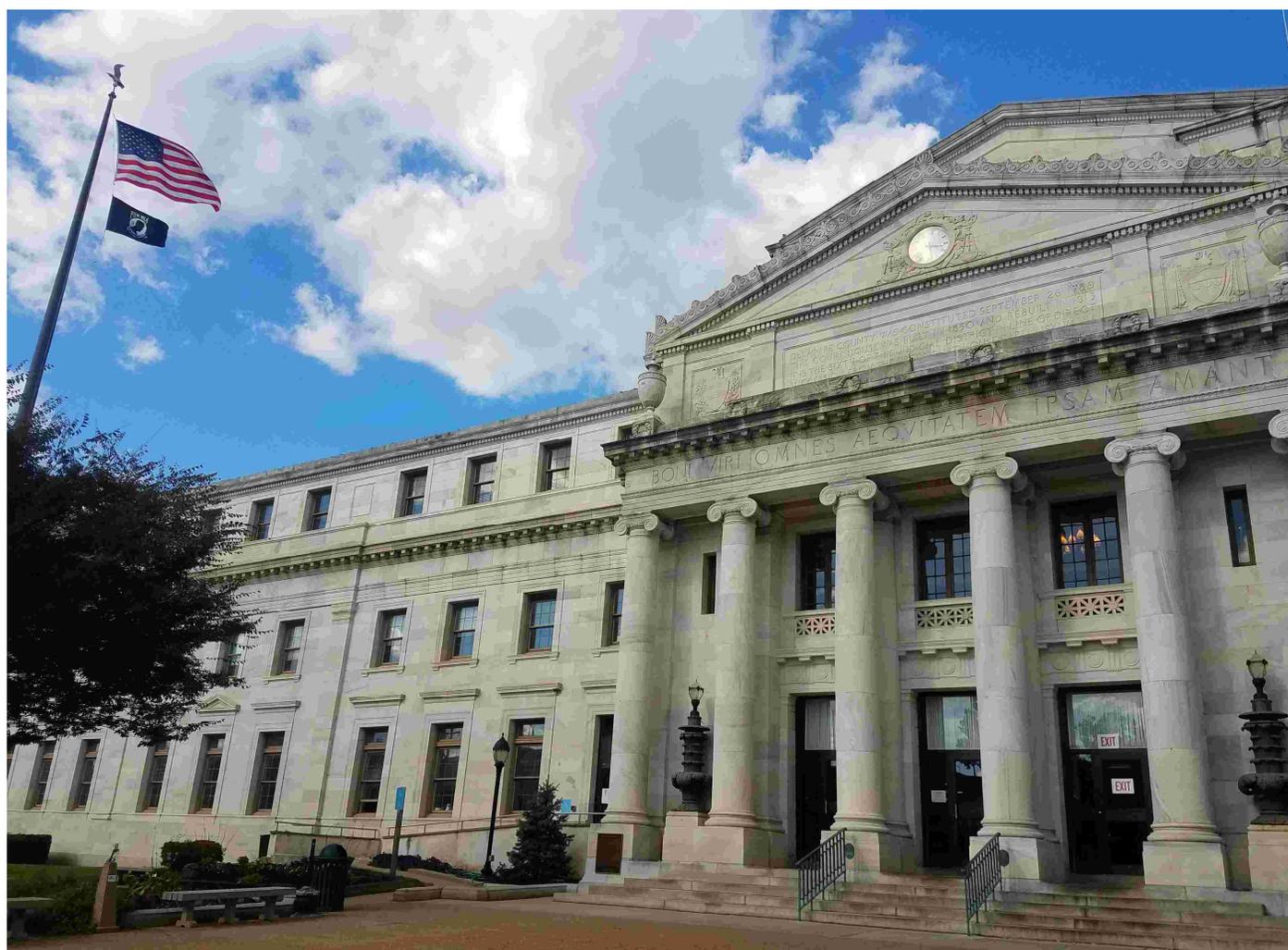


County of Delaware, Pennsylvania

Financial Statements and
Supplementary Information

Year Ended December 31, 2022



County of Delaware, Pennsylvania

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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 activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Delaware, Pennsylvania (the County), as of and for the year ended December 31, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County, as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, of the discretely presented component units. 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 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 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 29, 2023 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 29, 2023 except for our report on other information for which the date is September 28, 2023

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, 2022, compared to 2021. 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 2022, the County's governmental activities total net position as shown in the government-wide statements increased by \$97.2 million. This increase in net position is primarily attributable to \$43.2 million in revenues related to opioid settlement funds. Additionally due to the changes in market conditions, the County's net pension asset increased by \$14.7 million and the net other post-employment benefit liability decreased by \$43 million.

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 ten 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 30-75 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 76-79 of this report.

General Fund Budgetary Highlights

The General Fund final expenditure budget for fiscal year 2022 was approximately \$290 million. This was an increase of approximately \$34 million from the prior year final budget. Taking into account total expenditures and operating transfers, the County experienced an overall favorable budgetary variance of approximately \$14 million, primarily because other program and grant expenditures were lower than the budgeted by \$35.1 million which was offset by other revenues were lower than budgeted by approximately \$24.2 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 2022 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 \$5,569,923.

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

	Governmental Activities		Business-Type Activity		Total		% Change
	2022	2021	2022	2021	2022	2021	
Current assets	\$ 419	\$ 392	\$ 10	\$ 11	\$ 429	\$ 403	6 %
Other noncurrent assets	350	214	16	9	366	223	64
Capital assets, net	254	200	21	16	275	216	27
Total assets	1,023	806	47	36	1,070	842	27
Deferred outflows	84	94	7	5	91	99	(8)
Other liabilities	420	287	10	7	430	294	46
Long-term liabilities outstanding	584	714	20	20	604	734	(18)
Total liabilities	1,004	1,001	30	27	1,034	1,028	1
Deferred inflows	281	170	15	10	296	180	65
Net position:							
Net investment in capital assets	9	(9)	(3)	(4)	6	(13)	(146)
Restricted	81	17	7	4	88	21	319
Unrestricted	(268)	(279)	5	4	(263)	(275)	(4)
Total net position	\$ (178)	\$ (271)	\$ 9	\$ 4	\$ (169)	\$ (267)	(37) %

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
	2022	2021	2022	2021	2022	2021	
Program revenues:							
Charges for services	\$ 23	\$ 26	\$ 57	\$ 55	\$ 80	\$ 81	(1) %
Operating grants and contributions	536	479	1	1	537	480	12
Capital grants and contributions	8	1	-	-	8	1	>100
General revenues:							
Property taxes	173	173	-	-	173	173	-
Gaming revenue	6	6	-	-	6	6	-
Other	2	2	3	2	5	4	25
Investment earnings	4	-	-	-	4	-	>100
Total revenues	752	687	61	58	813	745	9
Program expenses:							
General government	135	159	-	-	135	159	(15)
Judicial	40	44	-	-	40	44	(9)
Corrections	73	77	-	-	73	77	(5)
Health and Human Services	390	377	-	-	390	377	3
Highways, streets and bridges	9	2	-	-	9	2	>100
Interest on long-term debt	6	4	-	-	6	4	50
Geriatric Center	-	-	63	65	63	65	(3)
Total expenses	653	663	63	65	716	728	(2)
Net revenue (expense) before transfers	99	24	(2)	(7)	97	17	>100
Transfers	(7)	(11)	7	11	-	-	-
Change in net position	92	13	5	4	97	17	>100
Net position, beginning	(270)	(284)	4	-	(266)	(284)	(6)
Net position, ending	\$ (178)	\$ (271)	\$ 9	\$ 4	\$ (169)	\$ (267)	(36) %

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Governmental Activities. Governmental activities increased the County's net position by approximately \$91.8 million. Key elements of this increase are a result of the following:

- 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 Amerisource Bergen, Cardinal Health and McKesson, and Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc and Janssen Pharmaceutical, 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 is due to receive \$63 million over 18 years.
- The County's net pension asset increased by \$14.7 million as a result of the plan's investment income being higher due to favorable market conditions and the pension's investment policy.
- The County's other post-employment benefit liability decreased by \$43 million as a result of the plan's investment income being higher due to favorable market conditions and the other post-employment benefit liability investment policy.

Business-Type Activity. Business-type activities increased the County's net position by approximately \$5.4 million. The key element of this decrease was a result of the following:

- The Geriatric Center's charges for services increased by \$2.1 million as a result of increased Medicaid reimbursement and additional intergovernmental transfer from the Commonwealth of Pennsylvania.
- The Geriatric Center's proportionate share of the net pension asset increased by \$3.2 million as a result of the plan's investment income being higher due to favorable market conditions and the pension's investment policy, which resulted in an offset to the Geriatric Center's operating costs.
- The Geriatric Center's transfer from primary government was \$6.9 million in 2022, a decrease of \$3.7 million.

Financial Analysis of the Major Funds

General Fund

Revenues of the General Fund totaled \$227,331,855 for the year ended December 31, 2022. The following represents a summary of General Fund revenue, by source, along with changes from 2021:

	<u>2022 Amount</u>	<u>2021 Amount</u>	<u>Increase (Decrease) From 2021</u>	<u>Percentage Increase (Decrease)</u>
Real estate taxes	\$ 174,530,462	\$ 172,663,328	\$ 1,867,134	1.1 %
Gaming revenue	5,842,691	6,279,250	(436,559)	(7.0)
Licenses and permits	192,248	56,020	136,228	>100
General grants	14,584,479	17,348,078	(2,763,599)	(15.9)
Charges for services, fines and forfeits	23,104,504	22,215,614	888,890	4.0
Investment earnings	3,264,121	130,431	3,133,690	>100
Other	5,813,350	4,710,895	1,102,455	23.4
Total	<u>\$ 227,331,855</u>	<u>\$ 223,403,616</u>	<u>\$ 3,928,239</u>	<u>1.8 %</u>

Real estate taxes increased by \$1.9 million as a result of an increase in the number of taxable assessments in the County during the year.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Investment earnings increased by \$3.1 million as a result of interest earned on state and local fiscal recovery award funds.

The decrease in general grants of \$2.8 million is a result of a decrease in activity in domestic relations during the year.

Charges for services increased approximately \$889 thousand primarily due to increased activity in the Office of the Register of Wills during the year.

General Fund expenditures totaled \$233,677,708, which represents an increase of \$35,138,473 or 17.7% from 2021. The following represents a summary of General Fund expenditures for the year ended December 31, 2022, by source, along with changes from 2021:

	2022 Amount	2021 Amount	Increase (Decrease) From 2021	Percentage Increase (Decrease)
General government	\$ 38,370,976	\$ 26,934,296	\$ 11,436,680	42.5 %
Judicial	40,015,789	38,755,640	1,260,149	3.3
Corrections	73,282,194	63,942,726	9,339,468	14.6
Transportation	9,802,264	9,439,005	363,259	3.8
Other	46,130,475	35,383,563	10,746,912	30.4
Debt service:				
Principal	21,031,287	19,055,209	1,976,078	10.4
Interest	5,044,723	5,028,796	15,927	0.3
Total	\$ 233,677,708	\$ 198,539,235	\$ 35,138,473	17.7 %

General government, judicial, corrections and other expenditures increased for the General Fund in 2022 as a result of the ending of state-mandated shutdowns. Operations were reduced in 2021 as a result of the state-mandated shut downs, and conditions normalized in 2022. Additionally, large portions of salary expenses related to these departments were applied against the COVID-19 Relief Fund as part of the County's use of Coronavirus Relief Funds during 2020 and 2021 in response to the COVID-19 pandemic. These costs returned to the General Fund expenditures in 2022.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

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

	<u>Original</u>	<u>Final</u>	<u>Increase (Decrease)</u>
Revenues:			
Real estate taxes	\$ 172,830,000	\$ 172,830,000	\$ -
Gaming revenue	7,993,371	7,993,371	-
Licenses and permits	40,000	40,000	-
General grants	23,975,076	23,975,076	-
Charges for services, fines and forfeits	22,420,395	22,420,395	-
Investment earnings	740,981	740,981	-
Other	23,530,570	23,530,570	-
Total revenues	<u>\$ 251,530,393</u>	<u>\$ 251,530,393</u>	<u>\$ -</u>
Expenditures:			
General government	\$ 47,354,655	\$ 44,220,223	\$ (3,134,432)
Judicial	51,047,169	46,435,869	(4,611,300)
Corrections	75,535,399	76,631,512	1,096,113
Transportation	9,820,000	9,820,000	-
Other	71,624,381	83,329,423	11,705,042
Debt service:			
Principal	24,384,000	24,384,000	-
Interest	5,112,905	5,112,905	-
Total expenditures	<u>\$ 284,878,509</u>	<u>\$ 289,933,932</u>	<u>\$ 5,055,423</u>

Expenditures

Other - The budget for other expenditures was increased to fund required subsidies to the Health Department.

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, 2022, the County expended \$36,689,787 for such projects, which represents a decrease of \$4,105,211 from 2021. The Capital Projects Fund's fund balance at December 31, 2022, totaled \$23,938,617, 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 \$3.9 million, which was primarily the result of the issuance of the 2022 bond proceeds of \$40 million offset by the increased in spending of the prior bond 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 \$7,950,313 in 2022 to the Health and Human Service Funds is reflected as operating transfers from the General Fund to cover the deficiency of revenues over expenditures.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

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 ten 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 \$70,387,639 and \$72,425,377, respectively, for 2022. These amounts represent an increase in revenue of 45.3% and an increase in expenditures of 36.7% from 2021 amounts. The following programs had an excess of revenues over expenditures in 2022: Opioid Settlement - \$6,451,646, Library - \$76,463, and Liquid Fuels - \$384,222. The following programs had a deficiency of revenues over expenditures in 2022: CDBG/Rehab program - \$(227,552).

Pension Trust Fund

The net position reserved for employees' pension benefits was \$558,011,617. 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, 2022, amounts to \$275,061,421 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and intangible right-to-use leased assets.

	Governmental Activities	Business-Type Activity	Total
Land	\$ 30,023,714	\$ -	\$ 30,023,714
Construction in progress	14,728,817	-	14,728,817
Land improvements	7,279,081	-	7,279,081
Buildings and improvements	115,862,994	19,644,023	135,507,017
Equipment	37,374,605	1,090,740	38,465,345
Infrastructure	18,476,295	-	18,476,295
Right-to-use leased asset	30,581,152	-	30,581,152
Total	<u>\$ 254,326,658</u>	<u>\$ 20,734,763</u>	<u>\$ 275,061,421</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, 2022, the County's actual general obligation debt of \$290,178,000 is well below the legal limit of \$2,052,931,482 by \$1,762,753,482. Additional information on the County's long-term debt can be found in Note 17 on page 57 of this report.

The County's bonds continue to have a favorable rating from Moody's Investors Services, Inc. of "Aa1" and S&P Global Ratings of "AA+."

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

American Rescue Plan Act

The Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan (ARP), delivered \$350 billion in relief 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, 2022, the County allocated \$55,609,545 of the total ARP award. Progressive expenditures through December 31, 2022, equaled \$20,319,817.

In the category of Public Health, County Council approved an allocation of \$27,237,127 and expenditures of \$12,233,990 through December 31, 2022. Following were some of the major public health initiatives:

- The County expanded the Health Department using an ARP allocation of \$19,878,598 with \$8,811,789 in expenditures.
- \$2,500,000 was allocated for the continued COVID-19 response, and \$773,348 was expended.
- Of \$1,750,000 set aside in support of the County's firehouses, \$1,514,974 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 \$16,685,128 was allocated and \$8,020,004 was expended through December 31, 2022:

- The largest project to mitigate negative economic impacts was providing childcare to eligible working caregivers, where all \$5 million allocated was expended.
- \$2,500,000 was assigned to restore and reopen a historic theater in Lansdowne Borough; no funds were expended or encumbered in 2022.
- None of the \$1,907,375 allocated to preserve open space was expended.
- \$2,463,882 was allotted and \$409,889 expended and encumbered towards redevelopment of two County parks, Little Flower and Upland.

The sole Water, Sewer and Broadband Infrastructure project approved in 2022 was a hydrology study of Upland Park, which received an allocation of \$32,500. No ARP funds were expended in 2022.

\$767,000 was allocated to cover ARP's administrative costs:

- County Council apportioned \$500,000 for general administrative costs, and \$15,823 was expended.
- \$199,000 was allocated for cloud computing software to facilitate community engagement.
- County Council approved \$68,000 for grant writing assistance; \$50,000 was expended.

Of the \$10,887,790 allocated in 2022 under ARP's revenue loss clause, \$2.8 million was applied to a building project at the County's geriatric center. The remaining \$8,040,000 was rolled over to comprise part of the fiscal year 2023 budget.

In summary, the 2022 allocation of ARP funds were comprised of the following classifications: 49% Public Health, 30% Negative Economic Impacts, 19.6% Revenue Loss and 1.4% 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 2022, the County had been allocated or reallocated \$50,622,103 under ERA1 and \$31,765,727 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. Initially allocated ERA1 funds were required to be obligated by September 30, 2022, and reallocated ERA1 funds by December 28, 2022, and ERA2 funds are required to be obligated by September 30, 2025.

Selected program statistics for 2022 are shown below.

Applications Received:	10,469 (9,375 unique households)
Assistance Provided:	\$30,981,027
Rent and Rent Arrears:	\$26,884,284
Utility and Utility Arrears:	\$4,096,743
Households Assisted:	5,044
Under 50% of AMI:	4,428
Household Subject to Eviction	1,523
Average Grant Amount:	\$6,142

Additional information on the assistance offered by the Emergency Rental Program can be found at <https://delco-era.com/>.

Economic Outlook

Throughout 2022, the County continued to neutralize economic impacts caused by the pandemic and to encourage and support economic development in the County.

Delaware County demonstrated strength and growth in 2022. According to the U.S. Bureau of Labor Statistics, the County's unemployment rate as of December 2022 was 3.5%, which was below the statewide rate of 4.3%. The number of employed persons in the County totaled 290,539 as of December 2022, and the number of established companies grew to 14,413 from 14,195 the previous year.

In October 2021, S&P Global Ratings upgraded the County's ratings on its general obligation notes from "AA" to "AA+", citing the County's sound financial management, budgetary performance and liquidity and strong local economy in close proximity to a wide-ranging metropolitan area. Moody's Investors Service assigned a rating of "Aa1" and stated in its October 2021 Credit Opinion, "The County's financial position is strong and reserves have steadily grown in recent years, although are offset slightly by a growing receivable on the balance sheet from other funds. While the County's debt burden is slightly elevated, the overall leverage profile is in line with the rating category as pension obligations are lower than similarly rated counties in the commonwealth."

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

In 2021, the Economic Development Oversight Board (EDOB) selected Econsult Solutions of Philadelphia through a competitively bid process to assist with strategic planning for the County's Commerce Center and evaluate their post-pandemic economic development program. That process continued into 2022, with a focus on finance, real estate and small business development. As a result of the strategic plan, the County of Delaware (RDA) began to implement blight and remediation programming throughout Delaware County.

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 not a guaranteed return on investment. The 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. This program will only be used on vacant properties. It is a single property tool that must meet state law requirements to be considered, and the property must be redeveloped and marketed. Delaware County is using this program to create new workforce/affordable housing, infusing federal HOME funds where applicable on the property redevelopment. This legislation is also authorized for use on commercial properties. This program cannot transition a property from one use to another. A house must be redeveloped as a house, it cannot be converted to park ground under Act 135. The RDA anticipates guidelines and in-depth discussion on use of Act 135 in the second quarter of 2023.

The RDA requested \$1.5 million in funds from the U.S. Environmental Protection Agency for Brownfield Assessment, Planning, and Remediation. The first request for \$500,000 would allow the RDA to grant funding for Environmental Site Assessment Phase I and Phase II studies on potentially contaminated property. The second request for \$1,000,000 in revolving loan funds would support remediation of contaminated properties throughout Delaware County. The grant application will focus on the twenty-eight (28) Justice40 census tracts in Delaware County, but funding can be used countywide. The RDA is partnering with the County's Planning Department to use a portion of funding for planning activities. A successful application would result in available funds by the third quarter of 2023.

After the strategic plan revealed retail loss in the County, the EDOB partnered with the County's Department of Parks and Recreation and the Delaware County Chamber of Commerce to add an outdoor market to the County's popular annual holiday Festival of Lights held at the County's Rose Tree Park. 2022 marked the second annual Delco Holiday Village to complement the County's Festival of Lights. Holiday market nights provided local retail and food truck vendor opportunities, and the park experienced a dramatic uptick in the number of visitors to the festival over prior years.

In 2022, Delaware County Council appointed the 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 2023.

Notable projects initiated and ongoing in the County in 2022 included the following:

- 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 through oversight of a \$6 million state capital grant.
- 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.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

- The redevelopment of the former Franklin Mint, an approximate 82-acre campus in Middletown Township, continued with construction to include retail, office and housing. The estimated total project cost of \$500 million is assisted by the IDA's facilitation of a \$5 million state capital grant.
- Adjacent to the Franklin Mint redevelopment, 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 with administration of a \$5 million state capital grant.
- Children's Hospital of Philadelphia opened a new supply and logistics center at the site of a former Sears Roebuck store in Millbourne Borough in October 2022. The 24/7 facility will accommodate 250 employees.
- Monroe Energy, LLC has invested in their Trainer Borough facility with electrical upgrades and a new cooling tower to reduce energy consumption and water usage.
- Delaware County Community College began expansion of its campus in Upper Darby Township by redeveloping a building formerly used by Monsignor Bonner & Archbishop Prendergast Catholic High Schools to expand educational opportunities in the eastern portion of the County, which will also increase enrolment and educational offerings. This project is supported by an award of \$8.5 million in state grants overseen by the IDA.

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

- William Penn School District kicked off their master facilities improvement project, which 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.
- Phase I of redevelopment of various facilities owned by Upper Darby School District 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.
- The Delaware County Solid Waste Authority (SWA), a county component unit, has obtained certain permits for the expansion of its Rolling Hills landfill expansion. Expansion work at the landfill and on-going renovations to its Delaware County transfer stations is expected to be financed through one or more public financings, which may require County guarantees to be sought.
- The County continues to monitor the immediate and long-term impacts of the COVID-19 pandemic on public health and potential reductions in tax revenue.

