-	266,652,399
Equipment	144,202,171	6,362,965	-	150,565,136
Infrastructure	24,336,925	1,838,286	1,567,131	27,742,342
Right-to-use leased assets	35,694,315	3,803,140	(1,231,813)	38,265,642
Subscription assets	-	5,764,610	-	5,764,610
Total capital assets being depreciated	485,676,949	26,801,856	335,318	512,814,123
Less accumulated depreciation for:				
Land improvements	16,353,842	680,487	-	17,034,329
Buildings and improvements	141,947,621	4,840,758	-	146,788,379
Equipment	106,827,566	5,836,367	-	112,663,933
Infrastructure	5,860,630	178,218	-	6,038,848
Right-to-use leased assets	5,113,162	5,445,544	(1,231,813)	9,326,893
Subscription assets	-	1,471,519	-	1,471,519
Total accumulated depreciation	276,102,821	18,452,893	(1,231,813)	293,323,901
Total capital assets being depreciated, net	209,574,128	8,348,963	1,567,131	219,490,222
Governmental activities, capital assets, net	\$ 254,326,659	\$ 15,532,131	\$ -	\$ 269,858,790

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

	January 1, 2023	Additions	Reclassifications/ Disposals	December 31, 2023
Business-type activity:				
Geriatric Center:				
Capital assets being depreciated:				
Buildings and improvements	\$ 69,131,830	\$ 6,212,500	\$ -	\$ 75,344,330
Equipment	43,391,599	129,171	-	43,520,770
Total capital assets being depreciated	112,523,429	6,341,671	-	118,865,100
Less accumulated depreciation for:				
Buildings and improvements	49,487,807	1,322,925	-	50,810,732
Equipment	42,300,859	787,194	-	43,088,053
Total accumulated depreciation	91,788,666	2,110,119	-	93,898,785
Total capital assets being depreciated, net	20,734,763	4,231,552	-	24,966,315
Business-type activity, capital assets, net	\$ 20,734,763	\$ 4,231,552	\$ -	\$ 24,966,315

Depreciation expense was charged to governmental activities as follows:

General government	\$ 9,456,015
Judicial	6,304,010
Corrections	747,599
Public ways and facilities, including depreciation of general infrastructure assets	178,218
Health and human service	35,093
Recreation	1,655,735
Other	76,223
Total	\$ 18,452,893

The following is a summary of capital assets by source:

December 31, 1983 and prior	\$ 63,888,593
General obligation bonds	383,962,122
General fund	1,832,021
State grants	19,524,798
Restricted 911 special revenue	49,944,905
Right-to-use, leased asset (intangible asset)	38,265,642
Right-to-use, subscription asset (intangible asset)	5,764,610
Total	\$ 563,182,691

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

14. Component Units, Capital Assets

The capital asset activity for the DCSWA for the year ended December 31, 2023, was as follows:

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Reclassifications/ Disposals</u>	<u>December 31, 2023</u>
Capital assets not being depreciated:				
Land	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000
Total capital assets not being depreciated	<u>7,000,000</u>	<u>-</u>	<u>-</u>	<u>7,000,000</u>
Capital assets being depreciated or depleted:				
Land improvements	51,135,989	-	-	51,135,989
Equipment	113,512,663	7,396,282	(1,051,758)	119,857,187
Right-to-use leased assets	-	314,604	-	314,604
Total capital assets being depreciated	<u>164,648,652</u>	<u>7,710,886</u>	<u>(1,051,758)</u>	<u>171,307,780</u>
Less accumulated depreciation and depletion for:				
Landfill	49,785,390	93,952	-	49,879,342
Equipment	91,988,301	2,942,475	(839,732)	94,091,044
Right-to-use leased assets	-	15,730	-	15,730
Total accumulated depreciation and depletion	<u>141,773,691</u>	<u>3,052,157</u>	<u>(839,732)</u>	<u>143,986,116</u>
Total capital assets being depreciated or depleted, net	<u>22,874,961</u>	<u>4,658,729</u>	<u>(212,026)</u>	<u>27,321,664</u>
Capital assets, net	<u>\$ 29,874,961</u>	<u>\$ 4,658,729</u>	<u>\$ (212,026)</u>	<u>\$ 34,321,664</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

The capital asset activity for the IDA for the year ended December 31, 2023, was as follows:

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Reclassifications/ Disposals</u>	<u>December 31, 2023</u>
Capital assets not being depreciated:				
Land	\$ 849,286	\$ -	\$ -	\$ 849,286
Capital assets being depreciated:				
Building and improvements	29,365,000	-	-	29,365,000
Less accumulated depreciation for:				
Building and improvements	<u>12,724,834</u>	<u>978,833</u>	<u>-</u>	<u>13,703,667</u>
Total capital assets being depreciated, net	<u>16,640,166</u>	<u>(978,833)</u>	<u>-</u>	<u>15,661,333</u>
Capital assets, net	<u>\$ 17,489,452</u>	<u>\$ (978,833)</u>	<u>\$ -</u>	<u>\$ 16,510,619</u>

The RDA owns numerous parcels of real estate, including several homes. These parcels were acquired at either no cost or minimal cost and there has been no dollar value assigned to the real estate for financial statement purposes with the exception of land purchased at a total cost of \$1,024,199 during 2009 and 2010 with funding provided by the County.

15. 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 2023, the County's operating budget contribution was \$9,941,258, and capital additions were \$1,699,039. 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 \$7,065,172. Included on the statement of net position is an investment in a joint venture totaling \$156,964,849 at December 31, 2023.

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

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

16. Long-Term Liabilities

Primary Government

The following is a summary of changes in noncurrent liabilities excluding other post-employment benefit (Note 25) and net pension liability (Note 26) for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Liability for general obligation debt	\$ 266,236,384	\$ 35,000,000	\$ (28,165,448)	\$ 273,070,936	\$ 21,989,632
Liability for claims payable	5,633,551	53,019,229	(53,060,316)	5,592,464	4,284,293
Lease liability	30,581,152	3,803,140	(5,445,543)	28,938,749	5,116,199
Subscription liability	-	5,764,610	(1,471,519)	4,293,091	1,581,018
Governmental activity:					
Long-term liabilities	<u>\$ 302,451,087</u>	<u>\$ 97,586,979</u>	<u>\$ (88,142,826)</u>	<u>\$ 311,895,240</u>	<u>\$ 32,971,142</u>
Business-type activity:					
Liability for general obligation debt	<u>\$ 23,941,616</u>	<u>\$ 6,341,671</u>	<u>\$ (3,121,223)</u>	<u>\$ 27,162,064</u>	<u>\$ 3,414,368</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 Fund and Geriatric Care Fund.

Component Unit

The following is a summary of changes in noncurrent liabilities of the DCSWA for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Liability for revenue notes payable	\$ 5,697,000	\$ -	\$ (593,000)	\$ 5,104,000	\$ 608,000
Net pension liability	1,481,980	-	(616,479)	865,501	-
Liability for accrued closure costs	16,687,450	1,319,890	-	18,007,340	-
Lease liability	-	314,604	(13,028)	301,576	54,257
Long-term liabilities	<u>\$ 23,866,430</u>	<u>\$ 1,634,494</u>	<u>\$ (1,222,507)</u>	<u>\$ 24,278,417</u>	<u>\$ 662,257</u>

17. General Obligation Debt

The following are summaries of changes in general obligation debt, by type, for the year ended December 31, 2023:

	Governmental Activities	Business-Type Activity	Total
Outstanding at beginning of the year	\$ 266,236,384	\$ 23,941,616	\$ 290,178,000
Issuance of debt	35,000,000	-	35,000,000
Allocation of debt for capital assets	(6,341,671)	6,341,671	-
Reduction of borough notes	(115,000)	-	(115,000)
Retirements and repayments	(21,708,777)	(3,121,223)	(24,830,000)
Outstanding at end of year	<u>\$ 273,070,936</u>	<u>\$ 27,162,064</u>	<u>\$ 300,233,000</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

The following summarizes general obligation debt, by type, outstanding at December 31, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Serial bonds and notes	\$ 273,070,936	\$ 27,162,064	\$ 300,233,000

A summary of general obligation debt outstanding at December 31, 2023, is as follows:

