CITY OF CHESTER, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2022

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INTRODUCTORY SECTION

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FINANCIAL SECTION

Maillie LLP | maillie.com
500 North Lewis Road, Limerick PA 19468
600 Willowbrook Lane, Suite 624, West Chester, PA 19382
PO Box 11847, Wilmington, DE 19850-1847

Independent Auditors' Report

To the City Council
City of Chester, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Chester, Pennsylvania, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Chester, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Chester, Pennsylvania, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Chester Economic Development Authority, a blended component unit, which represents 100 percent of the assets, net position, and revenues of the Chester Economic Development Authority and 6 percent, 1 percent, and 3 percent, respectively of the assets, net position, and revenues of the Governmental Activities as of December 31, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chester Economic Development Authority are based solely on the report of the other auditors.

We did not audit the blended component unit financial statements of the Chester Redevelopment Authority, a blended component unit, which represents 100 percent of the assets, net position, and revenues of the Chester Redevelopment Authority and the Business-Type Activities as of December 31, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Chester Redevelopment Authority and the Business-Type Activities opinion units are based solely on the report of the other auditors.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. 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 City of Chester, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Correction of Accounting Errors

As disclosed in Note S to the basic financial statements, for the year ended December 31, 2022, City of Chester, Pennsylvania has restated its beginning of year finance purchased obligations and net position of the Governmental Activities as well as its beginning of year taxes receivable, net, unavailable revenue, taxes, fund balance of the General Fund, and net position of the Governmental Activities. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Adoption of New Accounting Guidance

For the year ended December 31, 2022, City of Chester, Pennsylvania adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Distressed Municipality

As disclosed in Note B to the basic financial statements, City of Chester, Pennsylvania has limited funding available to meet its financial obligations without additional funding sources, a reduction of expenses, or restructuring of liabilities. As of December 31, 2022, City of Chester, Pennsylvania continued to be delinquent in certain required pension payments and debt covenants. As of December 31, 2022, City of Chester, Pennsylvania had made contributions to the pension plans; however, these contributions were made in arrears and applied to previously outstanding delinquent pension liabilities rather than current-year MMO requirements. City of Chester, Pennsylvania had accrued contributions and interest payable to the pension plans of $39,711,755. The Plan's available assets may be depleted as a result. Furthermore, on April 13, 2020, the Governor of the Commonwealth of Pennsylvania declared a fiscal emergency for the City due to the ongoing fiscal challenges and the enhanced fiscal distress caused by the COVID-19 pandemic. In June 2020, the Commonwealth appointed a legal Receiver for City of Chester, Pennsylvania. The Receiver has many of the rights and authority to manage City of Chester, Pennsylvania's operations that are normally reserved for elected officials. In 2022, the Receiver filed for Bankruptcy under Chapter 9. Despite these concerns, City of Chester, Pennsylvania does not warrant substantial doubt about its ability to continue as a going concern due to the nature of the entity and its responsibility to the community of the City of Chester of Pennsylvania.

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 City of Chester, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 City of Chester, Pennsylvania'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 City of Chester, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Management has omitted the Chester Economic Development Authority (special revenue fund) budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Chester, Pennsylvania's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Supervisors
City of Chester, Pennsylvania

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2026, on our consideration of City of Chester, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performance in accordance with *Government Auditing Standards* in considering City of Chester, Pennsylvania's internal control over financial reporting and compliance.

Limerick, Pennsylvania
April 23, 2026

As management of City of Chester, Pennsylvania (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022 We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $427,241,582 (net position). Of this net position, net pension liabilities totaled $167,847,226 and total Other Post Employment Benefit (OPEB) liabilities totaled $341,076,355, accounting for $508,923,581, or 116% of the negative net position. The excess difference of a positive $81,681,999 reflects the portion of net position not impacted by pension and OPEB liabilities.

- The City's total net position decreased by $13,081,345 during the current fiscal year. This decline was primarily driven by a current-year deficit related to changes in pension and OPEB liabilities, along with related deferrals, totaling a negative $18,839,343.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance deficit of $21,231,065, a decrease of $840,754 in comparison with the prior year.

- At the close of the current fiscal year, unassigned fund balance for the General Fund was a deficit balance of $27,418,636.

- The City's total long-term debt such as bonds, notes, loans, and financed purchase obligations payable (governmental and business-type activities combined), decreased by $2,908,800 or 15.8% during the current fiscal year due to principal payments.

- The City's business-type activities, which consists of the Chester Redevelopment Authority (CRA), ended the fiscal year with net position of $792,485, a decrease of $3,864 from the prior year. Of the total net position, $771,179 or 97.3% is classified as unrestricted.

- The City's current and other assets increased by $16,646,682 comparing year end 2022 to 2021, largely due to receipt of the second half of ARPA Grant funds in 2022. Total Cash and cash equivalents was $22,993,960 in the ARPA Fund dedicated to restricted uses pursuant to grant regulations, while the General Fund balance was $3,783,737.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both government-wide financial statements are intended to distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include activities such as: general government, public works, public safety, social services, and education. The business-type activities of the City include the Chester Redevelopment Authority (CRA).

The government-wide financial statements can be found within the City's basic financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

The City maintains a number of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental funds financial statements can be found within the City's basic financial statements.

Proprietary Fund

The City maintains one type of proprietary fund. The City maintains an enterprise fund to account for its CRA fund which is the City's redevelopment authority activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found within the City's basic financial statements.

Fiduciary Funds

Fiduciary funds are primarily used to account for resources held for the benefit of retirees for pension benefits. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

The basic fiduciary fund financial statements can be found within the City's basic financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the City's basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information such as 1) the budgetary comparison information for the City's General Fund and each of the special revenue funds that are considered major funds and have legally adopted budgets and, 2) the pension schedule that show the City's progress in funding its obligations to provide pension benefits to its employees. The required supplementary information can be found immediately following the notes to the basic financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplementary information immediately following the required supplementary information on the City's pension plans.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Over time, net position may serve as one measure of a government's financial position. The net position of the City totaled ($427,241,582) as of December 31, 2022 and ($418,800,982) as of December 31, 2021, and is summarized below. Furthermore, as described in Note S to the basic financial statements, the December 31, 2021 balance was restated in the amount of $4,640,745, totaling ($414,956,586) as restated.

The City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
ASSETS							
Current and other assets	$ 49,935,896	$ 32,921,483	$ 1,038,830	$ 1,406,561	$ 50,974,726	$ 34,328,044	48.5%
Capital assets	20,476,127	21,752,809	21,306	23,674	20,497,433	21,776,483	-5.9%
TOTAL ASSETS	70,412,023	54,674,292	1,060,136	1,430,235	71,472,159	56,104,527	27.4%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	102,854,573	46,954,601	-	-	102,854,573	46,954,601	119.1%
LIABILITIES							
Current and other liabilities	29,921,908	24,427,442	67,651	233,886	29,989,559	24,661,328	21.6%
Long-term liabilities	532,145,352	459,461,182	200,000	400,000	532,345,352	459,861,182	15.8%
TOTAL LIABILITIES	562,067,260	483,888,624	267,651	633,886	562,334,911	484,522,510	16.1%
TOTAL DEFERRED INFLOWS OF RESOURCES	39,233,403	37,337,600	-	-	39,233,403	37,337,600	5.1%
NET POSITION							
Net investment in capital assets	5,219,657	4,022,259	21,306	23,674	5,240,963	4,045,933	29.5%
Restricted	6,275,240	4,820,036	-	-	6,275,240	4,820,036	30.2%
Unrestricted	(439,528,964)	(428,439,626)	771,179	772,675	(438,757,785)	(427,666,951)	-2.6%
TOTAL NET POSITION	$ (428,034,067)	$ (419,597,331)	$ 792,485	$ 796,349	$ (427,241,582)	$ (418,800,982)	-2.0%

Total assets of the City at December 31, 2022 and 2021 were $71,472,159 and $56,104,527, respectively, an increase of 27.4%. The significant components of current assets and other assets are cash, investments, tax receivables, accounts receivables, and assets held for sale. Capital assets include land, construction in progress, leasehold improvements, buildings and improvements, infrastructure, and machinery and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

Total liabilities of the City at December 31, 2022 and 2021 were $562,334,911 and $484,522,510, respectively, an increase of 16.1%. Current liabilities include accounts payable, accrued liabilities, current portions of long-term liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of debt, compensated absences, net pension liabilities, and total OPEB liabilities.

Deferred inflows and outflows of resources relate to the City's pension and OPEB liabilities. In 2022, the City's deferred outflows increased by $55,899,972 and deferred inflows increased by $1,895,803. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets.

Net position represents the City's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the City's equity in land, construction in progress, leasehold improvements, buildings and improvements, infrastructure, and machinery and equipment, net of related accumulated depreciation and capital debt outstanding. The next net position category is restricted net position; which occurs when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the City. Unrestricted net position decreased by $11,090,834, or 2.6%, for the fiscal year.

The City's Changes in Net Position

Changes in net position for the years ended December 31, 2022 and 2021 are as follows:

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
REVENUES							
Program revenues							
Charges for services	$ 3,616,233	$ 4,529,742	$ 27,304	$ 80,134	$ 3,643,537	$ 4,609,876	-21.0%
Operating grants and contributions	10,822,968	5,824,965	-	71,182	10,822,968	5,896,147	83.6%
Capital grants and contributions	-	824,215	184,887	189,000	184,887	1,013,215	-81.8%
General revenues							
Taxes and assessments	36,887,544	29,587,217	-	-	36,887,544	29,587,217	24.7%
Other general revenues	16,919,941	20,223,696	902	2,766	16,920,843	20,226,462	-16.3%
TOTAL REVENUES	68,246,686	60,989,835	213,093	343,082	68,459,779	61,332,917	11.6%
EXPENSES							
General government	24,344,834	21,748,154	-	-	24,344,834	21,748,154	11.9%
Public safety	44,867,088	38,528,882	-	-	44,867,088	38,528,882	16.5%
Health and human services	517,348	475,265	-	-	517,348	475,265	8.9%
Public works - highways and streets	7,410,524	5,894,174	-	-	7,410,524	5,894,174	25.7%
Culture and recreation	1,290,736	746,912	-	-	1,290,736	746,912	72.8%
Community development	1,421,633	1,900,807	-	-	1,421,633	1,900,807	-25.2%
Interest on long-term debt	1,472,004	1,240,153	-	-	1,472,004	1,240,153	18.7%
Chester Redevelopment Authority	-		216,957	187,816	216,957	187,816	15.5%
TOTAL EXPENSES	81,324,167	70,534,347	216,957	187,816	81,541,124	70,722,163	15.3%
CHANGE IN NET POSITION	(13,077,481)	(9,544,512)	(3,864)	155,266	(13,081,345)	(9,389,246)	39.3%
NET POSITION, BEGINNING, as restated*	(414,956,586) *	(410,052,819)	796,349	641,083	(414,160,237)	(409,411,736)	1.2%
NET POSITION, ENDING	$ (428,034,067)	$ (419,597,331)	$ 792,485	$ 796,349	$ (427,241,582)	$ (418,800,982)	2.0%

Governmental activities decreased the City's net position by $13,077,481. Business-type activities decreased the City's net position by $3,864.

Total revenues generated by the City increased by $7,126,862 or 11.6% in comparison to revenues reported in the prior year. The City's largest revenue source, taxes and assessments increased by $7,300,327 or 24.7% compared to the prior year. This increase was driven primarily by increases in Earned Income Taxes.

Expenses incurred by the City decreased $10,818,961 or 15.3% in comparison to expenses reported in the prior year primarily due to fluctuations in pension activity compared to 2021.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances deficit of $21,201,995.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was a deficit balance of $27,418,636. The fund balance of the City's General Fund decreased by $1,421,533 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The net change in fund balance of the General Fund on a budgetary basis was a decrease of $1,421,533. Revenues were $1,375,638 higher than budgeted. Local enabling act taxes exceeded budget by $4,520,723 and were offset by intergovernmental grants which were $3,352,933 less than budgeted. Expenditures were $9,538,864 more than budgeted. The City saw savings in culture and recreation expenditures of $157,991 but exceeded the budget for general government and public safety by $2,999,124 and $5,360,115, respectively. See page 68 for the detailed comparison of budget versus actual for the year ended December 31, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of December 31, 2022 and 2021 totaled $20,497,433 and $21,776,483, respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, leasehold improvements, buildings and improvements, infrastructure, and machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was $1,279,050 or 5.9%.