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
Rose Tree Park Hunt Club
1521 North Providence Road
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, 2022

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activity		
Assets				
Cash and cash equivalents	\$ 235,970,364	\$ 9,805,308	\$ 245,775,672	\$ 11,240,775
Receivables (net of allowance for uncollectibles):				
Taxes	5,572,645	-	5,572,645	-
Accounts	1,705,422	15,069,099	16,774,521	4,824,109
Grants	113,225,688	-	113,225,688	-
Leases	7,680,885	-	7,680,885	-
Notes	29,062,528	-	29,062,528	-
Other	5,807,330	-	5,807,330	782,672
Due from fiduciary component unit	23,259	-	23,259	-
Internal balances	14,448,012	(14,448,012)	-	-
Inventories	-	-	-	139,093
Other assets	5,838,448	2,879	5,841,327	241,041
Investments	-	-	-	10,500
Due from component units	7,475,000	-	7,475,000	-
Restricted cash and cash equivalents	123,074,714	1,146,811	124,221,525	228,441
Investment in joint venture	162,330,982	-	162,330,982	-
Net pension asset	56,802,550	14,901,177	71,703,727	-
Capital assets (net of accumulated depreciation):				
Land	30,023,714	-	30,023,714	8,873,485
Construction in progress	14,728,817	-	14,728,817	-
Land improvements	7,279,081	-	7,279,081	1,350,599
Buildings and improvements	115,862,994	19,644,023	135,507,017	16,640,166
Equipment	37,374,605	1,090,740	38,465,345	21,524,362
Infrastructure	18,476,295	-	18,476,295	-
Right-to-use leased assets	30,581,152	-	30,581,152	-
Total assets	<u>1,023,344,485</u>	<u>47,212,025</u>	<u>1,070,556,510</u>	<u>65,855,243</u>
Deferred Outflows of Resources				
Deferred outflows of resources, other post-employment benefit liability	58,733,904	-	58,733,904	-
Deferred outflows of resources, pension	25,421,134	6,668,800	32,089,934	1,373,908
Total deferred outflows of resources	<u>84,155,038</u>	<u>6,668,800</u>	<u>90,823,838</u>	<u>1,373,908</u>
Total assets and deferred outflows of resources	<u>\$ 1,107,499,523</u>	<u>\$ 53,880,825</u>	<u>\$ 1,161,380,348</u>	<u>\$ 67,229,151</u>
Liabilities				
Accounts payable and other current liabilities	\$ 124,374,247	\$ 4,401,890	\$ 128,776,137	\$ 3,925,630
Accrued interest payable	95,918	-	95,918	-
Other liabilities	17,212,925	-	17,212,925	-
Unearned revenue	248,022,513	1,884,258	249,906,771	1,147,652
Due to primary government	-	-	-	7,475,000
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	21,530,029	3,414,971	24,945,000	593,000
Claims payable	3,782,360	-	3,782,360	-
Lease liability	5,171,505	-	5,171,505	-
Due in more than one year:				
Bonds and notes payable	244,706,355	20,526,645	265,233,000	5,104,000
Claims payable	1,851,191	-	1,851,191	-
Net other post-employment benefit liability	312,071,311	-	312,071,311	-
Lease liability	25,409,647	-	25,409,647	-
Net pension liability	-	-	-	1,481,980
Accrued closure costs	-	-	-	16,687,450
Total liabilities	<u>1,004,228,001</u>	<u>30,227,764</u>	<u>1,034,455,765</u>	<u>36,414,712</u>
Deferred Inflows of Resources				
Deferred inflows of resources, leases receivable	7,680,885	-	7,680,885	-
Deferred inflows of resources, other post-employment benefit liability	218,706,604	-	218,706,604	-
Deferred inflows of resources, pension	55,290,658	14,504,556	69,795,214	21,894
Total deferred inflows of resources	<u>281,678,147</u>	<u>14,504,556</u>	<u>296,182,703</u>	<u>21,894</u>
Net Position				
Net investment in capital assets	8,776,776	(3,206,853)	5,569,923	42,691,612
Restricted for:				
Pension	26,933,026	7,065,421	33,998,447	-
Highways and streets	792,990	-	792,990	-
Opioid remediation settlement	49,701,435	-	49,701,435	-
Library	678,992	-	678,992	-
Community development	1,817,024	-	1,817,024	-
Title IV D program	1,319,703	-	1,319,703	-
Economic development	-	-	-	19,940
Unrestricted	(268,426,571)	5,289,937	(263,136,634)	(11,919,007)
Total net position	<u>(178,406,625)</u>	<u>9,148,505</u>	<u>(169,258,120)</u>	<u>30,792,545</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,107,499,523</u>	<u>\$ 53,880,825</u>	<u>\$ 1,161,380,348</u>	<u>\$ 67,229,151</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	
Primary Government							
Governmental activities:							
General government	\$ 135,172,413	\$ 8,511,514	\$ 130,588,720	\$ 603,487	\$ 4,531,308	\$ -	\$ 4,531,308
Judicial	40,015,789	6,445,076	11,214,576	-	(22,356,137)	-	(22,356,137)
Corrections	73,336,802	7,970,688	903,439	-	(64,462,675)	-	(64,462,675)
Health and human services	390,187,790	-	392,414,275	-	2,226,485	-	2,226,485
Highways, streets and bridges	8,661,779	-	879,200	7,811,026	28,447	-	28,447
Interest on long-term debt	5,791,372	-	-	-	(5,791,372)	-	(5,791,372)
Total governmental activities	653,165,945	22,927,278	536,000,210	8,414,513	(85,823,944)	-	(85,823,944)
Business-type activity:							
Geriatric Center	62,405,540	57,022,719	1,402,082	-	-	(3,980,739)	(3,980,739)
Total primary government	\$ 715,571,485	\$ 79,949,997	\$ 537,402,292	\$ 8,414,513	(85,823,944)	(3,980,739)	(89,804,683)
Component Units							
Solid Waste Authority	\$ 44,488,726	\$ 47,554,025	\$ -	\$ -	-	-	\$ 3,065,299
Economic Development	1,388,623	11,755	1,714,917	-	-	-	338,049
Waterfront Industrial Development Authority	978,833	-	-	-	-	-	(978,833)
Redevelopment Authority	3,253,242	-	3,264,391	-	-	-	11,149
Interactive Gaming Revenue Authority	384,460	-	382,662	-	-	-	(1,798)
Total component units	\$ 50,493,884	\$ 47,565,780	\$ 5,361,970	\$ -	-	-	2,433,866
General Revenues							
Property taxes	-	-	-	-	172,643,393	-	172,643,393
Gaming revenue	-	-	-	-	5,842,691	-	5,842,691
Grants and charges not restricted to specific programs	-	-	-	-	2,040,578	-	2,040,578
Other revenues (expenses)	-	-	-	-	-	2,535,417	(185,911)
Unrestricted investment earnings	-	-	-	-	3,909,587	15,434	3,925,021
Transfers	-	-	-	-	(6,859,103)	6,859,103	-
Total general revenues and transfers	-	-	-	-	177,577,146	9,409,954	186,987,100
Change in net position	-	-	-	-	91,753,202	5,429,215	97,182,417
Net Position, Beginning	-	-	-	-	(270,159,827)	3,719,290	(266,440,537)
Cumulative effect of prior period restatement	-	-	-	-	-	-	210,826
Net Position, Ending	-	-	-	-	\$ (178,406,625)	\$ 9,148,505	\$ (169,258,120)

See notes to financial statements

County of Delaware, Pennsylvania

Balance Sheet
 Governmental Funds
 December 31, 2022

	General	Capital Projects	Health and Human Services	Other Governmental Funds	COVID-19 Relief Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 81,048,288	\$ -	\$ 26,909,846	\$ 26,453,682	\$ 97,246,924	\$ 231,658,740
Receivables:						
Taxes	5,801,272	-	-	-	-	5,801,272
Accounts	1,705,422	-	-	-	-	1,705,422
Grants	3,354,074	-	49,241,120	12,168,822	5,211,883	69,975,899
Leases	3,659,288	4,021,597	-	-	-	7,680,885
Notes	-	-	-	29,062,528	-	29,062,528
Due from component units	2,000,000	5,475,000	-	-	-	7,475,000
Due from fiduciary component unit	23,259	-	-	-	-	23,259
Due from other funds	59,358,646	13	38,123,873	21,749,991	-	119,232,523
Restricted cash and cash equivalents	2,336,493	34,919,655	76,963,881	8,854,685	-	123,074,714
Other assets	1,391,917	-	155,454	161,178	-	1,708,549
Total assets	\$ 160,678,659	\$ 44,416,265	\$ 191,394,174	\$ 98,450,886	\$ 102,458,807	\$ 597,398,791
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Vouchers and accounts payable	\$ 25,569,238	\$ 5,748,115	\$ 87,282,731	\$ 4,302,333	\$ 1,471,830	\$ 124,374,247
Payroll payable	3,253,156	-	-	-	-	3,253,156
Payable from restricted assets	138,487	-	-	-	-	138,487
Due to other funds	52,063,610	10,645,839	7,211,736	20,832,521	11,222,833	101,976,539
Unearned revenues	2,613,072	62,097	95,747,773	59,835,427	89,764,144	248,022,513
Other liabilities	8,269,321	-	1,151,934	3,739,953	-	13,161,208
Total liabilities	91,906,884	16,456,051	191,394,174	88,710,234	102,458,807	490,926,150
Deferred inflows of resources:						
Unavailable revenues, taxes	4,611,424	-	-	-	-	4,611,424
Deferred inflows related to leases	3,659,288	4,021,597	-	-	-	7,680,885
Total deferred inflow of resources	8,270,712	4,021,597	-	-	-	12,292,309
Fund balances:						
Nonspendable:						
Prepaid items	1,391,917	-	-	-	-	1,391,917
Restricted for:						
Highways and streets	-	-	-	792,990	-	792,990
Opioid remediation settlement	-	-	-	6,451,646	-	6,451,646
Library	-	-	-	678,992	-	678,992
Community development	-	-	-	1,817,024	-	1,817,024
Title IV D program	1,319,703	-	-	-	-	1,319,703
Capital projects	-	23,938,617	-	-	-	23,938,617
Assigned to:						
Appropriated for 2023 spending	13,595,889	-	-	-	-	13,595,889
Contingency fund for constituent programs	1,621,124	-	-	-	-	1,621,124
Unassigned	42,572,430	-	-	-	-	42,572,430
Total fund balances	60,501,063	23,938,617	-	9,740,652	-	94,180,332
Total liabilities, deferred inflows of resources and fund balances	\$ 160,678,659	\$ 44,416,265	\$ 191,394,174	\$ 98,450,886	\$ 102,458,807	\$ 597,398,791

See notes to financial statements

County of Delaware, Pennsylvania

Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position December 31, 2022

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

Total fund balance - total governmental funds (page 20)	\$ 94,180,332
Capital assets, including investment in joint venture, used in governmental activities are not financial resources and, therefore, are not reported in the funds	386,076,488
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	4,611,424
Establishment of an allowance for doubtful accounts, net of additional penalty and interest receivable on the statement of net position	(228,627)
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	5,807,330
Accrued interest payable included on the statement of net position	(95,918)
Long-term assets and liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension asset	56,802,550
Opioid remediation settlement receivable	43,249,789
Right-to-use leased assets	30,581,152
Bonds and notes payable	(266,236,384)
Net other post-employment benefit liability	(312,071,311)
Lease liabilities	(30,581,152)
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	58,733,904
Deferred outflows related to the net pension liability	25,421,134
Deferred inflows related to the other post-employment benefit liability	(218,706,604)
Deferred inflows related to the net pension liability	(55,290,658)
Accrued compensatory time included in other liabilities on the statement of net position	<u>(660,074)</u>
Net position of governmental activities (page 18)	<u><u>\$ (178,406,625)</u></u>

County of Delaware, Pennsylvania
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended December 31, 2022

	General	Capital Projects	Health and Human Service	Other Governmental Funds	COVID-19 Relief Fund	Total Governmental Funds
Revenues						
Real estate taxes	\$ 174,530,462	\$ -	\$ -	\$ -	\$ -	\$ 174,530,462
Gaming revenue	5,842,691	-	-	-	-	5,842,691
Licenses and permits	192,248	-	-	-	-	192,248
General grants	14,584,479	128,589	-	70,387,639	19,343,312	104,444,019
Charges for services, fines and forfeits	23,104,504	-	-	-	-	23,104,504
Investment earnings	3,264,121	402,849	-	-	-	3,666,970
Health and human service grants	-	-	392,414,275	-	-	392,414,275
Other	5,813,350	290,765	-	-	-	6,104,115
Total revenues	227,331,855	822,203	392,414,275	70,387,639	19,343,312	710,299,284
Expenditures						
Current:						
General government	38,370,976	-	-	-	8,358,766	46,729,742
Judicial	40,015,789	-	-	-	-	40,015,789
Corrections	73,282,194	-	-	-	-	73,282,194
Transportation	9,802,264	-	-	-	-	9,802,264
Health and human services	-	-	399,914,274	-	-	399,914,274
Highways, streets and bridges	-	-	-	8,423,951	-	8,423,951
Other	46,130,475	-	-	64,001,426	4,855,367	114,987,268
Debt service:						
Principal	21,031,287	-	-	-	-	21,031,287
Interest	5,044,723	-	-	-	-	5,044,723
Debt issuance costs	-	203,138	-	-	-	203,138
Capital outlay	-	36,689,787	-	-	409,889	37,099,676
Total expenditures	233,677,708	36,892,925	399,914,274	72,425,377	13,624,022	756,534,306
Excess (deficiency) of revenues over (under) expenditures	(6,345,853)	(36,070,722)	(7,499,999)	(2,037,738)	5,719,290	(46,235,022)
Other Financing Sources (Uses)						
Issuance of debt	-	40,000,000	-	-	-	40,000,000
Transfers in	3,226,833	-	15,450,312	9,258,517	-	27,935,662
Transfers out	(20,539,162)	-	(7,950,313)	(586,000)	(5,719,290)	(34,794,765)
Total other financing sources (uses)	(17,312,329)	40,000,000	7,499,999	8,672,517	(5,719,290)	33,140,897
Net change in fund balances	(23,658,182)	3,929,278	-	6,634,779	-	(13,094,125)
Fund Balance, Beginning	84,159,245	20,009,339	-	3,105,873	-	107,274,457
Fund Balance, Ending	\$ 60,501,063	\$ 23,938,617	\$ -	\$ 9,740,652	\$ -	\$ 94,180,332

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, 2022

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)		\$ (13,094,125)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period		
Purchase of capital assets	\$ 36,227,747	
Depreciation expense	(11,254,394)	
Amortization of right-to-use leased assets	<u>(5,113,162)</u>	19,860,191
Governmental funds report the County's capital contribution to SEPTA as expenditures. However, in the statement of activities the cost is capitalized as an investment in a joint venture and recognizes the amortization of the investment over the estimated life		
Net investment in joint venture		(6,014,794)
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		(2,170,421)
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		283,352
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		(310,866)
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		43,249,789
The net pension asset is considered long-term in nature and is not reported as an asset at the fund level. This asset is, however, reported within the statement of net position, and changes in the asset are reflected within the County's statement of activities. This represents the change in the net pension asset and the associated deferred outflows of resources and deferred inflows of resources.		14,720,984
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:		
Financing of intangible right-to-use leased assets	(824,708)	
Scheduled principal payments on lease liability made current year	<u>5,113,162</u>	4,288,454
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:		
Issuance of long-term debt	(40,000,000)	
Scheduled principal payments on long-term debt made current year	21,145,288	
Allocation of debt to business type activity for capital assets	<u>6,892,628</u>	(11,962,084)
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.		(9,133)
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 net other post-employment benefit liability and the associated deferred outflows of resources and deferred inflows of resources.		42,965,417
Compensatory time is reported in the statement of net position within other liabilities but does not require the use of current financial resources. Therefore, compensatory time is not reported as expenditures in governmental funds. The net change in compensatory time liability is recorded in the statement of activities.		<u>(53,562)</u>
Change in net position of governmental activities (page 19)		<u>\$ 91,753,202</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, 2022

	General Fund			Variance With
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
Revenues				
Real estate taxes	\$ 172,830,000	\$ 172,830,000	\$ 174,530,462	\$ 1,700,462
Gaming revenue	7,993,371	7,993,371	5,842,691	(2,150,680)
Licenses and permits	40,000	40,000	192,248	152,248
General grants	23,975,076	23,975,076	14,584,479	(9,390,597)
Charges for services, fines and forfeits	22,420,395	22,420,395	23,104,504	684,109
Investment earnings	740,981	740,981	3,264,121	2,523,140
Other	23,530,570	23,530,570	5,813,350	(17,717,220)
Total revenues	<u>251,530,393</u>	<u>251,530,393</u>	<u>227,331,855</u>	<u>(24,198,538)</u>
Expenditures				
Current:				
General government	47,354,655	44,220,222	38,370,976	5,849,246
Judicial	51,047,169	46,435,870	40,015,789	6,420,081
Corrections	75,535,399	76,631,512	73,282,194	3,349,318
Transportation	9,820,000	9,820,000	9,802,264	17,736
Other	71,624,381	83,329,423	46,130,475	37,198,948
Debt service:				
Principal	24,384,000	24,384,000	21,031,287	3,352,713
Interest	5,112,905	5,112,905	5,044,723	68,182
Total debt service	<u>29,496,905</u>	<u>29,496,905</u>	<u>26,076,010</u>	<u>3,420,895</u>
Total expenditures	<u>284,878,509</u>	<u>289,933,932</u>	<u>233,677,708</u>	<u>56,256,224</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(33,348,116)</u>	<u>(38,403,539)</u>	<u>(6,345,853)</u>	<u>32,057,686</u>
Other Financing Sources (Uses)				
Transfers in	900,000	900,000	3,226,833	2,326,833
Transfers out	(5,916,882)	(5,916,882)	(20,539,162)	(14,622,280)
Total other financing uses, net	<u>(5,016,882)</u>	<u>(5,016,882)</u>	<u>(17,312,329)</u>	<u>(12,295,447)</u>
Net change in fund balance	(38,364,998)	(43,420,421)	(23,658,182)	19,762,239
Fund Balance, Beginning	<u>84,159,245</u>	<u>84,159,245</u>	<u>84,159,245</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 45,794,247</u>	<u>\$ 40,738,824</u>	<u>\$ 60,501,063</u>	<u>\$ 19,762,239</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Net Position

Proprietary Funds

December 31, 2022

	Business-Type Activity	Governmental Activities - Internal Service Fund
	Geriatric Care	
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 9,805,308	\$ 4,311,624
Accounts receivable, net	15,069,099	-
Due from other funds	-	1,524,072
Restricted cash and cash equivalents	1,146,811	-
Prepaid expense and other assets	2,879	4,129,899
	<u>26,024,097</u>	<u>9,965,595</u>
Total current assets		
Noncurrent assets:		
Net pension asset	14,901,177	
Capital assets (net of accumulated depreciation):	-	-
Buildings and improvements	19,644,023	-
Equipment	1,090,740	-
	<u>35,635,940</u>	<u>-</u>
Total noncurrent assets		
Deferred Outflows of Resources, Pension		
	<u>6,668,800</u>	<u>-</u>
Total assets and deferred outflows of resources		
	<u><u>\$ 68,328,837</u></u>	<u><u>\$ 9,965,595</u></u>
Liabilities		
Current liabilities:		
Vouchers and accounts payable	\$ 4,401,890	\$ -
Unearned revenue	1,884,258	-
Due to General Fund	14,448,012	4,332,044
Claims payable	-	3,782,360
General obligation bonds and notes payable, current	3,414,971	-
	<u>24,149,131</u>	<u>8,114,404</u>
Total current liabilities		
Noncurrent liabilities:		
General obligation bonds and notes payable	20,526,645	-
Claims payable	-	1,851,191
	<u>20,526,645</u>	<u>1,851,191</u>
Total noncurrent liabilities		
Total liabilities		
	<u>44,675,776</u>	<u>9,965,595</u>
Deferred Inflows of Resources, Pension		
	<u>14,504,556</u>	<u>-</u>
Net Position		
Net investment in capital assets	(3,206,853)	-
Restricted - expendable - pension	7,065,421	-
Unrestricted	5,289,937	-
	<u>9,148,505</u>	<u>-</u>
Total net position		
Total liabilities, deferred inflows of resources and net position		
	<u><u>\$ 68,328,837</u></u>	<u><u>\$ 9,965,595</u></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, 2022

	Business-Type Activity	Governmental Activities -
	Geriatric Care	Internal Service Fund
Operating Revenues		
Charges for services	\$ 57,022,719	\$ 53,298,011
COVID-19 relief funding	1,402,082	-
Total operating revenues	<u>58,424,801</u>	<u>53,298,011</u>
Operating Expenses		
Administration	9,980,500	3,809,218
Operation, maintenance and housekeeping	10,373,975	-
Nursing	19,596,993	-
Dietary	6,266,175	-
Medical and physical therapy	4,029,878	-
Employee benefits	9,513,294	-
Insurance claims	-	49,494,253
Depreciation	1,850,268	-
Total operating expenses	<u>61,611,083</u>	<u>53,303,471</u>
Operating loss	<u>(3,186,282)</u>	<u>(5,460)</u>
Nonoperating Revenues (Expenses)		
Investment earnings	15,434	5,460
Gain on sale of bed licenses	2,000,000	-
Miscellaneous revenues	535,417	-
Interest expense	(794,457)	-
Total nonoperating revenues, net	<u>1,756,394</u>	<u>5,460</u>
Transfers In	<u>6,859,103</u>	<u>-</u>
Change in net position	5,429,215	-
Net Position, Beginning	<u>3,719,290</u>	<u>-</u>
Net Position, Ending	<u>\$ 9,148,505</u>	<u>\$ -</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activity	Governmental Activities - Internal Service Fund
	Geriatric Care	
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 59,608,193	\$ 52,865,783
Payments to suppliers	(17,745,447)	(52,848,894)
Payments to employees for services	(35,264,639)	-
Resident trust account receipts	7,752,702	-
Resident trust account disbursements	(7,880,623)	-
	<u>6,470,186</u>	<u>16,889</u>
Net cash provided by operating activities		
Cash Flows From Capital and Related Financing Activities		
Acquisitions of capital assets	(6,892,628)	-
Issuance of debt for purchase of capital assets	6,892,628	-
Principal paid on capital debt	(3,352,712)	-
Interest paid on capital debt	(794,457)	-
	<u>(4,147,169)</u>	<u>-</u>
Net cash used in capital and related financing activities		
Cash Flows Provided by Investing Activities		
Interest received	15,434	5,460
	<u>15,434</u>	<u>5,460</u>
Net increase in cash and cash equivalents		
	2,338,451	22,349
Cash and Cash Equivalents, Beginning		
	<u>7,466,857</u>	<u>4,289,275</u>
Cash and Cash Equivalents, Ending		
	<u>\$ 9,805,308</u>	<u>\$ 4,311,624</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (3,186,282)	\$ (5,460)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,850,268	-
Nonoperating receipts from patients	2,535,417	-
Transfer in from General Fund	6,859,103	-
Decrease in accounts receivable	(1,736,283)	-
Increase in restricted cash and cash equivalents	472,934	-
Increase in prepaid expense and other assets	637	(281,845)
Increase in net pension liability and deferred outflows / inflows	(3,254,995)	-
Increase in due to other funds	2,265,965	(432,228)
Decrease in vouchers and accounts payable	279,164	-
Increase in unearned revenue	384,258	-
Increase in claims payable	-	736,422
	<u>9,656,468</u>	<u>22,349</u>
Total adjustments		
	<u>\$ 6,470,186</u>	<u>\$ 16,889</u>
Net cash provided by operating activities		

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Pension Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 9,566,021	\$ 29,706,079
Interest receivable	500,489	-
Investments:		
Common stock	172,412,385	-
Equity mutual funds	204,555,050	-
Bond mutual funds	30,500,205	-
Corporate bonds	32,371,607	-
U.S. government securities	52,192,477	-
Municipal bonds	12,699,934	-
Asset-backed securities	4,715,967	-
Mortgage-backed securities	1,343,910	-
Annuity contracts	3,521,927	-
Guaranteed investment contracts	29,563,914	-
Private equity fund	4,454,071	-
Total investments	548,331,447	-
Total assets	558,397,957	29,706,079
Liabilities		
Accounts payable and other liabilities	363,081	29,706,079
Due to other funds	23,259	-
Total liabilities	386,340	29,706,079
Net Position		
Net position restricted for pension and other custodial funds	\$ 558,011,617	\$ -

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2022

	Pension Trust Fund	Custodial Funds
Additions		
Contributions:		
Plan members	\$ 13,176,789	\$ -
Employer	5,607,640	-
Total contributions	<u>18,784,429</u>	<u>-</u>
Fee collections for government entities	-	106,752,397
Collections of delinquent taxes for other governments	-	35,263,594
Receipts from others	-	24,704,260
Total collections	<u>-</u>	<u>166,720,251</u>
Investment earnings:		
Interest and dividends	12,349,939	-
Net depreciation in fair value of investments	(104,543,178)	-
Less investment expense	(1,727,747)	-
Net investment income	<u>(93,920,986)</u>	<u>-</u>
Total additions, net	<u>(75,136,557)</u>	<u>166,720,251</u>
Deductions		
Death benefits	2,402,168	-
Refunds of contributions	3,799,479	-
Retirement allowance	37,962,933	-
Remittances to government entities	-	106,274,836
Remittances of delinquent taxes to other governments	-	35,263,594
Remittances to others	-	25,181,821
Total deductions	<u>44,164,580</u>	<u>166,720,251</u>
Net decrease in net position	(119,301,137)	-
Net Position, Restricted for Pensions and Other, Beginning	<u>677,312,754</u>	<u>-</u>
Net Position, Restricted for Pensions and Other, Ending	<u>\$ 558,011,617</u>	<u>\$ -</u>

See notes to financial statements

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

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, 2022

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, 2022

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

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

Budgetary Accounting Control

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

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

Cash Equivalents

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

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 \$228,627 at December 31, 2022.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

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.