<u>Year of Issue/Final Maturity</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Outstanding at December 31, 2023</u>	<u>Current Portion</u>
2007/2027	\$ 26,720,000	Refinance the 2004 Note and to refinance a portion of the 2002 Note	\$ 4,576,000	\$ 1,120,000
2010/2028	45,180,000	Refund the 2008 General Obligation Note and for various other capital projects at the County	26,185,000	5,006,000
2012/2032	20,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	18,132,000	1,888,000
2013/2033	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	21,724,000	1,380,000
2014/2025	45,166,000	Partially refund the 1997 and 2002 notes payable to level debt service payments	30,129,000	14,885,000
2015/2035	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,992,000	1,000
2018/2038	40,000,000	Fund construction and renovations of County buildings, equipment, SEPTA and open space projects	39,995,000	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	18,896,000	1,004,000
2020/2040	40,000,000	Fund construction and renovations of County buildings, parking garages, prison and juvenile detention facilities, acquisition of equipment and vehicles, and improvement to Fair Acres Geriatric Center	39,997,000	1,000
2021/2029	837,000	Municipal loans for the City of Chester and the Borough of Eddystone	608,000	116,000
2022/2042	40,000,000	Fund construction and renovations of County buildings, parking garages, prison, acquisition of equipment and vehicles, and improvement to Fair Acres Geriatric Center	39,999,000	1,000
2023/2043	35,000,000	Fund construction and renovations of County buildings, parking garages, prison, acquisition of equipment and vehicles, and improvement to Fair Acres Geriatric Center	35,000,000	1,000
		Total	<u>\$ 300,233,000</u>	<u>\$ 25,404,000</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

The outstanding balance at December 31, 2023, related to governmental activities of \$273,070,936 includes \$13,707,778 of debt used to fund the capital assets of SEPTA.

Interest rates on the above obligations are fixed. Fixed interest rates range 1.031% to 3.20%. Variable interest rates are limited to a maximum potential variable rate of 15.00%.

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 180 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, 2023, is presented below:

	<u>Principal Maturity</u>	<u>Interest Maturity ⁽¹⁾</u>	<u>Total Principal and Interest Maturities</u>
Years:			
2024	\$ 25,404,000	\$ 5,825,910	\$ 31,229,910
2025	25,877,000	5,491,046	31,368,046
2026	22,627,000	4,998,397	27,625,397
2027	22,975,000	4,545,501	27,520,501
2028	22,231,000	4,104,470	26,335,470
2029 - 2033	86,782,000	14,961,987	101,743,987
2034 - 2038	65,336,000	6,628,693	71,964,693
2039 - 2043	29,001,000	1,081,530	30,082,530
Total	<u>\$ 300,233,000</u>	<u>\$ 47,637,534</u>	<u>\$ 347,870,534</u>

⁽¹⁾ Includes interest at year-end rates for fixed rate notes. Interest on the fixed rate notes is \$6,292,576 for the year ended December 31, 2023.

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 \$300,233,000 is outstanding at December 31, 2023.

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. 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

Notes to Financial Statements
December 31, 2023

As of December 31, 2023, the market value of interest rate swap agreements related to outstanding general obligation notes outstanding are as follows:

General Obligation Note Year of Issue	Balance Outstanding	Market Value of Related Allocable Interest Rate Swap	Market Value of Related Fixed Rate Loan Swap
2007	\$ 4,576,000	\$ 163,574	\$ 152,622
2010	26,185,000	936,010	887,771
2012	18,132,000	648,147	1,025,173
2013	21,724,000	776,547	1,507,043
2014	30,129,000	1,076,993	499,160
2015	24,992,000	893,365	697,715
2018	39,995,000	1,429,663	(17,549)
2019	18,896,000	675,457	1,425,240
2020	39,997,000	1,429,735	6,873,379
2021	608,000	21,734	31,767
2022	39,999,000	1,429,806	3,215,613
2023	35,000,000	1,251,111	2,585,085

18. Right-to Use Leased Assets and Lease Liability

The County is obligated as a lessee under 28 lease arrangements with remaining commitments of approximately 2 to 16 years as of December 31, 2023. As a lessee, the County reports a lease liability and an intangible right-to-use asset on its government-wide statement of net position based on the present value of future rental payments expected. In governmental fund financial statements, the County recognizes proceeds from extended term financing and a capital outlay at the initiation of the lease, and an outflow of resources as lease payments are made during the lease term.

The right-of-use leased asset activity by major classes of underlying asset type for the County for the year ended December 31, 2023, was as follows:

	January 1, 2023	Additions	Reclassifications/ Disposals	December 31, 2023
Right-to-use leased assets being depreciated:				
Buildings	\$ 31,656,246	\$ 3,058,100	\$ (1,231,813)	\$ 33,482,533
Cell phone towers	1,947,381	606,327	-	2,553,708
Equipment, copiers	2,090,688	138,713	-	2,229,401
Total right-to-use leased assets	35,694,315	3,803,140	(1,231,813)	38,265,642
Less accumulated depreciation for:				
Buildings	4,460,497	4,542,741	(1,231,813)	7,771,425
Cell phone towers	136,338	329,795	-	466,133
Equipment, copiers	516,327	573,008	-	1,089,335
Total accumulated depreciated, net	5,113,162	5,445,544	(1,231,813)	9,326,893
Right-to-use leased assets, net	\$ 30,581,153	\$ (1,642,404)	\$ -	\$ 28,938,749

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Lease terms may include options to extend or terminate certain leases. The value of the lease is reflected in the valuation if it is reasonably certain an option to extend or terminate is exercised.

The County has certain leases that are for periods of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the government-wide statement of net position since the County has elected the practical expedient to exclude these leases from right-to-use leased assets and lease liabilities.

The County's governmental activity lease activity for the year ended December 31, 2023 is as follows:

Lease Type	Weighted Average Lease Term (Years)	Interest Rates	Lease Liability Balance
Buildings	8.8	2.30 %	\$ 25,711,108
Cell phone towers	11.2	2.33	2,087,575
Equipment	1.8	2.29	<u>1,140,066</u>
Total lease			28,938,749
Lease liability, due within one year			<u>5,116,199</u>
Lease liability, due in more than one year			<u>\$ 23,822,550</u>

Lease commitment requirements are as follows:

	Principal	Interest	Total Lease Commitment
Years:			
2024	\$ 5,116,199	\$ 612,902	\$ 5,729,101
2025	4,466,386	500,342	4,966,728
2026	3,088,531	414,461	3,502,992
2027	2,850,198	346,700	3,196,898
2028	2,667,795	282,904	2,950,699
2029 - 2033	7,754,965	742,915	8,497,880
2034 - 2038	<u>2,994,675</u>	<u>112,615</u>	<u>3,107,290</u>
Total	<u>\$ 28,938,749</u>	<u>\$ 3,012,839</u>	<u>\$ 31,951,588</u>

19. Subscription Liability

The County is obligated under 10 subscription arrangements for data management tools, cloud based ERP systems, cloud based data storage, and various other subscriptions with remaining commitments of approximately 1 to 5 years as of December 31, 2023. The weighted average discount rate of the subscription based arrangement is 2.41%.

As a subscription liability, the County reports a liability and an intangible right-to-use subscription asset on its government-wide statement of net position based on the present value of future rental payments expected. In governmental fund financial statements, the County recognizes proceeds from extended term financing and a capital outlay at the initiation of the subscription, and an outflow of resources as subscription payments are made during the subscription term.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Subscription terms may include options to extend or terminate certain subscriptions. The value of the subscription is reflected in the valuation if it is reasonably certain an option to extend or terminate is exercised.

The County has certain subscription arrangements that are for periods of 12 months or less. Subscriptions with an initial term of 12 months or less are not recorded on the government-wide statement of net position since the County has elected the practical expedient to exclude these subscription arrangements from right-to-use subscription assets and subscription liabilities.

Subscription lease commitment requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Commitment</u>
Years:			
2024	\$ 1,581,018	\$ 96,123	\$ 1,677,141
2025	1,264,778	62,919	1,327,697
2026	498,766	26,739	525,505
2027	458,373	22,879	481,252
2028	490,156	11,855	502,011
Total	<u>\$ 4,293,091</u>	<u>\$ 220,515</u>	<u>\$ 4,513,606</u>

20. Component Unit, Notes Payable

Revenue Notes Payable

On March 25, 2009, the DCSWA authorized the issuance of Guaranteed Revenue Notes, 2009 Series (the 2009 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% for Series A, 1.28% for Series B and 3.39% for Series C as per the Notice of Fixed Rate Conversion. The Notes are collateralized by the security interest in the revenue of DCSWA.