The following table is a two-year comparison of the investment in capital assets:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 2,505,146	$ 2,505,146	$ -	$ -	$ 2,505,146	$ 2,505,146
Construction in progress	2,737,660	2,241,578	-	-	2,737,660	2,241,578
Leasehold improvements, net	-	-	21,306	23,674	21,306	23,674
Buildings and improvements, net	9,134,191	9,799,901	-	-	9,134,191	9,799,901
Infrastructure, net	4,292,051	4,765,766	-	-	4,292,051	4,765,766
Machinery and equipment, net	1,807,079	2,440,418	-	-	1,807,079	2,440,418
TOTAL CAPITAL ASSETS	$ 20,476,127	$ 21,752,809	$ 21,306	$ 23,674	$ 20,497,433	$ 21,776,483

Long-term Debt

At the end of the current fiscal year, the City had long-term debt such as bonds, notes, loans, and financed purchase obligations payable as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds, notes, loans, and financed purchase obligations payable	$ 15,256,470	$ 17,990,270	$ 200,000	$ 375,000	$ 15,456,470	$ 18,365,270

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Factors that were considered in the 2023 budget development were as follows:

- Unfunded liability of City's pension and OPEB obligations.
- Collection of Real Estate Taxes in the current year continues to be an ongoing issue, which results in the balance of delinquent tax increases.
- Utilization of ARPA funding.
- Increasing infrastructure and equipment needs.
- Potential community housing and business development.
- Employee recruiting and retention.
- Growth of MLS Union Soccer facility and development of their sports complex for youth.
- Growing relationship with Widener University.
- The impact of COVID 19.
- Continued status in ACT 47 as a distressed city, and the City filing for bankruptcy in November 2022. See Notes B and T.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Chester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City's Finance Department, Richard Troutman, CPA, Chief Financial Officer, 1 Fourth Street, Chester, PA 19013.

CITY OF CHESTER, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	$ 34,599,523	$ 106,706	$ 34,706,229
Investments	1,064,000	-	1,064,000
Taxes receivable, net	6,051,513	-	6,051,513
Trash receivables, net	185,040	-	185,040
Other receivables, net	5,495,173	-	5,495,173
Prepaid expenses	300,000	-	300,000
Loan receivables	1,082,996	-	1,082,996
Lease receivables			
Due within one year	50,381	-	50,381
Due in more than one year	907,270	-	907,270
Internal balances	200,000	(200,000)	-
Assets held for sale	-	1,132,124	1,132,124
Capital assets not being depreciated			
Land	2,505,146	-	2,505,146
Construction in progress	2,737,660	-	2,737,660
Capital assets, net of accumulated depreciation			
Leasehold improvements	-	21,306	21,306
Buildings and improvements	9,134,191	-	9,134,191
Infrastructure	4,292,051	-	4,292,051
Machinery and equipment	1,807,079	-	1,807,079
TOTAL ASSETS	70,412,023	1,060,136	71,472,159
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	3,683,956	-	3,683,956
Deferred amounts related to OPEB	99,170,617	-	99,170,617
TOTAL DEFERRED OUTFLOWS OF RESOURCES	102,854,573	-	102,854,573
LIABILITIES			
Accounts payable and accrued liabilities	4,758,929	14,457	4,773,386
Accrued salaries and benefits	734,754	-	734,754
Due to other governments	-	34,445	34,445
Other current liabilities	1,238,875	16,416	1,255,291
Unearned revenue	22,842,850	-	22,842,850
Accrued interest payable	346,500	2,333	348,833
Bonds, notes, loans, and financed purchase obligations payable			
Due within one year	3,448,875	200,000	3,648,875
Due in more than one year	11,807,595	-	11,807,595
Contributions agreement			
Due within one year	698,118	-	698,118
Due in more than one year	5,572,600	-	5,572,600
Compensated absences			
Due within one year	120,472	-	120,472
Due in more than one year	1,574,111	-	1,574,111
Net pension liability			
Due within one year	39,711,755	-	39,711,755
Due in more than one year	128,135,471	-	128,135,471
Total OPEB liability	341,076,355	-	341,076,355
TOTAL LIABILITIES	562,067,260	267,651	562,334,911
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	24,730,998	-	24,730,998
Deferred amounts related to OPEB	13,563,381	-	13,563,381
Deferred amounts related to leases	939,024	-	939,024
TOTAL DEFERRED INFLOWS OF RESOURCES	39,233,403	-	39,233,403
NET POSITION			
Net investment in capital assets	5,219,657	21,306	5,240,963
Restricted	6,275,240	-	6,275,240
Unrestricted	(439,528,964)	771,179	(438,757,785)
TOTAL NET POSITION	$ (428,034,067)	$ 792,485	$ (427,241,582)

See accompanying notes to the basic financial statements.

CITY OF CHESTER, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 24,344,834	$ 1,465,758	$ 8,240,522	$ -
Public safety	44,867,088	2,130,465	-	-
Health and human services	517,348	-	-	-
Public works - highways and streets	7,410,524	11,391	1,010,600	-
Culture and recreation	1,290,736	8,619	-	-
Community development	1,421,633	-	1,571,846	-
Interest on long-term debt	1,472,004	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	81,324,167	3,616,233	10,822,968	-
BUSINESS-TYPE ACTIVITIES				
Chester Redevelopment Authority	216,957	27,304	-	184,887
TOTAL CITY ACTIVITIES	$ 81,541,124	$ 3,643,537	$ 10,822,968	$ 184,887
GENERAL REVENUES				
Taxes and assessments				
Real estate taxes				
Rubbish fees				
Local and enabling act taxes				
Waste facilities fees				
Casino host community fees				
Investment income				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR, restated*				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
$ (14,638,554)	$ -	$ (14,638,554)
(42,736,623)	-	(42,736,623)
(517,348)	-	(517,348)
(6,388,533)	-	(6,388,533)
(1,282,117)	-	(1,282,117)
150,213	-	150,213
(1,472,004)	-	(1,472,004)
(66,884,966)	-	(66,884,966)
-	(4,766)	(4,766)
(66,884,966)	(4,766)	(66,889,732)
9,761,974	-	9,761,974
2,388,334	-	2,388,334
24,737,236	-	24,737,236
5,047,662	-	5,047,662
11,051,862	-	11,051,862
108,419	62	108,481
711,998	840	712,838
53,807,485	902	53,808,387
(13,077,481)	(3,864)	(13,081,345)
(414,956,586) *	796,349	(414,160,237)
$ (428,034,067)	$ 792,485	$ (427,241,582)

CITY OF CHESTER, PENNSYLVANIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	American Rescue Plan Act Fund	Debt Service Fund
ASSETS			
Cash and cash equivalents	$ 3,783,737	$ 22,993,960	$ 4,973,194
Investments	-	-	-
Taxes receivable, net	6,051,513	-	-
Trash receivables, net	185,040	-	-
Other receivables, net	4,841,033	-	-
Prepaid items	-	300,000	-
Loan receivables	-	-	-
Lease receivables	957,651	-	-
Interfund receivables	3,736,812	-	-
TOTAL ASSETS	$ 19,555,786	$ 23,293,960	$ 4,973,194
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenditures	$ 4,246,339	$ 201,520	$ -
Accrued payroll and related costs	734,754	-	-
Pension contribution payable	39,711,755	-	-
Interfund payables	43,298	264,543	1,815,811
Unearned revenue	-	22,768,791	-
Other current liabilities	358,478	-	-
TOTAL LIABILITIES	45,094,624	23,234,854	1,815,811
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, taxes	940,774	-	-
Deferred amounts related to leases	939,024	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,879,798	-	-
FUND BALANCES			
Nonspendable	-	300,000	-
Restricted	-	-	3,157,383
Committed	-	-	-
Assigned	-	-	-
Unassigned	(27,418,636)	(240,894)	-
TOTAL FUND BALANCES	(27,418,636)	59,106	3,157,383
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 19,555,786	$ 23,293,960	$ 4,973,194

See accompanying notes to the basic financial statements.

Chester Economic Development Authority	Nonmajor Governmental Funds	Total Governmental Funds
$ 1,018,853	$ 1,829,779	$ 34,599,523
1,064,000	-	1,064,000
-	-	6,051,513
-	-	185,040
533,933	120,207	5,495,173
-	-	300,000
1,082,996	-	1,082,996
-	-	957,651
200,000	-	3,936,812
$ 3,899,782	$ 1,949,986	$ 53,672,708
$ 41,318	$ 269,752	$ 4,758,929
-	-	734,754
-	-	39,711,755
-	1,613,160	3,736,812
61,000	13,059	22,842,850
2,333	878,064	1,238,875
104,651	2,774,035	73,023,975
-	-	940,774
-	-	939,024
-	-	1,879,798
-	-	300,000
2,916,124	201,733	6,275,240
-	16,959	16,959
356,020	-	356,020
522,987	(1,042,741)	(28,179,284)
3,795,131	(824,049)	(21,231,065)
$ 3,899,782	$ 1,949,986	$ 53,672,708

CITY OF CHESTER, PENNSYLVANIA

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	$ (21,231,065)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Land	2,505,146
Construction in progress	2,737,660
Buildings and improvements	9,134,191
Infrastructure	4,292,051
Machinery and equipment	1,807,079
	20,476,127
Differences between expected and actual experiences, proportion and assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows related to pensions	3,683,956
Deferred outflows related to OPEB	99,170,617
Deferred inflows related to pensions	(24,730,998)
Deferred inflows related to OPEB	(13,563,381)
	64,560,194
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the governmental funds.	
Accrued interest	(346,500)
Bonds, notes, loans, and financed purchase obligations payable	(15,256,470)
Contributions agreement	(6,270,718)
Compensated absences	(1,694,583)
Net pension liability	(128,135,471)
Total OPEB liability	(341,076,355)
	(492,780,097)
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	940,774
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (428,034,067)

See accompanying notes to the basic financial statements.

CITY OF CHESTER, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund	American Rescue Plan Act Fund	Debt Service Fund
REVENUES			
Taxes and assessments			
Real estate taxes	$ 9,795,731	$ -	$ -
Rubbish fees	2,393,993	-	-
Local and enabling act taxes	24,150,723	-	-
Licenses, permits and fees	1,761,353	-	-
Investment income	-	59,106	25,751
Intergovernmental	2,418,670	5,241,993	-
Departmental	1,854,880	-	-
Waste facilities fees	5,047,662	-	-
Casino host community fees	11,051,862	-	-
Payments in lieu of taxes	386,915	-	-
Other	267,545	-	-
Refund of prior year expenditures	-	-	-
TOTAL REVENUES	59,129,334	5,301,099	25,751
EXPENDITURES			
General government	23,237,809	54,100	-
Public safety	31,137,065	-	-
Health and human services	505,999	-	-
Public works - highways and streets	5,529,029	145,400	-
Culture and recreation	515,759	-	-
Community development	-	-	-
Debt service			
Principal	287,031	-	2,280,000
Interest	4,111	-	1,096,950
TOTAL EXPENDITURES	61,216,803	199,500	3,376,950
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,087,469)	5,101,599	(3,351,199)
OTHER FINANCING SOURCES (USES)			
Transfers in	5,937,815	-	4,555,484
Transfers out	(5,271,879)	(5,042,493)	(13)
TOTAL OTHER FINANCING SOURCES (USES)	665,936	(5,042,493)	4,555,471
NET CHANGE IN FUND BALANCES	(1,421,533)	59,106	1,204,272
FUND BALANCES AT BEGINNING OF YEAR, restated*	(25,997,103) *	-	1,953,111
FUND BALANCES AT END OF YEAR	$ (27,418,636)	$ 59,106	$ 3,157,383

See accompanying notes to the basic financial statements.

Chester Economic Development Authority	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 9,795,731
-	-	2,393,993
-	-	24,150,723
-	-	1,761,353
23,164	398	108,419
1,728,756	957,515	10,346,934
-	-	1,854,880
-	-	5,047,662
-	89,119	11,140,981
-	-	386,915
262,844	-	530,389
-	181,609	181,609
2,014,764	1,228,641	67,699,589
413,932	2,722	23,708,563
-	2,904	31,139,969
-	-	505,999
-	1,182,765	6,857,194
-	563,108	1,078,867
1,334,774	55,673	1,390,447
85,769	80,000	2,732,800
19,357	6,086	1,126,504
1,853,832	1,893,258	68,540,343
160,932	(664,617)	(840,754)
-	693,203	11,186,502
-	(872,117)	(11,186,502)
-	(178,914)	-
160,932	(843,531)	(840,754)
3,634,199	19,482	(20,390,311)
$ 3,795,131	$ (824,049)	$ (21,231,065)

CITY OF CHESTER, PENNSYLVANIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	(840,754)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital additions of construction in progress		496,082
Capital additions of buildings and improvements		41,204
Capital additions of infrastructure		6,408
Capital additions of equipment		153,933
Depreciation expense		(1,974,309)
		(1,276,682)
Because some taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds.		547,097
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal paid on bonds		1,985,000
Principal paid on notes		599,000
Principal paid on financed purchase obligations		149,800
		2,733,800
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.		
Accrued interest on long-term debt		(346,500)
Compensated absences		374,312
Changes in net pension liability and related deferrals		5,483,630
Changes in total OPEB liability and related deferrals		(19,752,384)
		(14,240,942)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(13,077,481)

See accompanying notes to the basic financial statements.