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, 2022, 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) are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

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

	<u>Estimated Useful Lives</u>
Infrastructure	100 years
Land improvements	20 years
Buildings and improvements	45 years
Equipment	5 - 20 years
Right-to-use leased assets	3 - 20 years

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

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

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 April 15 following the year earned for nonbargaining employees and for bargaining employees, as per their respective collective bargaining agreements. Sick leave is earned by employees on a monthly basis 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 have the opportunity to accrue compensatory time in lieu of overtime based upon their employment contract. Upon separation of employment from the County, the employee is paid out the balance of compensatory time at the hourly rate of pay as of the date of separation.

Unearned 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, similar to assets; however, the actual outflow of resources (net decrease in assets or net increase in liabilities) was incurred in a prior period, and the outflow of resources is applicable to a later period.

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

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

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

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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

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 pension, 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.

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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

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:

	Governmental Activities	Business-Type Activity	Total
Capital assets, net	\$ 254,326,658	\$ 20,734,763	\$ 275,061,421
Less right-to-use leased assets	(30,581,152)	-	(30,581,152)
Less general obligation debt	(266,236,384)	(23,941,616)	(290,178,000)
Add back:			
Unspent capital-related bond proceeds	34,919,655	-	34,919,655
Non-capital long-term debt	32,804,050	-	32,804,050
Capital accounts payable and retainages payable	(16,456,051)	-	(16,456,051)
Net investment in capital assets	<u>\$ 8,776,776</u>	<u>\$ (3,206,853)</u>	<u>\$ 5,569,923</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. 87, *Leases*, for the year ended December 31, 2022. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the County's leasing activities. This standard was retroactively applied to the opening balance presented, which resulted in the recognition of a right-to-use, leased assets and lease liability of \$34,869,606 and a lease receivable and deferred inflow of resources at the implementation date of January 1, 2022 of \$8,367,448.

The County adopted GASB 91, *Conduit Debt Obligations*, effective January 1, 2022. The primary objectives of GASB No. 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 clarifies that a conduit debt obligation is not a liability of the issuer. The adoption of this standard did not materially impact the County's statement of net position.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

The County also adopted certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, for the year ended December 31, 2022. The primary objective of this statement as related to Internal Revenue Code (IRC) Section 457 plans is to enhance the relevance, consistency and comparability of the accounting and financial reporting for IRC Section 457 deferred compensation plans that meet the definition of a pension plan and the benefits provided through those plans. The adoption of the IRC Section 457 plan requirements did not have a significant impact on the County's financial statements.

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.

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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

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. The Delaware County Interactive Gaming Revenue Authority was not material to the County and was excluded from being discretely presented in prior periods, as such the opening balance was classified as prior period restatement to the County.

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

- Delaware County Solid Waste Authority
Rose Tree Park Hunt Club
1521 North Providence Road
Media, Pennsylvania 19063
- Economic Development Oversight Board
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

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

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

Condensed Statement of Net Position						
December 31, 2022						
	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Interactive Gaming Revenue Authority	Totals
Assets:						
Current assets	\$ 13,301,973	\$ 2,260,035	\$ -	\$ 1,459,743	\$ 209,063	\$ 17,227,690
Long-term assets	235,817	-	-	-	-	238,941
Capital assets, net	29,874,961	-	17,489,452	1,024,199	-	48,388,612
Total assets	43,412,751	2,260,035	17,489,452	2,483,942	209,063	65,855,243
Deferred outflows of resources	1,373,908	-	-	-	-	1,373,908
Total	\$ 44,786,659	\$ 2,260,035	\$ 17,489,452	\$ 2,483,942	\$ 209,063	\$ 67,229,151
Liabilities:						
Current liabilities	\$ 4,254,251	\$ 519,071	\$ -	\$ 892,960	\$ -	\$ 5,666,282
Due to primary government	7,475,000	-	-	-	-	23,273,430
Long-term liabilities	23,273,430	-	-	-	-	7,475,000
Total liabilities	35,002,681	519,071	-	892,960	209,063	36,414,712
Deferred inflows of resources	21,894	-	-	-	-	21,894
Net position:						
Net investment in capital assets	24,177,961	-	17,489,452	1,024,199	-	42,691,612
Restricted	-	19,940	-	-	-	19,940
Unrestricted	(14,415,877)	1,721,024	-	566,783	209,063	(11,919,007)
Total net position	9,762,084	1,740,964	17,489,452	1,590,982	209,063	30,792,545
Total	\$ 44,786,659	\$ 2,260,35	\$ 17,489,452	\$ 2,483,942	\$ 209,063	\$ 67,229,151

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

	Condensed Statement of Activities					Totals
	For the Year Ended December 31, 2022					
	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Interactive Gaming Revenue Authority	
Program revenues:						
Charges for services	\$ 47,554,025	\$ 11,755	\$ -	\$ -	\$ -	\$ 47,565,780
Operating grants and contributions	-	1,714,917	-	3,264,391	382,662	5,361,970
Total	47,554,025	1,726,672	-	3,264,391	382,662	52,927,750
Expenses:						
Operating expenses	44,488,726	1,388,623	978,833	3,253,242	384,460	50,493,884
Net revenue (expense)	3,065,299	338,049	(978,833)	11,149	(1,798)	2,433,866
General revenues (expense), net	(135,795)	2,139	-	3,586	35	(130,035)
Change in net position	2,929,504	340,188	(978,833)	14,735	(1,763)	2,303,831
Net position, beginning	6,832,580	1,400,776	18,468,285	1,576,247	-	28,277,888
Cumulative effect of prior period restatement	-	-	-	-	210,826	210,826
Net position, ending	\$ 9,762,084	\$ 1,740,964	\$ 17,489,452	\$ 1,590,982	\$ 209,063	\$ 30,792,545

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 minimally ten years.

Closure and Post Closure Costs

Municipal landfill owners and operators are required to incur costs to provide for protection of the environment both during the period of the landfill operation and during the post closure period. These costs are estimated annually and current cost is adjusted for changes in landfill capacity, operating conditions and increases or decreases in estimated costs. Closure and post closure costs include equipment installed and facilities constructed near or after the date of acceptance of solid waste, cost of the final capping and the cost of monitoring and maintaining the area during the post closure period. The DCSWA has established an account to accumulate the anticipated cost of closure and post closure based on usage of the landfill. An amount is charged annually to operations to recognize the current cost and resultant liability based on landfill capacity used to date.

The estimate of closure and post closure costs were determined taking into account capping, revegetation, maintenance, leachate treatment, water quality monitoring and gas control. In determining the closure and post closure costs, an inflation rate was utilized at the rate of 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 \$25,871,605 to cover post closure costs. In 2022, the premium paid for the surety bond was \$258,716.

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 \$16,687,450 as of December 31, 2022. 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 \$799,299. 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, 2022, there remains \$9,184,154 in closure and post closure costs to be recognized in excess of the Act 101 requirements previously mentioned.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

Inventory

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

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 2022, the DCSWA did not pay any costs for local environmental projects. The total liability at December 31, 2022 was \$225,317, which was included in accrued expenses 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 2022, the DCSWA paid to Covanta \$17,437,793, which included insurance costs, for its County waste deliveries. Covanta paid to the DCSWA \$8,554,165 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.

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.

County of Delaware, Pennsylvania

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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.

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

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

Credit Risk

Concentration of credit risk is the risk of loss attributed to magnitude of the County's investment in a single issuer. Fixed income securities of any one issuer shall not exceed 5% 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, 2022, cash and cash equivalents consists of cash on hand of \$13,047, deposits with financial institutions of \$399,690,229 and cash equivalents of \$9,566,021 held in uninsured investment funds. At December 31, 2022, the carrying amount of deposits with financial institutions and the bank balance was \$399,690,229 and \$423,833,126, respectively. The differences were caused primarily by items in transit.

County of Delaware, Pennsylvania

Notes to Financial Statements

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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, 2022, \$1,250,000 of the County's bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining balance of \$422,583,126 is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above. At December 31, 2022, 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	\$ 422,583,126
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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, 2022, the County's total cash equivalents and investments held with investment fund institutions, excluding its investment in joint venture of \$162,330,982, 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, 2022, the international equity fund represented approximately 14.7% of the total portfolio.

County of Delaware, Pennsylvania

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The following is the carrying value of deposits and investments at December 31, 2022:

	<u>S&P Rating ⁽¹⁾</u>	<u>Duration (Range) ⁽¹⁾</u>	<u>Carrying Value</u>
Cash and cash equivalents	N/A	N/A	<u>\$ 409,269,297</u>
Investments:			
Common and preferred stocks and stock funds	N/A	N/A	172,412,385
Equity mutual funds	N/A	N/A	204,555,050
Bond mutual funds	N/A	N/A	30,500,205
Corporate bonds	A+	0.52-4.90	2,618,462
	A	0.58-5.91	5,125,269
	A-	1.00-6.44	6,333,058
	AA+	1.41-4.93	742,237
	AA	2.89-4.82	1,439,029
	AA-	1.35-2.11	647,675
	AAA	3.10-3.79	-
	BBB	0.95-6.84	5,036,986
	BBB-	1.34-7.07	3,691,755
	BBB+	0.79-5.88	6,174,875
	BB+	4.88	-
	N/A	4.11-5.23	562,261
U.S. government securities	AA+	0.75-1.79	4,686,371
	N/A	7.00	47,506,106
Municipal bonds	A+	1.79-5.16	1,199,929
	A	2.06	125,620
	A-	5.31	614,080
	AA	1.37-6.27	2,867,545
	AA+	1.94-5.62	610,349
	AA-	1.28-5.33	5,303,657
	AAA	3.48-5.55	365,527
	BBB+	6.00	215,750
	N/A	1.25-5.73	1,397,477
Asset-backed securities	AAA	0.51-7.15	1,857,119
	AA+	5.22	77,653
	A-	2.13-6.50	166,233
	N/A	0.58-6.80	2,614,962
Mortgage-backed securities	AAA	2.85-4.11	603,825
	N/A	3.49-4.05	740,085
Annuity contracts	AA-	N/A	3,521,927
Guaranteed investment contracts	A+	28.00	29,563,914
Private equity fund	N/A	N/A	<u>4,454,071</u>
Total investments in pension trust fund			<u>548,331,447</u>
Total			<u>\$ 957,600,744</u>

(1) N/A - not applicable

County of Delaware, Pennsylvania

Notes to Financial Statements
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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, 2022:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 235,970,364	\$ 123,074,714	\$ -	\$ 359,045,078
Business-type activity	9,805,308	1,146,811	-	10,952,119
Pension Trust Fund	9,566,021	-	548,331,447	557,897,468
Custodial Funds	29,706,079	-	-	29,706,079
Total cash and cash equivalent and investments	\$ 285,047,772	\$ 124,221,525	\$ 548,331,447	\$ 957,600,744

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, 2022:

	Carrying Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 409,269,297	\$ 409,269,297	\$ -	\$ -	\$ 409,269,297
Common stock	172,412,385	172,412,385	-	-	172,412,385
Equity mutual funds	204,555,050	204,555,050	-	-	204,555,050
Bond mutual funds	30,500,205	30,500,205	-	-	30,500,205
Fixed income securities:					
Corporate bonds	32,371,607	32,371,607	-	-	32,371,607
U.S. government securities	52,192,477	52,192,477	-	-	52,192,477
Municipal bonds	12,699,934	-	12,699,934	-	12,699,934
Asset-backed securities	4,715,967	4,715,967	-	-	4,715,967
Mortgage-backed securities	1,343,910	1,343,910	-	-	1,343,910
Annuity contracts	3,521,927	-	-	3,521,927	3,521,927
Guaranteed investment contracts	29,563,914	-	-	29,563,914	29,563,914
Total cash, cash equivalents, and investments at fair value		\$ 907,360,898	\$ 12,699,934	\$ 33,085,841	
Investments valued at net asset value:					
Private equity fund	4,454,071				4,454,071
Total cash, cash equivalents and investments	\$ 957,600,744				\$ 957,600,744

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

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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, 2022, 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, 2022, 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, 2022, is \$1,432,500.

6. Component Units, Deposits, Investments and Fair Value

Solid Waste Authority

On December 31, 2022, the DCSWA held \$7,947,995 in cash and cash equivalents without restriction.

On December 31, 2022, restricted cash consists of \$225,317 in cash balance held in settlement with the Department of Environmental Protection.

At December 31, 2022, the carrying amount of the DCSWA's deposits was \$8,173,312, and the bank balance was \$9,446,596. Of the bank balance, \$475,317 was covered by federal depository insurance, and \$8,971,279 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.

On December 31, 2022, the DCSWA's investments consist solely of certificates of deposit totaling \$10,500, which were all deemed to be Level 1 investments. The certificates of deposits were values based on the stated value of the certificates plus accrued interest, which was calculated based on stated interest rates and dates of maturity.

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

County of Delaware, Pennsylvania

Notes to Financial Statements
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Economic Development Oversight Board

On December 31, 2022, the total carrying amount of EDOB's cash and cash equivalents were \$1,746,712, and the corresponding bank balances were \$1,746,945.

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, 2022, the RDA held \$1,447,059 in cash and cash equivalents without restriction.

On December 31, 2022, restricted cash consists of \$3,124 for escrow deposits.

On December 31, 2022, the total carrying amount of RDA's cash and cash equivalents were \$1,450,183, and the corresponding bank balances were \$1,450,252.

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, 2022, the carrying amount of DCIGRA's deposits was equal to the bank balance of \$99,009 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 \$228,627 as of December 31, 2022, 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, 2022, 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, 2022

8. Accounts and Grants Receivable, Net

Business-type activity net accounts receivable of \$15,069,099 consists of amounts due from the Commonwealth of Pennsylvania, Department of Human Service Medical Assistance of \$4,370,794; Private Pay Patients of \$10,418,327; Medicare Part A and B of \$1,473,308 and other patient-related receivables of \$181,771. The accounts receivable allowance for uncollectibles is calculated based on historical data and currently known facts and was \$1,375,101 at December 31, 2022.

Governmental activities net accounts receivable of \$1,705,422 consists of amounts due from the Commonwealth of Pennsylvania and Harrah's Chester for gaming revenue of \$942,810; Chester soccer stadium reimbursement of \$204,886, salary reimbursement for emergency services provided to Montgomery County; ACT 164 Rideshare fees for \$246,458 and various miscellaneous receivables of \$311,268.

Governmental activities net grants receivable of \$113,225,688 consists of the receivables due from the Commonwealth of Pennsylvania to the General Fund of \$3,354,074, due to Health and Human Services of \$49,241,120, and Other Governmental Funds of \$12,168,822, due to COVID-19 Relief Fund from the federal government for receipt of obligated FEMA costs of \$5,211,883, and the opioid remediation settlement of \$43,249,789 (Note 33).

9. Other Receivables

Other receivables of \$5,807,330 in the governmental activities consist of amounts due from the City of Chester of \$5,084,330 (Note 30), \$646,000 note receivable from the City of Chester and \$77,000 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, 2022. 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.

Lease Receivables Description	Weighted Average Lease Term (Years)	Interest Rates	Receivable Balance
Buildings	14.22	2.29 %	\$ 6,246,635
Cell phone towers	11.48	2.29	<u>1,434,250</u>
			<u>\$ 7,680,885</u>

County of Delaware, Pennsylvania

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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:			
2023	\$ 1,230,151	\$ 181,959	\$ 1,412,110
2024	952,097	155,626	1,107,723
2025	749,195	132,355	881,550
2026	606,888	115,076	721,964
2027	627,826	99,382	727,208
2028 - 2032	2,638,954	264,466	2,903,420
2033 - 2037	633,235	64,619	697,854
2038 - 2040	242,539	11,698	254,237
Total	<u>\$ 7,680,885</u>	<u>\$ 1,025,181</u>	<u>\$ 8,706,066</u>

The County recognized \$736,810 in rental revenue included in other revenue on the statement of revenues, expenditures, and changes in fund balance.

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, 2022, are represented by receivables in the amount of \$3,615,987, net of an allowance for doubtful accounts of \$153,833.

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, 2022, totaled \$1,208,122, net of an allowance for doubtful accounts of \$109,525.

The Interactive Gaming Revenue Authority has a grant receivable balance of \$110,054 at December 31, 2022 which it believes will be fully collectible and, therefore, did not record an allowance for uncollectible receivables.

