



**DELAWARE VALLEY REGIONAL
FINANCE AUTHORITY**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021
&
INDEPENDENT AUDITORS' REPORT
&
ADDITIONAL INFORMATION

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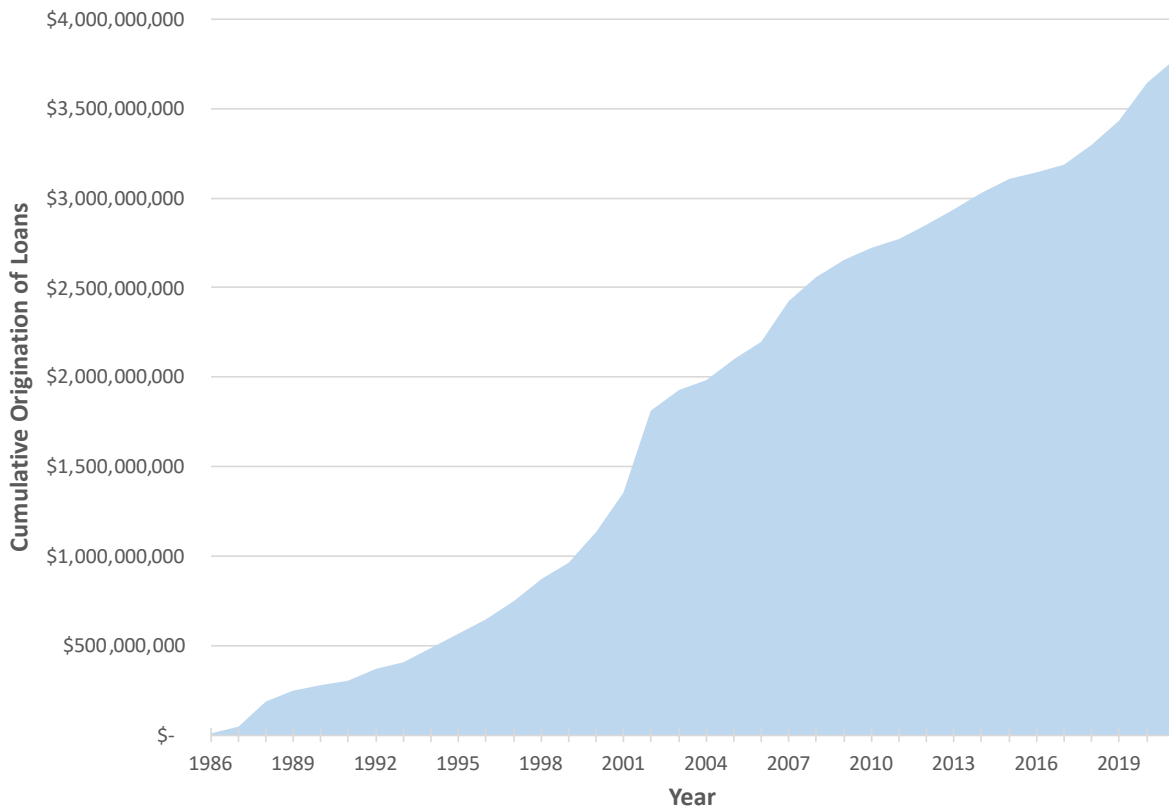


**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

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 (each an “Authority”) created under Pennsylvania statute by or on behalf of any one or more Local Government Units. DelVal has originated 600 loans (each a “Loan”) with an aggregate principal amount of \$3.77 billion to 209 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 its full faith, credit, and taxing power. DelVal may also require a Loan to a Local Government Unit to be additionally 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 Investors Service (“Moody’s”) or “AA-” or higher from S&P Global Ratings (“S&P”). DelVal amended and restated the Master Indenture as of December 14, 2020, to, among other things, permit a Loan to any Authority meeting at least one of the following conditions: (i) rated “Aa3” or higher by Moody’s or “AA-” or higher by 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 Participant Credit Enhancement. 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. Currently, all Loans to Authorities are secured by a pledge of revenues, a Guaranty, and, in some instances, additionally secured by a Participant Credit Enhancement.

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

<u>Member</u>	<u>Office</u>	<u>Appointed by:</u>	<u>Term Expires</u>
John P. McBlain, Esq.	Chairman	Delaware County	2023
Joseph E. Brion, Esq.	Vice Chairman	Chester County	2024
James H. Shacklett, III	Secretary	Montgomery County	2025
Robert J. Harvie	Treasurer	Bucks County	2026
David E. Landau, Esq.	Secretary/Treasurer	Delaware County	2027

Source: Calhoun Baker Inc.

The Board oversees the operations of DelVal and appoints the Administrator, the Solicitor, the Bond Counsel, and the trustees (collectively, the “Trustees”) of the DelVal bond issues to conduct the Loan Program. The 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, the management of debt issuance, and the execution of interest rate swap transactions. The Solicitor, Carmen P. Belefonte, Esq., directs DelVal’s legal affairs. 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. Computershare Corporate Trust, a Trustee, invoices and collect the Loan repayments, principally through Automated Clearing House (“ACH”) debits of the Participants’ demand deposit accounts. TD Bank, N.A., a Trustee, holds all of the funds of DelVal and makes 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 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 million 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 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.

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

DelVal generally issues bonds or notes (collectively, the “DelVal Series”) in an aggregate principal amount sufficient to fund at least 20 Loans. By issuing in large principal amounts, DelVal 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. DelVal uses this revolving loan structure to further reduce the allocation of the costs of issuance. The DelVal Series outstanding as of December 31, 2021, are listed below:

- 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”),
- 8) \$45,000,000 Local Government Revenue Bonds, 2021 Series A (the “2021 A Series”), and

On February 10, 2022, a subsequent event, DelVal issued the \$155,000,000 Local Government Revenue Bonds, 2022 Series A, B, and C (the “2022 Series”) and optionally redeemed \$50,000,000 of the 2007 C Series and the \$50,000,000 2018 B Series.

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

All DelVal 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.

DelVal has entered into master 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 Securities Industry and Financial Markets Association (“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 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 the year ended December 31, 2021, DelVal originated 22 Loans with an aggregate principal amount of approximately \$126 million. Demand was high due to the precipitous decline of interest rates after the COVID-19 outbreak and the relative advantages of DelVal Loans compared to bank loans and bond issues. Loan repayments and proceeds from the 2020 A Series, 2020 BCD Series, and 2021 A Series provided the necessary funding.

Loans Originated in the Year Ended December 31, 2021

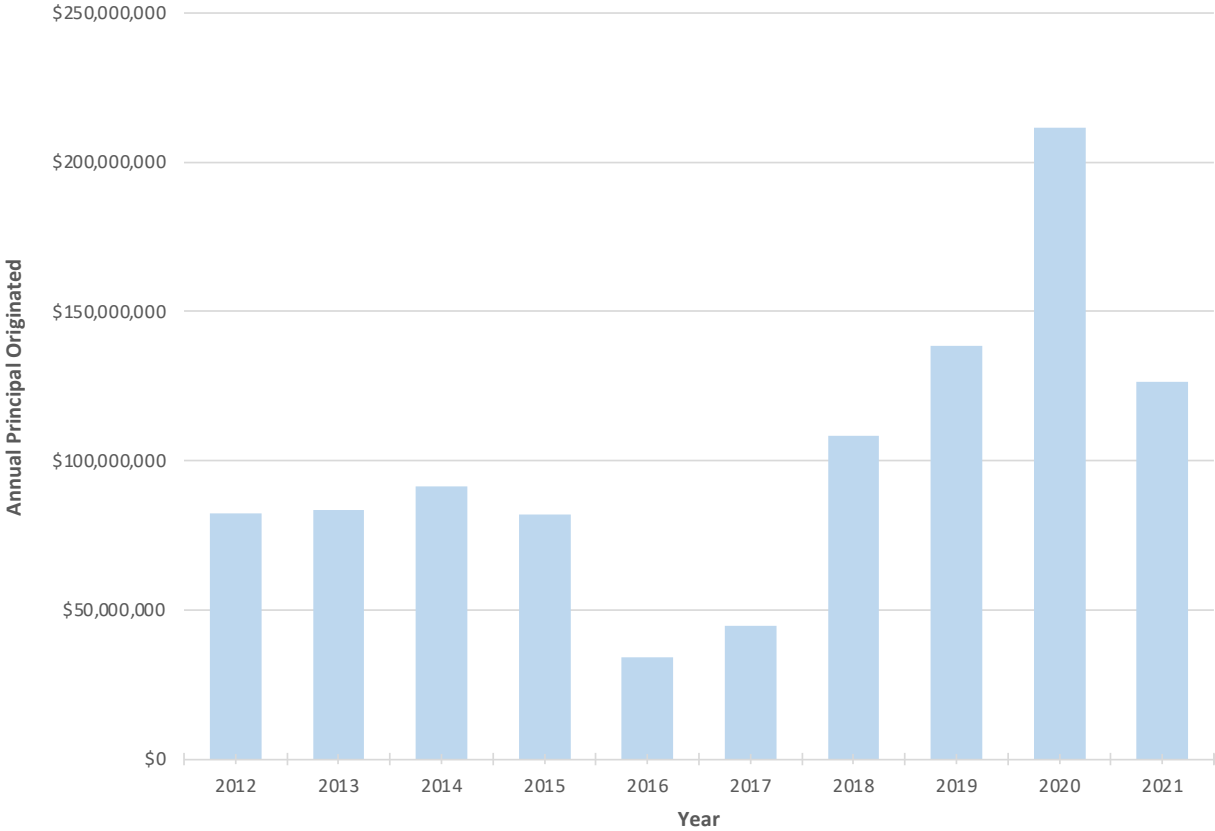
<u>No.</u>	<u>Loans Closed</u>	<u>County</u>	<u>Insurer</u>	<u>Underlying Rating</u>			<u>Amount</u>	<u>Closing</u>
				<u>Kroll</u>	<u>Moody's</u>	<u>S&P</u>		
1	Upper Southampton Municipal Authority	Bucks	--	AA	--	--	\$ 5,000,000	25-Jan-21
2	Warminster Township	Bucks	--	--	--	A	14,960,000	12-Feb-21
3	Towmencin Township	Montgomery	--	--	--	AA	300,000	17-Feb-21
4	Chichester School District	Delaware	--	--	--	AA-	8,033,000	25-Feb-21
5	Towamencin Township	Montgomery	--	--	--	AA	2,000,000	1-Mar-21
6	Chadds Ford Township Sewer Authority	Delaware	BAM	--	--	--	1,750,000	8-Mar-21
7	Hatfield Borough	Montgomery	--	--	--	--	1,955,000	25-Mar-21
8	West Vincent Township	Chester	--	--	Aa3	--	500,000	25-Mar-21
9	Garnet Valley School District	Delaware	--	--	--	AA	1,250,000	26-Jul-21
10	Rose Tree Media School Distri	Delaware	--	--	--	AA	7,725,000	2-Aug-21
11	Delaware County	Delaware	--	--	Aa1	AA	837,000	20-Aug-21
12	Bristol Township	Bucks	--	--	Aa3	--	11,700,000	25-Aug-21
13	Bristol Borough School District	Bucks	BAM	--	--	A-	9,239,000	1-Sep-21
14	Tinicum Township	Delaware	--	--	Aa3	--	8,130,000	1-Sep-21
15	Chichester School District	Delaware	--	--	--	AA-	8,005,000	15-Sep-21
16	Bethel Township	Delaware	--	A+	--	--	554,000	27-Sep-21
17	Montgomery Township	Montgomery	--	--	--	AAA	15,000,000	27-Sep-21
18	Montgomery Township	Montgomery	--	--	--	AAA	7,847,000	1-Dec-21
19	Newtown Township	Delaware	--	--	Aa1	--	8,751,000	1-Dec-21
20	West Vincent Township	Chester	--	--	Aa3	--	4,256,000	1-Dec-21
21	Chalfont Borough	Bucks	--	--	A1	--	975,000	15-Dec-21
22	Bristol Township	Bucks	--	--	Aa3	--	7,500,000	20-Dec-21
	Total						<u>\$ 126,267,000</u>	

Source: Calhoun Baker Inc

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Loan origination was restricted in 2016 and 2017 due to large maturities of the DeIVal Series in 2017 and 2018. Origination increased after the issuance of the 2018 Series, 2020 A Series, 2020 BCD Series, and 2021 A Series. Fiscal year 2020 was the most active period for origination in the past decade.

Annual Loan Principal Originated

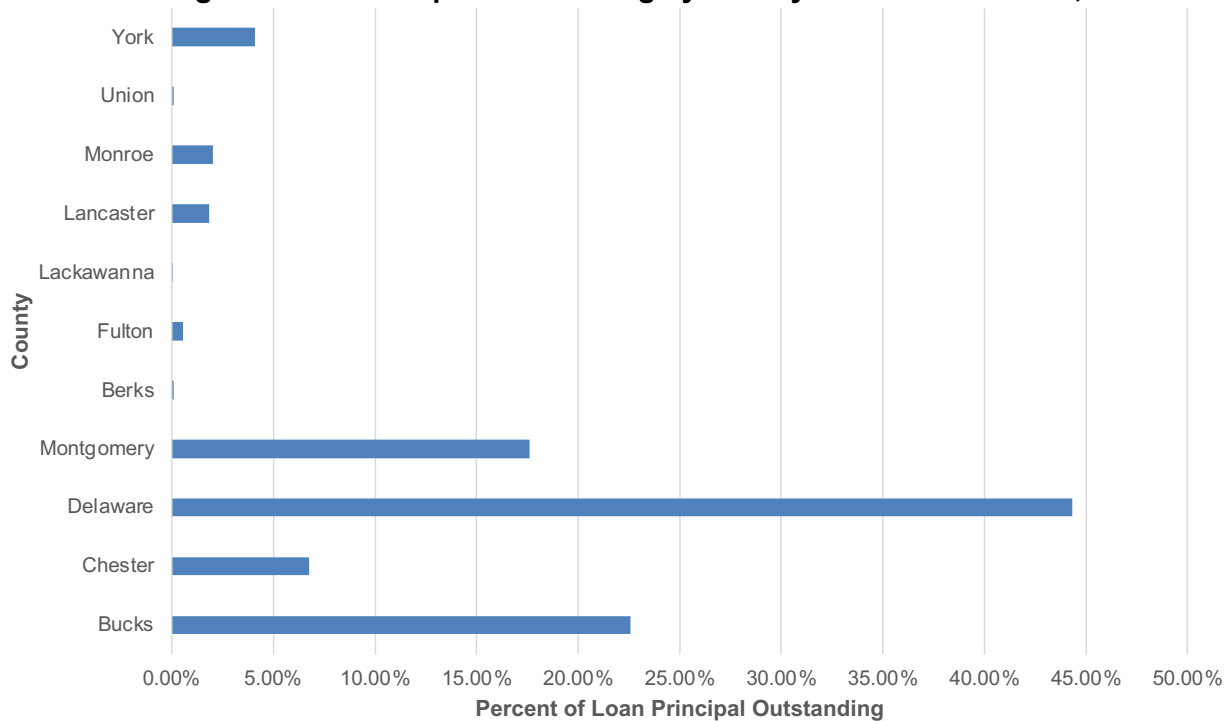


Source: Calhoun Baker Inc.

DeIVal has been most active lending within the Counties. The Counties encompass an area of approximately 2,060 square miles and a population of more than 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 within the Counties until 2002. Then, in order to provide geographic diversification to its portfolio, DeIVal began lending outside the Counties, principally in the eastern half of the Commonwealth. As of December 31, 2021, 254 Loans, in the aggregate principal amount of approximately \$1 billion, were outstanding to 122 Participants located in eleven different counties. Approximately, 91% of the outstanding Loan principal has been originated to Participants located within the Counties.

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Percentage of Loan Principal Outstanding by County as of December 31, 2021



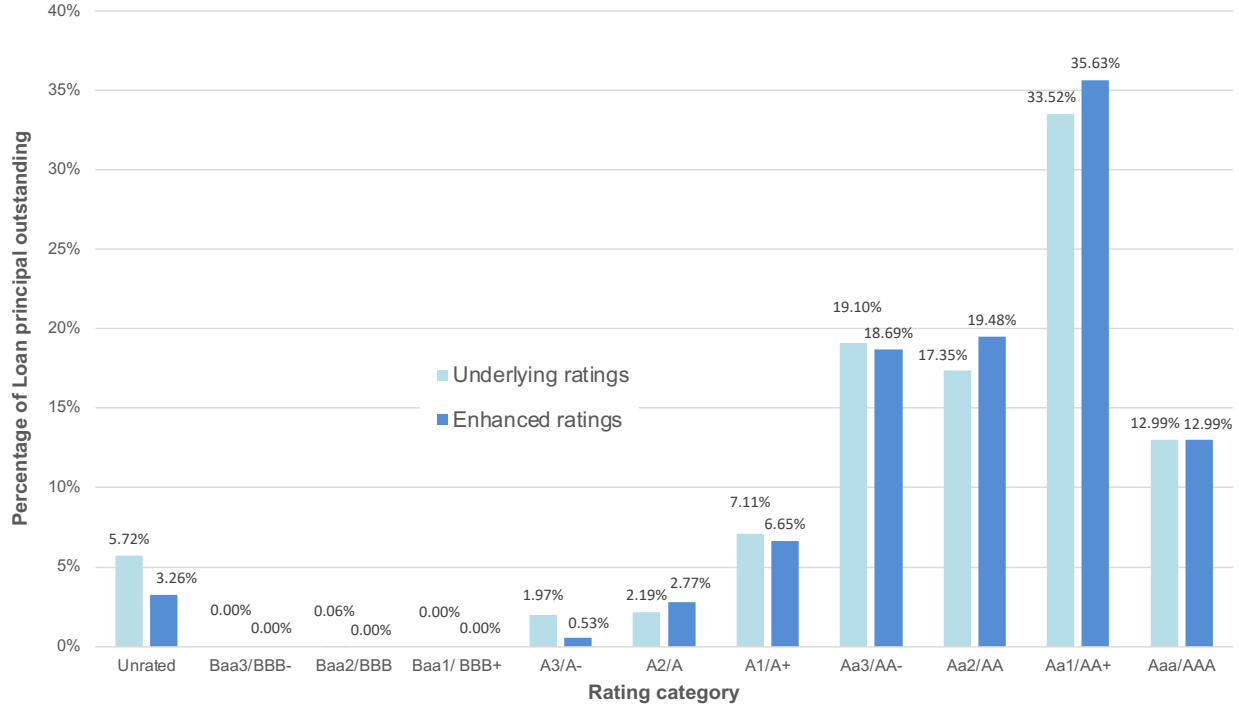
Source: Calhoun Baker Inc.

Currently, approximately 5.72% of the principal of the Loans outstanding has been originated to Participants that have no published underlying ratings, 0.06% to those with published underlying ratings below “A3” or “A-”, and 82.96% to those with published underlying ratings of “Aa3”, “AA-”, or higher. The weighted average underlying rating is “Aa2/AA”.

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 9.94% 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, 3.26% of the Loan principal outstanding was uninsured and unrated or rated below “A3/A-”, and 86.79% of the Loan principal was rated “Aa3/AA-” or higher.

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Underlying and Enhanced Ratings of Loan Principal Outstanding as of December 31, 2021



Source: Calhoun Baker Inc.

Below is a schedule of the ten Participants with the highest concentration levels of Loans. Delaware County accounts for 27.031% of the Loan principal outstanding, and the ten highest account for 57.494% of the Loan principal outstanding. A complete listing of the Loans outstanding is attached as “EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2021”.

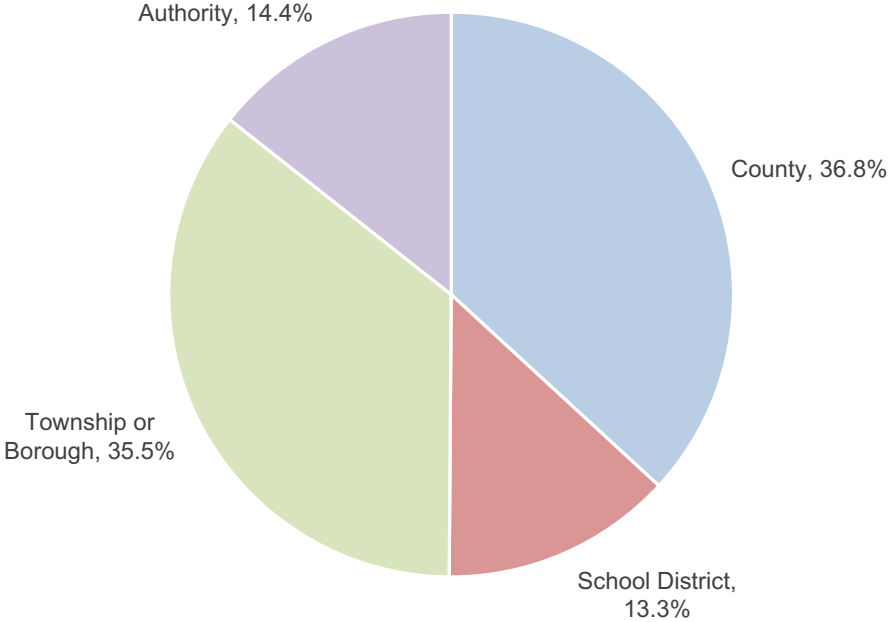
Ten Participants with the Highest Concentration of Loans as of December 31, 2021

<u>No.</u>	<u>Borrower</u>	<u>Participant or Guarantor Ratings</u>		<u>Total Outstanding 31-Dec-21</u>	<u>Concentration</u>	
		<u>Moody's</u>	<u>S&P</u>		<u>Borrower</u>	<u>Cumulative</u>
1	Delaware County	Aa1	AA+	\$ 274,676,000	27.031%	27.031%
2	Bucks County	Aaa	AAA	72,468,200	7.132%	34.162%
3	Bristol Township	Aa3	---	63,882,000	6.287%	40.449%
4	Lower Perkiomen Valley Regional Sewer Authority	---	AA-	45,687,000	4.496%	44.945%
5	Upper Dublin Township	Aa1	---	23,804,000	2.343%	47.287%
6	Montgomery Township	---	AAA	22,847,000	2.248%	49.536%
7	Bensalem Township	Aa1	---	20,656,000	2.033%	51.568%
8	Stroudsburg Area School District	A1	A+	20,448,000	2.012%	53.581%
9	Wallingford-Swarthmore School District	---	AA	20,116,000	1.980%	55.560%
10	Marple Township	---	AA	19,654,000	1.934%	57.494%

Source: Calhoun Baker Inc.