CITY OF CHESTER, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2022

	Chester Redevelopment Authority
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 106,706
NONCURRENT ASSETS	
Assets held for sale	1,132,124
Leasehold improvements, net of accumulated depreciation	21,306
TOTAL NONCURRENT ASSETS	1,153,430
TOTAL ASSETS	$ 1,260,136
LIABILITIES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 14,457
Accrued Interest payable	2,333
Due to other governments	34,445
Other current liabilities	16,416
Section 108 loan payable	200,000
TOTAL CURRENT LIABILITIES	267,651
NONCURRENT LIABILITIES	
Interfund payables	200,000
TOTAL LIABILITIES	467,651
NET POSITION	
Net investment in capital assets	21,306
Unrestricted	771,179
TOTAL NET POSITION	792,485
TOTAL LIABILITIES AND NET POSITION	$ 1,260,136

See accompanying notes to the basic financial statements.

CITY OF CHESTER, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2022

	Chester Redevelopment Authority
OPERATING REVENUES	
Unclassified operating revenues	$ 27,304
OPERATING EXPENSES	
Professional services	18,554
Legal services	29,890
Administrative expenses	153,654
Depreciation	2,368
Loss on sale of assets held for sale	4,390
TOTAL OPERATING EXPENSES	208,856
OPERATING LOSS	(181,552)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	184,887
Investment income	62
Other revenues	840
Interest expense	(8,101)
TOTAL NONOPERATING REVENUES (EXPENSES)	177,688
CHANGE IN NET POSITION	(3,864)
NET POSITION AT BEGINNING OF YEAR	796,349
NET POSITION AT END OF YEAR	$ 792,485

See accompanying notes to the basic financial statements.

CITY OF CHESTER, PENNSYLVANIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2022

		Chester Redevelopment Authority
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other revenue	$	33,509
Proceeds received from the sale of assets held for sale		13,353
Cash payments to suppliers for goods and services		(191,546)
NET CASH USED BY OPERATING ACTIVITIES		(144,684)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Nonoperating grants received		184,887
Repayment of Section 108 loan payable		(175,000)
Interest paid on Section 108 loan payable		(9,888)
Other cash receipts		840
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES		839
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received		62
NET CHANGE IN CASH AND CASH EQUIVALENTS		(143,783)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		250,489
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	106,706
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(181,552)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation		2,368
Changes in assets and liabilities:		
(Increase) decrease in due from other governments		6,205
(Increase) decrease in assets held for sale		17,743
Increase (decrease) in accounts payable and accrued liabilities		11,633
Increase (decrease) in escrow liability		(19,665)
Increase (decrease) in land purchase deposit		5,943
Increase (decrease) in escheat liability		(5,000)
Increase (decrease) in due to other governments		17,641
NET CASH USED BY OPERATING ACTIVITIES	$	(144,684)

See accompanying notes to the basic financial statements.

CITY OF CHESTER, PENNSYLVANIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Pension Trust Funds			
	Police	Paid Firemen's	Officers & Employees	Total
ASSETS				
Cash and cash equivalents	$ 7,294,100	$ 1,094,519	$ 196,209	$ 8,584,828
Investments, fair value	-	26,394,295	2,572,974	28,967,269
Accrued income	21,477	7,791	1,075	30,343
Receivables, plan members	1,741	957	543	3,241
TOTAL ASSETS	$ 7,317,318	$ 27,497,562	$ 2,770,801	$ 37,585,681
LIABILITIES				
DROP account balances	$ 347,957	$ 370,309	$ -	$ 718,266
Over deposit of plan member contributions	20,958	8,056	4,750	33,764
Refund of plan member contributions	-	1,574	-	1,574
Other payables	-	-	2,564	2,564
TOTAL LIABILITIES	368,915	379,939	7,314	756,168
NET POSITION				
Restricted for pension benefits	6,948,403	27,117,623	2,763,487	36,829,513
TOTAL LIABILITIES AND NET POSITION	$ 7,317,318	$ 27,497,562	$ 2,770,801	$ 37,585,681

See accompanying notes to the basic financial statements.

CITY OF CHESTER, PENNSYLVANIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Pension Trust Funds			
	Police	Paid Firemen's	Officers & Employees	Total
ADDITIONS				
Contributions				
Employer	$ 5,792,181	$ 729,058	$ 1,151,538	$ 7,672,777
Commonwealth of Pennsylvania	1,296,451	439,000	-	1,735,451
Plan members	538,684	233,494	138,535	910,713
TOTAL CONTRIBUTIONS	7,627,316	1,401,552	1,290,073	10,318,941
Investment income (loss)	2,560,110	(5,668,854)	(216,871)	(3,325,615)
Other income	2,372	-	-	2,372
TOTAL ADDITIONS	10,189,798	(4,267,302)	1,073,202	6,995,698
DEDUCTIONS				
Benefit payments	6,514,853	3,239,733	614,820	10,369,406
Administrative expenses	37,141	20,200	20,200	77,541
Refund of plan member contributions	110,432	2,426	221,989	334,847
TOTAL DEDUCTIONS	6,662,426	3,262,359	857,009	10,781,794
SPECIAL ITEM - change in receivable allowance, Note A	(158,865)	384,012	(181,865)	43,282
CHANGE IN NET POSITION	3,368,507	(7,145,649)	34,328	(3,742,814)
NET POSITION AT BEGINNING OF YEAR	3,579,896	34,263,272	2,729,159	40,572,327
NET POSITION AT END OF YEAR	$ 6,948,403	$ 27,117,623	$ 2,763,487	$ 36,829,513

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Chester, Pennsylvania (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governmental entities. In certain instances, summaries of the City's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

The City of Chester (the "City") was incorporated on February 14, 1866. In 1980, a Home Rule Charter was approved by the citizens of the City. The legislative body of the City is City Council, which is comprised of five members, one of whom is elected under the title of Mayor. The City provides the following services, as authorized by its charter: public safety (police and fire), health and sanitation, highways and streets, and recreation.

In April 1995, the City was designated as a "Distressed Municipality" under the Commonwealth of Pennsylvania Municipalities Financial Recovery Act (Note B) and maintained that status through 2019. In early 2020, the City began experiencing a significant negative financial impact from the COVID-19 Pandemic and on April 13, 2020, the Governor of the Commonwealth declared a fiscal emergency for the City. The financial statements do not include any adjustments relating to the recoverability of recorded assets or amounts of liabilities that might be necessary should the City be unable to meet its obligations as they come due.

The Receiver filed for Bankruptcy in November 2022 and was approved by the Court in March 2023, see Notes T for future information.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its two blended component units. These statements display information about the government of the City as a whole. The effect of interfund activity among the governmental funds has been removed from these statements.

These statements typically distinguish between governmental and business type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business type activities are funded by user changes and other similar revenues.

The Statement of Activities demonstrates the degree to which the expenses of a given function or segment are offset by program revenues. Expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items are reported as general revenues.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each funding category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds which includes numerous special revenue funds as well as a capital projects fund.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.

- The American Rescue Plan Act Fund is the City's special revenue fund to account for the Coronavirus State and Local Fiscal Recovery Funds from the U.S. Department of Treasury.

- The Debt Service Fund is used for the payment of principal and interest on the City's long-term debt obligations.

- Chester Economic Development Authority (blended component unit).

The City's proprietary fund is Chester Redevelopment Authority (blended component unit).

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. These funds include the accounts of the Police Pension Fund, Paid Firemen's Pension Fund, Officers, and Employees Retirement System.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

As required by GAAP, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with date of the primary government. The following is a brief review of each potential component unit addressed in defining the government's reporting entity.

CHESTER WATER AUTHORITY ("CWA") AND CHESTER-UPLAND SCHOOL DISTRICT ("CUSD")

Based on the above criteria, CWA and CUSD were excluded from the reporting entity. CUSD has a separately elected governing board. Part of the CWA's governing board is appointed by City Council. CUSD and CWA provide services to residents within, as well as, outside the geographical boundaries of the City. These potential component units are excluded from the reporting entity because the City does not have the ability to exercise influence over their daily operations, approve spending plans, or provide funding.

CHESTER HOUSING AUTHORITY ("CHA")

CHA is administered by a court appointed management company. Due to the City's lack of governing and oversight responsibilities over CHA, it is excluded from the reporting entity.

CHESTER ECONOMIC DEVELOPMENT AUTHORITY ("CEDA")

The CEDA governing board is appointed by City Council. The City approves the CEDA annual plan and signs its contracts and grant performance reports as the contracting authority. In accordance with GASB Statement No. 61, CEDA meets the criteria for its financial statements to be blended with the City's primary government financial statements. The key criteria for blending are (1) CEDA's debt will be funded primarily with funds from the City and (2) CEDA provides services entirely for the City's benefit. CEDA has a June 30 year-end, and the financial information presented is for the fiscal year ended June 30, 2022. Complete financial statements for this component unit may be obtained at CEDA's administrative offices: Chester Economic Development Authority, 1 Fourth Street, Chester, PA 19013.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF CHESTER ("CRA")

The Redevelopment Authority of the City of Chester, incorporated in 2000, is organized to function within the territorial limits of the City of Chester under Urban Redevelopment Law. CRA's governing board is appointed by City Council. Any redevelopment proposal must be approved by the City. CRA's financial statements have been blended with the City's financial statements to emphasize that although it is legally separate from the City, CRA provides services almost entirely for the City's benefit. CRA has a December 31 year-end. The financial information presented is for the year ended December 31, 2022. Complete financial statements for this component unit may be obtained from the Redevelopment Authority of the City of Chester, 1 Fourth Street, Chester, PA 19013.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied is determined by the applicable measurement focus and basis of accounting. Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and Statement of Activities, transactions are presented using the economic resources measurement focus. The objective of the economic resources measurement focus is the determination of net position and changes in net position using the full accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, whether current or non-current, are reported. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental funds are accounted for on a current financial resources measurement focus. Only current assets and current liabilities are generally included on the balance sheet. Operating statements of such funds present increases, that is revenues and other financing sources and decreases as expenditures and other financing uses, in net current assets. These funds use "fund balance" as their measure of financial resources as the end of the period.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days of the year-end. Expenditures, including capital outlays, are recorded when the related fund liability is incurred, except for long term debt and liabilities principal and interest which are reported when due. Penalties and interest are recorded when received in cash because they are generally not measurable until they are actually received. Interest is accrued when its receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

Proprietary funds are accounted for using the economic resource focus and the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The Pension Trust maintained by the City utilizes the accrual basis of accounting in which revenues are recognized when they are earned, and expenses are recognized when they are incurred. This means that all assets and liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets. Operating statements of these funds present additions and deductions in net position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 disclosures 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.

Special Item – Fiduciary Funds

In connection with the bankruptcy, it was determined that an accounting estimate was necessary to fully provide an allowance for pension employer contribution receivables due from the General Fund, as reported in the pension trust funds within the Fiduciary Fund Statements, totaling $39,711,755. The change in the related allowance for the year ended December 31, 2022, has been reported as a special item.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Capital Assets

Capital Assets are reported in the City-wide and Proprietary Fund statements of net position. Capital assets are defined by the City as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the threshold established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed prior to June 1999. Donated capital assets, if any, are reported at estimated fair value at the date of donation. CEDA and CRA define capital assets as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (Years)
Leasehold improvements	30
Buildings and improvements	20 to 40
Infrastructure	7 to 25
Machinery and equipment	3 to 20

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CRA reports property acquired for resale at the acquisition cost. Consequently, there is no depreciation associated with these capital assets.

The City reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and appropriately reflected in the financial statements. Should the expected cash flows be less than the carrying value, an impairment loss would be recognized to reduce the carrying value. There were no impairments reported as of December 31, 2022.

Long-Term Liabilities

All long-term liabilities to be repaid from governmental resources are reported on the government-wide statements. Long-term liabilities consists of notes payable, contribution agreements, accrued compensated absences, obligations under capital lease, pension, and other post-employment benefit liabilities.

Compensated Absences

Employees accumulate sick and vacation time in accordance with applicable union contracts or City policies. Non-uniformed employees are not compensated for unused vacation or sick leave upon termination. Upon termination for any reason, uniformed employees are entitled to 100% of their accumulated sick time as specified in the collective bargaining agreements. Unused vacation days are not paid upon termination and must be used prior to year-end. The compensated absences are accrued when incurred and are reported as a liability in the government-wide financial statements.