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% as per the Notice of Fixed Rate Conversion. The Notes are collateralized by the security interest in the revenue of DCSWA.

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. There are no arrangements for recovery of payments. Since inception, DCSWA has met each of its debt service payment requirements on the 2009 and 2012 Notes.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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

	<u>Principal</u>	<u>Interest</u>
Years ending:		
2024	\$ 608,000	\$ 122,705
2025	625,000	103,908
2026	641,000	86,791
2027	658,000	70,218
2028	677,000	53,142
2029 - 2033	<u>1,895,000</u>	<u>70,869</u>
Total	<u>\$ 5,104,000</u>	<u>\$ 507,633</u>

For the year ended December 31, 2023, interest expense amounted to \$127,291.

21. 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 \$19,362,625 consists of \$6,256,142 of accrued payroll expenses, \$12,079,167 of accrued expense payable to vendors, and \$1,027,316 of funds to be refunded or escheated.

22. Interfund Receivables and Payables

Interfund receivable and payable balances as of December 31, 2023, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 90,156,520	\$ 43,730,594
General Fund, due from fiduciary component unit	25,659	-
Capital Projects Fund	13	10,257,212
Health and Human Service Fund	39,535,817	28,310,011
Other Governmental Funds	9,658,900	24,480,521
COVID-19 Relief Fund	-	32,570,706
Fiduciary Component Unit, Pension Trust Fund	-	25,659
Proprietary Fund	1,542,369	-
Internal Service Funds	<u>3,138,636</u>	<u>4,683,211</u>
Total	<u>\$ 144,057,914</u>	<u>\$ 144,057,914</u>

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

Notes to Financial Statements
December 31, 2023

23. Amounts Due To/From Component Units

The following is a summary of amounts due to/from component unit (the DCSWA) at December 31, 2022, activity for 2023, and amounts due at December 31, 2023:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Balance, December 31, 2022	\$ 2,000,000	\$ 5,475,000	\$ 7,475,000
Additions	1,498	-	1,498
Repayments	(1,498)	-	(1,498)
Balance, December 31, 2023	<u>\$ 2,000,000</u>	<u>\$ 5,475,000</u>	<u>\$ 7,475,000</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.

24. Interfund Transfers

Interfund transfers for the year ended December 31, 2023, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 28,016,093	\$ 13,841,703
Health and Human Service Fund	15,422,261	7,922,260
Other Governmental Funds	4,067,348	642,134
COVID-19 Relief Fund	-	28,167,613
Proprietary Fund	3,068,008	-
Total	<u>\$ 50,573,710</u>	<u>\$ 50,573,710</u>

Transfers from the General Fund to the Health and Human Service Fund and the other governmental funds are unrestricted revenues 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. Transfers from the Covid-19 Relief Fund are American Rescue Plan Act funds used to subsidize the expenditures related to the Health Department and to replace lost revenue to the General Fund.

25. 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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

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 60 with five years of service or who have attained the age of 55 with 20 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. Employees hired, rehired, or changed to full-time status on or after January 1, 2021, are not eligible for medical benefits through the County at retirement. A dependent is defined as a lawful spouse and unmarried children under 27 years of age. Dependent children may be included up through age 26. The County offers unsubsidized dental insurance to retirees. 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, 2023, the OPEB Plan membership consisted of the following:

Inactive members or beneficiaries currently receiving benefits	1,995
Active members	<u>2,754</u>
Total membership	<u><u>4,749</u></u>

Funding Policy

Members do not contribute to the OPEB Plan for medical coverage; the County pays 100% 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.

The OPEB Plan is not administered through a trust or equivalent arrangement, therefore there are no assets accumulated in funding of the OPEB plan.

Total OPEB Liability of the County

The County total OPEB liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Total other post-employment benefit liability	\$ 328,338,867
OPEB Plan fiduciary net position	<u>-</u>
Net other post-employment benefit liability	<u><u>\$ 328,338,867</u></u>
OPEB Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

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 provisions of benefits or the pattern of cost sharing between the employer and plan members in the future.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, 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:

Discount rate - 4.00% as of December 31, 2023

Salary increase rate - 3.50% per annum

Healthcare cost trend rates - The current health care trend rate starts at 8.0% decreasing to an ultimate rate 4.50%.

Per capita health claim cost - the expected annual per capita claim costs range from \$2,700 to \$10,000 dependent on ages ranging from 50-75+ and dependent on gender of claimant.

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

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

Mortality rates - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 and SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

Discount Rate

The discount rate used to measure the total OPEB liability was 4.00%. The discount rate is used to reflect the time value of money. Discount rates are used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the post-retirement benefit obligation. As the County's plan is unfunded, the discount rate is determined using the long-term expected rate of return on tax-exempt, high-quality municipal bond.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2023	\$ 312,071,311
Service cost	8,070,044
Interest	13,518,321
Change of benefit terms	9,877,821
Differences between expected and actual experience	(29,661,885)
Changes of assumptions or other inputs	27,584,106
Benefit payments	(13,120,851)
Balance at December 31, 2023	<u>\$ 328,338,867</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total 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:

	<u>1% Decrease (3.00%)</u>	<u>Current Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
2023 Total OPEB liability	\$ 386,773,714	\$ 328,338,867	\$ 282,465,370

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total 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:

	<u>1% Decrease (7.0% Decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rates (8.0% Decreasing to 4.5%)</u>	<u>1% Increase (9.0% Decreasing to 5.5%)</u>
2023 Total OPEB liability	\$ 281,486,180	\$ 328,338,867	\$ 388,150,345

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

For the year ended December 31, 2023, the County recognized OPEB expense of \$36,889,415.

Gains and losses related to the difference between assumptions and actual experience are amortized over a period of 5.0 years. At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes in assumptions	\$ 61,786,622	\$ (75,346,574)
Differences between expected and actual experience	-	(93,255,777)
	<u>\$ 61,786,622</u>	<u>\$ (168,602,351)</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:	
2024	\$ (55,666,791)
2025	(56,792,180)
2026	6,058,797
2027	<u>(415,555)</u>
Total	<u>\$ (106,815,729)</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

26. Net Pension Liability

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 (IRC) 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.

The County reports the actuarially determined net pension liability measurement date of December 31, 2022 for its December 31, 2023 financial statements. The valuation as of December 31, 2022 includes actuarial inputs as of January 1, 2022.

At January 1, 2022, the measurement date, members of the Pension Plan was as follows:

Inactive plan members currently receiving benefits	2,057
Inactive plan members entitled to benefits but not yet receiving them	248
Current employees	<u>2,750</u>
Total membership	<u>5,055</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 percentage of the member's highest three-year average salary times the number of 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% 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 for All Urban Consumers for the Pennsylvania, New Jersey, Delaware and Maryland area for the 12-month period ending August 31. 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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Funding Policy and Contributions

Employees are required to contribute 7% of their salaries to the Pension Plan and employees may elect to contribute up to 17% of their salaries. Per the County Pension Law, 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 the 2022 measurement period, the annual contribution by the County was \$5,607,640 based on the January 1, 2022 actuarial valuation using the entry age normal cost method. For the year ended December 31, 2023, the annual contribution by the County was \$9,233,377 based on the January 1, 2023 actuarial valuation using the entry age normal cost method.

The actuarial assumptions include projected salary increases of 3.5% per year and an inflation component of 2.5%. 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% 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% and a minimum of 80% of the market value of assets as of the valuation date.