The DelVal Loans outstanding are diversified by type of legal entity. All of the Loans to Authorities that are currently outstanding are secured by Guaranties. 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, 2021**



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, 2021

<u>Year</u>	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
2022	\$ 4,938,000	\$ 40,439,000	\$ 9,439,000	\$ 45,187,200	\$ 100,003,200
2023	6,771,000	36,652,000	8,715,000	51,284,500	103,422,500
2024	4,115,000	38,331,000	9,032,000	44,015,700	95,493,700
2025	4,058,000	38,304,000	9,193,000	43,592,900	95,147,900
2026	880,000	23,646,000	13,154,000	44,438,100	82,118,100
2027	663,000	23,377,000	14,118,000	42,310,300	80,468,300
2028	-	19,681,000	14,805,000	36,399,600	70,885,600
2029	-	-	18,695,000	31,962,700	50,657,700
2030	-	-	18,591,000	32,819,000	51,410,000
2031	-	-	9,591,000	32,408,000	41,999,000
2032	-	-	4,376,000	34,149,000	38,525,000
2033	-	-	-	31,993,000	31,993,000
2034	-	-	-	29,010,000	29,010,000
2035	-	-	-	29,075,000	29,075,000
2036	-	-	-	24,762,000	24,762,000
2037	-	-	-	23,358,000	23,358,000
2038	-	-	-	21,771,000	21,771,000
2039	-	-	-	15,533,000	15,533,000
2040	-	-	-	11,110,000	11,110,000
2041	-	-	-	6,638,000	6,638,000
2042	-	-	-	2,411,000	2,411,000
2043	-	-	-	1,966,000	1,966,000
2044	-	-	-	1,249,000	1,249,000
2045	-	-	-	1,272,000	1,272,000
2046	-	-	-	1,019,000	1,019,000
2047	-	-	-	1,035,000	1,035,000
2048	-	-	-	1,051,000	1,051,000
2049	-	-	-	1,066,000	1,066,000
2050	-	-	-	1,084,000	1,084,000
2051	-	-	-	634,000	634,000
Total	<u>\$21,425,000</u>	<u>\$220,430,000</u>	<u>\$129,709,000</u>	<u>\$644,604,000</u>	<u>\$ 1,016,168,000</u>

Weighted Average Maturity (years):	2.00	3.00	5.72	8.01	6.69
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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, 2021

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
DeIVal Series at par	\$28,000,000	\$250,000,000	\$125,000,000	\$695,000,000	\$ 1,098,000,000
Overcollateralization	-	-	28,159,000	9,880,250	38,039,250
Debt Service Reserve Funds	<u>(2,800,000)</u>	<u>(25,000,000)</u>	<u>(12,500,000)</u>	<u>(36,085,000)</u>	<u>(76,385,000)</u>
Total funding for Loans	25,200,000	225,000,000	140,659,000	668,795,250	1,059,654,250
Loans outstanding	<u>(21,425,000)</u>	<u>(220,430,000)</u>	<u>(129,709,000)</u>	<u>(644,604,000)</u>	<u>(1,016,168,000)</u>
Funds available for Loans	<u>\$ 3,775,000</u>	<u>\$ 4,570,000</u>	<u>\$ 10,950,000</u>	<u>\$ 24,191,250</u>	<u>\$ 43,486,250</u>

Source: Calhoun Baker Inc.

DelVal has been active originating new Loans at the historically low interest rates. A listing of the applications received and Loans in process is shown below.

Applications Received and Loans in Process as of December 31, 2021

<u>No.</u>	<u>Loans in Process</u>	<u>County</u>	<u>Underlying Rating</u>			<u>Amount*</u>	<u>Scheduled Closing*</u>
			<u>Kroll</u>	<u>Moody's</u>	<u>S&P</u>		
1	Concord Township	Delaware	--	Aa1	--	\$ 7,302,000	7-Jan-22
2	Upper Dublin Township	Montgomery	--	Aa1	--	5,416,000	1-Mar-22
3	Upper Providence Township Sewer Authority	Delaware	--	--	AA-	1,200,000	1-Mar-22
4	Parkeburg Borough**	Chester	--	--	--	1,200,000	--
5	Delaware County Solid Waste Authority**	Delaware	--	Aa1	AA+	20,000,000	--
6	Upper Dublin Township	Montgomery	--	Aa1	--	1,250,000	2-May-22
	Total					<u>\$ 36,368,000</u>	

*Preliminary, subject to change.

** Application received.

Source: Calhoun Baker Inc.

DelVal expects the financial assistance to Local Government Units from the \$2.2 trillion *Coronavirus Aid, Relief and Economic Security Act* (“CARES”) and the \$1.9 trillion *American Rescue Plan Act* (“ARPA”) will reduce their demand for Loans. Even though the uses of the grants are restricted, capital expenditures are eligible, and the grants will free funding of expenditures that normally would have been paid from tax receipts or borrowings.

AMBAC CONSENTS FOR THE 1997 SERIES AND 1998 SERIES LOANS

The 1997 Series and 1998 Series are both insured by Ambac Assurance Corporation (“Ambac”). Ambac is currently in runoff operations. Under the terms of the 1997 Series and 1998 Series indentures and the respective bond insurance policies, Ambac, in its sole discretion, must consent to the use of any proceeds from the 1997 Series and the 1998 Series to originate or acquire Loans. Consents of a third party are not required to originate or acquire Loans from proceeds of any other DelVal Series.

As of December 31, 2021, approximately \$99 million principal amount of Loans held under other DelVal Series have maturity dates before the July 1, 2027, maturity of the 1997 Series, and an additional \$50 million principal amount of Loans held under other DelVal Series have maturity dates before the August 1, 2028, maturity of the 1998 Series. Many of these are Loans in small principal amounts or Loans to Participants that are unrated or rated below “Aa3/AA-.”

Under the current Loan amortization schedules of the 1997 Series and 1998 Series, the origination or acquisition of approximately \$45 million of Loans will be necessary to utilize the scheduled Loan repayments that are expected to be received in 2022. An additional \$43 million of Loans will need to be originated or acquired in 2023 and an additional \$42 million in 2024. Ambac has approved a \$10 million Loan that will be acquired in 2022, and on January 11, 2022, DelVal requested Ambac’s consent to acquire another \$12 million Loan. DelVal expects to request Ambac’s consent to acquire an additional \$20-25 million of Loans in 2022.

DELVAL CAN GIVE NO ASSURANCE THAT A SUFFICIENT AMOUNT OF LOANS WILL BE ORIGINATED OR BE AVAILABLE FOR ACQUISITION FROM OTHER DELVAL SERIES TO UTILIZE THE FUNDS THAT HAVE ACCUMULATED OR WILL ACCUMULATE IN THE RECYCLING ACCOUNTS OF THE 1997 SERIES AND 1998 SERIES. DELVAL CAN GIVE NO

ASSURANCE THAT AMBAC WILL CONSENT TO DELVAL'S REQUESTS FOR THE ORIGINATION OR ACQUISITION OF LOANS FROM THE 1997 SERIES OR 1998 SERIES.

THE 1997 SERIES INDENTURE AND THE 1998 SERIES INDENTURE PROVIDE THAT, UNDER CERTAIN CIRCUMSTANCES, IF FUNDS IN THE RECYCLING ACCOUNTS OF THE 1997 SERIES OR 1998 SERIES CANNOT BE USED TO ORIGINATE OR ACQUIRE LOANS, THE FUNDS THAT CANNOT BE UTILIZED WILL BE SUBJECT TO AN EXTRAORDINARY MANDATORY REDEMPTION. In the event of an Extraordinary Mandatory Redemption, DelVal expects to redeem first the \$18 million 1997 Series B, then the \$10 million 1997 Series C, and lastly the \$250 million 1998 Series A. CURRENTLY, THE EXTRAORDINARY MANDATORY REDEMPTION PRICES OF THE 1997 SERIES AND 1998 SERIES ARE SIGNIFICANTLY LOWER THAN THE FAIR MARKET VALUE OF THE BONDS. For more information on Extraordinary Mandatory Redemption, please see the official statements of the 1997 Series and 1998 Series. Such official statements are not incorporated herein by reference.

The foregoing discussion is subject to change, and DelVal can give no assurance as to whether or not it will become necessary to extraordinarily redeem all of a part of the 1997 Series or the 1998 Series. DelVal undertakes no obligation to update or supplement the foregoing information.

IMPACT OF COVID-19 ON THE LOAN PROGRAM

The closures and restrictions to mitigate the spread of COVID-19 have adversely impacted many businesses, Local Government Units, and Authorities, including Participants in the Loan Program. All Participants in the Loan Program have made their Loan Repayments as scheduled during the COVID-19 Pandemic. Grants from the \$2.2 trillion *CARES* and the \$1.9 trillion *ARPA* have allowed most Participants to maintain or increase their fund balances. In the near term, DelVal expects the grants will reduce the demand for Loans. The ultimate impacts of COVID-19 and the Federal grants on Participants and the Loan Program remain uncertain at this time.

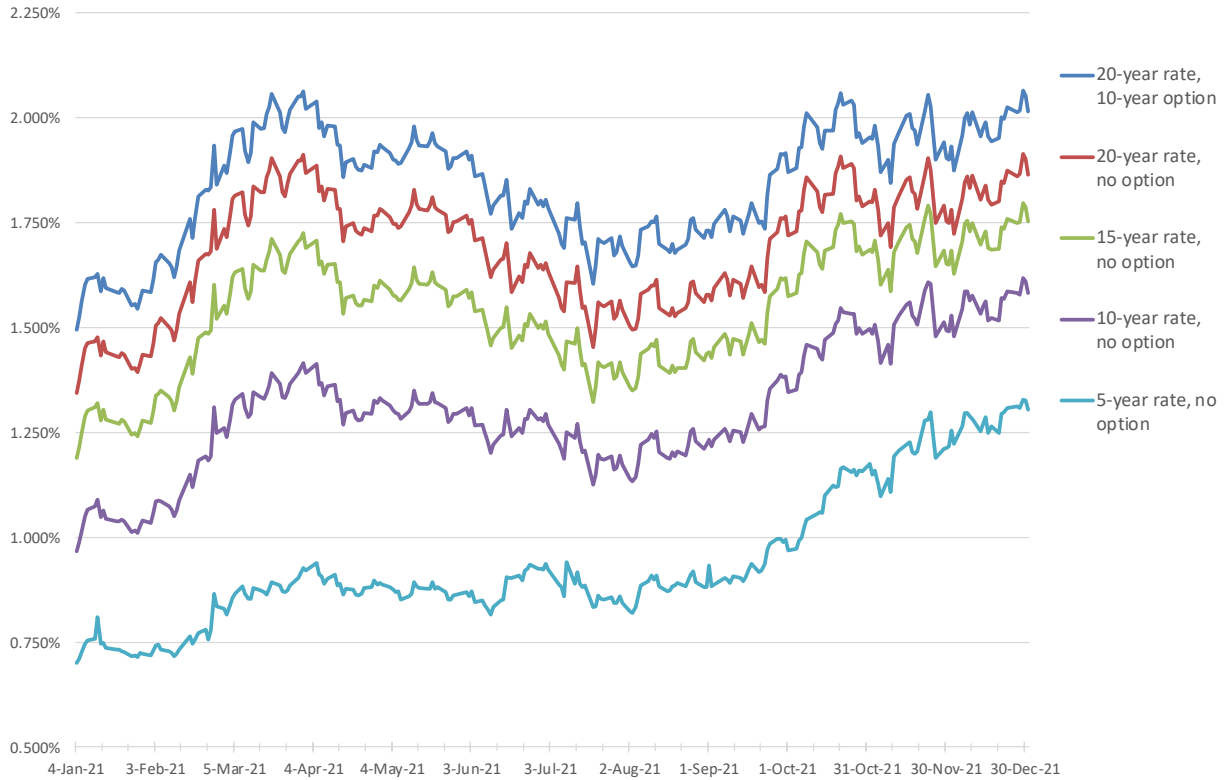
ECONOMICS OF THE LOAN PROGRAM

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 Loan. 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 until mid-February. Long-term interest rates have spiked and returned to pre-COVID-19 levels, and the yield curve has steepened. Short-term rates remain at historically low levels.

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Trend of DeVal Loan Rates, Level Debt Amortization, as of December 31, 2021

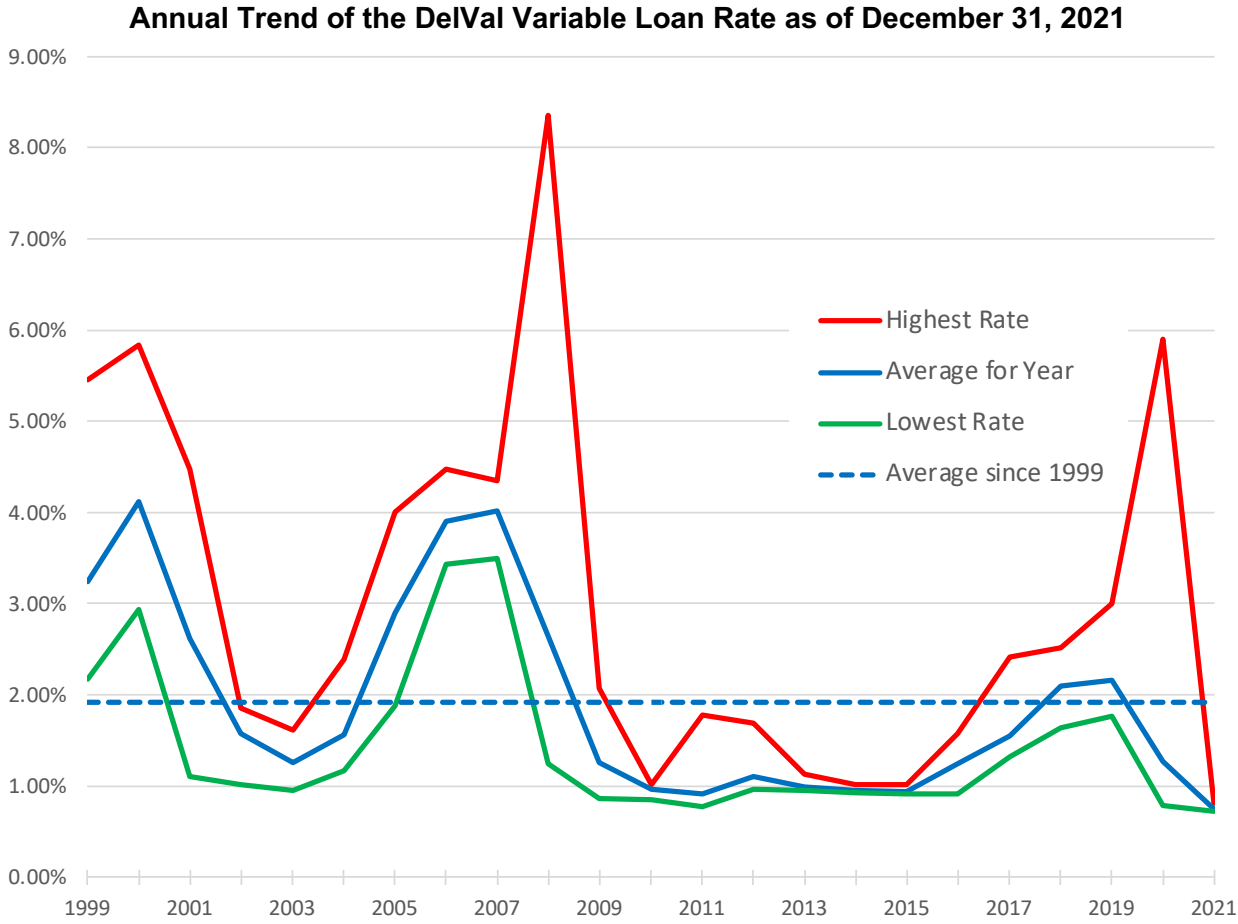


<u>Loan Option</u>	<u>Average Loan Rate</u>			<u>Rate as of 31-Dec-21</u>
	<u>Past Year</u>	<u>Past 6-Months</u>	<u>Past 3-Months</u>	
20-year rate, 10-year option	1.84%	1.85%	1.97%	2.02%
20-year rate, no option	1.69%	1.70%	1.82%	1.86%
15-year rate, no option	1.54%	1.57%	1.70%	1.75%
10-year rate, no option	1.30%	1.37%	1.51%	1.58%
5-year rate, no option	0.94%	1.04%	1.19%	1.30%

Source: Calhoun Baker Inc.

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The DelVal 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. Currently, only 3.19% of the Loan principal outstanding bears the variable rate. A chart of the annual averages of the variable rate since 1999 is shown below.



Average variable loan rate since 1999: 1.91%
 Average variable rate in 2021: 0.74%
 Variable rate as of: 31-Dec-21 0.80%

Source: Calhoun Baker Inc.

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The 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 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 DeVal Loan on the date of each sale. The comparable DeVal Loan includes estimated bond insurance premiums, if insurance would be required by the Administrator, rating fees, and the same option provisions as the bond issue. A summary of the comparison is shown below.

Bond Sales in DeVal’s Market Area*

<u>Bond issues in the Market Area*</u>	<u>"AA" Rated Bonds Sold in the Month Ending</u>			<u>Bonds Sold in the Year Ending December 31, 2021</u>	
	<u>31-Oct-21</u>	<u>30-Nov-21</u>	<u>31-Dec-21</u>	<u>"AA" Rating</u>	<u>All Bonds</u>
Number of issues	20	10	5	179	194
Average par amount	\$ 10,119,000	\$ 17,863,500	\$ 17,685,000	\$ 14,323,128	\$ 15,319,897
Weighted average rating	AA	AA	AA	AA	AA
Weighted average maturity (years)	11.81	10.86	15.27	12.45	12.39
Weighted costs of issuance (% of par amount)					
Bond issues	2.051%	1.328%	1.413%	1.639%	1.538%
Comparable DeVal Loans**	<u>0.768%</u>	<u>0.622%</u>	<u>0.759%</u>	<u>0.670%</u>	<u>0.657%</u>
Over comparable DeVal Loan	1.283%	0.706%	0.654%	0.969%	0.881%
Average debt service costs					
Bond issues	\$ 13,689,034	\$ 23,239,087	\$ 25,943,199	\$ 19,881,378	\$ 21,418,197
Comparable DeVal Loans**	<u>13,240,871</u>	<u>22,477,898</u>	<u>24,517,313</u>	<u>19,112,909</u>	<u>20,609,115</u>
Over comparable DeVal Loan	<u>\$ 448,163</u>	<u>\$ 761,189</u>	<u>\$ 1,425,886</u>	<u>\$ 768,469</u>	<u>\$ 809,082</u>
Weighted average All-In True Interest Cost					
Bond issues	2.507%	2.452%	2.483%	2.405%	2.372%
Comparable DeVal Loans**	<u>2.179%</u>	<u>2.086%</u>	<u>2.226%</u>	<u>2.032%</u>	<u>2.004%</u>
Over comparable DeVal Loan	0.328%	0.366%	0.257%	0.373%	0.368%

* Preliminary, some official statements may not have been posted yet or may have been missed inadvertently.

**DeVal Loan rates are based on actual end of day rates and include a comparable option and rating agency or insurance fees.