Net Position and Fund Balance Classifications

Government-Wide Financial Statements

Net position is classified in three components:

a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation and are reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – consists of net position with constraints placed on its use either by outside partied such as grantors, or laws and regulations of other governments.

c. Unrestricted net position – includes all other components of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements

In the fund financial statements, the governmental fund balance is presented in five possible categories:

a. Nonspendable – resources which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

b. Restricted – resources with constraints placed on its use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers. The City reports restricted fund balances primarily related to its debt obligations ($3,157,383), grants and contributions ($129,425), and federal forfeitures ($66,814) as well as CEDA's HUD grants and other funding for community development activities ($2,916,124).

c. Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner. The stabilization arrangement described within the accounting policies and amounts held for debt service meet the definition of committed fund balances.

d. Assigned – resources neither restricted nor committed for which a government has stated intended use as established by the governing body or an official to which the governing body has delegated the authority to assign amounts for specific purposes. The City's assigned fund balance consists of amounts pertaining to CEDA's community development activities.

e. Unassigned – resources which cannot be properly classified in one of the other four categories. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balances). It is the City's policy to consider the restricted fund balances to have been depleted before using any of the components of unrestricted fund balances. Further, when the components of unrestricted fund balance can be used for the same purpose, the committed fund balance is depleted first, followed by the assigned fund balance. The unassigned fund balance is applied last.

Fund balances of governmental funds are reported in the categories above based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Receivables

Property tax, and Rubbish tax receivables are recorded and deferred until they become available. In applying the "susceptible to accrual" concept under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenue to be available if collected within 60 days of the end of the fiscal period. Property tax receivables collected after 60 days from year end, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Based on management's analysis of historical collection trends, the allowances for uncollectible real estate taxes and trash fees was $8,478,069 as of December 31, 2022.

Prepaids

Certain payments to vendors, which reflect costs applicable to future accounting periods, are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the government fund balance sheet, the prepaid expenditure amount is recorded as an asset and nonspendable fund balance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Leases

The City is the lessor for noncancellable leases for a portion of the City's property for communications facilities and cellular attachments as well as parking leases throughout the City. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and government fund financial statements.

At commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the implicit rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Program Revenues

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources, are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes, which attach as an enforceable lien on real property, are levied as of March 1 and payable by June 30. The billing is considered past due 30 days after the due date, at which time the applicable receivable is subject to a lien, and penalties and interest, which are assessed by the City Treasurer.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Outflows/Inflows of Resources

Under the modified accrual basis of accounting, financial resources should be recognized in the accounting period in which they become both measurable and available. The City reports items which arise under the modified accrual basis of accounting, that qualify for reporting in this category. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The governmental funds balance sheet reports unavailable revenues from local and enabling act and property taxes, rubbish fees, and leases as deferred inflows of resources. These amounts are deferred and recognized as revenues in the period that the amounts become available.

The government-wide statement of net position reports pension-related deferred inflows and outflows. These amounts will be amortized, as applicable and recognized as pension expense as defined by GASB 68. The deferred inflows related to leases are also reported on the government-wide statement of net position.

Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions. Principally, these amounts result from operating subsidies or loans. Interfund receivables and payables are eliminated within the government-wide financial statements but are shown on the governmental funds statements.

Interfund Transfers

The City reports interfund transfers among funds. Transfers are used to (1) move revenues from the fund that a statue or the budget requires to collect them or to expand them, (2) move receipts restricted to debt service from the fund collecting the receipts to the fund disbursing the receipts as debt service payments become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds pursuant to authorizations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Stabilization Arrangement

On April 25, 2007, the City Council adopted a resolution to establish and maintain a revenue stabilization reserve account ("rainy day fund").

The resolution provided that expenditure of amounts in the revenue stabilization reserve may occur only when specific circumstances exist such as unanticipated and non-recurring expenditures, unexpected revenue shortfalls or budget deficits, or to cover short-term cash flow deficiencies. These circumstances were not expected to occur routinely.

To allow for the withdrawal of the resources, there must be an approved resolution by City Council. If there is a General Fund surplus and the reserve account falls below 5% of the General Fund revenues, as a result of either approved expenditures or due to an increase in annual revenue, City Council will seek to restore this level as soon as possible in the following fiscal year.

During December 31, 2022, no additional money was set aside or released from the reserve account. The reserve account's balance at December 31, 2022, was $16,959, which is less than the balance required by the resolution.

Reclassifications

The City reclassified beginning of year balances between capital asset categories to conform with December 31, 2022 financial statement presentation.

NOTE B - DISTRESSED MUNICIPALITY

In April 1995, the Secretary of the Pennsylvania Department of Community and Economic Development (DCED), designated the City of Chester as a "Distressed Municipality" under the Municipalities Financial Recovery Act (Act 47). The Secretary appointed a recovery coordinator who, in turn, appointed a recovery team to formulate a recovery plan for the City. In February 1996, a recovery plan was issued for approval by City Council. On April 8, 1996, City Council approved the recovery plan. In May 2013, the City issued an Amended Recovery Plan.

The Pennsylvania General Assembly enacted Act 199 of 2014, which amended Act 47 in various respects. One focus of Act 199 is to limit the period of time in which a municipality may remain in distress status under Act 47.

Under Act 199, a municipality's distress status must terminate within five years of the effective date of the most recent recovery plan or amendment enacted under Act 47, which was in effect at the time Act 199 of 2014 was enacted.

On August 16, 2016, the City adopted an amended recovery plan to address the enacted Act 199. The recovery plan also had a host of recommendations that would help to overcome the current financial burden.

NOTE B - DISTRESSED MUNICIPALITY

On October 24, 2018, the City Council adopted the Act 47 Exit plan to address Act 199. The exit plan demonstrated that the City has made progress toward recovery and outlined carryover recommendations from the 2016 adopted amended recovery plan. Under Act 199, once a municipality has reached the point of "exit status" it has three years to aggressively implement the financial recommendations set forth. This progress established the City's willingness to work toward financial stability and reach the goals included.

In 2020, the City's financial condition declines substantially, primarily due to the impact of the Corona Virus Pandemic. The Pandemic resulted in the decline of other major revenues, including payroll tax and business tax revenues.

On April 13, 2020, the Governor of the Commonwealth of Pennsylvania declared a fiscal emergency for the City due to the ongoing fiscal challenges and enhanced fiscal distress cause by the Pandemic. On June 15, 2020, the Commonwealth filed a petition with the Commonwealth Court to appoint a legal Receiver for the City. The Receiver has many of the rights and authority to manage the City's operations that are normally reserved for elected officials.

In November 2022, the Receiver filed for bankruptcy under Chapter 9 of the bankruptcy code on behalf of the City, and on March 14, 2023, the bankruptcy was approved by the Federal Court. Proceedings are ongoing with the next hearing scheduled in April 2026. The principal category of expected effects are in the area of pension and other post-employment benefit liabilities. Any gains are not yet reasonably estimable as the bankruptcy proceedings are ongoing. The impact of the bankruptcy on the level of services and operations of the City are yet to be determined. The government's Plan of Adjustment was filed by the Receiver in August 2024 but was withdrawn in March 2026. The timing of any future Plan of Adjustment cannot be estimated at this time.

NOTE C - BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States for the General Fund and certain Special Revenue Funds. Capital Projects Funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end. The City's legal level of budgetary control is at the fund level.

The Director of Accounts and Finance (representative from City Council who is over the Finance department) submits a preliminary budget to City Council for its review at least 45 days prior to the end of the fiscal year. On or before 30 days prior to the end of the fiscal year, Council completes its review and adopts a preliminary budget. No later than 10 days following the adoption of the preliminary budget, the City publishes a notice of date, time and place at which Council shall hold a public meeting on the proposed budget prior to its final adoption. Following advertising and a public meeting, Council adopts a final budget.

For the year-ended December 31, 2022, the General Fund's expenditures exceeded appropriations by $9,538,864. The budgetary schedule for the General Fund is located in the required supplementary information.

NOTE D - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk for Deposits is the risk that in the event of a bank failure, the government's deposits may not be returned or the government will not be able to recover collateral securities in the possession of an outside party. The City does not have a policy for custodial risk.

The City primarily maintains deposits with financial institutions which are partially insured by the Federal Deposit Insurance Corporation (FDIC). Pennsylvania Act No. 72 (Act 72), Standardizing the Procedures for Pledges of Assets requires that pooled assets be pledged to secure public deposits to collateralize the excess deposits not insured by the FDIC.

As of December 31, 2022, the City's aggregate bank balance of deposits (excluding fiduciary and blended component units) included in cash and cash equivalents was $33,893,639 of which $750,000 was insured by the FDIC resulting in $33,143,639 being uninsured as follows:

Collaterialized under Act 72	$	28,153,463
Short-term U.S. government securities		4,973,193
Pennsylvania Local Government Investment Trust		16,983
	$	33,143,639

As of December 31, 2022, the City's Pension Trust Funds had brokerage cash totaling $8,584,828. The City's Pension Trust Funds are not collateralized or insured.

Investments

The City holds investments in their Pension Trust Funds that are measured at fair value on a recurring basis. The City chose a tabular format for disclosing the levels within the fair value hierarchy.

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The valuation inputs are separated in three levels:

Level 1 – observable inputs, represents assets with unadjusted quoted market prices in active markets for identical securities;

Level 2 – other significant observable inputs (including yield, quality, coupon rate, maturity, issue type, quoted prices for similar securities, prepayment speeds, trading characteristics, etc.); and

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments.

NOTE D - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The fair values of the investment securities classified by level held at December 31, 2022 are as follows (there were no Level 2 or 3 investments requiring inclusion in the following table):

Investment Type	Fair Value Level 1
ETFs and mutual funds	
Equities	$ 19,109,888
Fixed income	9,857,381
Total Fair Value	$ 28,967,269

Foreign currency risk is that the fair value of such securities will be adversely affected by changes in exchange rates. The City's pension plans held no investments that were exposed to foreign currency risk.

Component Units

At June 30, 2022 , the carrying amount of CEDA's deposits was $1,024,258 and the bank balance was $1,173,891. Of the bank balance, $277,434 was covered by the FDIC and $896,457 was collateralized in accordance with Act 72 at June 30, 2022.

CEDA has an investment in nonnegotiable certificate of deposit (CD), recorded at cost, which approximates fair value. A nonnegotiable CD is an example of a nonparticipating interest earning investment contract that is exempt from the fair value measurement and disclosure requirements of GASB 72.

At December 31, 2022, the carrying amount of CRA's deposits was $106,706, and the bank balance was $106,706. The entire bank balance was insured by the FDIC.

NOTE E - RECEIVABLES

Property Taxes

Property taxes are levied on March 1 and payable by June 30. A 2% discount is available for payments made by April 30 of each year.

Subsequent to June 30 of each year, a 10% penalty is assessed. Taxes are billed and collected by the City Treasurer. Property taxes in arrears attach as an enforceable lien on the property as of February 28 of the subsequent year. The City utilizes a third-party firm to act as an agent to collect delinquent amounts. The City levied taxes at the rate of $9.8058 per $1,000 of assessed valuation.

NOTE E - RECEIVABLES

An allowance for uncollectible amounts has been established on the balance of taxes owed as of December 31, 2022. In addition, a deferral of $354,261 has been established, shown on the General Fund financial statements as a part of "unavailable revenue, taxes", representing that portion of net delinquent taxes not expected to be available and measurable as revenue in the current period. The government-wide financial statements do not show such a deferral, consistent with the accrual basis of accounting.

Gross property taxes receivable	$ 5,892,414
Less: allowance for uncollectible taxes	(5,723,193)
Net total property taxes receivable	169,221
Earned income taxes receivable	5,882,292
Taxes receivable, net (General Fund)	$ 6,051,513

	Assessed Valuation	Total Tax Levy
Tax rate in mills		9.8058
Net tax duplicate	$ 1,033,617,890	$ 10,135,450
Less: taxes collected (net of adjustments)		(9,966,229)
2022 Taxes receivable		$ 169,221

	Tax Rates		
Fiscal Year	General Operation	Library	Total
2022	9.4041	0.4017	9.8058

The following schedule presents property taxes levied and collected through 2022 showing the relationship between amounts levied and actually collected, including prior year delinquent amounts.

Fiscal Year	Net of Total Tax Levy	Amount of Taxes Effectively Collected in Current Year	Amount of Delinquent Taxes Collected in Current Year
2022	$ 10,135,450	$ 9,966,229	$ 2,144,707

NOTE E - RECEIVABLES

The following schedule presents trash receivables at December 31, 2022.