County of Delaware, Pennsylvania

Notes to Financial Statements
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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, 2022, 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)	\$ 261,693
Marcellus Shale Funds are restricted pursuant to PA Act 13, for replacement or repair of locally owned, at-risk, deteriorated bridges and the planning, acquisition, development, rehabilitation and repair of greenways, recreational trails, open space, natural areas, community conservation and beautification projects, community and heritage parks and water resources management	8,854,685
Workers' Compensation Escrow Funds are to be utilized for payment of major workers' compensation claims	2,074,800
Capital Project Funds held for debt service payments and to be utilized for various capital improvement projects as defined in the corresponding note agreements	34,919,655
Health and Human Service Funds to be utilized for Health Choices reinvestment plans	65,398,045
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.	11,565,836
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>1,146,811</u>
Total primary government	<u>124,221,525</u>
Component units:	
Delaware County Solid Waste Authority deposited funds with an escrow agent	225,317
Delaware County Redevelopment Authority deposited funds with an escrow agent	<u>3,124</u>
Total component unit	<u>228,441</u>
Total	<u><u>\$ 124,449,966</u></u>

County of Delaware, Pennsylvania

Notes to Financial Statements
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13. Capital Assets

The County adopted GASB Statement No. 87, *Leases*, for the year ended December 31, 2022. This standard was retroactively applied to the opening balance presented, which resulted in the recognition of a right-to-use, leased asset. A summary of changes in capital assets follows:

	January 1, 2022 (as restated)	Additions	Reclassifications/ Disposals	December 31, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 27,176,214	\$ 2,847,500	\$ -	\$ 30,023,714
Construction in progress	6,945,737	7,783,080	-	14,728,817
Total capital assets not being depreciated	<u>34,121,951</u>	<u>10,630,580</u>	<u>-</u>	<u>44,752,531</u>
Capital assets being depreciated:				
Land improvements	23,269,148	363,775	-	23,632,923
Buildings and improvements	240,876,871	16,933,744	-	257,810,615
Equipment	136,734,431	7,474,940	(7,200)	144,202,171
Infrastructure	24,336,925	-	-	24,336,925
Right-to-use leased assets	34,869,606	824,708	-	35,694,314
Total capital assets being depreciated	<u>460,086,981</u>	<u>25,597,167</u>	<u>(7,200)</u>	<u>485,676,948</u>
Less accumulated depreciation for:				
Land improvements	15,672,715	681,127	-	16,353,842
Buildings and improvements	137,214,998	4,732,623	-	141,947,621
Equipment	101,231,950	5,602,816	(7,200)	106,827,566
Infrastructure	5,622,802	237,828	-	5,860,630
Right-to-use leased assets	-	5,113,162	-	5,113,162
Total accumulated depreciation	<u>259,742,465</u>	<u>16,367,556</u>	<u>(7,200)</u>	<u>276,102,821</u>
Total capital assets being depreciated, net	<u>200,344,516</u>	<u>9,229,611</u>	<u>-</u>	<u>209,574,127</u>
Governmental activities, capital assets, net	<u>\$ 234,466,467</u>	<u>\$ 19,860,191</u>	<u>\$ -</u>	<u>\$ 254,326,658</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
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	January 1, 2022	Additions	Reclassifications/ Disposals	December 31, 2022
Business-type activity:				
Geriatric Center:				
Capital assets being depreciated:				
Buildings and improvements	\$ 62,618,191	\$ 6,513,639	\$ -	\$ 69,131,830
Equipment	43,012,610	378,989	-	43,391,599
Total capital assets being depreciated	105,630,801	6,892,628	-	112,523,429
Less accumulated depreciation for:				
Buildings and improvements	48,469,633	1,018,174	-	49,487,807
Equipment	41,468,765	832,094	-	42,300,859
Total accumulated depreciation	89,938,398	1,850,268	-	91,788,666
Total capital assets being depreciated, net	15,692,403	5,042,360	-	20,734,763
Business-type activity, capital assets, net	<u>\$ 15,692,403</u>	<u>\$ 5,042,360</u>	<u>\$ -</u>	<u>\$ 20,734,763</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 7,744,484
Judicial	5,113,162
Corrections	2,319,660
Public ways and facilities, including depreciation of general infrastructure assets	55,317
Health and human service	29,074
Recreation	868,031
Other	237,828
Total	<u>\$ 16,367,556</u>

The following is a summary of capital assets by source:

December 31, 1983 and prior	\$ 63,888,593
General obligation bonds	365,413,671
General fund	4,603,028
State grants	19,434,725
Restricted 911 special revenue	41,395,147
Right-to-use, leased asset (intangible asset)	35,694,315
Total	<u>\$ 530,429,479</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

14. Component Units, Capital Assets

The capital asset activity for the DCSWA for the year ended December 31, 2022, was as follows:

	January 1, 2022	Additions	Reclassifications/ Disposals	December 31, 2022
Capital assets not being depreciated:				
Land	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000
Construction in progress	3,135,213	-	(3,135,213)	-
Total capital assets being depreciated	10,135,213	-	(3,135,213)	7,000,000
Capital assets being depreciated or depleted:				
Landfill	51,135,989	-	-	51,135,989
Machinery and equipment	9,716,541	1,375,029	(1,595,439)	9,496,131
Buildings and structures	16,478,918	-	-	16,478,918
Pad construction	75,275,804	12,261,810	-	87,537,614
Total capital assets being depreciated	152,607,252	13,636,839	(1,595,439)	164,648,652
Less accumulated depreciation and depletion for:				
Landfill	49,715,933	69,457	-	49,785,390
Machinery and equipment	6,002,623	631,944	(1,563,204)	5,071,363
Buildings and structures	13,903,470	358,689	-	14,262,159
Pad construction	69,519,130	3,135,649	-	72,654,779
Total accumulated depreciation and depletion	139,141,156	4,195,739	(1,563,204)	141,773,691
Total capital assets being depreciated or depleted, net	13,466,096	9,441,100	(32,235)	22,874,961
Capital assets, net	\$ 23,601,309	\$ 9,441,100	\$ (3,167,448)	\$ 29,874,961

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

The capital asset activity for the IDA for the year ended December 31, 2022, was as follows:

	January 1, 2022	Additions	Reclassifications/ Disposals	December 31, 2022
Capital assets not being depreciated:				
Land	\$ 849,286	\$ -	\$ -	\$ 849,286
Capital assets being depreciated:				
Property	29,365,000	-	-	29,365,000
Less accumulated depreciation for:				
Property	11,746,001	978,833	-	12,724,834
Total capital assets being depreciated, net	17,618,999	(978,833)	-	16,640,666
Capital assets, net	\$ 18,468,285	\$ (978,833)	\$ -	\$ 17,489,452

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 2022, the County's operating budget contribution was \$9,802,264, and capital additions were \$993,743. 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 \$7,008,537. Included on the statement of net position is an investment in a joint venture totaling \$162,330,982 at December 31, 2022.

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, 2022

16. Long-Term Liabilities

Primary Government

The following is a summary of changes in noncurrent liabilities of the County excluding other post-employment benefit (Note 24) for the year ended December 31, 2022:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Liability for general obligation debt	\$ 254,274,300	\$ 40,000,000	\$ (28,037,916)	\$ 266,236,384	\$ 21,530,029
Liability for claims payable	4,897,129	49,494,253	(48,757,831)	5,633,551	3,782,360
Lease liability	34,869,606	824,708	(5,113,162)	30,581,152	5,171,505
Governmental activity:					
Long-term liabilities	<u>\$ 294,041,035</u>	<u>\$ 90,318,961</u>	<u>\$ (81,908,909)</u>	<u>\$ 302,451,087</u>	<u>\$ 30,483,894</u>
Business-type activity:					
Liability for general obligation debt	<u>\$ 20,401,700</u>	<u>\$ 6,892,628</u>	<u>\$ (3,352,712)</u>	<u>\$ 23,941,616</u>	<u>\$ 3,414,971</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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Liability for revenue notes payable	\$ 6,275,000	\$ -	\$ (578,000)	\$ 5,697,000	\$ 593,000
Net pension liability	-	1,481,980	-	1,481,980	-
Liability for accrued closure costs	16,273,182	414,268	-	16,687,450	-
Long-term liabilities	<u>\$ 22,548,182</u>	<u>\$ 1,896,248</u>	<u>\$ (578,000)</u>	<u>\$ 23,273,430</u>	<u>\$ 593,000</u>

17. General Obligation Debt

The following are summaries of changes in general obligation debt, by type, for the year ended December 31, 2022:

	Governmental Activities	Business-Type Activity	Total
Outstanding at beginning of the year	\$ 254,274,300	\$ 20,401,700	\$ 274,676,000
Issuance of debt	40,000,000	-	40,000,000
Allocation of debt for capital assets	(6,892,628)	6,892,628	-
Reduction of borough notes	(114,000)	-	(114,000)
Retirements and repayments	(21,031,288)	(3,352,712)	(24,384,000)
Outstanding at end of year	<u>\$ 266,236,384</u>	<u>\$ 23,941,616</u>	<u>\$ 290,178,000</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

The following summarizes general obligation debt, by type, outstanding at December 31, 2022:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Serial bonds and notes	\$ 266,236,384	\$ 23,941,616	\$ 290,178,000

A summary of general obligation debt outstanding at December 31, 2022, is as follows:

<u>Year of Issue/Final Maturity</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Outstanding at December 31, 2022</u>	<u>Current Portion</u>
2007/2027	\$ 26,720,000	Refinance the 2004 Note and to refinance a portion of the 2002 Note	\$ 5,680,000	\$ 1,104,000
2010/2028	45,180,000	Refund the 2008 General Obligation Note and for various other capital projects at the County	31,082,000	4,897,000
2012/2032	20,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	19,990,000	1,858,000
2013/2033	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	23,174,000	1,450,000
2014/2025	45,166,000	Partially refund the 1997 and 2002 notes payable to level debt service payments	44,662,000	14,533,000
2015/2035	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,993,000	1,000
2018/2038	40,000,000	Fund construction and renovations of County buildings, equipment, SEPTA and open space projects	39,996,000	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	19,880,000	984,000
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	39,998,000	1,000
2021/2029	837,000	Municipal loans for the City of Chester and the Borough of Eddystone	723,000	115,000
2022/2040	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	40,000,000	1,000
		Total	<u>\$ 290,178,000</u>	<u>\$ 24,945,000</u>

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

The outstanding balance at December 31, 2022, related to governmental activities of \$266,236,384 includes \$12,201,050 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, 2022, is presented below:

	Principal Maturity	Interest Maturity ⁽¹⁾	Total Principal and Interest Maturities
Years:			
2023	\$ 24,945,000	\$ 5,428,212	\$ 30,373,212
2024	25,403,000	5,122,428	30,525,428
2025	25,876,000	4,646,891	30,522,891
2026	21,030,000	4,186,345	25,216,345
2027	21,342,000	3,772,692	25,114,692
2028 - 2032	83,897,000	13,550,340	97,447,340
2033 - 2037	59,474,000	6,034,475	65,508,475
2038 - 2042	28,211,000	954,128	29,165,128
	<u>\$ 290,178,000</u>	<u>\$ 43,695,511</u>	<u>\$ 333,873,511</u>

⁽¹⁾ Includes interest at year-end rates for fixed rate notes. Interest on the fixed rate notes is \$5,848,313 for the year ended December 31, 2022.

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 \$290,178,000 is outstanding at December 31, 2022.

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, 2022

As of December 31, 2022, 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	\$ 5,680,000	\$ 162,853	\$ 278,923
2010	31,082,000	891,162	1,586,085
2012	19,990,000	573,140	1,612,550
2013	23,174,000	664,429	2,282,546
2014	44,662,000	1,280,519	1,164,920
2015	24,993,000	716,583	1,243,964
2018	39,996,000	1,146,736	1,868,760
2019	19,880,000	569,986	2,124,880
2020	39,998,000	1,146,796	8,743,746
2021	723,000	20,729	52,636
2022	40,000,000	1,146,854	4,777,206

18. Lease Liability

The County is obligated as a lessee under 28 lease arrangements with remaining commitments of approximately 3 to 17 years as of December 31, 2022. As a lease, 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.

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, 2022 is as follows:

Lease Type	Weighted Average Lease Term (Years)	Interest Rates	Lease Liability Balance
Buildings	9.8	2.29 %	\$ 27,195,749
Cell phone towers	12.2	2.29	1,811,043
Equipment, copiers	3.8	2.29	1,574,360
Total lease			30,581,152
Lease liability, due within one year			5,171,505
Lease liability, due in more than one year			\$ 25,409,647

County of Delaware, Pennsylvania

Notes to Financial Statements

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Lease commitment requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Commitment</u>
Years:			
2023	\$ 5,171,505	\$ 643,058	\$ 5,814,563
2024	4,907,414	530,561	5,437,975
2025	4,228,884	421,730	4,650,614
2026	2,848,719	341,859	3,190,578
2027	2,613,580	280,271	2,893,851
2028 - 2032	8,138,262	685,587	8,823,849
2033 - 2037	2,661,000	86,871	2,747,871
2038	11,788	113	11,901
	<u>\$ 30,581,152</u>	<u>\$ 2,990,050</u>	<u>\$ 33,571,202</u>
Total			

19. 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.

DCSWA has an unused line of credit in the amount of \$2,000,000.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

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:		
2023	\$ 593,000	\$ 138,400
2024	608,000	122,705
2025	625,000	103,908
2026	641,000	86,791
2027	658,000	70,218
2028 - 2032	<u>2,572,000</u>	<u>124,011</u>
Total	<u>\$ 5,697,000</u>	<u>\$ 646,033</u>

For the year ended December 31, 2022, interest expense amounted to \$153,677.

20. 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 \$17,212,925 consists of \$16,324,835 of accrued payroll expenses, \$362,155 of accrued expense payable to vendors, and \$525,935 of funds to be refunded or escheated.

21. Interfund Receivables and Payables

Interfund receivable and payable balances as of December 31, 2022, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 59,358,646	\$ 52,063,610
General Fund, due from fiduciary component unit	23,259	-
Capital Projects Fund	13	10,645,839
Health and Human Service Fund	38,123,873	7,211,736
Other Governmental Funds	21,749,991	20,832,521
COVID-19 Relief Fund	-	11,222,833
Fiduciary Component Unit, Pension Trust Fund	-	23,259
Proprietary Fund	-	14,448,012
Internal Service Funds	<u>1,524,072</u>	<u>4,332,044</u>
Total	<u>\$ 120,779,854</u>	<u>\$ 120,779,854</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, 2022

22. Amounts Due To/From Component Units

The following is a summary of amounts due to/from component unit (the DCSWA) at December 31, 2021, activity for 2022, and amounts due at December 31, 2022:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Balance, December 31, 2021	\$ 2,000,000	\$ 5,475,000	\$ 7,475,000
Additions	35,629	-	35,629
Repayments	(35,629)	-	(35,629)
Balance, December 31, 2022	<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.

23. Interfund Transfers

Interfund transfers for the year ended December 31, 2022, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,226,833	\$ 20,539,162
Health and Human Service Fund	15,450,312	7,950,313
Other Governmental Funds	9,258,517	586,000
Covid-19 Relief Fund	-	5,719,290
Proprietary Fund	6,859,103	-
Total	<u>\$ 34,794,765</u>	<u>\$ 34,794,765</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.

County of Delaware, Pennsylvania

Notes to Financial Statements

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24. Other Post-Employment Benefits

Plan Description

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

The County pays premiums for medical insurance on behalf of eligible retirees and their dependents. Eligible retirees are defined as individuals who retire with a normal or early pension and who have attained the age of 60 or who have 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. 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. Executive retirees are offered subsidized dental insurance and fully contributory vision insurance. All other employees are required to pay the full premiums for dental insurance and do not receive vision benefits. Retirees are eligible for life insurance dependent on their employment classification at retirement.

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

Plan Membership

At December 31, 2022, the OPEB Plan membership consisted of the following:

Inactive members or beneficiaries currently receiving benefits	1,709
Active members	<u>2,391</u>
Total membership	<u><u>4,100</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.

Net OPEB Liability of the County

The County net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Total other post-employment benefit liability	\$ 312,071,311
OPEB Plan fiduciary net position	<u>-</u>
Net other post-employment benefit liability	<u><u>\$ 312,071,311</u></u>

OPEB Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
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County of Delaware, Pennsylvania

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December 31, 2022

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.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, 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 - 4.31% as of December 31, 2022

Salary increase rate - 3.50% per annum

Inflation rate - 2.50% per annum

Healthcare cost trend rates - The current health care trend rate starts at 7.00% decreasing to an ultimate rate 4.50%.

Per capita health claim cost - the expected annual per capita claim costs range from \$2,970 to \$11,600 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 4.31%. 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 Net OPEB Liability

	Total OPEB Liability
Balance at January 1, 2022	\$ 455,254,173
Service cost	13,099,335
Interest	10,407,585
Differences between expected and actual experience	(29,495,852)
Changes of assumptions or other inputs	(125,540,787)
Benefit payments	(11,653,143)
Balance at December 31, 2022	<u>\$ 312,071,311</u>

County of Delaware, Pennsylvania

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

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

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
2022 Net OPEB liability	\$ 365,128,575	\$ 312,071,311	\$ 270,038,138

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

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

	1% Decrease (6.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% Decreasing to 4.5%)	1% Increase (8.0% Decreasing to 5.5%)
2022 Net OPEB liability	\$ 266,033,746	\$ 312,071,311	\$ 370,318,835

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

For the year ended December 31, 2022, the County recognized OPEB benefit of \$42,965,417.

Gains and losses related to the difference between assumptions and actual experience are amortized over a period of 5.0 years. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in assumptions	\$ 58,733,904	\$ (113,411,848)
Differences between expected and actual experience	-	(105,294,756)
	<u>\$ 58,733,904</u>	<u>\$ (218,706,604)</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:	
2023	\$ (54,819,194)
2024	(55,251,235)
2025	(56,376,624)
2026	<u>6,474,353</u>
Total	<u>\$ (159,972,700)</u>

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

25. Net Pension Asset

Plan Description and Administration

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

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

At January 1, 2021, the measurement date, members of the Pension Plan was as follows:

Inactive plan members currently receiving benefits	1,932
Inactive plan members entitled to benefits but not yet receiving them	231
Current employees	<u>2,395</u>
Total membership	<u><u>4,558</u></u>
Number of participating employers	<u><u>1</u></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 ten years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than five years of service may withdraw his or her contributions, plus any accumulated interest. On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index. Benefits are determined by the Pension Plan document, which is in accordance with the Commonwealth of Pennsylvania's Act 96 of 1971, as amended, commonly referred to as the County Pension Law.

Funding Policy and Contributions

Employees are required to contribute 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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

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 2021, the annual contribution by the County was \$5,607,637 based on the January 1, 2021 actuarial valuation using the entry age normal cost method. The actuarial assumptions included, (a) projected salary increases of 3.5% per year and (b) cost-of-living adjustments, if any, provided at the discretion of the Delaware County Employees' Retirement Board. Both (a) and (b) included 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 2021 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 2021 measurement period are summarized in the above table.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on Pension Plan investments, net of Pension Fund investment expense, was 15.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

Net Pension Asset

The components of net pension asset of the Pension Plan as of December 31, 2022, were as follows:

Total pension liability	\$ 605,609,028
Pension Plan fiduciary net position	<u>677,312,754</u>
Pension Plan net pension asset	<u>\$ (71,703,726)</u>
Pension Plan fiduciary net position as a percentage of total pension liability	<u>111.84%</u>

Changes in the Net Pension Liability (Asset)

The changes in the County's net pension liability (asset) during the year ended December 31, 2022, are as follows:

	<u>Increases (Decreases)</u>		
	<u>Total Pension Liability (a)</u>	<u>Pension Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
Balances at January 1, 2022	\$ 573,297,802	\$ 610,770,433	\$ (37,472,631)
Changes for the year:			
Service cost	12,110,110	-	12,110,110
Interest cost	41,034,286	-	41,034,286
Difference between expected and actual experience	21,706,062	-	21,706,062
Contributions, employer	-	6,112,362	(6,112,362)
Contributions, plan member	-	10,970,569	(10,970,569)
Net investment income	-	91,998,623	(91,998,623)
Benefit payments, including refunds	<u>(42,539,232)</u>	<u>(42,539,232)</u>	<u>-</u>
Net changes	<u>32,311,226</u>	<u>66,542,322</u>	<u>(34,231,096)</u>
Balances at December 31, 2022	<u>\$ 605,609,028</u>	<u>\$ 677,312,755</u>	<u>\$ (71,703,727)</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.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2022, using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2021 rolled-forward to December 31
Actuarial cost method	Entry-age normal
Actuarial assumptions:	
Projected salary increases	3.5%
Inflation	3.0%
Interest rate	7.0%
Cost-of-living adjustments	0.0%
Asset valuation method	Fair Market Value

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

Mortality rates were based on the 2013 RP Annuitant and Aon-Annuitant Mortality Table for males and females with no projected improvement.

The actuarial assumptions used in the valuation for the 2021 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 total 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 total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension asset 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 (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Net pension liability (asset)	\$ (11,785,736)	\$ (71,703,727)	\$ (122,267,946)

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022, the County recognized pension benefit of \$17,975,978, which was allocated \$14,720,983 and \$3,254,995 to governmental activities and business-type activities, respectively. At December 31, 2022, the County reported deferred outflows and inflows of resources related to the pension from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 22,019,493	\$ -
Net difference between projected and actual earning	-	(68,629,532)
Changes in assumptions	4,462,801	(1,165,682)
Contributions made subsequent to measurement date	5,607,640	-
Total	<u>\$ 32,089,934</u>	<u>\$ (69,795,214)</u>

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

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:	
2023	\$ (4,992,526)
2024	(21,723,446)
2025	(9,805,644)
2026	(6,791,304)
	<hr/>
Total	\$ (43,312,920)

26. 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.

27. 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:

	<u>Workers' Compensation</u>	<u>Casualty/ Liability (Excluding Vehicles)</u>	<u>Health Benefits</u>	<u>Vehicles</u>
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
June 2022	650,000	250,000	210,000	250,000

* includes a \$365,000 corridor deductible

The County's reinsurance policy has provided sufficient coverage to the County such that no settlements within the past three years have exceeded the reinsurance coverage. The cost of providing this coverage is charged directly to the County fund, which benefits from the coverage. Such charges are reflected as operating revenues into the self-insurance funds. Costs of the self-insurance program charged to the current year expenses were \$53,303,471, which includes insurance claims of \$49,494,253 and administrative costs of \$3,809,218. 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 \$262,833 for the fiscal year.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

An analysis of the claims activity is presented as follows:

	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>

	2021			
	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	\$ 2,559,516	\$ 45,581,917	\$ 45,933,250	\$ 2,208,183
Self-Insured Workers' Compensation Fund	1,262,334	1,704,577	1,053,077	1,913,834
Self-Insured Casualty/Liability Fund	949,501	5,576,317	5,750,706	775,112
Total	<u>\$ 4,771,351</u>	<u>\$ 52,862,811</u>	<u>\$ 52,737,033</u>	<u>\$ 4,897,129</u>

28. Other Revenues

Other revenues of \$6,104,115 in the governmental funds consist of funds received related to gaming proceeds for economic development of \$845,959; rental income of \$736,810; funds received from the state equalization board of \$1,022,144; revenues related to Act 164 Rideshare fees of \$1,112,380; payments from Chester City of \$801,953, and various other revenues of \$1,584,869.

29. 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 \$248,022,513 consists of the General Fund of \$2,613,072 representing grants and other fees, Capital Projects of \$62,097, Health and Human Service of \$95,747,773, Other Governmental Funds of \$59,835,427, and Coronavirus Relief Funds of \$89,764,144, representing grants received which were not earned at December 31, 2022.

Business-type activity unearned revenue \$1,884,258 consists of unspent revenues from the allocation of federal funding from the American Rescue Plan Act for payments to nursing facilities, personal care homes and assisted living residences. Fair Acres Geriatric Center has \$700,000 of unspent revenues related to ACT 24 funds received in June 2021 and \$1,184,258 related to ACT 54 received in September 2022.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2022

30. Grant to the Delaware County Chester Waterfront Industrial Development Authority

The IDA was formed for the purpose of acquiring, constructing, financing, improving and maintaining industrial and commercial development projects within the City of Chester and is a discretely presented component unit of the County (Note 2). On February 15, 2009, the County and the IDA executed a grant agreement, which states that the County will grant funds in an amount up to \$30,000,000 for eligible costs as defined for the construction of a stadium project. The County financed the grant through the issuance of its General Obligation Bonds, Series of 2009 (2009 Bonds) refunded by the 2019 Bonds (Note 16). 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 2021 amount due to the County of \$196,865 was paid by the City in May 2022. The present value of this asset amounting to approximately \$5,084,330 has been recorded in other receivables on the government-wide statement of net position at December 31, 2022 (Note 9).

31. 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, 2022.

32. 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 County incurred \$19,343,312 of expenditures for allowable costs. \$89,764,144 was considered unearned revenue as of December 31, 2022. The funds are to cover costs obligated by December 31, 2024, and performed by December 31, 2026.

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 \$800,000 and \$1,063,759 of expenditures for allowable costs as of December 31, 2022 and 2021, respectively. \$700,000 was considered unearned revenue as of December 31, 2022.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

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. As of the end of 2021, the County had been allocated \$37,937,898 under ERA1 and \$31,765,727 under ERA2 (including reallocations from other recipients). The County distributed approximately \$33.1 million and \$48.6 million as of December 31, 2022 and 2021, respectively, in assistance to eligible residents in the County.

