



**DELAWARE VALLEY REGIONAL
FINANCE AUTHORITY**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2020
&
INDEPENDENT AUDITORS' REPORT
&
ADDITIONAL INFORMATION

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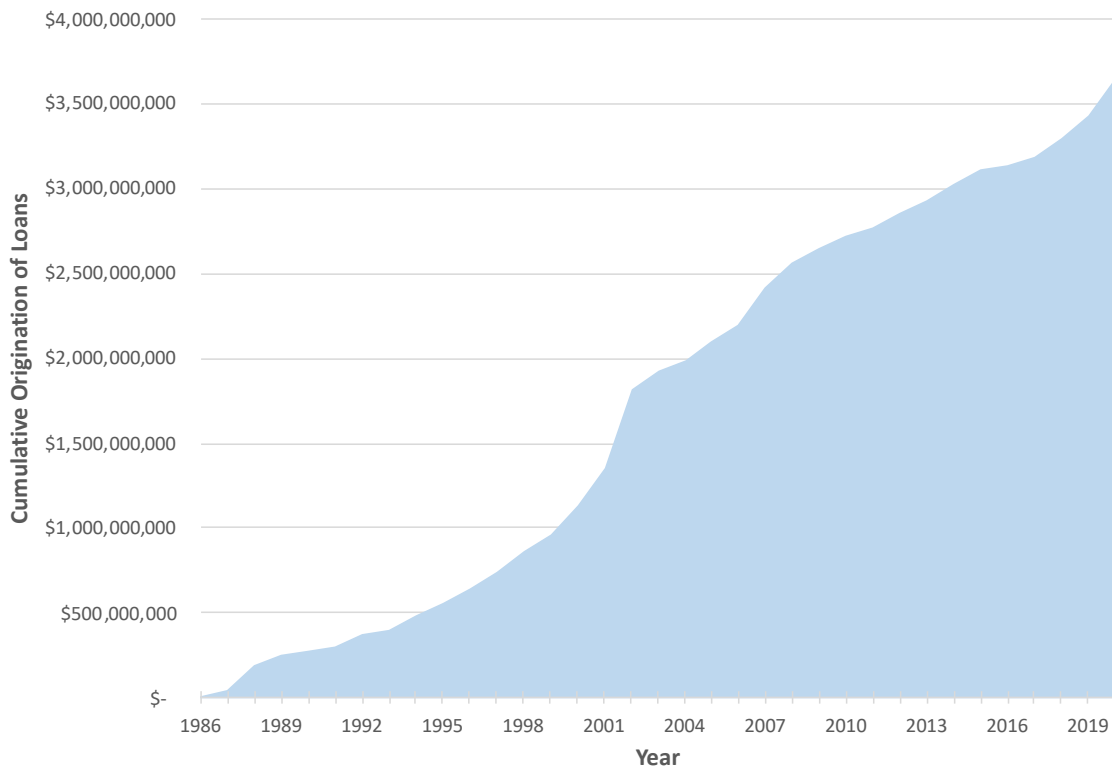


DELAWARE VALLEY REGIONAL FINANCE AUTHORITY MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

INTRODUCTION

Bucks, Chester, Delaware, and Montgomery Counties, Pennsylvania (the “Counties”) formed the Delaware Valley Regional Finance Authority (“DelVal”) under the provisions of the Pennsylvania *Municipality Authorities Act* (the “*Authorities Act*”) on December 23, 1985. The Counties created DelVal to provide loans for capital projects (the “Loan Program”) to Pennsylvania townships, boroughs, cities, school districts, and counties (each a “Local Government Unit”) and authorities created under Pennsylvania statute by or on behalf of any one or more Local Government Units (each an “Authority”). DelVal has originated 577 loans (each a “Loan”) with an aggregate principal amount of \$3.65 billion to 205 different Local Government Units and Authorities (each a “Participant”) in 16 counties in Pennsylvania since its creation in 1985. DelVal has never experienced a default on a Loan repayment.

Cumulative Loans Originated since 1985



Source: Calhoun Baker Inc.

Each Loan to a Local Government Unit is secured by the pledge of the full faith, credit, and taxing power of the Local Government Unit. DelVal amended and restated the Master Indenture as of December

14, 2020, to, among other things, amend the definition of “Participant” to include any Authority meeting at least one of the following conditions: (i) rated “Aa3” or higher by Moody’s Investors Service (“Moody’s”) or “AA-” or higher by S&P Global Ratings (“S&P”), (ii) secured by a guaranty (each a “Guaranty”) with the pledge of the full faith, credit, and taxing power of a Local Government Unit (each a “Guarantor”), or (iii) secured by a financial guaranty policy (each a “Participant Credit Enhancement”) issued by an insurer (each a “Participant Credit Enhancer”) with a rating of “Aa3” or higher from Moody’s or “AA-” or higher from S&P. Prior to the amendment, an Authority could only participate in the Loan Program if it were secured by a Guaranty. The Master Indenture requires the Loan Agreement for any Loan to an Authority not secured by a Guaranty or Participant Credit Enhancement to include a covenant by the Authority to secure a Guaranty or Participant Credit Enhancement if its rating is reduced below “Aa3” by Moody’s or “AA-” by S&P. In the Master Indenture, DelVal has covenanted to restrict Loans to Authorities that are not secured by a Guaranty, to an aggregate principal amount not in excess of 20% of the total funding for Loan origination under the Master Indenture (the “Available Funding”) at the time the Loan is originated.

The governing body of DelVal consists of a Board of Directors (the “Board”) of five members appointed by the Counties. Each year, one of the Counties appoints a member to a five-year term. The Board meets monthly.

Members of the Board of Directors in 2021

<u>Member</u>	<u>Office</u>	<u>Appointed by:</u>	<u>Term Expires</u>
Patricia K. Poprik	Chairman	Bucks County	2022
John P. McBlain, Esq.	Vice Chairman	Delaware County	2023
Joseph E. Brion, Esq.	Secretary	Chester County	2024
James H. Shacklett, III	Treasurer	Montgomery County	2025
Robert J. Harvie	Secretary/Treasurer	Bucks County	2026

Source: Calhoun Baker Inc.

The Board oversees the operations of DelVal and appoints the Program Administrator, the Solicitor, the Bond Counsel, and the trustees (collectively, the “Trustees”) of the DelVal bond issues to conduct the Loan Program. The Program Administrator, Calhoun Baker Inc., is responsible for the credit review and approval of Loan applications, the investment of DelVal’s funds, the calculation of the Loan rates, and the execution of interest rate swap transactions. The Solicitor, Carmen P. Belefonte, Esq., directs DelVal’s legal affairs and prepares closing documents for Loans. Bond Counsel (principally, Eckert Seamans Cherin & Mellott, LLC) renders opinions related to the issuance of bonds, the execution of interest rate swap agreements, and the closings of Loans. The Trustees, TD Bank, N.A. and Wells Fargo Bank, N.A., invoice and collect the Loan repayments, principally through Automated Clearing House (“ACH”) debits of the Participants’ demand deposit accounts. The Trustees hold all of the funds of DelVal and make all disbursements. Each disbursement must be authorized by the Board.

Loans from DelVal are limited to funding capital projects permitted under the Pennsylvania *Local Government Unit Debt Act* (the “*Debt Act*”). DelVal’s charter prohibits any Loan that would constitute a “Tax and Revenue Anticipation Note” under the *Debt Act* and any Loan to health or higher education institutions. The Board of DelVal and the Program Administrator must approve any new Loan. Generally, DelVal requires any Local Government Unit or Authority with a Guarantor that does not have a published rating applying for a Loan of \$1,000,000 or more to secure a published rating of the Loan. If the Participant does not receive a rating of “A-”, “A3”, or higher, or if insurance is a condition for approval by the Program Administrator, DelVal will require the Participant to secure a Participant Credit Enhancement.

The primary objectives of the Loan Program are to:

- 1) Provide funding with a lower all-in true interest cost (taking into consideration costs of issuance, interest costs, and annual administrative costs) than the Participants could achieve on their own,
- 2) Offer variable rate and fixed rate funding options, and
- 3) Improve the ability and flexibility of Participants to manage their debt.

DeIVal accomplishes these objectives by realizing economies of scale, utilizing a revolving loan pool structure, and entering into interest rate swap transactions.

DeIVal generally issues bonds or notes (collectively, the “DeIVal Series”) in an aggregate principal amount sufficient to fund at least 20 Loans. By issuing in large principal amounts, DeIVal realizes lower costs of issuance than would have been realized if each of the Participants issued a separate bond issue. When Loans are repaid, the repayments are used to originate new Loans. DeIVal uses this revolving loan structure to further reduce the allocation of the costs of issuance. Eight series issued by DeIVal are currently outstanding:

- 1) \$28,000,000 Local Government Revenue Bonds, 1997 Series B and C (the “1997 Series”),
- 2) \$250,000,000 Local Government Revenue Bonds, 1998 Series A (the “1998 Series”),
- 3) \$125,000,000 Local Government Revenue Bonds, 2002 Series C (the “2002 Series”),
- 4) \$160,000,000 Local Government Revenue Bonds, 2007 Series A, B and C (the “2007 Series”),
- 5) \$215,000,000 Local Government Revenue Bonds, 2018 Series A, B, C, D, and E (the “2018 Series”),
- 6) \$100,000,000 Local Government Revenue Bonds, 2020 Series A (the “2020 A Series”),
- 7) \$175,000,000 Local Government Revenue Bonds, 2020 Series B, C, and D (the “2020 BCD Series”), and
- 8) \$45,000,000 Local Government Revenue Bonds, 2021 Series A (the “2021 A Series”),.

The 1997 Series, 1998 Series, and 2002 Series (collectively, the “Indenture Series”) were issued under separate indentures with separate trust estates. DeIVal executed the Covenant Agreement in 2001 to enhance the security of the bondholders by pledging to transfer any excess funds held under any DeIVal Series to cure any deficiency under any other DeIVal Series. The indentures of all DeIVal Series incorporate the Covenant Agreement.

All DeIVal Series issued since 2007 and that will be issued in the future (collectively, the “Master Series”) were or will be issued under the Master Trust Indenture and supplemental indentures. The Master Series are and will be secured with all other Master Series equally and ratably by all of the assets under the trust estate of the Master Indenture to the extent provided therein.

DeIVal has entered into interest rate swap agreements (collectively, the “Swap Agreement”) with six different counterparties (each a “Counterparty”):

- 1) Bank of America, N.A.,
- 2) Barclays Bank PLC,
- 3) Citibank, N.A.,
- 4) PNC Bank, National Association,
- 5) Toronto-Dominion Bank, and
- 6) Royal Bank of Canada.

DeIVal has executed interest rate swap transactions related to the DeIVal Series (each a “Bond Swap”) to hedge its exposure to changes in long-term interest rates and its exposure to basis risk. Under these transactions, DeIVal’s net debt service and swap payment is equal to the SIFMA Municipal Swap Index (the “SIFMA Index”) plus a spread. DeIVal also executes offsetting interest rate swap transactions to provide fixed rate Loans (each a “Loan Swap”) when requested by Participants. Under these transactions, DeIVal receives the SIFMA Index and pays a fixed interest rate.

The DeIVal Loan rates are set by the Program Administrator each month at levels sufficient to fund:

- 1) Debt service payments on the DeIVal Series,
- 2) Net payments due under the Swap Agreement, and
- 3) Administrative costs and liquidity requirements necessary for the operation of the Loan Program.

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LOAN PORTFOLIO

During 2020, DeVal originated 33 Loans with an aggregate principal amount of approximately \$212 million. Demand was high due to the precipitous decline of interest rates after the COVID-19 outbreak and the relative advantages of DeVal Loans compared to bank loans and bond issues. Scheduled repayments, several large prepayments, and proceeds from the 2018 Series, 2020 A Series, and 2020 BCD Series provided the necessary funding.

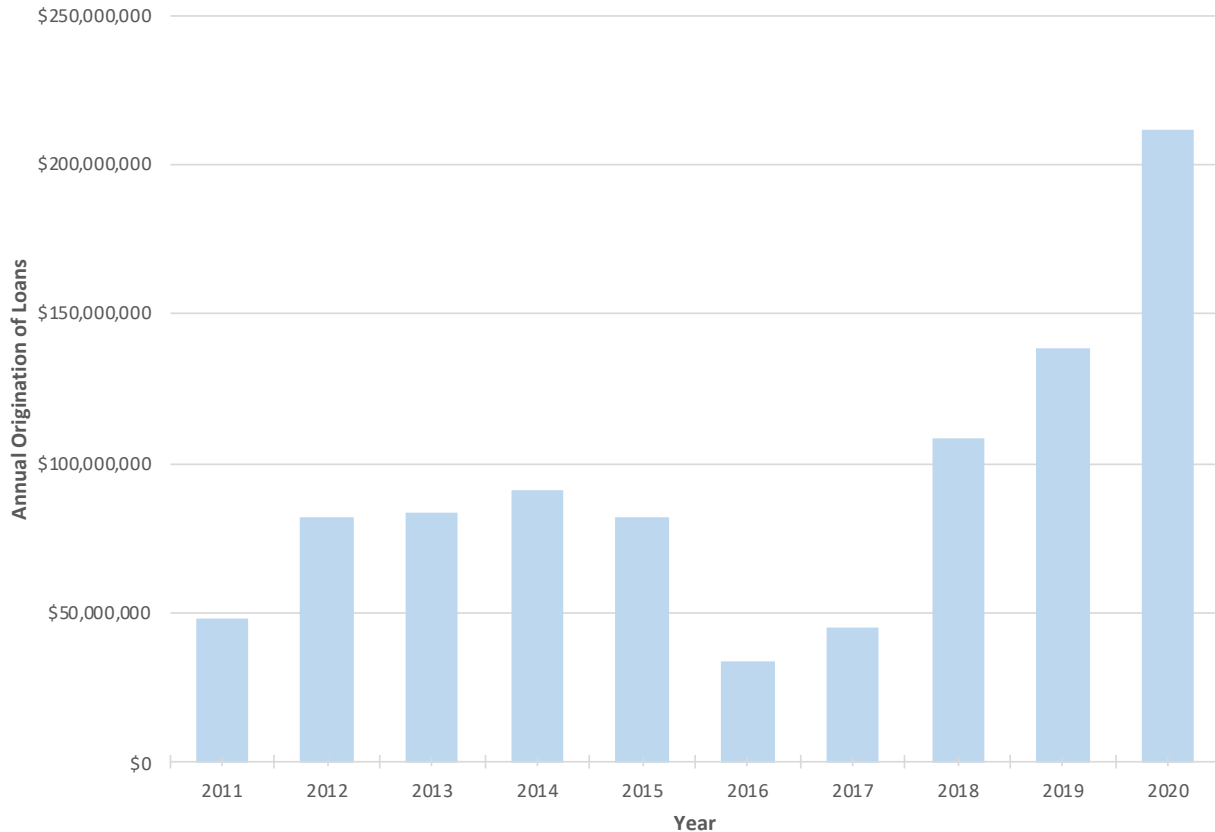
Loans Originated in 2020

<u>No.</u>	<u>Loans Closed</u>	<u>County</u>	<u>Insurer</u>	<u>Underlying Rating</u>			<u>Amount</u>	<u>Closing</u>
				<u>Kroll</u>	<u>Moody's</u>	<u>S&P</u>		
1	Upper Dublin Township	Montgomery	---	---	Aa1	---	\$ 7,290,000	15-Jan-20
2	Doylestown Borough	Bucks	---	AA	---	---	5,000,000	27-Jan-20
3	Bucks County	Bucks	---	---	Aaa	AAA	50,000,000	27-Jan-20
4	Prospect Park Borough	Delaware	---	---	---	---	300,000	27-Jan-20
5	Upper Providence Township	Delaware	---	---	---	---	400,000	25-Mar-20
6	Upper Salford Township	Montgomery	---	---	---	---	200,000	15-Apr-20
7	Benton Township	Lackawanna	---	---	---	---	140,000	27-Apr-20
8	Stroudsburg Area School District	Monroe	---	---	---	A+	14,065,000	18-May-20
9	Red Lion Area School District	York	---	---	Aa3	---	10,645,000	18-May-20
10	Delaware County	Delaware	---	---	Aa1	AA	40,000,000	26-May-20
11	Wallingford-Swarthmore School District	Delaware	---	---	---	AA	10,165,000	1-Jun-20
12	Newtown Township	Delaware	---	---	Aa1	---	2,500,000	1-Jun-20
13	Ridley School District	Delaware	---	---	---	AA-	7,800,000	5-Jun-20
14	Lower Providence Township Sewer Authority	Montgomery	---	---	Aa2	---	10,000,000	12-Jun-20
15	Upper Dublin Township	Montgomery	---	---	Aa1	---	2,055,000	15-Jul-20
16	Upper Southampton Township	Bucks	---	AA	---	---	500,000	15-Jul-20
17	Great Valley School District	Chester	---	---	Aaa	---	7,567,000	17-Aug-20
18	Bethel Township Sewer Authority	Delaware	---	A+	---	---	650,000	17-Aug-20
19	Hatfield Township	Montgomery	---	AA-	---	---	790,000	25-Aug-20
20	Garnet Valley School District	Delaware	---	---	---	AA	1,250,000	1-Sep-20
21	Newtown Township	Delaware	---	---	Aa1	---	1,107,000	11-Sep-20
22	Bristol Township	Bucks	---	---	Aa3	---	8,790,000	15-Sep-20
23	Hatfield Borough	Montgomery	BAM	---	---	---	3,640,000	22-Sep-20
24	Bridgeport Borough	Montgomery	---	---	A2	---	266,000	13-Oct-20
25	Lansdowne Borough	Delaware	---	A+	---	---	400,000	13-Oct-20
26	North Wales Borough	Montgomery	BAM	---	---	---	2,000,000	13-Oct-20
27	Nether Providence Township	Delaware	---	---	---	---	1,000,000	15-Oct-20
28	Kennett Square Borough	Chester	BAM	---	A3	---	4,820,000	26-Oct-20
29	West Pottsgrove Township	Montgomery	---	---	---	---	1,440,000	10-Nov-20
30	Wallingford-Swarthmore School District	Delaware	---	---	---	AA	10,119,000	1-Dec-20
31	Upper Salford Township	Montgomery	---	---	---	---	89,000	15-Dec-20
32	East Bradford Township	Chester	---	---	---	AA	6,100,000	18-Dec-20
33	Penndel Borough	Bucks	---	---	---	---	500,000	18-Dec-20
	Total						<u>\$ 211,588,000</u>	

Source: Calhoun Baker Inc

Loan origination was restricted from 2011 to 2017 due to large principal repayments of the DeIVal Series in 2012, 2017, and 2018. Origination increased after the issuance of the 2018 Series, 2020 A Series, and 2020 BCD Series. Fiscal year 2020 was the most active period for origination in the past decade.

Annual Loan Principal Originated

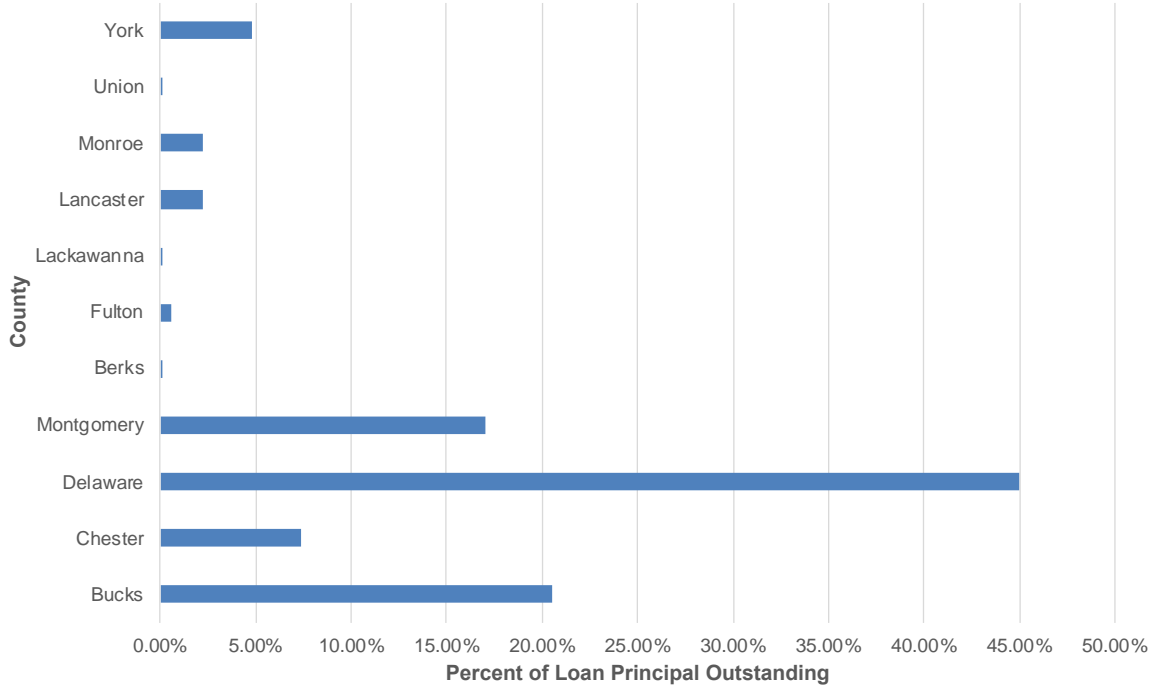


Source: Calhoun Baker Inc.

DeIVal has been most active lending within the Counties. The Counties encompass an area of approximately 2,060 square miles and a population of approximately 2.5 million people. More than 420 Local Government Units and Authorities are located within the Counties. DeIVal, as a matter of policy of the Board, limited its lending activities to Participants located in the Counties until 2002. Then, in order to provide geographic diversification to its loan portfolio, DeIVal began lending outside the Counties, principally in the eastern half of the Commonwealth. Currently, 246 Loans, in the aggregate principal amount of approximately \$973 million, are outstanding to 124 Participants located in eleven different counties. Approximately, 90% of the outstanding Loan principal had been originated to Participants located within the Counties.

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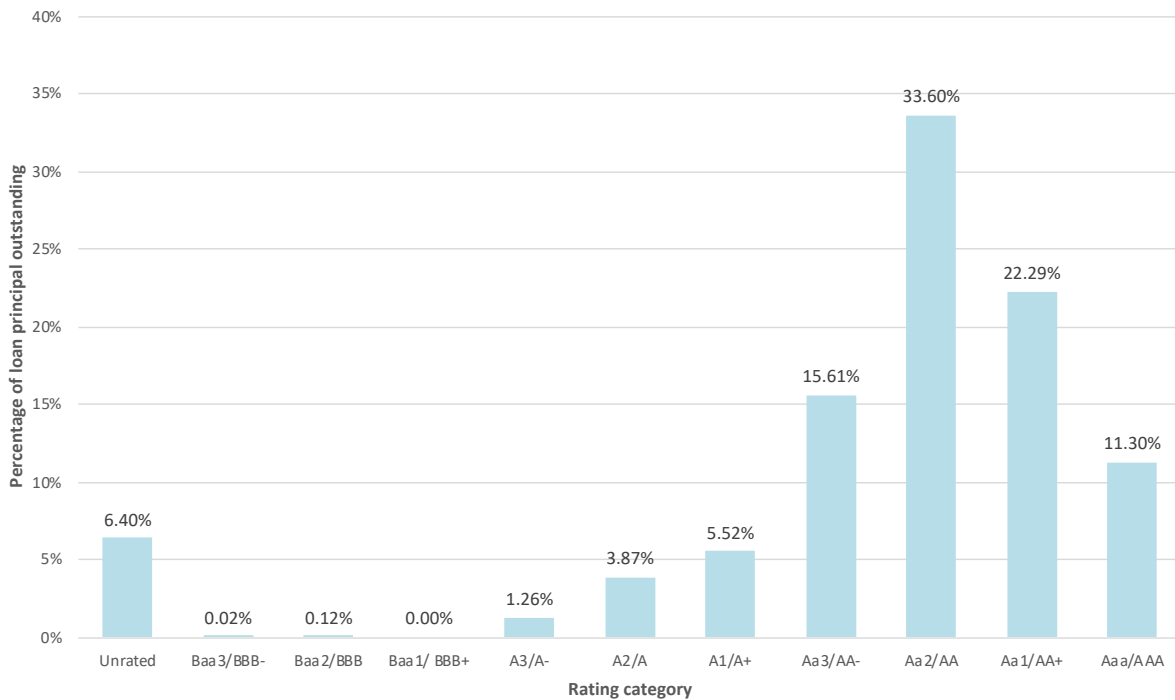
Percentage of Loan Principal Outstanding by County as of December 31, 2020



Source: Calhoun Baker Inc.

As of December 31, 2020, approximately 6.40% of the principal of the Loans outstanding has been originated to Participants that have no published underlying ratings, 0.14% to those with published underlying ratings below “A3” or “A-”, and 79.41% to those with published underlying ratings of “Aa3”, “AA-”, or higher. The weighted average underlying rating is “Aa2/AA”.

Underlying Ratings of Loan Principal Outstanding as of December 31, 2020



Source: Calhoun Baker Inc.

DelVal is the beneficiary of Participant Credit Enhancements issued by Assured Guaranty Municipal Corp. (“AGM”), Municipal Assurance Corp. (“MAC”), and Build America Mutual Company (“BAM”) that secure loans equal to 10.85% of the Loan principal currently outstanding. AGM is rated “A2” with a stable outlook by Moody’s, “AA” with a stable outlook by S&P, and “AA+” with a stable outlook by Kroll Bond Rating Agency (“Kroll”). MAC is rated “AA+” by Kroll and “AA” by S&P. BAM is rated “AA” by S&P. Taking into consideration the financial guaranty policies, 4.17% of the Loan principal outstanding was uninsured and unrated or rated below “A3/A-”, and 82.34% of the Loan principal was rated “Aa3/AA-” or higher.

Below is a schedule of the ten Participants with the highest concentration levels of Loans. Delaware County accounts for 29.488% of the Loan principal outstanding, and the ten highest account for 60.988% of the Loan principal outstanding. A complete listing of the Loans outstanding is attached as “EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2020”.

**Ten Participants with the Highest Concentration of Loans
as of December 31, 2020**

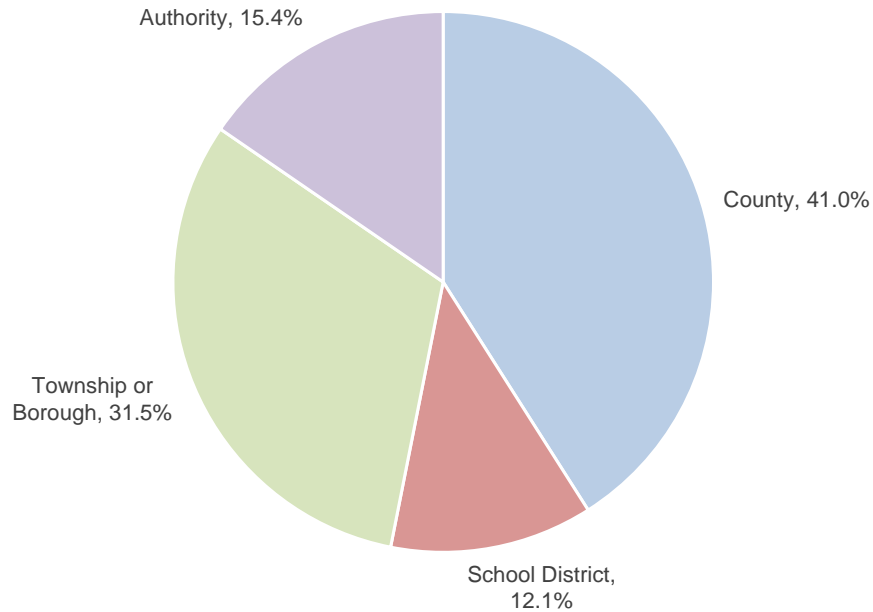
<u>No.</u>	<u>Borrower</u>	<u>County</u>	<u>Participant or Guarantor Ratings</u>		<u>Total Outstanding 31-Dec-20</u>	<u>Concentration</u>	
			<u>Moody's</u>	<u>S&P</u>		<u>Borrower</u>	<u>Cumulative</u>
1	Delaware County	Delaware	Aa1	AA	\$ 286,917,000	29.488%	29.488%
2	Bucks County Lower Perkiomen Valley	Bucks	Aaa	AAA	81,958,000	8.423%	37.911%
3	Regional Sewer Authority	Montgomery	---	AA-	47,925,000	4.925%	42.836%
4	Bristol Township	Bucks	Aa3	---	46,804,000	4.810%	47.647%
5	Upper Dublin Township	Montgomery	Aa1	---	25,122,000	2.582%	50.229%
6	Bensalem Township	Bucks	Aa1	---	22,866,000	2.350%	52.579%
7	Stroudsburg Area School District	Monroe	A2	A+	21,754,000	2.236%	54.814%
8	Marple Township	Delaware	---	AA	20,682,000	2.126%	56.940%
9	Wallingford-Swarthmore School District	Delaware	---	AA	20,284,000	2.085%	59.025%
10	Lancaster County	Lancaster	Aa2	---	19,104,000	1.963%	60.988%

Source: Calhoun Baker Inc.