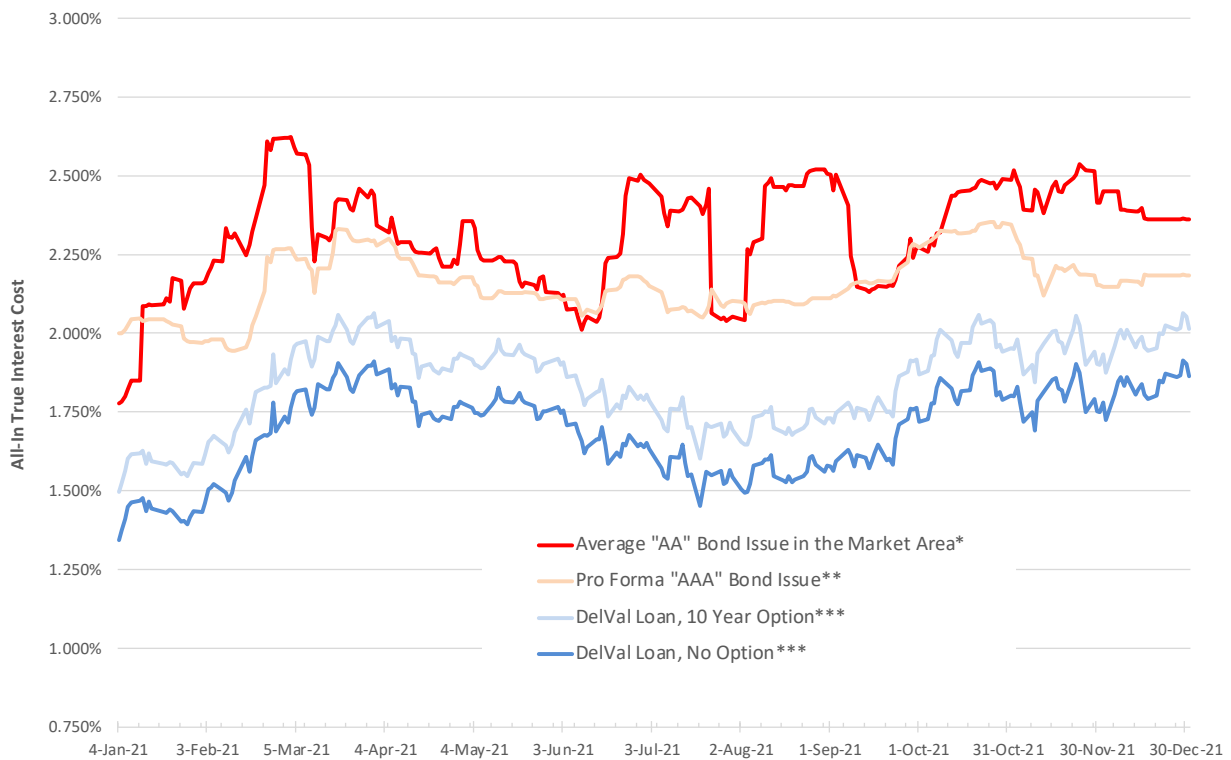
Past results are not a predictor of future spreads and costs.

Source: Calhoun Baker Inc.

The DeVal advantage is due to both the lower costs of issuance and lower interest rates. Over the past year, DeVal’s All-In TIC averaged 0.368% below the weighted average of all bonds issued in the Market Area. DeVal’s costs of issuance averaged 57% 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 “AA” Bond”), a “AAA” Bond Issue, and a DeVal Loan is shown in the chart below. The Average “AA” Bond is based on actual sales of bonds in the Market Area with published ratings in the “AA” category and assumes costs of issuance equal to the rolling 30-day average of actual costs of issuance and coupons at par equal to the rolling 30-day average of actual spreads over the AAA Indices at par. The “AAA” Bond Issue assumes costs of issuance equal to the Average “AA” Bond and 5% coupons with a 10-year option and yields equal to the AAA Indices. The DeVal Loan is based on actual end-of-day rates and costs of issuance. The DeVal Loan is shown with and without a 10-year option. Generally, for Loan rates less than 2.5%, the option is not likely to be economic. The option breakeven rate, the interest rate after exercising the option that reduces the net present value of the debt service payments below that of the Loan without an option, is so low and the window to economically exercise the option is so limited that net present value savings are unlikely to be realized.

**Pro Forma All-In True Interest Costs of the
Average "AA" Bond Issue, "AAA" Bond Issue, and DelVal Loan
20-Year Level Debt Amortization as of December 31, 2021**



*Based on actual weighted average spreads to "AAA" indices and actual issuance costs.

** Based on Bloomberg "AAA" indices, 5% coupon, 10-year option, with actual issuance costs.

***Based on actual rates and issuance costs. The option is not likely to be economic when the Loan rate is under 2.50%.

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

Source: Calhoun Baker Inc.

COVENANT AGREEMENT

DelVal originally adopted the Covenant Agreement on April 9, 2001, to improve the security of the bondholders of the DelVal Series. Under the terms of the Covenant Agreement, DelVal 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 annual trend of Excess Funds. 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 DelVal to originate new loans, were over-collateralized by approximately \$38 million as of December 31, 2021. The

fair market values of DelVal'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.

**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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 79,600,862	\$ 140,847,632	\$ 57,200,213	\$ 55,208,582	\$ 52,947,186
Restricted cash and cash equivalents	45,300,000	40,300,000	40,300,000	40,513,000	55,706,000
Investments	8,760,004	1,518,741	1,532,239	-	1,247,212
Restricted investments	31,702,115	32,467,867	32,741,194	34,137,078	20,696,575
Loan interest receivable	439,298	485,480	390,255	339,657	340,788
Interest rate swaps receivable	5,641,040	5,259,179	5,262,924	5,167,042	5,154,005
Investment earnings receivable	194,162	343,447	169,819	68,321	40,896
Prepaid expenses	91,448	91,955	98,881	77,964	92,733
Loans to local governments	<u>788,294,024</u>	<u>798,886,000</u>	<u>884,685,593</u>	<u>973,003,500</u>	<u>1,016,168,000</u>
Total assets	<u>960,022,953</u>	<u>1,020,200,301</u>	<u>1,022,381,118</u>	<u>1,108,515,144</u>	<u>1,152,393,395</u>
<i>Liabilities and Deductions</i>					
Accrued expenses	79,995	13,773	21,898	43,473	11,472
Estimated rebate liability	70,000	130,000	150,000	150,000	200,000
Interest rate swaps payable	397,871	658,013	248,564	183,778	43,844
Bond interest payable	12,064,582	11,462,329	11,285,530	11,077,822	11,295,760
Bonds payable	<u>913,000,000</u>	<u>973,000,000</u>	<u>973,000,000</u>	<u>1,053,000,000</u>	<u>1,098,000,000</u>
Total liabilities	<u>925,612,448</u>	<u>985,264,115</u>	<u>984,705,992</u>	<u>1,064,455,073</u>	<u>1,109,551,076</u>
<i>Excess Funds</i>	<u>\$ 34,410,505</u>	<u>\$ 34,936,186</u>	<u>\$ 37,675,126</u>	<u>\$ 44,060,071</u>	<u>\$ 42,842,319</u>
<i>Fair Market Value of Interest Rate Swap Transactions*</i>	<u>\$134,060,500</u>	<u>\$ 111,485,546</u>	<u>\$ 123,403,081</u>	<u>\$ 110,484,725</u>	<u>\$ 99,334,725</u>

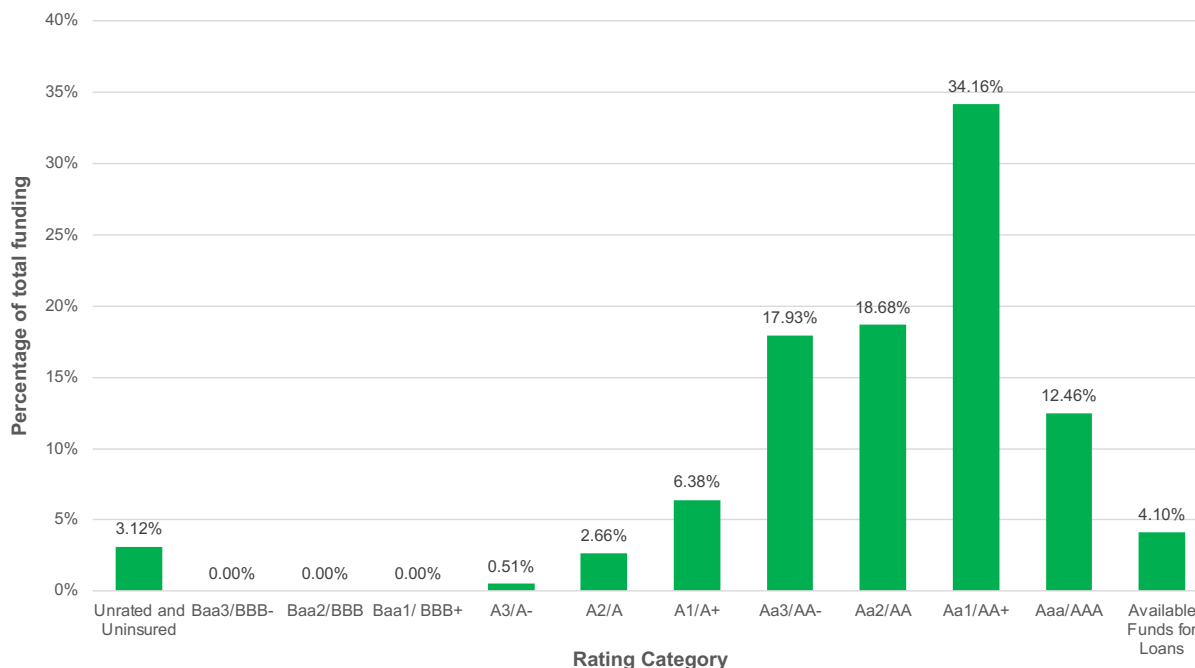
* Fair market value includes the unamortized prepaid interest rate swap expense of the 1998 Series.

Source: Calhoun Baker Inc.

The Covenant Agreement requires the Participant (or its Guarantor) of a new Loan, not secured by a Participant Credit Enhancement, 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 secured by a Participant Credit Enhancement, 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 amounts deposited in the Recycling Fund that are available to originate new Loans. Approximately, 3.12% of the Available Funds were committed to Participants who were uninsured and unrated or rated below the Rating Threshold.

Covenant Agreement Ratings Test of the Loan Portfolio as of December 31, 2021



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 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 accesses the capital markets periodically to fund the Loan Program. DelVal issues the type of debt that will minimize its cost of funds at that time. 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 7-day variable rate demand bond ("VRDB") at that time. If DelVal cannot achieve that cost, it will not issue debt. DelVal has outstanding issues of: (i) fixed rate bonds, (ii) floating rate bonds indexed to 1-Month LIBOR, 3-Month LIBOR, the SIFMA Index, and the Secured Overnight Financing Rate ("SOFR"), and (iii) 7-day remarketed bonds.

DelVal issued the \$155 million 2022 Series on February 10, 2022. The 2022 Series was rated "A1" with a stable outlook by Moody's and "A+" with a stable outlook by S&P. The proceeds of the 2022 Series were used to fund: (i) the origination of new Loans, (ii) the acquisition of Loans from the 2007 C Series, 2018 B Series, and other DelVal Series, (iii) a deposit to the Debt Service Reserve Fund, and (iv) the payment of the costs of issuance. The proceeds from the acquisition of Loans from the 2018 B Series and

the 2007 C Series were used, together with other available funds, to optionally redeem the \$50 million 2018 B Series and the \$50 million 2007 C Series maturing in 2027.

Below is a summary of the DelVal Series that were outstanding as of December 31, 2021.

DelVal Series Outstanding as of December 31, 2021

<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 (5)	50,000,000		1-Jun-17	---	---	1-Jun-27	3M LIBOR (4)
2007 C Series	50,000,000		1-Jun-17	---	---	1-Jun-37	3M LIBOR (4)
2018 A Series	10,000,000		No option	---	---	1-Sep-33	Fixed rate
2018 B Series (5)	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 (4)
2018 E Series	75,000,000		1-Sep-24	1-Sep-25	---	1-Sep-48	1M LIBOR (4)
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	75,000,000		Any date	Weekly	1-Nov-23	1-Nov-65	7-day
2021 A Series	<u>45,000,000</u>		No option	---	---	1-Oct-29	Fixed rate
Total Master Series	<u>695,000,000</u>	<u>36,085,000 (3)</u>					
Total	<u><u>\$ 1,098,000,000</u></u>	<u><u>\$ 76,385,000</u></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.
- (4) If a representative LIBOR index is no longer published, the LIBOR index will be replaced with the fallback rate recognized by the International Swaps and Derivatives Association.
- (5) The Series was redeemed with proceeds from: (i) the acquisition of Loans with proceeds of the Local Government Revenue Bonds, 2022 Series A, B, C and other DelVal Series and (ii) other available funds on February 10, 2022.

Source: Calhoun Baker Inc.

The Financial Conduct Authority (the “FCA”) of the United Kingdom has authorized the publication of US Dollar LIBOR indices for 1, 3, 6, and 12 months until June 30, 2023. The FCA, other regulatory authorities, or legislation may extend or shorten that deadline in the future. In the event that representative LIBOR indices are no longer available, the Supplemental Indentures of the 2007 Series and 2018 Series provide that the LIBOR rates related to the 2007 C Series, 2018 D Series, and 2018 E Series be replaced by the fallback rates recognized by the International Swaps and Derivatives Association (“ISDA”) IBOR Fallback Protocol.

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.

The 1997 Series, 1998 Series, 2002 Series, 2007 A Series, 2018 A Series, 2020 B Series, and 2021 A 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, 2020 B Series, and 2021 A 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 \$50 million June 1, 2027, maturity of the 2007 C Series was optionally redeemed by DelVal on February 10, 2022.

The interest rates on the 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 purchase dates. The \$50 million 2018 B Series was optionally redeemed by DelVal on February 10, 2022.

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 ratings of Moody’s and Fitch are 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 DelVal and PNC. The remarketing rate has averaged 0.044% over the past year, 0.0008% over the average SIFMA Index.

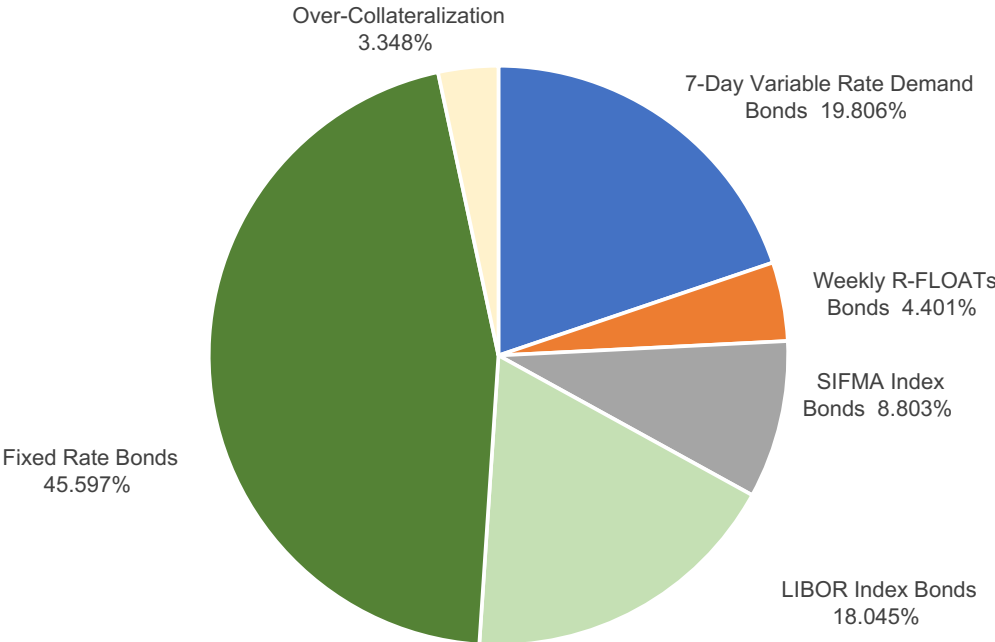
The \$100 million 2020 A Series and \$75 million 2020 D Series are currently remarketed by TD Securities as 7-day, VRDB’s, secured by letters of credit issued by TD Bank, N.A. (the “TD LOCs”). The TD LOC for the 2020 A Series is scheduled to terminate on May 1, 2025, and the TD LOC for the 2020 D Series 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. These 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 DelVal and TD. The remarketing rate for the 2020 A Series has averaged 0.043% over the past year, 0.0012% under the average SIFMA Index. The remarketing rate for the 2020 D Series has averaged 0.043% over the past year, 0.0012% under 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 0.113% over the past year, 0.0692% over the average SIFMA Index.

The 2022 A Series are fixed rate bonds that are not subject to optional redemption with a maturity on March 1, 2030. The 2022 B and C Series have maturity dates on March 1, 2057. The 2022 B Series bears interest at a spread to the SIFMA Index and may be optionally redeemed beginning one year prior to the initial mandatory purchase date of March 1, 2026. The 2022 C Series bears interest at a spread to SOFR and may be optionally redeemed beginning one year prior to the initial mandatory purchase date of March 1, 2027.

The total funding for the Loan Program, including the over-collateralization of \$38,039,250, as of December 31, 2021, was \$1,136,089,250. Below is a chart the shows the composition of the funding.

**Composition of the Funding for the DelVal Loan Program
As of December 31, 2021**



Source: Calhoun Baker Inc.

DelVal expects to issue one or more new DelVal Series within the next eighteen months to provide additional funding for the Loan Program and to restructure certain of its debt obligations. DelVal expects to extend or replace the PNC LOC that secures the remarketing of the \$50 million 2007 B Series on or before the scheduled termination date of the facility on July 8, 2022, and to remarket or redeem the \$50 million 2018 C Series on or before the initial mandatory purchase date of September 1, 2023.

The DelVal Board annually adopts 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 estimated debt service payments as of December 31, 2021, are shown on the following page. The 2021 debt service payments are the actual payments. Interest rates on variable rate DelVal Series beginning in 2022 are based on the last rate resets of 2021.

**Delaware Valley Regional Finance Authority
Estimated Debt Service Payments as of December 31, 2021***

<i>Fiscal Year</i>	<i>1997 Series</i>		<i>1998 Series</i>		<i>2002 Series</i>		<i>Master Series</i>		<i>Total Debt Service</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ -	\$ 6,595,017	\$ -	\$ 29,333,517	\$ 29,333,517
2022	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2024	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2025	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	7,081,705	50,000,000	29,820,205	79,820,205
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	4,581,705	-	27,320,205	27,320,205
2027	28,000,000	1,801,000	-	13,750,000	-	7,187,500	50,000,000	4,390,583	78,000,000	27,129,083	105,129,083
2028	-	-	250,000,000	13,750,000	-	7,187,500	-	4,199,460	250,000,000	25,136,960	275,136,960
2029	-	-	-	-	-	7,187,500	45,000,000	4,199,460	45,000,000	11,386,960	56,386,960
2030	-	-	-	-	-	7,187,500	-	3,299,460	-	10,486,960	10,486,960
2031	-	-	-	-	-	7,187,500	-	3,299,460	-	10,486,960	10,486,960
2032	-	-	-	-	125,000,000	7,187,500	-	3,299,460	125,000,000	10,486,960	135,486,960
2033	-	-	-	-	-	-	10,000,000	3,049,460	10,000,000	3,049,460	13,049,460
2034	-	-	-	-	-	-	-	2,799,460	-	2,799,460	2,799,460
2035	-	-	-	-	-	-	-	2,799,460	-	2,799,460	2,799,460
2036	-	-	-	-	-	-	-	2,799,460	-	2,799,460	2,799,460
2037	-	-	-	-	-	-	100,000,000	2,560,838	100,000,000	2,560,838	102,560,838
2038	-	-	-	-	-	-	-	2,322,215	-	2,322,215	2,322,215
2039	-	-	-	-	-	-	-	2,322,215	-	2,322,215	2,322,215
2040	-	-	-	-	-	-	-	2,322,215	-	2,322,215	2,322,215
2041	-	-	-	-	-	-	-	2,322,215	-	2,322,215	2,322,215
2042	-	-	-	-	-	-	10,000,000	2,047,215	10,000,000	2,047,215	12,047,215
2043	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2044	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2045	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2046	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2047	-	-	-	-	-	-	-	1,772,215	-	1,772,215	1,772,215
2048	-	-	-	-	-	-	205,000,000	1,394,161	205,000,000	1,394,161	206,394,161
2049	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2050	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2051	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2052	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2053	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2054	-	-	-	-	-	-	-	260,000	-	260,000	260,000
2055	-	-	-	-	-	-	225,000,000	188,333	225,000,000	188,333	225,188,333
Total	\$28,000,000	\$ 12,607,000	\$250,000,000	\$110,000,000	\$ 125,000,000	\$ 86,250,000	\$ 695,000,000	\$ 99,539,747	\$1,098,000,000	\$308,396,747	\$1,406,396,747

*Actual payments in 2021. Does not include debt issued or exclude debt redeemed after December 31, 2021. Variable rate bonds in 2022 and thereafter are estimated using the last rate reset of 2021.

Source: Calhoun Baker Inc.

INVESTMENTS

The funds held by DelVal are invested in Guaranteed Investment Contracts (each a “GIC”) and other investments that satisfy the requirements of the respective Trust Indentures. 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. DelVal executed a new GIC with Bayerische Landesbank, acting through its New York Branch (“BayernLB”), for the investment of \$15.4 million of the Master Series Debt Service Reserve Fund on July 14, 2021. 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 certain 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 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 in 2022. DelVal has acquired \$21.7 million of floating rate notes indexed to SOFR to replace the maturing investments. A summary of the cash equivalents and investments as of December 31, 2021, is shown below.