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. ERA1 funds must be spent by September 30, 2022 (with a potential 90-day extension), and ERA2 funds by September 30, 2025.

In 2022, the County submitted \$7,023,845 of claims to the Federal Emergency Management Agency (FEMA) for COVID-19 related expenditures. FEMA approved \$4.9 million of expenditures in 2022, and the County expects FEMA will approve remaining expenditures 2023.

33. 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 \$6,451,646 during 2022 or within 60 days after December 31, 2022. The remaining \$50,123,233 unpaid balance is reported at its net present value of \$43,249,789 in Nonmajor Governmental Funds as unavailable revenues. The County expects to fully spend the settlement funds within eighteen 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): Teva, 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 six 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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2022

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:	
2023	\$ 3,054,694
2024	3,764,381
2025	3,881,510
2026	2,360,732
2027	3,155,640
2028 - 2032	17,147,188
2033 - 2037	13,965,907
2038	<u>2,793,181</u>
Total payments receivable	50,123,233
Present value discount	<u>(6,873,444)</u>
Opioid settlement receivable	<u>\$ 43,249,789</u>

34. New Accounting Pronouncements

The GASB has approved the following statements:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the County's year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the County's year ending December 31, 2023.
- Statement No. 99, *Omnibus 2022*, portions of this standard that were effective upon issuance of the statement were not material to the County's financial reporting. Portions of this statement are effective for the County's years ending December 31, 2023 and 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.

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 Net Other Post-Employment Benefit Liability and Related Ratios

Years Ending December 31

(Unaudited)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability						
Service cost	\$ 18,068,533	\$ 18,690,090	\$ 15,870,584	\$ 17,521,129	\$ 21,490,798	\$ 13,099,335
Interest cost	14,518,005	17,101,669	18,969,509	12,438,024	11,154,286	10,407,585
Changes of assumptions or other inputs	29,018,463	(52,656,643)	28,501,362	52,772,639	17,247,110	(125,540,787)
Differences between expected and actual	-	-	(61,125,471)	-	(91,704,964)	(29,495,852)
Benefit payments	<u>13,198,969</u>	<u>(13,837,017)</u>	<u>(13,472,942)</u>	<u>(13,979,506)</u>	<u>(15,096,452)</u>	<u>(11,653,143)</u>
Net change in total OPEB liability	74,803,970	(30,701,901)	(11,256,958)	68,752,286	(56,909,222)	(143,182,862)
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>
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>
Covered-Employee Payroll (Estimated)	\$ 167,229,090	\$ 173,082,000	\$ 138,782,000	\$ 138,782,000	\$ 123,198,991	\$ 127,510,956
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	290.24%	262.69%	319.50%	369.04%	369.53%	244.74%

Notes to Schedule:

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

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

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

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

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 net 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 net 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
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
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
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
Changes in assumptions	-	-	(17,616,575)	-	19,338,805	-	-	-
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)
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
Total Pension Liability, Beginning	<u>432,629,544</u>	<u>448,152,742</u>	<u>470,838,369</u>	<u>477,926,499</u>	<u>495,252,845</u>	<u>529,594,445</u>	<u>551,870,584</u>	<u>573,297,802</u>
Total Pension Liability, Ending (a)	<u>\$ 448,152,742</u>	<u>\$ 470,838,369</u>	<u>\$ 477,926,499</u>	<u>\$ 495,252,845</u>	<u>\$ 529,594,445</u>	<u>\$ 551,870,584</u>	<u>\$ 573,297,802</u>	<u>\$ 605,609,028</u>
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
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
Net investment income (loss)	25,701,117	(4,799,203)	31,600,871	68,708,453	(36,709,229)	99,652,455	66,282,854	91,998,623
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)
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
Plan Fiduciary Net Position, Beginning	<u>447,902,076</u>	<u>463,376,325</u>	<u>448,899,130</u>	<u>472,059,676</u>	<u>531,331,994</u>	<u>477,659,679</u>	<u>562,788,438</u>	<u>610,770,433</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 463,376,325</u>	<u>\$ 448,899,130</u>	<u>\$ 472,059,676</u>	<u>\$ 531,331,994</u>	<u>\$ 477,659,679</u>	<u>\$ 562,788,438</u>	<u>\$ 610,770,433</u>	<u>\$ 677,312,754</u>
Plan net pension (asset) liability, ending (a) - (b)	<u>\$ (15,223,583)</u>	<u>\$ 21,939,239</u>	<u>\$ 5,866,823</u>	<u>\$ (36,079,149)</u>	<u>\$ 51,934,766</u>	<u>\$ (10,917,854)</u>	<u>\$ (37,472,631)</u>	<u>\$ (71,703,726)</u>
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%
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
County's Net Pension (Asset) Liability as a Percentage of Covered Payroll	-11.36%	16.75%	4.34%	-27.29%	39.58%	-8.32%	-27.66%	-51.87%

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.

The County used the 2021 Actuarial Valuation to determine the net pension liability as of December 31, 2022, as allowed under GASB No. 67.

County of Delaware, Pennsylvania

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

	<u>2013</u>	<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>
Actuarially Determined Contribution	\$ 7,146,641	\$ 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
Contributions in Relation to the Actuarially Determined Contribution	<u>7,146,641</u>	<u>4,159,063</u>	<u>3,987,098</u>	<u>5,160,038</u>	<u>4,762,155</u>	<u>1,527,490</u>	<u>3,997,875</u>	<u>5,231,379</u>	<u>6,112,362</u>	<u>5,607,640</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered Payroll	\$ 131,612,000	\$ 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
Contributions as a Percentage of Covered Payroll	5.43%	3.10%	3.04%	3.82%	3.60%	1.16%	3.05%	3.86%	4.42%	4.27%

Notes to Schedule:

Valuation date: January 1

Methods and assumptions used to determine contribution rates:

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

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>
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%

Notes to Schedule:

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

Supplementary Information

County of Delaware, Pennsylvania

 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2022

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	\$ 126,286	\$ 126,286
Pass-through Pennsylvania Department of Agriculture:				
Food distribution cluster:				
Emergency food assistance program	10.568	n/a	107,865	-
Total food distribution cluster			107,865	-
Total U.S. Department of Agriculture			234,151	126,286
U.S. Department of Housing and Urban Development				
CDBG - Entitlement grants cluster:				
Community development block grants/entitlement grants	14.218	n/a	5,313,470	-
Emergency solutions grant	14.231	n/a	1,220,388	1,191,585
Supportive housing program	14.235	n/a	210,834	-
Shelter plus care program	14.238	n/a	296,254	-
HOME investment partnerships program	14.239	n/a	3,597,920	-
Continuum of care program	14.267	n/a	548,548	-
Pass-through City of Philadelphia Division of Housing and Community Development:				
Housing opportunities for persons with AIDS:				
Contract No. 2220221	14.241	2220221	243,191	57,489
Contract No. 2320136	14.241	2320136	254,407	41,646
Total housing opportunities for persons with AIDS			497,598	99,135
Lead-based paint hazard control in privately-owned housing	14.900	N/A	145,799	145,799
Total U.S. Department of Housing and Urban Development			11,830,811	1,436,519
U.S. Department of Justice				
Missing children's assistance	16.543	n/a	450,828	-
Edward Bryne memorial justice assistance grant program	16.738	n/a	63,803	63,803
Pass-through Pennsylvania Commission on Crime and Delinquency:				
Crime victims assistance	16.575	34513	160,949	160,949
Total U.S. Department of Justice			675,580	224,752
U.S. Department of Labor				
Employment service cluster:				
Employment service/Wagner-Peyser funded activities	17.207	n/a	128,585	128,585
Jobs for veterans state grants	17.801	n/a	26,546	26,546
Total employment service cluster cluster			155,131	155,131
Senior community service employment program	17.235	n/a	1,000	1,000
Trade adjustment assistance	17.245	n/a	14,308	14,308
Reintegration of ex-offenders	17.270	n/a	60,906	60,906
Pass-through the Pennsylvania Department of Labor and Industry:				
Unemployment insurance	17.225	n/a	8,684	8,684
Apprenticeship USA grants	17.285	n/a	26,546	26,546
WIOA cluster:				
Workforce Investment Act adult program	17.258	n/a	1,269,278	198,141
Workforce Investment Act youth program	17.259	n/a	1,343,953	-
Workforce Investment Act national emergency grants	17.277	n/a	6,218	-
Workforce Investment Act dislocated worker formula grant	17.278	n/a	1,238,350	-
Total WIOA cluster			3,857,799	198,141
Total U.S. Department of Labor			4,124,374	464,716

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, 2022

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 Transportation				
Pass-through Pennsylvania Department of Transportation:				
Highway safety cluster:				
State and community highway safety	20.600	n/a	\$ 83,731	\$ -
Highway planning and construction cluster:				
Highway planning and construction	20.205	*	7,643,108	-
Pass-through Delaware Valley Regional Planning Commission:				
Metropolitan transportation planning and state and non-metropolitan planning and research	20.505	n/a	70,354	-
Total U.S. Department of Transportation			7,797,193	-
U.S. Department of the Treasury				
COVID-19 - Emergency rental assistance program	21.023	n/a	15,466,479	-
Pass-through Pennsylvania Department of Human Services:				
COVID-19 - Emergency rental assistance program	21.023	n/a	19,780,654	-
COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	n/a	18,869,155	-
Pass-through Pennsylvania Department of Human Services:				
COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	n/a	3,849,000	-
Total U.S. Department of the Treasury			57,965,288	-
U.S. Department of Energy				
Weatherization assistance for low-income persons	81.042	n/a	66,773	-
Total U.S. Department of Energy			66,773	-
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	31,967	-
Pass-through Pennsylvania Department of Human Services:				
Special education grants for infants & families with disabilities	84.181	n/a	902,995	-
Total U.S. Department of Education			934,962	-
U.S. Election Assistance Commission				
Pass-through the Pennsylvania Department of State:				
2018 HAVA election security grants	90.404	n/a	88,700	-
Total U.S. Election Assistance Commission			88,700	-
U.S. Department of Health and Human Services				
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	6,438	-
Special programs for the aging Title VII, Chapter 2 - long-term care ombudsman services for older individuals				
	93.042	4100089716	15,978	-
Special programs for the aging Title III, Part D - disease prevention and health promotion services				
	93.043	4100089716	23,301	-
Aging cluster:				
Special programs for the aging Title III, Part B - grants for supportive services and senior centers				
	93.044	4100089716	832,629	-
Special programs for the aging Title III, Part C - nutrition services				
	93.045	4100089716	676,074	-
Nutrition services incentive program				
	93.053	4100089716	126,047	-
Total aging cluster			1,634,750	-
National family caregiver support, Title III, Part E	93.052	4100089716	293,931	-
Medicare enrollment assistance program	93.071	4100089716	12,480	-
State health insurance assistance program	93.324	4100089716	32,993	-
Pass-through Pennsylvania Department of Human Services:				
Guardianship assistance	93.090	n/a	259,201	-
Projects for assistance in transition from homelessness	93.150	70154	521,586	-
Promoting safe and stable families	93.556	n/a	26,659	-
Pass-through Pennsylvania Office of Child Development and Early Learning:				
Promoting safe and stable families	93.556	n/a	205,815	-
Child support enforcement	93.563	4100070482	5,626,385	-
Pass-through Pennsylvania Office of Child Development and Early Learning:				
Childcare development fund cluster:				
Childcare and development block grant	93.575	n/a	40,212,692	-
Childcare mandatory and matching funds of the childcare and development fund	93.596	n/a	8,958,648	-
Temporary assistance for needy families	93.558	n/a	5,087,625	-
Social services block grant	93.667	n/a	2,823,445	-
Total child care development fund cluster			57,082,410	-

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, 2022

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	1701PACWSS	\$ 779,759	\$ -
Foster care - Title IV-E	93.658	n/a	5,220,498	-
Adoption assistance	93.659	n/a	3,620,652	-
Social services block grant	93.667	n/a	823,518	153,889
Social services block grant	93.667	1801PASOSR	331,277	-
Chafee foster care independence program	93.674	n/a	105,358	-
Block grants for community mental health services	93.958	n/a	698,724	349,362
Pass-through Pennsylvania Department of Drug and Alcohol Programs:				
Block grants for prevention and treatment of substance abuse	93.959	n/a	2,040,999	-
Pass-through Pennsylvania Department of Health:				
Hospital preparedness program and public health emergency preparedness aligned cooperative agreements	93.069	4100093720	242,129	-
Project grants and cooperative agreements for tuberculosis control programs	93.116	4100092542	25,975	-
Immunization cooperative agreements	93.268	4100092485	351,212	-
Epidemiology and laboratory capacity for infectious diseases (ELC)	93.323	4100094700	1,975,978	-
Public health emergency response: cooperative agreement for emergency response: public health crisis response	93.354	4100093720	1,208,049	-
National bioterrorism hospital preparedness program	93.889	n/a	8,316	-
HIV prevention activities health department based	93.940	4100092941	168,705	-
Maternal and child health services block grant to the states	93.994	4100092904	122,955	-
Pass-through the Pennsylvania Department of Labor and Industry:				
Community services block grant	93.569	n/a	9,519	9,519
TANF Cluster:				
Pass-through Pennsylvania Department of Human Services:				
Temporary assistance for needy families	93.558	n/a	1,220,876	411,176
Temporary assistance for needy families	93.558	139089-026	3,184,037	-
Pass-through the Pennsylvania Department of Labor and Industry:				
Temporary assistance for needy families	93.558	n/a	836,632	19,918
Total TANF Cluster			<u>5,241,545</u>	<u>431,094</u>
Medicaid cluster:				
Pass-through Pennsylvania Department of Aging:				
Medical assistance program	93.778	4100089148	64,632	-
Pass-through Pennsylvania Department of Human Services:				
Medical assistance program	93.778	n/a	3,199,263	-
Total Medicaid cluster			<u>3,263,895</u>	<u>-</u>
Opioid STR Grant:				
Pass-through Pennsylvania Department of Human Services:				
Opioid STR Grant	93.788	n/a	89,254	-
Pass-through Pennsylvania Department of Drug and Alcohol Programs:				
Opioid STR Grant	93.788	n/a	1,001,813	-
Total Opioid STR Grant			<u>1,091,067</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>93,072,057</u>	<u>943,864</u>
Corporation for National and Community Service				
Foster grandparent/senior companion cluster:				
Foster grandparent program	94.011	n/a	269,944	-
Executive Office of the President				
High intensity drug trafficking areas program	95.001	n/a	81,511	-
U.S. Department of Homeland Security				
Pass-through Pennsylvania Emergency Management Agency:				
Disaster grants - public assistance (presidentially declared disasters)	97.036	n/a	23,445	-
Emergency management performance grants	97.042	n/a	54,991	-
Homeland security grant program	97.067	n/a	913,663	-
Total U.S. Department of Homeland Security			<u>992,099</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 178,133,443</u>	<u>\$ 3,196,137</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, 2022

<u>Grantor/Program Title</u>	<u>Combined Federal and State Expenditures</u>
Commonwealth of Pennsylvania Department of Human Services	
State matching grants for supplemental nutrition assistance program	\$ 126,286
COVID-19 - Emergency rental assistance program	19,780,654
COVID-19 - Coronavirus state and local fiscal recovery funds	3,849,000
Special education grants for infants & families with disabilities	902,995
Guardianship assistance	259,201
Projects for assistance in transition from homelessness	521,586
Promoting safe and stable families	232,474
Temporary assistance for needy families	9,492,538
Child support enforcement	5,626,385
Childcare and development block grant	40,212,692
Childcare mandatory and matching funds of the childcare and development fund	8,958,648
Stephanie Tubbs Jones child welfare services program	779,759
Foster care Title IV-E	5,220,498
Adoption assistance	3,620,652
Social services block grant	3,978,240
Chafee foster care independence program	105,358
Medical assistance program	3,199,263
Opioid state response fund grant	89,254
Block grants for community mental health services	<u>698,724</u>
 Total selected Commonwealth of Pennsylvania Department of Human Services Assistance	 <u>\$ 107,654,207</u>

*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, 2022

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, 2022. 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	2220221	Catholic Social Services	\$ 57,489
	14.241	2320136	Catholic Social Services	<u>41,646</u>
Total passed through funds to subrecipients on City of Philadelphia grants				<u>\$ 99,135</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, 2022

5. Corrections of Prior Expenditure Reporting

The County has the following corrections to amounts reported in prior year schedules of expenditures of federal awards for the years ended December 31, 2021:

Year Ended December 31, 2021			
Assistance Listing Number	Grant ID	Report in SEFA	Corrected Amount
16.034	33876	\$ -	\$ 150,993
16.575	29052/30952	146,807	-
16.575	29052	-	4,504
16.575	29119	117,308	642
16.575	34513	-	117,308
16.738	32867	-	15,000

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

Independent Auditors' Report

To the County Council of
County of Delaware, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delaware, Pennsylvania (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements as listed in the table of contents, which collectively comprise the County of Delaware's basic financial statements, and have issued our report thereon dated June 29, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Delaware County Solid Waste Authority, Economic Development Oversight Board, the Redevelopment Authority of the County of Delaware and the Delaware County Chester Waterfront Industrial Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Delaware County Solid Waste Authority, Economic Development Oversight Board, the Redevelopment Authority of the County of Delaware and the Delaware County Chester Waterfront Industrial Development Authority.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Compliance and Other Matters

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

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
June 29, 2023

**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 Pennsylvania Department of Human Services *Single Audit Supplement*,
and the City of Philadelphia *Subrecipient Audit Guide***

Independent Auditors' Report

To the County Council of
County of Delaware, Pennsylvania

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

Opinion on Each Major Federal Program, PADHS Program and City of Philadelphia Program

We have audited the County of Delaware, Pennsylvania's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, the Pennsylvania Department of Human Services *Single Audit Supplement* (PADHS Single Audit Supplement), and the City of Philadelphia *Subrecipient Audit Guide* (COPSAG) that could have a direct and material effect on each of the County's major federal, PADHS and City of Philadelphia programs for the year ended December 31, 2022. The County's major federal and PADHS programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal, PADHS and City of Philadelphia programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and Major PADHS Program and City of Philadelphia Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the PADHS Single Audit Supplement, and the COPSAG. Our responsibilities under those standards, the Uniform Guidance, PADHS Single Audit Supplement and the COPSAG are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal, PADHS and City of Philadelphia programs. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal, PADHS programs and City of Philadelphia programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, PADHS Single Audit Supplement, and the COPSAG, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal and PADHS program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, PADHS Single Audit Supplement, and the COPSAG, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, PADHS Single Audit Supplement, and the COPSAG, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with the Uniform Guidance and PADHS Single Audit Supplement, and which is described in the accompanying schedule of findings and questioned costs as items 2022-003 through 2022-009. Our opinion on each major federal and PADHS program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or PADHS program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or PADHS program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-005, 2022-006 and 2022-008 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or PADHS program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003, 2022-004, 2022-007, and 2022-009 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures the County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

The image shows a handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
September 28, 2023

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements were in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal and PA DHS Awards

	Federal Programs	PA DHS Programs
Material weakness(es) identified?	<u> X </u> yes <u> </u> no	<u> X </u> yes <u> </u> no
Significant deficiency(ies) identified?	<u> X </u> yes <u> </u> none reported	<u> X </u> yes <u> </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the PA DHS <i>Single Audit Guidelines</i> ?	<u> X </u> yes <u> </u> no	<u> X </u> yes <u> </u> no

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.239	HOME Investment Partnerships Program
20.205	Highway Planning and Construction
21.023	COVID-19 - Emergency Rental Assistance Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
93.563	Child Support Enforcement
93.575/93.596/93.558/93.667	Child Care Development Fund Cluster
93.659	Adoption Assistance
93.778	Medicaid Cluster - Medical Assistance Program
93.788	Opioid SOR Grant
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Identification of major PA DHS programs:

Assistance Listing Number(s)	Name of PA DHS Program or Cluster
21.023	COVID-19 - Emergency Rental Assistance Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
93.563	Child Support Enforcement
93.575/93.596/93.558/93.667	Child Care Development Fund Cluster
93.659	Adoption Assistance
93.778	Medicaid Cluster - Medical Assistance Program
93.788	Opioid SOR Grant

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Dollar threshold used to distinguish between
Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

_____ yes X no

Section II - Financial Statement Findings

Finding 2022-001: Timely Reconciliation of Health and Human Services Funds (Material Weakness)

Criteria: Internal control is a process which captures and properly records transactions, safeguards assets and assures compliance with laws and regulations. One critical element of internal control includes periodic and timely reconciliations of accounts to supporting documentation to ensure accurate periodic and year-end financial reporting.

Condition/Context: Material adjustments and reconciliation of County Human Services (HHS) funds for the fiscal year ended June 30, 2022 were posted through the calendar year end and thereafter, affecting the associated funds accounts receivable, deferred revenues, revenue and expenses on the grant funding recognized in the County HHS funds. Audit adjustments were required to reconcile balances receivable and deferred as reconciliation of balances receivable and deferred but funding source are not maintained. Audit adjustments to HHS funds continued after the grant contract associated reporting deadlines, indicating reporting is not completed within reporting timelines.

Cause: The County HHS has experienced turnover in fiscal officer roles for several of the HHS funds resulting in vacancies in roles for a period of time and delays in the reconciliation of funds.

Effect: The above constitutes a material weakness in internal control over financial reporting.

Recommendation: Fiscal officers should reconcile the general ledger to the associated grant reporting and supporting records on a quarterly basis. Reconciliations should include evaluation of the balance of grant funds receivable and/or deferred as of the period end by funding source.

Views of responsible officials and planned corrective actions: The County agrees with the finding. The County HHS department has been working to fill all fiscal officer positions and reconcile the general ledger for the fiscal year on a timely basis. Following reconciliation of the grant expenditures, fiscal officers will work to reconcile the balances receivable and deferred as of the fiscal year end and the calendar year end. The County HHS department is developing an accounting manual that will standardize the reconciliation process and timelines for reconciliation.

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Finding 2022-002: Fiduciary Accounting (Significant Deficiency)

Criteria: The statement of fiduciary net position should be used to report the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position of custodial funds. Underlying records for the statement of fiduciary net position should agree to the underlying accounting records in the general ledger.

Condition/Context: During our audit procedures it was noted one material custodial cash account was being monitored and reconciled, but was not being recorded in the general ledger system. General ledger accounts should be established to track all activity through custodial funds to ensure that all cash receipts and disbursements are being captured for financial reporting purposes.