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The DelVal Loans outstanding are diversified by type of legal entity. All of the Loans to Authorities that are currently outstanding are secured by a Guaranty. A chart with the percentage of Loan principal outstanding by type of Participant is shown below.

**Percentage of Loan Principal Outstanding
by Type of Participant
as of December 31, 2020**



Source: Calhoun Baker Inc.

Loans to school districts benefit from the provisions of the *Public School Code* and the *Debt Act* that authorize an “intercept” of state funding. If any school district fails to make its required debt service payments on the Loans on the date such payments are due under a Loan Agreement, the Secretary of Education of the Commonwealth is required to withhold, from any subsidy payment of any type due to the school district by the Commonwealth, an amount equal to the debt service payments owed. The withholding provisions are not part of any contract with DelVal, and future legislation may amend or repeal the provisions of the *Public School Code* or the *Debt Act*. Enforcement may also be limited by bankruptcy, insolvency, or other laws of equitable principles affecting the enforcement of creditors’ rights generally.

DelVal operates the Loan Program of the outstanding DelVal Series as one program. Funding for Loans is often split among two or more DelVal Series. Periodically, DelVal assigns Loans from one DelVal Series to another to facilitate the origination of new Loans and to provide for the payment of principal on the DelVal Series. Loans are amortized over a period that approximates the useful life of the projects funded from the Loans. The amortization period cannot exceed the maturity of the related DelVal Series used to fund the Loan. A schedule of the projected annual amortization of the Loans outstanding is set forth below.

Loan Amortization Schedule as of December 31, 2020

<u>Year</u>	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
2021	\$ 2,724,000	\$ 33,100,000	\$ 8,280,000	\$ 35,247,300	\$ 79,351,300
2022	4,459,000	40,499,000	8,464,000	40,648,400	94,070,400
2023	4,503,000	24,386,000	8,148,000	53,237,900	90,274,900
2024	4,111,000	23,450,000	8,196,000	53,284,300	89,041,300
2025	4,058,000	23,060,000	8,309,000	53,208,900	88,635,900
2026	1,022,000	23,505,000	12,514,000	39,045,100	76,086,100
2027	1,019,000	23,023,000	11,660,000	38,535,300	74,237,300
2028	-	19,681,000	11,794,000	32,644,600	64,119,600
2029	-	-	16,546,000	28,816,700	45,362,700
2030	-	-	16,421,000	28,953,000	45,374,000
2031	-	-	7,627,000	27,943,000	35,570,000
2032	-	-	4,376,000	30,102,000	34,478,000
2033	-	-	-	27,634,000	27,634,000
2034	-	-	-	23,974,000	23,974,000
2035	-	-	-	24,079,000	24,079,000
2036	-	-	-	19,687,000	19,687,000
2037	-	-	-	18,808,000	18,808,000
2038	-	-	-	17,154,000	17,154,000
2039	-	-	-	10,843,000	10,843,000
2040	-	-	-	6,343,000	6,343,000
2041	-	-	-	1,794,000	1,794,000
2042	-	-	-	1,461,000	1,461,000
2043	-	-	-	1,001,000	1,001,000
2044	-	-	-	686,000	686,000
2045	-	-	-	699,000	699,000
2046	-	-	-	436,000	436,000
2047	-	-	-	442,000	442,000
2048	-	-	-	448,000	448,000
2049	-	-	-	453,000	453,000
2050	-	-	-	460,000	460,000
Total	<u>\$21,896,000</u>	<u>\$210,704,000</u>	<u>\$122,335,000</u>	<u>\$618,068,500</u>	<u>\$ 973,003,500</u>

Weighted Average Maturity (years):	2.81	3.47	6.28	7.67	6.70
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Source: Calhoun Baker Inc.

A schedule of the total funding of the Loan Program and the available funding for Loans is shown in the schedule below.

Funds Available to Originate Loans as of December 31, 2020

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
De/Val Series at par	\$28,000,000	\$250,000,000	\$125,000,000	\$650,000,000	\$ 1,053,000,000
Overcollateralization	-	-	28,159,000	7,940,250	36,099,250
Debt Service Reserve Funds	<u>(2,800,000)</u>	<u>(25,000,000)</u>	<u>(12,500,000)</u>	<u>(34,139,000)</u>	<u>(74,439,000)</u>
Total funding for Loans	25,200,000	225,000,000	140,659,000	623,801,250	1,014,660,250
Loans outstanding	<u>(21,896,000)</u>	<u>(210,704,000)</u>	<u>(122,335,000)</u>	<u>(618,068,500)</u>	<u>(973,003,500)</u>
Funds available for Loans	<u>\$ 3,304,000</u>	<u>\$ 14,296,000</u>	<u>\$ 18,324,000</u>	<u>\$ 5,732,750</u>	<u>\$ 41,656,750</u>

Source: Calhoun Baker Inc.

DeIVal has been active originating new Loans at the historically low interest rates. A listing of the Loans in process is shown below. All Loans in process to Authorities are secured by a pledge of the full faith, credit, and taxing power of a Local Government Unit. The Loans in process will be funded from currently available funds, the scheduled monthly repayments of Loans, and proceeds of new DeIVal Series. DeIVal issued the 2021 A Series on February 3, 2021, to provide additional funding for new Loans.

Loans in Process as of December 31, 2020*

<u>No.</u>	<u>Loans in Process</u>	<u>County</u>	<u>Insurer</u>	<u>Underlying Rating</u>			<u>Amount</u>	<u>Scheduled Closing</u>
				<u>Kroll</u>	<u>Moody's</u>	<u>S&P</u>		
1	Upper Southampton Municipal Authority	Bucks	---	AA	---	---	\$ 5,000,000	25-Jan-21
2	Warminster Township	Bucks	**	**	**	**	14,960,000	12-Feb-21
3	Towamencin Township	Montgomery	---	---	---	AA	300,000	17-Feb-21
4	Buckingham Township	Bucks	---	---	---	AAA	4,000,000	25-Feb-21
5	Chichester School District	Delaware	---	---	---	AA-	8,000,000	25-Feb-21
6	Hatfield Borough	Montgomery	**	**	**	**	1,800,000	**
7	West Vincent Township	Chester	---	---	Aa3	---	500,000	**
8	Rose Tree Media School District	Delaware	---	---	---	AA	7,725,000	2-Aug-21
9	Bristol Borough School District	Bucks	BAM	---	---	A-	9,239,000	1-Sep-21
10	Tinicum Township	Delaware	---	---	Aa3	---	8,130,000	1-Sep-21
11	Chichester School District	Delaware	---	---	---	AA-	8,005,000	1-Sep-21
12	Montgomery Township	Montgomery	---	---	---	AAA	7,847,000	1-Dec-21
13	Newtown Township	Delaware	---	---	Aa1	---	8,751,000	1-Dec-21
14	West Vincent Township	Chester	---	---	Aa3	---	4,256,000	1-Dec-21
15	Upper Dublin Township	Montgomery	---	---	Aa1	---	5,416,000	1-Mar-22
	Total						<u>\$ 93,929,000</u>	

* Preliminary, subject to change.

** To be determined.

Source: Calhoun Baker Inc.

The 1997 Series and 1998 Series are both insured by Ambac Assurance Corporation (“Ambac”). Ambac, in its sole discretion, must consent to the use of any proceeds from the 1997 Series and the 1998 Series to fund or acquire Loans. Ambac is currently in runoff operations. If Ambac were unwilling or unable to provide consents, DeIVal would not be able to lend the proceeds of the 1997 Series and 1998 Series, and an extraordinary mandatory redemption (each an “Extraordinary Mandatory Redemption”) from the proceeds that could not be used to fund Loans could be triggered. To date, Ambac has cooperated in providing consents when requested. On September 14, 2020, Ambac consented to requests dated as of July 20, 2020, for: (i) the acquisition of a Loan to the Bucks County Community College Authority by the 1998 Series and (ii) the use of PNC and RBC as swap counterparties for transactions under the 1997 Series and 1998 Series. On December 18, 2020, Ambac consented to requests dated as of August 21, 2020, for the acquisition of Loans to Delaware County and Wallingford-Swarthmore School District by the 1998 Series.

IMPACT OF COVID-19 IN THE MARKET AREA

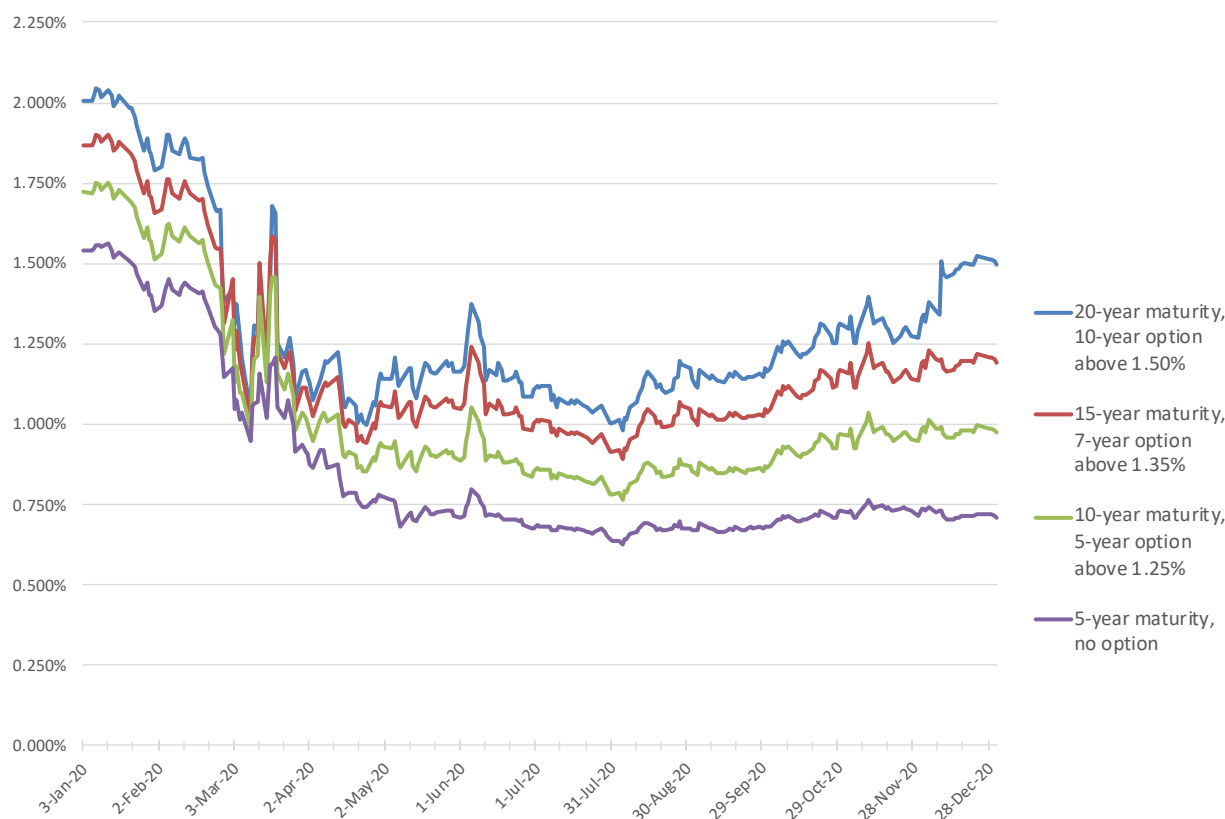
The closures and restrictions to mitigate the spread of COVID-19 may have a material adverse impact on many businesses, Local Government Units, and Authorities, including Participants in the Loan Program. The closures and restrictions will have an impact on the revenues of businesses, public and private sector employment, and the receipts from earned income taxes, business privilege and mercantile license taxes, and sales taxes. The ultimate impact on Participants and the Loan Program is uncertain at this time. All of the Participants in the Loan Program are current on their Loan payments.

ECONOMICS OF THE LOAN PROGRAM

The DelVal Loan Program has been successful due to the low cost of funds and the flexibility of the Loan Program. Currently, DelVal assesses an origination fee equal to 0.50% of the principal amount of the loans. DelVal utilizes interest rate swap transactions (each a “Loan Swap”) to tailor the Loan in any fashion that a Participant requests. All or a portion of a Loan can be variable rate or fixed rate, and a fixed rate can be set for a period shorter than the maturity date. Even the smallest Participants can reduce their interest costs, avoid unnecessary refunding costs, and manage their exposure to future changes of interest rates.

A chart of the trend of DelVal fixed rates, for level-debt amortization, over the past year is shown below. Interest rates plummeted in the wake of the COVID-19 lockdowns in March of 2020, and rates remained near historic lows for the remainder of the year.

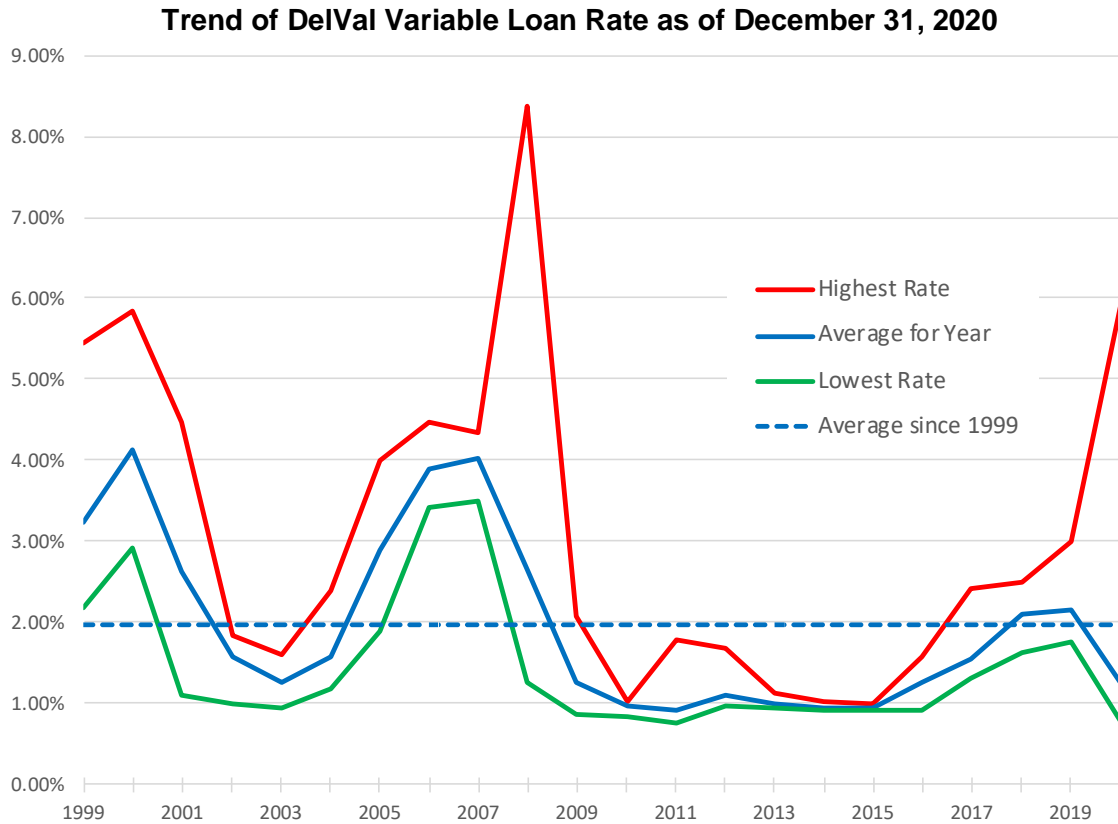
Trend of DelVal Loan Rates, Level Debt Amortization, as of December 31, 2020



<u>Loan Option</u>	<u>Average Loan Rate</u>			<u>Rate as of 31-Dec-20</u>
	<u>Past Year</u>	<u>Past 6-Months</u>	<u>Past 3-Months</u>	
20-year maturity	1.31%	1.22%	1.33%	1.50%
15-year maturity	1.19%	1.07%	1.15%	1.19%
10-year maturity	1.04%	0.90%	0.95%	0.97%
5-year maturity	0.86%	0.69%	0.72%	0.71%

Source: Calhoun Baker Inc.

The DeIVal variable loan rate is linked to the SIFMA Index, which soared to the highest levels since 2008 due to the disruption of the capital markets caused by the COVID-19 pandemic and massive withdrawals from money market funds. As of December 31, 2020, only 3.73% of the Loan principal outstanding were variable rate Loans. A chart of the annual trend of the variable rate since 1999 is shown below.



Average variable loan rate since 1999 1.97%
Average variable rate in 2020: 1.26%
Variable rate as of 31-Dec-20 0.79%

Source: Calhoun Baker Inc.

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The Program Administrator tracks the tax-exempt bond issues sold in eastern Pennsylvania, excluding Philadelphia (the “Market Area”), and calculates the All-In True Interest Cost (the “All-In TIC”) of each issue. The calculations of All-In TIC incorporate all costs of issuance and interest payments. The Program Administrator then compares each issue to a comparable issue sold at the Bloomberg AAA General Obligation Bonds Callable Indices (the “AAA Indices”) at par and to a comparable DelVal Loan on the date of each sale. The comparable DelVal Loan includes estimated bond insurance premiums, if insurance would be required by the Program Administrator, rating fees, and the same option provisions as the bond issue. A summary of the comparison is shown below.

Bond Issues in DelVal’s Market Area*

<u>Bond issues in the Market Area*</u>	<u>"AA" Rated Bonds Sold in the Month Ending</u>			<u>Bonds Issued in the Year Ending 31-Dec-20</u>	
	<u>31-Oct-20</u>	<u>30-Nov-20</u>	<u>31-Dec-20</u>	<u>"AA" Rating</u>	<u>All Bonds</u>
Number of issues	24	13	13	199	211
Average par amount	\$ 16,066,667	\$ 11,915,385	\$ 14,228,077	\$ 14,581,734	\$ 15,460,758
Weighted average rating	AA	AA	AA	AA	AA
Weighted average maturity (years)	11.41	10.30	11.48	10.95	10.58
Weighted costs of issuance (% of par amount)					
Bond issues	1.636%	1.811%	1.504%	1.565%	1.484%
Over (under) comparable DelVal Loan	0.971%	1.052%	0.849%	0.895%	0.822%
Average debt service costs					
Bond issues	\$ 21,891,259	\$ 15,029,988	\$ 19,339,852	\$ 19,538,061	\$ 20,601,150
Over (under) comparable DelVal Loan	\$ 1,906,353	\$ 1,153,861	\$ 1,015,815	\$ 1,498,887	\$ 1,483,482
Weighted average All-In True Interest Cost					
Bond issues	2.538%	2.435%	2.222%	2.439%	2.404%
Comparable DelVal Loan	<u>1.580%</u>	<u>1.523%</u>	<u>1.673%</u>	<u>1.573%</u>	<u>1.566%</u>
Over (under) comparable DelVal Loan	0.957%	0.912%	0.549%	0.867%	0.837%

*Preliminary, some official statements may not have been posted yet or may have been missed inadvertently. DelVal Loan rates are based on actual end of day rates and include a comparable option and rating agency fees.

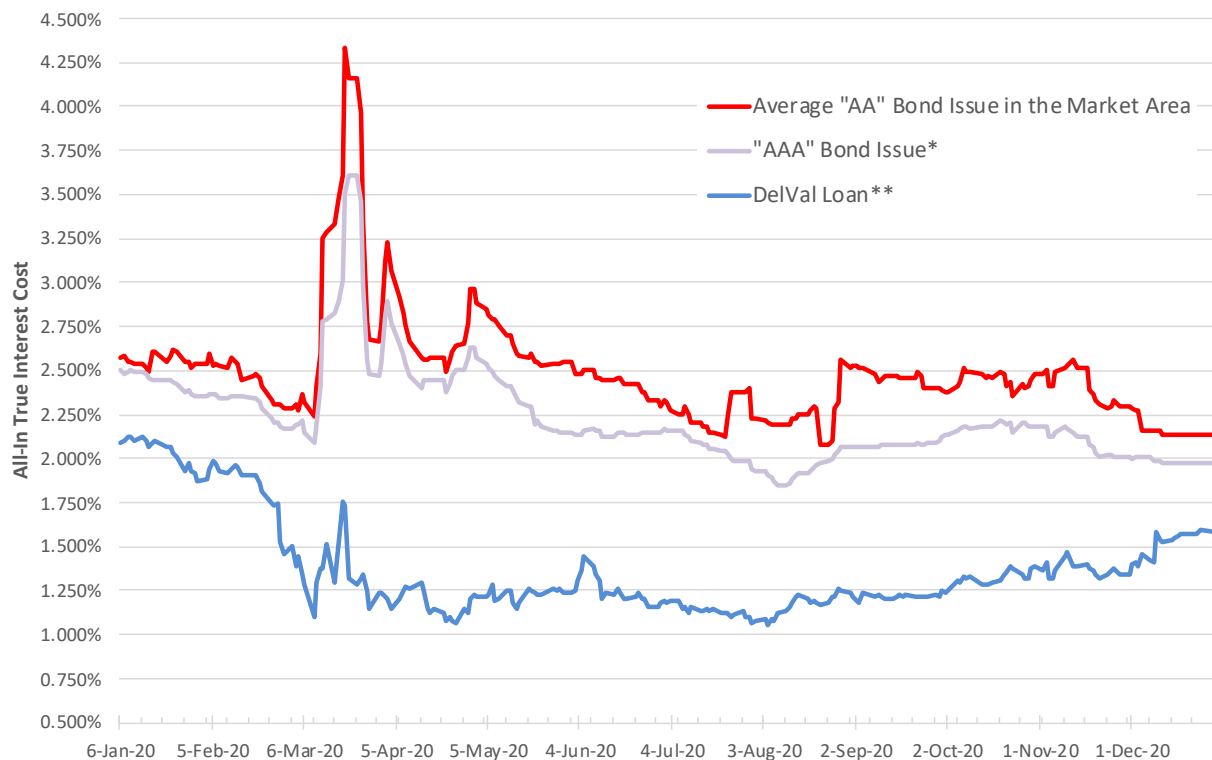
Past results are not a predictor of future spreads and costs.

Source: Calhoun Baker Inc.

The DelVal advantage is due to both the lower costs of issuance and lower interest rates. Over the past year, DelVal’s All-In TIC averaged 0.837% below the weighted average of all bonds issued in the Market Area. DelVal’s costs of issuance averaged 55% less than the average costs of issuance of bonds in the Market Area.

A pro forma comparison of the All-In TIC of a 20-year level debt structure of the average “AA” rated bond issue sold in the Market Area (the “Average Bond”), a bond issue sold at the AAA Indices, and a DelVal Loan is shown in the chart below. The Average Bond assumes costs of issuance equal to the rolling 30-day average of actual sales in the Market Area and coupons at par equal to the rolling 30-day average spreads over the AAA Indices at par. The AAA Indices assume costs of issuance equal to the Average Bond and 5% coupons with a 10-year option. The DelVal Loan is based on actual end-of-day rates and costs of issuance and includes a 10-year option when the Loan rate exceeds 1.50%. At Loan rates below 1.50%, the cost of the option exceeds the present value benefit from exercising the option. The magnitude of the spread between DelVal Loans and bond issues spiked in March due to the COVID-19 disruption of the capital markets.

**Pro Forma All-In True Interest Costs of the
Average "AA" Bond Issue, "AAA" Bond Issue, and DeIVal Loan
20-Year Level Debt Amortization as of December 31, 2020**



* 5% coupon, 10-year option.

**No option when the rate is below 1.50%, 10-year option when the rate is higher than 1.50%.

Source: Calhoun Baker Inc.

COVENANT AGREEMENT

DeIVal originally adopted the Covenant Agreement on April 9, 2001, to improve the security of the bondholders of the DeIVal Series. Under the terms of the Covenant Agreement, DeIVal pledges to use, in accordance with the provisions of each Trust Indenture, any available unrestricted funds (the “Excess Funds”) to cure any deficiency in any trust estate. The Excess Funds may be used to:

- 1) Replenish any deficiency of a debt service reserve fund or
- 2) Pay any debt service payments, interest rate swap payments, administrative expenses, and interest rate swap termination payments.

The Covenant Agreement was amended and restated on April 23, 2002, April 12, 2004, June 28, 2007, and August 3, 2009.

Below is a schedule of the trend of Excess Funds for the past five years. The Excess Funds differ from the Balance Sheet in that the amortization of non-cash items (such as original issue premium and bond insurance premiums) are not included. Investments and restricted investments are shown at their fair market values, and bonds and loans are shown at their par amounts. The Recycling Funds, the funds held by DeIVal to originate new loans, were over-collateralized by \$36.1 million in 2020. The fair market values of DeIVal’s interest rate swap transactions, as of December 31 of each year, are also shown on the schedule,

but they are not included in the calculation of Excess Funds. The increase in 2020 is principally due to the original issue premium of the 2020 BCD Series deposited in the Recycling Fund of the Master Series.

**Comparative Statement of Excess Funds Available to
Transfer to Any Trust Estate in the Event of a Deficiency
for the Years Ended December 31**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 133,714,885	\$ 79,600,862	\$ 140,847,632	\$ 57,200,213	\$ 55,208,582
Restricted cash and cash equivalents	62,000,000	45,300,000	40,300,000	40,300,000	40,513,000
Investments	1,082,063	8,760,004	1,518,741	1,532,239	-
Restricted investments	24,715,115	31,702,115	32,467,867	32,741,194	34,137,078
Loan interest receivable	412,880	439,298	485,480	390,255	339,657
Interest rate swaps receivable	5,549,923	5,641,040	5,259,179	5,262,924	5,167,042
Investment earnings receivable	101,475	194,162	343,447	169,819	68,321
Prepaid expenses	88,531	91,448	91,955	98,881	77,964
Loans to local governments	<u>827,562,000</u>	<u>788,294,024</u>	<u>798,886,000</u>	<u>884,685,593</u>	<u>973,003,500</u>
Total assets	<u>1,055,226,872</u>	<u>960,022,953</u>	<u>1,020,200,301</u>	<u>1,022,381,118</u>	<u>1,108,515,144</u>
<i>Liabilities and Deductions</i>					
Accrued expenses	15,225	79,995	13,773	21,898	43,473
Estimated rebate liability	200,000	70,000	130,000	150,000	150,000
Interest rate swaps payable	320,513	397,871	658,013	248,564	183,778
Bond interest payable	16,587,984	12,064,582	11,462,329	11,285,530	11,077,822
Bonds payable	<u>1,005,000,000</u>	<u>913,000,000</u>	<u>973,000,000</u>	<u>973,000,000</u>	<u>1,053,000,000</u>
Total liabilities	<u>1,022,123,722</u>	<u>925,612,448</u>	<u>985,264,115</u>	<u>984,705,992</u>	<u>1,064,455,073</u>
<i>Excess Funds</i>	<u>\$ 33,103,150</u>	<u>\$ 34,410,505</u>	<u>\$ 34,936,186</u>	<u>\$ 37,675,126</u>	<u>\$ 44,060,071</u>
<i>Fair Market Value of Interest Rate Swap Transactions*</i>	<u>\$ 137,004,351</u>	<u>\$ 134,060,500</u>	<u>\$ 111,485,546</u>	<u>\$ 123,403,081</u>	<u>\$ 110,484,725</u>

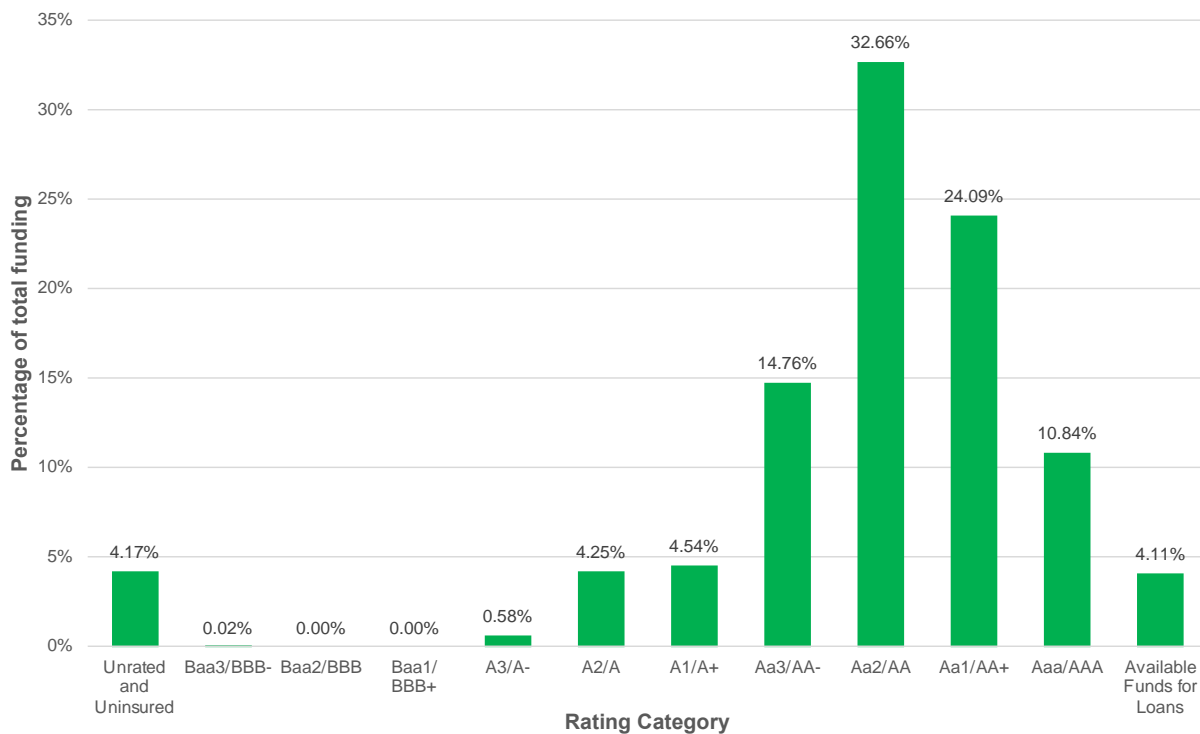
* Fair market value includes the unamortized interest rate swap expense of the 1998 Series.