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**Cash Equivalents, Restricted Cash Equivalents, Investments, and
Restricted Investments as of December 31, 2021**

<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 Investments</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	Aa2	***	AA	7-Mar-22	0.82763%	\$ -	\$ -	\$ -	\$ 10,010,000	\$ 10,010,000	7.665%
Commonwealth Bank of Australia	Aa3	AA-	A+	10-Mar-22	0.90050%	-	-	-	6,006,840	6,006,840	4.600%
National Australia Bank	Aa3	AA-	***	10-Jan-22	1.01113%	-	-	-	2,000,280	2,000,280	1.532%
Westpac Banking	Aa3	AA-	A+	11-Jan-22	0.97113%	-	-	1,247,212	2,679,455	3,926,667	3.007%
Treasury Money Market	Aaa-mf	AAAm	***	***	0.010%	-	-	-	-	-	0.000%
<i>GIC's (2)</i>											
BayemLB (3)	Aaa	***	AAA	27-Jul-28	1.730%	10,552,541	25,000,000	-	-	35,552,541	39.019%
BayemLB	Aa3	***	A-	1-Jul-26	0.480%	-	15,406,000	-	-	15,406,000	
CFPI (4)	A3	BBB+	A	28-May-42	1.271%	23,106,083	-	-	-	23,106,083	17.693%
Natixis (5)	Aa2	AA	AA	28-Jun-27	1.710%	4,708,446	2,800,000	-	-	7,508,446	
Natixis (5)	Aa2	AA	AA	28-Jun-32	1.270%	14,580,116	12,500,000	-	-	27,080,116	<u>26.484%</u>
Total						<u>\$ 52,947,186</u>	<u>\$ 55,706,000</u>	<u>\$ 1,247,212</u>	<u>\$ 20,696,575</u>	<u>\$ 130,596,973</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, 2021.

Source: Calhoun Baker Inc.

INTEREST RATE SWAP AGREEMENTS

DelVal utilizes Bond Swaps to hedge its interest rate and basis risk. When DelVal issued fixed rate bonds, DelVal 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 DelVal's fixed rates, making that issue uncompetitive with other financing options. When DelVal issued LIBOR index bonds or SOFR Index Bonds, DelVal executed Bond Swaps under which it received the LIBOR index or SOFR Index and paid the SIFMA Index. This eliminated the basis risk of changes in the ratio of tax-exempt rates to the LIBOR or SOFR rates. DelVal did not need to hedge the SIFMA Index bonds, the VRDB's, or the R-FLOATs.

DelVal utilizes Loan Swaps to provide fixed rate Loans. When a Participant requests a fixed rate, DelVal executes a Loan Swap that offsets payments on the Bond Swaps under which DelVal 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.

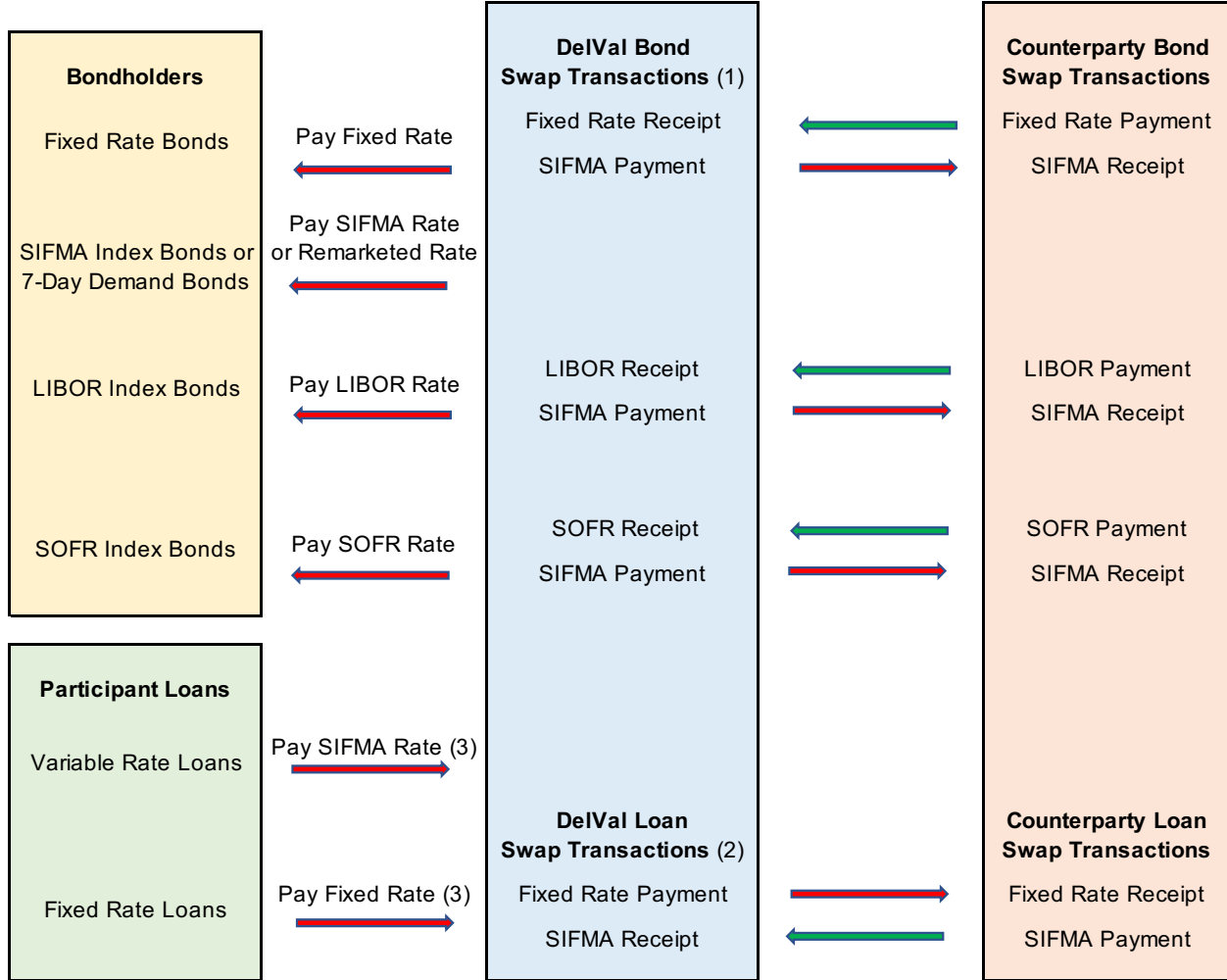
DelVal also utilizes interest rate swaps to hedge the basis risk SOFR indexed investments. Under these transactions, DelVal pays a SOFR rate and receives a rate based on the SIFMA Index.

The DelVal 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.

All of the interest rate transactions are effective hedges under the "consistent critical terms" and "quantitative methods" standards of the Governmental Accounting Standards Board Statement No. 53. Below is a chart that depicts the cash flows of the DelVal Loan Program.

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



- (1) Transactions executed to create a pool of funds with a net cost of funds equal to the SIFMA Index plus a spread to hedge changes in long-term interest rates and basis risks.
- (2) Transactions that offset Bond Swaps executed to provide fixed interest rate Loans.
- (3) The Loan Rate is set monthly by the Administrator at levels sufficient to pay (i) debt service on DeVal's Bonds, (ii) net swap payments, and (iii) administrative expenses.

DeVal amended \$45 million notional amount of a Bond Swap related to the Master Series on January 20, 2021, after the issuance of the 2021 A Series to receive a fixed rate instead of a floating rate indexed to 1-Month LIBOR. DeVal terminated one Bond Swap and amended another related to the 1998 Series on September 29, 2021, to eliminate offsetting payments and receipts indexed to 1-Month LIBOR. DeVal executed new Loan Swaps related to all the new Loans that were originated in the past year.

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

Interest Rate Swap Transactions as of December 31, 2021

	<i>Counterparty Rating</i>				<i>Notional Amount</i>	<i>Market Value 31-Dec-21</i>
	<i>Fitch</i>	<i>Kroll</i>	<i>Moody's</i>	<i>S&P</i>		
Bond Swaps						
1997 Series	***	***	A1	***	\$ 28,000,000	\$ 6,399,940
1998 Series*	***	***	A1	***	250,000,000	64,859,120
2002 Series	***	***	A1	A+	125,000,000	40,506,593
Master Series	***	***	A1	A+	<u>320,050,000</u>	<u>4,476,821</u>
Total Bond Swaps					<u>723,050,000</u>	<u>116,242,474</u>
Loan swaps						
1997 Series	***	***	A1	***	19,515,000	(415,655)
1998 Series	***	***	A1	***	219,142,000	(5,171,926)
2002 Series	***	***	A1	A+	113,521,000	(3,246,798)
Master Series	***	***	A1	A+	<u>663,572,000</u>	<u>(8,073,370)</u>
Total Loan Swaps					<u>1,015,750,000</u>	<u>(16,907,749)</u>
TOTAL					<u>\$ 1,738,800,000</u>	<u>\$ 99,334,725</u>
Counterparty						
Bank of America, N.A.*	A+	***	Aa3	A+	\$ 972,936,800	\$ 98,692,283
Barclays Bank PLC	A	***	A1	A	35,045,000	(1,303,286)
Citibank, N.A.	A+	***	Aa3	A+	110,050,000	4,463,722
PNC Bank, N.A.	A+	AA-	A1	A	480,206,000	(2,929,834)
Royal Bank of Canada	AA	***	Aa2	AA-	139,379,200	421,793
Toronto-Dominion Bank	***	AA	Aa2	AA-	<u>1,183,000</u>	<u>(9,953)</u>
TOTAL					<u>\$ 1,738,800,000</u>	<u>\$ 99,334,725</u>

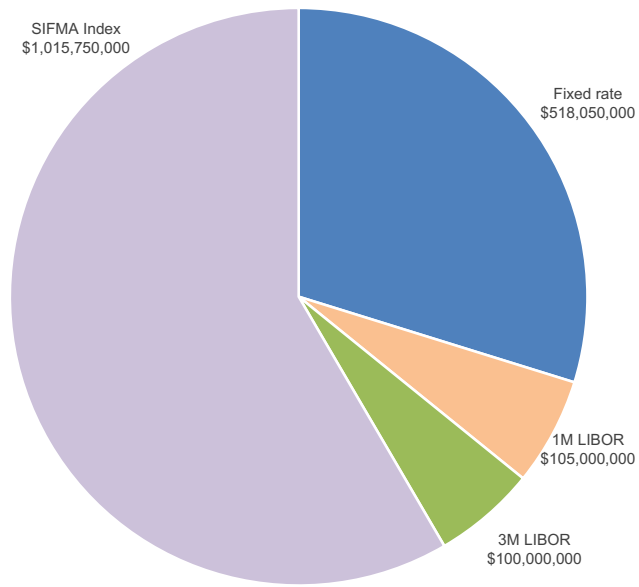
*Includes the market value of the unamortized prepaid swap expense.

Source: Calhoun Baker Inc.

DeIVal executed \$100 million notional amount of Bond Swaps indexed to 3-Month LIBOR to hedge the basis risk of the 2007 C Series that is also indexed to 3-Month LIBOR, and DeIVal executed \$105 million notional amount of Bond Swaps indexed to 1-Month LIBOR to hedge the basis risk of the 2018 D and E Series debt service that is also indexed to 1-Month LIBOR. Under these Bond Swaps, DeIVal receives the LIBOR rate and pays the SIFMA Index. The Financial Conduct Authority (the "FCA") of the United Kingdom has authorized publishing the US Dollar LIBOR indices for 1, 3, 6, and 12 months until June 30, 2023. DeIVal and the related counterparties for these transactions, PNC Bank and Citibank, have all adhered to the International Swaps and Derivatives Association ("ISDA") IBOR Fallback Protocol to replace LIBOR rates with risk-free reference rates, currently based on SOFR, when representative LIBOR rates are no longer published. The Supplemental Indentures of the 2007 Series and 2018 Series provide that the same fallback rates will apply to the related bonds.

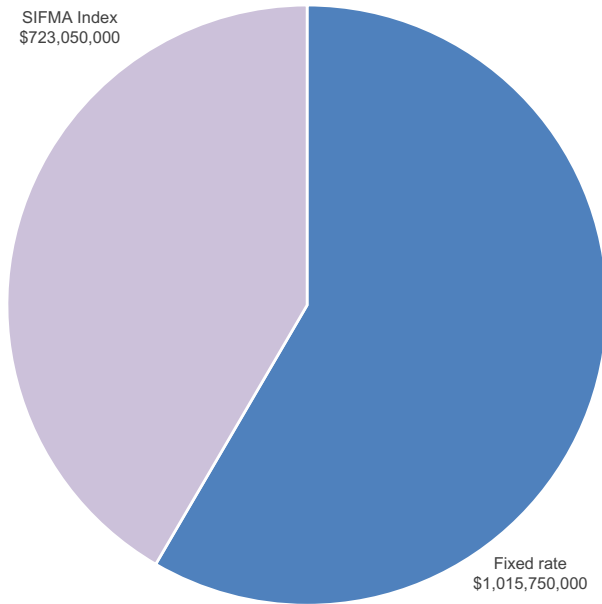
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**Notional Amount of Interest Rate Swap Receiver Rates
as of December 31, 2021**



Source: Calhoun Baker Inc.

**Notional Amount of Interest Rate Swap Payor Rates
as of December 31, 2021**



Source: Calhoun Baker Inc.

STRESS TESTS

DelVal periodically prepares projections of operating results for the rating agencies to test the ability of DelVal 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 assumes the DelVal Series are repaid on their respective maturity dates. The results of the scenario, based on the Loans outstanding as of December 31, 2021, and including the 2022 Series debt service and related Bond Swaps are summarized below. Four different interest rate regimes are analyzed, assuming the SIFMA Index averages 0.25% in 2022:

- 1) SIFMA Index increases to 1.50% in 2032,
- 2) SIFMA Index increases to 3.00% in 2032,
- 3) SIFMA Index increases to 5.00% in 2032 and
- 4) SIFMA Index increases to 8.00% in 2032.

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 \$38,089,250, (ii) each DelVal 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 DelVal 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 DelVal Series, the Loan would not be originated.

The principal 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 scenario with the SIFMA Index at 1.50% in 2032, the 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.

A summary, assuming the SIFMA Index rises to 1.50% in 2032, 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 1.50% in 2032

Year	Funds Available for Debt Service				Debt Service			Annual Coverage of Debt Service		Coverage Percentage for Higher Interest Rates in 2032		
	Revenue Fund (1)	Recycling Fund (2)	Debt Service Reserve	Total	Interest (3)	Principal	Total	Amount in Excess of Debt Service	Coverage Percentage	3.00%	5.00%	8.00%
2022	\$29,881,982	\$297,555,450	\$77,369,000	\$404,806,432	\$ 31,968,009	\$ 100,000,000	\$ 131,968,009	\$272,838,423	307%	307%	307%	307%
2023	32,453,921	205,032,950	77,369,000	314,855,871	33,187,750	-	33,187,750	281,668,121	949%	924%	898%	858%
2024	33,026,470	208,632,650	77,369,000	319,028,120	33,975,850	50,000,000	83,975,850	235,052,270	380%	374%	367%	357%
2025	33,717,360	168,010,550	75,343,000	277,070,910	32,192,550	-	32,192,550	244,878,360	861%	802%	736%	657%
2026	34,813,047	166,484,650	75,343,000	276,640,697	32,736,200	-	32,736,200	243,904,497	845%	770%	690%	602%
2027	36,005,310	214,127,950	75,343,000	325,476,260	33,514,850	28,000,000	61,514,850	263,961,410	529%	501%	468%	429%
2028	33,485,516	278,985,550	72,543,000	385,014,066	32,452,300	250,000,000	282,452,300	102,561,766	136%	136%	135%	134%
2029	20,156,015	124,284,250	47,543,000	191,983,265	19,480,950	45,000,000	64,480,950	127,502,315	298%	280%	261%	239%
2030	20,818,283	122,674,250	45,693,000	189,185,533	19,234,600	5,000,000	24,234,600	164,950,933	781%	624%	501%	399%
2031	21,689,549	116,257,250	45,373,000	183,319,799	19,888,250	-	19,888,250	163,431,549	922%	682%	519%	397%
2032	22,096,557	163,116,250	45,373,000	230,585,807	20,626,700	125,000,000	145,626,700	84,959,107	158%	156%	153%	149%
2033	15,749,763	108,761,250	32,873,000	157,384,013	13,439,200	10,000,000	23,439,200	133,944,813	671%	511%	400%	315%
2034	15,539,947	107,579,250	32,310,000	155,429,197	12,939,200	-	12,939,200	142,489,997	1201%	743%	516%	373%
2035	15,580,914	110,433,250	32,310,000	158,324,164	12,939,200	-	12,939,200	145,384,964	1224%	755%	523%	378%
2036	15,561,810	109,101,250	32,310,000	156,973,060	12,939,200	-	12,939,200	144,033,860	1213%	748%	518%	373%
2037	14,653,885	110,737,250	32,310,000	157,701,135	12,057,950	60,000,000	72,057,950	85,643,185	219%	206%	193%	180%
2038	13,879,847	114,546,250	28,689,000	157,115,097	11,176,700	-	11,176,700	145,938,397	1406%	836%	564%	401%
2039	13,821,879	107,473,250	28,689,000	149,984,129	11,176,700	-	11,176,700	138,807,429	1342%	806%	549%	391%
2040	13,809,167	106,585,250	28,689,000	149,083,417	11,176,700	-	11,176,700	137,906,717	1334%	801%	545%	388%
2041	13,799,491	105,912,250	28,689,000	148,400,741	11,176,700	-	11,176,700	137,224,041	1328%	797%	542%	385%
2042	13,270,141	105,784,250	28,689,000	147,743,391	10,676,700	50,000,000	60,676,700	87,066,691	243%	226%	208%	190%
2043	12,805,406	109,606,250	25,574,000	147,985,656	10,176,700	-	10,176,700	137,808,956	1454%	858%	573%	399%
2044	12,736,683	98,620,250	25,574,000	136,930,933	10,176,700	-	10,176,700	126,754,233	1346%	806%	547%	389%
2045	12,769,712	96,825,250	25,574,000	135,168,962	10,176,700	-	10,176,700	124,992,262	1328%	795%	549%	409%
2046	12,926,279	118,055,250	25,574,000	156,555,529	10,176,700	-	10,176,700	146,378,829	1538%	938%	682%	487%
2047	13,182,239	159,161,250	25,574,000	197,917,489	10,176,700	-	10,176,700	187,740,789	1945%	1157%	810%	562%
2048	11,318,028	201,621,250	25,574,000	238,513,278	9,397,950	155,000,000	164,397,950	74,115,328	145%	143%	145%	140%
2049	9,458,768	98,622,250	17,434,000	125,515,018	7,061,700	-	7,061,700	118,453,318	1777%	1041%	730%	498%
2050	9,508,301	98,758,250	17,434,000	125,700,551	7,061,700	-	7,061,700	118,638,851	1780%	1055%	709%	496%
2051	9,671,360	101,643,250	17,434,000	128,748,610	7,061,700	-	7,061,700	121,686,910	1823%	1077%	721%	501%
2052	10,014,302	153,075,250	17,434,000	180,523,552	7,061,700	-	7,061,700	173,461,852	2556%	1486%	975%	661%
2053	10,386,543	206,133,250	17,434,000	233,953,793	7,061,700	-	7,061,700	226,892,093	3313%	1914%	1247%	835%
2054	10,712,565	257,398,250	17,434,000	285,544,815	7,061,700	-	7,061,700	278,483,115	4044%	2331%	1513%	1009%
2055	8,093,411	306,220,250	17,434,000	331,747,661	5,692,950	225,000,000	230,692,950	101,054,711	144%	143%	141%	139%
2056	5,563,723	138,481,250	6,260,000	150,304,973	2,636,700	-	2,636,700	147,668,273	5700%	3287%	2145%	1430%
2057	3,542,375	181,829,250	6,260,000	191,631,625	659,175	150,000,000	150,659,175	40,972,450	127%	128%	130%	132%
Total					<u>\$ 540,596,734</u>	<u>\$ 1,253,000,000</u>	<u>\$ 1,793,596,734</u>					

(1) Excess of annual revenues over administrative expenses and net swap payments.

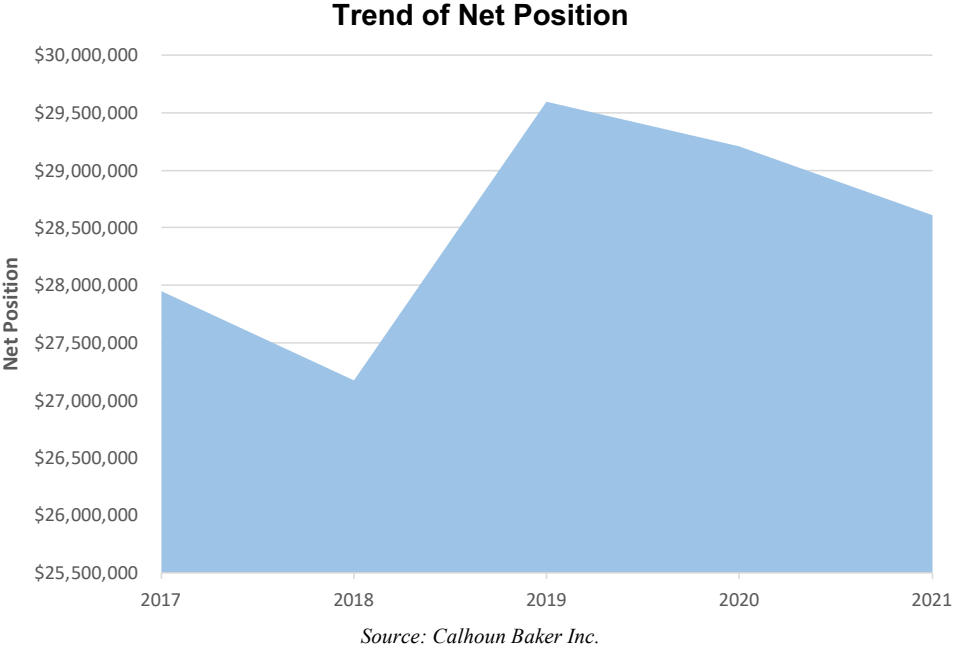
(2) Recycling Fund deposits before originating Loans. Includes over-collateralization of \$38,089,250.