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 2022 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/Alternative	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 Plan's target asset allocation for the 2022 measurement period are summarized in the above table.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Rate of Return

For the 2022 measurement period, the annual money-weighted rate of return on Pension Plan investments, net of Pension Fund investment expense, was a loss of 13.8%. 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, 2023, were as follows:

Total pension liability	\$ 635,090,387
Pension Plan fiduciary net position	<u>558,011,617</u>
Pension Plan net pension liability	<u>\$ 77,078,770</u>
Pension Plan fiduciary net position as a percentage of total pension liability	<u>87.86%</u>

Changes in the Net Pension Liability

The changes in the County's net pension liability during the year ended December 31, 2023 (measurement period of 2022), 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, 2023	\$ 605,609,028	\$ 677,312,754	\$ (71,703,726)
Changes for the year:			
Service cost	12,140,181	-	12,140,181
Interest cost	43,017,038	-	43,017,038
Difference between expected and actual experience	(4,346,475)	-	(4,346,475)
Changes of Assumption	22,835,195	-	22,835,195
Contributions, employer	-	5,607,640	(5,607,640)
Contributions, plan member	-	13,176,789	(13,176,789)
Net investment income (loss)	-	(93,920,986)	93,920,986
Benefit payments, including refunds	(44,164,580)	(44,164,580)	-
Net changes	<u>29,481,359</u>	<u>(119,301,137)</u>	<u>148,782,496</u>
Balances at December 31, 2023	<u>\$ 635,090,387</u>	<u>\$ 558,011,617</u>	<u>\$ 77,078,770</u>

The schedule of changes in the employer's net pension liability (asset) 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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Actuarial Assumptions

The net pension liability above was determined by an actuarial valuation performed as of December 31, 2023, using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2022 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	Market value adjusted for unrecognized gains and losses from prior years

Mortality rates were based on the PubG-2010 Mortality Table for males and females set forward one year with generational mortality improvement using MP20.

The actuarial assumptions used in the valuation for the 2022 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

No ad hoc postemployment benefit changes were included in future liability.

Discount Rate

The discount rate used to measure the net pension liability for the Pension Plan was 7.0%. 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 net 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% 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%) or 1 percentage point higher (8.0%) than the current rate:

	<u>1% Decrease</u> <u>(6.0%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.0%)</u>	<u>1% Increase</u> <u>(8.0%)</u>
Net pension liability	\$ 125,344,422	\$ 77,078,770	\$ 12,470,346

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, the County recognized pension expense of \$13,509,812, which was allocated \$10,746,120 and \$2,763,692 to governmental activities and business-type activities, respectively. At December 31, 2023, the County reported deferred outflows and inflows of resources related to the pension from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 15,450,932	\$ -
Net difference between projected and actual earning	57,945,177	-
Changes in assumptions	18,389,179	(3,451,262)
Contributions made subsequent to measurement date	9,233,377	-
Total	\$ 101,018,665	\$ (3,451,262)

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

Years ended December 31:

2024	\$ 10,570,453
2025	22,488,257
2026	25,502,601
2027	29,772,713
Total	\$ 88,334,024

27. Retirement Plans

The County maintains tax deferred plans qualified under Section 457(b) of the IRC (the 457(b) plans). The 457(b) plans cover all full time employees who are eligible for enrollment after completing 90 days of service, at which time the employees become 100% vested. The County does not make any contributions to the plan. Employees who elect to participate may elect to contribute up to 100% of their pretax annual compensation, as defined in the 457(b) plans documents, up to the maximum contribution limits in the IRC.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

28. 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:

	Workers' Compensation	Casualty/ Liability (Excluding Vehicles)	Health Benefits	Vehicles
1988 to 1992	\$ 300,000	\$ -	\$ 75,000	\$ 100,000
1993 to 1999	300,000	100,000	75,000	100,000
2000 to 2001	250,000	100,000	75,000	100,000
2002 to 2006	325,000	250,000	90,000	100,000
2007 to 2013	500,000	250,000	200,000	100,000
2014 to 2020	650,000	250,000	210,000*	100,000
2021 to May 2022	650,000**	150,000	210,000	100,000
2022 to 2023	650,000**	250,000***	210,000	250,000

* includes a \$365,000 corridor deductible

** reinsurance coverage to limit for police and fire personnel of \$750,000

*** law enforcement legal liability of \$500,000 as of June 2023

The County's reinsurance policy has provided enough 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 \$56,525,019, which includes insurance claims of \$52,791,766 and administrative costs of \$3,505,790. 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 \$205,708 for the fiscal year.

An analysis of the claims activity is presented as follows:

	2023			
	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	\$ 2,816,081	\$ 45,345,500	\$ 44,995,288	\$ 3,166,293
Self-Insured Workers' Compensation Fund	1,851,191	428,167	971,187	1,308,171
Self-Insured Casualty/Liability Fund	966,279	7,245,562	7,093,841	1,118,000
Total	\$ 5,633,551	\$ 53,019,229	\$ 53,060,316	\$ 5,592,464

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

	2022			
	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	\$ 2,208,183	\$ 41,443,584	\$ 40,835,686	\$ 2,816,081
Self-Insured Workers' Compensation Fund	1,913,834	883,921	946,564	1,851,191
Self-Insured Casualty/Liability Fund	775,112	7,166,748	6,975,581	966,279
Total	<u>\$ 4,897,129</u>	<u>\$ 49,494,253</u>	<u>\$ 48,757,831</u>	<u>\$ 5,633,551</u>

29. Other Revenues

Other revenues of \$6,379,164 in the governmental funds consist of funds received related to gaming proceeds for economic development of \$878,283; rental income of \$1,397,892; funds received from the state equalization board of \$829,208; revenues related to Act 164 Rideshare fees of \$1,402,343; payments from Chester City of \$597,287, and various other revenues of \$1,274,151.

30. 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 \$173,119,252 consists of the General Fund of \$1,965,351 representing grants and other fees, Health and Human Service of \$51,784,328, Other Governmental Funds of \$67,400,177, and Coronavirus Relief Funds of \$51,969,396, representing grants received which were not earned at December 31, 2023.

31. 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 refunded by the 2019 Bonds (Note 17). The stadium was completed in 2010.

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 present value of this asset amounting to \$4,877,645 has been recorded in other receivables on the government-wide statement of net position at December 31, 2023 (Note 9).

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

32. 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, 2023.

33. COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei Province, China. In the first several months of 2020, the virus, SARS-CoV-2 and resulting disease, COVID-19, spread to the United States, including to areas impacting the County. In response to the virus, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law in March 2020, and created the Coronavirus Relief Fund which provided \$150 billion in general assistance for domestic governments. Payments to states were subject to reduction based on payments to eligible local governments. Amounts paid to states and eligible local governments were based on 2019 population data from the U.S. Census Bureau.

The federal government passed the American Rescue Plan Act on March 11, 2021, to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The County's award is \$110,083,961, which will be used as permitted by the American Rescue Plan Act, including meeting pandemic response needs, rebuilding the County's economy and replacing lost County revenue. The first tranche of funds was received in May 2021 in the amount of \$55,041,980 and the second tranche was received in June 2022 in the amount of \$55,041,981. The funds are to cover costs obligated by December 31, 2024, and performed by December 31, 2026. The County incurred \$11,906,039 of expenditures for allowable costs and recognized \$26,374,104 for lost revenues during the year ended December 31, 2023. \$51,969,396 was considered unearned revenue as of December 31, 2023.

In June 2021, Governor Wolf signed Act 24, which allocates \$282 million of federal funding from the American Rescue Plan for payments to nursing facilities, personal care homes and assisted living residences. Fair Acres Geriatric Center received \$2,563,759 in June 2021 and incurred \$1,863,759 of expenditures for allowable costs as of December 31 2022, the remaining \$700,000 was allocated for lost revenue and recognized as revenue as of December 31, 2023.

In July 2022, Governor Wolf signed Act 54 which allocates \$26.7 million of federal funding from the American Rescue Plan for payments to Personal Care and Assisted Living Providers. Fair Acres Geriatric Center received \$1,184,258 in July 2022. Fair Acres Geriatric Center incurred \$1,184,258 of allowable costs as of December 31, 2023.

The U.S. Congress established two emergency rental assistance programs in response to the coronavirus pandemic to fund rent, utilities and home energy costs, and other housing-related expenses. The County received funds under Section 501 of the 2021 Consolidated Appropriations Act (ERA1) and under Section 3201 of the American Rescue Plan Act of 2021 (ERA2). As of the end of 2023, the County had been allocated or reallocated over \$82 million under the two programs. All ERA1 funds were timely obligated prior to the end of 2022, and ERA2 funds are required to be obligated by September 30, 2025.