Source: Calhoun Baker Inc.

The Covenant Agreement requires the Participant (or its Guarantor) of a new Loan to have a published rating of “A3” or “A-” or higher (the “Rating Threshold”) unless the proportion of (i) the principal amounts of uninsured Loans outstanding plus the principal amounts of Loans to Participants (or their Guarantors) that are rated below the Rating Threshold to (ii) the total DelVal funds available to originate Loans (the “Loan Funds”) will not exceed 10% (the “Ratings Test”). The Ratings Test gives equal weight to the ratings of the rating agencies. If the Participant or Guarantor has only one published rating, the analysis gives full weight to the published rating. If a Loan is insured, the analysis gives full weight to the higher of the rating of (i) the insurer or (ii) the Participant or Guarantor.

Below is a chart that shows the current Ratings Test. The chart shows the percentage of the Loan principal outstanding in each rating category. “Available Funds” are cash equivalents deposited in the Recycling Fund that are available to originate new Loans. Approximately, 4.19% of the Loan Funds were committed to Participants who were uninsured and rated below the Rating Threshold.

Covenant Agreement Ratings Test of the Loan Portfolio as of December 31, 2020



Source: Calhoun Baker Inc.

Generally, DelVal requires a published rating at or above the Rating Threshold or a financial guaranty policy for any new Loan of \$1 million or more, even if the Ratings Test is satisfied. DelVal does not normally require ratings or insurance for Loans less than \$1 million if the Ratings Test is satisfied and the credit is approved by the Program Administrator.

All future bonds issued by DelVal will be issued under the Master Indenture and will be equally and ratably secured by all of the assets under the trust estate of the Master Indenture. As long as the 1997, 1998, or 2002 Series are outstanding, the Covenant Agreement will apply to all of the bonds issued under the Master Indenture. When the DelVal Series issued prior to 2007 have been redeemed, the Excess Funds provisions of the Covenant Agreement will be redundant. The Ratings Test provisions are incorporated in the Master Indenture.

FINANCING ACTIVITIES

DelVal issued the \$100 million 2020 A Series on May 1, 2020, to fund: (i) the acquisition of Loans from the 2017 Series, (ii) the deposit of funds for the origination of new Loans, and (iii) the deposit of funds to the Debt Service Reserve Fund. The costs of issuance of the 2020 A Series were paid from other available funds of DelVal. Following the issuance of the 2020 A Series, DelVal redeemed the \$25 million 2017 B Series and terminated \$25 million of the related Bond Swap.

DelVal issued the \$175 million 2020 BCD Series on November 2, 2020, to fund: (i) the acquisition of Loans from the 2014 Series and 2017 Series, (ii) the deposit of funds for the origination of new Loans, (iii) the deposit of funds to the Debt Service Reserve Fund, and (iv) the payment of the costs of issuance. Following the issuance of the 2020 BCD Series, DelVal redeemed the \$20 million 2014 B Series and \$150 million 2017 A, C, D, and E Series and terminated \$125 million of the related Bond Swaps.

All of the funds deposited for the origination of new Loans from the 2020 A Series and the 2020 BCD Series have been drawn down for closings of new Loans. DelVal expects to issue one or more new DelVal Series in 2021 to provide additional funding for the Loan Program.

Below is a summary of the DelVal Series that are currently outstanding.

DelVal Series Outstanding as of December 31, 2020

<u>Series</u>	<u>Par Amount</u>	<u>Debt Service Reserve Fund (1)</u>	<u>Option Date (2)</u>	<u>Purchase or Remarketing Date</u>	<u>Termination of Letter of Credit</u>	<u>Maturity Date</u>	<u>Basis Rate</u>
1997 B Series	\$ 18,000,000		No option	---	---	1-Jul-27	Fixed rate
1997 C Series	<u>10,000,000</u>		No option	---	---	1-Jul-27	Fixed rate
Total 1997 Series	<u>28,000,000</u>	\$ 2,800,000					
1998 A Series	<u>250,000,000</u>	25,000,000	No option	---	---	1-Aug-28	Fixed rate
2002 Series	<u>125,000,000</u>	12,500,000	No option	---	---	1-Jul-32	Fixed rate
Master Series							
2007 A Series	10,000,000		No option	---	---	1-Jun-37	Fixed rate
2007 B Series	50,000,000		Any date	Weekly	8-Jul-22	1-Jun-42	7-day
2007 C Series	50,000,000		1-Jun-17	---	---	1-Jun-27	3M LIBOR
2007 C Series	50,000,000		1-Jun-17	---	---	1-Jun-37	3M LIBOR
2018 A Series	10,000,000		No option	---	---	1-Sep-33	Fixed rate
2018 B Series	50,000,000		1-Sep-21	1-Sep-22	---	1-Sep-48	SIFMA Index
2018 C Series	50,000,000		1-Sep-22	1-Sep-23	---	1-Sep-48	SIFMA Index
2018 D Series	30,000,000		1-Sep-23	1-Sep-24	---	1-Sep-48	1M LIBOR
2018 E Series	75,000,000		1-Sep-24	1-Sep-25	---	1-Sep-48	1M LIBOR
2020 A Series	100,000,000		Any date	Weekly	1-May-25	1-May-55	7-day
2020 B Series	50,000,000		No option	---	---	1-Nov-24	Fixed rate
2020 C Series	50,000,000		Any date	Weekly	---	1-Sep-48	R-FLOATs
2020 D Series	<u>75,000,000</u>		Any date	Weekly	1-Nov-23	1-Nov-65	7-day
Total Master Series	<u>650,000,000</u>	<u>34,139,000</u> (3)					
Total	<u>\$ 1,053,000,000</u>	<u>\$ 74,439,000</u>					

- (1) The Debt Service Reserve Funds are the maximum permissible amounts, the least of (i) 10% of the par amount, (ii) the maximum annual debt service payment, and (iii) 125% of average annual debt service.
- (2) Options can be exercised at a price of 100% of the principal amount, plus accrued interest. Exercise of the option to redeem or remarket requires 30 days of notice to Bondholders.
- (3) Held under the Master Indenture to secure all Series issued under the Master Indenture.

Source: Calhoun Baker Inc.

All of the DelVal Series are subject to Extraordinary Mandatory Redemption under certain circumstances. The principal reasons for an Extraordinary Mandatory Redemption would be the inability of DelVal to lend proceeds or the necessity to comply with Treasury regulations.

When DelVal accesses the capital markets, it issues the type of debt that will minimize its cost of funds at that time. DelVal has outstanding issues of: (i) fixed rate bonds, (ii) floating rate bonds indexed to 1-Month LIBOR, 3-Month LIBOR, and the SIFMA Index, and (iii) 7-day remarketed variable rate demand bonds ("VRDB's") and R-FLOATs bonds. DelVal's objective with each issuance is to create a pool of funds with a net cost to DelVal that is comparable to the cost of a DelVal VRDB at that time. If DelVal cannot achieve that cost, it will not issue.

The 1997 Series, 1998 Series, 2002 Series, 2007 A Series, 2018 A Series, and 2020 B Series are all fixed rate bonds that are not subject to optional redemption. All of these Series are rated "A1" by

Moody's with a stable outlook. The 2002 Series, 2007 A Series, 2018 A Series, and 2020 B Series are rated "A+" with a stable outlook by S&P. The 1997 Series and 1998 Series were originally rated by S&P based upon municipal bond insurance policies issued by Ambac. S&P withdrew the ratings for the 1997 Series and 1998 Series when Ambac filed for reorganization.

The interest rates on the 2007 C Series are set at spreads to 67% of 3-Month LIBOR, adjusted and payable quarterly. The 2007 C Series may be optionally redeemed at par on or after June 1, 2017. The 2007 C Series is rated "A1" by Moody's and "A+" by S&P.

The interest rates on the 2018 B and 2018 C Series are set at spreads to the SIFMA Index, adjusted and payable monthly. The 2018 D and E Series are set at spreads to 67% of 1-Month LIBOR, adjusted and payable monthly. The 2018 Series are rated "A1" by Moody's and "A+" by S&P. These Series may be optionally redeemed at par beginning one year prior to their respective remarketing dates.

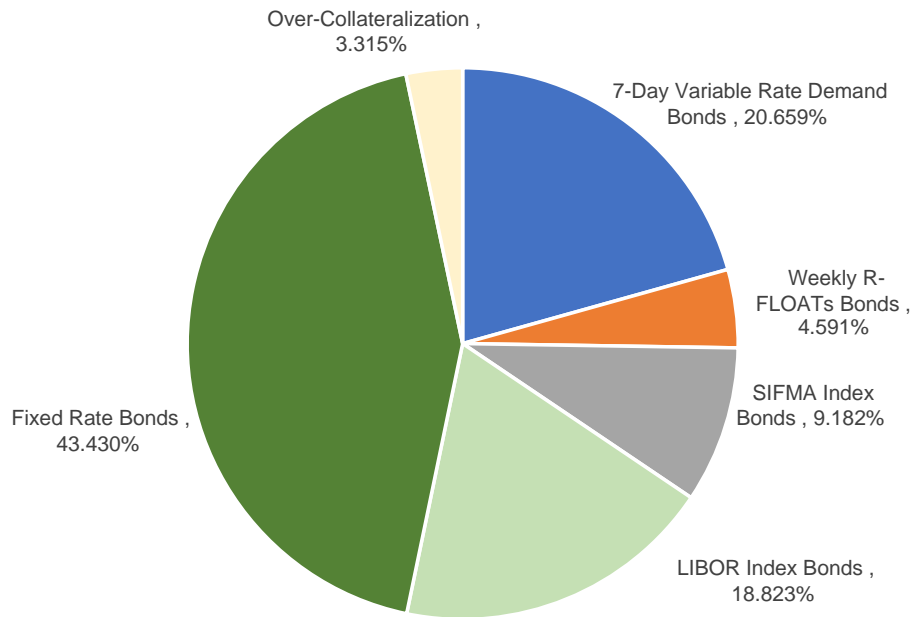
The \$50 million 2007 B Series is currently remarketed by PNC Capital Markets as a 7-day, VRDB, secured by a letter of credit issued by PNC Bank, National Association (the "PNC LOC"). The PNC LOC is scheduled to terminate on July 8, 2022. The 2007 B Series is rated "AA+/A-1" by S&P, "A1/VMIG 1" by Moody's, and "A+/F1" by Fitch Ratings ("Fitch"). The short-term ratings are all based on PNC's short-term ratings. The long-term rating of Moody's and Fitch is also based solely on the long-term rating of PNC. The S&P long-term rating is based on the joint probability of a default by both DeIVal and PNC. The remarketing rate has averaged 0.540% in 2020, 0.0029% over the average SIFMA Index.

The \$100 million 2020 A Series and \$75 million 2020 D Series are currently remarketed by TD Securities as a 7-day, VRDB, secured by letters of credit issued by TD Bank, N.A. (the "TD LOCs"). The TD LOC for the 2020 A Series is scheduled to terminate on May 1, 2025, and the TD LOC for the 2020 D Series is scheduled to terminate on November 1, 2023. The 2020 A Series and 2020 D Series are rated "Aa3/VMIG 1" by Moody's and "AA+/A-1" by S&P. The short-term ratings are based on TD's short-term ratings. The Moody's long-term ratings are based on TD's long-term rating. The S&P long-term ratings are based on the joint probability of a default by both DeIVal and TD. The remarketing rate for the 2020 A Series has averaged 0.101% for the period from May 1, 2020, to December 31, 2020, 0.0010% below the average SIFMA Index. The remarketing rate for the 2020 D Series has averaged 0.101% for the period from November 2, 2020, to December 31, 2020, 0.0010% below the average SIFMA Index.

The \$50 million 2020 C Series is currently remarketed by BofA Securities as a weekly rate R-FLOATs. The 2020 C Series is rated "A1" by Moody's and "A+" by S&P. The R-FLOATs are not secured by a credit facility. In the event of a failed remarketing of the 2020 C Series, the interest rate of the 2020 C Series would increase to the maximum rate, currently 15%, and, if the failed remarketing could not be cured, the 2020 C Series would be subject to redemption within three years. The 2020 C Series would also bear interest at the maximum rate and be subject to redemption within three years if the ratings of the 2020 C Series were withdrawn or reduced below investment grade. The remarketing rate for the 2020 C Series has averaged 0.264% for the period from November 2, 2020, to December 31, 2020, 0.1620% above the average SIFMA Index.

As of December 31, 2020, the total funding for the Loan Program, including the over-collateralization of \$36,099,250, was \$1,089,099,250. Below is a chart the shows the current composition of the funding.

**Composition of the Funding for the DelVal Loan Program
as of December 31, 2020**



Source: Calhoun Baker Inc.

DelVal issued the fixed rate \$45,000,000 2021 A Series on February 3, 2021. Following the closing of the 2021 A Series, total funding of the Loan Program increased to \$1,136,039,250 and the overcollateralization increased to \$38,039,250.

The DelVal Board annually adopts a Post Issuance Compliance Policy, and under the policy, the Program Administrator monitors and reports any compliance issues with Treasury regulations or rules of the Municipal Securities Rulemaking Board.

The estimated debt service payments, assuming that none of the DelVal Series are optionally redeemed or converted to other interest rate modes, is shown on the following page. Interest rates on variable rate DelVal Series are based on the interest rates as of December 31, 2020.

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**Delaware Valley Regional Finance Authority
Estimated Debt Service Payments as December 31, 2020**

Fiscal Year	1997 Series		1998 Series		2002 Series		Master Series		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ -	\$ 6,273,914	\$ -	\$ 29,012,414	\$ 29,012,414
2022	-	1,801,000	-	13,750,000	-	7,187,500	-	6,273,914	-	29,012,414	29,012,414
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	6,273,914	-	29,012,414	29,012,414
2024	-	1,801,000	-	13,750,000	-	7,187,500	-	6,273,914	-	29,012,414	29,012,414
2025	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	6,273,914	50,000,000	29,012,414	79,012,414
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	3,773,914	-	26,512,414	26,512,414
2027	28,000,000	1,801,000	-	13,750,000	-	7,187,500	50,000,000	3,573,664	78,000,000	26,312,164	104,312,164
2028	-	-	250,000,000	13,750,000	-	7,187,500	-	3,373,414	250,000,000	24,310,914	274,310,914
2029	-	-	-	-	-	7,187,500	-	3,373,414	-	10,560,914	10,560,914
2030	-	-	-	-	-	7,187,500	-	3,373,414	-	10,560,914	10,560,914
2031	-	-	-	-	-	7,187,500	-	3,373,414	-	10,560,914	10,560,914
2032	-	-	-	-	125,000,000	7,187,500	-	3,373,414	125,000,000	10,560,914	135,560,914
2033	-	-	-	-	-	-	10,000,000	3,123,414	10,000,000	3,123,414	13,123,414
2034	-	-	-	-	-	-	-	2,873,414	-	2,873,414	2,873,414
2035	-	-	-	-	-	-	-	2,873,414	-	2,873,414	2,873,414
2036	-	-	-	-	-	-	-	2,873,414	-	2,873,414	2,873,414
2037	-	-	-	-	-	-	100,000,000	2,625,664	100,000,000	2,625,664	102,625,664
2038	-	-	-	-	-	-	-	2,377,914	-	2,377,914	2,377,914
2039	-	-	-	-	-	-	-	2,377,914	-	2,377,914	2,377,914
2040	-	-	-	-	-	-	-	2,377,914	-	2,377,914	2,377,914
2041	-	-	-	-	-	-	-	2,377,914	-	2,377,914	2,377,914
2042	-	-	-	-	-	-	10,000,000	2,102,914	10,000,000	2,102,914	12,102,914
2043	-	-	-	-	-	-	-	1,827,914	-	1,827,914	1,827,914
2044	-	-	-	-	-	-	-	1,827,914	-	1,827,914	1,827,914
2045	-	-	-	-	-	-	-	1,827,914	-	1,827,914	1,827,914
2046	-	-	-	-	-	-	-	1,827,914	-	1,827,914	1,827,914
2047	-	-	-	-	-	-	-	1,827,914	-	1,827,914	1,827,914
2048	-	-	-	-	-	-	205,000,000	1,436,561	205,000,000	1,436,561	206,436,561
2049	-	-	-	-	-	-	-	262,500	-	262,500	262,500
2050	-	-	-	-	-	-	-	262,500	-	262,500	262,500
2051	-	-	-	-	-	-	-	262,500	-	262,500	262,500
2052	-	-	-	-	-	-	-	262,500	-	262,500	262,500
2053	-	-	-	-	-	-	-	262,500	-	262,500	262,500
2054	-	-	-	-	-	-	-	262,500	-	262,500	262,500
2055	-	-	-	-	-	-	225,000,000	195,625	225,000,000	195,625	225,195,625
Total	\$28,000,000	\$12,607,000	\$250,000,000	\$110,000,000	\$ 125,000,000	\$ 86,250,000	\$650,000,000	\$ 93,914,864	\$1,053,000,000	\$302,771,864	\$1,355,771,864

Source: Calhoun Baker Inc.

INVESTMENTS

The funds held by DelVal are invested in Guaranteed Investment Contracts (“GIC’s”) and other investments that satisfy the requirements of the respective Trust Indentures. The terms of the GIC’s end three business days prior to the maturity dates of the related bond series. DelVal treats the GIC’s as cash equivalents because the interest rates on the GIC’s adjust weekly and DelVal can deposit or withdraw funds from the GIC’s with no more than seven days of written notice. Under the terms of the GIC’s, DelVal may require the providers to post collateral of cash, Treasury obligations, or certain agency obligations to secure the principal invested, plus accrued interest, if they are downgraded below the “Aa3” or “AA-” thresholds. Citigroup Financial Products Inc. (“CFPI”) currently posts collateral to secure its GIC.

DelVal’s short-term investments are generally restricted to instruments with ratings of “P-1” from Moody’s and “A-1” or higher from S&P, and DelVal’s long-term investments are generally restricted to instruments with ratings of “Aa3” or higher from Moody’s and “AA-” or higher from S&P. Investments that mature within 90 days are treated as cash equivalents; investments with longer maturities are recorded at fair value. Most of the funds not invested in GIC’s have been invested in floating rate notes, indexed to 3-Month LIBOR, with maturities ranging from one to three years. A summary of the cash equivalents and investments is shown below. See “Note 7. Fair Value of Investments and Restricted Investments” for additional information.

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Cash Equivalents and Investments as of December 31, 2020

<u>Description</u>	<u>Senior Debt Rating of Counterparty or Guarantor</u>			<u>Maturity</u>	<u>Rate (6)</u>	<u>Cash Equivalents</u>	<u>Restricted Cash Equivalents</u>	<u>Fair Value Restricted Investments</u>	<u>Total Fair Value</u>	<u>Fair Value Concentration</u>
	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>							
<i>Floating rate notes (1)</i>										
Bank of Nova Scotia Commonwealth Bank of Australia	Aa2	***	AA	7-Mar-22	0.865%	\$ -	\$ -	\$ 10,062,700	\$ 10,062,700	7.749%
National Australia Bank	Aa3	AA-	A+	10-Mar-22	0.930%	-	-	6,041,460	6,041,460	4.652%
National Australia Bank	Aa3	AA-	***	10-Jan-22	1.114%	-	-	2,015,900	2,015,900	10.839%
National Australia Bank	Aa3	AA-	***	12-Jul-21	1.224%	-	-	12,060,120	12,060,120	
Westpac Banking	Aa3	AA-	A+	11-Jan-22	1.074%	-	-	3,956,898	3,956,898	3.047%
Treasury Money Market	Aaa-mf	AAAm	***	***	0.010%	-	213,000	-	213,000	0.164%
<i>GIC's (2)</i>										
BayemLB (3)	Aaa	***	AAA	27-Jul-28	1.720%	27,802,648	25,000,000	-	52,802,648	40.662%
CFPI (4)	A3	BBB+	A	28-May-42	1.261%	5,732,750	-	-	5,732,750	4.415%
Natixis (5)	Aa2	AA	AA	28-Jun-27	1.713%	3,313,057	2,800,000	-	6,113,057	
Natixis (5)	Aa2	AA	AA	28-Jun-32	1.260%	18,360,128	12,500,000	-	30,860,128	<u>28.472%</u>
Total						<u>\$ 55,208,582</u>	<u>\$ 40,513,000</u>	<u>\$ 34,137,078</u>	<u>\$ 129,858,660</u>	100.000%

(1) Notes pay a spread over 3-Month LIBOR, adjusted and paid quarterly.

(2) GIC's pay a spread over the SIFMA Index, adjusted weekly and paid monthly.

(3) Obligations guaranteed by the State of Bavaria.

(4) Obligations are collateralized and held by the Bank of New York Mellon.

(5) Obligations are guaranteed by Caisse des Dépôts et Consignations.

(6) Rate as of December 31, 2020.

Source: Calhoun Baker Inc.

INTEREST RATE SWAP AGREEMENTS

DeIVal utilizes Bond Swaps to hedge its interest rate and basis risk. When DeIVal issued fixed rate bonds, DeIVal executed Bond Swaps under which it received a fixed rate and paid the SIFMA Index. This hedged the risk that future market rates to the maturity dates of the fixed rate bonds would be lower than DeIVal's fixed rates, making that issue uncompetitive with other financing options. When DeIVal issued LIBOR index bonds, DeIVal executed Bond Swaps under which it received the LIBOR index and paid the SIFMA Index. This eliminated the basis risk that the ratio of tax-exempt rates to the LIBOR index would decline in the future, making that issue uncompetitive with other financing options. DeIVal did not need to hedge the SIFMA Index bonds, the VRDB's, or the R-FLOATs.

DeIVal also utilizes Loan Swaps to provide fixed rate Loans. When a Participant requests a fixed rate, DeIVal executes a Loan Swap that offsets payments on the Bond Swaps under which DeIVal receives a SIFMA Index payment and pays a fixed rate. The notional reductions of the Loan Swap match the amortization of the related Loan. The Participant has flexibility to choose option provisions, set fixed rates for periods shorter than the maturity date, and split the Loan into tranches with multiple fixed rates or a combination of variable and fixed rates.

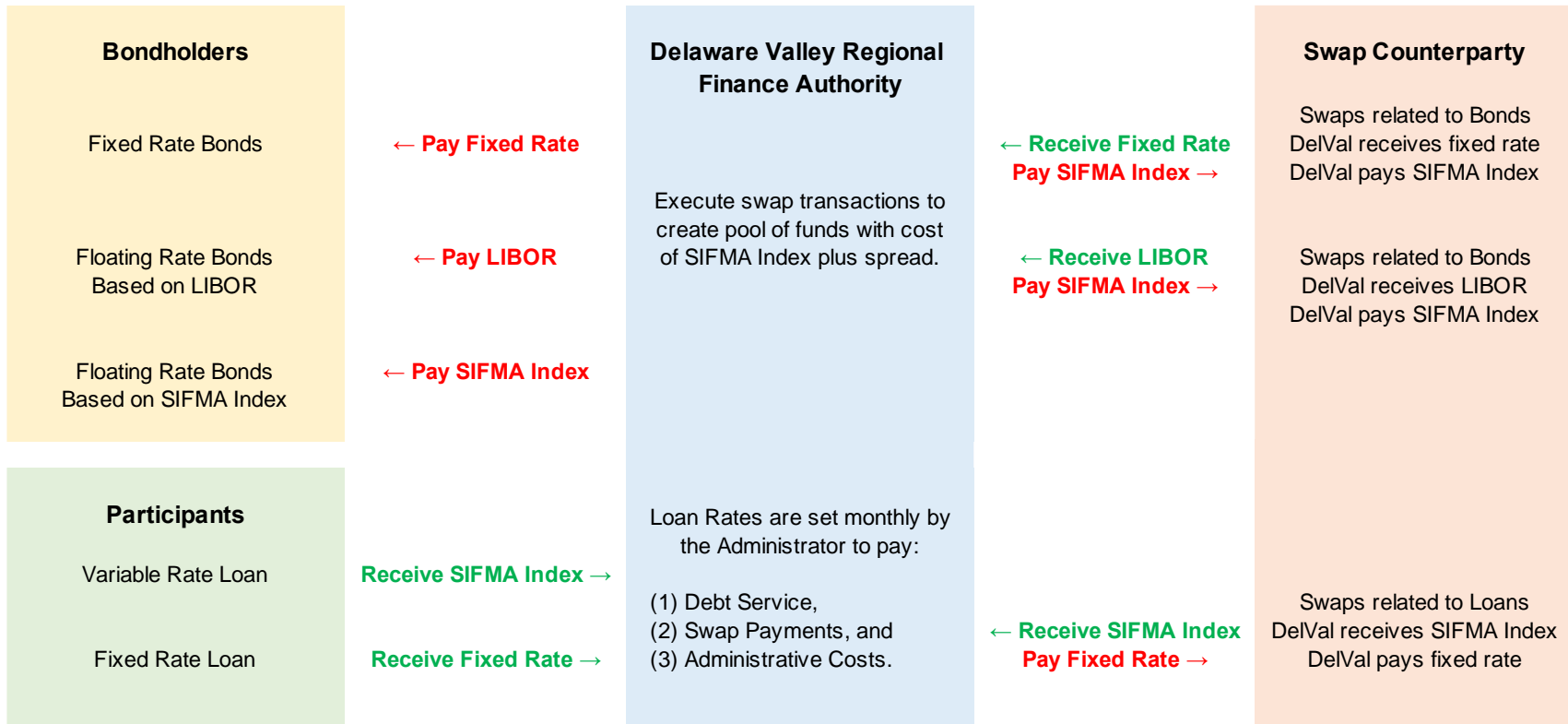
All of the Bond Swaps and Loan Swaps are effective hedges under the "consistent critical terms" and "quantitative methods" standards of the Governmental Accounting Standards Board Statement No. 53. DeIVal's current estimated cost of funds of the hedged DeIVal Series, debt service plus net swap payments, is equal to the SIFMA Index plus approximately 0.52%.

DeIVal terminated \$150 million notional of Bond Swaps after the 2014 Series and 2017 Series were redeemed, and DeIVal received payments of \$1,335,930 for the terminations. On January 20, 2021, DeIVal amended a \$45 million notional Bond Swap transaction to hedge the interest rate risk of the 2021 A Series. On April 19, 2021, DeIVal executed a \$50 million Bond Swap to hedge the interest rate risk of the 2020 B Series.

Below is a chart that depicts the cash flows for the DeIVal Loan program.

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Cash Flows of Debt Service, Interest Rate Swap, and Loan Payments



A summary of the outstanding transactions and their market values is shown below.

Interest Rate Swap Transactions as of December 31, 2020

	<u>Fitch</u>	<u>Kroll</u>	<u>Moody's</u>	<u>S&P</u>	<u>Notional Amount</u>	<u>Fair Value 31-Dec-20</u>
Bond Swaps						
1997 Series	***	***	A1	***	\$ 28,000,000	\$ 8,742,559
1998 Series*	***	***	A1	***	500,000,000	92,410,262
2002 Series	***	***	A1	A+	125,000,000	52,233,439
Master Series	***	***	A1	A+	270,050,000	11,163,373
Total Bond Swaps					<u>923,050,000</u>	<u>164,549,633</u>
Loan swaps						
1997 Series	***	***	A1	***	18,600,000	(834,309)
1998 Series	***	***	A1	***	208,432,000	(9,756,826)
2002 Series	***	***	A1	A+	106,989,000	(7,769,840)
Master Series	***	***	A1	A+	681,398,500	(35,703,933)
Total Loan Swaps					<u>1,015,419,500</u>	<u>(54,064,908)</u>
Total					<u>\$ 1,938,469,500</u>	<u>\$ 110,484,725</u>
Counterparty						
Bank of America, N.A.*	A+	***	Aa3	A+	\$ 1,202,886,900	\$ 120,024,290
Barclays Bank PLC	A	***	A1	A	38,480,000	(2,742,410)
Citibank, N.A.	A+	***	Aa3	A+	110,050,000	7,264,598
PNC Bank, N.A.	A+	AA-	A1	A	466,979,000	(10,486,757)
Royal Bank of Canada	AA	***	Aa2	AA-	118,465,600	(3,542,519)
Toronto-Dominion Bank	***	AA	Aa2	AA-	1,608,000	(32,477)
Total					<u>\$ 1,938,469,500</u>	<u>\$ 110,484,725</u>

*Includes the Fair Value of the Unamortized Prepaid Swap Expense.