(3) Includes letter of credit and remarketing fees.

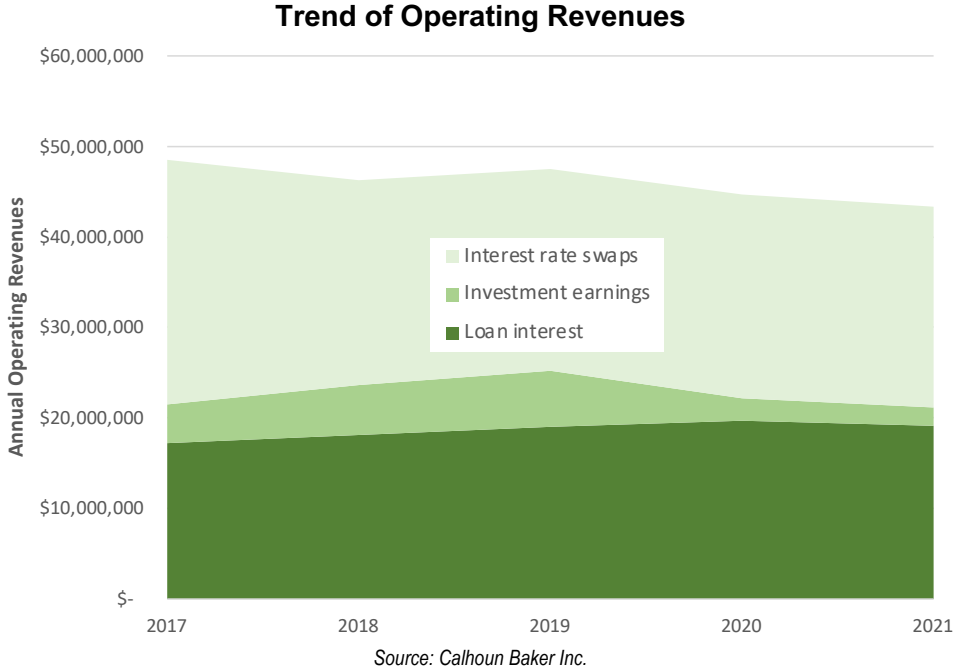
Source: Calhoun Baker Inc.

SUMMARIES OF THE 2021 FINANCIAL STATEMENTS

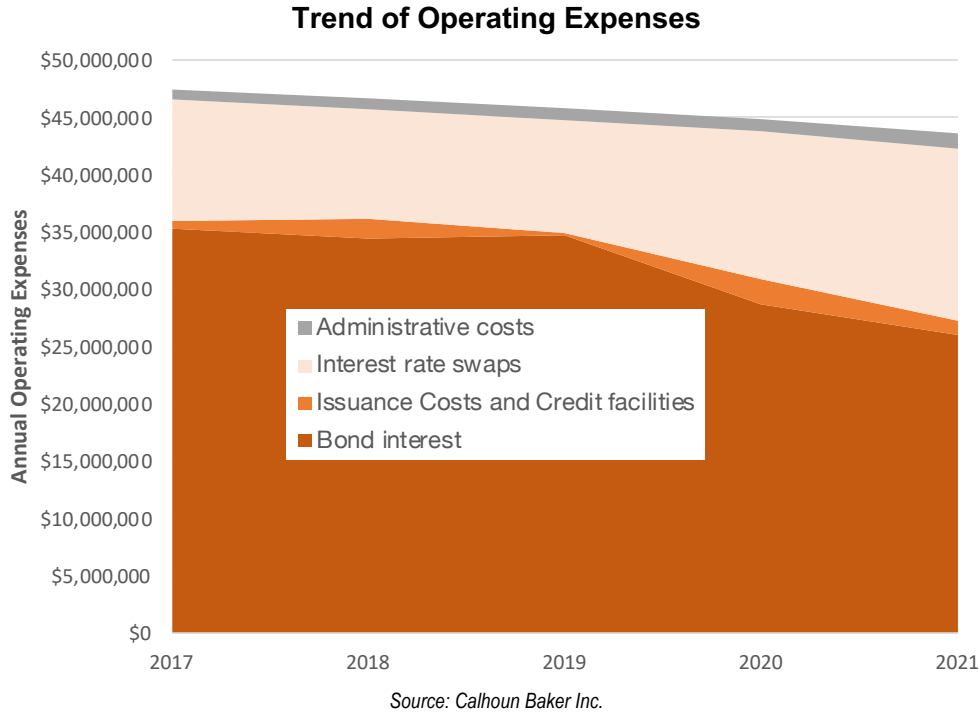
The net position of DeIVal declined in 2021 by \$597 thousand to \$28.6 million. The reduction was principally attributable to the costs of issuance of the 2021 A Series, low interest rates depressing swap receipts and investment earnings, and increased credit facility costs and administrative expenses. The reductions of net position in 2018 and 2020 were principally due to the incurrence of costs of issuance.



Operating revenues declined by \$1.38 million in 2021. Loan interest revenues declined by \$616,000, investment earnings declined by \$371,000, and swap interest revenues declined by \$389,000 primarily due to historically low floating interest rates.



Operating expenses decreased by \$1.28 million in 2021 principally due to the low floating interest rates. Bond interest expenses declined by \$2.75 million due to the lower interest rates. Swap interest expenses increased by \$2.14 million due to the increase of Loans outstanding and the related notional amount of Loan Swaps. Administrative expenses increased by \$216,000 and credit facility fees by \$421,000 principally due to the security and remarketing costs of the 2020 C and D Series.



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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 large payments in 2017 and 2019 from settlements of class action lawsuits on bid rigging of investments and interest rate swap transactions. DelVal received a settlement of \$18,529 from another class action lawsuit on January 10, 2022.

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Loan interest	\$ 17,169,131	\$ 18,072,213	\$ 19,021,507	\$ 19,699,151	\$ 19,083,168
Interest rate swaps	27,063,208	22,677,698	22,243,921	22,544,794	22,156,246
Interest on investments and cash equivalents	<u>4,298,627</u>	<u>5,516,547</u>	<u>6,207,132</u>	<u>2,417,252</u>	<u>2,046,366</u>
Total revenues	<u>48,530,966</u>	<u>46,266,458</u>	<u>47,472,560</u>	<u>44,661,197</u>	<u>43,285,780</u>
Expenses:					
Interest expense:					
Bonds	35,314,903	34,423,104	34,672,499	28,721,683	25,966,172
Interest rate swaps	10,561,961	9,505,514	9,875,528	12,878,576	15,016,371
Costs of issuance	431,449	1,488,776	-	1,710,190	442,750
Credit or liquidity facility fees	229,010	283,086	226,121	456,109	877,515
Rebate expense	-	-	-	29,331	-
Administrative expenses	<u>946,735</u>	<u>952,258</u>	<u>1,012,711</u>	<u>1,120,707</u>	<u>1,336,623</u>
Total expenses	<u>47,484,058</u>	<u>46,652,738</u>	<u>45,786,859</u>	<u>44,916,596</u>	<u>43,639,431</u>
Revenues over (under) expenses	<u>1,046,908</u>	<u>(386,280)</u>	<u>1,685,701</u>	<u>(255,399)</u>	<u>(353,651)</u>
Other changes:					
Decrease (increase) of estimated rebate liability	130,000	(60,000)	(20,000)	-	(50,000)
Class action settlements	1,386,991	-	470,868	101	-
Unrealized gain (loss) on investments and restricted investments	<u>25,128</u>	<u>(325,511)</u>	<u>286,825</u>	<u>(136,355)</u>	<u>(193,291)</u>
Total other changes, net	<u>1,542,119</u>	<u>(385,511)</u>	<u>737,693</u>	<u>(136,254)</u>	<u>(243,291)</u>
Increase (decrease) in net position	2,589,027	(771,791)	2,423,394	(391,653)	(596,942)
Net position, beginning	<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>
Net position, ending	<u>\$ 27,945,907</u>	<u>\$ 27,174,116</u>	<u>\$ 29,597,510</u>	<u>\$ 29,205,857</u>	<u>\$ 28,608,915</u>

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Comparative Balance Sheet Information for the past five years is set forth below. The \$100 million Bond principal payable in 2021 is recognition of the scheduled termination on July 8, 2022, of the PNC LOC that secures the \$50 million 2007 B Series and the mandatory purchase date on September 1, 2022, of the \$50 million 2018 B Series. DelVal expects to extend or replace the PNC LOC prior to its scheduled termination date. The 2018 B Series was redeemed on February 10, 2022.

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 79,600,862	\$ 140,847,632	\$ 96,109,784	\$ 55,208,582	\$ 52,947,186
Restricted cash equivalents	45,300,000	40,300,000	40,300,000	40,513,000	55,706,000
Investments	-	-	-	-	1,247,212
Restricted investments	-	-	-	-	20,696,575
Accrued interest receivable:					
Loans	439,298	485,480	392,392	339,657	340,788
Interest rate swaps	6,222,764	5,840,904	5,817,283	5,748,766	5,735,730
Cash equivalents and investments	194,162	343,447	202,046	68,321	40,896
Prepaid expenses	91,448	91,955	96,259	77,964	92,733
Loans to local governments	<u>62,185,024</u>	<u>66,460,500</u>	<u>75,234,093</u>	<u>79,351,300</u>	<u>100,003,200</u>
Total current assets	<u>194,033,558</u>	<u>254,369,918</u>	<u>218,151,857</u>	<u>181,307,590</u>	<u>236,810,320</u>
NONCURRENT ASSETS:					
Investments	8,760,004	1,518,741	1,532,239	-	-
Restricted investments	31,702,115	32,467,867	32,741,194	34,137,078	-
Loans to local governments	726,109,000	732,425,500	769,773,500	893,652,200	916,164,800
Unamortized prepaid interest rate swap expense	5,578,183	4,996,458	4,413,139	3,831,415	3,249,690
Fair value of derivative transactions	<u>122,352,200</u>	<u>101,018,546</u>	<u>113,464,244</u>	<u>101,189,440</u>	<u>91,562,935</u>
Total noncurrent assets	<u>894,501,502</u>	<u>872,427,112</u>	<u>921,924,316</u>	<u>1,032,810,133</u>	<u>1,010,977,425</u>
TOTAL	<u>\$1,088,535,060</u>	<u>\$1,126,797,030</u>	<u>\$1,140,076,173</u>	<u>\$1,214,117,723</u>	<u>\$1,247,787,745</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES:					
Accrued expenses	\$ 79,995	\$ 13,773	\$ 9,398	\$ 43,473	\$ 11,472
Bond principal payable	50,000,000	-	20,000,000	-	100,000,000
Accrued interest payable:					
Interest rate swaps	397,871	658,013	403,540	183,778	43,844
Bonds	<u>12,915,262</u>	<u>12,637,059</u>	<u>12,463,169</u>	<u>14,412,450</u>	<u>14,905,494</u>
Total current liabilities	<u>63,393,128</u>	<u>13,308,845</u>	<u>32,876,107</u>	<u>14,639,701</u>	<u>114,960,810</u>
LONG TERM LIABILITIES:					
Bonds payable, net	874,773,825	985,165,523	963,988,312	1,068,932,725	1,012,455,085
Estimated rebate liability	<u>70,000</u>	<u>130,000</u>	<u>150,000</u>	<u>150,000</u>	<u>200,000</u>
Total long term liabilities	<u>874,843,825</u>	<u>985,295,523</u>	<u>964,138,312</u>	<u>1,069,082,725</u>	<u>1,012,655,085</u>
DEFERRED INFLOWS OF RESOURCES:					
Accumulated increase in fair value of hedging derivatives	<u>122,352,200</u>	<u>101,018,546</u>	<u>113,464,244</u>	<u>101,189,440</u>	<u>91,562,935</u>
Total liabilities and deferred inflows of resources	1,060,589,153	1,099,622,914	1,110,478,663	1,184,911,866	1,219,178,830
NET POSITION	<u>27,945,907</u>	<u>27,174,116</u>	<u>29,597,510</u>	<u>29,205,857</u>	<u>28,608,915</u>
TOTAL	<u>\$1,088,535,060</u>	<u>\$1,126,797,030</u>	<u>\$1,140,076,173</u>	<u>\$1,214,117,723</u>	<u>\$1,247,787,745</u>

The Comparative Statement of Cash Flows Information for the past five years is set forth on the following page. 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>2017*</u>	<u>2018*</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Cash flows from operating activities					
Interest received on loans to local governments and interest rate swap agreements	\$ 44,114,804	\$ 41,085,590	\$ 41,383,731	\$ 42,363,602	\$ 41,251,320
Payment of interest on bonds and interest rate swap agreements	(51,604,580)	(44,805,257)	(45,571,877)	(42,976,008)	(43,908,099)
Loans to local governments	(44,773,000)	(107,870,000)	(138,602,000)	(211,558,000)	(126,267,000)
Repayments of loan principal from local governments	84,040,976	97,278,024	92,480,407	83,562,031	83,102,500
Administrative expenses paid	(945,530)	(948,391)	(1,021,390)	(1,068,337)	(1,383,393)
Interest received on investments and cash equivalents	4,205,940	5,367,262	6,348,534	2,550,977	2,073,791
Credit or liquidity facility fees paid	(168,361)	(353,682)	(226,121)	(456,109)	(877,515)
Rebate payment	-	-	-	(29,331)	-
Proceeds of bond issues	175,000,000	216,832,000	-	283,633,000	47,382,750
Transfers from restricted accounts	9,698,147	3,967,000	-	-	-
Class action settlement	1,386,991	-	470,868	101	-
Bond issuance costs	(431,450)	(1,488,776)	-	(1,710,128)	(442,750)
Redemption (purchase) of investments and restricted investments	37,662,040	2,183,000	-	-	12,000,000
Payment of bond principal	<u>(267,000,000)</u>	<u>(155,000,000)</u>	<u>-</u>	<u>(195,000,000)</u>	<u>-</u>
Net cash provided by (used in) operating activities and Net cash provided by operating activities and increase (decrease) in cash and cash equivalents	(8,814,023)	56,246,770	(44,737,848)	(40,688,202)	12,931,604
Cash and cash equivalents and restricted cash and cash equivalents, beginning	<u>133,714,885</u>	<u>124,900,862</u>	<u>181,147,632</u>	<u>136,409,784</u>	<u>95,721,582</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 124,900,862</u>	<u>\$ 181,147,632</u>	<u>\$ 136,409,784</u>	<u>\$ 95,721,582</u>	<u>\$ 108,653,186</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET					
Cash and cash equivalents, ending	\$ 79,600,862	\$ 140,847,632	\$ 96,109,784	\$ 55,208,582	\$ 52,947,186
Restricted cash and cash equivalents, ending	<u>45,300,000</u>	<u>40,300,000</u>	<u>40,300,000</u>	<u>40,513,000</u>	<u>55,706,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 124,900,862</u>	<u>\$ 181,147,632</u>	<u>\$ 136,409,784</u>	<u>\$ 95,721,582</u>	<u>\$ 108,653,186</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Change in net position	<u>\$ 2,589,027</u>	<u>\$ (771,791)</u>	<u>\$ 2,423,394</u>	<u>\$ (391,653)</u>	<u>\$ (596,942)</u>
Adjustments for other revenues, expenses, and transfers					
Increase (decrease) of estimated rebate liability	(130,000)	60,000	20,000	-	50,000
Unamortized prepaid interest rate swap expense	581,724	581,725	583,319	581,724	581,725
Adjustments for changes in assets and liabilities					
Decrease (increase) in:					
Investments	36,822,059	7,241,263	(13,498)	1,532,239	(1,247,212)
Restricted investments	10,513,000	(765,752)	(273,327)	(1,395,884)	13,440,503
Accrued interest receivable:					
Loans	(26,418)	(46,182)	93,088	52,735	(1,131)
Interest rate swaps	(91,116)	381,860	23,621	68,517	13,036
Cash equivalents and investments	(92,687)	(149,285)	141,401	133,725	27,424
Prepaid expenses	(2,917)	(507)	(4,304)	18,294	(14,769)
Loans to local governments	39,267,976	(10,591,976)	(46,121,593)	(127,995,907)	(43,164,500)
Increase (decrease) in:					
Accrued expenses	64,770	(66,222)	(4,375)	34,075	(32,001)
Accrued interest payable:					
Interest rate swaps	77,358	260,142	(254,473)	(219,762)	(139,934)
Bonds	(5,141,859)	(278,203)	(173,890)	1,949,281	493,044
Bonds payable	<u>(93,244,940)</u>	<u>60,391,698</u>	<u>(1,177,211)</u>	<u>84,944,414</u>	<u>43,522,361</u>
Total adjustments	<u>(11,403,050)</u>	<u>57,018,561</u>	<u>(47,161,242)</u>	<u>(40,296,549)</u>	<u>13,528,546</u>
Net cash provided by (used in) operating activities	<u>\$ (8,814,023)</u>	<u>\$ 56,246,770</u>	<u>\$ (44,737,848)</u>	<u>\$ (40,688,202)</u>	<u>\$ 12,931,604</u>

*Restated to include Restricted Cash and Cash Equivalents.

OUTLOOK

DelVal expects to originate \$80 to \$100 million of new Loans in 2022. DelVal expects the demand for Loans from smaller Participants will decline due to the availability of grant proceeds from the \$2.2 trillion *CARES* and the \$1.9 trillion *ARPA* programs.

DelVal expects to extend or replace the PNC LOC that secures the remarketing of the 2007 B Series on or before the scheduled termination date of July 8, 2022. DelVal expects to redeem or remarket the \$50 million 2018 C Series on or after its optional redemption date of September 1, 2022. The 2018 C Series is subject to mandatory purchase on September 1, 2023. DelVal will continue to monitor the market for opportunities to increase the funding available for Loans and to restructure its debt obligations.