Gross trash assessments receivable	$ 2,887,323
Less: allowance for uncollectible accounts	(2,702,283)
	$ 185,040

The following represents other receivables at year end:

Commonwealth of Pennsylvania / gaming revenue	$ 3,056,108
Covanta host fees	1,205,094
Other receivables	1,233,971
	$ 5,495,173

NOTE F - INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions. Principally, these amounts result from operating subsidies or loans. Interfund receivables and payables are eliminated within the government-wide financial statements but are shown on the governmental and proprietary fund statements. Individual fund interfund receivable and payable balances as of December 31, 2022, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	$ 3,736,812	$ 43,298
American Rescue Plan Act Fund	-	264,543
Debt Service Fund	-	1,815,811
Chester Economic Development Authority	200,000	-
Nonmajor Governmental Funds	-	1,613,160
Chester Revelopment Authority	-	200,000
	$ 3,936,812	$ 3,936,812

NOTE F - INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

Interfund Transfers

The City reports interfund transfers among funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statue or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the funds making the debt service payments as they become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds pursuant to authorizations. Interfund transfers for the year ended December 31, 2022, are as follows:

	Transfer In	Transfer Out
General Fund	$ 5,937,815	$ 5,271,879
American Rescue Plan Act Fund	-	5,042,493
Debt Service Fund	4,555,484	13
Nonmajor Governmental Funds	693,203	872,117
	$ 11,186,502	$ 11,186,502

During the year, transfers are primarily used to move General Fund resources to other funds for necessary City operations as well as the American Rescue Plan Act Fund applying its federal awards to cover revenue loss recognized under the General Fund.

NOTE G - LOANS RECEIVABLE

CEDA, a blended component unit, makes funds available to qualifying individuals and businesses under various programs. Loan receivable balances, which are included in receivables on the statements of net position and in other receivables on the balance sheet, are as follows as of June 30, 2022:

Regular rehabilitation	$ 40,151
Homestead rehabilitation	8,353
Low income assistance	1,167,122
Commercial loans/small business	1,928
	1,217,554
Less: allowance for doubtful accounts	(134,558)
	$ 1,082,996

NOTE H - LEASE RECEIVABLE

The City is the lessor for noncancellable leases for a portion of the City's property for communications facilities and cellular attachments as well as parking leases throughout the City. The leases, including renewals likely to be exercised, extend through 2030, 2039, and 2044. The leases are measured at a discount rate of 4%, which is the implicit rate derived from current economic data for United States lending rates. The City recognized $167,046 in lease revenue and $39,524 of interest income related to these leases for the year ended December 31, 2022. As of December 31, 2022, the City's receivable for lease payments was $957,651. The City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of December 31, 2022, the balance of the deferred inflow of resources was $939,024.

The City leases cell tower space under an agreement that includes variable payments based on annual adjustments to the Consumer Price Index for All Urban Wage Earners and Clerical Workers (CPI-W) for the Philadelphia, PA–NJ area, with increases subject to a minimum of 4% and a maximum of 7%. These payments are contingent upon future index changes and are not included in the measurement of the lease receivable or deferred inflows of resources. For the year ended December 31, 2022, the City recognized $44,074 in variable lease revenue related to this agreement.

The future maturity of lease receivables is as follows:

Year	Principal	Interest	Total
2023	$ 50,381	$ 37,942	$ 88,323
2024	43,655	36,290	79,945
2025	45,599	34,545	80,144
2026	47,626	32,721	80,347
2027	49,739	30,815	80,554
2028-2032	268,731	122,787	391,518
2033-2037	304,793	77,689	382,482
2038-2042	119,558	21,266	140,824
2043-2044	27,569	279,523	307,092
	$ 957,651	$ 673,578	$ 1,631,229

NOTE I - CHANGES IN CAPITAL ASSETS

City of Chester

A summary of changes in the City of Chester's capital assets (excludes blended component units) follows:

	January 1, 2022	Additions	Deletions	December 31, 2022
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 2,172,214	$ -	$ -	$ 2,172,214
Construction in progress	2,241,578	496,082	-	2,737,660
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	4,413,792	496,082	-	4,909,874
Capital assets being depreciated				
Buildings and improvements	21,230,031	41,204	-	21,271,235
Infrastructure	14,919,406	6,408	-	14,925,814
Machinery and equipment	18,987,296	153,933	-	19,141,229
TOTAL CAPITAL ASSETS BEING DEPRECIATED	55,136,733	201,545	-	55,338,278
Accumulated depreciation				
Buildings and improvements	11,430,130	706,914	-	12,137,044
Infrastructure	10,153,640	480,123	-	10,633,763
Machinery and equipment	16,546,878	787,272	-	17,334,150
TOTAL ACCUMULATED DEPRECIATION	38,130,648	1,974,309	-	40,104,957
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	17,006,085	(1,772,764)	-	15,233,321
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 21,419,877	$ (1,276,682)	$ -	$ 20,143,195

Depreciation expense was charged to governmental activities as follows:

General government	$ 519,243
Public safety	787,272
Public works - highways and streets	480,123
Culture and recreation	187,671
	$ 1,974,309

NOTE I - CHANGES IN CAPITAL ASSETS

CEDA

A summary of changes in capital assets of CEDA, a blended component unit, follows:

	July 1, 2021	Additions	Deletions	June 30, 2022
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 332,932	$ -	$ -	$ 332,932
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	332,932	-	-	332,932
Capital assets being depreciated				
Machinery and equipment	3,677	-	-	3,677
TOTAL CAPITAL ASSETS BEING DEPRECIATED	3,677	-	-	3,677
Accumulated depreciation				
Machinery and equipment	3,677	-	-	3,677
TOTAL ACCUMULATED DEPRECIATION	3,677	-	-	3,677
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	-	-	-	-
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 332,932	$ -	$ -	$ 332,932

CRA

A summary of changes in capital assets of CRA, a blended component unit, follows:

	January 1, 2022	Additions	Deletions	December 31, 2022
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Leasehold improvements	71,027	-	-	71,027
TOTAL CAPITAL ASSETS BEING DEPRECIATED	71,027	-	-	71,027
Accumulated depreciation				
Leasehold improvements	47,353	2,368	-	49,721
TOTAL ACCUMULATED DEPRECIATION	47,353	2,368	-	49,721
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	23,674	(2,368)	-	21,306
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	$ 23,674	$ (2,368)	$ -	$ 21,306

As of December 31, 2022, CRA had $1,132,124 of assets held for sale consisting mainly of land. Assets held for sale are valued at the lower of cost or market and can be found on the Statement of Net Position of the Business-Type Activities and the Proprietary Fund.

NOTE J - SHORT-TERM DEBT

On December 1, 2021, City of Chester, Pennsylvania issued a Tax Revenue Anticipation Note with the Commonwealth of Pennsylvania, acting through the Department of Community and Economic Development, under the Municipalities Financial Recovery Act in the amount of $5,000,000. The note was non-interest bearing. The proceeds were used to meet critical payroll needs for police, fire, and public works to avoid interruption of necessary and vital municipal services. City of Chester, Pennsylvania made all required payments and the note matured on December 31, 2022.

The following is a summary of short-term debt outstanding as of December 31, 2022:

Outstanding Beginning	Additions	Deletions	Outstanding Ending
$ 5,000,000	$ -	$ (5,000,000)	$ -

NOTE K - LONG-TERM LIABILITIES

The following is a summary of long-term liabilities outstanding as of December 31, 2022:

Description	Date of Issue	Final Maturity Date	Interest Rate %	Original Amount	Outstanding Beginning	Additions	Deletions	Outstanding Ending	Amounts Due Within One Year	Amounts Due In More Than One Year
GOVERNMENTAL ACTIVITIES										
Bonds, notes, loans, and financed purchase obligations payable										
GON 2010B	11/29/2010	6/25/2025	2.605	$ 3,985,000	$ 1,227,000	$ -	$ (295,000)	$ 932,000	$ 932,000	$ -
Guaranteed Revenue Bonds 2017A	8/1/2017	8/15/2027	7.500	12,000,000	8,475,000	-	(1,120,000)	7,355,000	1,190,000	6,165,000
Guaranteed Revenue Bonds 2017B	8/1/2017	8/15/2027	7.500	7,210,000	5,830,000	-	(865,000)	4,965,000	900,000	4,065,000
DCED Loan	1/13/2017	6/1/2027	0.000	2,000,000	1,050,000	-	(200,000)	850,000	200,000	650,000
Promissory Note 2021A	8/25/2021	8/25/2028	1.073	585,000	585,000	-	(81,000)	504,000	82,000	422,000
Promissory Note 2021B	8/25/2021	8/25/2028	1.073	165,000	165,000	-	(23,000)	142,000	23,000	119,000
Financed Purchase Obligation - Vehicles	10/18/2020	4/20/2023	9.380	299,293	97,178	-	(64,031)	33,147	33,147	-
Financed Purchase Obligation - Fire Truck	9/1/2020	9/1/2027	9.380	644,000	561,092	-	(85,769)	475,323	88,728	386,595
Total Bonds, notes, loans, and financed purchase obligations payable					17,990,270	-	(2,733,800)	15,256,470	3,448,875	11,807,595
Contributions agreement	N/A	N/A	N/A	N/A	6,270,718	-	-	6,270,718	698,118	5,572,600
Compensated absences	N/A	N/A	N/A	N/A	2,068,895		(374,312)	1,694,583	120,472	1,574,111
Net pension liability	N/A	N/A	N/A	N/A	222,198,285		(54,351,059)	167,847,226	39,711,755	128,135,471
Total OPEB liability	N/A	N/A	N/A	N/A	214,409,787	126,666,568	-	341,076,355	-	341,076,355
TOTAL GOVERNMENTAL ACTIVITIES					$ 462,937,955	$ 126,666,568	$ (57,459,171)	$ 532,145,352	$ 43,979,220	$ 488,166,132
BUSINESS-TYPE ACTIVITIES										
Bonds, notes, loans, and financed purchase obligations payable										
Section 108 loan payable	5/1/2016	8/1/2023	0.28 to 2.8	3,000,000	375,000	-	(175,000)	200,000	200,000	-
TOTAL BUSINESS-TYPE ACTIVITIES					$ 375,000	$ -	$ (175,000)	$ 200,000	$ 200,000	$ -

All long-term liabilities are generally liquidated by the General Fund and Debt Service Fund except for the Promissory Note 2021A being liquidated by the Liquid Fuels Fund. The change in compensated absences above is a net change for the year.

NOTE K - LONG-TERM LIABILITIES

Debt service requirements bonds, notes, loans, and financed purchase obligations payable as of December 31, 2022 were as follows:

Governmental Activities

Year	Principal	Interest	Total
2023	$ 3,448,875	$ 984,917	$ 4,433,792
2024	2,607,789	786,393	3,394,182
2025	2,772,955	616,339	3,389,294
2026	3,072,231	434,154	3,506,385
2027	3,246,620	225,970	3,472,590
2028	108,000	1,159	109,159
	$ 15,256,470	$ 3,048,932	$ 18,305,402

Business-Type Activities / CRA

Year	Principal	Interest	Total
2023	$ 200,000	$ 5,600	$ 205,600

In 2010, the City refunded its Series 2001 notes in the amount of $8,210,000, with Series 2010 notes in the amounts of $5,895,000 and $3,985,000. The 2010 issuance was intended for 1) the refunding of the 2001 notes resulting in an economic benefit of a savings in interest and cash flow for the City; and 2) the payment of the initial fee required for the Chester Upland School District to become a sponsor of the Delaware County Community College (DCCC).

The $5,895,000 note was paid off in 2019. The remaining 2010 general obligation note, is not in compliance with the covenant to submit timely annual financial statements to the Delaware Regional Finance Authority (“DelVal”). DelVal has not taken any action pursuant to this default. However, the balance is classified as current as of December 31, 2022.

In 2015, the City refunded both the 2004 note in the amount of $8,140,000 and the 2007 note in the amount of $1,445,530 with the Series 2015 note A series in the amount of $8,140,000 and the B series in the amount of $1,600,000. The 2015 Series issuance resulted in a reduction of payments of $196,438. A portion of the Series 2015A, $6,531,532, was redeemed with the issuance of the 2017B Guaranteed Revenues Bonds on August 31, 2017, as explained below.

NOTE K - LONG-TERM LIABILITIES

In 2017, the City issued Guaranteed Revenue Bonds Series 2017A in the amount of $12,000,000 to finance certain accumulated unfunded debts of the city and fund any required reserve funds. In addition, the City issued Guaranteed Revenue Bonds Series 2017B in the amount of $7,210,000 to finance the acquisition of certain property currently leased by the City, "the Capital Project" and to fund required reserve funds. As mentioned above, a portion of 2017B series was used to redeem the 2015A series. The bonds are not in compliance with the covenant to submit timely annual financial statements to U.S. Bank National Association. However, these bonds are currently being considered as part the bankruptcy proceedings discussed in Note B and as such, continue to be reported in accordance with the original bond documents as of December 31, 2022.

In 2017, the City initiated a loan with the Commonwealth of Pennsylvania, Department of community and Economic Development for $2,000,000, bearing 0% interest and due in June 2027.

In 2021, the City issued Promissory Note, 2021A Series and Series 2021B in the amounts of $585,000 and $165,000 to fund the improvements of municipal street lighting, including the procurement and installation of light-emitting-diode (LED) street lighting and other street light improvements and the maintenance of those improvements and payment of the costs of issuance of the notes.