Source: Calhoun Baker Inc.

International regulators, including the Federal Reserve Bank, are attempting to impose new risk-free reference rates as replacements for indices based on interbank borrowing rates by December 31, 2021. In the United States, the “Secured Overnight Financing Rate” (“SOFR”) is the proposed successor rate for the LIBOR rates published for the U.S. dollar (the “USD LIBOR”). The International Swaps and Derivatives Association (“ISDA”) has developed protocols to amend existing swap transactions and to replace USD LIBOR rates with SOFR rates, and Bloomberg has begun posting these rates. At this time, SOFR has not yet been widely accepted for the pricing of financial products, instruments, and derivatives, and the SOFR market is not liquid. On December 4, 2020, the Financial Conduct Authority (the “FCA”) of the United Kingdom announced that publication of all LIBOR rates except the USD LIBOR rates for 1, 3, 6, and 12 months would cease after December 31, 2020. The FCA announced that the USD LIBOR rates for 1, 3, 6, and 12 months would continue to be published until June 30, 2023.

As of December 31, 2020, DelVal had \$750 million notional amount of interest rate swap transactions that were indexed to a USD LIBOR rate. Of that amount, \$500 million were offsetting transactions with Bank of America related to the 1998 Series under which DelVal paid and received the USD 1 month rate (“1M LIBOR”), \$150 million were transactions related to the Master Series under which DelVal received swap payments from PNC Bank indexed to 1M LIBOR and paid debt service indexed to 1M LIBOR, and \$100 million were transactions related to the Master Series under which DelVal received

swap payments from Citibank indexed to the USD LIBOR 3 month rate (“3M LIBOR”) and paid debt service indexed to 3M LIBOR .

DeIVal has, and will, manage its debt and swap transactions to balance LIBOR payments and receipts. If 1M LIBOR and 3M LIBOR are no longer published after June 30, 2023, or if DeIVal and its counterparties agree at an earlier date, the LIBOR swap transactions and related DeIVal Series trust indentures would be amended to replace 1M LIBOR and 3M LIBOR with the SOFR rates. DeIVal would not be adversely affected as long as the replacements are uniform.

The DeIVal Board annually adopts an Interest Rate Swap Management Policy (the “Swap Policy”). Any exceptions to Swap Policy must be explicitly authorized by a Resolution of the Board.

See “Note 6. Derivative Financial Instruments” for additional information.

STRESS TESTS

DeIVal periodically prepares projections of operating results for the rating agencies to test the ability of DeIVal to withstand changes of future market conditions. The schedules project loan principal and interest payments and operating revenues and expenses. The coverage of available funds over the bond principal and interest payments is calculated, including debt service reserve funds, but ignoring accumulated fund balances.

The base case scenario, the “Scheduled Scenario”, assumes the DeIVal Series are repaid on their respective maturity dates. The results of the Scheduled Scenario, based on debt outstanding as of December 31, 2020, is summarized below. Four different interest rate regimes are analyzed, assuming the SIFMA Index averages 0.30% in 2021:

- 1) SIFMA Index increases to 1.50% in 2031,
- 2) SIFMA Index increases to 3.00% in 2031,
- 3) SIFMA Index increases to 5.00% in 2031 and
- 4) SIFMA Index increases to 8.00% in 2031.

The Excel file used for the stress test is posted on DeIVal’s website: www.DeIVal.US.

Coverage of debt service is tightest in the years with large bond principal payments. The projections show that coverage of debt service in these years is not sensitive to changes in the interest rate assumptions. The results are robust because (i) the Loan Program is over-collateralized by \$36,099,250, (ii) each DeIVal Series has a Debt Service Reserve Fund funded from proceeds, and (iii) the amortization of Loans is structured to ensure that sufficient funds from Loan principal payments will be available to pay principal on the DeIVal Series when the payments are due. The test of the adequacy of the cash flows of Loan principal repayments is required under the Trust Indentures and the Covenant Agreement. If sufficient funds would not be available for principal repayments of the DeIVal Series, the Loan would not be originated.

A summary of the Scheduled Scenario, assuming the SIFMA Index rises to 3% in 2031, is shown in the schedule below. The schedule also shows comparisons of the coverage to the other interest rate assumptions.

Estimated Debt Service Coverage for the Scheduled Scenario with the SIFMA Index Rising to 3% in 2031

Year	Funds Available for Debt Service				Debt Service			Annual Coverage of Debt Service		Coverage under Other Interest Rate Assumptions SIFMA Index in 2031		
	Revenue Fund (1)	Recycling Fund (2)	Debt Service Reserve	Total	Interest (3)	Principal	Total	Amount in Excess of Debt Service	Coverage Percentage	1.50%	5.00%	8.00%
2021	\$39,114,253	\$121,008,050	\$74,439,000	\$234,561,303	\$ 31,330,400	\$ -	\$ 31,330,400	\$203,230,903	749%	749%	749%	749%
2022	42,376,148	109,696,450	74,439,000	226,511,598	33,071,800	-	33,071,800	193,439,798	685%	701%	666%	639%
2023	44,926,528	133,015,350	74,439,000	252,380,878	34,633,700	-	34,633,700	217,747,178	729%	761%	689%	640%
2024	46,838,647	135,789,650	74,439,000	257,067,297	36,262,600	50,000,000	86,262,600	170,804,697	298%	304%	291%	281%
2025	47,804,644	137,646,550	72,296,000	257,747,194	35,324,500	-	35,324,500	222,422,694	730%	800%	657%	574%
2026	49,146,857	167,262,650	72,296,000	288,705,507	36,953,400	-	36,953,400	251,752,107	781%	873%	691%	593%
2027	50,402,347	258,536,950	72,296,000	381,235,297	37,746,450	78,000,000	115,746,450	265,488,847	329%	339%	317%	302%
2028	48,589,375	267,208,550	67,175,000	382,972,925	36,708,350	250,000,000	286,708,350	96,264,575	134%	134%	133%	132%
2029	34,663,223	105,406,250	42,175,000	182,244,473	24,386,250	-	24,386,250	157,858,223	747%	976%	580%	446%
2030	36,608,778	100,902,250	42,175,000	179,686,028	25,847,650	-	25,847,650	153,838,378	695%	922%	535%	411%
2031	37,607,642	93,684,250	42,175,000	173,466,892	27,275,550	-	27,275,550	146,191,342	636%	858%	490%	378%
2032	37,122,967	151,907,250	42,175,000	231,205,217	27,275,550	125,000,000	152,275,550	78,929,667	152%	155%	149%	145%
2033	30,148,977	91,441,250	29,675,000	151,265,227	20,088,050	10,000,000	30,088,050	121,177,177	503%	655%	397%	313%
2034	29,783,808	85,473,250	29,089,000	144,346,058	19,588,050	-	19,588,050	124,758,008	737%	1178%	514%	372%
2035	29,807,720	87,864,250	29,089,000	146,760,970	19,588,050	-	19,588,050	127,172,920	749%	1200%	521%	376%
2036	29,714,833	85,941,250	29,089,000	144,745,083	19,588,050	-	19,588,050	125,157,033	739%	1185%	514%	370%
2037	28,497,611	92,745,250	29,089,000	150,331,861	18,288,050	60,000,000	78,288,050	72,043,811	192%	201%	183%	173%
2038	26,335,788	88,468,250	25,338,000	140,142,038	16,988,050	-	16,988,050	123,153,988	825%	1363%	563%	399%
2039	26,295,843	83,854,250	25,338,000	135,488,093	16,988,050	-	16,988,050	118,500,043	798%	1314%	546%	388%
2040	26,284,235	82,695,250	25,338,000	134,317,485	16,988,050	-	16,988,050	117,329,435	791%	1303%	541%	385%
2041	26,201,311	81,866,250	25,338,000	133,405,561	16,988,050	-	16,988,050	116,417,511	785%	1295%	537%	381%
2042	25,348,770	83,991,250	25,338,000	134,678,020	16,113,050	50,000,000	66,113,050	68,564,970	204%	214%	193%	181%
2043	23,320,771	77,456,250	22,134,000	122,911,021	15,238,050	-	15,238,050	107,672,971	807%	1335%	548%	388%
2044	22,933,337	101,401,250	22,134,000	146,468,587	15,238,050	-	15,238,050	131,230,537	961%	1555%	689%	473%
2045	22,642,213	135,561,250	22,134,000	180,337,463	15,238,050	-	15,238,050	165,099,413	1183%	1957%	822%	555%
2046	22,371,520	166,707,250	22,134,000	211,212,770	15,238,050	-	15,238,050	195,974,720	1386%	2323%	944%	629%
2047	22,107,247	199,318,250	22,134,000	243,559,497	15,238,050	-	15,238,050	228,321,447	1598%	2702%	1074%	710%
2048	20,429,831	233,468,250	22,134,000	276,032,081	13,391,038	205,000,000	218,391,038	57,641,043	126%	128%	126%	122%
2049	12,672,129	75,051,250	11,313,000	99,036,379	7,850,000	-	7,850,000	91,186,379	1262%	2178%	844%	537%
2050	12,390,849	107,149,250	11,313,000	130,853,099	7,850,000	-	7,850,000	123,003,099	1667%	2891%	1097%	703%
2051	12,141,639	135,174,250	11,313,000	158,628,889	7,850,000	-	7,850,000	150,778,889	2021%	3515%	1317%	848%
2052	11,903,666	164,561,250	11,313,000	187,777,916	7,850,000	-	7,850,000	179,927,916	2392%	4160%	1552%	1006%
2053	11,654,133	195,375,250	11,313,000	218,342,383	7,850,000	-	7,850,000	210,492,383	2781%	4827%	1803%	1180%
2054	11,408,098	223,918,250	11,313,000	246,639,348	7,850,000	-	7,850,000	238,789,348	3142%	5439%	2037%	1346%
2055	10,993,735	249,786,250	11,313,000	272,092,985	5,445,833	225,000,000	230,445,833	41,647,152	118%	118%	119%	120%
Total					<u>\$ 710,148,821</u>	<u>\$ 1,053,000,000</u>	<u>\$ 1,763,148,821</u>					

- (1) Excess of annual revenues over administrative expenses and net swap payments.
- (2) Recycling Fund deposits before originating Loans. Includes over-collateralization of \$36,099,250.
- (3) Includes letter of credit and remarketing fees.

Source: Calhoun Baker Inc.

The circumstances under which coverage would be inadequate would be: (i) a cataclysmic market failure that would cause DelVal’s swap or investment counterparties to default on their obligations for a prolonged period or (ii) a cataclysmic economic disruption in Pennsylvania that would cause a large number of Participants to default on their debt obligations for a prolonged period.

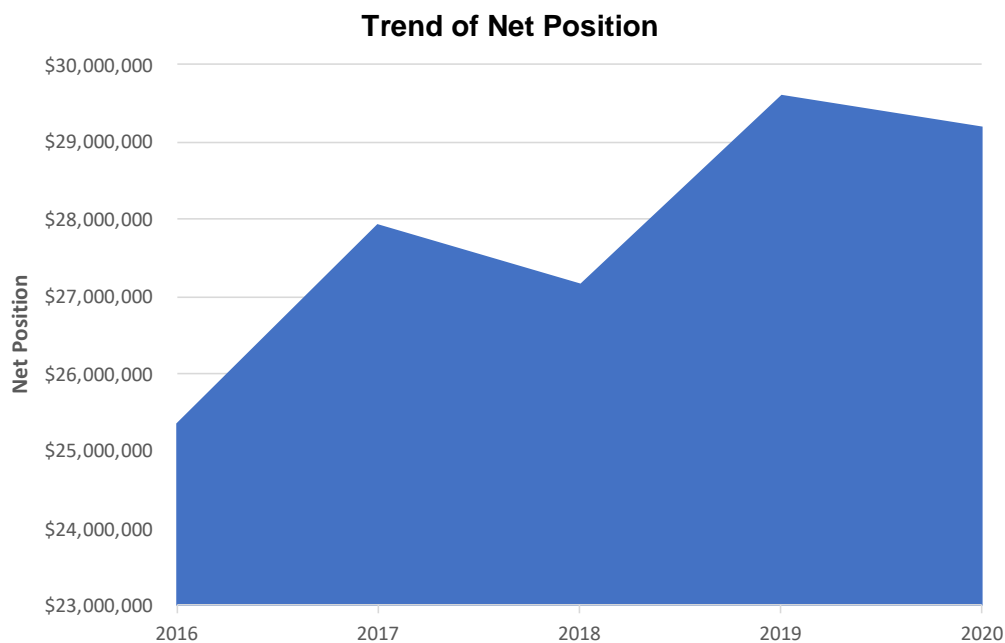
Under the Scheduled Scenario with the SIFMA Index at 3% in 2031, the \$383 million of funds available for coverage in 2028 would be sufficient to cover the debt service payments if:

- 1) Every Participant defaulted on principal and interest payments for 11 months, or
- 2) Every swap counterparty defaulted on payments for 48 months, or
- 3) Every investment counterparty defaulted on payments for more than eight years.

SUMMARIES OF 2020 FINANCIAL STATEMENTS

The summaries of the financial statements are designed to provide information on DelVal’s operations and activities to citizens, counterparties, and investors. The Statement of Revenues, Expenses, and Changes in Net Position detail the operating results. The Balance Sheet shows the financial assets and liabilities accumulated from operations. The Statement of Cash Flows tracks the provision and use of the cash equivalents and restricted cash equivalents by the activities of DelVal.

The net position of DelVal declined in 2020 by \$392 thousand to \$29.2 million. The reduction was principally attributable to the \$1.7 million costs of issuance of the 2020 A Series and the 2020 BCD Series. Revenues and expenses both declined due to the low interest rates that prevailed after the COVID-19 outbreak. The dip of net position in 2018 was principally due to the \$1.5 million costs of issuance of the 2018 Series.

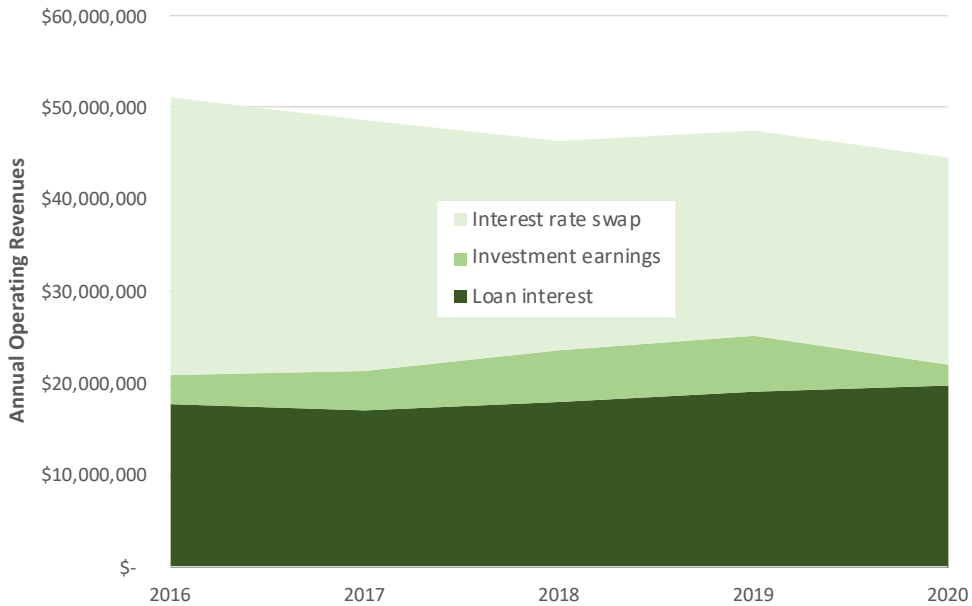


Source: Calhoun Baker Inc.

The rapid origination of new Loans in 2020 was the principal factor that affected the \$2.8 million decline of operating revenues. Loan interest revenues grew by \$677 thousand in spite of lower interest rates due to a \$128 million increase in the principal amount of the Loans outstanding, and investment earnings plummeted by \$3.8 million due to the lower balances available for investment and low interest

rates. Swap interest revenues increased by \$301 thousand due to the \$1.3 million received for the termination of \$150 million of Bond Swaps related to the 2014 B Series and the 2017 Series.

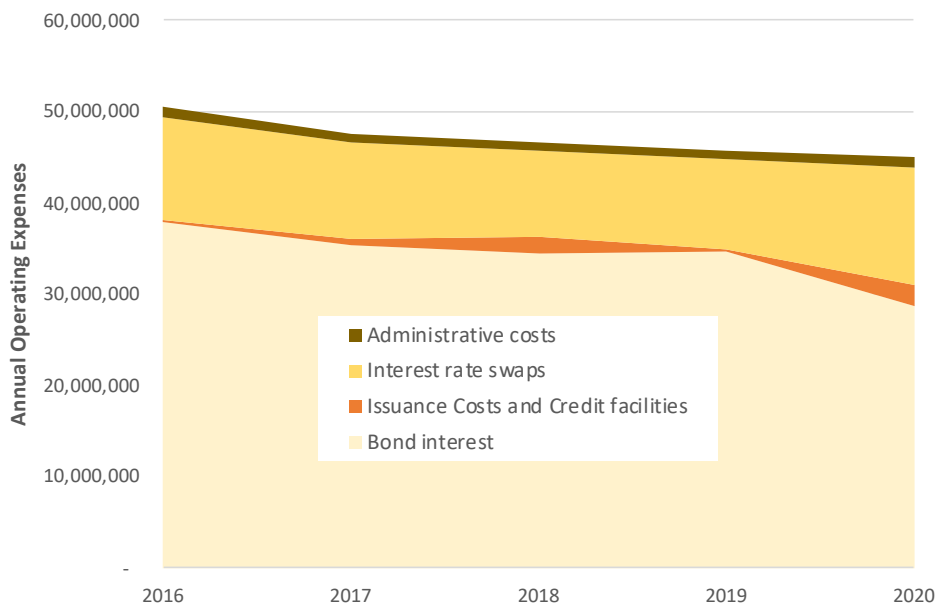
Trend of Operating Revenues



Source: Calhoun Baker Inc.

Operating expenses decreased by \$870 thousand in 2020, despite the \$1.7 million costs of issuance and the \$3.0 million increase of interest rate swap expenses. Administrative expenses increased by \$110 thousand and credit facility fees by \$230 thousand due to the issuance of the 2020 A Series and 2020 BCD Series. Bond interest expenses declined by \$5.95 million due to the lower interest rates. Swap interest expense rose due to a \$165 million increase in the notional amount of Loan Swaps and an increase in the spread between the SIFMA Index receipt and the fixed rate payment on all of the outstanding Loan Swaps.

Trend of Operating Expenses



Source: Calhoun Baker Inc.

The five-year Comparative Statements of Revenues, Expenses, and Changes in Net Position Information are set forth below. Costs of issuance are treated as an operating expense. DelVal received payments of \$2,750,724 in 2016, \$1,386,991 in 2017, \$470,868 in 2019, and \$101 in 2020 from settlements of class action lawsuits on bid rigging of investments and interest rate swap transactions.

**Delaware Valley Regional Finance Authority
Comparative Statement of Revenues, Expenses, and
Changes in Net Position Information
Years Ended December 31**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Loan interest	\$ 17,735,608	\$ 17,169,131	\$ 18,072,213	\$ 19,021,507	\$ 19,699,151
Interest rate swaps	30,245,859	27,063,208	22,677,698	22,243,921	22,544,794
Interest on investments and cash equivalents	<u>3,191,161</u>	<u>4,298,627</u>	<u>5,516,547</u>	<u>6,207,132</u>	<u>2,417,252</u>
Total revenues	<u>51,172,628</u>	<u>48,530,966</u>	<u>46,266,458</u>	<u>47,472,560</u>	<u>44,661,197</u>
Expenses:					
Interest expense:					
Bonds	37,936,069	35,314,903	34,423,104	34,672,499	28,721,683
Interest rate swaps	11,347,594	10,561,961	9,505,514	9,875,528	12,878,576
Costs of issuance	-	431,449	1,488,776	-	1,710,190
Credit or liquidity facility fees	120,425	229,010	283,086	226,121	456,109
Rebate expense	-	-	-	-	29,331
Administrative expenses	<u>995,237</u>	<u>946,735</u>	<u>952,258</u>	<u>1,012,711</u>	<u>1,120,707</u>
Total expenses	<u>50,399,325</u>	<u>47,484,058</u>	<u>46,652,738</u>	<u>45,786,859</u>	<u>44,916,596</u>
Revenues over (under) expenses	<u>773,303</u>	<u>1,046,908</u>	<u>(386,280)</u>	<u>1,685,701</u>	<u>(255,399)</u>
Other changes:					
Decrease (increase) of estimated rebate liability	(55,000)	130,000	(60,000)	(20,000)	-
Class action settlements	2,750,724	1,386,991	-	470,868	101
Unrealized gain (loss) on investments and restricted investments	<u>241,174</u>	<u>25,128</u>	<u>(325,511)</u>	<u>286,825</u>	<u>(136,355)</u>
Total other changes, net	<u>2,936,898</u>	<u>1,542,119</u>	<u>(385,511)</u>	<u>737,693</u>	<u>(136,254)</u>
Increase (decrease) in net position	3,710,201	2,589,027	(771,791)	2,423,394	(391,653)
Net position, beginning	<u>21,646,679</u>	<u>25,356,880</u>	<u>27,945,907</u>	<u>27,174,116</u>	<u>29,597,510</u>
Net position, ending	<u>\$ 25,356,880</u>	<u>\$ 27,945,907</u>	<u>\$ 27,174,116</u>	<u>\$ 29,597,510</u>	<u>\$ 29,205,857</u>

Comparative Balance Sheet Information for the past five years is set forth below.

**Delaware Valley Regional Finance Authority
Comparative Balance Sheet Information
Years Ended December 31**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 133,714,885	\$ 79,600,862	\$ 140,847,632	\$ 96,109,784	\$ 55,208,582
Restricted cash equivalents	62,000,000	45,300,000	40,300,000	40,300,000	40,513,000
Accrued interest receivable:					
Loans	412,880	439,298	485,480	392,392	339,657
Interest rate swaps	6,131,648	6,222,764	5,840,904	5,817,283	5,748,766
Cash equivalents and investments	101,475	194,162	343,447	202,046	68,321
Prepaid expenses	88,531	91,448	91,955	96,259	77,964
Loans to local governments	<u>66,028,500</u>	<u>62,185,024</u>	<u>66,460,500</u>	<u>75,234,093</u>	<u>79,351,300</u>
Total current assets	<u>268,477,919</u>	<u>194,033,558</u>	<u>254,369,918</u>	<u>218,151,857</u>	<u>181,307,590</u>
NONCURRENT ASSETS:					
Investments	1,082,063	8,760,004	1,518,741	1,532,239	-
Restricted investments	24,715,115	31,702,115	32,467,867	32,741,194	34,137,078
Loans to local governments	761,533,500	726,109,000	732,425,500	769,773,500	893,652,200
Unamortized prepaid interest rate swap expense	6,159,907	5,578,183	4,996,458	4,413,139	3,831,415
Fair value of derivative transactions	<u>124,514,286</u>	<u>122,352,200</u>	<u>101,018,546</u>	<u>113,464,244</u>	<u>101,189,440</u>
Total noncurrent assets	<u>918,004,871</u>	<u>894,501,502</u>	<u>872,427,112</u>	<u>921,924,316</u>	<u>1,032,810,133</u>
TOTAL	<u>\$1,186,482,790</u>	<u>\$1,088,535,060</u>	<u>\$1,126,797,030</u>	<u>\$1,140,076,173</u>	<u>\$1,214,117,723</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES:					
Accrued expenses	\$ 15,225	\$ 79,995	\$ 13,773	\$ 9,398	\$ 43,473
Bond principal payable	167,000,000	50,000,000	-	20,000,000	-
Estimated rebate liability	150,000	-	-	-	-
Accrued interest payable:					
Interest rate swaps	320,513	397,871	658,013	403,540	183,778
Bonds	<u>18,057,121</u>	<u>12,915,262</u>	<u>12,637,059</u>	<u>12,463,169</u>	<u>14,412,450</u>
Total current liabilities	<u>185,542,859</u>	<u>63,393,128</u>	<u>13,308,845</u>	<u>32,876,107</u>	<u>14,639,701</u>
LONG TERM LIABILITIES:					
Bonds payable, net	851,018,765	874,773,825	985,165,523	963,988,312	1,068,932,725
Estimated rebate liability	<u>50,000</u>	<u>70,000</u>	<u>130,000</u>	<u>150,000</u>	<u>150,000</u>
Total long term liabilities	<u>851,068,765</u>	<u>874,843,825</u>	<u>985,295,523</u>	<u>964,138,312</u>	<u>1,069,082,725</u>
DEFERRED INFLOWS OF RESOURCES:					
Accumulated increase in fair value of hedging derivatives	<u>124,514,286</u>	<u>122,352,200</u>	<u>101,018,546</u>	<u>113,464,244</u>	<u>101,189,440</u>
Total liabilities and deferred inflows of resources	1,161,125,910	1,060,589,153	1,099,622,914	1,110,478,663	1,184,911,866
NET POSITION	<u>25,356,880</u>	<u>27,945,907</u>	<u>27,174,116</u>	<u>29,597,510</u>	<u>29,205,857</u>
TOTAL	<u>\$1,186,482,790</u>	<u>\$1,088,535,060</u>	<u>\$1,126,797,030</u>	<u>\$1,140,076,173</u>	<u>\$1,214,117,723</u>

The Comparative Statement of Cash Flows Information for the past five years is set forth below. Cash flows from investing and financing activities are treated as operating activities.

**Delaware Valley Regional Finance Authority
Comparative Statement of Cash Flows Information
Years Ended December 31**

	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019</u>	<u>2020</u>
Cash flows from operating activities					
Interest received on loans to local governments and interest rate swap agreements	\$ 48,087,679	\$ 44,114,804	\$ 41,085,590	\$ 41,383,731	\$ 42,363,602
Payment of interest on bonds and interest rate swap agreements	(50,169,476)	(51,604,580)	(44,805,257)	(45,571,877)	(42,976,008)
Loans to local governments	(38,301,000)	(44,773,000)	(107,870,000)	(138,602,000)	(211,558,000)
Principal repayments of loans to local governments	70,349,614	84,040,976	97,278,024	92,480,407	83,562,031
Administrative expenses paid	(994,125)	(945,530)	(948,391)	(1,021,390)	(1,068,337)
Interest received on investments and cash equivalents	3,157,348	4,205,940	5,367,262	6,348,534	2,550,977
Credit or liquidity facility fees paid	(122,587)	(168,361)	(353,682)	(226,121)	(456,109)
Rebate payment	-	-	-	-	(29,331)
Proceeds of bond issues	-	175,000,000	216,832,000	-	283,633,000
Transfers from restricted accounts	-	9,698,147	3,967,000	-	-
Class action settlement	2,750,724	1,386,991	-	470,868	101
Bond issuance costs	-	(431,450)	(1,488,776)	-	(1,710,128)
Redemption (purchase) of investments and restricted investments	68,956,000	37,662,040	2,183,000	-	-
Payment of bond principal	-	(267,000,000)	(155,000,000)	-	(195,000,000)
Net cash provided by (used in) operating activities and increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	103,714,177	(8,814,023)	56,246,770	(44,737,848)	(40,688,202)
Cash and cash equivalents and restricted cash and cash equivalents, beginning	<u>92,000,708</u>	<u>133,714,885</u>	<u>124,900,862</u>	<u>181,147,632</u>	<u>136,409,784</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 195,714,885</u>	<u>\$ 124,900,862</u>	<u>\$ 181,147,632</u>	<u>\$ 136,409,784</u>	<u>\$ 95,721,582</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET					
Cash and cash equivalents, ending	\$ 133,714,885	\$ 79,600,862	\$ 140,847,632	\$ 96,109,784	\$ 55,208,582
Restricted cash and cash equivalents, ending	<u>62,000,000</u>	<u>45,300,000</u>	<u>40,300,000</u>	<u>40,300,000</u>	<u>40,513,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 195,714,885</u>	<u>\$ 124,900,862</u>	<u>\$ 181,147,632</u>	<u>\$ 136,409,784</u>	<u>\$ 95,721,582</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Change in net position	<u>\$ 3,710,201</u>	<u>\$ 2,589,027</u>	<u>\$ (771,791)</u>	<u>\$ 2,423,394</u>	<u>\$ (391,653)</u>
Adjustments for other revenues, expenses, and transfers					
Increase (decrease) of estimated rebate liability	55,000	(130,000)	60,000	20,000	-
Unamortized prepaid interest rate swap expense	581,725	581,724	581,725	583,319	581,724
Adjustments for changes in assets and liabilities					
Decrease (increase) in:					
Investments	70,301,706	36,822,059	7,241,263	(13,498)	1,532,239
Restricted investments	(1,586,880)	10,513,000	(765,752)	(273,327)	(1,395,884)
Accrued interest receivable:					
Loans	10,386	(26,418)	(46,182)	93,088	52,735
Interest rate swaps	97,420	(91,116)	381,860	23,621	68,517
Cash equivalents and investments	(33,813)	(92,687)	(149,285)	141,401	133,725
Prepaid expenses	1,332	(2,917)	(507)	(4,304)	18,294
Loans to local governments	32,048,614	39,267,976	(10,591,976)	(46,121,593)	(127,995,907)
Increase (decrease) in:					
Accrued expenses	(2,382)	64,770	(66,222)	(4,375)	34,075
Accrued interest payable:					
Interest rate swaps	279,520	77,358	260,142	(254,473)	(219,762)
Bonds	(279,525)	(5,141,859)	(278,203)	(173,890)	1,949,281
Bonds payable	<u>(1,469,127)</u>	<u>(93,244,940)</u>	<u>60,391,698</u>	<u>(1,177,211)</u>	<u>84,944,414</u>
Total adjustments	<u>100,003,976</u>	<u>(11,403,050)</u>	<u>57,018,561</u>	<u>(47,161,242)</u>	<u>(40,296,549)</u>
Net cash provided by (used in) operating activities	<u>\$ 103,714,177</u>	<u>\$ (8,814,023)</u>	<u>\$ 56,246,770</u>	<u>\$ (44,737,848)</u>	<u>\$ (40,688,202)</u>

*Restated to include Restricted Cash and Cash Equivalents.