Calhoun Baker Inc.
Program Administrator
Delaware Valley Regional Finance Authority
April 29, 2022

EXHIBIT I: LOANS OUTSTANDING AS OF DECEMBER 31, 2021

(Continued on the next page)

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-21	Insured Loan Principal (1)	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
1	Aston Township	Delaware	--	--	AA-	\$ -	\$ -	\$ 1,966,000	\$ 11,795,000	\$ 13,761,000	\$ -	1.354%	1.354%
2	Bensalem Township	Bucks	--	Aa1	---	-	13,446,000	-	7,210,000	20,656,000	-	2.033%	3.387%
3	Benton Township	Lackawanna	--	---	---	-	-	-	209,000	209,000	-	0.021%	3.408%
4	Bethel Township	Delaware	A+	---	---	-	-	-	554,000	554,000	-	0.055%	3.462%
5	Bethel Township Sewer Authority	Delaware	A+	---	---	-	-	-	1,354,000	1,354,000	-	0.133%	3.595%
6	Bridgeport Borough	Montgomery	--	A2	---	287,000	-	4,091,000	631,000	5,009,000	4,091,000	0.493%	4.088%
7	Bristol Borough	Bucks	A+	---	---	-	407,000	-	667,000	1,074,000	-	0.106%	4.194%
8	Bristol Borough School District	Bucks	--	---	A-	-	-	9,239,000	-	9,239,000	9,239,000	0.909%	5.103%
9	Bristol Borough Water & Sewer Authority	Bucks	A+	---	---	-	-	-	2,523,000	2,523,000	-	0.248%	5.351%
10	Bristol Township	Bucks	--	Aa3	---	-	-	2,076,000	61,806,000	63,882,000	-	6.287%	11.638%
11	Bristol Township School District	Bucks	--	A2	---	139,000	-	-	-	139,000	-	0.014%	11.652%
12	Brookhaven Borough	Delaware	--	---	---	-	-	1,599,000	-	1,599,000	-	0.157%	11.809%
13	Bucks County	Bucks	--	Aaa	AAA	-	60,146,000	10,651,000	1,671,200	72,468,200	-	7.132%	18.940%
14	Bucks County Airport Authority	Bucks	--	Aaa	AAA	-	-	-	962,000	962,000	-	0.095%	19.035%
15	Bucks County Community College	Bucks	--	Aaa	AAA	-	2,178,000	-	-	2,178,000	-	0.214%	19.249%
16	Bucks County Community College Authority	Bucks	--	Aaa	AAA	-	4,477,000	-	-	4,477,000	-	0.441%	19.690%
17	Caln Township	Chester	--	---	AA	-	-	-	4,506,000	4,506,000	-	0.443%	20.134%
18	Caln Township Municipal Authority	Chester	--	---	AA	-	-	-	2,581,000	2,581,000	-	0.254%	20.387%
19	Chadds Ford Township Sewer Authority	Delaware	--	---	---	78,000	-	-	1,750,000	1,828,000	1,750,000	0.180%	20.567%
20	Chalfont Borough	Bucks	--	A1	---	-	-	-	2,514,000	2,514,000	-	0.247%	20.815%
21	Chester City	Delaware	--	---	---	-	-	1,227,000	-	1,227,000	-	0.121%	20.936%
22	Chichester School District	Delaware	--	---	A+	-	-	8,005,000	7,176,000	15,181,000	-	1.494%	22.429%
23	Collegeville Borough	Montgomery	--	---	---	-	-	-	233,000	233,000	-	0.023%	22.452%
24	Concord Township	Delaware	--	Aa1	---	-	-	-	3,388,000	3,388,000	-	0.333%	22.786%
25	Delaware County	Delaware	--	Aa1	AA+	2,695,000	89,781,000	34,352,000	147,848,000	274,676,000	4,700,000	27.031%	49.816%
26	Delaware County Solid Waste Authority	Delaware	--	Aa1	AA+	-	-	6,275,000	-	6,275,000	1,160,000	0.618%	50.434%
27	Dover Area School District	York	--	A1	---	11,467,000	-	-	-	11,467,000	-	1.128%	51.562%
28	Doylestown Borough	Bucks	AA	---	---	-	-	-	6,794,000	6,794,000	-	0.669%	52.231%
29	East Bradford Township	Chester	--	---	AA	-	-	-	6,869,000	6,869,000	770,000	0.676%	52.907%
30	East Goshen Municipal Authority	Chester	AAA	Aaa	---	-	-	5,458,000	1,684,000	7,142,000	5,458,000	0.703%	53.610%
31	East Goshen Township	Chester	AAA	Aaa	---	-	759,000	-	-	759,000	-	0.075%	53.684%
32	Eddystone Borough	Delaware	--	---	---	-	-	1,783,000	274,000	2,057,000	-	0.202%	53.887%
33	Forbes Road School District	Fulton	--	---	---	-	-	-	5,455,000	5,455,000	5,455,000	0.537%	54.424%
34	Franconia Sewer Authority	Montgomery	--	---	AA-	-	-	-	11,694,000	11,694,000	-	1.151%	55.574%
35	Franconia Township	Montgomery	--	---	AA-	1,750,000	-	320,000	2,612,000	4,682,000	2,414,000	0.461%	56.035%
36	Franklin Township	Chester	--	A2	---	-	-	-	2,550,000	2,550,000	-	0.251%	56.286%
37	Garnet Valley School District	Delaware	--	---	AA	-	5,019,000	-	7,187,000	12,206,000	5,019,000	1.201%	57.487%
38	Glen Rock Sewer Authority	York	--	---	---	-	-	-	2,239,000	2,239,000	2,239,000	0.220%	57.708%
39	Glenolden Borough	Delaware	--	---	A+	109,000	53,000	-	-	162,000	-	0.016%	57.724%
40	Great Valley School District	Chester	--	Aaa	---	-	-	-	5,866,000	5,866,000	-	0.577%	58.301%
41	Hatfield Borough	Montgomery	--	---	---	-	536,000	-	5,473,000	6,009,000	3,518,000	0.591%	58.892%

(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, 2021

(Continued on the next page)

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-21	Insured Loan Principal (1)	Concentration	
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative
42	Hatfield Township	Montgomery	AA-	---	---	287,000	922,000	735,000	1,976,000	3,920,000	-	0.386%	59.278%
43	Highland Township	Chester	---	---	---	-	466,000	-	-	466,000	-	0.046%	59.324%
44	Kennett Square Borough	Chester	---	A3	---	-	-	2,805,000	6,746,000	9,551,000	9,551,000	0.940%	60.264%
45	Lampeter-Strasburg School District	Lancaster	---	---	---	-	524,000	-	591,000	1,115,000	1,115,000	0.110%	60.374%
46	Lancaster County	Lancaster	---	Aa2	---	-	-	17,640,000	-	17,640,000	17,640,000	1.736%	62.109%
47	Lansdowne Borough	Delaware	A+	---	---	-	292,000	-	1,035,000	1,327,000	-	0.131%	62.240%
48	London Britain Township	Chester	---	---	---	122,000	-	-	390,000	512,000	-	0.050%	62.290%
49	London Grove Township	Chester	---	---	AA	150,000	-	-	5,026,000	5,176,000	-	0.509%	62.800%
50	London Grove Township Municipal Authority	Chester	---	---	AA	-	-	1,617,000	3,613,000	5,230,000	-	0.515%	63.314%
51	Lower Oxford Township	Chester	---	---	---	370,000	-	-	729,000	1,099,000	-	0.108%	63.423%
52	Lower Perkiomen Valley Regional Sewer Authority	Montgomery	---	---	AA-	-	9,829,000	-	35,858,000	45,687,000	-	4.496%	67.919%
53	Lower Pottsgrove Township Authority	Montgomery	---	---	AA	-	-	5,808,000	-	5,808,000	-	0.572%	68.490%
54	Lower Providence Township	Montgomery	---	Aa2	---	-	-	390,000	1,235,000	1,625,000	1,093,000	0.160%	68.650%
55	Lower Providence Township Sewer Authority	Montgomery	---	Aa2	---	-	-	-	10,731,000	10,731,000	-	1.056%	69.706%
56	Lower Salford Township	Montgomery	---	Aa2	---	-	1,709,000	-	-	1,709,000	-	0.168%	69.874%
57	Malvern Borough	Chester	---	---	---	-	-	239,000	64,000	303,000	239,000	0.030%	69.904%
58	Marcus Hook Borough	Delaware	---	---	---	-	650,000	-	74,000	724,000	-	0.071%	69.975%
59	Marple Township	Delaware	---	---	AA	-	-	-	19,654,000	19,654,000	-	1.934%	71.909%
60	Montgomery County	Montgomery	---	Aaa	---	-	-	-	101,800	101,800	-	0.010%	71.920%
61	Montgomery Township	Montgomery	---	---	AAA	-	-	-	22,847,000	22,847,000	-	2.248%	74.168%
62	Morton Borough	Delaware	---	---	---	98,000	-	-	-	98,000	-	0.010%	74.177%
63	Nether Providence Township	Delaware	---	---	---	-	-	890,000	2,249,000	3,139,000	1,450,000	0.309%	74.486%
64	New Britain Township	Bucks	---	---	---	154,000	-	-	-	154,000	-	0.015%	74.502%
65	New Hanover Township Authority	Montgomery	---	---	---	-	-	-	306,000	306,000	306,000	0.030%	74.532%
66	Newtown Township	Delaware	---	Aaa	---	-	-	-	13,080,000	13,080,000	-	1.287%	75.819%
67	Norristown Municipality	Montgomery	---	---	A+	-	-	-	790,000	790,000	-	0.078%	75.897%
68	North Coventry Township	Chester	---	---	AA	-	1,234,000	-	-	1,234,000	-	0.121%	76.018%
69	North Coventry Water Authority	Chester	---	---	AA	-	-	-	381,000	381,000	381,000	0.037%	76.056%
70	North Wales Borough	Montgomery	---	---	---	-	-	-	1,910,000	1,910,000	-	0.188%	76.243%
71	Northeastern York County Sewer Authority	York	---	---	---	-	-	482,000	9,163,000	9,645,000	3,432,000	0.949%	77.193%
72	Northeastern York School District	York	---	---	A+	-	-	-	2,081,000	2,081,000	-	0.205%	77.397%
73	Norwood Borough	Delaware	---	---	---	-	-	-	328,000	328,000	-	0.032%	77.430%
74	Ontelaunee Township	Berks	---	---	AA-	-	-	-	1,104,000	1,104,000	1,104,000	0.109%	77.538%
75	Parquesburg Borough	Chester	---	---	---	-	-	-	134,000	134,000	134,000	0.013%	77.552%
76	Pennel Borough	Bucks	---	---	---	-	376,000	-	793,000	1,169,000	-	0.115%	77.667%
77	Pennsbury Township	Chester	AA	---	---	-	-	-	2,835,000	2,835,000	-	0.279%	77.946%
78	Perkasie Borough	Bucks	---	---	---	646,000	1,789,000	-	102,000	2,537,000	102,000	0.250%	78.195%
79	Pocopson Township	Chester	---	Aa2	---	-	-	1,044,000	579,000	1,623,000	579,000	0.160%	78.355%
80	Pottstown School District	Montgomery	---	A1	---	-	-	-	136,000	136,000	136,000	0.013%	78.368%
81	Prospect Park Borough	Delaware	---	---	---	-	-	-	1,363,000	1,363,000	-	0.134%	78.502%
82	Quakertown Community School District	Bucks	---	Aa3	---	790,000	-	-	-	790,000	-	0.078%	78.580%

(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, 2021

No.	Borrower	County	Participant or Guarantor Ratings			Loans Outstanding				Total Outstanding 31-Dec-21	Insured Loan Principal (1)	Concentration		
			Kroll	Moody's	S&P	1997 Series	1998 Series	2002 Series	Master Series			Borrower	Cumulative	
83	Red Lion Area School District	York	--	Aa3	AA-	-	-	-	10,591,000	10,591,000	-	1.042%	79.622%	
84	Ridley School District	Delaware	--	--	A+	-	-	-	6,387,000	6,387,000	-	0.629%	80.251%	
85	Ridley Township	Delaware	--	--	AA-	588,000	-	-	12,687,000	13,275,000	-	1.306%	81.557%	
86	Rockledge Borough	Montgomery	--	--	--	171,000	-	-	-	171,000	-	0.017%	81.574%	
87	Rose Tree Media School District	Delaware	--	--	AA	-	4,040,000	-	7,725,000	11,765,000	-	1.158%	82.732%	
88	Rutledge Borough	Delaware	--	--	--	-	-	-	65,000	65,000	-	0.006%	82.738%	
89	Solebury Township	Bucks	--	Aa1	--	-	2,206,000	-	-	2,206,000	-	0.217%	82.955%	
90	South Coventry Township	Chester	--	--	--	423,000	-	-	-	423,000	-	0.042%	82.997%	
91	South Eastern School District	York	--	--	AA	-	748,000	-	-	748,000	748,000	0.074%	83.071%	
92	Southern Delaware County Authority	Delaware	--	--	--	252,000	-	-	-	252,000	-	0.025%	83.096%	
93	Spring Grove Borough	York	--	--	A	-	-	-	103,000	103,000	-	0.010%	83.106%	
94	Springfield Township	Delaware	--	--	--	-	1,093,000	-	-	1,093,000	-	0.108%	83.213%	
95	Springfield Township, York County, Sewer Authority	York	--	--	--	-	-	3,541,000	-	3,541,000	3,541,000	0.348%	83.562%	
96	Stroudsburg Area School District	Monroe	--	A1	A+	-	6,854,000	-	13,594,000	20,448,000	6,854,000	2.012%	85.574%	
97	Swarthmore Borough	Delaware	--	--	--	-	466,000	-	335,000	801,000	273,000	0.079%	85.653%	
98	Tinicum Township (Bucks)	Bucks	A+	--	--	-	-	-	5,789,000	5,789,000	-	0.570%	86.222%	
99	Tinicum Township (Delaware)	Delaware	--	Aa3	--	-	468,000	229,000	9,392,000	10,089,000	983,000	0.993%	87.215%	
100	Towamencin Municipal Authority	Montgomery	--	--	AA	-	-	-	7,163,000	7,163,000	-	0.705%	87.920%	
101	Towamencin Township	Montgomery	--	--	AA	-	-	-	9,368,000	9,368,000	2,618,000	0.922%	88.842%	
102	Towamencin Township Infrastructure Authority	Montgomery	--	--	AA	-	-	-	5,187,000	5,187,000	-	0.510%	89.353%	
103	Union County	Union	--	--	--	-	-	1,005,000	-	1,005,000	-	0.099%	89.451%	
104	Upland Borough	Delaware	A-	--	--	-	-	-	604,000	604,000	-	0.059%	89.511%	
105	Upper Chichester Township	Delaware	--	--	--	-	80,000	-	78,000	158,000	78,000	0.016%	89.526%	
106	Upper Dublin Township	Montgomery	--	Aa1	--	-	4,122,000	-	19,682,000	23,804,000	-	2.343%	91.869%	
107	Upper Dublin Township Municipal Authority	Montgomery	--	Aa1	--	-	-	-	5,475,000	5,475,000	-	0.539%	92.408%	
108	Upper Pottsgrove Township	Montgomery	--	A1	--	-	399,000	-	-	399,000	-	0.039%	92.447%	
109	Upper Providence Township (Delaware)	Delaware	--	--	AA-	-	-	-	730,000	730,000	-	0.072%	92.519%	
110	Upper Providence Township Sewer Authority	Delaware	--	--	AA-	-	1,568,000	-	7,601,000	9,169,000	-	0.902%	93.421%	
111	Upper Salford Township	Montgomery	--	--	--	-	-	-	677,000	677,000	-	0.067%	93.488%	
112	Upper Southampton Municipal Authority	Bucks	AA	--	--	331,000	262,000	4,871,000	7,253,000	12,717,000	-	1.251%	94.739%	
113	Upper Southampton Township	Bucks	AA	--	--	-	694,000	52,000	1,862,000	2,608,000	231,000	0.257%	94.996%	
114	Uwchlan Township	Chester	--	Aa1	--	518,000	-	-	-	518,000	-	0.051%	95.047%	
115	Wallingford-Swarthmore School District	Delaware	--	--	AA	-	-	-	20,116,000	20,116,000	-	1.980%	97.026%	
116	Warminster Township	Bucks	--	--	A	-	-	-	14,431,000	14,431,000	-	1.420%	98.447%	
117	West Fallowfield Township	Chester	--	--	--	-	319,000	-	-	319,000	-	0.031%	98.478%	
118	West Goshen Township	Chester	AA+	--	AA+	-	-	-	3,612,000	3,612,000	-	0.355%	98.833%	
119	West Pottsgrove Township	Montgomery	--	--	--	-	-	-	1,393,000	1,393,000	1,393,000	0.137%	98.971%	
120	West Sadsbury Township	Chester	--	--	--	-	407,000	-	-	407,000	-	0.040%	99.011%	
121	Yeadon Borough	Delaware	--	--	--	-	2,111,000	1,319,000	5,453,000	8,883,000	-	0.874%	99.885%	
122	York City School District	York	--	Baa2	A-	-	-	-	1,171,000	1,171,000	1,171,000	0.115%	100.000%	
Total Loans Outstanding						<u>\$21,425,000</u>	<u>\$220,430,000</u>	<u>\$129,709,000</u>	<u>\$644,604,000</u>	<u>\$ 1,016,168,000</u>	<u>\$100,965,000</u>			

(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.

Independent Auditors' Report

To the Board of Directors of
Delaware Valley Regional Finance Authority

Opinion

We have audited the accompanying financial statements of Delaware Valley Regional Finance Authority (DeVal), which comprise the balance sheet as of December 31, 2021, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Valley Regional Finance Authority as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DeVal and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DeVal's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DeVal's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 1 through 39 be presented to supplement the basic financial statements. Such information, although not 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.



Philadelphia, Pennsylvania
April 29, 2022

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
BALANCE SHEET
DECEMBER 31, 2021

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 52,947,186
Restricted cash equivalents	55,706,000
Investments	1,247,212
Restricted investments	20,696,575
Accrued interest receivable:	
Loans	340,788
Interest rate swaps	5,735,730
Cash equivalents and investments	40,896
Prepaid expenses	92,733
Loans to local governments	<u>100,003,200</u>
Total current assets	<u>236,810,320</u>
NONCURRENT ASSETS:	
Loans to local governments	916,164,800
Unamortized prepaid interest rate swap expense	3,249,690
Fair value of derivative transactions	<u>91,562,935</u>
Total noncurrent assets	<u>1,010,977,425</u>
TOTAL	<u><u>\$ 1,247,787,745</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES:	
Accrued expenses	\$ 11,472
Bond principal payable	100,000,000
Accrued interest payable:	
Interest rate swaps	43,844
Bonds	<u>14,905,494</u>
Total current liabilities	<u>114,960,810</u>
LONG TERM LIABILITIES:	
Bonds payable, net	1,012,455,085
Estimated rebate liability	<u>200,000</u>
Total long term liabilities	<u>1,012,655,085</u>
DEFERRED INFLOWS OF RESOURCES:	
Accumulated increase in fair value of hedging derivatives	<u>91,562,935</u>
Total liabilities and deferred inflows of resources	1,219,178,830
NET POSITION	<u>28,608,915</u>
TOTAL	<u><u>\$ 1,247,787,745</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, 2021

Revenues:	
Loan interest	\$ 19,083,168
Interest rate swap	22,156,246
Interest on investments and cash equivalents	<u>2,046,366</u>
Total revenues	<u>43,285,780</u>
Expenses:	
Interest expense:	
Bonds	25,966,172
Interest rate swaps	15,016,371
Costs of issuance	442,750
Credit or liquidity facility fees	877,515
Administrative expenses	<u>1,336,623</u>
Total expenses	<u>43,639,431</u>
Revenues under expenses	<u>(353,651)</u>
Other changes:	
Increase of estimated rebate liability	(50,000)
Unrealized loss on restricted investments	<u>(193,291)</u>
Total other changes, net	<u>(243,291)</u>
Decrease in net position	(596,942)
Net position, beginning	<u>29,205,857</u>
Net position, ending	<u><u>\$ 28,608,915</u></u>

See Notes to Financial Statements

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities	
Interest received on loans to local governments and interest rate swap agreements	\$ 41,251,320
Payment of interest on bonds and interest rate swap agreements	(43,908,099)
Loans to local governments	(126,267,000)
Repayments of loan principal from local governments	83,102,500
Administrative expenses paid	(1,383,393)
Interest received on investments and cash equivalents	2,073,791
Credit or liquidity facility fees paid	(877,515)
Proceeds of bond issues	47,382,750
Bond issuance costs	(442,750)
Redemption of investments and restricted investments	<u>12,000,000</u>
Net cash provided by operating activities and increase in cash and cash equivalents	12,931,604
Cash and cash equivalents and restricted cash and cash equivalents, beginning	<u>95,721,582</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 108,653,186</u>

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

Cash and cash equivalents, ending	\$ 52,947,186
Restricted cash and cash equivalents, ending	<u>55,706,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 108,653,186</u>

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

Change in net position	<u>\$ (596,942)</u>
Adjustments for other revenues, expenses, and transfers	
Increase of estimated rebate liability	50,000
Unamortized prepaid interest rate swap expense	581,725
Adjustments for changes in assets and liabilities	
Decrease (increase) in:	
Investments	(1,247,212)
Restricted investments	13,440,503
Accrued interest receivable:	
Loans	(1,131)
Interest rate swaps	13,036
Cash equivalents and investments	27,424
Prepaid expenses	(14,769)
Loans to local governments	(43,164,500)
Increase (decrease) in:	
Accrued expenses	(32,001)
Accrued interest payable:	
Interest rate swaps	(139,934)
Bonds	493,044
Bonds payable	<u>43,522,361</u>
Total adjustments	<u>13,528,546</u>
Net cash provided by operating activities	<u>\$ 12,931,604</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 599 loans (each a “Loan”) in the aggregate principal amount of approximately \$3.77 billion to 209 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.

Eight series of bonds (each a “DelVal Series”) in the aggregate par amount of approximately \$1.1 billion were outstanding to fund the Loan Program as of December 31, 2021:

- 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”).

On February 10, 2022, DelVal issued the \$155,000,000 Local Government Revenue Bonds, 2022 Series A, B, and C (the “2022 Series”) and optionally redeemed the \$50,000,000 of the 2007 Series and \$50,000,000 of the 2018 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 generally accepted accounting principles in the United States of America (“GAAP”) 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 historical 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, 2021, 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.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 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. 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, 2021, are set forth below.

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**Cash Equivalents, Restricted Cash Equivalents, and
 Restricted Investments as of December 31, 2021**

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Cash equivalents	\$ 4,708,446	\$ 10,552,541	\$ 14,580,116	\$ 23,106,083	\$ 52,947,186
Investments (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,247,212</u>	<u>1,247,212</u>
Cash equivalents	<u>\$ 4,708,446</u>	<u>\$ 10,552,541</u>	<u>\$ 14,580,116</u>	<u>\$ 24,353,295</u>	<u>\$ 54,194,398</u>
Restricted accounts					
Cash equivalents	\$ 2,800,000	\$ 25,000,000	\$ 12,500,000	\$ 15,406,000	\$ 55,706,000
Investments (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,696,575</u>	<u>20,696,575</u>
Total	<u>\$ 2,800,000</u>	<u>\$ 25,000,000</u>	<u>\$ 12,500,000</u>	<u>\$ 36,102,575</u>	<u>\$ 76,402,575</u>

(1) Recorded at fair value.