Cause: Changes in department structure resulted in the establishment of a new custodial account reconciled and maintained in external systems in 2022. This account was not entered into the general ledger system to track account activity.

Effect: The general ledger system does not properly reflect the custodial accounting records.

Recommendation: The County should establish general ledger accounts for custodial accounts to ensure proper tracking and reporting of receipts and disbursements, as well as the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. Departments and row offices should be responsible for recording of custodial account activity.

Views of responsible officials and planned corrective actions: The County agrees with the finding. The County will work with departments and row offices to establish a chart of accounts to track custodial account activity within the general ledger system.

Section III - Federal Award Findings and Questioned Costs

Finding 2022-003: Foster Care Title IV-E and Temporary Assistance for Needy Families - Subrecipient Monitoring (Significant Deficiency)

Federal Programs: Foster Care - Title IV-E and Temporary Assistance for Needy Families

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Pennsylvania Department of Human Services

ALN Number: 93.658 and 93.558

Federal Award Year: December 31, 2022

Prior Year Finding: 2021-002

Criteria: Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)). Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient detected through audits, on-site reviews, and other means.

Condition/Context: For five of the five providers monitored during the program's fiscal year, the County Child and Youth Services department's results and findings were communicated to the providers at the conclusion of the review procedures, however providers did not submit a written corrective action plan.

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Cause: Providers on-site monitoring was completed and the results were communicated to the providers in writing. Notice that a corrective action plan was needed in response was not given to the providers.

Effect: Lack of written corrective action plan limits the County Child and Youth Services department's ability to monitor that the providers takes timely and appropriate action to address deficiencies pertaining to the federal award.

Questioned Costs: There are no questioned costs associated with this finding. This is not a statistically valid sample.

Recommendation: Providers that receive findings as a result of their on-site monitoring should submit a corrective action plan to the County.

Views of Responsible Officials and Planned Corrective Actions: The County Child and Youth Services department will require a corrective action plan for all subrecipients with findings as a result of their on-site monitoring in 2023, and thereafter, that will include the entity's plan to correct the errors noted, individual responsible and timeline for corrections to be implemented.

Finding 2022-004: Child Support Enforcement - PACSES OCSE 157 Data Reliability Validation - Special Tests and Provisions (Significant Deficiency)

Federal Programs: Child Support Enforcement

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Pennsylvania Department of Human Services

ALN Number: 93.563

Federal Award Year: December 31, 2022

Criteria: Pennsylvania is required to ensure the data posted to the PACSES is complete and reliable. Complete data means that all reporting elements from the federal Office of CSE reporting forms necessary to compute Pennsylvania's performance levels, incentive base amount, and maximum incentive base amount have been provided within the time frames established in the instructions to these forms. Reliable data means the most recent data available found by the Secretary of the Department of Health and Human Services (DHHS) is to be reliable. Additionally, reliable data is a state that exists when data is sufficiently complete and error free to be convincing for their purpose and contest. State data must meet a 95 percent standard of reliability beginning in FFY 2001 (45 CFR 305.1(h) (j) and 305.32(f)).

Condition/Context: Procedures performed in accordance with PACSES OCSE 157 Data Reliability Validation instructions on the PACSES case sample universe resulted in one error in the five selections reviewed to verify that the case file have an open application, order or compliant for support services dated prior to 9/30/2022. For one of the five selections tested there was no record of an open application, order or compliant for support services in the file.

Cause: Turnover in the County Domestic Relations department resulted in vacancies in positions and delays in records being processed. This resulted in an incomplete record for the selection tested.

Effect: Data reliability is important in enforcement of child support orders. The County is not in compliance with certain requirements of the PADHS Single Audit Supplement.

Questioned Costs: There are no questioned costs associated with this finding. This is not a statistically valid sample.

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Recommendation: The County Domestic Relations department communicate the requirements regarding file documentation and record management to the department staff.

Views of Responsible Officials and Planned Corrective Actions: This finding occurred as a result of a IV-A case referral from the County Assistance Office (COA). In order to comply with the directive it is necessary that we receive verifiable and sufficient information from the CAO. We did not receive all information necessary from the CAO to comply in this instance. It would have been inappropriate to proceed. Domestic Relations Department will provide semi-annual training to the Intake Unit staff in Case Initiation, record retention, and file documentation beginning in November 2023.

Finding 2022-005: Child Support Enforcement - Eligibility (Material Weakness)

Federal Programs: Child Support Enforcement

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Pennsylvania Department of Human Services

ALN Number: 93.563

Federal Award Year: December 31, 2022

Criteria: The custodial parent, guardian, or caretaker of a minor child(ren) is eligible to apply for Title IV-D CSE services on behalf of a minor child(ren) necessary to establish paternity and obtain financial and medical support from the noncustodial parent. The applications/petitions are to be established as a case file (for processing purposes) within 20 days of receipt by the County Domestic Relations Section, and ensure mandated child support enforcement services are provided timely.

Condition/Context: For five of the forty applications/petitions tested files were not established as a case file within 20 days.

Cause: Turnover in the County Domestic Relations department resulted in vacancies in positions and delays in records being processed.

Effect: Applications/petitions not being converted to a case file timely results in delays child support enforcement services. The County is not in compliance with certain requirements of the PADHS Single Audit Supplement.

Questioned Costs: There are no questioned costs associated with this finding. This is not a statistically valid sample.

Recommendation: The County Domestic Relations department will communicate the requirements regarding the required time frame for conversion of applications/petitions to a case file to the department staff.

Views of Responsible Officials and Planned Corrective Actions: This finding occurred as a result of IV-A case referrals from the County Assistance Office. In order to comply with the directive it is necessary that we receive verifiable and sufficient information from the CAO. We did not receive all information necessary from the CAO to comply in these instances. It would have been inappropriate to proceed. Domestic Relations Department will provide semi-annual training to the Intake Unit staff in Case Initiation, record retention, time frame for conversion of applications/petitions to case files and file documentation beginning in November 2023.

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Finding 2022-006: Child Support Enforcement - Enforcement of Support Obligations - Special Tests and Provisions (Material Weakness)

Federal Programs: Child Support Enforcement

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Pennsylvania Department of Human Services

ALN Number: 93.563

Federal Award Year: December 31, 2022

Criteria: For all cases referred to the County Domestic Relations Section, or in applying for services in which the obligation to support and the amount of obligation have been established, the County Domestic Relations Section must maintain and use PACSES for monitoring compliance with the support obligation, identifying the date on which the parent fails to make payments in an amount equal to the support payable for one month, and enforcing the obligation (45 CFR 303.6).

Condition/Context: For five of the forty accounts where parent fails to make payments in an amount equal to the support payable for one month records of action to contact delinquent parents was not completed within twenty days.

Cause: Turnover in the County Domestic Relations department resulted in vacancies in positions and delays in records. This resulted in an incomplete record for the selection tested.

Effect: Record of action to contact delinquent parents was not complete and/or indicated that contact was not attempted timely. The County is not in compliance with certain requirements of the PADHS Single Audit Supplement.

Questioned Costs: There are no questioned costs associated with this finding. This is not a statistically valid sample.

Recommendation: The County Domestic Relations department communicate the requirements regarding file documentation and record management and requirements regarding time frame for action to contact late payors to the department staff.

Views of Responsible Officials and Planned Corrective Actions: This finding occurred as a result of staff shortages, new employees and increased caseloads. Domestic Relations Department will provide semi-annual training to Case Workers on Enforcement, record retention, and file documentation beginning in November 2023.

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Finding 2022-007: Adoption Assistance Records - Eligibility (Significant Deficiency)

Federal Programs: Adoption Assistance

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Pennsylvania Department of Human Services

ALN Number: 93.659

Federal Award Year: December 31, 2022

Criteria: Title IV-E states that children who receive Placement Maintenance, Adoption Assistance, or Subsidized Permanent Legal Custodianship must meet specific eligibility and reimbursability requirements. The county program should have the eligibility requirements for the applicable special grants (Title IV-E State Plan, Title IV-A State Plan Amendment; TANF State Plan; PA Code, Chapter 3140.101-113 and 3140.201-202).

Condition/Context: For two of the twenty-five eligibility files reviewed a court order for adoption could not be located. For one of the twenty-five eligibility files reviewed records of the terminated parental rights could not be located.

Cause: Turnover in the County Children and Youth Services (CYS) department resulted in inconsistencies in file maintenance and lack of review of adoption assistance file records. This resulted in an incomplete record for the selections tested.

Effect: Incomplete records or unavailable records for adoption assistance recipients.

Questioned Costs: There are no questioned costs associated with this finding. This is not a statistically valid sample.

Recommendation: The County CYC should implement a file checklist to ensure copies of all Adoption Assistance recipients are complete. Program directors should review the file checklist and compare to the file when determination of eligibility is complete. Checklists should be signed and dated to ensure the approvals are completed. Staff should be trained on eligibility file record requirements and use of checklists to ensure consistent application of the policies.

Views of Responsible Officials and Planned Corrective Actions: Starting in February 2023, the County Human Services Department hired a consultant that is completing an internal reconciliation of and review of all 2022-2023 records. Adoption file requirements and checklists have been implemented by the consultant to ensure consistent and complete files. The County CYC office will implement the checklists and policies of the consultant in file management. In addition, action is being taken to digitize all records for active adoption assistance recipients to ensure access is maintained and changes to Adoption Assistance files are kept updated.

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs

Year Ended December 31, 2022

Finding 2022-008: Block Grant - Reporting (Material Weakness)

Federal Programs: Social Services Block Grant, Block Grants for Community Mental Health Services

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Pennsylvania Department of Human Services

ALN Number: 93.667 and 93.958

Federal Award Year: December 31, 2022

Criteria: The county program is responsible for the submission of various annual reports, as detailed in the Annual Instructions for the Income and Expenditure Report. Funds not expended at the end of the fiscal year shall be considered unexpended funds (carryover) available for consideration by PA DHS in the computation of the next fiscal year's payment (Pa. Code Title 55, Chapter 4300, Section 4300.151).

Condition/Context: The block grant report of income and expenditures did not agree with the underlying accounting records, post-closing adjustments incorporated block grant eligible costs as well as costs covered by other funding sources that were included in the block grant reports in error.

Cause: Block grant reporting was not completed during the accounting record close process, resulting in expenditures reported in the block grant submission that were not in the accounting detail.

Effect: Expenditures reported under block grant reporting are not substantiated by the underlying accounting records. Block grant expenditures were incorrectly stated.

Questioned Costs: There are no questioned costs associated with federal fund expenditures for this finding. Block grant report submission includes overstatement of \$2,373,726 in expenditures reported to Pennsylvania state human services block grants that are associated with a different funding source. Error is in reporting of Pennsylvania state portions of block grants. This is not a statistically valid sample.

Recommendation: Block grant reports should be completed prior to the accounting record close process to ensure the expenditures reported are supported by the underlying accounting records. Controls over reporting should include records for the basis of reporting submissions should be reviewed as part of the report approval process prior to submission. Supporting documentation and reconciliations should be filed for reference purposes.

Views of Responsible Officials and Planned Corrective Actions: The County Human Services department will submit a revised block grant report for the 2021-2022 fiscal year by October 31, 2023. Block grant reporting for the 2022-2023 fiscal year will be submitted prior to the accounting record close process to ensure the underlying expenditures in the accounting system are in agreement with the expenditures reported. Internal approvals prior to submission and underlying records for reports will be maintained by the County Human Services department.

County of Delaware, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Finding 2022-009: Completion and Submission of Annual Single Audit (Significant Deficiency)

Federal Programs: HOME Investment Partnerships Program, Highway Planning and Construction, COVID-19 - Emergency Rental Assistance Program, COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, Child Support Enforcement, Child Care Development Fund Cluster, Adoption Assistance, Medical Assistance Program, Opioid SOR Grant, Block Grants for Prevention and Treatment of Substance Abuse

ALN Number: 14.239, 20.205, 21.023, 21.027, 93.563, 93.575, 93.596, 93.558, 93.667, 93.659, 93.778, 93.788, 93.959

Federal Award Year: December 31, 2022

Criteria: Pursuant to the provisions of the Uniform Guidance, under section 200.512(a), the County is required to complete and submit its Single Audit and related Data Collection Form within nine months of the end of its fiscal period (September 30) of the following year.

Condition/Context: The County's Single Audit and reporting package was delayed for the year ended December 31, 2021, as a result of turnover within the County, beyond the nine-month due date.

Cause: The County is not in compliance with certain requirements of the Uniform Guidance, including the Single Audit reporting requirements.

Effect: The County is not in compliance with certain requirements of the Uniform Guidance, including the Single Audit reporting requirements.

Questioned Costs: None noted.

Recommendation: We recommend that County management review its staffing and personnel responsibilities to prioritize the completion of its audit responsibilities within the prescribed timeframes.

Views of Responsible Management agrees and will submit its Single Audit and related Data Collection Form within nine months of the end of its fiscal period ended December 31, 2022.

County of Delaware, Pennsylvania

Summary of Prior Year Findings
Year Ended December 31, 2022

Section IV - Summary of Prior Year Audit Findings

Finding 2021-001: Provider Relief Funds - Activities Allowed and Allowable Costs

Federal Program: COVID-19 - Provider Relief Funds

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Not applicable

ALN Number: 93.498

Federal Award Year: December 31, 2021

Condition: The County of Delaware's Geriatric Center was the recipient of the Provider Relief Funds (PRF). Due to a limited number of employees in the accounting department at the County's Geriatric Center, one employee prepared the schedules of allowable costs applied to the PRF funds, including application of eligible payroll costs and lost revenues. The same employee submitted the PRF Report. Proper segregation of duties is necessary to prevent a situation where one individual handles a transaction from beginning to end in order to reduce the potential for misappropriation of assets or fraudulent financial reporting.

Recommendation: An office outside of the County of Delaware's Geriatric Center should review and approve lost revenue calculations, cost allocations, and charges to the grant funding to evaluate that there are no clerical errors and that costs are allowable under the program guidelines. Grant reporting should be reviewed and approved by someone outside of the County of Delaware's Geriatric Center before reporting is submitted.

Resolution: The County of Delaware's Geriatric Center received no additional grant under this program in 2022 that would require report submission.

Finding 2021-002: Foster Care - Title IV-E - Subrecipient Monitoring

Federal Programs: Foster Care - Title IV-E and Temporary Assistance for Needy Families

Federal Agency: U.S. Department of Health and Human Services

Pass-Through Entity: Pennsylvania Department of Human Services

ALN Number: 93.658 and 93.558

Federal Award Year: December 31, 2021

Condition: Findings resulting from the County Child and Youth Services department's on-site review of subrecipients were communicated to the subrecipient at the conclusion of the review procedures, however subrecipients did not submit a written corrective action plan.

Recommendation: Subrecipients that receive findings as a result of their on-site monitoring should submit a corrective action plan to the County.

Resolution: See current year finding 2022-003.

**Independent Accountants' Report on
Applying Agreed-Upon Procedures on the
Schedule of WIOA Expenditures by
Contract Number and Year**

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

We have performed the procedures enumerated below on the accompanying Schedule of WIOA Expenditures by Contract Number and Year (the Schedule) of the County of Delaware, Pennsylvania (the County) for the year ended December 31, 2022. The County's management is responsible for the Schedule required by the Pennsylvania Department of Labor and Industry.

County Council and the Pennsylvania Department of Labor and Industry have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in evaluation of the County's compliance with the requirements of the Pennsylvania Department of Labor and Industry for year ended December 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

We mathematically checked the clerical accuracy of the County's summarization of amounts reported on the monthly Financial Status Report (FSR) submitted to the Pennsylvania Department of Labor and Industry during the fiscal year ended December 31, 2022 and the report of the summarized, fiscal year totals on the respective formats as presented in the WIOA Policies and Procedures Manual. This procedure was performed for the WIOA expenditures by program identifier and year included on page 103 administered by the County which were funded in whole, or in part, by the Pennsylvania Department of Labor and Industry. No findings were identified.

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

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
September 28, 2023

County of Delaware, Pennsylvania

Schedule of WIOA Expenditures by Contract Number and Year
Year Ended December 31, 2022

Title	ALN Number	Contract Number	Agreement Period	Authorized Budget	Cumulative Expenditures	(Over) Under
Contract Year 2019						
WIA Adult Program	17.258	035193001	07/01/19-06/30/22	\$ 152,671	\$ 152,671	\$ -
	17.258	035193011	10/01/19-06/30/22	813,902	813,902	-
	17.258	035193131	10/01/19-06/30/22	19,531	19,531	-
WIA Dislocated Worker Program	17.278	035194001	07/01/19-06/30/22	190,210	190,210	-
	17.278	035194011	10/01/19-06/30/22	773,542	773,542	-
	17.278	035194031	07/01/19-06/30/22	91,783	91,783	-
	17.278	035194131	10/01/19-06/30/22	66,870	66,870	-
	17.278	035194136	10/01/19-06/30/22	12,822	12,822	-
WIA National Emergency	17.277	035198523	05/27/20-06/30/22	68,668	68,668	-
WIA Youth Program	17.259	035193301	04/01/19-06/30/22	910,152	910,152	-
	17.259	035193343	04/01/19-06/30/22	6,155	6,155	-
Total Contract Year 2019				<u>\$ 3,106,306</u>	<u>\$ 3,106,306</u>	<u>\$ -</u>
Contract Year 2020						
WIA Adult Program	17.258	035203001	07/01/20-06/30/23	\$ 149,729	\$ 149,729	\$ -
	17.258	035203011	10/01/20-06/30/23	747,155	747,155	-
WIA Dislocated Worker Program	17.278	035204001	07/01/20-06/30/23	192,155	192,155	-
	17.278	035204011	10/01/20-06/30/23	865,955	865,955	-
	17.278	035204151	10/01/20-06/30/23	25,000	25,000	-
	17.278	035204052	07/01/20-06/30/23	2,627	2,627	-
WIA Youth Program	17.259	035203301	04/01/20-06/30/23	1,047,681	1,047,681	-
TANF Youth Program	93.558	035203361	07/01/20-06/30/23	1,015,920	971,891	44,029
Total Contract Year 2020				<u>\$ 4,046,222</u>	<u>\$ 4,002,193</u>	<u>\$ 44,029</u>
Contract Year 2021						
WIA Adult Program	17.258	035213001	07/01/21-06/30/24	\$ 216,362	\$ 216,362	\$ -
	17.258	035213011	10/01/21-06/30/24	1,019,741	1,019,741	-
WIA Dislocated Worker Program	17.278	035214001	07/01/21-06/30/24	246,704	246,704	-
	17.278	035214011	10/01/21-06/30/24	299,853	123,570	176,283
	17.278	035214132	10/01/21-06/30/24	150,000	23,973	126,027
	17.278	035213013	10/01/21-06/30/24	750,000	105,521	644,479
WIA Youth Program	17.259	035213301	04/01/21-06/30/24	1,305,325	848,305	457,020
TANF Youth Program	93.558	035213361	07/01/21-06/30/24	1,094,700	480,527	614,173
Total Contract Year 2021				<u>\$ 5,082,685</u>	<u>\$ 3,064,703</u>	<u>\$ 2,017,982</u>
Contract Year 2022						
WIA Adult Program	17.258	035223001	07/01/22-06/30/25	\$ 236,190	\$ 50,427	\$ 185,763
	17.258	035223011	10/01/22-06/30/25	1,055,495	-	1,055,495
WIA Dislocated Worker Program	17.278	035224001	07/01/22-06/30/25	229,381	-	229,381
	17.278	035224011	10/01/22-06/30/25	911,294	-	911,294
	17.278	035224132	10/01/22-06/30/25	150,000	-	150,000
WIA Youth Program	17.259	035223301	04/01/22-06/30/25	1,475,812	-	1,475,812
Apprenticeship USA Grants	17.285	035222206	07/01/22-06/30/26	183,333	-	183,333
TANF Youth Program	93.558	035223361	07/01/22-06/30/24	1,165,165	-	1,165,165
Total Contract Year 2022				<u>\$ 5,406,670</u>	<u>\$ 50,427</u>	<u>\$ 5,356,243</u>

See independent accountants' report on applying agreed-upon procedures on the
Schedule of WIOA Expenditures by Contract Number and Year

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

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

We have performed the procedures enumerated below, on the County of Delaware, Pennsylvania (the County) financial schedules and exhibits required by the PA DHS *Single Audit Supplement* as of and for the years ended June 30, 2022 and December 31, 2022. The County's management is responsible for the financial schedules and exhibits required by the DHS *Single Audit Supplement*.

County Council, PA DHS and management of the Domestic Relations and Humans Services Departments of the County have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding the financial accounts of the engaging party during the years ended June 30, 2022 and December 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- a) We have agreed by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to PA DHS for fiscal years ended June 30, 2022 and December 31, 2022, have been accurately compiled and reflect the audited books and records of the County. We have also agreed by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the PA DHS *Single Audit Supplement* pertaining to these periods.