OUTLOOK

DeIVal expects to originate \$125 to \$150 million of new Loans in 2021. DeIVal expects the COVID-19 pandemic will have an adverse effect on the financial condition of all local governments, including those in DeIVal's Market Area and those that are Participants in the Loan Program. To date, all of the Participants in the Loan Program are current on their payments. The COVID-19 impact on Participants in the future is uncertain.

DeIVal expects to redeem or remarket the \$50 million 2018 A Series on or after its optional redemption date of September 1, 2021. The 2018 A Series is subject to mandatory purchase on September 1, 2022. DeIVal will continue to monitor the market for opportunities to increase the funding available for Loans.

A handwritten signature in blue ink that reads "Calhoun Baker Inc." with a period at the end.

Calhoun Baker Inc.
Program Administrator
Delaware Valley Regional Finance Authority
April 30, 2021

EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2020

(Continued on the next page)

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-20	Insured (1) Loan Principal	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
1	Aston Township	Delaware	---	---	AA-	-	-	2,366,000	12,048,000	14,414,000	-	1.481%	1.481%
2	Bensalem Township	Bucks	---	Aa1	---	-	15,203,000	-	7,663,000	22,866,000	-	2.350%	3.831%
3	Benton Township	Lackawanna	---	---	---	-	-	-	228,000	228,000	-	0.023%	3.855%
4	Bethel Township Sewer Authority	Delaware	A+	---	---	-	-	-	1,558,000	1,558,000	-	0.160%	4.015%
5	Birmingham Township	Chester	---	---	---	68,000	-	-	-	68,000	-	0.007%	4.022%
6	Bridgeport Borough	Montgomery	---	A2	---	332,000	-	4,484,000	688,000	5,504,000	4,484,000	0.566%	4.588%
7	Bristol Borough	Bucks	A+	---	---	-	504,000	-	759,000	1,263,000	-	0.130%	4.717%
8	Bristol Borough Water & Sewer Authority	Bucks	A+	---	---	-	-	-	2,667,000	2,667,000	-	0.274%	4.992%
9	Bristol Township	Bucks	---	Aa3	---	-	-	2,341,000	44,463,000	46,804,000	-	4.810%	9.802%
10	Bristol Township School District	Bucks	---	A2	---	204,000	-	-	-	204,000	-	0.021%	9.823%
11	Brookhaven Borough	Delaware	---	---	---	-	-	1,857,000	-	1,857,000	-	0.191%	10.014%
12	Bucks County	Bucks	---	Aaa	AAA	-	68,062,000	10,651,000	3,245,000	81,958,000	-	8.423%	18.437%
13	Bucks County Airport Authority	Bucks	---	Aaa	AAA	-	-	77,000	1,136,000	1,213,000	-	0.125%	18.561%
14	Bucks County Community College	Bucks	---	Aaa	AAA	-	2,853,000	-	-	2,853,000	-	0.293%	18.855%
15	Bucks County Community College Authority	Bucks	---	Aaa	AAA	-	5,164,000	-	-	5,164,000	-	0.531%	19.385%
16	Caln Township	Chester	---	---	AA	-	-	-	4,873,000	4,873,000	-	0.501%	19.886%
17	Caln Township Municipal Authority	Chester	---	---	AA	-	-	-	2,692,000	2,692,000	-	0.277%	20.163%
18	Chadds Ford Township Sewer Authority	Delaware	---	---	---	89,000	-	-	-	89,000	-	0.009%	20.172%
19	Chalfont Borough	Bucks	---	A1	---	-	-	-	1,616,000	1,616,000	-	0.166%	20.338%
20	Chester City	Delaware	---	---	---	-	-	1,514,000	-	1,514,000	-	0.156%	20.494%
21	Collegedale Borough	Montgomery	---	---	---	-	-	-	327,200	327,200	-	0.034%	20.527%
22	Concord Township	Delaware	---	Aa1	---	-	-	-	3,588,000	3,588,000	-	0.369%	20.896%
23	Delaware County	Delaware	---	Aa1	AA	-	56,653,000	34,354,000	195,910,000	286,917,000	9,135,000	29.488%	50.384%
24	Delaware County Solid Waste Authority	Delaware	---	Aa1	AA	-	-	6,838,000	-	6,838,000	1,284,000	0.703%	51.087%
25	Dover Area School District	York	---	A1	---	11,974,000	-	-	-	11,974,000	-	1.231%	52.317%
26	Doylestown Borough	Bucks	AA	---	---	-	-	-	7,172,000	7,172,000	-	0.737%	53.054%
27	East Bradford Township	Chester	---	---	AA	-	-	587,000	6,661,000	7,248,000	1,148,000	0.745%	53.799%
28	East Goshen Municipal Authority	Chester	AAA	Aaa	---	-	-	5,847,000	1,798,000	7,645,000	5,847,000	0.786%	54.585%
29	East Goshen Township	Chester	AAA	Aaa	---	24,000	1,117,000	-	-	1,141,000	-	0.117%	54.702%
30	Eddystone Borough	Delaware	---	---	---	-	-	1,934,000	298,000	2,232,000	-	0.229%	54.932%
31	Forbes Road School District	Fulton	---	---	---	-	-	-	5,868,000	5,868,000	5,868,000	0.603%	55.535%
32	Franconia Sewer Authority	Montgomery	---	---	A	-	-	-	12,325,000	12,325,000	-	1.267%	56.801%
33	Franconia Township	Montgomery	---	---	A	2,022,000	-	370,000	2,907,000	5,299,000	1,968,000	0.545%	57.346%
34	Franklin Township	Chester	---	A2	---	-	-	-	2,647,000	2,647,000	-	0.272%	57.618%
35	Garnet Valley School District	Delaware	---	---	AA	-	5,779,000	-	7,731,000	13,510,000	5,779,000	1.388%	59.007%
36	Glen Rock Sewer Authority	York	---	---	---	-	-	-	2,410,000	2,410,000	2,410,000	0.248%	59.254%
37	Glenolden Borough	Delaware	---	---	AA-	-	240,000	77,000	-	317,000	77,000	0.033%	59.287%
38	Great Valley School District	Chester	---	Aaa	---	-	-	-	7,567,000	7,567,000	-	0.778%	60.065%
39	Hatfield Borough	Montgomery	---	---	---	-	802,000	-	3,640,000	4,442,000	-	0.457%	60.521%
40	Hatfield Township	Montgomery	AA-	---	---	-	1,553,000	736,000	2,118,000	4,407,000	-	0.453%	60.974%
41	Highland Township	Chester	---	---	---	-	532,000	-	-	532,000	-	0.055%	61.029%
42	Ivyland Borough	Bucks	---	---	AAA	-	-	-	42,600	42,600	-	0.004%	61.033%
43	Kennett Square Borough	Chester	---	A3	---	-	-	-	10,490,000	10,490,000	10,490,000	1.078%	62.111%
44	Lampeter-Strasburg School District	Lancaster	---	---	AA	-	1,037,000	-	1,156,000	2,193,000	2,193,000	0.225%	62.337%
45	Lancaster County	Lancaster	---	Aa2	---	-	-	19,104,000	-	19,104,000	19,104,000	1.963%	64.300%

(1) Certain loans are insured by Assured Guaranty Municipal Corp. ("AGM") or its affiliate Municipal Assurance Corp. ("MAC") with the Delaware Valley Regional Finance Authority as the beneficiary. AGM is rated "A2" by Moody's, "AA" by S&P, and "AA+" by Kroll. MAC is rated "AA" by S&P and "AA+" by Kroll. Certain loans are insured by Build America Mutual Assurance Company ("BAM"). BAM is currently rated "AA" with a stable outlook by S&P.

EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2020

(Continued on the next page)

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-20	Insured (1) Loan Principal	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
46	Lansdowne Borough	Delaware	A+	---	---	-	362,000	-	1,476,000	1,838,000	-	0.189%	64.489%
47	London Britain Township	Chester	---	---	---	163,000	-	-	442,000	605,000	-	0.062%	64.551%
48	London Grove Township	Chester	---	---	AA	176,000	-	-	5,169,000	5,345,000	-	0.549%	65.100%
49	London Grove Township Municipal Authority	Chester	---	---	AA	-	-	1,740,000	3,677,000	5,417,000	-	0.557%	65.657%
50	Lower Oxford Township	Chester	---	---	---	427,000	-	-	812,000	1,239,000	-	0.127%	65.784%
51	Lower Perkiomen Valley Regional Sewer Authority	Montgomery	---	---	AA-	-	11,212,000	-	36,713,000	47,925,000	-	4.925%	70.710%
52	Lower Pottsgrove Township Authority	Montgomery	---	---	AA	-	-	6,381,000	-	6,381,000	-	0.656%	71.366%
53	Lower Providence Township	Montgomery	---	Aa2	---	-	-	557,000	1,733,000	2,290,000	1,569,000	0.235%	71.601%
54	Lower Providence Township Sewer Authority	Montgomery	---	Aa2	---	-	-	-	11,454,000	11,454,000	-	1.177%	72.778%
55	Lower Salford Township	Montgomery	---	Aa2	---	-	2,018,000	-	-	2,018,000	-	0.207%	72.986%
56	Malvem Borough	Chester	---	---	---	-	-	474,000	95,000	569,000	474,000	0.058%	73.044%
57	Marcus Hook Borough	Delaware	---	---	---	745,000	-	-	110,000	855,000	-	0.088%	73.132%
58	Marple Township	Delaware	---	---	AA	-	-	-	20,682,000	20,682,000	-	2.126%	75.258%
59	Milford Township	Bucks	---	---	AA+	-	-	-	85,000	85,000	-	0.009%	75.266%
60	Morrisville Borough School District	Bucks	---	---	BBB-	153,000	-	-	-	153,000	-	0.016%	75.282%
61	Morton Borough	Delaware	---	---	---	112,000	-	-	-	112,000	-	0.012%	75.294%
62	Narberth Borough	Montgomery	---	---	---	-	-	-	71,200	71,200	-	0.007%	75.301%
63	Nether Providence Township	Delaware	---	---	---	-	-	1,096,000	2,507,000	3,603,000	1,785,000	0.370%	75.671%
64	New Britain Township	Bucks	---	---	---	189,000	-	-	-	189,000	-	0.019%	75.691%
65	New Hanover Township Authority	Montgomery	---	---	---	-	-	-	456,000	456,000	456,000	0.047%	75.737%
66	Newtown Township	Delaware	---	Aa1	---	-	-	-	5,342,000	5,342,000	-	0.549%	76.286%
67	Norristown Municipality	Montgomery	---	---	A+	-	-	-	871,000	871,000	-	0.090%	76.376%
68	North Coventry Township	Chester	---	---	AA	1,409,000	-	-	189,000	1,598,000	189,000	0.164%	76.540%
69	North Coventry Water Authority	Chester	---	---	AA	-	-	-	500,000	500,000	500,000	0.051%	76.592%
70	North Wales Borough	Montgomery	---	---	---	-	-	-	2,000,000	2,000,000	-	0.206%	76.797%
71	Northeastern York County Sewer Authority	York	---	---	A+	-	-	557,000	10,238,000	10,795,000	3,620,000	1.109%	77.907%
72	Northeastern York School District	York	---	---	A+	-	-	-	2,751,000	2,751,000	-	0.283%	78.189%
73	Norwood Borough	Delaware	---	---	---	-	-	-	434,000	434,000	-	0.045%	78.234%
74	Ontelaunee Township	Berks	---	---	AA-	-	-	-	1,226,000	1,226,000	1,226,000	0.126%	78.360%
75	Parkesburg Borough	Chester	---	---	---	-	-	-	266,000	266,000	266,000	0.027%	78.387%
76	Pennel Borough	Bucks	---	---	---	436,000	-	-	841,000	1,277,000	-	0.131%	78.519%
77	Pennsbury Township	Chester	AA	---	---	-	-	-	3,016,000	3,016,000	-	0.310%	78.828%
78	Perkasie Borough	Bucks	---	---	---	-	2,811,000	-	200,000	3,011,000	200,000	0.309%	79.138%
79	Pocopson Township	Chester	---	Aa2	---	-	-	1,161,000	688,000	1,849,000	688,000	0.190%	79.328%
80	Pottstown School District	Montgomery	---	A1	---	-	-	-	268,000	268,000	268,000	0.028%	79.356%
81	Prospect Park Borough	Delaware	---	---	---	-	-	-	1,442,000	1,442,000	-	0.148%	79.504%
82	Quakertown Community School District	Bucks	---	Aa3	---	1,574,000	-	-	-	1,574,000	-	0.162%	79.665%
83	Red Lion Area School District	York	---	Aa3	AA-	-	-	-	10,645,000	10,645,000	-	1.094%	80.760%
84	Ridley School District	Delaware	---	---	AA-	-	-	-	7,588,000	7,588,000	-	0.780%	81.539%
85	Ridley Township	Delaware	---	---	AA-	672,000	-	-	13,954,000	14,626,000	-	1.503%	83.043%
86	Rockledge Borough	Montgomery	---	---	---	210,000	-	-	73,500	283,500	-	0.029%	83.072%
87	Rose Tree Media School District	Delaware	---	---	AA	-	7,890,000	-	-	7,890,000	-	0.811%	83.883%
88	Royersford Borough	Montgomery	---	---	---	-	-	-	2,429,000	2,429,000	2,429,000	0.250%	84.132%
89	Rutledge Borough	Delaware	---	---	---	-	-	-	77,000	77,000	-	0.008%	84.140%
90	Schwenksville Borough	Montgomery	---	---	---	-	-	12,000	-	12,000	-	0.001%	84.141%

(1) Certain loans are insured by Assured Guaranty Municipal Corp. ("AGM") or its affiliate Municipal Assurance Corp. ("MAC") with the Delaware Valley Regional Finance Authority as the beneficiary. AGM is rated "A2" by Moody's, "AA" by S&P, and "AA+" by Kroll. MAC is rated "AA" by S&P and "AA+" by Kroll. Certain loans are insured by Build America Mutual Assurance Company ("BAM"). BAM is currently rated "AA" with a stable outlook by S&P.

EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2020

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-20	Insured (1) Loan Principal	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
91	Solebury Township	Bucks	---	Aa1	---	-	2,610,000	-	-	2,610,000	-	0.268%	84.410%
92	South Coventry Township	Chester	---	---	---	552,000	-	-	-	552,000	-	0.057%	84.466%
93	South Eastern School District	York	---	---	AA	-	1,481,000	-	-	1,481,000	1,481,000	0.152%	84.619%
94	Southern Delaware County Authority	Delaware	---	---	---	288,000	-	-	-	288,000	-	0.030%	84.648%
95	Spring Grove Borough	York	---	---	A	-	-	-	153,000	153,000	-	0.016%	84.664%
96	Springfield Township	Delaware	---	---	---	-	1,602,000	-	-	1,602,000	-	0.165%	84.829%
97	Springfield Township, York County, Sewer Authority	York	---	---	---	-	-	4,197,000	-	4,197,000	4,197,000	0.431%	85.260%
98	Stroudsburg Area School District	Monroe	---	A2	A+	-	7,689,000	-	14,065,000	21,754,000	7,689,000	2.236%	87.496%
99	Swarthmore Borough	Delaware	---	---	---	77,000	518,000	-	335,000	930,000	325,000	0.096%	87.591%
100	Tinicum Township (Bucks)	Bucks	A+	---	---	-	-	-	5,998,000	5,998,000	-	0.616%	88.208%
101	Tinicum Township (Delaware)	Delaware	---	Aa3	---	-	529,000	455,000	1,392,000	2,376,000	1,273,000	0.244%	88.452%
102	Towamencin Municipal Authority	Montgomery	---	---	AA	-	-	-	7,599,000	7,599,000	-	0.781%	89.233%
103	Towamencin Township	Montgomery	---	---	AA	-	-	-	7,652,000	7,652,000	2,863,000	0.786%	90.019%
104	Towamencin Township Infrastructure Authority	Montgomery	---	---	AA	-	-	-	6,278,000	6,278,000	-	0.645%	90.664%
105	Union County	Union	---	---	A+	-	-	1,153,000	-	1,153,000	-	0.118%	90.783%
106	Upland Borough	Delaware	A-	---	---	-	-	-	652,000	652,000	-	0.067%	90.850%
107	Upper Chichester Township	Delaware	---	---	---	-	98,000	-	156,000	254,000	156,000	0.026%	90.876%
108	Upper Dublin Township	Montgomery	---	Aa1	---	-	4,623,000	-	20,499,000	25,122,000	-	2.582%	93.458%
109	Upper Dublin Township Municipal Authority	Montgomery	---	Aa1	---	-	-	-	5,655,000	5,655,000	-	0.581%	94.039%
110	Upper Pottsgrove Township	Montgomery	---	A2	---	-	654,000	-	-	654,000	-	0.067%	94.106%
111	Upper Providence Township (Delaware)	Delaware	---	---	---	-	-	-	817,000	817,000	-	0.084%	94.190%
112	Upper Providence Township Sewer Authority	Delaware	---	---	---	-	1,808,000	-	8,108,000	9,916,000	-	1.019%	95.209%
113	Upper Salford Township	Montgomery	---	---	---	-	-	-	840,000	840,000	-	0.086%	95.296%
114	Upper Southampton Municipal Authority	Bucks	AA	---	---	-	642,000	5,253,000	2,385,000	8,280,000	-	0.851%	96.147%
115	Upper Southampton Township	Bucks	AA	---	---	-	801,000	549,000	1,939,000	3,289,000	358,000	0.338%	96.485%
116	Uwchlan Township	Chester	---	Aa1	---	-	637,000	-	-	637,000	-	0.065%	96.550%
117	Wallingford-Swarthmore School District	Delaware	---	---	AA	-	-	-	20,284,000	20,284,000	-	2.085%	98.635%
118	West Fallowfield Township	Chester	---	---	---	-	360,000	-	-	360,000	-	0.037%	98.672%
119	West Goshen Township	Chester	AA+	---	AA+	-	-	4,095,000	-	4,095,000	-	0.421%	99.093%
120	West Pottsgrove Township	Montgomery	---	---	---	-	-	-	1,440,000	1,440,000	1,440,000	0.148%	99.241%
121	West Sadsbury Township	Chester	---	---	---	-	458,000	-	-	458,000	-	0.047%	99.288%
122	Whitpain Township	Montgomery	---	Aaa	---	-	2,402,000	-	-	2,402,000	-	0.247%	99.535%
123	Yeadon Borough	Delaware	---	---	---	-	-	1,518,000	719,000	2,237,000	-	0.230%	99.765%
124	York City School District	York	---	Baa2	A-	-	-	-	2,290,000	2,290,000	2,290,000	0.235%	100.000%
Total Loans Outstanding						<u>\$21,896,000</u>	<u>\$210,704,000</u>	<u>\$122,335,000</u>	<u>\$618,068,500</u>	<u>\$ 973,003,500</u>	<u>\$105,529,000</u>	100.000%	

(1) Certain loans are insured by Assured Guaranty Municipal Corp. ("AGM") or its affiliate Municipal Assurance Corp. ("MAC") with the Delaware Valley Regional Finance Authority as the beneficiary. AGM is rated "A2" by Moody's, "AA" by S&P, and "AA+" by Kroll. MAC is rated "AA" by S&P and "AA+" by Kroll. Certain loans are insured by Build America Mutual Assurance Company ("BAM"). BAM is currently rated "AA" with a stable outlook by S&P.

Source: Calhoun Baker Inc.

Independent Auditors' Report

To the Board of Directors of
Delaware Valley Regional Finance Authority

We have audited the accompanying financial statements of the Delaware Valley Regional Finance Authority (DelVal), which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware Valley Regional Finance Authority as of December 31, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 1 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 30, 2021

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
BALANCE SHEET
DECEMBER 31, 2020

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 55,208,582
Restricted cash equivalents	40,513,000
Accrued interest receivable:	
Loans	339,657
Interest rate swaps	5,748,766
Cash equivalents and investments	68,321
Prepaid expenses	77,964
Loans to local governments	<u>79,351,300</u>
Total current assets	<u>181,307,590</u>
NONCURRENT ASSETS:	
Restricted investments	34,137,078
Loans to local governments	893,652,200
Unamortized prepaid interest rate swap expense	3,831,415
Fair value of derivative transactions	<u>101,189,440</u>
Total noncurrent assets	<u>1,032,810,133</u>
TOTAL	<u><u>\$ 1,214,117,723</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES:	
Accrued expenses	\$ 43,473
Accrued interest payable:	
Interest rate swaps	183,778
Bonds	<u>14,412,450</u>
Total current liabilities	<u>14,639,701</u>
LONG TERM LIABILITIES:	
Bonds payable, net	1,068,932,725
Estimated rebate liability	<u>150,000</u>
Total long term liabilities	<u>1,069,082,725</u>
DEFERRED INFLOWS OF RESOURCES:	
Accumulated increase in fair value of hedging derivatives	<u>101,189,440</u>
Total liabilities and deferred inflows of resources	1,184,911,866
NET POSITION	<u>29,205,857</u>
TOTAL	<u><u>\$ 1,214,117,723</u></u>

See Notes to Financial Statements

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020

Revenues:	
Loan interest	\$ 19,699,151
Interest rate swap	22,544,794
Interest on investments and cash equivalents	<u>2,417,252</u>
Total revenues	<u>44,661,197</u>
Expenses:	
Interest expense:	
Bonds	28,721,683
Interest rate swaps	12,878,576
Costs of issuance	1,710,190
Credit or liquidity facility fees	456,109
Rebate expense	29,331
Administrative expenses	<u>1,120,707</u>
Total expenses	<u>44,916,596</u>
Revenues under expenses	<u>(255,399)</u>
Other changes:	
Class action settlement	101
Unrealized loss on restricted investments	<u>(136,355)</u>
Total other changes, net	<u>(136,254)</u>
Decrease in net position	(391,653)
Net position, beginning	<u>29,597,510</u>
Net position, ending	<u><u>\$ 29,205,857</u></u>

See Notes to Financial Statements

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities	
Interest received on loans to local governments and interest rate swap agreements	\$ 42,363,602
Payment of interest on bonds and interest rate swap agreements	(42,976,008)
Loans to local governments	(211,558,000)
Principal repayments of loans to local governments	83,562,031
Administrative expenses paid	(1,068,337)
Interest received on investments and cash equivalents	2,550,977
Credit or liquidity facility fees paid	(456,109)
Rebate payment	(29,331)
Proceeds of bond issues	283,633,000
Class action settlement proceeds	101
Bond issuance costs	(1,710,128)
Payment of bond principal	<u>(195,000,000)</u>
Net cash used in operating activities and decrease in cash and cash equivalents	(40,688,202)
Cash and cash equivalents and restricted cash and cash equivalents, beginning	<u>136,409,784</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 95,721,582</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS
AND RESTRICTED CASH AND CASH EQUIVALENTS
TO THE BALANCE SHEET

Cash and cash equivalents, ending	\$ 55,208,582
Restricted cash and cash equivalents, ending	<u>40,513,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 95,721,582</u>

RECONCILIATION OF CHANGE IN NET POSITION
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in net position	<u>\$ (391,653)</u>
Adjustments for other revenues, expenses, and transfers	
Unamortized prepaid interest rate swap expense	581,724
Adjustments for changes in assets and liabilities	
Decrease (increase) in:	
Investments	1,532,239
Restricted investments	(1,395,884)
Accrued interest receivable:	
Loans	52,735
Interest rate swaps	68,517
Cash equivalents and investments	133,725
Prepaid expenses	18,294
Loans to local governments	(127,995,907)
Increase (decrease) in:	
Accrued expenses	34,075
Accrued interest payable:	
Interest rate swaps	(219,762)
Bonds	1,949,281
Bonds payable	<u>84,944,414</u>
Total adjustments	<u>(40,296,549)</u>
Net cash used in operating activities	<u>\$ (40,688,202)</u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Delaware Valley Regional Finance Authority (“DelVal”) was formed in 1985 by Bucks, Chester, Delaware, and Montgomery Counties in Pennsylvania (the “Counties”). The purpose of DelVal is to provide funds for capital projects to local governments within the Commonwealth of Pennsylvania (the “Loan Program”). Eligible borrowers (each a “Participant”) include school districts, townships, boroughs, cities, counties, and authorities. Since its inception, DelVal has originated more than 580 loans (each a “Loan”) in the aggregate principal amount of approximately \$3.65 billion to 205 different local governments located in 16 counties of Pennsylvania. DelVal has never experienced a default on a Loan.

The Board of Directors of DelVal is comprised of five members appointed by the Counties. Each year, on a rotating basis, one of the Counties appoints one Director to a term of five years. The Board appoints the administrator (the “Administrator”), solicitor, bond counsel, remarketing agents, credit facility providers, and trustees who manage the daily operations of DelVal and its Loan Program.

Seven series of bonds (each a “DelVal Series”) in the aggregate par amount of approximately \$1.05 billion were outstanding to fund the Loan Program as of December 31, 2020:

- 1) \$28,000,000 Local Government Revenue Bonds, 1997 Series B and C (the “1997 Series”),
- 2) \$250,000,000 Local Government Revenue Bonds, 1998 Series A (the “1998 Series”),
- 3) \$125,000,000 Local Government Revenue Bonds, 2002 Series C (the “2002 Series”),
- 4) \$160,000,000 Local Government Revenue Bonds, 2007 Series A, B and C (the “2007 Series”),
- 5) \$215,000,000 Local Government Revenue Bonds, 2018 Series A, B, C, D, and E (the “2018 Series”),
- 6) \$100,000,000 Local Government Revenue Bonds, 2020 Series A (the “2020 A Series”),
- 7) \$175,000,000 Local Government Revenue Bonds, 2020 Series B, C, and D (the “2020 BCD Series”),

On February 3, 2021, DelVal issued the \$45,000,000 Local Government Revenue Bonds, 2021 Series A (the “2021 A Series”).

The 1997, 1998, and 2002 Series are secured by the Loan agreements (each a “Loan Agreement”) and other assets related to each respective series. All DelVal Series issued since 2007 (collectively, the “Master Series”) were issued under a master indenture (the “Master Indenture”), and they are equally and ratably secured by all of the Loan Agreements and other assets under the Master Indenture. Bondholders of the DelVal Series are also secured by the Covenant Agreement. Under the Covenant Agreement, DelVal is obligated to transfer any available unrestricted funds (the “Excess Funds”) from any DelVal Series to cover any deficiency of any other DelVal Series. The Covenant Agreement also requires DelVal to maintain a Loan portfolio with no more than 10% of its available funding originated to Participants that are not rated or insured or rated below “A3” by Moody’s Investors Service (“Moody’s”) or “A-” by S&P Global Ratings (“S&P”).

Each Loan Agreement to a Participant with taxing power is secured by the full faith, credit, and taxing power pledge of the Participant. Each Loan to a Participant that does not have taxing power (principally, authorities) must be secured by a financial guaranty policy (each a “Participant Credit Enhancement”) or a guaranty (each a “Guaranty”) of the full faith, credit, and taxing power of a local government unit (each a “Guarantor”) if that Participant is not rated “AA-” or higher by S&P or “Aa3” or higher by Moody’s.

Basis of Accounting

Operations of DelVal are intended to be self-supporting, primarily from Loan repayments, investment earnings, and interest rate swap revenues. Accordingly, DelVal is accounted for as a special-purpose government, business-type activity and utilizes the accrual basis of accounting in which revenues are recognized when earned and expenses are recognized when incurred. DelVal maintains its accounting in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (“GASB”).

Cash, Cash Equivalents, Restricted Cash Equivalents, Investments, and Restricted Investments

DelVal considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents or restricted cash equivalents. DelVal also considers guaranteed investment contracts (each a “GIC”) and debt instruments that can be redeemed or tendered at par within 90 days or less of the balance sheet date to be highly liquid debt instruments and cash equivalents or restricted cash equivalents. Investments and restricted investments purchased that mature in more than 90 days and cannot be redeemed or tendered at par within 90 days of the balance sheet date are recorded at fair value.