In 2020, the City entered into a financed purchase obligation in the amount of $299,293 for three (3) Ford Police Interceptor Vehicles, two (2) Ford Taurus Vehicles, and five (5) 2018 Ford F-150 Trucks.

In 2020, the City entered into a financed purchase obligation in the amount of $644,000 for a 2020 Seagrave Marauder-HydroForce Fire Truck.

CRA

The City has entered into a management services agreement with CRA and CEDA for the receipt and management of funds relative to various improvements to the Barry Bridge Park Project in the City. This project consists of such items as construction of a road, parking lot, recreational pier, river walk, grading and curb work, lighting, landscaping, signage and a pedestrian bridge. The City pledged its Brownfield Economic Development Initiative (BEDI) grant, to provide security for the Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program and to meet debt service requirements.

The City has designated CRA as its Designated Public Agency to serve as the borrower for the Section 108 Loan guarantee in the amount of $3,000,000 for the Barry Bridge Park project, which funds have been received by CRA. In addition to the BEDI grant funds, the City will pay to CRA a dedicated portion of its Community Development Block Grant Funds to serve as debt service for the loan being guaranteed under the Section 108 program for this project.

NOTE K - LONG-TERM LIABILITIES

In May 2016, CRA refinanced the balance of the note pursuant to and as a part of a public offering undertaken by the Department of Housing and Urban Development (HUD) with an interest rate ranging from 0.28% to 2.8% and a maturity date of August 2023. As of December 31, 2022, the balance of the loan was $200,000.

In addition, CRA borrowed $200,000 from CEDA in 2013 for the purpose of demolishing a specific property and to remove any environmental contaminants. A portion of the loan is expected to be repaid from grant proceeds received under the Industrial Sites Reuse Program (ISRP) of the Commonwealth of Pennsylvania. The remaining portion of the loan is to be repaid from the net sales proceeds when the property is ultimately sold to a redeveloper.

Interest Rate Management

The remaining Series 2010 note (the "2010 B Note") was issued to the Delaware Valley Regional Finance Authority ("DVRFA") as described below. The DVRFA issued bonds (the "DVRFA Bonds") to provide funds to purchase the 2010 B Note and has entered into interest rate swap transactions with Bank of America, N.C. (the "Counterparty") to hedge the interest rate risks of the DVRFA Bonds and to provide a fixed interest rate on the 2010 B Note.

Interest Rate Risk

The City had the option under the loan agreement of the 2010 B Note to pay a variable rate of interest or a fixed rate of interest. The City exercised its option to bear interest at a fixed rate in order to mitigate exposure to rising interest rates. DVRFA executed an interest rate swap transaction with the Counterparty to provide the fixed rate, to hedge its exposure to rising interest rates, and to match the tenor of its assets and liabilities.

Basis Risk

Neither the DVRFA Bonds nor the 2010 B Note are exposed to basis risk. The basis of the DVRFA Bonds, the 2010 B Note, and the related swap transactions are the same.

Termination Risk

The swap transactions related to the DVRFA Bonds and 2010 B Note may be terminated with the mutual consent of DVRFA and the Counterparty. The swap transaction may also be terminated under certain circumstances, principally the following:

(i) a payment default by the City; (ii) a payment default by DVRFA or the Counterparty under the swap transactions; (iii) the occurrence of events that may precipitate a payment default by DVRFA or the Counterparty; or (iv) the downgrading of the long-term, unsecured, senior debt ratings of the Counterparty or DVRFA.

In all instances of termination, except a payment default by the City, DVRFA would seek to replace the swap transactions with new interest rate swap transactions with similar terms and conditions. The amount of the termination payment or receipt should offset the cost or premium of the replacement swap transaction.

NOTE K - LONG-TERM LIABILITIES

DVRFA may not be able to secure the replacement interest rate swap if the swap market is not functioning normally or if DVRFA does not have access to the swap market due to credit concerns. If DVRFA were obligated to make a payment and sufficient funds were not available, DVRFA could assess each borrower its allocable share of the termination payment. The City would be obligated to pay its allocable share of the termination payment of the swap transaction related to the DVRFA Bonds and all of the termination payment of the swap transaction related to the 2010 B Note.

Terms: The significant terms of the interest rate swap are as follows:

Description	Rate Type	Average Rate	Loan Principal Outstanding	Maturity Date	Market Value of Related Swap for Fixed Rate Loans	Market Value of Related Swap for Del Val Bonds
2010 B Note	Fixed	2.605%	$ 932,000	June 25, 2025	$ 13,492	$ 26,722

The estimated termination payments (i.e., the market value) for the swap transactions allocable to the City as of December 31, 2022, are shown in the table above. In the event of a termination payment, DVRFA would assess the net payment, if any, to the City. Any receipt from termination would be retained by DVRFA.

As of December 31, 2022, DVFRA would have received a payment of approximately $132 million if the swap agreements related to the DVFRA Series and borrowers' fixed rate loans were terminated.

Credit Risk

The swap transaction related to the DVRFA Bonds and the 2010 B Note are subject to termination in the event of certain rating downgrades. The master swap agreement requires the Counterpart to post collateral equal to the market value of the swap transactions if its long term, unsecured, senior debt ratings are reduced below "A2" by Moody's Investors Service ("Moody's") or "A" by S&P Global Ratings ("S&P"). DVRFA is not obligated to post collateral. DVRFA may terminate the transaction if the Counterparty fails to post collateral. If the long-term, unsecured, senior debt ratings of the Counterparty or DVRFA are downgraded below "Baa2" by Moody's or "BBB" by S&P, the respective counterparty may terminate the transactions. As of December 31, 2020, the long-term unsecured, senior debt ratings of DVRFA were "A1" and "A+" by Moody's and S&P, respectively and the long-term unsecured, senior debt ratings of the Counterparty (Bank of America, N.A.) were "Aa3" and "A+" by Moody's and S&P, respectively.

Rollover Risk

The termination dates of the swap transactions related to the DVRFA Bonds and the 2010 B Note match their respective maturity dates. The swap transactions are not subject to a rollover risk, the risk that a swap to the maturity date cannot by executed or cannot be executed on similar economic terms.

NOTE K - LONG-TERM LIABILITIES

Market Access Risk

The DVRFA Bonds that funded the purchase of the 2010 B Note are set at a fixed rate to maturity. The DVRFA Bonds are not subject to remarketing risk or to the risk of extending or securing credit facilities.

Conduit Debt Obligation

On September 9, 2021, CEDA issued Lease Revenues Bonds Series of 2021A in the amount of $47,045,000 and Lease Revenue Bonds Series 2021B in the amount of $270,000 for the purpose of assisting the financing needs of Friends of Chester Community Charter School. CEDA also entered into a promissory note agreement with Friends of Chester Community Charter School providing for payment in installments to CEDA, the principal amount of the bonds, and to pay interest on the unpaid balance of the principal until the bonds are paid off. CEDA will have no liability for these bonds. Accordingly, these bonds are not reported as a liability on the Government-Wide financial statements. As of June 30, 2022, the balances of Series of 2021A and 2021B bonds were $47,045,000 and $270,000, respectively.

NOTE L - PLEDGED REVENUES

2017 Series A & B

The City has pledged the following future revenues, which is subordinate to previous outstanding debt of the City that pledged the same revenue sources. The pledge revenues are the Host Community Revenues, the Harrah's Revenues, the Harrah's Table Game Revenues, and additional City consideration.

General Obligations Note Refinanced – 2010 Series

The City has pledged the following future revenues, not otherwise required for payment of previously issued refinanced debt for obligations under the Contribution Agreement (see below), to repay its general obligation note – 2010 Series B originally issued in the amounts of $3,985,000:

a) Host Revenues,
b) Host Community Revenues, and
c) Revenues representing 2% of Harrah's gross table game revenue received from the Commonwealth of Pennsylvania pursuant to the Pennsylvania Race Horse Development and Gaming Act (Harrah's Table Game Revenues – see Note N).

NOTE L - PLEDGED REVENUES

Delaware County Community College

The Gaming Act provides that 50% of the local share assessment (2% of table game revenue) shall be used by the City for the purpose of ensuring the best possible educational opportunity for pupils of the school district. The City has pledged its local share assessment toward a Sponsorship Agreement with Delaware County Community College ("DCCC"), that covers the Chester Upland School Districts (the "District") sponsorship of DCCC. During 2022, the City paid DCCC on behalf of the District, $347,799.

Contribution Agreement

The City has pledged 50% of Host Community Table Revenues, as defined above, to secure payments required under the Contribution Agreement dated February 15, 2009 with the County of Delaware (see Note M) as part of the overall financing used to build a soccer stadium in the City. Payments are payable from the pledged revenues and general revenues, if the pledged revenues are insufficient, through 2039. Annual payments are expected to require approximately 36% of pledged revenues.

NOTE M - CONTRIBUTION AGREEMENT

The County of Delaware contributed funds as part of the overall financing to build a soccer stadium in the City of Chester. The City is obligated to contribute its share of funds for the project annually, as summarized below through 2039.

The liability due to the County related to this agreement has been recorded in the City's governmental activities statement of net assets with any current year payments serving to reduce the balance owed on the liability.

Outstanding payments are as follows:

Year Ending December 31,	
2023	$ 698,118
2024	348,810
2025	348,913
2026	348,651
2027	348,773
2028-2032	1,741,931
2033-2037	1,739,957
2038-2039	695,565
	$ 6,270,718

In connection with the bankruptcy, the City did not make its 2022 obligated payment; therefore, this is still reflected as an outstanding payment above reported under the 2023 amount.

NOTE N - CHESTER CASINO AND RACETRACK

In 2007, Harrah's Casino and Racetrack opened in the City of Chester. The City receives revenue from its land lease agreement with Harrah's and a share of Harrah's gaming revenue paid to the Commonwealth of Pennsylvania. Harrah's Chester Casino and Racetrack pays the City 2.0% of gross terminal revenue generated by gaming and the Commonwealth remits 2.0% of gross table game revenue from the Chester site.

A total of 1.0% of table game revenue assessments (50% of the local share assessment) received from the Commonwealth of Pennsylvania is restricted for the DCCC sponsorship agreement (Note L). The City received $11,051,862 in 2022 in total from its share of the gaming revenue and the land lease agreement with Harrah's.

NOTE O - PENSION PLANS

Plan Description

The City administers three single employer defined benefit pension plans: Police Pension Fund, Paid Firemen's Pension Fund, and Officers & Employees Retirement System (collectively the "Plans"). These Plans cover substantially all full-time employees. All plans provide retirement and disability benefits to plan members and a death benefit for surviving spouses, provided the surviving spouse is not remarried, or to dependent children under the age of eighteen. City Council adopts City ordinances and plan provisions are established by City ordinance with the authority for City contributions required by Act 205 of the Commonwealth of Pennsylvania (the "Act"). Prior to February 1, 2017, new Police officers contributed 5% of their salary, increased by 1% every subsequent January 1st, until reaching 8%. If hired after February 1, 2017, new Police officers contribute 8% of their salary beginning immediately. Paid Firemen contribute 5% of their salary plus $1 per month. Officers and Employees, hired before January 1, 1988, pay 6% of their compensation, depending on their coverage status, 1% of compensation if hired after December 31, 1987, and 3.5% of compensation if hired after March 1, 2016.

As of December 31, 2022, participants in the plans were as follows:

	Police Pension Fund	Paid Firemen's Pension Fund	Officers & Employees Retirement System
Participants			
Inactive plan members currently receiving benefits	151	81	50
Inactive plan members entitled to but not yet receiving benefits	-	-	1
Active plan members	74	52	71
	225	133	122

Police

All full-time members of the police force join the Plan upon employment. Members are eligible for normal retirement after completion of 20 years of service, if hired before February 1, 2017. If hired after February 1, 2017, normal retirement is age 50, with 25 years of service. Prior to February 1, 2017, the normal retirement pension was payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, provided the surviving spouse is not remarried, or to dependent children under the age of 18 equal to 50% of the amount payable to the member at the time of the member's death. The amount of monthly pension is 50% of average monthly compensation earned in the last 52 weeks, plus a service increment of 1/40th of such pension per year of service over 20 years but not occurring after age 65. The maximum service increment is $500 per month if hired before February 1, 2017, and $100 per month if hired after that date. There are early retirement and disability provisions in eligible circumstances.

There also exists the opportunity to elect to participate in a deferred retirement option plan ("DROP") for active police members who have met the eligibility for normal retirement. Effective January 1, 2018, DROP was amended to be in compliance with Act 44.