Program Name	Page Number	Exhibit Number	Referenced Schedule/Exhibit
Child Support Enforcement	107	A-1(a)	Comparison of Single Audit Expenditures With Reported Expenditures
Child Support Enforcement	108	A-1(b)	PACSES OCSE 157 Data Reliability Validation
Child Support Enforcement	109	A-1(c)	Comparison of Reported Incentives to Incentives on Deposit
Child Support Enforcement	110	A-1(d)	Comparison of Single Audit Title IV-D Account With Reported Title IV-D Account
EARN	111	Exhibit II	Schedule of Revenues and Expenditures
Medical Assistance	112	Exhibit III	Schedule of Revenues and Expenditures
Transportation Program			Funding of Program Costs
Early Intervention Services	113	V(a)	Report of Income and Expenditures
Early Intervention Services	114	V(b)	Schedule of Fund Balances - Summary Report
Human Services Block Grant	115	VI(a)	Schedule of Fund Balances - Summary Report
Human Services Block Grant	116	VI(b)	Schedule of Fund Balances - Summary Report

Program Name	Page Number	Exhibit Number	Referenced Schedule/Exhibit
Early Learning Resource Center	117	VIII(a)	Report of Income and Expenditures
Early Learning Resource Center	118	VIII(b)	Report of Income and Expenditures
Early Learning Resource Center	119	VIII(c)	Report of Income and Expenditures
Early Learning Resource Center	120	VIII(d)	Report of Income and Expenditures
Early Learning Resource Center	121		Recap Worksheet

b) We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to PA DHS for the period in question.

c) The processes detailed in paragraphs (a) and (b) above disclosed the following:

Human Services Block Grant reporting - Expenditures for mental health and HSS could not be reconciled to the underlying accounting records, however \$580,472 in post-closing allocations of expenditures to the block grant funds for mental health services were included in the report. Additional program costs were allocated to the block grant that were covered through other funding sources in error, a revised block grant report will be submitted to reduce the mental health expenditures to align with the funding by \$2,373,726. In addition, the County was notified by a service provider in June 2023 that they had over-charged the County \$1,810,096 due to an error in the service rates applied, this was refunded to the County. A revised block grant report of Income and Expenditures will be submitted for FY2021-2022 to reflect the decrease in program expenditures.

d) With regard to the Reconciliation Supplemental Financial Schedule (Exhibit XX on pages 122 and 124) (the Reconciliation Schedule), we have performed the following procedures:

1. We have agreed by comparison of amounts and classifications the expenditure amounts listed on the Reconciliation Schedule under the Federal Expenditures per the SEFA (column C), which summarizes PA DHS federal expenditure amounts as of December 31, 2022, have been accurately compiled and reflect the audited books, records and SEFA of the County.
2. We have agreed by comparison of amounts and classifications the program receipt amounts listed on the Reconciliation Schedule under the Federal Awards Received per the audit confirmation reply from Pennsylvania (column D), which summarizes DHS federal receipt amounts as of December 31, 2022, have been accurately compiled and reflect the audited books, records and SEFA of the County.
3. We have recalculated the dollar amount and percentage differences between the Federal Expenditures per the SEFA (column C) and the Federal Awards Received per the audit confirmation reply from Pennsylvania (column D) on the Reconciliation Schedule.
4. We have agreed by comparison to the audited books and records that the dollar amount differences (column E) between the expenditures (column C) and receipts (column D) on the Reconciliation Schedule accurately reflect the audited books and records of the County.
5. We have agreed by comparison to the audited books and records that the explanation of differences (column G) between the expenditures (column C) and receipts (column D) on the Reconciliation Schedule accurately reflect the audited books and records of the County.

- e) With regard to the Children and Youth Agency Monitoring Schedule (Exhibit XXI on pages 125 and 128) (the CCYA Schedule), we have performed the following procedures:
1. We have reconciled the list of providers under Provider Name column A to the providers who were paid for In-Home Purchased Services during the year according to the County's general ledgers and Act 148 reporting. We did not identify any providers who were paid during the year, but were not included on the CCYA Schedule.
 2. We have agreed the response in column B to the appropriate provider contract.
 3. We have agreed the information in columns C through I to the County's Children and Youth Agency monitoring records for In-Home Purchased Service Providers.

The procedures detailed in paragraphs a), b), c) and d) above disclosed no adjustments or findings for the period reported upon. The procedures detailed in paragraph e) above disclosed that one contract did not include the CPSL required appendix and corrective action plans (CAP) were not submitted as required in column F of the County's Children and Youth Agency monitoring for certain Purchased Service Providers.

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
September 28, 2023

County of Delaware, Pennsylvania

Child Support Enforcement
 Comparison of Single Audit Expenditures With Reported Expenditures
 Year Ended December 31, 2022
 Exhibit A-1 (a)

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/Under Reported				
	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt. Paid
Quarter Ending 3/31/2022															
1. Salary and overhead	\$ 2,104,590	\$ 54,600	\$ 504,450	\$ 1,545,540	\$ 1,020,056	\$ 2,097,246	\$ 54,600	\$ 504,450	\$ 1,538,196	\$ 1,015,209	\$ 7,344	\$ -	\$ -	\$ 7,344	\$ 4,847
2. Fees and costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest and prog income	1,880	101	-	1,779	1,174	3,503	101	-	3,402	2,245	(1,623)	-	-	(1,623)	(1,071)
4. Genetic testing fees	353	-	-	353	233	353	-	-	353	233	-	-	-	-	-
5. Genetic testing costs	700	-	-	700	462	700	-	-	700	462	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 2,103,057	\$ 54,499	\$ 504,450	\$ 1,544,108	\$ 1,019,111	\$ 2,094,090	\$ 54,499	\$ 504,450	\$ 1,535,141	\$ 1,013,193	\$ 8,967	\$ -	\$ -	\$ 8,967	\$ 5,918
Quarter Ending 6/30/2022															
1. Salary and overhead	\$ 2,134,775	\$ 54,391	\$ -	\$ 2,080,384	\$ 1,373,053	\$ 2,120,473	\$ 54,391	\$ -	\$ 2,066,082	\$ 1,363,614	\$ 14,302	\$ -	\$ -	\$ 14,302	\$ 9,439
2. Fees and costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest and prog income	2,476	114	-	2,362	1,559	4,027	114	-	3,913	2,583	(1,551)	-	-	(1,551)	(1,024)
4. Genetic testing fees	292	-	-	292	193	292	-	-	292	193	-	-	-	-	-
5. Genetic testing costs	3,156	-	-	3,156	2,083	3,157	-	-	3,157	2,084	(1)	-	-	(1)	(1)
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 2,135,163	\$ 54,277	\$ -	\$ 2,080,886	\$ 1,373,384	\$ 2,119,311	\$ 54,277	\$ -	\$ 2,065,034	\$ 1,362,922	\$ 15,852	\$ -	\$ -	\$ 15,852	\$ 10,462
Quarter Ending 9/30/2022															
1. Salary and overhead	\$ 2,501,099	\$ 64,070	\$ -	\$ 2,437,029	\$ 1,608,439	\$ 2,521,680	\$ 64,070	\$ -	\$ 2,457,610	\$ 1,622,023	\$ (20,581)	\$ -	\$ -	\$ (20,581)	\$ (13,584)
2. Fees and costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest and prog income	11,945	126	-	11,819	7,801	4,384	126	-	4,258	2,810	7,561	-	-	7,561	4,991
4. Genetic testing fees	196	-	-	196	129	196	-	-	196	129	-	-	-	-	-
5. Genetic testing costs	4,381	-	-	4,381	2,891	4,381	-	-	4,381	2,891	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 2,493,339	\$ 63,944	\$ -	\$ 2,429,395	\$ 1,603,400	\$ 2,521,481	\$ 63,944	\$ -	\$ 2,457,537	\$ 1,621,975	\$ (28,142)	\$ -	\$ -	\$ (28,142)	\$ (18,575)
Quarter Ending 12/31/2022															
1. Salary and overhead	\$ 2,520,265	\$ 63,630	\$ 1,070,888	\$ 1,385,747	\$ 914,593	\$ 2,498,615	\$ 63,630	\$ 1,070,888	\$ 1,364,097	\$ 900,304	\$ 21,650	\$ -	\$ -	\$ 21,650	\$ 14,289
2. Fees and costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest and prog income	30,643	70	-	30,573	20,178	2,408	70	-	2,338	1,543	28,235	-	-	28,235	18,635
4. Genetic testing fees	144	-	-	144	95	144	-	-	144	95	-	-	-	-	-
5. Genetic testing costs	1,593	-	-	1,593	1,051	957	-	-	957	632	636	-	-	636	419
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	\$ 2,491,071	\$ 63,560	\$ 1,070,888	\$ 1,356,623	\$ 895,371	\$ 2,497,020	\$ 63,560	\$ 1,070,888	\$ 1,362,572	\$ 899,298	\$ (5,949)	\$ -	\$ -	\$ (5,949)	\$ (3,927)

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Child Support Enforcement
PACSES OCSE 157 Data Reliability Validation
For the Year Ended December 31, 2022
Exhibit A-1(b)

OCSE 157 Report Line Number	Number of Cases Reviewed	Case Problems Found
Line #1 IV-D cases open at the end of the fiscal year	5	1
Line #2 IV-D cases open at the end of the fiscal year with support orders established	5	0
Line #5 Children in IV-D cases open at the end of the fiscal year who were born out of wedlock	5	0
Line #6 Children in IV-D cases open at the end of the fiscal year who were born out of wedlock with paternity resolved	5	0
Line #24 Total amount of current support due for the fiscal year for IV-D cases, excluding emancipated children	5	0
Line #25 Total amount of support disbursed as current support during the fiscal year for IV-D cases, excluding emancipated children	5	0
Line #28 Cases with arrears due during the fiscal year (10/01/21 - 09/30/22)	5	0
Line #29 Cases with disbursements on arrears during the fiscal year (10/01/21- 09/30/22)	5	0

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Child Support Enforcement

Comparison of Reported Incentives to Incentives on Deposit

Year Ended December 31, 2022

Exhibit A-1(c)

Month	Monthly Statement of Expenditures (MSE) Incentive Paid Cost Worksheet Ending Incentive Balance	Audited Title IV-D Account Incentive Balance **	Type of Account Structure
January 1	\$ 1,192,757	\$ 6,064,925	
March 31	1,003,238	7,199,341	(X) Separate Bank Account
June 30	1,177,063	4,281,365	() Restricted Fund - General Ledger
September 30	1,351,375	5,310,501	() Other: _____
December 31	463,459	6,892,708	

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

County of Delaware, Pennsylvania

Child Support Enforcement

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

Year Ended December 31, 2022

Exhibit A-1(d)

	Single Audit Title IV-D Account	Reported Title IV-D Account	Single Audit Over/(Under) Reported
Balance, January 1, 2022	\$ 7,257,682	\$ 7,257,682	\$ -
Receipts:			
Reimbursements	4,837,372	4,837,372	-
Incentives	838,152	838,152	-
Title XIX incentives	126	126	-
Interest	46,923	46,923	-
Program income	-	-	-
Genetic testing costs	2,297	2,297	-
Maintenance of effort (MOE)	-	-	-
Other	-	-	-
Total receipts	<u>5,724,870</u>	<u>5,724,870</u>	<u>-</u>
Intra-fund Transfers, In	<u>-</u>	<u>-</u>	<u>-</u>
Funds available	<u>12,982,552</u>	<u>12,982,552</u>	<u>-</u>
Disbursements:			
Transfers to General Fund	5,626,385	5,626,385	-
Vendor payments	-	-	-
Bank charges	-	-	-
Other	-	-	-
Total disbursements	<u>5,626,385</u>	<u>5,626,385</u>	<u>-</u>
Intra-fund Transfers, Out	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2022	<u>\$ 7,356,167</u>	<u>\$ 7,356,167</u>	<u>\$ -</u>

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

County of Delaware, Pennsylvania

EARN 21-22 4100077677

Schedule of Revenue and Expenditures - Exhibit II

Year Ended June 30, 2022

	<u>Budgeted Amount</u>	<u>Cumulative YTD Actual Expenses</u>	<u>Balance of Budgeted Amount</u>
Administration Costs			
A. Personnel:			
Staff salaries	\$ 83,969	\$ 33,661	\$ 50,308
Staff fringe benefits	112,207	4,523	107,684
	<u>196,176</u>	<u>38,184</u>	<u>157,992</u>
Total salaries/fringe benefits			
B. Equipment and supplies	20,657	132	20,525
C. Operating expenses	156,610	13,232	143,378
	<u>373,443</u>	<u>51,548</u>	<u>321,895</u>
Total administration costs			
Program Costs (Direct Training)			
A. Personnel:			
Staff salaries	-	-	-
Staff fringe benefits	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total personnel			
B. Equipment and supplies	-	-	-
C. Operating expenses	-	-	-
D. Other program expenses	-	-	-
	<u>3,436,104</u>	<u>3,028,022</u>	<u>408,082</u>
Total subcontracted expenses			
Total program costs	<u>3,436,104</u>	<u>3,028,022</u>	<u>408,082</u>
Total contract amount	<u>\$ 3,809,547</u>	<u>\$ 3,079,570</u>	<u>\$ 729,977</u>

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Medical Assistance Transportation Program
Schedule of Revenue and Expenditures - Exhibit III
Year Ended June 30, 2022

	<u>Reported</u>	<u>Actual</u>
Service Data		
Expenditures:		
Group I clients	\$ 3,136,689	\$ 3,136,689
Group II clients	6,620	6,620
	<u> </u>	<u> </u>
Total expenditures	<u>\$ 3,143,309</u>	<u>\$ 3,143,309</u>
Allocation Data		
Revenues:		
Department of Human Services	\$ 3,142,867	\$ 3,142,868
Interest income	442	442
	<u> </u>	<u> </u>
Total revenues	<u>\$ 3,143,309</u>	<u>\$ 3,143,310</u>
Funds expended:		
Operating costs	\$ 3,121,716	\$ 3,121,892
Administrative costs	21,593	21,593
	<u> </u>	<u> </u>
Total expenditures	<u>\$ 3,143,309</u>	<u>\$ 3,143,485</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>\$ (175)</u>
Indirect Cost Rate: 9.74%		

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Early Intervention Services
 Funding of Program Costs
 Year Ended June 30, 2022
 Exhibit V(a)

Sources of DHS Funding	Appropriation	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6)	Total Fund Balance (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A. Early Intervention Services								
1. Early Intervention Services	10235	\$ -	\$ 4,808,773	\$ 4,808,773	\$ 4,726,827	\$ 81,946	\$ -	\$ 81,946
2. Early Intervention Training	10235	-	2,205	2,205	2,205	-	-	-
3. Early Intervention Administration	10235	-	288,763	288,763	227,909	60,854	-	60,854
4. Infants & Toddlers w/Disabilities (Part C)	70170	-	686,536	686,536	686,536	-	-	-
5. IT&F Waiver Administration	10235	-	155,315	155,315	199,401	(44,086)	-	(44,086)
6. Reserved	00001	-	-	-	-	-	-	-
Total Early Intervention Services		\$ -	\$ 5,941,592	\$ 5,941,592	\$ 5,842,878	\$ 98,714	\$ -	\$ 98,714

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Early Intervention Services
 Report of Income and Expenditures
 Year Ended June 30, 2022
 Exhibit V(b)

	Admin Office	Early Intervention	Service Coordination	Total
I. TOTAL ALLOCATION				\$ 5,941,592
II. TOTAL EXPENDITURES	\$ 652,124	\$ 4,270,828	\$ 1,871,784	\$ 6,794,736
III. COSTS OVER ALLOCATION				
A. County Funded Eligible	\$ -	\$ -	\$ -	\$ -
B. County Funded Ineligible	-	-	-	-
C. Other Eligible	-	-	-	-
D. Other Ineligible	-	-	-	-
Subtotal Costs Over Allocation	\$ -	\$ -	\$ -	\$ -
IV. REVENUES				
A. Program Service Fees	\$ -	\$ -	\$ -	\$ -
B. Private Insurance	-	-	-	-
C. Medical Assistance	199,401	-	125,314	324,715
D. Earned Interest	-	-	-	-
E. Other	90	-	-	90
Subtotal Revenues	\$ 199,491	\$ -	\$ 125,314	\$ 324,805
V. DHS REIMBURSEMENT				
A. DHS Categorical Funding 90%	\$ 227,909	\$ 3,843,745	\$ 1,571,823	\$ 5,643,477
B. DHS Categorical Funding 100%	199,401	-	-	\$ 199,401
Subtotal DHS Reimbursement	\$ 427,310	\$ 3,843,745	\$ 1,571,823	\$ 5,842,878
VI. COUNTY MATCH				
10% County Match	\$ 25,323	\$ 427,083	\$ 174,647	\$ 627,053
Subtotal County Match	\$ 25,323	\$ 427,083	\$ 174,647	\$ 627,053
VII. TOTAL DHS REIMB & COUNTY MATCH	\$ 452,633	\$ 4,270,828	\$ 1,746,470	\$ 6,469,931
VIII. TOTAL CARRYOVER				\$ 98,714

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Human Services Block Grants
 Schedule of Fund Balances - Summary Report
 Year Ended June 30, 2022
 Exhibit VI(a)

County Match (%)	2.06%
Actual County Match (\$)	\$902,002
Actual County Match (%)	2.06%

Block Grant Reporting		Costs Eligible for DHS Participation							Balance of Funds (3)	Adjustments (4)	Total Fund Balance (5)
		(2)									
Sources of Funding:	Appropriation	DHS Allocation (1)	Mental Health	Intellectual Disabilities	Homeless Assistance	HSS	D&A	Total			
1 State Human Services Block Grant	Multiple	\$ 45,820,111	\$ 34,926,030	\$ 4,938,691	\$ 844,523	\$ 417,211	\$ 407,571	\$ 41,534,026	\$ 4,286,085	\$ -	\$ 4,286,085
2 SSBG	Multiple	690,080	293,886	396,194	-	-	-	690,080	-	-	-
3 Reserved		-	-	-	-	-	-	-	-	-	-
4 CMHSBG	70167	698,724	698,724	-	-	-	-	698,724	-	-	-
5 Reserved		-	-	-	-	-	-	-	-	-	-
Total for Block Grant		\$ 47,208,915	\$ 35,918,640	\$ 5,334,885	\$ 844,523	\$ 417,211	\$ 407,571	\$ 42,922,830	\$ 4,286,085	\$ -	\$ 4,286,085

Retained Earnings	
I. Unexpended Allocation	\$ 4,286,085
II. Maximum Retained Earnings (5%)	2,291,006
III. Amount to be Returned to DHS	1,995,079
IV. Total Requested Retained Earnings	\$ 2,291,006

Prior Year Retained Earnings	
I. FY 20-21 Retained Earnings	\$ 2,251,833
II. Total Expended Retained Earnings-5%	2,251,833
III. Amount to be Returned to DHS	\$ -

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Human Services Block Grants

Schedule of Fund Balances - Summary Report

Year Ended June 30, 2022

Exhibit VI(b)

Sources of Funding	Appropriation	Total Carryover (1)	Allotment (2)	DHS Allocation (3)	Costs Eligible for DHS Participation (4)	Balance of Funds (5)	Adjustments (6)	Total Fund Balance (7)
A. Mental Health Services								
1 State - Employment	10248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 Federal - Peer Specialist	70127	782	-	782	-	782	-	782
3 Federal - PATH Homeless Grant	70154	-	131,919	131,919	131,919	-	-	-
4 Federal - CMHSBG-First Episode Psychosis	70167	198,978	150,000	348,978	110,049	238,929	-	238,929
5 Federal - CMHSBG -IECMH Endorsement	70167	22,400	5,000	27,400	-	27,400	-	27,400
6 Federal - CMHSBG - Housing Training Scholarships	70167	10,000	5,000	15,000	-	15,000	-	15,000
7 Federal - CMHSBG - TCM On-line Training	70167	-	-	-	-	-	-	-
8 Federal - CMHSBG - Supported Education	70167	-	-	-	-	-	-	-
9 Federal - 988 Planning Initiative	70651	1,000	-	1,000	-	1,000	-	1,000
10 Federal - PA System of Care Grant	70976	-	253,301	253,301	-	253,301	-	253,301
11 Federal - Project Launch	71021	-	-	-	-	-	-	-
12 Federal - Public Health Emergency Preparedness	80343	-	-	-	-	-	-	-
13 Federal - SERG-Tree of Life	82583	-	-	-	-	-	-	-
14 Federal - Covid-19 CMHSBG	87410	-	1,422,189	1,422,189	-	1,422,189	-	1,422,189
15 Reserved		-	-	-	-	-	-	-
Subtotal Mental Health Services		\$ 233,160	\$ 1,967,409	\$ 2,200,569	\$ 241,968	\$ 1,958,601	\$ -	\$ 1,958,601
B. Intellectual Disabilities Services								
1 Elwyn (Delaware County Only)	10236	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ 200,000
2 ARPA Emergency Kits-O-T-P Non-Block Grant (Butler Count	10255	-	-	-	-	-	-	-
3 ARPA Respite	10255	-	123,574	123,574	123,574	-	-	-
4 ARPA Base-Rate Increase	10255	-	457,354	457,354	457,354	-	-	-
5 Temporary MFP-Start Model (Allegheny County Only)	70175	-	-	-	-	-	-	-
6 Temporary-DOH	87442	-	-	-	-	-	-	-
7 ARPA Administration-State & Federal	10255/70175	-	319,614	319,614	319,614	-	-	-
8 Reserved		-	-	-	-	-	-	-
Subtotal Intellectual Disabilities Services		\$ 200,000	\$ 900,542	\$ 1,100,542	\$ 900,542	\$ 200,000	\$ -	\$ 200,000
C. Total for Non-Block Grant Reporting		\$ 433,160	\$ 2,867,951	\$ 3,301,111	\$ 1,142,510	\$ 2,158,601	\$ -	\$ 2,158,601

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Early Learning Resource Center
 Report of Income and Expenditures
 Year Ended June 30, 2022
 Exhibit VIII(a)
 Contract No.: 18-215327

	Low Income		Former TANF		LI & FT Total
	Administration	SERVICE	Administration	Service	
Revenue					
DHS Funds	\$ -	\$ 30,540,751	\$ -	\$ 9,938,797	\$ 40,479,548
Interest		\$ 4,434		\$ -	\$ 4,434
Audit Adjustments	\$ -		\$ -		\$ -
Other (e.g., Penalties)	\$ -		\$ -		\$ -
Client repayments		\$ 11,425		\$ -	\$ 11,425
Supplemental payment		\$ 223,001		\$ 32,361	\$ 255,362
Total Revenue	\$ -	\$ 30,779,611	\$ -	\$ 9,971,158	\$ 40,750,769
Expenditures					
Final Report Totals	\$ -	\$ 27,948,144	\$ -	\$ 9,992,976	\$ 37,941,120
Late Service Adjustments		\$ -		\$ -	\$ -
Total Expenditures	\$ -	\$ 27,948,144	\$ -	\$ 9,992,976	\$ 37,941,120
Subtotal-LI/FT	\$ -	\$ 2,831,467	\$ -	\$ (21,818)	\$ 2,809,649

County of Delaware, Pennsylvania

Early Learning Resource Center
 Report of Income and Expenditures
 Year Ended June 30, 2022
 Exhibit VIII(b)
 Contract No.: 18-215327

	TANF FSS	TANF Service		TANF Total
		Training	Working	
Revenue				
DHS Funds	\$ -	\$ 1,487,509	\$ 747,107	\$ 2,234,616
Interest		\$ -	\$ -	\$ -
Audit Adjustments	\$ -			\$ -
Other (e.g., Penalties)	\$ -			\$ -
Supplemental Payment		\$ -	\$ 40,364	\$ 40,364
Total Revenue	\$ -	\$ 1,487,509	\$ 787,471	\$ 2,274,980
Expenditures				
Final Report Totals		\$ 1,490,962	\$ 797,679	\$ 2,288,641
Late Service Adjustments		\$ -	\$ -	\$ -
Total Expenditures		\$ 1,490,962	\$ 797,679	\$ 2,288,641
TOTAL DUE DHS		\$ (3,453)	\$ (10,208)	\$ (13,661)