The County worked with a variety of community partners and a contracted service provider to establish the Emergency Rental Program using these funds. In 2023, a total of \$2,143,027 were spent to assist 335 households with rent and utilities.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

34. Opioid Settlement

The Commonwealth of Pennsylvania, Office of Attorney General participated in the negotiation of two settlements in July 2022 related to the opioid crisis involving distributors, AmerisourceBergen, Cardinal Health and McKesson, and Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc. and Janssen Pharmaceutica, Inc. (the Opioid Settlement Funds). To allocate those funds among the Commonwealth and its subdivisions, the Office of Attorney General, established the Pennsylvania Opioid Misuse and Addiction Abatement Trust to collect the settlement funds and allocate the funding to Pennsylvania counties. The Opioid Settlement Funds must be expended solely for purposes specified on the Pennsylvania Opioid Misuse and Addiction Abatement Trust's List of Opioid Remediation Uses.

The County received its first settlement payment 2022 and will continue to receive its settlement allocation over 16 years (2023-2038). The County collected \$4,149,699 during 2023 or within 60 days after December 31, 2023. The remaining \$47,068,539 unpaid balance is reported at its net present value of \$41,059,289 in Nonmajor Governmental Funds as unavailable revenues. The County expects to fully spend the settlement funds within 18 months of receipt in compliance with the terms of the settlement.

In November and December of 2022, five additional defendants have entered into National Opioid Settlements (2022 National Settlements): Tdedeva, Allergan, CVS, Walgreens and Walmart. On April 6, 2023, the County joined a nationwide opioid settlement, related to defendants Teva, Allergan, CVS, Walmart and Walgreens. The settlement remains pending, subject to joinder by the minimum number of states, as specified in the settlement agreement. If finalized, the County can expect to receive approximately \$37 million over a period of 6 to 13 years (the terms for payments vary by defendant). If the maximum number of counties and municipalities join in the Commonwealth of Pennsylvania, the County's receipts could increase to as much as an estimated \$53 million.

The Commonwealth of Pennsylvania is currently in the process of determining allocations for these settlements, so the payment schedule and amounts for these are not able to be disclosed at this time.

Years ending December 31:	
2024	\$ 3,764,381
2025	3,881,510
2026	2,360,732
2027	3,155,640
2028	3,653,226
2029 - 2033	16,287,143
2034 - 2038	<u>13,965,907</u>
Total payments receivable	47,068,539
Present value discount	<u>(6,009,250)</u>
Opioid settlement receivable	<u>\$ 41,059,289</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2023

35. Subsequent Events

On May 8, 2024, Moody's Investor's Service, Inc. downgraded the County's issuer rating and general obligation rating from Aa1 to Aa2 with a stable outlook.

On June 5, 2024, the County issued \$73,875,000 in aggregate principal amount of General Obligation Bonds, Series 2024. The net proceeds will be used to fund certain capital projects including: construction of and renovations to buildings, parking garages and other facilities; acquisition of equipment, information technology and vehicles; construction of and renovations to prison and juvenile detention facilities; construction of and improvements to facilities of the Fair Acres Geriatric Center; funding of certain projects of the Southeastern Pennsylvania Transportation Authority; improvements to County parks; preservation of open space; 911 Center capital projects, including the 911 radio system; payment of interest expenses during construction; and costs of issuing the Bonds.

On June 18, 2024, the County incurred indebtedness in original principal amount of \$35,000,000 in the form of a Guaranty Agreement by and among the County, the Delaware County Solid Waste Authority (DCSWA), and the Delaware Valley Regional Finance Authority (DeVal). Pursuant to the Guaranty Agreement, the County has pledged its full faith, credit and taxing power to its guaranty of all principal and interest payments on a Guaranteed Revenue Note in the original principal amount of \$35,000,000 issued by the DCSWA and purchased by DeVal. The Note is secured by a pledge of the DCSWA's revenues under a Loan Agreement dated as of June 18, 2024, between the DCSWA and DeVal.

36. New Accounting Pronouncements

The GASB has approved the following statements:

- Statement No. 99, *Omnibus 2022*, portions of this standard that were effective upon issuance of the statement and for the year ended December 31, 2023 were not material to the County's financial reporting. Portions of this statement are effective for the County's year ending December 31, 2024.
- Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, effective for the County's year ending December 31, 2024.
- Statement No. 101, *Compensated Absences*, effective for the County's year ending December 31, 2024.
- Statement No. 102, *Certain Risk Disclosures*, effective for the County's year ending December 31, 2025.
- Statement No. 103, *Financial Reporting Model Improvements*, effective for the County's year ending December 31, 2026.

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.

Required Supplementary Information

County of Delaware, Pennsylvania

Required Supplementary Information
 Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios
 Years Ending December 31
 (Unaudited)

	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service cost	\$ 18,068,533	\$ 18,690,090	\$ 15,870,584	\$ 17,521,129	\$ 21,490,798	\$ 13,099,335	\$ 8,070,044
Interest cost	14,518,005	17,101,669	18,969,509	12,438,024	11,154,286	10,407,585	13,518,321
Change in benefit terms	-	-	-	-	-	-	9,877,821
Changes of assumptions or other inputs	29,018,463	(52,656,643)	28,501,362	52,772,639	17,247,110	(125,540,787)	27,584,106
Differences between expected and actual	-	-	(61,125,471)	-	(91,704,964)	(29,495,852)	(29,661,885)
Benefit payments	13,198,969	(13,837,017)	(13,472,942)	(13,979,506)	(15,096,452)	(11,653,143)	(13,120,851)
Net change in total OPEB liability	74,803,970	(30,701,901)	(11,256,958)	68,752,286	(56,909,222)	(143,182,862)	16,267,556
Total OPEB Liability, Beginning	<u>410,565,998</u>	<u>485,369,968</u>	<u>454,668,067</u>	<u>443,411,109</u>	<u>512,163,395</u>	<u>455,254,173</u>	<u>312,071,311</u>
Total OPEB Liability, Ending	<u>\$ 485,369,968</u>	<u>\$ 454,668,067</u>	<u>\$ 443,411,109</u>	<u>\$ 512,163,395</u>	<u>\$ 455,254,173</u>	<u>\$ 312,071,311</u>	<u>\$ 328,338,867</u>
Covered-Employee Payroll (Estimated)	\$ 167,229,090	\$ 173,082,000	\$ 138,782,000	\$ 138,782,000	\$ 123,198,991	\$ 127,510,956	\$ 160,109,944
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	290.24%	262.69%	319.50%	369.04%	369.53%	244.74%	205.07%

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 total 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 total OPEB liability and deferred outflows of approximately \$32.6 million.

In 2021, 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 total OPEB liability and deferred outflows of approximately \$58.4 million.

In 2022, the actuarial valuation was updated for a change in assumed discount rate related to total OPEB liability and deferred inflows of approximately \$125.5 million.