Loans to Local Governments

Loans, which DelVal has the intent and ability to hold for the foreseeable future or until maturity or early redemption, are stated at their outstanding unpaid principal balances. DelVal assesses an origination fee, currently 0.10% of the principal amount, at the closing of the Loans. The origination fees are recognized as Loan interest income when the fees have been received. Given the credit quality of the Loan portfolio and the absence of any payment defaults, DelVal does not provide an allowance for non-performing Loans.

Bonds Payable

The DelVal Series are stated at their unpaid principal balances less the unamortized bond insurance premiums plus the unamortized original issue premium. Bond issuance costs (consisting of underwriting fees, professional fees, and all other costs except bond insurance premiums incurred in connection with issuance of the various DelVal Series) are recognized as an expense when the costs are paid. Bond insurance premiums and original issue premiums are amortized to bond interest expense using the straight-line method over the terms of the related DelVal Series, which approximates the effective interest method.

Estimated Rebate Liability

The *Internal Revenue Code* obligates DelVal to yield restrict or to rebate to the United States Treasury investment earnings in excess of the bond yield of each respective DelVal Series. The estimated excess investment earnings are recorded as a liability, and the annual change in the estimated excess investment earnings is recorded as an expense or revenue.

Derivative Financial Instruments

Effective January 1, 2010, DelVal adopted the GASB Statement No. 53 (“GASB 53”), *Accounting and Financial Reporting for Derivative Instruments*, which requires the fair value of interest rate swap agreements to be reported on the balance sheet. DelVal utilizes the accrual method to record interest rate swap expenses and revenues. Prepaid swap expenses are amortized using the straight-line method over the terms of the related swap transactions. Swap revenues and expenses and the amortization of prepaid swap expenses for the year ended December 31, 2020, are reflected in the statement of revenues, expenses, and

changes in net position. Changes in the fair value of the swap transactions are shown in “NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS”, but they are not reflected as income or expense in the financial statements because the transactions meet the definition of hedging derivative transactions under GASB 53.

Direct Borrowings and Direct Placements

Effective January 1, 2020, DelVal adopted GASB Statement No. 88 (“GASB 88”), *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which requires additional disclosures of any contractual obligations that are constructively debt instruments and disclosures of any direct borrowings or direct placements. In 2020, DelVal redeemed the Local Government Revenue Bonds, 2014 Series B (the “2014 B Series”) and the Local Government Revenue Bonds, 2017 Series A, B, C, D, and E (the “2017 Series”) that evidenced the direct placements of loans from Bank of America, N.A. and TD Bank, N.A. Currently, no direct placements or borrowings are outstanding. Information on debt outstanding is disclosed in “NOTE 4. BONDS PAYABLE” and in “NOTE 8. DIRECT BORROWINGS AND DIRECT PLACEMENTS”.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

2. CASH, CASH EQUIVALENTS, INVESTMENTS, RESTRICTED CASH EQUIVALENTS, AND RESTRICTED INVESTMENTS

DelVal’s cash, cash equivalents, and investments are used to originate loans and to pay the costs of operations of DelVal’s Loan Program. Restricted cash equivalents and restricted investments are held as security for debt service payments on the DelVal Series. All cash, cash equivalents, investments, restricted cash equivalents, and restricted investments are held by the trustees of DelVal’s bond issues. Under the terms of the Covenant Agreement, as long as any DelVal Series is outstanding, the deposits are restricted to use in DelVal’s Loan Program.

DelVal’s cash is invested in U.S. Treasury and Agency money market funds. DelVal’s cash equivalents and restricted cash equivalents are comprised of securities with original maturities of 90 days or less and GIC’s. The GIC’s are treated as cash equivalents and restricted cash equivalents because the interest rates are adjusted weekly and because DelVal can withdraw funds at par with no more than 7 days of notice. The restricted investments consist of floating rate notes (each an “FRN”) with interest rates indexed to 3-Month LIBOR adjusted quarterly. DelVal’s cash, cash equivalents, restricted cash equivalents, and restricted investments on December 31, 2020, are set forth below.

**Cash Equivalents, Restricted Cash Equivalents, and
Restricted Investments as of December 31, 2020**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Cash equivalents	<u>\$ 4,213,557</u>	<u>\$ 23,132,490</u>	<u>\$ 21,953,878</u>	<u>\$ 5,908,657</u>	<u>\$ 55,208,582</u>
Restricted accounts					
Cash equivalents	\$ 2,800,000	\$ 25,000,000	\$ 12,500,000	\$ 213,000	\$ 40,513,000
Investments (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,137,078</u>	<u>34,137,078</u>
Total	<u>\$ 2,800,000</u>	<u>\$ 25,000,000</u>	<u>\$ 12,500,000</u>	<u>\$ 34,350,078</u>	<u>\$ 74,650,078</u>

(1) Recorded at fair value.

All of DelVal’s cash, cash equivalents, investments, restricted cash equivalents, and restricted investments are held by the Trustee under the Trust Estates of the DelVal Series for the benefit of the bondholders. The DelVal Board of Directors has not adopted a formal investment policy; however, the Indentures of the DelVal Series serve the same purpose. The Indentures restrict DelVal to investments in certain types of securities which include (i) obligations issued or guaranteed by the federal government, (ii) time deposits of banks with a minimum rating in the two highest categories of a rating agency with ratings on the DelVal Series (each a “Rating Agency”), (iii) commercial paper with a minimum rating of “P-1,” “A-1,” “F1,” or the equivalent rating of a Rating Agency, (iv) obligations of state or local governments with a minimum rating in the two highest categories of a Rating Agency, (v) repurchase agreements collateralized with obligations issued or guaranteed by the federal government, (vi) mutual funds that invest in obligations issued or guaranteed by the federal government, (vii) guaranteed investment contracts with financial institutions or obligations of financial institutions with a minimum rating in the two highest categories of a Rating Agency, and (viii) obligations of non-financial, domestic, United States corporations, with a maturity not exceeding five years, with a minimum rating in the two highest categories of a Rating Agency.

The Indentures require the Administrator to approve any investment and require the Trustee to hold the investment. The cash, cash equivalents, investments, restricted cash equivalents, and restricted investments are not collateralized by the Trustee and are not insured by the Federal Deposit Insurance Corporation.

Ambac Assurance Corporation (“Ambac”) issued bond insurance policies that secure the 1997 Series and 1998 Series, and Ambac requires DelVal to invest all of the funds under the trust estates of the 1997 Series and 1998 Series in GIC’s approved by Ambac. Natixis Funding Corp. (“Natixis”), owned by Groupe Caisse d’Epargne and Groupe Banque Populaire, provides the GIC’s for the 1997 Series. The Natixis GIC’s are guaranteed by Caisse des Dépôts et Consignations (“CDC”). Bayerische Landesbank (“BayernLB”) provides the GIC’s for the 1998 Series. The obligations of BayernLB under the GIC’s for the 1998 Series are guaranteed by the Free State of Bavaria and the Association of Bavarian Savings Banks. Natixis and BayernLB pay DelVal an investment rate equal to a spread over the Securities Industry and Financial Markets Association Municipal Swap Index (the “SIFMA Index”). If the ratings applicable to the Natixis GIC’s or the BayernLB GIC’s drop below “Aa3” or “AA-”, Ambac may direct Natixis or BayernLB to: (i) collateralize its obligations under the respective GIC with cash, U.S. Treasury obligations, or certain Agency securities or (ii) terminate the respective GIC and to pay DelVal the principal and accrued interest due. If Ambac directs collateralization, the collateral must be held by a third party, segregated, and marked to market at least weekly. On December 31, 2020, the Natixis obligations guaranteed by CDC were rated “Aa2” by Moody’s, “AA” by S&P, and “AA” by Fitch Ratings (“Fitch”). The BayernLB obligations

with the guaranty of the Free State of Bavaria were rated “Aaa” by Moody’s and “AAA” by Fitch. S&P rates the Free State of Bavaria as “AAA”, but S&P does not rate any BayernLB obligations. The Natixis GIC terminates on June 28, 2027, three business days prior to the scheduled maturity date of the 1997 Series. The BayernLB GIC terminates on July 27, 2028, three business days prior to the scheduled maturity date of the 1998 Series.

The funds of the Loan Program of the 2002 Series are invested in two GIC’s provided by Natixis and guaranteed by CDC. Natixis pays DelVal an investment rate equal to a spread over the SIFMA Index. If the ratings of CDC drop below “Aa3” by Moody’s or “AA-” by S&P, DelVal may direct Natixis to provide collateral to secure its obligations under the GIC’s with cash, U.S. Treasury obligations, or certain Agency securities. If the ratings of CDC drop below “A3” or “A-” by Moody’s and S&P, respectively, DelVal may terminate the GIC’s and require the provider to pay DelVal the principal and accrued interest due. The collateral must be held by a third party, segregated, and marked to market at least weekly. On December 31, 2020, the Natixis obligations guaranteed by CDC were rated “Aa2” by Moody’s, “AA” by S&P, and “AA” by Fitch. The Natixis GIC terminates on June 28, 2032, three business days prior to the scheduled maturity date of the 2002 Series.

The Debt Service Reserve Funds under the Master Series are held in restricted investments, principally FRN’s, and a money market account. The remaining funds of the Master Series are invested principally in a GIC provided by Citigroup Financial Products Inc. (“CFPI”). The obligations of CFPI are secured by guaranty of Citigroup Inc. (“Citigroup”). CFPI pays DelVal an investment rate equal to a spread over the SIFMA Index. If the ratings of Citigroup are reduced below “Aa3” by Moody’s or “AA-” by S&P, DelVal may require CFPI to post collateral with a third party, and if the ratings of Citigroup are reduced below “A3” by Moody’s or “A-” by S&P, DelVal may terminate the CFPI GIC. Citigroup was downgraded below the “AA” threshold in 2009, and DelVal has required CFPI to post collateral of cash, U.S. Treasury obligations, or certain Agency securities, with the Bank of New York Mellon to secure its obligations under the GIC. As of December 31, 2020, Citigroup was rated “A3” by Moody’s, “BBB+” by S&P, and “A” by Fitch. The CFPI GIC terminates on May 28, 2042, three business days prior to the scheduled maturity date of the 2007 Series.

Cash, cash equivalents, and investments include funds held to originate Loans and redeem bonds in the future and all of DelVal’s operating funds. Funds held to originate new Loans were provided originally from the proceeds of DelVal’s bond issues. Other funds were provided from DelVal’s operations. DelVal’s cash, cash equivalents, and investments as of December 31, 2020, allocated by use are set forth below.

Cash, Cash Equivalents, and Investments by Use of Funds as of December 31, 2020

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Deposits to originate loans and repay bonds (1)	\$ 3,304,000	\$ 14,296,000	\$ 18,324,000	\$ 5,732,750	\$ 41,656,750
Available for any purpose	<u>909,557</u>	<u>8,836,490</u>	<u>3,629,878</u>	<u>175,907</u>	<u>13,551,832</u>
Total	<u>\$ 4,213,557</u>	<u>\$ 23,132,490</u>	<u>\$ 21,953,878</u>	<u>\$ 5,908,657</u>	<u>\$ 55,208,582</u>

(1) The funds to originate loans are over-collateralized by \$36,099,250.

The fair value of the instruments that constitute the cash equivalents, investments, restricted cash equivalents, and restricted investments held by DelVal on December 31, 2020, are summarized in the

following table. DeIVal records the fair value of the cash equivalents and restricted cash equivalents at par because the instruments either mature or can be redeemed at par within 90 days. DeIVal records investments and restricted investments at fair value. As of December 31, 2020, the concentration of cash equivalents, restricted cash equivalents, investments, and restricted investments in the obligations of the Bank of Nova Scotia, National Australia Bank, BayernLB, and Natixis exceeded 5%.

**Cash Equivalents, Investments, Restricted Cash Equivalents,
and Restricted Investments as of December 31, 2020**

<i>Description</i>	<i>Senior Debt Rating of Counterparty or Guarantor</i>			<i>Maturity</i>	<i>Rate (6)</i>	<i>Cash Equivalents</i>	<i>Restricted Cash Equivalents</i>	<i>Fair Value Restricted Investments</i>	<i>Total Fair Value</i>	<i>Fair Value Concentration</i>
	<i>Moody's</i>	<i>S&P</i>	<i>Fitch</i>							
<i>Floating rate notes (1)</i>										
Bank of Nova Scotia Commonwealth Bank of Australia	Aa2	***	AA	7-Mar-22	0.865%	\$ -	\$ -	\$ 10,062,700	\$ 10,062,700	7.749%
National Australia Bank	Aa3	AA-	A+	10-Mar-22	0.930%	-	-	6,041,460	6,041,460	4.652%
National Australia Bank	Aa3	AA-	***	10-Jan-22	1.114%	-	-	2,015,900	2,015,900	10.839%
National Australia Bank	Aa3	AA-	***	12-Jul-21	1.224%	-	-	12,060,120	12,060,120	
Westpac Banking	Aa3	AA-	A+	11-Jan-22	1.074%	-	-	3,956,898	3,956,898	3.047%
Treasury Money Market	Aaa-mf	AAAm	***	***	0.010%	-	213,000	-	213,000	0.164%
<i>GIC's (2)</i>										
BayemLB (3)	Aaa	***	AAA	27-Jul-28	1.720%	27,802,648	25,000,000	-	52,802,648	40.662%
CFPI (4)	A3	BBB+	A	28-May-42	1.261%	5,732,750	-	-	5,732,750	4.415%
Natixis (5)	Aa2	AA	AA	28-Jun-27	1.713%	3,313,057	2,800,000	-	6,113,057	
Natixis (5)	Aa2	AA	AA	28-Jun-32	1.260%	18,360,128	12,500,000	-	30,860,128	<u>28.472%</u>
Total						<u>\$ 55,208,582</u>	<u>\$ 40,513,000</u>	<u>\$ 34,137,078</u>	<u>\$ 129,858,660</u>	100.000%

- (1) Notes pay a spread over 3-Month LIBOR, adjusted and paid quarterly.
(2) GIC's pay a spread over the SIFMA Index, adjusted weekly and paid monthly.
(3) Obligations guaranteed by the State of Bavaria.
(4) Obligations are collateralized and held by the Bank of New York Mellon.
(5) Obligations are guaranteed by Caisse des Dépôts et Consignations.
(6) Rate as of December 31, 2020.

3. LOANS TO LOCAL GOVERNMENTS

DelVal originates Loans to Participants to fund various capital projects pursuant to the terms, conditions, covenants and restrictions contained in the respective Trust Indentures, Promissory Notes, and Loan Agreements. Loans to Participants with taxing power and secured by pledges of the full faith, credit, and taxing power of the Participants. Loans to Participants that do not enjoy taxing power must be secured by a Participant Credit Enhancement or a Guaranty if the Participants are not rated “Aa3” or higher by Moody’s or “AA-” or higher by S&P. Currently, all of the outstanding Loans are secured by pledges of the full faith, credit and taxing power of the Participants or their Guarantors. Principal repayments of the Loans are paid in accordance with amortization schedules established at closing. The interest rates on variable rate Loans vary with market conditions, linked to the SIFMA Index. The average interest rate on variable rate Loans during 2020 was 1.263%, and interest rates on fixed rate Loans ranged from 0.632% to 5.827% for periods of one to thirty years.

Participants may prepay their Loans in whole or part with 30 days of notice to DelVal. Participants with fixed rate Loans may incur a prepayment penalty if they prepay prior to the option date or scheduled termination date of the interest rate swap transaction executed by DelVal to provide the fixed rate. If DelVal incurs a cost to terminate the transaction, that cost would be passed onto the Participant as a prepayment penalty. Variable rate Loans can be prepaid with no penalty.

As of December 31, 2020, 246 Loans in the aggregate principal amount of \$973 million were outstanding to 124 different Participants located in 11 counties. Loans to Delaware County accounted for 29.488% of the total principal outstanding.

Given the pledges, Participant Credit Enhancements, and Guaranties that secure the Loans and the high credit quality of DelVal’s market area, DelVal does not reasonably expect to suffer any defaults. If a Participant did default, DelVal, the Trustee, and any Participant Credit Enhancer would exercise their legal rights to remedy the default; however, the enforcement of these legal rights may be limited by and subject to the provisions of the federal bankruptcy laws or other laws of equitable principles which may affect enforcement of the creditor’s rights.

A Participant pays an origination fees at the closing of the Loan, currently 0.50% of the principal amount, to pay the professional fees for preparation of advertisements, ordinances, resolutions, and closing documents. From this origination fee, DelVal retains an amount equal to 0.10% of the principal amount, less a \$500 fee for the Trustee, that is recognized as Loan interest income at the closing of the Loan.

A schedule of the Loans outstanding as of December 31, 2020, is shown below.

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Principal outstanding	\$ 21,896,000	\$ 210,704,000	\$ 122,335,000	\$ 618,068,500	\$ 973,003,500
Less current amount	<u>(2,724,000)</u>	<u>(33,100,000)</u>	<u>(8,280,000)</u>	<u>(35,247,300)</u>	<u>(79,351,300)</u>
Net amount	<u>\$ 19,172,000</u>	<u>\$ 177,604,000</u>	<u>\$ 114,055,000</u>	<u>\$ 582,821,200</u>	<u>\$ 893,652,200</u>

Interest on the Loans is payable monthly. Principal of the Loans is paid according to an amortization schedule established at the closing of each Loan, typically annual payments to provide level annual debt service. Interest rates of fixed and variable rate Loans are calculated by the Administrator to

provide funds sufficient to pay (i) debt service due on DeVal's bonds, (ii) amounts due under interest rate swap agreements, and (iii) administrative expenses, including liquidity requirements, incurred to operate the Loan Program.

The minimum payments of the principal outstanding due from Loans to Participants are set forth below.

Loan Principal Amortization Schedule

<u>Year</u>	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
2021	\$ 2,724,000	\$ 33,100,000	\$ 8,280,000	\$ 35,247,300	\$ 79,351,300
2022	4,459,000	40,499,000	8,464,000	40,648,400	94,070,400
2023	4,503,000	24,386,000	8,148,000	53,237,900	90,274,900
2024	4,111,000	23,450,000	8,196,000	53,284,300	89,041,300
2025	4,058,000	23,060,000	8,309,000	53,208,900	88,635,900
Thereafter	<u>2,041,000</u>	<u>66,209,000</u>	<u>80,938,000</u>	<u>382,441,700</u>	<u>531,629,700</u>
Total	<u>\$ 21,896,000</u>	<u>\$ 210,704,000</u>	<u>\$ 122,335,000</u>	<u>\$ 618,068,500</u>	<u>\$ 973,003,500</u>

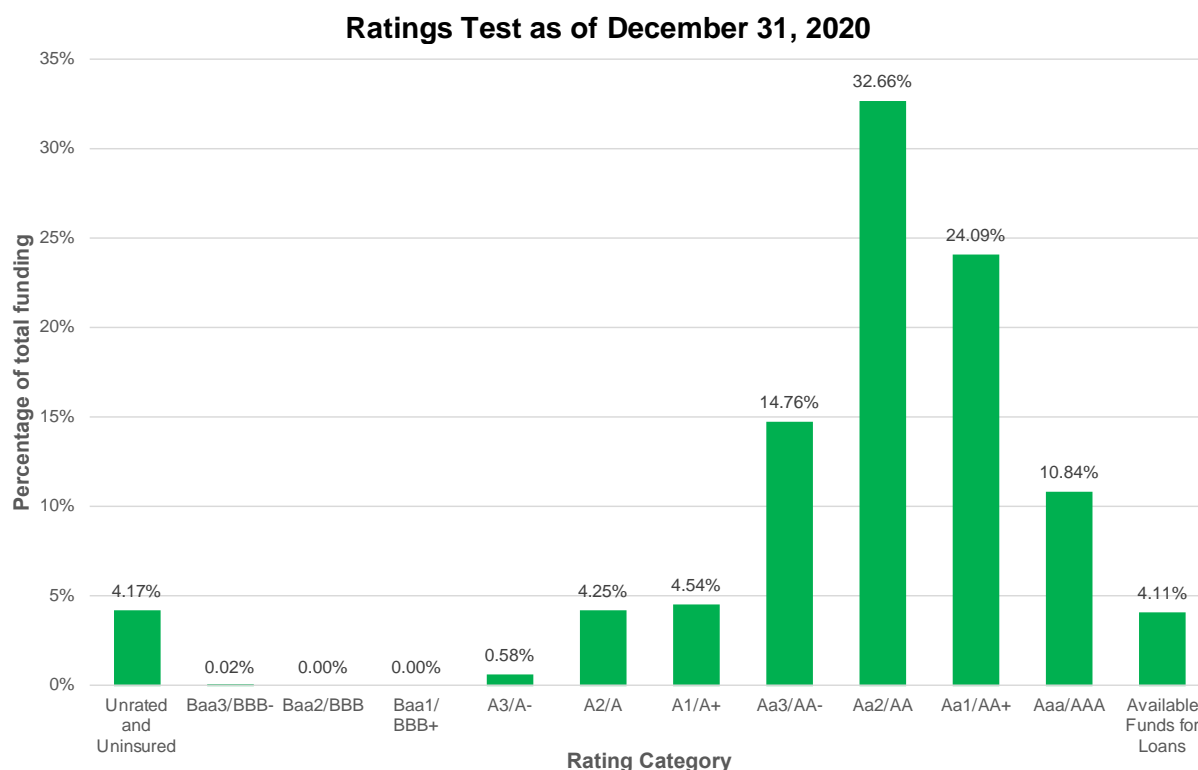
Covenant Agreement

DeVal adopted the Covenant Agreement in 2001 to improve the security of the bondholders of the DeVal Series. Under the terms of the Covenant Agreement, DeVal pledged to use any Excess Funds to cure any deficiency in any trust estate. Excess Funds can only be used for the Loan Program as long as any DeVal Series remains outstanding.

The Covenant Agreement was amended and restated in 2009 to further improve the security of the bondholders. The amendment requires the Participant (or its Guarantor) of a new Loan to have a published rating of "A3" or "A-" or higher (the "Rating Threshold") unless the proportion of the principal amounts of uninsured Loans outstanding to Participants that are rated below the Rating Threshold to the total DeVal funds available to originate Loans (the "Loan Funds") will not exceed 10% (the "Ratings Test"). Generally, DeVal requires a published rating at or above the Rating Threshold or a Participant Credit Enhancement for any new Loan of \$1 million or more, even if the Ratings Test is satisfied. DeVal does not normally require ratings or insurance for Loans less than \$1 million if the Ratings Test is satisfied and the credit is approved by the Administrator.

Assured Guaranty Municipal Corp. ("AGM"), currently rated "A2" by Moody's, "AA" by S&P, and "AA+" by Kroll Bond Rating Agency ("Kroll"), its affiliate, Municipal Assurance Corp. ("MAC"), rated "AA+" by Kroll and "AA" by S&P, and Build America Mutual Corp. ("BAM"), rated "AA" by S&P, have issued financial guaranty policies, with DeVal as the beneficiary, for the repayment of certain Loans. As of December 31, 2020, the repayment of 10.85% of the Loan principal outstanding has been insured.

The Ratings Test shown in the chart below gives equal weight to the ratings of the Rating Agencies. The Administrator monitors the published rating of each Participant and Guarantor. If the Participant or Guarantor has only one published rating, the analysis gives full weight to the published rating. If a Loan is insured, the analysis gives full weight to the higher of the rating of (i) the insurer or (ii) the Participant or Guarantor. As of December 31, 2020, 4.19% of the Loan Funds had been originated without insurance to Participants who were unrated or rated below the Rating Threshold. The chart shows the Loan principal outstanding in each rating category as a percentage of the Loan Funds. The "Available Funds" are deposits in the Recycling Fund that are available to originate new Loans.



4. BONDS PAYABLE

DelVal has issued bonds periodically to provide funds (a) to lend to Participants to finance and refinance the costs of projects; (b) to create debt service reserve funds; and (c) to pay all or a portion of the costs of issuance of the bonds. The 1997, 1998, and 2002 Series are limited obligations of DelVal, payable from and secured solely by the assets and revenues of each respective trust estate. DelVal has no taxing power. The trust estate consists of the assets and revenues derived from proceeds of the bonds, debt service reserve funds, Loan Agreements, interest rate swap agreements, and investments. The Covenant Agreement provides additional security to all of the bonds issued, and to be issued, by DelVal as long as any of the 1997, 1998, and 2002 Series remain outstanding.

On June 28, 2007, DelVal executed the Master Indenture under which all future parity bonds would be issued. Any series issued under the Master Indenture is secured equally and ratably by all of the assets and revenues held under the trust estate of the Master Indenture. Five issues that are currently outstanding were issued under the Master Indenture and a supplemental indenture. The 2007 Series was issued under the First Supplemental Indenture on June 28, 2007; the 2018 Series was issued under the Fifth Supplemental Indenture on June 27, 2018; the 2020 A Series was issued under the Sixth Supplemental Indenture on May 1, 2020; the 2020 BCD Series was issued under the Seventh Supplemental Indenture on November 2, 2020; and the 2021 A Series was issued under the Eighth Supplemental Indenture on February 3, 2021.

The DelVal Series fund a revolving loan pool program. When Loans are repaid, the repayments are used to fund new Loans to Participants. DelVal operates its Loan Program as one program. Loans may be assigned from one trust estate to another or the funding may be split among two or more trust estates to facilitate the origination of new Loans and to match Loan repayments with maturities of the DelVal Series.

The 1997 Series and 1998 Series (collectively, the “Ambac Series”) are secured by municipal bond insurance policies (the “Policies”) issued by Ambac, and the consent of Ambac for the funding of Loans from the Ambac Series is an indenture requirement. To date, Ambac has cooperated in providing consents when necessary to fund loans from the Ambac Series; however, Ambac has been in runoff operations since 2009, and the future staffing and policies of Ambac are uncertain. If Ambac is unable or unwilling to approve the funding of Loans from the Ambac Series, DeIVal will be obligated under the indenture to apply the idle repayments to fund an Extraordinary Mandatory Redemption of the Ambac Series. The Extraordinary Mandatory Redemption of the Ambac Series would be beneficial to Ambac’s objective to runoff its portfolio and would free capital that is currently reserved against the Policies. The market price of the Ambac Series is currently higher than the price bondholders would receive under an Extraordinary Mandatory Redemption. In 2019, DeIVal requested the consent of bondholders of the Ambac Series to supplement the indenture in order to terminate the Policies and remove the requirement for Ambac consent, but the amount of the consents received was not sufficient.

DeIVal does not require the consent of Ambac, or any other third party, to fund loans from the 2002 Series or the Master Series.

Below is a schedule that reconciles the par amounts of the DeIVal Series outstanding to the net amounts on the Balance Sheet.

Net Amounts of DeIVal Series Outstanding on December 31, 2020

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Final maturity	1-Jul-2027	1-Aug-2028	1-Jul-2032	1-Nov-2055	
Par amount outstanding	\$ 28,000,000	\$ 250,000,000	\$ 125,000,000	\$ 650,000,000	\$ 1,053,000,000
Unamortized amounts					
Insurance premium	(225,434)	(396,706)	-	-	(622,140)
Original issue premium	<u>520,929</u>	<u>4,806,460</u>	<u>2,996,461</u>	<u>8,231,015</u>	<u>16,554,865</u>
Net amount	<u>\$ 28,295,495</u>	<u>\$ 254,409,754</u>	<u>\$ 127,996,461</u>	<u>\$ 658,231,015</u>	<u>\$ 1,068,932,725</u>

DeIVal redeemed the \$20 million 2014 B Series and the \$150 million 2017 Series from proceeds of the 2020 A Series and the 2020 BCD Series and other available funds in 2020. Below is a reconciliation of the beginning and ending net amounts of the outstanding DeIVal Series.

Beginning and Ending Net Amounts of DeIVal Series Outstanding

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Beginning net amount	\$ 28,349,235	\$ 255,079,288	\$ 128,281,727	\$ 572,278,062	\$ 983,988,312
Amortized amounts					
Insurance premium	40,998	60,232	-	-	101,230
Original issue premium	(94,738)	(729,766)	(285,266)	(2,326,088)	(3,435,858)
New debt issued					
Par amount	-	-	-	275,000,000	275,000,000
Net original issue premium				8,279,041	8,279,041
Par amount redeemed	-	-	-	(195,000,000)	(195,000,000)
Ending net amount	<u>\$ 28,295,495</u>	<u>\$ 254,409,754</u>	<u>\$ 127,996,461</u>	<u>\$ 658,231,015</u>	<u>\$ 1,068,932,725</u>

The DelVal Board has adopted a Post Issuance Compliance Policy, and under the policy, the Administrator monitors and reports any compliance issues with Treasury regulations or rules of the Municipal Securities Rulemaking Board.

The principal amortization schedules and the estimated interest payments of the DelVal Series outstanding as of December 31, 2020, are shown on the following page. Estimates of the interest payments on the variable rate bonds are based on the final rate resets in 2020. Letter of credit and remarketing expenses are not included in the estimates.