NOTE O - PENSION PLANS

Firemen

All full-time paid firemen join the Plan upon employment. Members are eligible for normal retirement after completion of 20 years of service, if hired before December 12, 2011. If hired after December 12, 2011, normal retirement is age 50 and 25 years of service. Prior to February 1, 2017, the normal retirement pension was payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, provided the surviving spouse is not remarried, or to dependent children under the age of 18 equal to 50% of the amount payable to the member at the time of the member's death. The amount of monthly pension is 50% of average monthly compensation earned in the last 52 weeks, plus a service increment of 1/40th of such pension per year of service over 20 years but not occurring after age 65. The maximum service increment is $500 per month if hired before February 1, 2017 and $100 per month if hired after that date. There are early retirement and disability provisions in eligible circumstances.

There also exists the opportunity to elect to participate in a deferred retirement option plan ("DROP") for active firemen members who have met the eligibility for normal retirement. Effective January 1, 2018, DROP was amended to be in compliance with Act 44.

Officers and Employees

All full-time non-uniformed employees are covered by the Plan with the exception of per diem laborers, who are covered at their option. Members hired before January 1, 1988 are eligible for normal retirement after attaining the age of 60 and 20 years of service. For those hired subsequent to that date, members are eligible after attaining age 65 and the completion of 25 years of service. Normal retirement pension is payable in semi-monthly installments for life with payments continuing upon death to the surviving spouse, provided the spouse is not remarried, in an amount equal to 50% of the benefit the member was receiving at the time of death. For those hired before January 1, 1988, monthly pension is equal to 50% of the average monthly compensation. If joint coverage has been elected, the pension is reduced by 40% of primary social security. For those hired subsequent to that date, the amount of monthly pension is equal to 0.755 of average monthly compensation times full years of service. Disability retirement benefits are provided in eligible circumstances.

Summary of Significant Accounting Policies

Financial information of the City's plans is presented on the accrual basis of accounting. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the individual plans.
Investments of the plans are reported at fair value. The City's pension plan assets are managed by PNC Financial Services Group, Inc. (PNC). Unrealized gains and/or losses due to fluctuations in fair value are recorded in the financial statements. Realized gains or losses are recorded at the time of sale. Net appreciation or depreciation in the fair value of plan investments includes both realized and unrealized gains and losses. For those funds managed by PNC, related fees are also included in the appreciated value and investment income portion of the financial statements.

NOTE O - PENSION PLANS

Contributions and Funding Policy

Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation ("MMO"). The MMO calculation is based upon the annual actuarial valuation. The Act does not require employees to contribute; such contributions resulted from collective bargaining. The Commonwealth allocates certain funds to assist the City in pension funding. Any financial requirement established by the MMO that exceeds the Commonwealth allocation must be funded by the City (and could include employee contributions).

In 2022, the Police and Paid Firemen were required to contribute based upon the financial requirements established by their respective collective bargaining agreements. Non-uniformed employees' contributions are based on the plan document. During this period, the Police contributed $538,684, the Paid Firemen contributed $233,494, and the Officers and Employees contributed $138,535.

Furthermore, the City was required to contribute State aid along with City funds necessary to meet the 2022 MMO of each of the respective funds as follows:

Police Pension Fund	$	7,088,632
Paid Firemen's Pension Fund		1,168,058
Officers & Employees Retirement System		1,151,538

The City, pursuant to ACT 205 uses funds collected from Distressed Earned Income Taxes to fund pension plans. These funds amounted to $8,033,033 in 2022. During 2022, the City received a total of $1,735,451 in its State Aid and allocated $1,296,451 and $439,000 to the Police and Paid Firemen's Pension Plans. Funds were remitted to the Plans during 2022. As of December 31, 2022, the City had made contributions to the pension plans; however, these contributions were made in arrears and applied to previously outstanding delinquent pension liabilities rather than current-year MMO requirements. The City had accrued contributions and interest payable to the pension plans for 2022 and past years totaling $39,711,755, which is accrued as a liability in the Statement of Net Position and a fully allowed for receivable in the Statement of Fiduciary Net Position-Pension Trust.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the respective plans and funded from investment earnings.

NOTE O - PENSION PLANS

Pension Liability, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension

At December 31, 2022, the City reported a net pension liability of $167,847,226 for all Plans. The total pension liability was determined as a part of an actuarial valuation at January 1, 2021 rolled forward to December 31, 2022. The Plans total pension liability, fiduciary net position, and changes thereto are presented below:

Police Pension Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
BALANCE AT DECEMBER 31, 2021	$ 169,742,812	$ 38,748,114	$ 130,994,698
Changes for the year			
Service cost	2,797,547	-	2,797,547
Interest	5,507,414	-	5,507,414
Changes of assumptions	(41,445,437)	-	(41,445,437)
Contributions - employer	-	5,792,181	(5,792,181)
Contributions - state aid	-	1,296,451	(1,296,451)
Contributions - member	-	538,684	(538,684)
Contributions - buy back	2,372	2,372	-
Net investment income (loss)	-	2,560,109	(2,560,109)
Benefit payments	(6,625,388)	(6,625,388)	-
Administrative expenses	-	(37,140)	37,140
NET CHANGES	(39,763,492)	3,527,269	(43,290,761)
Special item	-	(35,326,980)	35,326,980
BALANCE AT DECEMBER 31, 2022	$ 129,979,320	$ 6,948,403	$ 123,030,917

Paid Firemen's Pension Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
BALANCE AT DECEMBER 31, 2021	$ 79,672,665	$ 36,605,241	$ 43,067,424
Changes for the year			
Service cost	1,667,032	-	1,667,032
Interest	2,864,519	-	2,864,519
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(17,174,527)	-	(17,174,527)
Contributions - employer	-	729,058	(729,058)
Contributions - state aid	-	439,000	(439,000)
Contributions - member	-	233,494	(233,494)
Contributions - buy back	-	-	-
Net investment income (loss)	-	(5,668,854)	5,668,854
Benefit payments	(3,242,158)	(3,242,158)	-
Administrative expenses	-	(20,200)	20,200
Other changes	-	-	-
NET CHANGES	(15,885,134)	(7,529,660)	(8,355,474)
Special item	-	(1,957,957)	1,957,957
BALANCE AT DECEMBER 31, 2022	$ 63,787,531	$ 27,117,624	$ 36,669,907

NOTE O - PENSION PLANS

Officers and Employees Retirement System	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
BALANCE AT DECEMBER 31, 2021	$ 13,355,135	$ 4,974,113	$ 8,381,022
Changes for the year			
Service cost	330,612	-	330,612
Interest	478,477	-	478,477
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(2,417,525)	-	(2,417,525)
Contributions - employer	-	1,151,538	(1,151,538)
Contributions - state aid	-	-	-
Contributions - member	-	138,535	(138,535)
Contributions - buy back	-	-	-
Net investment income (loss)	-	(216,871)	216,871
Benefit payments	(836,809)	(836,809)	-
Administrative expenses	-	(20,200)	20,200
Other changes	-	-	-
NET CHANGES	(2,445,245)	216,193	(2,661,438)
Special item	-	(2,426,819)	2,426,819
BALANCE AT DECEMBER 31, 2022	$ 10,909,890	$ 2,763,487	$ 8,146,403

NOTE O - PENSION PLANS

For the year ended December 31, 2022, the City recognized total pension expense (benefit) for the Plans of $(1,796,078) (Police), $5,272,629 (Paid Firemen's), and $447,947 (Officers & Employees). At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the Plans as follows:

Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,663,681
Changes of assumptions	-	13,777,801
Net difference between projected and actual earnings on pension plan investments	-	3,300,583
Total	$ -	$ 19,742,065

Paid Firemen's Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 17,757
Changes of assumptions	-	2,747,902
Net difference between projected and actual earnings on pension plan investments	1,506,551	-
Total	$ 1,506,551	$ 2,765,659

Officers and Employees Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,141,907
Changes of assumptions	2,177,405	-
Net difference between projected and actual earnings on pension plan investments	-	81,367
Total	$ 2,177,405	$ 2,223,274

NOTE O - PENSION PLANS

Amounts reported as pension deferred outflows and deferred inflows of resources for all Plans will be recognized in pension expense as follows:

Year Ending December 31,	Police Pension Fund	Paid Firemen's Pension Fund	Officers & Employees Retirement System
2023	$ (9,017,194)	$ 886,947	$ (146,427)
2024	(9,701,823)	262,621	(65,344)
2025	(679,588)	(1,970,936)	(22,005)
2026	(343,460)	(437,740)	42,985
2027	-	-	(27,356)
Thereafter	-	-	172,278
	$ (19,742,065)	$ (1,259,108)	$ (45,869)

NOTE O - PENSION PLANS

Actuarial Assumptions

The City's actuarial assumptions and methods and related information for each of the Plans are as follows:

	Police Pension Fund	Paid Firemen's Pension Fund	Officers & Employees Retirement Systen
Actuarial valuation date	1/1/2021	1/1/2021	1/1/2021
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Dollar	Level Dollar	Level Dollar
Asset valuation method	Per section 210(a) of Act 44	Per section 210(a) of Act 44	Per section 210(a) of Act 44
Remaining amortization period	11 years	15 years	9 years
Actuarial assumptions:			
Inflation	2.25%	2.25%	2.25%
Investment rate of return	6.50%	6.50%	6.50%
Projected salary increase	5.00%	5.00%	5.00%
Retirement age:			
Normal	20 years of service, if hired after 2/1/17 age 50 and 25 years of service	20 years of service, if hired after 12/12/11 age 52 and 20 years of service	20 years of service, if hired after 2/1/17 age 50 and 25 years of service; after 12/31/87, age 65 and 25 years of service
Early	Age 60	None	Age 60 or 65 and 12 years of service

Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

The actuarial assumptions used were based upon a January 1, 2021 valuation date.

NOTE O - PENSION PLANS

Investment Policy Summary

The Plans' investment policy in regard to the allocation of invested assets is established and may be amended by the City Council and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

The Plans' formal Investment Policy Statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

The Plan's investment policy establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Domestic Equities	52.50%	5.30%
International Equity	17.50%	6.70%
Fixed Income	27.00%	1.80%
Cash	3.00%	0.80%
Net Blended Return		4.46%
Inflation		2.25%
Total Long-term Expected Rate of Return		6.71%

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2022 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates of authentic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2022 are listed in the table above.

Discount Rate

Police Pension Plan – The discount rate used to measure the total pension liability was 4.31%. This represents the 20-year AA municipal bond rate which is to be used when assets are projected not to cover benefit payments.

NOTE O - PENSION PLANS

Paid Firemen's Pension Plan – The discount rate used to measure the total pension liability was 4.58%. This represents a blended rate of the long term expected return on assets 6.74% through 2035 where assets are sufficient to cover benefit payments and the 20-year AA municipal bond rate 4.31% after 2035, where assets are projected not to cover benefit payments.

Officers & Employees' Pension Plans – The discount rate used to measure the total pension liability was 4.41%. This represents a blended rate of the long term expected return on assets 6.71% through 2038 where assets are sufficient to cover benefit payments and the 20-year AA municipal bond rate 4.31% after 2038, where assets are projected not to cover benefit payments.

Based upon all of the Plans' current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plans' long-term returns may be less that its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Police Pension Plan	3.31%	4.31%	5.31%
Net Pension Liability	$ 148,190,439	$ 123,030,917	$ 102,504,340
Paid Firemen's Pension Plan	3.58%	4.58%	5.58%
Net Pension Liability	46,940,366	36,669,907	28,364,089
Officers & Employees Retirement System	3.41%	4.41%	5.41%
Net Pension Liability	10,201,775	8,146,402	6,420,198
TOTAL	$ 205,332,580	$ 167,847,226	$ 137,288,627

At December 31, 2022 the City's general fund owed the pension trust fund $39,711,755 which is recorded on the general fund as an accrued liability and fully allowed against as a receivable in the pension trust fund.

NOTE O - PENSION PLANS

CEDA Pension Plan

CEDA sponsors a defined contribution pension plan for the benefit of its employees. This Plan has its own Board and investments are participant directed. This plan has an amended effective date of July 2,1982, with additional amendments made to maintain compliance with requisite Internal Revenue Service requirements. This plan covers substantially all regular employees who are classified as a permanent employee and whose customary employment is for more than twenty hours per week and for more than five months per year. An employee may become a participant on any anniversary date such employee has completed thirty days of continuous employment and is at least seventeen years old. A participating employee must contribute at least three percent but may contribute up to 6%.

CEDA shall match the employee's contribution, up to a maximum of six percent. The employee is subject to a vesting schedule for Authority contributions as follows:

Completed Years of Service	% Vested
Less than one year	0%
One year but less than two years	20%
Two years but less than three years	40%
Three years but less than four years	60%
Four years but less than five years	80%
Five or more years	100%

The employee's contributions plus the earnings thereon are at all times fully vested. Full vesting shall not be later than the date on which HUD funding ceases.

Contributions are made to the Pension Fund each payroll period. Separate plan financial statements are available at CEDA.