County of Delaware, Pennsylvania

Early Learning Resource Center
 Report of Income and Expenditures
 Year Ended June 30, 2022
 Exhibit VIII(c)
 Contract No.: 18-215327

	State MOE/GA FSS	Service		State MOE/GA Total
		State MOE	General	
Revenue				
DHS Funds	\$ -	\$ 278,558	\$ -	\$ 278,558
Interest		\$ -	\$ -	\$ -
Audit Adjustments	\$ -			\$ -
Other (e.g., Penalties)	\$ -			\$ -
Total Revenue	\$ -	\$ 278,558	\$ -	\$ 278,558
Expenditures				
Final Report Totals		\$ 292,211	\$ -	\$ 292,211
Total Expenditures		\$ 292,211	\$ -	\$ 292,211
TOTAL DUE DHS		\$ (13,653)	\$ -	\$ (13,653)

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Early Learning Resource Center
 Report of Income and Expenditures
 Year Ended June 30, 2022
 Exhibit VIII(d)
 Contract No.: 18-215327

	Supplemental Nutrition Assistance Program		
	FSS	Service	Total
Revenue			
DHS Funds	\$ -	\$ 291,811	\$ 291,811
Interest		\$ -	\$ -
Audit Adjustments	\$ -		\$ -
Other (e.g., Penalties)	\$ -		\$ -
Total Revenue	\$ -	\$ 291,811	\$ 291,811
Expenditures			
Final Report Totals		\$ 281,713	\$ 281,713
Total Expenditures	\$ -	\$ 281,713	\$ 281,713
TOTAL DUE DHS	\$ -	\$ 10,098	\$ 10,098

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Early Learning Resource Center
 Recap Worksheet for FY2021-2022
 Year Ended June 30, 2022
 Contract No.: 18-215327

	LOW INCOME	FORMER TANF	TANF TRAINING	TANF WORKING	TANF STATE MOE	FOOD STAMPS	GENERAL ASSIST/WS 2	Total
	CCW Service	CCW Service	CCW Service	CCW Service	CCW Service	CCW Service	CCW Service	CCW Service
REVENUE								
Commonwealth funds	\$ 30,540,751	\$ 7,594,642	\$ 1,487,509	\$ 747,107	\$ 278,558	\$ 291,811	\$ -	\$ 40,940,378
Supplemental payment	223,001	32,361	-	40,364	-	-	-	295,726
Interest	4,434							4,434
Client repayments	11,425							11,425
TOTAL REVENUE	\$ 30,779,611	\$ 7,627,003	\$ 1,487,509	\$ 787,471	\$ 278,558	\$ 291,811	\$ -	\$ 41,251,963
EXPENDITURES								
Final report totals	\$ 30,762,064	\$ 7,627,334	\$ 1,490,962	\$ 797,679	\$ 292,211	\$ 281,713	\$ -	\$ 41,251,963
Late service adjustments	-	-	-					-
TOTAL EXPENDITURES	\$ 30,762,064	\$ 7,627,334	\$ 1,490,962	\$ 797,679	\$ 292,211	\$ 281,713	\$ -	\$ 41,251,963
SUBTOTAL-CCW	\$ 17,547	\$ (331)	\$ (3,453)	\$ (10,208)	\$ (13,653)	\$ 10,098	\$ -	\$ -

	LOW INCOME - Subcontracts - I/T Care Levels Quality Service	LOW INCOME - Subcontracts - Other Care Levels Quality Service					Total Quality Service
REVENUE							
Commonwealth funds	\$ 1,428,000	\$ 86,000	\$ -	\$ -	\$ -	\$ -	\$ 1,514,000
Interest							-
TOTAL REVENUE	\$ 1,428,000	\$ 86,000	\$ -	\$ -	\$ -	\$ -	\$ 1,514,000
EXPENDITURES							
Final report totals	\$ 1,428,000	\$ 86,000	\$ -	\$ -	\$ -	\$ -	\$ 1,514,000
TOTAL EXPENDITURES	\$ 1,428,000	\$ 86,000	\$ -	\$ -	\$ -	\$ -	\$ 1,514,000
SUBTOTAL-QUALITY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SUMMARY FY 2021-22

REVENUE	
CCW Service	\$ 41,251,963
Quality Service	1,514,000
SUBTOTAL	\$ 42,765,963
EXPENDITURES	
CCW Service	\$ 41,251,963
Quality Service	1,514,000
SUBTOTAL	\$ 42,765,963
TOTAL DUE	\$ -

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Reconciliation Supplemental Financial Schedule - Exhibit XX
Year Ended December 31, 2022

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Grantor/Program Title	Federal ALN Number	Federal Expenditures per the SEFA	Federal Awards Received per the Audit Confirmation Reply From Pennsylvania	Difference (C) - (D)	% Difference (E / D)	Detailed Explanation of Differences
State matching grants for supplemental nutrition assistance program	10.561	\$ 126,286	\$ 178,217	\$ (51,931)	-29%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
COVID-19 - Emergency rental assistance program	21.023	19,780,654	7,223,916	12,556,738	174%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the prior year that were disbursed in the current year.
COVID-19 - Coronavirus state and local fiscal recovery funds	21.027	3,849,000	3,849,000	-	0%	
Special education grants for infants & families with disabilities	84.181	902,995	716,419	186,576	26%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Guardianship assistance	93.090	259,201	5,423	253,778	4680%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments not received by the end of the year.
Comprehensive community mental health services for children with serious emotional disturbances (SED)	93.104	-	373,911	(373,911)	-100%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the current year to be expended in the next year.
Projects for assistance in transition from homelessness	93.150	521,586	131,919	389,667	295%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Promoting safe and stable families	93.556	232,474	97,090	135,384	139%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Temporary assistance for needy families	93.558	9,492,538	9,747,820	(255,282)	-3%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Child support enforcement	93.563	5,626,385	4,841,332	785,053	16%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Reconciliation Supplemental Financial Schedule - Exhibit XX
Year Ended December 31, 2022

(A)	(B)	(C)	(D) Federal Awards Received per the Audit Confirmation Reply From Pennsylvania	(E)	(F)	(G)
Grantor/Program Title	Federal ALN Number	Federal Expenditures per the SEFA		Difference (C) - (D)	% Difference (E / D)	Detailed Explanation of Differences
Childcare and development block grant	93.575	\$ 40,212,692	\$ 25,099,750	\$ 15,112,942	60%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the prior year that were applied to current year expenditures.
Childcare mandatory and matching funds of the childcare and development fund	93.596	8,959,648	10,081,667	(1,122,019)	-11%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Stephanie Tubbs Jones child welfare services program	93.645	779,759	220,851	558,908	253%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Foster care - Title IV-E	93.658	5,220,498	4,340,941	879,557	20%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Adoption assistance	93.659	3,620,652	2,407,501	1,213,151	50%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Social services block grant	93.667	3,978,240	4,033,364	(55,124)	-1%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Child abuse and neglect state grants	93.669	-	22,461	(22,461)	-100%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the current year to be expended in the next year.
Chafee foster care independence program	93.674	105,358	394,248	(288,890)	-73%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Medical assistance program	93.778	3,199,263	2,957,258	242,005	8%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Reconciliation Supplemental Financial Schedule - Exhibit XX
 Year Ended December 31, 2022

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Grantor/Program Title	Federal ALN Number	Federal Expenditures per the SEFA	Federal Awards Received per the Audit Confirmation Reply From Pennsylvania	Difference (C) - (D)	% Difference (E / D)	Detailed Explanation of Differences
Opioid state response fund grant	93.788	\$ 89,254	\$ -	\$ 89,254	100%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received the prior year that were expended in the current year.
Block grants for community mental health services	93.958	698,724	2,232,813	(1,534,089)	-69%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the current year that will be applied to expenditures in the next year.
		<u>\$ 107,655,207</u>	<u>\$ 78,955,901</u>	<u>\$ 28,699,306</u>	<u>36%</u>	

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Children and Youth Agency Monitoring Schedule - Exhibit XXI
 Period Ended June 30, 2022

(A) Provider Name	(B) Does Provider Contract Include CPSL Requirements	(C) Most Recent Monitoring Date	(D) Monitored During the Current Year (Yes/No)	If Column D is Yes.			(H) Date Follow-up Was Done on Prior Year Monitoring	(I) Has Provider Implemented the CAP
				(E) List Any Exceptions Noted During Current Year Monitoring	(F) If Applicable, Was CAP Submitted	(G) Is CAP Acceptable, to CCYA		
ACCESS SERVICES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
ACCOLLECTIVE CONSULTING	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
ADELPHOI VILLAGE	Yes	6/6/2022	Yes	Six files were reviewed. There were no psychiatric evaluation in two of the six records reviewed. For three of the six records, it was not easy to discern whether individual and family therapy took place. Two did not have dental reports. One record did not have a photo of the child. Three records had no no Independent Living goals specified in the treatment plan and it is not clear how Independent Living was addressed by the program. For one record there were multiple restraints and safety plans, memorandum in the file about it being closed incomplete.	No	n/a	No	n/a
ALERE TOXICOLOGY SERVICES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
ALTERNATIVE REHABILITATION COMMUNITIES, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
ANDREA L. KATIN & ASSOCIATES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
ANNE ACKERMAN	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
BE PROUD FOUNDATION	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
BETHANNA	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
BETHANY CHRISTIAN SERVICES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
BLUEPRINTS	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
BUCKS COUNTY YOUTH CENTER	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CASA YOUTH ADVOCATES, INC.	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CATHERINE SURBECK, PH.D.	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CATHOLIC SOCIAL SERVICES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CENTER FOR RESOLUTION	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CERTIFIED POLYGRAPH TESTING, LLC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CHILD GUIDANCE RESOURCE CENTERS, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Children and Youth Agency Monitoring Schedule - Exhibit XXI
 Period Ended June 30, 2022

(A) Provider Name	(B) Does Provider Contract Include CPSL Requirements	(C) Most Recent Monitoring Date	(D) Monitored During the Current Year (Yes/No)	If Column D is Yes.			(H) Date Follow-up Was Done on Prior Year Monitoring	(I) Has Provider Implemented the CAP
				(E) List Any Exceptions Noted During Current Year Monitoring	(F) If Applicable, Was CAP Submitted	(G) Is CAP Acceptable, to CCYA		
CHILDREN'S CHOICE, INC	Yes	11/5/2021	Yes	There should be a sign in sheet for parents when they come to the house for visits with their child. Quarterly reports should be completed consistently. Files should be organized so it is easier to determine when cases opened and closed with the program when families had multiple cases with the provider to ensure there are complete records for each child independently. One FBI clearance was not updated within the every 3 year requirement.	n/a	n/a	n/a	n/a
CHILDREN'S HOME OF YORK	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CHOR YOUTH & FAMILY SERVICES, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CITY MISSION - LIVING STONES, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
COBYS FAMILY SERVICES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
COMMUNITY ACTION AGENCY OF DELAWARE COUNTY	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
CONCERN	Yes	1/14/2019	No	n/a	n/a	n/a	n/a	n/a
CORNELL ABRAXAS GROUP OS, LLC	Yes	5/22/2019	No	n/a	n/a	n/a	n/a	n/a
DANIEL BURKE	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
DEAF-HEARING COMMUNICATION CENTER, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
DELTA FAMILY SERVICES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
DEVEREUX FOUNDATION	Yes	3/12/2021	No	n/a	n/a	n/a	n/a	n/a
DIAKON CHILD FAMILY & COMMUNITY	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
EDISON COURT, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
EL CONCILIO	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
ELWYN OF PENNSYLVANIA AND DELAWARE	Yes	11/8/2018	No	n/a	n/a	n/a	n/a	n/a
FAMILIES UNITED NETWORK, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
FAMILIES & COMMUNITY SERVICES OF DELAWARE COUNTY	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
FAMILY SUPPORT LINE	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
FORGET ME KNOT COMMUNITY SERVICES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
FRIENDSHIP HOUSE	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
GEORGE JUNIOR REPUBLIC IN PENNSYLVANIA	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
HOLCOMB BEHAVIORAL HEALTH SYSTEMS	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
IMPACT PROJECT	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
JANET O'BRIEN	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
JUNE ELCOCK-MESSAM, M.D. MEDIA PEDIATRICS	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
JUSTICE WORKS YOUTHCARE	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
KAREN DYBNER-MADERO, PSY D	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Children and Youth Agency Monitoring Schedule - Exhibit XXI
 Period Ended June 30, 2022

(A) Provider Name	(B) Does Provider Contract Include CPSL Requirements	(C) Most Recent Monitoring Date	(D) Monitored During the Current Year (Yes/No)	If Column D is Yes.			(H) Date Follow-up Was Done on Prior Year Monitoring	(I) Has Provider Implemented the CAP
				(E) List Any Exceptions Noted During Current Year Monitoring	(F) If Applicable, Was CAP Submitted	(G) Is CAP Acceptable, to CCYA		
KIDSPACE NATIONAL CENTERS, INC	Yes	12/8/2021	Yes	One youth medication change was made with no clear documentation if it was discussed or approved by either the child or parents. The service provider cannot provide verbal or written approval for changes in this medication, unless there is a Court Order giving the agency permission to provide this authorization.	No	n/a	No	No
LANGUAGE SERVICE ASSOCIATES, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
LAUREN KOSSLER, M. ED., LPC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
MATERNITY CARE COALITION	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
MERAKEY MONTGOMERY COUNTY	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
MERAKEY PENNSYLVANIA	Yes	2/26/2021	No	n/a	n/a	n/a	n/a	n/a
M. G. THERAPEUTIC SERVICES LLC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
NATIONAL MENTOR HEALTHCARE, LLC (PA MENTOR)	Yes	3/1/2022	Yes	Seven youth records reviewed. ISP was not completed timely, not reviewed every 90 days and/or not completed for six of seven records. There were incomplete medical and mental health treatment records. It was not clear if medical and dental follow ups in the file were made. Records for visitations and visitation plans were not in the files for all records. There were no discharge summaries for the four records that were discharged. Four foster parent record reviewed. All files included expired and not updated records for insurance, photo ID, auto registration. Records for training hours were not complete or adequate. Household members did not have proper background checks on file.	No	n/a	No	No

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Children and Youth Agency Monitoring Schedule - Exhibit XXI
 Period Ended June 30, 2022

(A) Provider Name	(B) Does Provider Contract Include CPSL Requirements	(C) Most Recent Monitoring Date	(D) Monitored During the Current Year (Yes/No)	If Column D is Yes.			(H) Date Follow-up Was Done on Prior Year Monitoring	(I) Has Provider Implemented the CAP
				(E) List Any Exceptions Noted During Current Year Monitoring	(F) If Applicable, Was CAP Submitted	(G) Is CAP Acceptable, to CCYA		
NEW FOUNDATIONS, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
NORTHERN CHILDREN'S SERVICES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
OUTSIDE IN SCHOOL OF EXPERIMENTAL EDUCATION, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
PINKNEY'S VINEYARD OF FAITH MINISTRIES	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
PREMIER BIOTECH LABS, LLC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
PREMIER BIOTECH, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
PREVENTATIVE AFTER INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
PROGRESSIVE LIFE CENTER, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
REFUSE TO QUIT ACADEMY EDUCATION AND FAMILY SERVICES, LLC	Yes	1/18/2022	Yes	Ten records were reviewed. Some cases that did not fully document all contacts and outreach. There was not in-person contact in each of the cases, however the time period under review was during the early phases of the Covid-19 lockdown	No	n/a	No	No
RTM LLC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
SILVER SPRINGS - MARTIN LUTHER SCHOOL	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
STEP BY STEP LEARNING CENTER INC	No	n/a	No	n/a	n/a	n/a	n/a	n/a
STEPHEN MECHANIC, MD	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
STEPHEN R. SILVERMAN, MA	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
SUMMERS DAY INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
SUMMIT SCHOOL, INC DBA THE SUMMIT ACADEMY	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
TERRI ERBACHER, PHD	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
THE SALVATION ARMY	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
UNITED YOUTH COMMUNITY SERVICES LLC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
VALLEY YOUTH HOUSE	Yes	7/10/2019	No	n/a	n/a	n/a	n/a	n/a
VISIONQUEST NATIONAL, LTD	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
WESLEY HOUSE COMMUNITY CORPORATION	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
WOODS SERVICES, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a
YOUTH SERVICE, INC	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a

See independent accountants' report on applying agreed-upon procedures

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2220221

Schedule of Source and Status of Funds

Period From January 1, 2022 to December 31, 2022

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Other City Funds</u>	<u>Non City Funds</u>	<u>Total</u>
Total Contract	\$ 651,250				\$ 651,250
(Final authorized budget)					
Less:					
Funds drawn down, prior year *	-				-
Funds drawn down, current year *	471,931				471,931
Total funds drawn	471,931				471,931
Funds available for draw	<u>\$ 179,319</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>\$ 179,319</u>
Total funds drawn	\$ 471,931				\$ 471,931
Add:					
Program income	-				-
Total funds received	471,931				471,931
Less:					
Program income expended					-
Funds applied, prior year *	229,489				229,489
Funds applied, current year *	242,442				242,442
Total funds applied	471,931				471,931
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>\$ 179,319</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>\$ 179,319</u>

* For purposes of this schedule, current year represents the period from January 1, 2022 to December 31, 2022

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2220221

Schedule of Program Expenditures

Period From January 1, 2022 to December 31, 2022

	<u>Budget</u>	<u>Expenditures Prior to 1/1/2022</u>	<u>Expenditures 1/1/2022 to 12/31/2022</u>	<u>Expenditures Cumulative to 12/31/2022</u>
Expenditures				
Direct personnel	\$ 102,636	\$ 43,870	\$ 43,818	\$ 87,688
Direct fringe benefits	32,099	11,604	11,636	23,240
Professional services	-	-	-	-
Travel	1,400	260	115	375
Occupancy	13,031	1,401	13,403	14,804
Consumable supplies	5,308	566	2,767	3,333
Equipment	200	13	13	26
Insurance	-	-	-	-
Program costs	496,576	171,775	170,690	342,465
Indirect costs	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 651,250</u>	<u>\$ 229,489</u>	<u>\$ 242,442</u>	<u>\$ 471,931</u>

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2220221

Reconciliation Schedule

Period From January 1, 2022 to December 31, 2022

	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 *	\$ 228,740	\$ 229,489	\$ (749) ^
Current Year *	<u>243,191</u>	<u>242,442</u>	<u>749 ^</u>
Cumulative	<u>\$ 471,931</u>	<u>\$ 471,931</u>	<u>\$ -</u>
Funds Drawn Down			
Prior Year *	\$ 228,740	\$ -	\$ 228,740 +
Current Year *	<u>243,191</u>	<u>471,931</u>	<u>(228,740) +</u>
Cumulative	<u>\$ 471,931</u>	<u>\$ 471,931</u>	<u>\$ -</u>

* For purposes of this schedule, current year represents the period of January 1, 2022 from December 31, 2022

^ Difference is due to timing of reporting of payroll on accrual basis for GAAP purposes and cash basis for subrecipient invoice purposes. Difference is timing on calendar reporting compared to fiscal reporting.

+ Difference is the result of timing of recognition of revenues under generally accepted accounting principles and submission of draw requests. Net impact at end of contract term the result of rounding of expenditures when submitting for reimbursement.

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2220221

Schedule of Program Income

Period From January 1, 2022 to December 31, 2022

	<u>Sales Proceeds</u>	<u>Other (Specify)</u>	<u>Total</u>
Program Income			
Program Income Beginning Balance, January 1, 2022	\$ -	\$ -	\$ -
Add:			
Program income received in current year	-	-	-
Less:			
Program income expended in current year	-	-	-
Ending Balance, December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2022 to December 31, 2022

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Other City Funds</u>	<u>Non- City Funds</u>	<u>Total</u>
Total Contract	\$ 651,250				\$ 651,250
(Final authorized budget)					
Less:					
Funds drawn down, prior year *	-				-
Funds drawn down, current year *	-				-
Total funds drawn	-				-
Funds available for draw	<u>\$ 651,250</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>\$ 651,250</u>
Total funds drawn	\$ -				\$ -
Add:					
Program income	-				-
Total funds received	-				-
Less:					
Program income expended	-				-
Funds applied, prior year *	-				-
Funds applied, current year *	<u>39,079</u>				<u>39,079</u>
Total funds applied	<u>39,079</u>				<u>39,079</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>\$ 612,171</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>\$ 612,171</u>

* For purposes of this schedule, current year represents the period from January 1, 2022 to December 31, 2022

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2320136

Schedule of Program Expenditures

Period From January 1, 2022 to December 31, 2022

	<u>Budget</u>	<u>Expenditures Prior to 1/1/2022</u>	<u>Expenditures 1/1/2022 to 12/31/2022</u>	<u>Expenditures Cumulative to 12/31/2022</u>
Expenditures				
Direct personnel	\$ 26,551	\$ -	\$ 61	\$ 61
Direct fringe benefits	8,857	-	29	29
Professional services	161,022	-	11,187	11,187
Travel	2,300	-	57	57
Occupancy	16,708	-	-	-
Consumable supplies	5,908	-	-	-
Equipment	1,700	-	-	-
Insurance	-	-	-	-
Program costs	428,204	-	27,745	27,745
Indirect costs	-	-	-	-
Total	<u>\$ 651,250</u>	<u>\$ -</u>	<u>\$ 39,079</u>	<u>\$ 39,079</u>

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2320136

Reconciliation Schedule

Period From January 1, 2022 to December 31, 2022

	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 *	\$ -	\$ -	\$ -
Current Year *	<u>254,407</u>	<u>39,079</u>	<u>215,328</u> ^
Cumulative	<u>\$ 254,407</u>	<u>\$ 39,079</u>	<u>\$ 215,328</u>
Funds Drawn Down			
Prior Year *	\$ -	\$ -	\$ -
Current Year *	<u>254,407</u>	<u>-</u>	<u>254,407</u> +
Cumulative	<u>\$ 254,407</u>	<u>\$ -</u>	<u>\$ 254,407</u>

* For purposes of this schedule, current year represents the period of January 1, 2022 from December 31, 2022

^ 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.

County of Delaware, Pennsylvania

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number 2320136

Schedule of Program Income

Period From January 1, 2022 to December 31, 2022

	<u>Sales Proceeds</u>	<u>Other (Specify)</u>	<u>Total</u>
Program Income			
Program Income Beginning Balance, January 1, 2022	\$ -	\$ -	\$ -
Add:			
Program income received in current year	-	-	-
Less:			
Program income expended in current year	<u>-</u>	<u>-</u>	<u>-</u>
Ending Balance, December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>