**Bond Principal Amortization Schedules and Estimated Interest Payments
Debt Outstanding as of December 31, 2020**

<u>Year</u>	<u>1997 Series (1)</u>		<u>1998 Series (1)</u>		<u>2002 Series</u>		<u>Master Series (2)</u>		<u>Total Debt Service</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ -	\$ 6,273,914	\$ -	\$ 29,012,414	\$ 29,012,414
2022	-	1,801,000	-	13,750,000	-	7,187,500	-	6,273,914	-	29,012,414	29,012,414
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	6,273,914	-	29,012,414	29,012,414
2024	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	6,273,914	50,000,000	29,012,414	79,012,414
2025	-	1,801,000	-	13,750,000	-	7,187,500	-	3,773,914	-	26,512,414	26,512,414
2026 to 2030	28,000,000	3,602,000	250,000,000	41,250,000	-	35,937,500	50,000,000	17,467,820	328,000,000	98,257,320	426,257,320
2031 to 2035	-	-	-	-	125,000,000	14,375,000	10,000,000	15,617,070	135,000,000	29,992,070	164,992,070
2036 to 2040	-	-	-	-	-	-	60,000,000	10,865,320	60,000,000	10,865,320	70,865,320
2041 to 2045	-	-	-	-	-	-	50,000,000	9,207,070	50,000,000	9,207,070	59,207,070
2046 to 2050	-	-	-	-	-	-	205,000,000	5,617,389	205,000,000	5,617,389	210,617,389
2051 to 2055	-	-	-	-	-	-	<u>225,000,000</u>	<u>1,245,625</u>	<u>225,000,000</u>	<u>1,245,625</u>	<u>226,245,625</u>
Total	<u>\$ 28,000,000</u>	<u>\$ 12,607,000</u>	<u>\$ 250,000,000</u>	<u>\$ 110,000,000</u>	<u>\$ 125,000,000</u>	<u>\$ 86,250,000</u>	<u>\$ 650,000,000</u>	<u>\$ 88,889,864</u>	<u>\$ 1,053,000,000</u>	<u>\$ 297,746,864</u>	<u>\$ 1,350,746,864</u>

(1) Municipal bond insurance policy issued by Ambac Assurance Corporation secures the bonds to maturity.

(2) A direct-draw, letter of credit issued by PNC Bank, National Association, secures the remarketing of the \$50,000,000 2007 Series B Bonds. The stated expiration date of the facility is July 8, 2022.

A direct-draw, letter of credit issued by TD Bank, N.A. secures the remarketing of the \$100,000,000 2020 Series A Bonds. The stated expiration date of the facility is May 1, 2025.

A direct-draw, letter of credit issued by TD Bank, N.A. secures the remarketing of the \$75,000,000 2020 Series D Bonds. The stated expiration date of the facility is November 1, 2023.

The projected interest rate for the variable rate DelVal Series is equal to the last rate reset in 2020.

1997 Series

The 1997 Series was issued in the original par amount of \$140,000,000. The 1997 Series is secured by a municipal bond insurance policy issued by Ambac. The \$70,000,000 Local Government Revenue Bonds, 1997 Series A were redeemed on June 28, 2007, with a portion of the proceeds of the 2007 Series. The Local Government Revenue Bonds, 1997 Series B (the “1997 B Series”) was issued with a \$42,000,000 maturity on July 1, 2017, and an \$18,000,000 maturity, with a 5.70% coupon, maturing on July 1, 2027. The \$10,000,000 Local Government Revenue Bonds, 1997 Series C (the “1997 C Series”) was issued with a 7.75% coupon, maturing on June 1, 2027. Interest on the 1997 Series is payable semiannually. The 1997 C Series was issued at an original issue premium of \$2,842,400.

Moody’s and S&P originally rated the 1997 Series based solely upon the municipal bond insurance policy of Ambac. Following the filing by Ambac Financial Group, Inc. (Ambac’s parent) for relief under Chapter 11 of the *United States Bankruptcy Code*, S&P withdrew its rating of the 1997 Series, and Moody’s assigned a rating based solely upon the long-term rating of DelVal. As of December 31, 2020, Moody’s had assigned a rating of “A1” with a stable outlook to the 1997 Series.

The 1997 B Series and the 1997 C Series are not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 1997 Series may be subject to an Extraordinary Mandatory Redemption. In the event of such an extraordinary redemption, the Trust Indenture requires the 1997 B Series to be redeemed before the 1997 C Series. The 1997 B Series would be redeemed at par; the 1997 C Series would be redeemed at the premiums set forth in the Trust Indenture of the 1997 Series.

DelVal entered into a master interest rate swap agreement related to the 1997 Series and executed interest rate swap transactions for each series of the 1997 Series. Under the terms of the interest rate swap transactions, DelVal pays a rate indexed to the SIFMA Index and receives fixed rate payments for the 1997 B Series and 1997 C Series. The interest rate swap transactions related to the 1997 B Series and 1997 C Series terminate on their respective maturity dates. The interest rate swap transactions allow DelVal to hedge its exposure to changes of long-term interest rates.

1998 Series

The 1998 Series was issued in the par amount of \$300,000,000. The 1998 Series is secured by a municipal bond insurance policy issued by Ambac. The coupon on the \$250,000,000 Local Government Revenue Bonds, 1998 Series A (the “1998 A Series”) is set at 5.50%, and interest is paid semiannually. The 1998 A Series mature on August 1, 2028. The aggregate interest on the \$25,000,000 Local Government Revenue Bonds, 1998 Series B (the “1998 B Series”) and the \$25,000,000 Local Government Revenue Bonds, 1998 Series C (the “1998 C Series”) is equal to a fixed rate of 5.50%. The 1998 B Series and 1998 C Series matured on August 1, 2018. The 1998 A Series was issued at an original issue premium of \$18,060,000, and the 1998 B Series and 1998 C Series were issued at an aggregate original issue premium of \$3,785,000.

Moody’s and S&P originally rated the 1998 Series solely upon the municipal bond insurance policy of Ambac. Following the filing by Ambac Financial Group, Inc. (Ambac’s parent) for relief under Chapter 11 of the *United States Bankruptcy Code*, S&P withdrew its rating of the 1998 Series. Moody’s assigned a rating to the 1998 Series based solely upon the long-term rating of DelVal. As of December 31, 2020, Moody’s had assigned a rating of “A1” with a stable outlook to the 1998 Series.

The 1998 Series is not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 1998 Series may be subject to an Extraordinary Mandatory Redemption at the premiums set forth in the Trust Indenture of the 1998 Series.

DelVal entered into interest rate swap transactions for each Series of the 1998 Series; the transactions terminate on the maturity dates of the related 1998 Series. Under the terms of the interest rate swap transactions, DelVal pays amounts indexed to the SIFMA Index and receives fixed payments. The interest rate swap transactions allow DelVal to hedge its exposure to changes of long-term interest rates.

2002 Series

The 2002 Series was issued with a total par amount of \$375,000,000. The \$125,000,000 Local Government Revenue Bonds, 2002 Series A (the “2002 A Series”) matured on July 1, 2012, and the \$125,000,000 Local Government Revenue Bonds, 2002 Series B (the “2002 B Series”) matured on July 1, 2017. The \$125,000,000 Local Government Revenue Bonds, 2002 Series C (the “2002 C Series”) mature on July 1, 2032, with a coupon of 5.75%. Interest is paid semiannually to the holders of the 2002 Series. The 2002 C Series was issued at an original issue premium of \$9,391,250. The 2002 Series was rated “A1” with a stable outlook by Moody’s and “A+” with a stable outlook by S&P as of December 31, 2020.

The 2002 Series is not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 2002 Series may be subject to an Extraordinary Mandatory Redemption at the premiums set forth in the Trust Indenture of the 2002 Series.

DelVal entered into a master interest rate swap agreement related to the 2002 Series and executed an interest rate swap transaction related to each series of the 2002 Series. The transactions terminate on the respective maturity dates of the related Series. The interest rate swap transactions allow DelVal to hedge its exposure to changes of long-term interest rates.

2007 Series

The 2007 Series were issued under the Master Indenture and the First Supplemental Indenture on June 28, 2007, in the par amount of \$160,000,000. The coupon on the \$10,000,000 2007 Series A (the “2007 A Series”) maturing on June 1, 2037, was set at 5.50%. Interest is paid semiannually. The 2007 A Series was issued at an original issue premium of \$1,365,600. The 2007 A Series is not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 2007 A Series may be subject to extraordinary redemption at the premiums set forth in the First Supplemental Indenture.

The \$50,000,000 2007 Series B Bonds (the “2007 B Series”) maturing on June 1, 2042, is currently remarketed as a variable rate demand bond (“VRDB”) in a weekly rate mode, secured by a letter of credit issued by PNC Bank, National Association (“PNC”). The remarketing agent, currently PNC Capital Markets LLC, resets the interest rates on the 2007 B Series effective every Wednesday. The interest rates are set at the minimum rate of interest, in the opinion of the remarketing agent, necessary to remarket the bonds in a secondary market transaction at par. The maximum interest rate, as defined in the First Supplemental Indenture, is 15%. Interest on weekly rate bonds is paid monthly. Holders of the 2007 B Series may, with seven days of notice, tender the bonds to the tender agent at par. The 2007 B Series is subject to optional redemption, in whole or part, and purchase by DelVal at par. The 2007 B Series is also subject to mandatory redemption and purchase at par if the rating of the bonds is reduced as a consequence

of the substitution of the letter of credit or if DelVal elects to switch to another interest rate mode as permitted in the First Supplemental Indenture. See “Note 5. Credit Facilities” for additional information.

The interest rates of the \$100,000,000 2007 Series C Bonds (the “2007 C Series”) are set at an interest rate indexed to the 3-Month LIBOR rate. A principal amount of \$50,000,000 matures on June 1, 2027, and a principal amount of \$50,000,000 matures on June 1, 2037. The interest rates are reset quarterly, and interest is paid to the holders of the 2007 C Series quarterly. The 2007 C Series is subject to optional redemption, in whole or part, and purchase by DelVal at par on or after June 1, 2017. DelVal may convert the 2007 C Series to a different interest rate mode as permitted in the First Supplemental Indenture.

The 2007 A Series and the 2007 C Series were assigned ratings of “A1” with a stable outlook by Moody’s and “A+” with a stable outlook by S&P as of December 31, 2020. The 2007 B Series was assigned ratings of “A1/VMIG 1” by Moody’s, “AA+/A-1” by S&P, and “A+/F1” by Fitch.

The 2007 Series is subject to an Extraordinary Mandatory Redemption under certain circumstances defined in the First Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the First Supplemental Indenture.

DelVal entered into a master interest rate swap agreement related to the 2007 Series and executed interest rate swap transactions related to the 2007 A Series and the 2007 C Series that terminate on their respective maturity dates. Under the terms of the interest rate swap transactions, DelVal pays amounts indexed to the SIFMA Index and receives fixed payments for the 2007 A Series and payments indexed to the 3-Month LIBOR rate for the 2007 C Series. The interest rate swap transactions allow DelVal to hedge its exposure to basis risk and to changes of long-term interest rates.

2018 Series

On June 27, 2018, DelVal issued the 2018 Series under the Master Indenture and the Fifth Supplemental Indenture in the principal amount of \$215,000,000. A portion of the proceeds of the 2018 Series was used to acquire loans from the 2014 Series, which together with proceeds from the acquisition of loans by other DelVal Series and other available funds, were used to redeem the 2014 D Series and a portion of the 2014 B Series. Proceeds of the 2018 Series were also used to fund a Debt Service Reserve Fund and provide additional funds for loans. The costs of issuance of the 2018 Series were paid from the original issue premium of the 2018 A Series.

The \$10,000,000 2018 A Series was issued with a coupon of 5.00% at a yield of 3.44% to the maturity date of September 1, 2033. The original issue premium was \$1,832,000. Interest is payable semiannually, and the bonds are not subject to optional redemption. In order to hedge risk of changes in long-term interest rates, DelVal executed a swap transaction with PNC related to the 2018 A Series under which DelVal receives a fixed rate and pays the SIFMA Index.

The \$50,000,000 2018 B Series and the \$50,000,000 2018 C Series were issued at variable interest rates set at a spread over the SIFMA Index with a maturity date of September 1, 2048. Interest is payable monthly. The 2018 B Series is scheduled to be remarketed on September 1, 2022, and the 2018 C Series is scheduled to be remarketed on September 1, 2023. The 2018 B Series may be optionally redeemed on or after September 1, 2021, and the 2018 C Series may be optionally redeemed on or after September 1, 2022. On the respective remarketing dates, the bonds can be remarketed as direct placements of bank loans, VRDB’s, fixed rate bonds, or variable rate securities based on an index.

The \$30,000,000 2018 D Series and the \$75,000,000 2018 E Series were issued at variable interest rates indexed to 1-Month LIBOR with a maturity date of September 1, 2048. Interest is payable monthly. The 2018 D Series is scheduled to be remarketed on September 1, 2024, and the 2018 E Series is scheduled to be remarketed on September 1, 2025. The 2018 D Series may be optionally redeemed on or after September 1, 2023, and the 2018 E Series may be optionally redeemed on or after September 1, 2024. In order to hedge basis risk, DelVal assigned swap transactions from the 2014 Series to the 2018 D Series and 2018 E Series under which DelVal receives a rate indexed to 1-Month LIBOR and pays the SIFMA Index. On the respective remarketing dates, the bonds can be remarketed as direct placements of bank loans, VRDB's, fixed rate bonds, or variable rate securities based on an index.

The 2018 Series is subject to Extraordinary Mandatory Redemption under certain circumstances defined in the Fifth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Fifth Supplemental Indenture.

2020 A Series

The 2020 A Series were issued under the Master Indenture and the Sixth Supplemental Indenture on May 1, 2020, in the par amount of \$100,000,000, maturing on May 1, 2055, as a VRDB in a weekly rate mode, secured by a letter of credit issued by TD Bank, N.A. ("TD"). The remarketing agent, currently TD Securities LLC, resets the interest rates on the 2020 A Series effective every Wednesday. The interest rates are set at the minimum rate of interest, in the opinion of the remarketing agent, necessary to remarket the bonds in a secondary market transaction at par. The maximum interest rate, as defined in the Sixth Supplemental Indenture, is 15%. Interest on the weekly rate bonds is paid monthly. Holders of the 2020 A Series may, with seven days of notice, tender the bonds to the tender agent at par. The 2020 A Series is subject to optional redemption, in whole or part, and purchase by DelVal at par. The 2020 A Series is also subject to mandatory redemption and purchase at par if the rating of the bonds is reduced as a consequence of the substitution of the letter of credit. See "Note 5. Credit Facilities" for additional information. The 2020 A Series was assigned ratings of "A1/VMIG 1" by Moody's and "AA+/A-1" by S&P.

The proceeds of the 2020 A Series were used to: (i) fund the origination of new Loans, (ii) acquire Loans from the 2017 B Series, and (iii) fund a deposit to the Debt Service Reserve Fund. The costs of issuance were paid from available, unrestricted funds of DelVal. The 2017 B Series, evidencing the direct placement of a loan from TD Bank, N.A., was redeemed with the proceeds from the acquisition of Loans by the 2020 A Series and other DelVal Series and other available funds.

The 2020 A Series is subject to an Extraordinary Mandatory Redemption under certain circumstances defined in the Sixth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Sixth Supplemental Indenture.

2020 BCD Series

The 2020 BCD Series were issued under the Master Indenture and the Seventh Supplemental Indenture in the par amount of \$175,000,000 on November 2, 2020. The \$50,000,000 2020 B Series was issued with a coupon of 5.00% to yield 0.62% with an original issue premium of \$8,633,000 maturing on November 1, 2024. In order to hedge risk of changes in long-term interest rates, DelVal executed a swap transaction on April 19, 2021, related to the 2020 B Series under which DelVal receives a fixed rate and pays the SIFMA Index.

The \$50,000,000 2020 C Series was issued as a weekly R-FLOATs security maturing on November 1, 2055. The \$75,000,000 2020 D Series was issued as a weekly VRDB maturing on November 1, 2055, with the remarketing secured by a direct-draw letter of credit issued by TD. The 2020 B Series and 2020 C Series were assigned ratings of “A1” by Moody’s and “A+” by S&P. The 2020 D Series was assigned ratings of “A1/VMIG 1” by Moody’s and “AA+/A-1” by S&P.

The proceeds of the 2020 BCD Series were used to: (i) fund the origination of new Loans, (ii) acquire Loans from the 2014 B Series and the 2017 Series, (iii) fund a deposit to the Debt Service Reserve Fund, and (iv) pay the costs of issuance. The 2014 B Series and the 2017 A Series, evidencing the direct placement of loans from Bank of America, N.A., and the 2017 C, D, and E Series, evidencing the direct placement of a loan from TD Bank, N.A., were redeemed from the proceeds of the acquisition of Loans by the 2020 BCD Series and other DelVal Series and other available funds.

Interest on the 2020 B Series is paid semiannually, and interest on the 2020 C Series and 2020 D Series is paid monthly on the first business day. BofA Securities, the remarketing agent of the 2020 C Series, resets the interest rates effective every Thursday. TD Securities LLP, the remarketing agent of the 2020 D Series, resets the interest rates effective every Wednesday. The interest rates of the 2020 C Series and 2020 D Series are set at the minimum rate of interest, in the opinion of the remarketing agent, necessary to remarket the bonds in a secondary market transaction at par. The maximum interest rate, as defined in the Seventh Supplemental Indenture, is 15%. Holders of the 2020 C Series and the 2020 D Series may, with seven days of notice, tender the bonds to the tender agent at par.

The 2020 C Series are subject to optional redemption, in whole or part, and purchase by DelVal at par. The remarketing of the 2020 C Series is not secured by a letter of credit. In the event of a failed remarketing of the 2020 C Series, the interest rate will be set at the maximum rate of 15% until the bonds are successfully remarketed. If the 2020 C Series cannot be remarketed, the bonds are subject to mandatory redemption at par on the third anniversary of the original failed remarketing.

The 2020 D Series are subject to optional redemption, in whole or part, and purchase by DelVal at par. The 2020 D Series are also subject to mandatory redemption and purchase at par if the rating of the bonds is reduced as a consequence of the substitution of the letter of credit. See “Note 5. Credit Facilities” for additional information.

The 2020 BCD Series is subject to an Extraordinary Mandatory Redemption under certain circumstances defined in the Sixth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Seventh Supplemental Indenture.

Subsequent Event, 2021 A Series

On February 3, 2021, DelVal issued the 2021 A Series under the Master Indenture and the Eighth Supplemental Indenture in the principal amount of \$45,000,000. The 2021 A Series was issued with a coupon of 2.00% at a yield of 1.35% to the maturity date of October 1, 2029. The original issue premium was \$2,382,750. Interest is payable semiannually, and the bonds are not subject to optional redemption. The proceeds of the 2021 A Series were deposited into accounts to: (i) originate new Loans and to acquire Loans from other DelVal Series, (ii) increase the deposit in the Debt Service Reserve Fund, and (iii) pay the costs of issuance.

In order to hedge risk of changes in long-term interest rates, DelVal amended a swap transaction with PNC related to the Master Series to provide a fixed rate receipt and a SIFMA Index payment.

The 2021 A Series is subject to Extraordinary Mandatory Redemption under certain circumstances defined in the Eighth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Eighth Supplemental Indenture.

5. CREDIT FACILITIES

1997 Series and 1998 Series

The payment of interest on and principal of the 1997 Series and the 1998 Series is secured by a municipal bond insurance policy issued by Ambac Assurance Corporation. The bond insurance is in effect for the 30-year terms of the 1997 Series and 1998 Series. The bond insurance premium paid to Ambac at closing is amortized on a straight-line basis over the 30-year term. As of December 31, 2020, Moody's, S&P, and Fitch had all withdrawn their ratings of Ambac.

2007 B Series

DelVal, as required by the Trust Indenture, maintains a direct draw letter of credit in the amount of \$50,924,658 as security for the payment of principal of and accrued interest on the 2007 B Series. DelVal entered into an agreement with PNC Bank, N.A. on May 1, 2017, as amended on July 10, 2019, to provide the requisite letter of credit. The scheduled termination date of the PNC letter of credit is July 8, 2022. During 2020, DelVal paid facility fees totaling \$155,773.98 to PNC. As of December 31, 2020, PNC was assigned ratings of "A1/P 1" by Moody's, "A/A-1" by S&P, and "A+/F1+" by Fitch.

2020 A Series

DelVal, as required by the Trust Indenture, maintains a direct draw letter of credit in the amount of \$101,849,315 as security for the payment of principal of and accrued interest on the 2020 A Series. DelVal entered into an agreement with TD Bank, N.A. on May 1, 2020, to provide the requisite letter of credit. The scheduled termination date of the TD letter of credit is May 1, 2025. During 2020, DelVal paid facility fees totaling \$240,952.38 to TD. As of December 31, 2020, TD was assigned ratings of "Aa2/P-1" by Moody's and "AA-/A-1+" by S&P.

2020 D Series

Pursuant to the Trust Indenture, a direct draw letter of credit in the amount of \$76,386,987 secures the payment of principal of and accrued interest on the 2020 D Series. DelVal entered into an agreement with TD Bank, N.A. as of November 1, 2020, to provide the requisite letter of credit. The scheduled termination date of the TD letter of credit is November 1, 2023. During 2020, DelVal paid facility fees totaling \$59,385.55 to TD. As of December 31, 2020, TD was assigned ratings of "Aa2/P-1" by Moody's and "AA-/A-1+" by S&P.

Participant Credit Enhancers

Certain Loans are secured by Participant Credit Enhancements, financial guaranty policies, with DelVal as the beneficiary. Premiums for the policies were paid from DelVal's origination fees or Loan proceeds at the closing of each Loan. As of December 31, 2020, approximately 10.85% of the loan principal outstanding, more than \$105 million, was insured by AGM, MAC, or BAM. (each a "Participant Credit Enhancer"). As of December 31, 2020, AGM was rated "A2" by Moody's, "AA" by S&P, and "AA+" by

Kroll; MAC was rated “AA+” by Kroll and “AA” by S&P; and BAM was rated “AA” by S&P. No borrower from the DelVal Loan Program has ever defaulted, and the Participant Credit Enhancers have not been required to make any payments to DelVal under the financial guaranty policies.

6. DERIVATIVE FINANCIAL INSTRUMENTS

DelVal began entering into interest rate swap transactions related to its bond issues (each, a “Bond Swap”) in 1997 in order to (i) diversify the types of debt instruments it could issue to fund the Loan Program, (ii) hedge its exposure to future changes in long-term interest rates, (iii) hedge its exposure to basis risk, (iv) reduce its exposure to the credit facility market, and (v) reduce its all-in cost of funds. Under the interest rate swap transactions related to the bond issues, DelVal receives a payment with the same basis as the related bonds, and DelVal pays the SIFMA Index. The use of interest rate transactions also permitted DelVal to begin providing a competitive fixed rate loan option. If a Participant requests a fixed rate loan, DelVal enters into an offsetting swap transaction under which DelVal pays a fixed rate and receives the SIFMA Index (each a “Loan Swap”).

A summary of the interest rate swap transactions and the reconciliation of the carrying values on the Balance Sheet and the fair market value of all interest rate swap transactions as of December 31, 2020, is set forth below.

Carrying Value and Fair Value of Interest Rate Swap Transactions Outstanding

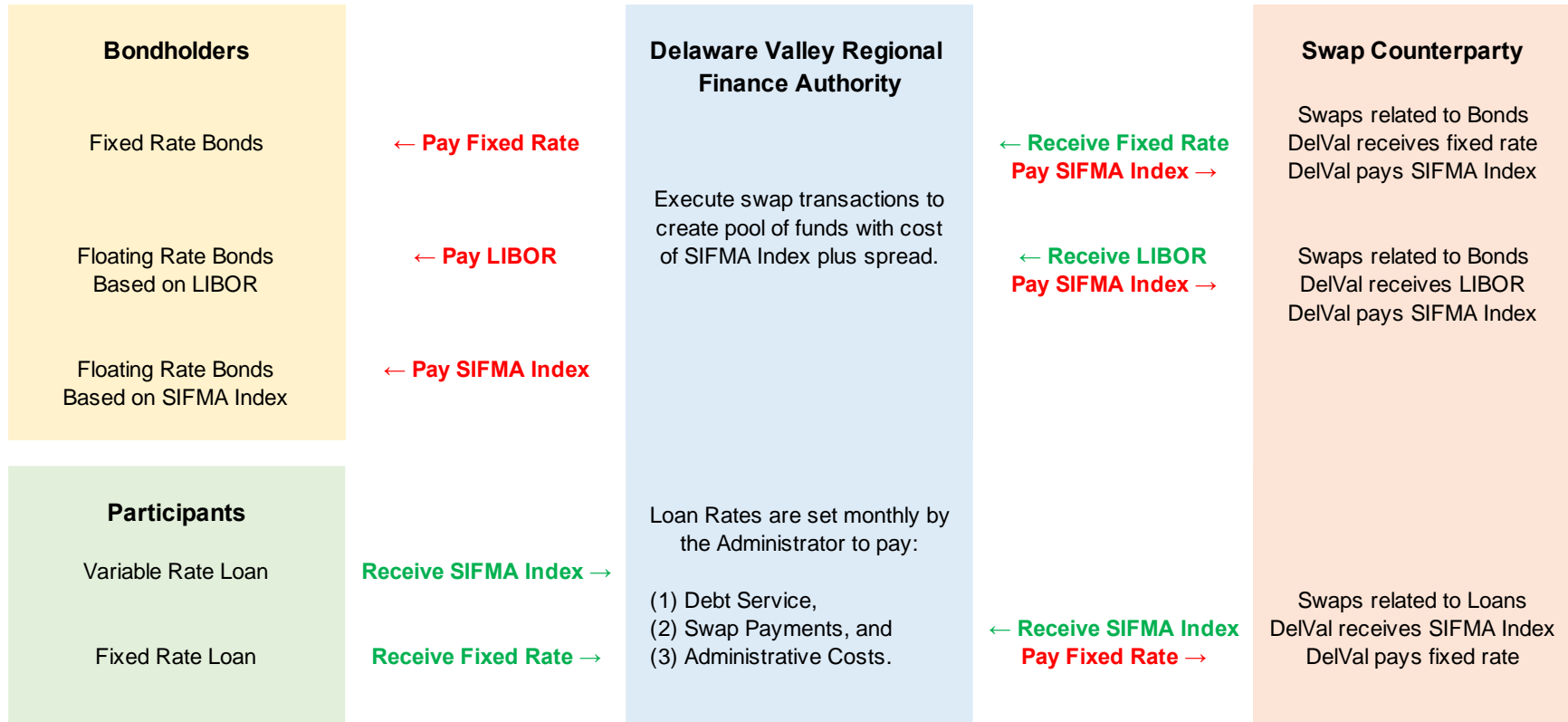
<i>Series</i>	<i>Notional Amount</i>	<i>Carrying Value</i>	<i>Fair Value 31-Dec-20</i>
1997 Series			
Bond Swaps	\$ 28,000,000	\$ 8,742,559	\$ 8,742,559
Loan Swaps	18,600,000	(834,309)	(834,309)
1998 Series			
Bond Swaps	500,000,000	83,114,977	83,114,977
Loan Swaps	208,432,000	(9,756,826)	(9,756,826)
Unamortized prepaid swap expense		4,413,139	9,295,285
2002 Series			
Bond Swaps	125,000,000	52,233,439	52,233,439
Loan Swaps	106,989,000	(7,769,840)	(7,769,840)
Master Series			
Bond Swaps	270,050,000	11,163,373	11,163,373
Loan Swaps	681,398,500	(35,703,933)	(35,703,933)
Total	<u>\$ 1,938,469,500</u>	<u>\$ 105,602,579</u>	<u>\$ 110,484,725</u>

DelVal terminated a \$25 million Bond Swap transaction related to the 2017 Series on May 4, 2020, and a \$125 million Bond Swap transaction related to the 2014 Series and 2017 Series on October 30, 2020. DelVal received termination payments of \$1,335,930 that were recorded as interest rate swap revenues. DelVal amended a Bond Swap transaction with PNC related to the 2017 Series on January 20, 2021. Under the amendment, a \$45 million notional of the transaction was converted from PNC paying a LIBOR rate to PNC paying a fixed rate. The amended portion of the Bond Swap is related to the 2021 A Series. On April 19, 2021, DelVal executed a \$50 million notional Bond Swap to hedge the interest rate risk of the 2020 B Series.

DeIVal received a \$101 payment in the *Alaska Electrical Pension Fund et al. vs. Bank of America et al* settlement on March 27, 2020. DeIVal has received notices of proposed settlements under other class action lawsuits. The amounts and the dates of the payments, if any, are not yet known.

The Administrator sets loan rates at levels sufficient to pay (i) debt service on the DeIVal Series, (ii) any related Bond Swap or Loan Swap payments, and (iii) DeIVal's administrative costs. Below is a chart that depicts the cash flows for the DeIVal Loan Program.

Cash Flows of Debt Service, Swap, and Loan Payments



DelVal has executed Master Agreements (collectively, the “DelVal Swap Agreement”) with six counterparties (each a “Counterparty”). All of the Master Agreements are secured on a parity basis with bondholders. A listing of the Counterparties is shown below.