The DelVal Board of Directors has not adopted a formal investment policy; however, the Indentures of the DelVal Series serve the same purpose. Eligible investments under the Master Indenture must, at the time of the purchase or execution, meet the following rating thresholds: (i) for investments with a maturity or option to tender of 360 days or less, a rating of “A-1” or “A-1+” by S&P, “P-1” or “VMIG 1” by Moody’s, “F1” or “F1+” by Fitch Ratings (“Fitch”), or an equivalent rating by any other Nationally Recognized Statistical Rating Organization (each an “NRSRO”) and (ii) for investments with a maturity or option to tender greater than 360 days, counterparty or equivalent ratings of “Aa3” or higher by Moody’s, “AA-” or higher by S&P or Fitch, or an equivalent rating by any other NRSRO. Eligible investments include the following:

- 1) Cash,
- 2) Direct obligations of the U.S. Treasury,
- 3) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks,
- 4) Commercial paper,
- 5) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, “Aaa-mf” by Moody’s, “AAAmmf” by Fitch, or an equivalent rating by any other NRSRO with a published rating on the Bonds (without regard to whether the Trustee controls such money market fund),
- 6) Bonds or notes issued by federal agencies, state or local governments, or financial institutions or other corporations,
- 7) Investment agreements with an Investment Agreement Provider, approved in writing by the Administrator, and
- 8) Other forms of investments, including repurchase agreements, approved in writing by the Administrator.

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'Épargne 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 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, 2021, the Natixis obligations guaranteed by CDC were rated "Aa2" by Moody's, "AA" by S&P, and "AA" by 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, 2021, 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. The remaining funds of the Master Series are invested principally in a GIC provided by Citigroup Financial Products Inc. ("CFPI") or in FRN's. The obligations of CFPI are secured by a 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, 2021, 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.

Funds held to originate new Loans were provided originally from the proceeds of the DelVal Series. Other funds were provided from DelVal's operations. DelVal's cash, cash equivalents, and investments as of December 31, 2021, allocated by use are set forth below.

Cash, Cash Equivalents, and Investments by Use of Funds as of December 31, 2021

	<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)	\$ 3,775,000	\$ 4,570,000	\$ 10,950,000	\$ 22,944,250	\$ 42,239,250
Available for any purpose	<u>933,446</u>	<u>5,982,541</u>	<u>3,630,116</u>	<u>161,833</u>	<u>10,707,936</u>
Total	<u>\$ 4,708,446</u>	<u>\$ 10,552,541</u>	<u>\$ 14,580,116</u>	<u>\$ 23,106,083</u>	<u>\$ 52,947,186</u>

(1) The funds to originate loans are over-collateralized by \$38,089,250.

The fair value of the instruments that constitute the cash equivalents, investments, restricted cash equivalents, and restricted investments held by DelVal on December 31, 2021, are summarized in the following table. DelVal 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. DelVal records investments and restricted investments at fair value. As of December 31, 2021, 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%.

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**Cash Equivalents, Investments, Restricted Cash Equivalents,
and Restricted Investments as of December 31, 2021**

<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 Investments</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	Aa2	***	AA	7-Mar-22	0.828%	\$ -	\$ -	\$ -	\$ 10,010,000	\$ 10,010,000	7.665%
Commonwealth Bank of Australia	Aa3	AA-	A+	10-Mar-22	0.901%	-	-	-	6,006,840	6,006,840	4.600%
National Australia Bank	Aa3	AA-	***	10-Jan-22	1.011%	-	-	-	2,000,280	2,000,280	1.532%
Westpac Banking	Aa3	AA-	A+	11-Jan-22	0.971%	-	-	1,247,212	2,679,455	3,926,667	3.007%
<i>GIC's (2)</i>											
BayemLB (3)	Aaa	***	AAA	27-Jul-28	1.730%	10,552,541	25,000,000	-	-	35,552,541	39.019%
BayemLB	Aa3	***	A-	1-Jul-26	0.480%	-	15,406,000	-	-	15,406,000	
CFPI (4)	A3	BBB+	A	28-May-42	1.271%	23,106,083	-	-	-	23,106,083	17.693%
Natixis (5)	Aa2	AA	AA	28-Jun-27	1.710%	4,708,446	2,800,000	-	-	7,508,446	26.484%
Natixis (5)	Aa2	AA	AA	28-Jun-32	1.270%	14,580,116	12,500,000	-	-	27,080,116	
Total						<u>\$ 52,947,186</u>	<u>\$ 55,706,000</u>	<u>\$ 1,247,212</u>	<u>\$ 20,696,575</u>	<u>\$ 130,596,973</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, 2021.

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 are 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 2021 was 0.744%, 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, 2021, 254 Loans in the aggregate principal amount of \$1.02 billion were outstanding to 122 different Participants located in 11 counties. Loans to Delaware County accounted for 27.031% 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 fee 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, 2021, is shown below.

Loans Outstanding on December 31, 2021

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Principal outstanding	\$ 21,425,000	\$ 220,430,000	\$ 129,709,000	\$ 644,604,000	\$ 1,016,168,000
Less current amount	<u>(4,938,000)</u>	<u>(40,439,000)</u>	<u>(9,439,000)</u>	<u>(45,187,200)</u>	<u>(100,003,200)</u>
Net amount	<u>\$ 16,487,000</u>	<u>\$ 179,991,000</u>	<u>\$ 120,270,000</u>	<u>\$ 599,416,800</u>	<u>\$ 916,164,800</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 the DelVal Series, (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>
2022	\$ 4,938,000	\$ 40,439,000	\$ 9,439,000	\$ 45,187,200	\$ 100,003,200
2023	6,771,000	36,652,000	8,715,000	51,284,500	103,422,500
2024	4,115,000	38,331,000	9,032,000	44,015,700	95,493,700
2025	4,058,000	38,304,000	9,193,000	43,592,900	95,147,900
2026	880,000	23,646,000	13,154,000	44,438,100	82,118,100
Thereafter	663,000	43,058,000	80,176,000	416,085,600	539,982,600
Total	<u>\$ 21,425,000</u>	<u>\$ 220,430,000</u>	<u>\$ 129,709,000</u>	<u>\$ 644,604,000</u>	<u>\$ 1,016,168,000</u>

Covenant Agreement

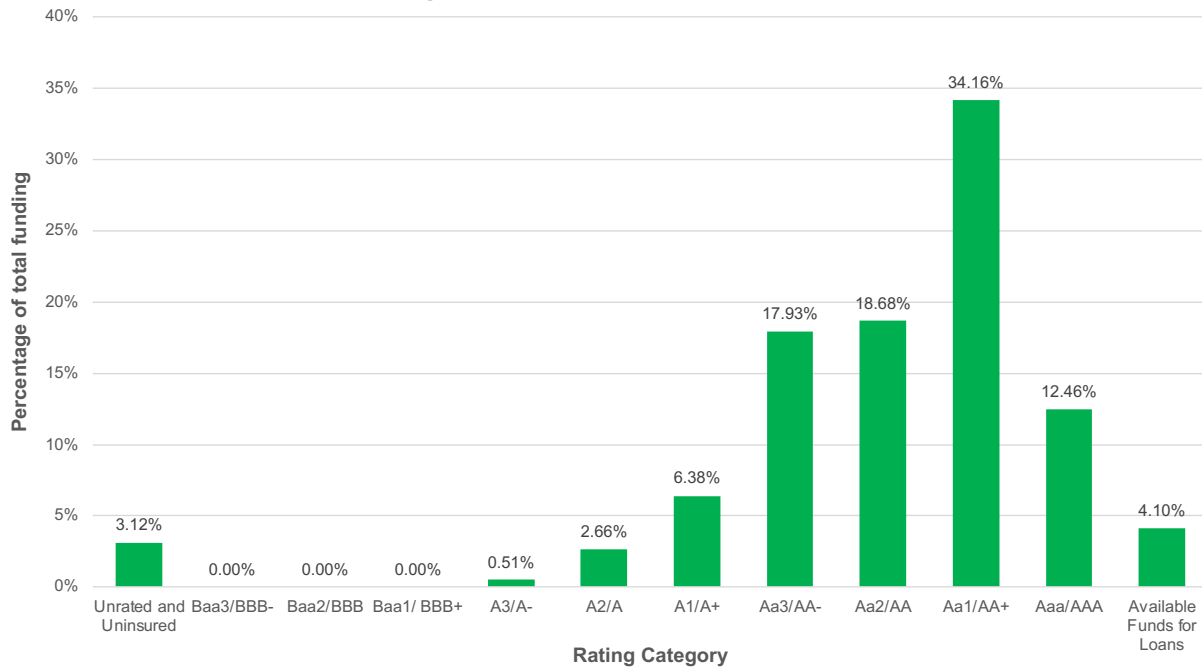
DelVal adopted the Covenant Agreement in 2001 to improve the security of the bondholders of the DelVal Series. Under the terms of the Covenant Agreement, DelVal pledged to use any Excess Funds to cure any deficiency in any trust estate. Excess Funds can only be used for the Loan Program as long as any DelVal 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 DelVal funds available to originate Loans (the “Loan Funds”) will not exceed 10% (the “Ratings Test”). Generally, DelVal 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. 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 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 DelVal as the beneficiary, for the repayment of certain Loans. As of December 31, 2021, the repayment of 9.94% 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, 2021, 3.12% 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.

Ratings Test as of December 31, 2021



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. Currently, no direct placements or borrowings are outstanding; all of the outstanding bond series have been issued through public sales. DelVal has no taxing power. 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. 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. Six 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; the 2021 A Series was issued under the Eighth Supplemental Indenture on February 3, 2021; and the 2022 Series was issued under the Ninth Supplemental Indenture on February 10, 2022.

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, DelVal will be obligated under the indenture to apply the idle repayments to fund an Extraordinary Mandatory Redemption of the Ambac Series. The market price of the Ambac Series is currently higher than the price bondholders would receive under an Extraordinary Mandatory Redemption.

DelVal 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 DelVal Series outstanding to the net amounts on the Balance Sheet.

Net Amounts of DelVal Series Outstanding on December 31, 2021

	<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	\$ 695,000,000	\$ 1,098,000,000
Unamortized amounts					
Insurance premium	(184,436)	(336,474)	-	-	(520,910)
Original issue premium	<u>426,191</u>	<u>4,076,694</u>	<u>2,711,196</u>	<u>7,761,914</u>	<u>14,975,995</u>
Net amount	<u>\$ 28,241,755</u>	<u>\$ 253,740,220</u>	<u>\$ 127,711,196</u>	<u>\$ 702,761,914</u>	<u>\$ 1,112,455,085</u>

Below is a reconciliation of the beginning and ending net amounts of the outstanding DelVal Series.

Beginning and Ending Net Amounts of DelVal Series Outstanding

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series</u>	<u>Total</u>
Beginning net amount	\$ 28,295,495	\$ 254,409,754	\$ 127,996,461	\$ 658,231,015	\$ 1,068,932,725
Amortized amounts					
Insurance premium	40,998	60,232	-	-	101,230
Original issue premium	(94,738)	(729,766)	(285,265)	(2,601,196)	(3,710,965)
New debt issued					
Par amount	-	-	-	45,000,000	45,000,000
Net original issue premium	-	-	-	2,132,095	2,132,095
Par amount redeemed	-	-	-	-	-
Ending net amount	<u>\$ 28,241,755</u>	<u>\$ 253,740,220</u>	<u>\$ 127,711,196</u>	<u>\$ 702,761,914</u>	<u>\$ 1,112,455,085</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, 2021, and February 10, 2022, are shown on the following page. The schedule as of February 10, 2022, reflects the optional redemption of \$50 million of the 2007 C Series, the

optional redemption of the \$50 million 2018 B Series, and the issuance of the \$155 million 2022 Series. Estimates of the interest payments on the variable rate bonds are based on the final rate resets in 2021 and the first resets of the 2022 Series in 2022. Letter of credit and remarketing expenses are not included in the estimates.

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**Bond Principal Amortization Schedules and Estimated Interest Payments
Debt Outstanding as of December 31, 2021**

Year	1997 Series		1998 Series		2002 Series		Master Series		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ -	\$ 7,081,705	\$ -	\$ 29,820,205	\$ 29,820,205
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2024	-	1,801,000	-	13,750,000	-	7,187,500	-	7,081,705	-	29,820,205	29,820,205
2025	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	7,081,705	50,000,000	29,820,205	79,820,205
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	4,581,705	-	27,320,205	27,320,205
2027 to 2031	28,000,000	1,801,000	250,000,000	27,500,000	-	35,937,500	95,000,000	19,388,423	373,000,000	84,626,923	457,626,923
2032 to 2036	-	-	-	-	125,000,000	7,187,500	10,000,000	14,747,300	135,000,000	21,934,800	156,934,800
2037 to 2041	-	-	-	-	-	-	100,000,000	11,849,698	100,000,000	11,849,698	111,849,698
2042 to 2046	-	-	-	-	-	-	10,000,000	9,136,075	10,000,000	9,136,075	19,136,075
2047 to 2051	-	-	-	-	-	-	205,000,000	3,946,376	205,000,000	3,946,376	208,946,376
2052 to 2056	-	-	-	-	-	-	225,000,000	968,333	225,000,000	968,333	225,968,333
Total	<u>\$ 28,000,000</u>	<u>\$ 10,806,000</u>	<u>\$ 250,000,000</u>	<u>\$ 96,250,000</u>	<u>\$ 125,000,000</u>	<u>\$ 79,062,500</u>	<u>\$ 695,000,000</u>	<u>\$ 92,944,730</u>	<u>\$ 1,098,000,000</u>	<u>\$ 279,063,230</u>	<u>\$ 1,377,063,230</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 A Series 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 D Series Bonds. The stated expiration date of the facility is November 1, 2023.

The \$50,000,000 2018 B Series has a mandatory purchase date of September 1, 2022.

**Bond Principal Amortization Schedules and Estimated Interest Payments
Debt Outstanding as of February 10, 2022**

Year	1997 Series (1)		1998 Series (1)		2002 Series		Master Series (2)		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	\$ -	\$ 1,801,000	\$ -	\$ 13,750,000	\$ -	\$ 7,187,500	\$ 100,000,000	\$ 7,449,629	\$ 100,000,000	\$ 30,188,129	\$ 130,188,129
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	7,543,313	-	30,281,813	30,281,813
2024	-	1,801,000	-	13,750,000	-	7,187,500	-	7,543,313	-	30,281,813	30,281,813
2025	-	1,801,000	-	13,750,000	-	7,187,500	50,000,000	7,543,313	50,000,000	30,281,813	80,281,813
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	5,043,313	-	27,781,813	27,781,813
2027 to 2031	28,000,000	1,801,000	250,000,000	27,500,000	-	35,937,500	50,000,000	23,041,563	328,000,000	88,280,063	416,280,063
2032 to 2036	-	-	-	-	125,000,000	7,187,500	10,000,000	17,716,563	135,000,000	24,904,063	159,904,063
2037 to 2041	-	-	-	-	-	-	100,000,000	14,818,961	100,000,000	14,818,961	114,818,961
2042 to 2046	-	-	-	-	-	-	10,000,000	12,105,338	10,000,000	12,105,338	22,105,338
2047 to 2051	-	-	-	-	-	-	155,000,000	7,727,148	155,000,000	7,727,148	162,727,148
2052 to 2056	-	-	-	-	-	-	225,000,000	5,186,071	225,000,000	5,186,071	230,186,071
2057 to 2061	-	-	-	-	-	-	150,000,000	210,887	150,000,000	210,887	150,210,887
Total	\$ 28,000,000	\$ 10,806,000	\$ 250,000,000	\$ 96,250,000	\$ 125,000,000	\$ 79,062,500	\$ 850,000,000	\$ 115,929,412	\$ 1,253,000,000	\$ 302,047,912	\$ 1,555,047,912

(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 A Series 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 D Series Bonds. The stated expiration date of the facility is November 1, 2023.

The \$50,000,000 2018 C Series has a mandatory purchase date of September 1, 2023, and an optional redemption date of September 1, 2022.

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, 2021, 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 \$25,000,000 Local Government Revenue Bonds, 1998 Series B and the \$25,000,000 Local Government Revenue Bonds, 1998 Series C is equal to a fixed matured on August 1, 2018. 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 1998 A Series was issued at an original issue premium of \$18,060,000.

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, 2021, 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 in the par amount of \$375,000,000. The \$125,000,000 Local Government Revenue Bonds, 2002 Series A matured on July 1, 2012, and the \$125,000,000 Local Government Revenue Bonds, 2002 Series B 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. 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, 2021.

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 3-Month LIBOR. On February 10, 2022, DelVal optionally redeemed the \$50,000,000 2007 C Series maturing on June 1, 2027. A principal amount of \$50,000,000 of the 2007 C Series remains outstanding and 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, 2021. 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 3-Month LIBOR 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 Local Government Revenue Bonds, 2014 Series (the “2014 Series”), which together with proceeds from the acquisition of Loans by other DelVal Series and other available funds, were used to redeem a portion of the Local Government Revenue Bonds, 2014 Series (the “2014 Series”). Proceeds of the 2018 Series were also used to fund a Debt Service Reserve Fund, provide additional funds to originate Loans, and pay the costs of issuance. The 2018 Series was assigned ratings of “A1” by Moody’s and “A+” by S&P.

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 the risks 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. On February 10, 2022, DelVal optionally redeemed the 2018 B Series. The 2018 C Series is scheduled to be remarketed on September 1, 2023, and the 2018 C Series may be optionally redeemed on or after September 1, 2022. On remarketing dates, the 2018 C Series 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 was 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 Local Government Revenue Bonds, 2017 Series (the "2017 Series"), and (iii) fund a deposit to the Debt Service Reserve Fund. The costs of issuance were paid from available, unrestricted funds of DelVal. A portion of the 2017 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 proceeds of the 2020 BCD Series were used to: (i) fund the origination of new Loans, (ii) acquire Loans from the 2014 Series and the 2017 Series, (iii) fund a deposit to the Debt Service Reserve Fund, and (iv) pay the costs of issuance. Portions of the 2014 Series and the 2017 Series, evidencing the direct placement of loans from Bank of America, N.A., and 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. 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 \$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 the 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. BofA Securities, the remarketing agent of the 2020 C Series, resets the interest rates effective every Thursday. 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 \$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. TD Securities LLP, the remarketing agent of the 2020 D Series, resets the interest rates effective every Wednesday. 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.

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. 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 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.

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 the 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 was assigned ratings of “A1” by Moody’s and “A+” by S&P.

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.

Subsequent Event, 2022 Series

On February 10, 2022, DeIVal issued the 2022 Series under the Master Indenture and the Ninth Supplemental Indenture in the principal amount of \$155,000,000. A portion of the proceeds of the 2022 Series was used to acquire Loans from the 2007 Series and 2018 Series, which together with proceeds from the acquisition of Loans by other DeIVal Series and other available funds, were used to redeem \$50,000,000 of the 2007 C Series and the \$50,000,000 2018 B Series. Proceeds of the 2022 Series were also used to fund a deposit to the Debt Service Reserve Fund, provide additional funds to originate Loans, and pay the costs of issuance. The 2022 Series was assigned ratings of “A1” by Moody’s and “A+” by S&P.

The \$5,000,000 2022 A Series was issued with a coupon of 5.00% at a yield of 1.95% to the maturity date of March 1, 2030. The original issue premium was \$1,132,050. Interest is payable semiannually, and the bonds are not subject to optional redemption. In order to hedge the risks of changes in long-term interest rates, DeIVal executed a swap transaction under which DeIVal receives a fixed rate and pays the SIFMA Index.

The \$75,000,000 2022 B Series was issued at a variable interest rate set at a spread over the SIFMA Index with a maturity date of March 1, 2057. Interest is payable monthly. The 2022 B Series is scheduled to be remarketed on March 1, 2026, and the 2022 B Series may be optionally redeemed on or after March 1, 2025. On remarketing dates, the 2022 B Series can be remarketed as direct placements of bank loans, VRDB’s, fixed rate bonds, or variable rate securities based on an index.

The \$75,000,000 2022 C Series was issued at a variable interest rate indexed to SOFR with a maturity date of March 1, 2057. Interest is payable monthly. The 2022 C Series is scheduled to be remarketed on March 1, 2027, and the 2022 C Series may be optionally redeemed on or after March 1, 2026. In order to hedge basis risk, DeIVal executed an interest rate swap transaction under which DeIVal receives SOFR and pays the SIFMA Index. On the remarketing date, the 2022 C Series can be remarketed as direct placements of bank loans, VRDB’s, fixed rate bonds, or variable rate securities based on an index.

The 2022 Series is subject to Extraordinary Mandatory Redemption under certain circumstances defined in the Ninth Supplemental Indenture, principally the inability to originate loans for a protracted period of time, at the purchase prices and premiums set forth in the Ninth Supplemental Indenture.

5. CREDIT FACILITIES

1997 Series and 1998 Series

The payments of interest on and principal of the 1997 Series and the 1998 Series are secured by municipal bond insurance policies issued by Ambac Assurance Corporation. The bond insurance is in effect to the maturity dates 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, 2021, Moody’s, S&P, and Fitch had all withdrawn their ratings of Ambac.

2007 B Series

DeIVal, 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. DeIVal entered into an agreement with PNC Bank, National Association, 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 2021, DeIVal paid facility fees totaling \$155,773.96 to PNC. As of December 31, 2021, 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 2021, DelVal paid facility fees totaling \$359,472.60 to TD. As of December 31, 2021, 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 2021, DelVal paid facility fees totaling \$362,268.84 to TD. As of December 31, 2021, 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, 2021, approximately 9.94% of the Loan principal outstanding, approximately \$101 million, was insured by AGM, MAC, or BAM. (each a “Participant Credit Enhancer”). As of December 31, 2021, 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”). None of the swap transactions executed by DelVal are payable or receivable in foreign currencies.