County of Delaware, Pennsylvania

Required Supplementary Information
 Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios
 Years Ending December 31
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 4,767,962	\$ 4,584,055	\$ 15,542,585	\$ 15,286,753	\$ 11,079,249	\$ 11,407,742	\$ 11,844,349	\$ 12,110,110	\$ 12,140,181
Interest	31,874,452	33,074,553	33,824,984	35,056,767	35,620,617	37,094,044	38,672,973	41,034,286	43,017,038
Difference between expected and actual experience	4,147,176	8,944,917	(363,424)	(8,234,316)	(2,408,168)	3,547,553	6,008,688	21,706,062	(4,346,475)
Changes in assumptions	-	-	(17,616,575)	-	19,338,805	-	-	-	22,835,195
Benefit payments, including refunds of member contributions	(25,266,392)	(23,917,898)	(24,299,440)	(24,782,858)	(29,288,903)	(29,773,200)	(35,098,792)	(42,539,232)	(44,164,580)
Net change in total pension liability	15,523,198	22,685,627	7,088,130	17,326,346	34,341,600	22,276,139	21,427,218	32,311,226	29,481,359
Total Pension Liability, Beginning	432,529,544	448,152,742	470,838,369	477,926,499	495,252,845	529,594,445	551,870,584	573,297,802	605,609,028
Total Pension Liability, Ending (a)	\$ 448,152,742	\$ 470,838,369	\$ 477,926,499	\$ 495,252,845	\$ 529,594,445	\$ 551,870,584	\$ 573,297,802	\$ 605,609,028	\$ 635,090,387
Plan Fiduciary Net Position									
Employer contributions	\$ 4,159,063	\$ 3,987,098	\$ 5,160,038	\$ 4,762,155	\$ 1,527,490	\$ 3,997,875	\$ 5,231,379	\$ 6,112,362	\$ 5,607,640
Employee contributions	10,929,265	10,301,611	10,747,880	10,584,568	10,798,327	11,251,629	11,566,554	10,970,568	13,176,789
Net investment income (loss)	25,701,117	(4,799,203)	31,600,871	66,708,453	(36,709,229)	99,652,455	66,282,854	91,996,623	(93,920,986)
Benefit payments, including refunds of member contributions	(25,266,392)	(23,917,898)	(24,299,440)	(24,782,858)	(29,288,903)	(29,773,200)	(35,098,792)	(42,539,232)	(44,164,580)
Administration	(48,804)	(48,803)	(48,803)	-	-	-	-	-	-
Net change in plan fiduciary net position	15,474,249	(14,477,195)	23,160,546	59,272,318	(53,672,315)	85,128,759	47,981,995	66,542,321	(119,301,137)
Plan Fiduciary Net Position, Beginning	447,902,076	463,376,325	448,899,130	472,059,676	531,331,994	477,659,679	562,788,438	610,770,433	677,312,754
Plan Fiduciary Net Position, Ending (b)	\$ 463,376,325	\$ 448,899,130	\$ 472,059,676	\$ 531,331,994	\$ 477,659,679	\$ 562,788,438	\$ 610,770,433	\$ 677,312,754	\$ 558,011,617
Plan net pension (asset) liability, ending (a) - (b)	\$ (15,223,583)	\$ 21,939,239	\$ 5,866,823	\$ (36,079,149)	\$ 51,934,766	\$ (10,917,854)	\$ (37,472,631)	\$ (71,703,726)	\$ 77,078,770
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability	103.40%	95.34%	98.77%	107.28%	90.19%	101.98%	106.54%	111.84%	87.86%
Covered Payroll	\$ 134,056,126	\$ 130,961,008	\$ 135,127,843	\$ 132,195,406	\$ 131,211,477	\$ 131,220,398	\$ 135,464,334	\$ 138,229,701	\$ 131,449,528
County's Net Pension (Asset) Liability as a Percentage of Covered Payroll	-11.36%	16.75%	4.34%	-27.29%	39.58%	-6.32%	-27.66%	-51.87%	58.64%

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.

In 2021, the actuarial valuation reflects a difference between expected investment earnings of \$41.8 million and actual investment earnings of \$92.0 million. Portions of the difference between expected and actual experience for investment earnings are recognized in the current period and the remainder amortized as deferred inflows.

In 2022, the actuarial valuation reflects a difference between expected investment earnings of \$46.5 million and actual investment losses of \$93.9 million. Portions of the difference between expected and actual experience for investment earnings are recognized in the current period and the remainder amortized as deferred inflows.

The County used the 2022 Actuarial Valuation to determine the net pension liability as of December 31, 2023, as allowed under GASB No. 67.

County of Delaware, Pennsylvania

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 4,159,063	\$ 3,987,098	\$ 5,160,038	\$ 4,762,155	\$ 1,527,490	\$ 3,997,875	\$ 5,231,379	\$ 6,112,362	\$ 5,607,640	\$ 9,233,377
Contributions in Relation to the Actuarially Determined Contribution	4,159,063	3,987,098	5,160,038	4,762,155	1,527,490	3,997,875	5,231,379	6,112,362	5,607,640	9,233,377
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 134,056,126	\$ 130,961,008	\$ 135,127,843	\$ 132,195,406	\$ 131,211,477	\$ 131,220,398	\$ 135,464,334	\$ 138,229,701	\$ 131,449,528	\$ 163,742,396
Contributions as a Percentage of Covered Payroll	3.10%	3.04%	3.82%	3.60%	1.16%	3.05%	3.86%	4.42%	4.27%	5.64%

Notes to Schedule

Valuation date: January 1

Methods and assumptions used to determine contribution rates:

- Actuarial cost method
- Amortization method
- Remaining amortization period
- Asset valuation method
- Inflation
- Salary increases
- Investment rate of return
- Retirement age
- Mortality
- Entry Age
- Level dollar
- 15 years
- Market value adjusted by unrecognized gains and losses from prior years
- 3.0%
- 3.5% average, including inflation
- 7.0%, net of pension plan investment expense, including inflation
- Age 60 or 55 with 20 years of service
- PubG-2010 Mortality Table for males and females set forward one year with generational mortality improvement using MP20

County of Delaware, Pennsylvania

Required Supplementary Information
Schedule of Investment Returns
Years Ending December 31
(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.50%	(0.65)%	7.90%	15.27%	(6.88)%	21.40%	15.10%	15.70%	(13.80)%

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
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through ID	Total Federal Expenditures	Passed-Through to Subrecipients Expenditures
U.S. Department of Agriculture				
Pass-through Pennsylvania Department of Human Services:				
SNAP cluster:				
State matching grants for supplemental nutrition assistance program	10.561	n/a	\$ 121,934	\$ -
Pass-through Pennsylvania Department of Agriculture:				
Food distribution cluster:				
Emergency food assistance program	10.568	n/a	169,392	-
Emergency food assistance program (food commodities)	10.569	n/a	426,987	426,987
Total food distribution cluster			596,379	426,987
Total U.S. Department of Agriculture			718,313	426,987
U.S. Department of Housing and Urban Development				
CDBG - Entitlement grants cluster:				
Community development block grants/entitlement grants	14.218	n/a	4,408,027	-
Emergency solutions grant	14.231	n/a	689,409	-
Supportive housing program	14.235	n/a	197,172	-
Shelter plus care program	14.238	n/a	200,224	-
Home investment partnerships program	14.239	n/a	371,705	-
Continuum of care program	14.267	n/a	522,614	-
Pass-through City of Philadelphia Division of Housing and Community Development:				
Housing opportunities for persons with AIDS:				
Contract No. 2320136	14.241	2320136	264,441	58,293
Contract No. 2420053	14.241	2420053	282,261	71,673
Total housing opportunities for persons with AIDS			546,702	129,966
Total U.S. Department of Housing and Urban Development			6,935,853	129,966
U.S. Department of Justice				
Missing children's assistance	16.543	n/a	592,253	-
Edward Byrne memorial justice assistance grant program	16.738	n/a	139,983	139,983
Pass-through Office for Victims of Crime:				
Services for trafficking victims	16.320	n/a	162,107	-
Pass-through Pennsylvania Commission on Crime and Delinquency:				
Crime victims assistance	16.575	37831	18,849	-
Total U.S. Department of Justice			913,192	139,983
U.S. Department of Labor				
Reentry employment opportunities	17.270	n/a	292,040	-
Pass-through the Pennsylvania Department of Labor and Industry:				
Employment service cluster:				
Employment service/Wagner-Peyser funded activities	17.207	n/a	128,885	128,885
Jobs for Veterans state grants	17.801	n/a	29,184	29,184
Unemployment insurance	17.225	n/a	4,678	4,678
Trade adjustment assistance	17.245	n/a	7,114	7,114
Registered apprenticeship	17.285	W035222206	61,992	-
Registered apprenticeship	17.285	n/a	29,184	29,184
WIOA cluster:				
WIOA adult program	17.258	n/a	1,755,900	-
WIOA youth activities	17.259	n/a	1,438,474	-
WIOA dislocated worker formula grant	17.278	n/a	663,868	-
Total WIOA cluster			3,858,242	-
Total U.S. Department of Labor			4,411,319	199,045
U.S. Department of Transportation				
Pass-through Pennsylvania Department of Transportation:				
Highway planning and construction cluster:				
Highway planning and construction	20.205	n/a	124,867	-
Highway planning and construction	20.205	n/a	5,681,114	-
Pass-through Delaware Valley Regional Planning Commission:				
Metropolitan transportation planning and state and non-metropolitan planning and research	20.505	n/a	95,803	-
Pass-through Pennsylvania Department of Transportation:				
Highway safety cluster:				
State and community highway safety	20.600	EG00900009	111,133	-
Pass-through Pennsylvania Emergency Management Agency:				
Interagency hazardous materials public sector training and planning grants	20.703	C950000319	15,367	-
Total U.S. Department of Transportation			6,028,284	-