- 1) Bank of America, N.A. (“BANA”), dated as of November 12, 2009, and amended and restated as of January 27, 2015, and February 13, 2015,
- 2) Citibank, N.A. (“Citibank”), dated as of June 28, 2007,
- 3) Barclays Bank PLC (“Barclays”) dated as of April 17, 2012, and amended and restated as of July 2, 2012,
- 4) PNC Bank, National Association (“PNC”) dated as of January 28, 2015, and amended as of June 20, 2020,
- 5) Toronto-Dominion Bank (“T-D”) dated as of January 11, 2016, and
- 6) Royal Bank of Canada (“RBC”) dated as of July 16, 2019, and amended as of August 10, 2020.

Effectiveness of the Swap Agreements

All of the Bond Swaps and Loan Swaps are effective hedges under the “consistent critical terms” and “quantitative methods” standards of the Governmental Accounting Standards Board Statement No. 53 (“GASB 53”).

As of December 31, 2020, ten Bond Swap transactions in the notional amount of \$923 million were outstanding with BANA, Citibank, and PNC. The Bond Swaps are effective under both the consistent critical terms and the quantitative methods standards of GASB 53:

- 1) The transactions hedge exposure to changes of long-term interest rates,
- 2) The transactions hedge exposure to basis risk,
- 3) The transactions allow DelVal to reduce the dependence on credit facilities to secure variable rate DelVal Series,
- 4) The transactions enable DelVal to diversify the types of debt instruments it issues to fund the Loan Program, and
- 5) The transactions enable DelVal to realize all-in costs comparable to a 7-day VRDB.

Below is a summary of the debt service payments and the related Bond Swap receipts and payments in 2020.

Bond Swap Payments Related to DelVal Series in 2020

<i>Debt Service Payments</i>	<i>Bond Swap Transactions Related to the DelVal Series</i>		<i>Net Payment</i>	<i>Net Cost of Funds</i>	<i>Average SIFMA Index</i>	<i>Spread over SIFMA Index</i>
	<u>Receipts</u>	<u>Payments</u>				
\$ (28,912,863)	\$ 22,370,745	\$ (3,191,359)	(\$9,733,477)	1.183%	0.660%	0.523%

The comparable spread over the SIFMA Index (including letter of credit fees and remarketing fees) of the DelVal VRDB’s outstanding in 2020 was 0.429% for the 2007 B Series, 0.412% for the 2020 A Series, and 0.539% for the 2020 D Series.

As of December 31, 2020, 291 Loan Swap transactions in the notional amount of \$1.015 billion (including \$78.8 million that were not yet effective) were executed with BANA, Barclays, PNC, RBC, and

T-D to provide fixed rate loans to 117 Participants. These Loan Swaps were effective hedges under both the consistent critical terms and the quantitative standards of GASB 53:

- 1) The offsetting transactions allow DelVal to provide fixed rate Loans without incurring the costs of issuance of remarketing a series of fixed rate bonds.
- 2) The offsetting transactions allow DelVal to provide fixed rate Loans that are competitive with bank loans and bond issues.

Below is a summary of the fixed rate loan repayments and the related Loan Swap receipts and payments in 2020.

Loan Swap Payments Related to Fixed Rate Loans in 2020

<i>Fixed Rate Loan Interest Repayments</i>	<i>Loan Swap Transactions for Fixed Rate Loans</i>		<i>Related Bond Swap Payments</i>	<i>Net Receipt</i>
	<i>Fixed Rate Payments</i>	<i>SIFMA Index Receipts</i>		
\$ 18,987,142	(\$15,384,858)	\$ 5,001,324	\$ (5,001,324)	\$ 3,602,284

Below is a summary of the estimated net debt service of the DelVal Series and Bond Swap payments and the calculation of the estimated spread over the SIFMA Index that DelVal will pay.

Estimated Net Bond and Swap Interest Payments

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026 and thereafter (2)</u>
Debt service payments						
1997 Series	\$ 1,801,000	\$ 1,801,000	\$ 1,801,000	\$ 1,801,000	\$ 1,801,000	\$ 1,801,000
1998 Series	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000
2002 Series	7,187,500	7,187,500	7,187,500	7,187,500	7,187,500	7,187,500
Master Series (1)	<u>2,922,864</u>	<u>2,922,864</u>	<u>2,922,864</u>	<u>2,922,864</u>	<u>2,922,864</u>	<u>2,922,864</u>
Total	<u>25,661,364</u>	<u>25,661,364</u>	<u>25,661,364</u>	<u>25,661,364</u>	<u>25,661,364</u>	<u>25,661,364</u>
Net swap receipts						
1997 Bonds	(1,500,800)	(1,500,800)	(1,500,800)	(1,500,800)	(1,500,800)	(1,500,800)
1998 Bonds	(13,128,500)	(13,128,500)	(13,128,500)	(13,128,500)	(13,128,500)	(13,128,500)
2002 Bonds	(5,843,750)	(5,843,750)	(5,843,750)	(5,843,750)	(5,843,750)	(5,843,750)
Master Series (1)	<u>(1,789,276)</u>	<u>(1,789,276)</u>	<u>(1,789,276)</u>	<u>(1,789,276)</u>	<u>(1,789,276)</u>	<u>(1,789,276)</u>
Total	<u>(22,262,326)</u>	<u>(22,262,326)</u>	<u>(22,262,326)</u>	<u>(22,262,326)</u>	<u>(22,262,326)</u>	<u>(22,262,326)</u>
Net spread of debt service over swap receipts						
1997 Series	300,200	300,200	300,200	300,200	300,200	300,200
1998 Series	621,500	621,500	621,500	621,500	621,500	621,500
2002 Series	1,343,750	1,343,750	1,343,750	1,343,750	1,343,750	1,343,750
Master Series (1)	<u>1,133,588</u>	<u>1,133,588</u>	<u>1,133,588</u>	<u>1,133,588</u>	<u>1,133,588</u>	<u>1,133,588</u>
Total	<u>\$ 3,399,038</u>	<u>\$ 3,399,038</u>	<u>\$ 3,399,038</u>	<u>\$ 3,399,038</u>	<u>\$ 3,399,038</u>	<u>\$ 3,399,038</u>
Bond principal and over-collateralization						
1997 Series	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000
1998 Series	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
2002 Series	153,159,000	153,159,000	153,159,000	153,159,000	153,159,000	153,159,000
Master Series (1)	<u>225,402,250</u>	<u>225,402,250</u>	<u>225,402,250</u>	<u>225,402,250</u>	<u>225,402,250</u>	<u>225,402,250</u>
Total	<u>\$656,561,250</u>	<u>\$656,561,250</u>	<u>\$656,561,250</u>	<u>\$656,561,250</u>	<u>\$656,561,250</u>	<u>\$656,561,250</u>
Percentage spread over the SIFMA Index						
1997 Series	1.072%	1.072%	1.072%	1.072%	1.072%	1.072%
1998 Series	0.249%	0.249%	0.249%	0.249%	0.249%	0.249%
2002 Series	0.877%	0.877%	0.877%	0.877%	0.877%	0.877%
Master Series (1)	0.503%	0.503%	0.503%	0.503%	0.503%	0.503%
All Series	0.518%	0.518%	0.518%	0.518%	0.518%	0.518%

(1) Assumes variable rates equal to the last reset in 2020. The spread is not sensitive to changes in the levels of the rates.

(2) Cash flows will change as bonds mature and swap transactions terminate.

Below is a summary of the provisions and risks of the interest rate swap agreements. None of the swap transactions executed by DelVal are payable or receivable in foreign currencies.

LIBOR Indices

The Financial Conduct Authority (the “FCA”) of the United Kingdom and the Federal Reserve Bank intend to replace LIBOR rates with risk-free reference rates. In the United States, the “Secured Overnight Financing Rate” (“SOFR”) is the proposed successor rate for the LIBOR rates published for the U.S. dollar (the “USD LIBOR”). The International Swaps and Derivatives Association (“ISDA”) has developed protocols to amend existing swap transactions and to replace USD LIBOR rates with SOFR rates, and Bloomberg has begun posting these rates. At this time, SOFR has not yet been widely accepted for the pricing of financial products, instruments, and derivatives, and the SOFR market is not liquid. On December 4, 2020, the FCA announced that publication of all LIBOR rates except the USD LIBOR rates

for 1, 3, 6, and 12 months would cease after December 31, 2020. The FCA announced that the USD LIBOR rates for 1, 3, 6, and 12 months would continue to be published until June 30, 2023.

As of December 31, 2020, DelVal had \$750 million notional amount of Bond Swap transactions indexed to a LIBOR rate. Of that amount, \$500 million were offsetting transactions with BANA related to the 1998 Series. The remaining \$250 million notional amounts represent Bond Swaps executed to hedge the basis risk of the Master Series indexed to a LIBOR rate. This notional amount was reduced by \$45 million on January 20, 2021, when a Bond Swap with PNC was amended.

DelVal has managed its debt and swap transactions to balance LIBOR payments and receipts. If LIBOR is replaced, DelVal would not be adversely affected as long as the standard for replacement is uniform for debt and derivative instruments.

Interest Rate Risk

The principal interest rate risk of a revolving loan program is the risk that the pool of funds available for loans will not be competitive with financing options in the future. If DelVal issued fixed rate bonds to fund the Loan Program, the risk would be that fixed rates could decline making DelVal's cost of funds uncompetitive with other financing options. If DelVal issued bonds indexed to a LIBOR rate or some other taxable index rate, the risk would be that the ratio of tax-exempt rates to the index rate could decrease making DelVal's cost of funds uncompetitive. The Bond Swaps effectively insulate DelVal from these types of interest rate risk. DelVal has executed swap transactions for all of the DelVal Series that are fixed rate to receive a fixed rate and to pay the SIFMA Index, and DelVal has executed swap transactions for the DelVal Series that are indexed to a LIBOR Rate under which DelVal receives a LIBOR payment and DelVal pays the SIFMA Index. DelVal's cost of funds moves with the SIFMA Index. This allows DelVal to offer variable rate loans at market levels. By entering into offsetting Loan Swap transactions, under which DelVal pays a fixed rate and receives the SIFMA Index, DelVal can always be on the market for fixed rate loans.

The second type of interest rate risk that faces a revolving loan program is the mismatching of assets and liabilities. This is the risk that loan revenues will not match DelVal's cost of funds. The use of interest rate swaps allows DelVal to match fund perfectly. Variable rate loans are matched to Bond Swap transactions or DelVal's VRDB's, and fixed rate loans are matched to Loan Swap transactions. The variable rate and fixed rate assets always match the variable rate and fixed rate liabilities.

Basis Risk

A basis risk occurs when payments received under a swap transaction are based on a different index or type of interest rate than the related debt obligation. None of the swap transactions executed by DelVal entails a basis risk. Transactions with basis risk are not permitted under DelVal's Interest Rate Swap Management Policy.

Termination Risk

Termination risk is the risk that certain events occur that allow the Counterparty to a swap transaction to terminate that transaction. All or a portion of the transactions under the DelVal Swap Agreement may be terminated with the mutual consent of DelVal and the respective Counterparty. A termination of transactions could also be triggered in the event of: (i) large payment defaults by one or more Participants, (ii) a payment default by DelVal or the Counterparty under the DelVal Swap Agreement, (iii) the occurrence of events that may precipitate a payment default by DelVal or the Counterparty, or (iv) the

downgrading of the long-term, unsecured, senior debt ratings of the Counterparty or DelVal (See “CREDIT RISK” below.). None of the DelVal Swap Agreements have ever been terminated.

In all instances of termination, except a Loan Swap termination due to a payment default by a Participant, DelVal would seek to replace the terminated transaction with new transactions on similar terms and conditions or novate the affected transactions to a different Counterparty. The payment or receipt of the terminated or novated transactions should largely offset the receipts or payments to replace or novate the transactions. Under the terms of the Loan Agreements, each Participant is obligated to pay the termination fee of the portion of the Bond Swap and Loan Swap transactions allocable to the Participant’s Loan.

The most likely causes for termination of Loan Swap transactions are under the control of the Participants: (i) a Participant elects to prepay a its Loan before the termination or option date of the Loan Swap transaction executed to provide a fixed rate or (ii) a Participant defaults on its payments due under a fixed rate Loan. All or a portion of a Bond Swap may be terminated with the mutual consent of DelVal and the Counterparty. This would normally occur if DelVal were redeeming a portion of the DelVal Series, restructuring the Bond Swaps, or replacing the Counterparty, and in these instances DelVal would be unlikely to consent if it would incur a Termination Payment. A global termination of the DelVal Swap Agreement without replacement or novation of the transactions would only occur if (i) a cataclysm in the interest rate swap market precipitated a default by the Counterparty and a replacement Counterparty could not be secured or (ii) an economic cataclysm triggered defaults by a large number of Participants.

Credit Risk

Rating downgrades by Moody’s and S&P can precipitate a requirement to post collateral or to terminate under the DelVal Swap Agreement. The failure to post collateral when it is required constitutes an event of default under the DelVal Swap Agreement and may result in termination.

The BANA Agreements require BANA to post collateral equal to the market value of each of the swap agreements executed with DelVal if the long term, unsecured, senior debt ratings of BANA are reduced below “A2” by Moody’s or “A” by S&P. DelVal is not obligated to post collateral to BANA. If the long-term, unsecured, senior debt ratings of BANA or DelVal are downgraded below “Baa2” by Moody’s or “BBB” by S&P, the respective counterparty may terminate the BANA Agreements.

The Citibank Agreement requires Citibank to post collateral equal to the market value if the ratings of Citibank are reduced below “A2” by Moody’s and “A” by S&P. If the ratings of DelVal are downgraded below “A3” by Moody’s or “A-” by S&P, DelVal would be obligated to post collateral equal to the market value. If the long-term, unsecured, senior debt ratings of Citibank, or DelVal are downgraded below “Baa3” by Moody’s or “BBB-” by S&P, the respective counterparty may terminate the Citi Agreement.

The Barclays Agreement, PNC Agreement, T-D Agreement, and RBC Agreement allow DelVal or the Counterparty to terminate the agreement if the other counterparty is downgraded below “Baa1” by Moody’s or “BBB+” by S&P. Neither these Counterparties nor DelVal are obligated to post collateral.

A summary of the Counterparty ratings and the market values of the DelVal Swap Agreement are shown below.

Counterparty Ratings and Market Values

Counterparty	<i>Fitch</i>	<i>Kroll</i>	<i>Moody's</i>	<i>S&P</i>	<i>Notional Amount</i>	<i>Fair Value 31-Dec-20</i>
Bank of America, N.A.*	A+	***	Aa3	A+	\$ 1,202,886,900	\$ 120,024,290
Barclays Bank PLC	A	***	A1	A	38,480,000	(2,742,410)
Citibank, N.A.	A+	***	Aa3	A+	110,050,000	7,264,598
PNC Bank, N.A.	A+	AA-	A1	A	466,979,000	(10,486,757)
Royal Bank of Canada	AA	***	Aa2	AA-	118,465,600	(3,542,519)
Toronto-Dominion Bank	***	AA	Aa2	AA-	<u>1,608,000</u>	<u>(32,477)</u>
Total					<u>\$ 1,938,469,500</u>	<u>\$ 110,484,725</u>

*Includes the Fair Value of the Unamortized Prepaid Swap Expense.

Market Access

Market access risk is the risk that bonds that are related to swap transactions cannot be issued or remarketed. DelVal does not have market access risk related to the Bond Swaps. The DelVal Series related to Bond Swaps have already been issued or remarketed. The DelVal Series that are subject to remarketing have staggered remarketing dates. The cash flow from loan repayments and deposits in the Debt Reserve Funds would be sufficient to redeem any tranche that could not be remarketed. DelVal does not execute Bond Swaps until the related DelVal Series has been issued or remarketed.

Rollover Risk

Rollover risk is the risk that the termination dates of Bond Swaps do not match the scheduled maturity or remarketing dates of the related DelVal Series or Loans and that, due to market disruptions or deterioration of credit quality, execution of new swap transactions or remarketing of the DelVal Series is not possible. DelVal does not have any rollover risk with the DelVal Series or the related Bonds Swaps. The scheduled termination dates of the Bond Swaps match or exceed the maturity or remarketing date of the related DelVal Series. The DelVal Series that are subject to remarketing have staggered remarketing dates. If a new Bond Swap were necessary to hedge DelVal's interest rate risks for a remarketing and if such a hedge could not be secured, DelVal would not remarket that series. The cash flow from Loan repayments and deposits in the Debt Reserve Funds would be sufficient to redeem any tranche that could not be remarketed.

7. FAIR VALUE OF INVESTMENTS AND RESTRICTED INVESTMENTS

The carrying value of investments and restricted investments is the fair value of those investments. Investments and restricted investments are valued using pricing models that maximize the use of observable inputs of transactions of those investments and restricted investments and observable inputs of similar securities.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The schedule below shows the level of the fair value hierarchy of investments and restricted investments at fair value as of December 31, 2020. The floating rate notes are valued at Level 2 because the notes and similar notes are traded and quoted in the market, but trading is sporadic and often in small lots. The valuation is based on valuation models that incorporate the observed trades and other market parameters.

**Investments and Restricted Investments at Fair Value
as of December 31, 2020**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Floating rate notes	\$ -	\$ 34,137,078	\$ -	\$ 34,137,078

8. DIRECT BORROWINGS AND DIRECT PLACEMENTS

DeIVal optionally redeemed the \$25 million 2017 B Series that evidenced the direct placement of a loan from TD Bank on May 1, 2020. DeIVal optionally redeemed the \$25 million 2014 B Series and the \$75 million 2017 A Series that evidence the direct placement of loans from Bank of America and the \$75 million 2017 C, D, and E Series that evidence the direct placement of loans from TD Bank on November 2, 2020. Following the redemptions, no direct borrowings or direct placements were outstanding.

9. PENDING ACCOUNTING PRINCIPLES

GASB issued Statement No. 91: *Conduit Debt Obligations* (“GASB 91”) in May 2020 that will be effective for reporting periods beginning after December 15, 2020. GASB 91 will provide a single method of reporting conduit debt obligations. GASB issued Statement No. 93: *Replacement of Interbank Offered*

Rates (“GASB 93”) in March 2020 that will be effective for DelVal in 2021. GASB 93 removes LIBOR as an appropriate benchmark for the qualitative evaluation of the effectiveness of an interest rate swap transaction and addresses the treatment of hedge accounting after the replacement of “interbank offered rates” with risk-free reference rates. To the extent applicable to DelVal, DelVal expects to adopt the principles of GASB 91 and GASB 93 during 2021.

Independent Auditors' Report on Additional Information

To the Board of Directors of
Delaware Valley Regional Finance Authority

Our report on our audit of the basic financial statements of the Delaware Valley Regional Finance Authority for 2020 appears on pages 38 and 39. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The additional information on pages 74 through 76 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 30, 2021

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
COMBINING BALANCE SHEET INFORMATION
DECEMBER 31, 2020

ASSETS	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series*</u>	<u>Total</u>
CURRENT ASSETS:					
Cash and cash equivalents	\$ 4,213,557	\$ 23,132,490	\$ 21,953,878	\$ 5,908,657	\$ 55,208,582
Restricted cash equivalents	2,800,000	25,000,000	12,500,000	213,000	40,513,000
Accrued interest receivable:					
Loans	10,216	75,876	53,641	199,924	339,657
Interest rate swaps	-	5,565,892	-	182,874	5,748,766
Cash equivalents and investments	858	7,101	3,187	57,175	68,321
Prepaid expenses	6,250	65,464	6,250	-	77,964
Loans to local governments	<u>2,724,000</u>	<u>33,100,000</u>	<u>8,280,000</u>	<u>35,247,300</u>	<u>79,351,300</u>
Total current assets	<u>9,754,881</u>	<u>86,946,823</u>	<u>42,796,956</u>	<u>41,808,930</u>	<u>181,307,590</u>
NONCURRENT ASSETS:					
Restricted investments	-	-	-	34,137,078	34,137,078
Loans to local governments	19,172,000	177,604,000	114,055,000	582,821,200	893,652,200
Unamortized prepaid interest rate swap expense	-	3,831,415	-	-	3,831,415
Fair value of derivative transactions	<u>7,908,250</u>	<u>73,358,151</u>	<u>44,463,599</u>	<u>(24,540,560)</u>	<u>101,189,440</u>
Total noncurrent assets	<u>27,080,250</u>	<u>254,793,566</u>	<u>158,518,599</u>	<u>592,417,718</u>	<u>1,032,810,133</u>
TOTAL	<u>\$ 36,835,131</u>	<u>\$ 341,740,389</u>	<u>\$ 201,315,555</u>	<u>\$ 634,226,648</u>	<u>\$ 1,214,117,723</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES:					
Accrued expenses	\$ -	\$ 12,500	\$ -	\$ 30,973	\$ 43,473
Accrued interest payable:					
Interest rate swaps	7,683	-	40,411	135,684	183,778
Bonds	<u>954,240</u>	<u>6,398,701</u>	<u>3,879,016</u>	<u>3,180,493</u>	<u>14,412,450</u>
Total current liabilities	<u>961,923</u>	<u>6,411,201</u>	<u>3,919,427</u>	<u>3,347,150</u>	<u>14,639,701</u>
LONG TERM LIABILITIES:					
Bonds payable, net	28,295,495	254,409,754	127,996,461	658,231,015	1,068,932,725
Estimated rebate liability	-	-	-	150,000	150,000
Total long term liabilities	<u>28,295,495</u>	<u>254,409,754</u>	<u>127,996,461</u>	<u>658,381,015</u>	<u>1,069,082,725</u>
DEFERRED INFLOWS OF RESOURCES:					
Accumulated increase (decrease) in fair value of hedging derivatives	<u>7,908,250</u>	<u>73,358,151</u>	<u>44,463,599</u>	<u>(24,540,560)</u>	<u>101,189,440</u>
Total liabilities and deferred inflows of resources	37,165,668	334,179,106	176,379,487	637,187,605	1,184,911,866
NET POSITION	<u>(330,537)</u>	<u>7,561,283</u>	<u>24,936,068</u>	<u>(2,960,957)</u>	<u>29,205,857</u>
TOTAL	<u>\$ 36,835,131</u>	<u>\$ 341,740,389</u>	<u>\$ 201,315,555</u>	<u>\$ 634,226,648</u>	<u>\$ 1,214,117,723</u>

* The 2007, 2018, and 2020 A, B, C, and D Series were all issued under the Master Indenture. These Series are equally and ratably secured by all of the assets held under the Master Indenture.

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION INFORMATION
YEAR ENDED DECEMBER 31, 2020

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series*</u>	<u>Total</u>
Revenues:					
Loan interest	\$ 474,101	\$ 4,516,018	\$ 2,909,294	\$ 11,799,738	\$ 19,699,151
Interest rate swap	1,500,800	11,921,459	5,843,750	3,278,785	22,544,794
Interest on investments and cash equivalents	<u>143,713</u>	<u>1,074,707</u>	<u>340,907</u>	<u>857,925</u>	<u>2,417,252</u>
Total revenues	<u>2,118,614</u>	<u>17,512,184</u>	<u>9,093,951</u>	<u>15,936,448</u>	<u>44,661,197</u>
Expenses:					
Interest expense:					
Bonds	1,747,113	13,078,632	6,901,453	6,994,485	28,721,683
Interest rate swaps	402,564	3,253,915	2,229,947	6,992,150	12,878,576
Costs of issuance	-	-	-	1,710,190	1,710,190
Credit or liquidity facility fees	-	-	-	456,109	456,109
Rebate expense	-	-	-	29,331	29,331
Administrative expenses	<u>12,500</u>	<u>919,502</u>	<u>12,500</u>	<u>176,205</u>	<u>1,120,707</u>
Total expenses	<u>2,162,177</u>	<u>17,252,049</u>	<u>9,143,900</u>	<u>16,358,470</u>	<u>44,916,596</u>
Revenues over (under) expenses	<u>(43,563)</u>	<u>260,135</u>	<u>(49,949)</u>	<u>(422,022)</u>	<u>(255,399)</u>
Other changes:					
Transfers in (out)	34,262	735,936	144,810	(915,008)	-
Class action settlement	-	101	-	-	101
Unrealized loss on restricted investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,355)</u>	<u>(136,355)</u>
Total other changes, net	<u>34,262</u>	<u>736,037</u>	<u>144,810</u>	<u>(1,051,363)</u>	<u>(136,254)</u>
Increase (decrease) in net position	(9,301)	996,172	94,861	(1,473,385)	(391,653)
Net position, beginning	<u>(321,236)</u>	<u>6,565,111</u>	<u>24,841,207</u>	<u>(1,487,572)</u>	<u>29,597,510</u>
Net position, ending	<u>\$ (330,537)</u>	<u>\$ 7,561,283</u>	<u>\$ 24,936,068</u>	<u>\$ (2,960,957)</u>	<u>\$ 29,205,857</u>

* The 2007, 2018, and 2020 A, B, C, and D Series were all issued under the Master Indenture. These Series are equally and ratably secured by all of the assets held under the Master Indenture.

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
COMBINING STATEMENT OF CASH FLOWS INFORMATION
YEAR ENDED DECEMBER 31, 2020

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series*</u>	<u>Total</u>
Cash flows from operating activities					
Interest received on loans to local governments and interest rate swap agreements	\$ 1,988,442	\$ 16,410,654	\$ 8,775,493	\$ 15,189,013	\$ 42,363,602
Payment of interest on bonds and interest rate swap agreements	(2,225,837)	(16,575,572)	(9,510,731)	(14,663,868)	(42,976,008)
Loans to local governments	-	(39,349,000)	(28,531,000)	(143,678,000)	(211,558,000)
Principal repayments of loans to local governments	7,731,000	31,093,000	9,059,000	35,679,031	83,562,031
Administrative expenses paid	(12,500)	(909,624)	(12,499)	(133,714)	(1,068,337)
Interest received on investments and cash equivalents	144,897	1,106,934	346,477	952,669	2,550,977
Credit or liquidity facility fees paid	-	-	-	(456,109)	(456,109)
Transfers among Series	34,262	735,936	144,810	(915,008)	-
Assignment of loans	(5,983,000)	(31,422,000)	28,110,000	9,295,000	-
Rebate payment	-	-	-	(29,331)	(29,331)
Proceeds of bond issues	-	-	-	283,633,000	283,633,000
Class action settlement	-	101	-	-	101
Bond issuance costs	-	-	-	(1,710,128)	(1,710,128)
Payment of bond principal	-	-	-	(195,000,000)	(195,000,000)
Net cash used in operating activities and increase (decrease) in cash and cash equivalents	1,677,264	(38,909,571)	8,381,550	(11,837,445)	(40,688,202)
Cash and cash equivalents and restricted cash and cash equivalents, beginning	<u>5,336,293</u>	<u>87,042,061</u>	<u>26,072,328</u>	<u>17,959,102</u>	<u>136,409,784</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 7,013,557</u>	<u>\$ 48,132,490</u>	<u>\$ 34,453,878</u>	<u>\$ 6,121,657</u>	<u>\$ 95,721,582</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET					
Cash and cash equivalents, ending	\$ 4,213,557	\$ 23,132,490	\$ 21,953,878	\$ 5,908,657	\$ 55,208,582
Restricted cash and cash equivalents, ending	<u>2,800,000</u>	<u>25,000,000</u>	<u>12,500,000</u>	<u>213,000</u>	<u>40,513,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 7,013,557</u>	<u>\$ 48,132,490</u>	<u>\$ 34,453,878</u>	<u>\$ 6,121,657</u>	<u>\$ 95,721,582</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Change in net position	<u>\$ (9,301)</u>	<u>\$ 996,172</u>	<u>\$ 94,861</u>	<u>\$ (1,473,385)</u>	<u>\$ (391,653)</u>
Adjustments for other revenues, expenses, and transfers					
Unamortized prepaid interest rate swap expense	-	581,724	-	-	581,724
Adjustments for changes in assets and liabilities					
Decrease (increase) in:					
Investments	-	-	-	1,532,239	1,532,239
Restricted investments	-	-	-	(1,395,884)	(1,395,884)
Accrued interest receivable:					
Loans	13,541	2,137	22,449	14,608	52,735
Interest rate swaps	-	(27,365)	-	95,882	68,517
Cash equivalents and investments	1,184	32,227	5,570	94,744	133,725
Prepaid expenses	-	(2,622)	-	20,916	18,294
Loans to local governments	1,748,000	(39,678,000)	8,638,000	(98,703,907)	(127,995,907)
Increase (decrease) in:					
Accrued expenses	-	12,500	-	21,575	34,075
Accrued interest payable:					
Interest rate swaps	(22,273)	(154,976)	(93,284)	50,771	(219,762)
Bonds	(147)	(1,834)	(781)	1,952,043	1,949,281
Bonds payable	<u>(53,740)</u>	<u>(669,534)</u>	<u>(285,265)</u>	<u>85,952,953</u>	<u>84,944,414</u>
Total adjustments	<u>1,686,565</u>	<u>(39,905,743)</u>	<u>8,286,689</u>	<u>(10,364,060)</u>	<u>(40,296,549)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,677,264</u>	<u>\$ (38,909,571)</u>	<u>\$ 8,381,550</u>	<u>\$ (11,837,445)</u>	<u>\$ (40,688,202)</u>

* The 2007, 2018, and 2020 A, B, C, and D Series were all issued under the Master Indenture. These Series are equally and ratably secured by all of the assets held under the Master Indenture.