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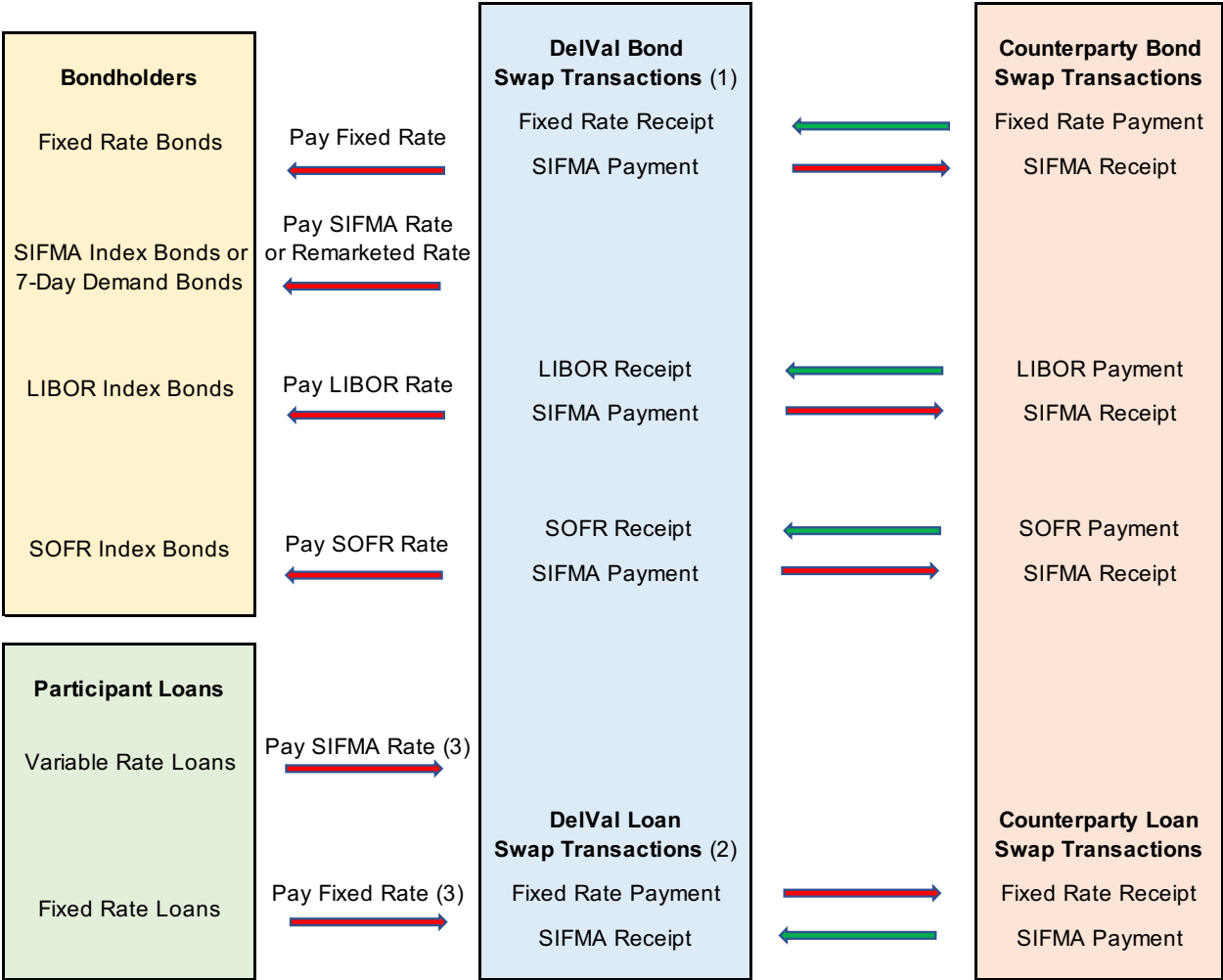
DelVal has executed Master Agreements (collectively, the “DelVal Swap Agreement”) with six counterparties (each a “Counterparty”). All of the Master Agreements are secured on a parity basis with bondholders. A listing of the Counterparties is shown below.

- 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.

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

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



- (1) Transactions executed to create a pool of funds with a net cost of funds equal to the SIFMA Index plus a spread to hedge changes in long-term interest rates and basis risks.
- (2) Transactions that offset Bond Swaps executed to provide fixed interest rate Loans.
- (3) The Loan Rate is set monthly by the Administrator at levels sufficient to pay (i) debt service on DeVal's Bonds, (ii) net swap payments, and (iii) administrative expenses.

As of December 31, 2021, Bond Swap transactions in the notional amount of \$723 million and Loan Swap transactions in the notional amount of \$1.02 billion were outstanding. 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, 2021, is set forth below.

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**Carrying Value and Fair Value of Interest Rate
 Swap Transactions Outstanding**

<u>Series</u>	<u>Notional Amount</u>	<u>Carrying Value</u>	<u>Fair Value 31-Dec-21</u>
1997 Series			
Bond Swaps	\$ 28,000,000	\$ 6,399,940	\$ 6,399,940
Loan Swaps	19,515,000	(415,655)	(415,655)
1998 Series			
Bond Swaps	250,000,000	57,087,330	57,087,330
Loan Swaps	219,142,000	(5,171,926)	(5,171,926)
Unamortized prepaid swap expense	-	3,831,415	7,771,790
2002 Series			
Bond Swaps	125,000,000	40,506,593	40,506,593
Loan Swaps	113,521,000	(3,246,798)	(3,246,798)
Master Series			
Bond Swaps	320,050,000	4,476,821	4,476,821
Loan Swaps	<u>663,572,000</u>	<u>(8,073,370)</u>	<u>(8,073,370)</u>
Total	<u>\$ 1,738,800,000</u>	<u>\$ 95,394,350</u>	<u>\$ 99,334,725</u>

DelVal amended a Bond Swap transaction related to the Master Series on January 20, 2021, following the redemption of the 2017 Series and the issuance of the 2021 A Series. Under the amendment, a \$45 million notional of the transaction was converted from receiving a LIBOR rate to receiving a fixed rate. On April 19, 2021, DelVal executed a \$50 million notional Bond Swap to hedge the interest rate risk of the 2020 B Series. DelVal executed \$80 million notional amount of Bond Swaps related to 2022 A and C Series to hedge interest rate and basis risk on February 10, 2022.

DelVal received a settlement of \$18,529 from a class action lawsuit for manipulation of LIBOR on January 10, 2022. DelVal is not aware of any other pending class action lawsuits.

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”).

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 2021.

Bond Swap Payments Related to DelVal Series in 2021

<i>Net Interest 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><i>Receipts</i></u>	<u><i>Payments</i></u>				
\$ (26,276,908)	\$ 22,725,824	\$ (625,255)	(\$4,176,339)	0.549%	0.045%	0.504%

*Net of amortization of over-collateralized original issue premium.

The comparable spread over the SIFMA Index (including letter of credit fees and remarketing fees) of the DelVal VRDB’s outstanding in 2021 was 0.429% for the 2007 B Series, 0.412% for the 2020 A Series, and 0.553% for the 2020 D Series.

As of December 31, 2021, 308 Loan Swap transactions in the notional amount of \$1.015 billion (including \$15.2 million that were not yet effective) were executed with BANA, Barclays, PNC, RBC, and T-D to provide fixed rate loans to 110 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 2021.

Loan Swap Payments Related to Fixed Rate Loans in 2021

<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>
	<u><i>Fixed Rate Payments</i></u>	<u><i>SIFMA Index Receipts</i></u>		
\$ 18,700,615	(\$14,916,261)	\$ 410,393	\$ (410,393)	\$ 3,784,354

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.

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Estimated Net Bond and Swap Interest Payments

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027 and Thereafter</u>
Bond interest payments (1)	\$ 26,929,488	\$ 26,855,134	\$ 26,855,134	\$ 26,239,634	\$ 26,239,634	\$ 26,239,634
Swap payments	48,550	48,550	48,550	(145,950)	(145,950)	(264,617)
Swap receipts	<u>(22,246,296)</u>	<u>(22,246,296)</u>	<u>(22,246,296)</u>	<u>(21,936,296)</u>	<u>(21,936,296)</u>	<u>(21,837,091)</u>
Net payments	<u>\$ 4,731,742</u>	<u>\$ 4,657,388</u>	<u>\$ 4,657,388</u>	<u>\$ 4,157,388</u>	<u>\$ 4,157,388</u>	<u>\$ 4,137,926</u>
Total funding	\$ 791,089,250	\$ 791,089,250	\$ 791,089,250	\$ 741,089,250	\$ 741,089,250	\$ 741,089,250
Net cost of funds	0.598%	0.589%	0.589%	0.561%	0.561%	0.558%
Assumed SIFMA Index	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Spread over the SIFMA Index	0.498%	0.489%	0.489%	0.461%	0.461%	0.458%

(1) Assumes variable rates of bonds issued in 2022 are set at the first resets of 2022 and of bonds issued prior to 2022 are set at the last reset in 2021. Amounts are net of the amortization of over-collateralized original issue premium. 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.

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. 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, 2021, DelVal had \$205 million notional amount of Bond Swap transactions indexed to a LIBOR rate related to the 2007 C Series and the 2018 D and E Series. PNC and Citibank are the Counterparties to these transactions. PNC, Citibank, and DelVal have all adhered to the ISDA IBOR Fallback Protocol (the “Fallback Protocol”). When representative USD LIBOR rates, as determined by the FCA, are no longer published, the USD LIBOR rates will be replaced by rates indexed to SOFR prescribed by the Fallback Protocol.

DelVal has managed its debt and swap transactions to offset LIBOR interest payments on DelVal Series with LIBOR receipts from Bond Swaps. If representative LIBOR rates are no longer published, the Supplemental Indentures of the 2007 Series and 2018 Series provide that the LIBOR rates be replaced by the rates prescribed in the Fallback Protocol. Bond Swap receipts will continue to offset bond interest payments when LIBOR is no longer published.

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. 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. 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.

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. If DelVal issued bonds indexed to LIBOR, SOFR, 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. 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. The basis of Bond Swaps and Loans Swaps matches the basis of the DelVal Series and Loans.

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	Counterparty Rating				Notional Amount	Market Value 31-Dec-21
	Fitch	Kroll	Moody's	S&P		
Bank of America, N.A.*	A+	***	Aa3	A+	\$ 972,936,800	\$ 98,692,283
Barclays Bank PLC	A	***	A1	A	35,045,000	(1,303,286)
Citibank, N.A.	A+	***	Aa3	A+	110,050,000	4,463,722
PNC Bank, N.A.	A+	AA-	A1	A	480,206,000	(2,929,834)
Royal Bank of Canada	AA	***	Aa2	AA-	139,379,200	421,793
Toronto-Dominion Bank	***	AA	Aa2	AA-	<u>1,183,000</u>	<u>(9,953)</u>
TOTAL					<u>\$ 1,738,800,000</u>	<u>\$ 99,334,725</u>

*Includes the market value of the unamortized prepaid swap expense.

Market Access

Market access risk is the risk that bonds or Loans that are related to swap transactions cannot be issued or remarketed. DelVal does not execute Bond Swaps until the related DelVal Series has been issued or remarketed, and DelVal does not execute Loan Swaps until the Loan has been authorized.

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. 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, 2021. 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, 2021**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Floating rate notes	\$ -	\$ 21,943,787	\$ -	\$ 21,943,787

8. PENDING ACCOUNTING PRINCIPLES

The GASB has approved the following standards that may affect future financial statements:

- 1) Statement No. 91, *Conduit Debt Obligations*,
- 2) Statement No. 92, *Omnibus 2020*, and
- 3) Statement No. 93, *Replacement of Interbank Offered Rates*.

Management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial statements. When they become effective, the application of these standards may result in the restatement of portions of these financial statements and financial statements of prior years.

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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 2021 appears on pages 40 and 41. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information on pages 76 through 78 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 29, 2022

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
COMBINING BALANCE SHEET INFORMATION
DECEMBER 31, 2021

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	\$ 4,708,446	\$ 10,552,541	\$ 14,580,116	\$ 23,106,083	\$ 52,947,186
Restricted cash equivalents	2,800,000	25,000,000	12,500,000	15,406,000	55,706,000
Investments	-	-	-	1,247,212	1,247,212
Restricted investments	-	-	-	20,696,575	20,696,575
Accrued interest receivable:					
Loans	8,365	77,268	51,471	203,684	340,788
Interest rate swaps	-	5,568,667	-	167,063	5,735,730
Cash equivalents and investments	988	5,065	2,630	32,213	40,896
Prepaid expenses	6,250	80,233	6,250	-	92,733
Loans to local governments	4,938,000	40,439,000	9,439,000	45,187,200	100,003,200
Total current assets	<u>12,462,049</u>	<u>81,722,774</u>	<u>36,579,467</u>	<u>106,046,030</u>	<u>236,810,320</u>
NONCURRENT ASSETS:					
Loans to local governments	16,487,000	179,991,000	120,270,000	599,416,800	916,164,800
Unamortized prepaid interest rate swap expense	-	3,249,690	-	-	3,249,690
Fair value of derivative transactions	5,984,285	51,915,404	37,259,795	(3,596,549)	91,562,935
Total noncurrent assets	<u>22,471,285</u>	<u>235,156,094</u>	<u>157,529,795</u>	<u>595,820,251</u>	<u>1,010,977,425</u>
TOTAL	<u>\$ 34,933,334</u>	<u>\$ 316,878,868</u>	<u>\$ 194,109,262</u>	<u>\$ 701,866,281</u>	<u>\$ 1,247,787,745</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES:					
Accrued expenses	\$ -	\$ -	\$ -	\$ 11,472	\$ 11,472
Bond principal payable	-	-	-	100,000,000	100,000,000
Accrued interest payable:					
Interest rate swaps	7,087	-	36,757	-	43,844
Bonds	954,240	6,398,701	3,879,015	3,673,538	14,905,494
Total current liabilities	<u>961,327</u>	<u>6,398,701</u>	<u>3,915,772</u>	<u>103,685,010</u>	<u>114,960,810</u>
LONG TERM LIABILITIES:					
Bonds payable, net	28,241,755	253,740,220	127,711,196	602,761,914	1,012,455,085
Estimated rebate liability	-	-	-	200,000	200,000
Total long term liabilities	<u>28,241,755</u>	<u>253,740,220</u>	<u>127,711,196</u>	<u>602,961,914</u>	<u>1,012,655,085</u>
DEFERRED INFLOWS OF RESOURCES:					
Accumulated increase (decrease) in fair value of hedging derivatives	5,984,285	51,915,404	37,259,795	(3,596,549)	91,562,935
Total liabilities and deferred inflows of resources	35,187,367	312,054,325	168,886,763	703,050,375	1,219,178,830
NET POSITION	<u>(254,033)</u>	<u>4,824,543</u>	<u>25,222,499</u>	<u>(1,184,094)</u>	<u>28,608,915</u>
TOTAL	<u>\$ 34,933,334</u>	<u>\$ 316,878,868</u>	<u>\$ 194,109,262</u>	<u>\$ 701,866,281</u>	<u>\$ 1,247,787,745</u>

* The 2007, 2018, 2020 A, B, C, and D, and the 2021 A 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, 2021

	<u>1997 Series</u>	<u>1998 Series</u>	<u>2002 Series</u>	<u>Master Series*</u>	<u>Total</u>
Revenues:					
Loan interest	\$ 426,078	\$ 4,059,284	\$ 2,437,922	\$ 12,159,884	\$ 19,083,168
Interest rate swap	1,500,800	13,018,712	5,843,750	1,792,984	22,156,246
Interest on investments and cash equivalents	<u>105,216</u>	<u>1,071,956</u>	<u>378,782</u>	<u>490,412</u>	<u>2,046,366</u>
Total revenues	<u>2,032,094</u>	<u>18,149,952</u>	<u>8,660,454</u>	<u>14,443,280</u>	<u>43,285,780</u>
Expenses:					
Interest expense:					
Bonds	1,747,260	13,080,466	6,902,234	4,236,212	25,966,172
Interest rate swaps	330,009	3,781,043	1,871,340	9,033,979	15,016,371
Costs of issuance	-	-	-	442,750	442,750
Credit or liquidity facility fees	-	-	-	877,515	877,515
Rebate expense	-	-	-	-	-
Administrative expenses	<u>12,500</u>	<u>968,612</u>	<u>12,500</u>	<u>343,011</u>	<u>1,336,623</u>
Total expenses	<u>2,089,769</u>	<u>17,830,121</u>	<u>8,786,074</u>	<u>14,933,467</u>	<u>43,639,431</u>
Revenues over (under) expenses	<u>(57,675)</u>	<u>319,831</u>	<u>(125,620)</u>	<u>(490,187)</u>	<u>(353,651)</u>
Other changes:					
Transfers in (out)	134,179	(3,056,571)	412,051	2,510,341	-
Decrease (increase) of estimated rebate liability	-	-	-	(50,000)	(50,000)
Unrealized loss on restricted investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,291)</u>	<u>(193,291)</u>
Total other changes, net	<u>134,179</u>	<u>(3,056,571)</u>	<u>412,051</u>	<u>2,267,050</u>	<u>(243,291)</u>
Increase (decrease) in net position	76,504	(2,736,740)	286,431	1,776,863	(596,942)
Net position, beginning	<u>(330,537)</u>	<u>7,561,283</u>	<u>24,936,068</u>	<u>(2,960,957)</u>	<u>29,205,857</u>
Net position, ending	<u>\$ (254,033)</u>	<u>\$ 4,824,543</u>	<u>\$ 25,222,499</u>	<u>\$ (1,184,094)</u>	<u>\$ 28,608,915</u>

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DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
COMBINING STATEMENT OF CASH FLOWS INFORMATION
YEAR ENDED DECEMBER 31, 2021

	<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	\$ 1,928,729	\$ 17,073,830	\$ 8,283,842	\$ 13,964,919	\$ 41,251,320
Payment of interest on bonds and interest rate swap agreements	(2,131,605)	(16,949,319)	(9,062,494)	(15,764,681)	(43,908,099)
Loans to local governments	-	-	(25,374,000)	(100,893,000)	(126,267,000)
Repayments of loan principal from local governments	3,002,000	32,895,000	7,927,000	39,278,500	83,102,500
Administrative expenses paid	(12,500)	(995,881)	(12,500)	(362,512)	(1,383,393)
Interest received on investments and cash equivalents	105,086	1,073,992	379,339	515,374	2,073,791
Credit or liquidity facility fees paid	-	-	-	(877,515)	(877,515)
Transfers among Series	134,179	(3,056,571)	412,051	2,510,341	-
Acquisition of Loans	(2,531,000)	(42,621,000)	10,073,000	35,079,000	-
Proceeds of bond issues	-	-	-	47,382,750	47,382,750
Bond issuance costs	-	-	-	(442,750)	(442,750)
Redemption (purchase) of investments and restricted investments	-	-	-	12,000,000	12,000,000
Net cash provided by operating activities and increase (decrease) in cash and cash equivalents	494,889	(12,579,949)	(7,373,762)	32,390,426	12,931,604
Cash and cash equivalents and restricted cash and cash equivalents, beginning	<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>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 7,508,446</u>	<u>\$ 35,552,541</u>	<u>\$ 27,080,116</u>	<u>\$ 38,512,083</u>	<u>\$ 108,653,186</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET					
Cash and cash equivalents, ending	\$ 4,708,446	\$ 10,552,541	\$ 14,580,116	\$ 23,106,083	\$ 52,947,186
Restricted cash and cash equivalents, ending	<u>2,800,000</u>	<u>25,000,000</u>	<u>12,500,000</u>	<u>15,406,000</u>	<u>55,706,000</u>
Cash and cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 7,508,446</u>	<u>\$ 35,552,541</u>	<u>\$ 27,080,116</u>	<u>\$ 38,512,083</u>	<u>\$ 108,653,186</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Change in net position	\$ 76,504	\$ (2,736,740)	\$ 286,431	\$ 1,776,863	\$ (596,942)
Adjustments for other revenues, expenses, and transfers					
Increase of estimated rebate liability	-	-	-	50,000	50,000
Unamortized prepaid interest rate swap expense	-	581,725	-	-	581,725
Adjustments for changes in assets and liabilities					
Decrease (increase) in:					
Investments	-	-	-	(1,247,212)	(1,247,212)
Restricted investments	-	-	-	13,440,503	13,440,503
Accrued interest receivable:					
Loans	1,851	(1,392)	2,170	(3,760)	(1,131)
Interest rate swaps	-	(2,775)	-	15,811	13,036
Cash equivalents and investments	(130)	2,036	556	24,962	27,424
Prepaid expenses	-	(14,769)	-	-	(14,769)
Loans to local governments	471,000	(9,726,000)	(7,374,000)	(26,535,500)	(43,164,500)
Increase (decrease) in:					
Accrued expenses	-	(12,500)	-	(19,501)	(32,001)
Accrued interest payable:					
Interest rate swaps	(596)	-	(3,654)	(135,684)	(139,934)
Bonds	-	-	(1)	493,045	493,044
Bonds payable	(53,740)	(669,534)	(285,264)	44,530,899	43,522,361
Total adjustments	<u>418,385</u>	<u>(9,843,209)</u>	<u>(7,660,193)</u>	<u>30,613,563</u>	<u>13,528,546</u>
Net cash provided by (used in) operating activities	<u>\$ 494,889</u>	<u>\$ (12,579,949)</u>	<u>\$ (7,373,762)</u>	<u>\$ 32,390,426</u>	<u>\$ 12,931,604</u>

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