*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
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through ID	Total Federal Expenditures	Passed-Through to Subrecipients Expenditures
U.S. Department of the Treasury				
COVID-19 - Emergency rental assistance program	21.023	n/a	\$ 106,469	\$ -
Pass-through Pennsylvania Department of Human Services: COVID-19 - Emergency rental assistance program	21.023	n/a	2,000,000	-
COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	n/a	38,280,144	2,500,000
Pass-through Pennsylvania Department of Human Services, Pennsylvania Office of Child Development and Early Learning: COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	n/a	4,350,926	-
Pass-through Pennsylvania Community and Economic Development: COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	C000084527	62,400	-
Pass-through Pennsylvania Commission on Crime and Delinquency: COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	36733	704,671	-
COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	39165	171,610	-
Pass-through Pennsylvania Treasury, Pennsylvania Department of Human Services: COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	n/a	700,000	-
COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	n/a	1,184,258	-
Total U.S. Department of the Treasury			<u>47,560,478</u>	<u>2,500,000</u>
U.S. Department of Education				
Pass-through the Pennsylvania Department of Labor and Industry: Rehabilitation services vocational rehabilitation grants to states	84.126	n/a	36,673	36,673
Pass-through Pennsylvania Department of Human Services: Special education grants for infants and families	84.181	n/a	559,726	559,726
Total U.S. Department of Education			<u>596,399</u>	<u>596,399</u>
U.S. Department of Health and Human Services				
Congressional Directives	93.493	n/a	107,369	-
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	4100089716	6,638	-
Special programs for the aging Title VII, Chapter 2 - long-term care ombudsman services for older individuals	93.042	4100089716	16,179	-
Special programs for the aging Title III, Part D - disease prevention and health promotion services	93.043	4100089716	34,478	-
National family caregiver support, Title III, Part E	93.052	4100089716	266,966	-
Medicare enrollment assistance program	93.071	4100089716	21,223	-
State health insurance assistance program	93.324	4100089716	33,979	-
Aging cluster: Special programs for the aging Title III, Part B - grants for supportive services and senior centers	93.044	n/a	2,029	-
Pass-through Pennsylvania Department of Aging: Special programs for the aging Title III, Part B - grants for supportive services and senior centers	93.044	4100089716	1,059,883	-
Special programs for the aging Title III, Part C - nutrition services	93.045	4100089716	1,017,538	-
Nutrition services incentive program	93.053	4100089716	134,228	-
Total aging cluster			<u>2,213,678</u>	<u>-</u>
Pass-through Pennsylvania Department of Human Services: Guardianship assistance	93.090	n/a	101,665	-
Comprehensive community mental health services for children with serious emotional disturbances (SED)	93.104	n/a	188,734	-
Projects for assistance in transition from homelessness (PATH)	93.150	70154	267,330	-
Projects for assistance in transition from homelessness (PATH)	93.150	n/a	131,919	-
Marylee Allen promoting safe and stable families program	93.556	n/a	168,438	-
Pass-through Pennsylvania Office of Child Development and Early Learning: Marylee Allen promoting safe and stable families program	93.556	n/a	221,986	-
Child support services	93.563	n/a	6,052,986	-
Pass-through Pennsylvania Office of Child Development and Early Learning: Childcare development fund cluster: Childcare and development block grant	93.575	n/a	26,493,154	-
Childcare mandatory and matching funds of the childcare and development fund	93.596	n/a	11,234,535	-
Temporary assistance for needy families	93.558	n/a	3,733,951	-
Social services block grant	93.667	n/a	1,318,801	-
Total child care development fund cluster			<u>42,780,441</u>	<u>-</u>

*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
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through ID	Total Federal Expenditures	Passed-Through to Subrecipients Expenditures
U.S. Department of Health and Human Services (continued)				
Pass-through Pennsylvania Department of Human Services (continued):				
Stephanie Tubbs Jones child welfare services program	93.645	n/a	\$ 220,851	\$ -
Foster care - Title IV-E	93.658	n/a	2,287,597	-
Adoption assistance	93.659	n/a	1,289,039	-
Social services block grant	93.667	n/a	1,301,399	297,145
John H. Chafee foster care program for successful transition to adulthood	93.674	n/a	106,145	-
Block grants for community mental health services	93.958	7016700000	788,804	-
Block grants for community mental health services	93.958	8741000790	956,114	-
Pass-through Pennsylvania Department of Health:				
Public health emergency preparedness	93.069	4100093572	13,965	-
Public health emergency preparedness	93.069	4100093720	292,496	-
Project grants and cooperative agreements for tuberculosis control programs	93.116	4100092542	12,439	-
Immunization cooperative agreements	93.268	4100092485	360,941	-
Epidemiology and laboratory capacity for infectious diseases (ELC)	93.323	4100094700	1,670,927	-
Public health emergency response: cooperative agreement for emergency response: public health crisis response	93.354	4100093720	1,152,545	-
Center for disease control and prevention collaboration with academia to strengthen public health	93.967	4100095601	275,017	-
HIV prevention activities health department based	93.940	4100092941	242,544	-
Maternal and child health services block grant to the states	93.994	4100092904	108,438	-
Pass-through the Pennsylvania Department of Labor and Industry:				
Community services block grant	93.569	n/a	9,153	9,153
TANF Cluster:				
Pass-through Pennsylvania Department of Human Services:				
Temporary assistance for needy families	93.558	n/a	1,619,399	-
Pass-through the Pennsylvania Department of Labor and Industry:				
Temporary assistance for needy families	93.558	n/a	4,195,211	-
Total TANF Cluster			<u>5,814,610</u>	<u>-</u>
Medicaid cluster:				
Pass-through Pennsylvania Department of Aging:				
Medical assistance program	93.778	4100089148	64,275	-
Pass-through Pennsylvania Department of Human Services:				
Medical assistance program	93.778	n/a	4,421,385	3,981,753
Total Medicaid cluster			<u>4,485,660</u>	<u>3,981,753</u>
Pass-through Pennsylvania Department of Drug and Alcohol Programs:				
Opioid STR	93.788	4100086629	1,685,071	-
Block grants for prevention and treatment of substance abuse	93.959	n/a	2,204,686	-
Total U.S. Department of Health and Human Services			<u>77,892,450</u>	<u>4,288,051</u>
Corporation for National and Community Service				
Foster grandparent/senior companion cluster:				
Americorps senior foster grandparent program	94.011	n/a	325,650	-
Executive Office of the President				
High intensity drug trafficking areas program	95.001	n/a	98,374	-
U.S. Department of Homeland Security				
Pass-through Pennsylvania Emergency Management Agency:				
Disaster grants - public assistance (presidentially declared disasters)	97.036	n/a	7,990	-
BRIC: Building resilient infrastructure and communities	97.047	n/a	610	-
Homeland security grant program	97.067	n/a	1,161,612	-
Total U.S. Department of Homeland Security			<u>1,170,212</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 146,650,524</u>	<u>\$ 8,280,431</u>

*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 Selected Commonwealth of Pennsylvania

Department of Human Services Assistance

Year Ended December 31, 2023

Grantor/Program Title	Combined Federal and State Expenditures
Commonwealth of Pennsylvania Department of Human Services	
State matching grants for supplemental nutrition assistance program	\$ 121,934
COVID-19 - Emergency rental assistance program	2,000,000
COVID-19 - Coronavirus state and local fiscal recovery funds	4,350,926
Special education grants for infants & families with disabilities	559,726
Guardianship assistance	101,665
Comprehensive community mental health services for children with serious emotional disturbances (SED)	188,734
Projects for assistance in transition from homelessness	399,249
Promoting safe and stable families	390,424
Temporary assistance for needy families	5,353,350
Child support enforcement	6,052,986
Childcare and development block grant	26,493,154
Childcare mandatory and matching funds of the childcare and development fund	11,234,535
Stephanie Tubbs Jones child welfare services program	220,851
Foster care Title IV-E	2,287,597
Adoption assistance	1,289,039
Social services block grant	2,620,200
Chafee foster care independence program	106,145
Medical assistance program	4,421,385
Block grants for community mental health services	1,744,918
	<hr/>
Total selected Commonwealth of Pennsylvania Department of Human Services Assistance	\$ 69,936,818

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

County of Delaware, Pennsylvania

Notes to Schedule of Expenditures of Federal Awards and Selected Commonwealth of Pennsylvania
Department of Human Services Assistance
Year Ended December 31, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) 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, 2023. The information in the 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% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients of City of Philadelphia Grants

The County passed through funds to the following subrecipients on City of Philadelphia grants:

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract ID No.</u>	<u>Subrecipient Name</u>	<u>Passed Through to Subrecipient</u>
Housing Opportunities for Persons with AIDS	14.241	2320136	Catholic Social Services	\$ 58,293
	14.241	2420053	Catholic Social Services	71,673
Total passed through funds to subrecipients on City of Philadelphia grants				<u>\$ 129,966</u>

County of Delaware, Pennsylvania

Notes to Schedule of Expenditures of Federal Awards and Selected Commonwealth of Pennsylvania
Department of Human Services Assistance
Year Ended December 31, 2023

5. Corrections of Prior Expenditure Reporting

The County has the following corrections to amounts reported in prior year schedules of expenditures of federal awards:

CFDA	Grant ID	Year Ended December 31, 2022	
		Report in SEFA	Corrected Amount
21.027	36733	-	\$ 222,675

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2320136

Schedule of Source and Status of Funds

Period From January 1, 2023 to December 31, 2023

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Other City Funds</u>	<u>Non City Funds</u>	<u>Total</u>
Total Contract	<u>\$ 651,250</u>				<u>\$ 651,250</u>
(Final authorized budget)					
Less:					
Funds drawn down, prior year *	-				-
Funds drawn down, current year *	<u>266,282</u>				<u>266,282</u>
Total funds drawn	<u>266,282</u>				<u>266,282</u>
Funds available for draw	<u>\$ 384,968</u>	<u>None</u>	<u>None</u>	<u>\$ 3,325</u>	<u>\$ 384,968</u>
Total funds drawn	<u>\$ 266,282</u>				<u>\$ 266,282</u>
Add:					
Program income	-				-
Total funds received	<u>266,282</u>				<u>266,282</u>
Less:					
Program income expended					-
Funds applied, prior year *	39,079				39,079
Funds applied, current year *	<u>436,971</u>				<u>436,971</u>
Total funds applied	<u>476,050</u>				<u>476,050</u>
Total funds due from funding source	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
Total funds available for disposition	<u>\$ 175,200</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>\$ 175,200</u>

* For purposes of this schedule, current year represents the period from January 1, 2023 to December 31, 2023

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2320136

Schedule of Program Expenditures

Period From January 1, 2023 to December 31, 2023

	<u>Budget</u>	<u>Expenditures Prior to 1/1/2023</u>	<u>Expenditures 1/1/2023 to 12/31/2023</u>	<u>Expenditures Cumulative to 12/31/2023</u>
Expenditures				
Direct personnel	\$ 26,551	\$ 61	\$ 4,070	\$ 4,131
Direct fringe benefits	8,857	29	1,679	1,708
Professional services	161,022	11,187	119,971	131,158
Travel	2,300	57	180	237
Occupancy	16,708	-	4,233	4,233
Consumable supplies	5,908	-	490	490
Equipment	1,700	-	-	-
Insurance	-	-	-	-
Program costs	428,204	27,745	301,259	329,004
Indirect costs	-	-	5,089	5,089
Total	<u>\$ 651,250</u>	<u>\$ 39,079</u>	<u>\$ 436,971</u>	<u>\$ 476,050</u>

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2320136

Reconciliation Schedule

Period From January 1, 2023 to December 31, 2023

	Amount Per Books and Records	Amount Per Subrecipient Invoice	Difference
Contract Amount	<u>\$ 651,250</u>	<u>\$ 651,250</u>	<u>\$ -</u>
Program Costs			
Prior Year *	\$ 254,407	\$ 39,079	\$ 215,328 ^
Current Year *	<u>264,441</u>	<u>436,971</u>	<u>(172,530) ^</u>
Cumulative	<u>\$ 518,848</u>	<u>\$ 476,050</u>	<u>\$ 42,798</u>
Funds Drawn Down			
Prior Year *	\$ 254,407	\$ -	\$ 254,407 +
Current Year *	<u>264,441</u>	<u>266,282</u>	<u>(1,841) +</u>
Cumulative	<u>\$ 518,848</u>	<u>\$ 266,282</u>	<u>\$ 252,566</u>

* For purposes of this schedule, current year represents the period of January 1, 2023 from December 31, 2023

^ Difference result of reporting of expenditures through invoice submissions as of December 31, 2022. Corrections to be applied in subsequent invoices within the program operating year.

+ Difference is the result of timing of recognition of revenues under generally accepted accounting principles and submission of draw requests and the timing of when program expenditures has been submitted. The remaining \$252,568 was received as reimbursement from the City of Philadelphia in February 2024.

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2320136

Schedule of Program Income

Period From January 1, 2023 to December 31, 2023

	<u>Sales Proceeds</u>	<u>Other (Specify)</u>	<u>Total</u>
Program Income			
Program Income Beginning Balance, January 1, 2023	\$ -	\$ -	\$ -
Add:			
Program income received in current year	-	-	-
Less:			
Program income expended in current year	-	-	-
Ending Balance, December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2420053

Schedule of Source and Status of Funds

Period From January 1, 2023 to December 31, 2023

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Other City Funds</u>	<u>Non- City Funds</u>	<u>Total</u>
Total Contract	\$ 674,100				\$ 674,100
(Final authorized budget)					
Less:					
Funds drawn down, prior year *	-				-
Funds drawn down, current year *	-				-
Total funds drawn	-				-
Funds available for draw	\$ 674,100	None	None	None	\$ 674,100
Total funds drawn	\$ -				\$ -
Add:					
Program income	-				-
Total funds received	-				-
Less:					
Program income expended	-				-
Funds applied, prior year *	-				-
Funds applied, current year *	282,100				282,100
Total funds applied	282,100				282,100
Total funds due from funding source	None	None	None	None	None
Total funds available for disposition	\$ 392,000	None	None	None	\$ 392,000

* For purposes of this schedule, current year represents the period from January 1, 2023 to December 31, 2023

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2420053

Schedule of Program Expenditures

Period From January 1, 2023 to December 31, 2023

	<u>Budget</u>	<u>Expenditures Prior to 1/1/2023</u>	<u>Expenditures 1/1/2023 to 12/31/2023</u>	<u>Expenditures Cumulative to 12/31/2023</u>
Expenditures				
Direct personnel	\$ 27,396	\$ -	\$ 1,686	\$ 1,686
Direct fringe benefits	8,955	-	813	813
Professional services	172,745	-	77,716	77,716
Travel	2,410	-	599	599
Occupancy	16,996	-	708	708
Consumable supplies	5,909	-	427	427
Equipment	1,700	-	7	7
Insurance	-	-	-	-
Program costs	427,403	-	200,144	200,144
Indirect costs	10,586	-	-	-
Total	<u>\$ 674,100</u>	<u>\$ -</u>	<u>\$ 282,100</u>	<u>\$ 282,100</u>

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2420053

Reconciliation Schedule

Period From January 1, 2023 to December 31, 2023

	Amount Per Books and Records	Amount Per Subrecipient Invoice	Difference
Contract Amount	<u>\$ 674,100</u>	<u>\$ 674,100</u>	<u>\$ -</u>
Program Costs			
Prior Year *	\$ -	\$ -	\$ -
Current Year *	<u>285,686</u>	<u>282,100</u>	<u>3,586 ^</u>
Cumulative	<u>\$ 285,686</u>	<u>\$ 282,100</u>	<u>\$ 3,586</u>
Funds Drawn Down			
Prior Year *	\$ -	\$ -	\$ -
Current Year *	<u>285,686</u>	<u>-</u>	<u>285,686 +</u>
Cumulative	<u>\$ 285,686</u>	<u>\$ -</u>	<u>\$ 285,686</u>

* For purposes of this schedule, current year represents the period of January 1, 2023 from December 31, 2023

^ Difference result of reporting of expenditures through invoice submissions as of December 31, 2023. Corrections to be applied in subsequent invoices within the program operating year.

+ Difference is the result of timing of recognition of revenues under generally accepted accounting principles and submission of draw requests and the timing of when program expenditures has been submitted.

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2420053

Schedule of Program Income

Period From January 1, 2023 to December 31, 2023

	<u>Sales Proceeds</u>	<u>Other (Specify)</u>	<u>Total</u>
Program Income			
Program Income Beginning Balance, January 1, 2023	\$ -	\$ -	\$ -
Add:			
Program income received in current year	-	-	-
Less:			
Program income expended in current year	-	-	-
Ending Balance, December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>