Employee and CEDA contributions for the five most recent periods are as follows:

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Employer Contribution	$ 15,514	$ 14,940	$ 14,940	$ 14,923	$ 14,505
Employee Contribution	73,199	27,776	26,152	26,123	23,458

NOTE P - OTHER POST EMPLOYMENT BENEFITS

The City pays certain other post-employment benefits (OPEB) for both uniform and non-uniform municipal employees under the three City of Chester Police, Firefighters, Officers and employees Health and Welfare Plans (collectively the OPEB Plans), a single employer defined benefit plan. Police are eligible to participate after 20 years of service, no minimum age requirement, if hired prior to December 31, 2016. If hired between December 31, 2016 and January 31, 2017, a minimum of 25 years of service and age 50 is required. If hired after February 1, 2017, no retiree health coverage is provided to police. Firefighters are eligible to participate after 20 years of service, no minimum age requirement, if hired prior to January 1, 2017. If hired on or after January 1, 2017, a minimum of 25 years of service and age 50 is required. For both police and firefighters, if they should be on permanent disability, the City will continue to pay medical coverage. Non-uniform employees are eligible if they retire at 60 years of age with 20 years of service, if hired prior to January 1, 1988. If hired on or after January 1, 1988, the employee must be 65 years of age and have 25 years of service.

In 2017, the City became self-funded for all medical and prescription drug costs. The OPEB Plans are authorized and under the control, maintenance, and operation of City Council and collectively bargained agreements/Memorandum of Understandings. The financial responsibility of the City is based on a pay-as-you-go financing requirement. City Council has the authority within contractual limitations to amend the OPEB Plans including changing the obligation of Plan members and the City. For all three OPEB Plans, beginning January 1, 2017, retirees contribute 5% of the cost of medical and prescription drug coverage in effect at the time of retirement based on marital status. The retiree will contribute until they become eligible for the Medicare Supplement plan. The City's OPEB Plan is not a Trust.

The OPEB participants consisted of the following at December 31, 2021:

	Police Health and Welfare Plan	Firefighters Health and Welfare Plan	Officers and Employees Health and Welfare Plan
Participants			
Inactive plan members currently receiving benefits	146	77	39
Inactive plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	53	47	89
	199	124	128

NOTE P - OTHER POST EMPLOYMENT BENEFITS

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

At December 31, 2021, the City reported an OPEB liability of $341,076,355 for all Plans. The total OPEB liability was determined as part of an actuarial valuation at January 1, 2021 rolled forward to December 31, 2021. Information for the City's OPEB plan to be rolled to 2022 was not available. The total OPEB liability and changes thereto are presented below:

	Police Health and Welfare Plan	Firefighters Health and Welfare Plan	Officers and Employees Health and Welfare Plan
Balances, beginning	$ 123,906,031	$ 61,043,700	$ 29,460,056
Changes for the year:			
Service cost	1,432,205	1,260,752	712,312
Interest	4,284,007	2,228,486	1,025,797
Differences between expected and actual expeience	9,015,025	7,194,536	1,953,103
Changes of assumptions	78,470,065	17,439,098	9,778,700
Benefit payments	(5,116,204)	(1,875,366)	(1,135,948)
Net changes	88,085,098	26,247,506	12,333,964
Balances, ending	$ 211,991,129	$ 87,291,206	$ 41,794,020

For the year ended December 31, 2021, the City recognized total OPEB expense (benefit) for the Plans of $24,356,630 (Police), $5,502,027 (Firefighters), and $2,591,804 (Officers & Employees).

NOTE P - OTHER POST EMPLOYMENT BENEFITS

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plans as follows:

Police Health and Welfare Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,761,269	$ 5,695,735
Changes of assumptions	59,546,600	-
Total	$ 66,307,869	$ 5,695,735

Firefighters Health and Welfare Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,166,745	$ 5,750,199
Changes of assumptions	15,807,792	-
Total	$ 21,974,537	$ 5,750,199

Officers and Employees Health and Welfare Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,757,793	$ 2,117,447
Changes of assumptions	9,130,418	-
Total	$ 10,888,211	$ 2,117,447

NOTE P - OTHER POST EMPLOYMENT BENEFITS

Amounts reported as pension deferred outflows and deferred inflows of resources for all OPEB Plans will be recognized in pension expense as follows:

Year Ending December 31,	Police Health and Welfare Plan	Firefighters Health and Welfare Plan	Officers and Employees Health and Welfare Plan
2022	$ 18,640,418	$ 2,012,789	$ 853,725
2023	20,100,442	2,012,789	853,725
2024	21,871,274	2,012,789	853,725
2025	-	3,147,792	853,725
2026	-	3,519,091	853,725
Thereafter	-	3,519,088	4,502,139
	$ 60,612,134	$ 16,224,338	$ 8,770,764

Actuarial Assumptions

The City's actuarial assumptions and methods and related information for each of the OPEB Plans are as follows:

	Police	Firefighters	Officers and Employees
Actuarial valuation date	1/1/2021	1/1/2021	1/1/2021
Actuarial cost method	Entry Age	Entry Age	Entry Age
Actuarial assumptions:			
Inflation	2.50%	2.50%	2.50%
Projected salary increase	5.00%	5.00%	5.00%
Retirement age:			
Assumed	Age 55, minimum of 23 years of service	Age 55, minimum of 23 years of service	Age 60, 20 years of service hired before 1/1/88 and age 65, 25 years of service
Initial medical trend rate	7.50%	7.50%	7.50%
Ultimate medical trend rate	5.00%	5.00%	5.00%

Mortality rates were based on the Pub-2010 Amount-Weighted mortality tables projected 5 years past the valuation date.

The actuarial assumptions used were based upon a January 1, 2021 valuation date.

Discount Rate

For all OPEB Plans, the discount rate is 2.25% and is based on the S&P 20 year AA municipal bond rate. Since there are no invested assets, there is no long-term expected rate of return.

NOTE P - OTHER POST EMPLOYMENT BENEFITS

Total OPEB Liability Sensitivity – Discount Rate

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate. The table below presents the total OPEB liability calculated using the current discount rate as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Police Health & Welfare Plan	1.25%	2.25%	3.25%
Total OPEB Liability	$ 246,608,770	$ 211,991,129	$ 184,476,859
Firefighters Health & Welfare Plan	1.25%	2.25%	3.25%
Total OPEB Liability	105,415,329	87,291,206	73,252,440
Officers & Employees Health & Welfare Plan	1.25%	2.25%	3.25%
Total OPEB Liability	48,563,283	41,794,020	36,268,824
TOTAL	$ 400,587,382	$ 341,076,355	$ 293,998,123

Total OPEB Liability Sensitivity –Healthcare Cost Trend Rates

The following is a sensitivity analysis of the total OPEB liability to changes in the healthcare cost trend rates. The table below presents the total OPEB liability calculated using the healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than expected.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Police Health & Welfare Plan			
Total OPEB Liability	$ 183,089,022	$ 211,991,129	$ 248,171,692
Firefighters Health & Welfare Plan			
Total OPEB Liability	72,173,158	87,291,206	106,998,680
Officers & Employees Health & Welfare Plan			
Total OPEB Liability	35,525,136	41,794,020	49,774,814
TOTAL	$ 290,787,316	$ 341,076,355	$ 404,945,186

NOTE Q - COMMITMENTS AND CONTINGENCIES

Intergovernmental grants

The City and CEDA received Federal and State grants for specific purposes that are subject to review and audit by the funding agencies or their representatives. If grant revenues are received for expenditures that are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements as of December 31, 2022.

Tax Assessment Appeals

Tax assessment appeals were filed by several taxpayers for various tax years. Although the outcome of these appeals is not presently determinable, management believes the resolution of these matters will not have a material adverse effect on the net position of the City.

Claims and Other Legal Proceedings

The City and its component units are involved in various claims and lawsuits arising in the normal course of business, including claims for property damage, personal inquiry, and labor matters. In the opinion of management, the unrecorded potential claims against the City, not covered by insurance, resulting from such claims and lawsuits, would not have a material effect on the City's net position as of December 31, 2022.

Self-Insurance Medical Coverage

The City is self-insured to provide group medical and prescription coverage to employees. The coverage is administered by a third party for the City.

The liability for the incurred but not reported (IBNR) claims is included in accounts payable accrued expenditures line item under the General Fund within the Balance Sheet – Governmental Funds. The claims liability at December 31, 2022 was $623,184.

CLAIM LIABILITY AT BEGINNING OF YEAR	$	604,488
Incurred claims		8,367,424
Payments on claims		(8,348,728)
CLAIM LIABILITY AT END OF YEAR	$	623,184

Internal Revenue Service (IRS) Tax Notices

The City received several tax notices from the IRS related to December 31, 2022, and prior period filings. Management has evaluated the matters and recorded an estimated liability for the assessed tax and penalties in the amount of $750,000 at December 31, 2022. The City intends to request abatement of the related interest and believes it is reasonably possible that such interest will be forgiven. Accordingly, no liability for interest has been recorded in the basic financial statements. Management will continue to monitor the status of these notices and adjust the recorded amounts as necessary based on the ultimate resolution.

NOTE R - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, natural disasters, and employees' workers compensation. The General Fund is used to account for the risks for all risk financing activities.

The City purchases commercial insurance for these risks of loss. There have been no significant changes in insurance coverage in the past three years and settled claims have not exceeded the commercial coverage in those years.

NOTE S - PRIOR PERIOD ADJUSTMENT – CORRECTION OF AN ACCOUNTING ERROR

The City's net position of the Governmental Activities opinion unit at December 31, 2021 has been restated as follows:

Net Position as originally stated at December 31, 2021	$	(419,597,331)
Restatement of financed purchase obligations from $398,550 to $658,270		(259,720)
Restatement of taxes receivable, net and unavailable revenue, taxes		4,900,465
Net Position at December 31, 2021, as restated	$	(414,956,586)

The City's fund balance of the General Fund opinion unit at December 31, 2021 has been restated as follows:

Net Position as originally stated at December 31, 2021	$	(30,897,568)
Restatement of taxes receivable, net and unavailable revenue, taxes		4,900,465
Net Position at December 31, 2021, as restated	$	(25,997,103)

NOTE T - SUBSEQUENT EVENTS

The City evaluated its December 31, 2022 financial statements for subsequent events through April 23, 2026, the date the financial statements were available to be issued.

In November 2022, the Receiver filed for Bankruptcy under Chapter 9 of the Bankruptcy code, and on March 14, 2023, the bankruptcy was approved by the Federal Court.

In December 2023, the City prepaid the remaining balance on its general obligation notes, 2010 B Series that were issued to the Delaware Valley Regional Finance Authority in the amount of $865,184.

On March 25, 2025, the Pennsylvania Commonwealth Court appointed the new Receiver effective July 1, 2025, following the previously announced resignation of the prior Receiver effective at the end of June 30, 2025. On November 24, 2025, the Pennsylvania Commonwealth Court extended the City's Receivership and the term as Receiver until December 28, 2027, subject to the provisions of ACT 47.

For the years ending 2023 through 2025 the City made all required MMO contributions to the three pension plans, in addition to contributing all funds received from the Distressed Earned Income Tax during these years.

In 2025, dates related to the issuance, due dates, and effective delinquency date were changed from starting March 1 to February 1, accelerating the discount, face and late periods by one month. The effective date of delinquency accelerated from February 15 of the subsequent year to December 31 of the current year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHESTER, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes and assessments				
Real estate	$ 10,535,500	$ 10,535,500	$ 9,795,731	$ (739,769)
Rubbish fees	2,029,791	2,029,791	2,393,993	364,202
Local enabling act taxes	19,630,000	19,630,000	24,150,723	4,520,723
Licenses, permits and fees				
Licenses and permits	1,075,500	1,075,500	1,292,113	216,613
Cable TV Franchise Fees	375,000	375,000	329,544	(45,456)
Fines and forfeits	122,000	122,000	139,696	17,696
Intergovernmental				
Grants	4,005,294	4,005,294	652,361	(3,352,933)
Commonwealth of Pennsylvania pension aid	1,353,000	1,353,000	1,738,276	385,276
Public utility realty tax	19,500	19,500	28,033	8,533
Departmental				
Departmental earnings	643,520	643,520	594,887	(48,633)
Reimbursements	1,397,989	1,397,989	1,259,993	(137,996)
Waste facilities fees	4,923,000	4,923,000	5,047,662	124,662
Casino host community fees	11,209,000	11,209,000	11,051,862	(157,138)
Payments in lieu of taxes	275,000	275,000	386,915	111,915
Other				
Rent	159,602	159,602	248,695	89,093
Unclassified operating revenues	-	-	18,850	18,850
TOTAL REVENUES	57,753,696	57,753,696	59,129,334	1,375,638
EXPENDITURES				
General government	20,238,685	20,238,685	23,237,809	(2,999,124)
Public safety	25,776,950	25,776,950	31,137,065	(5,360,115)
Health and human services	431,724	431,724	505,999	(74,275)
Public works - highways and streets	4,306,830	4,306,830	5,529,029	(1,222,199)
Culture and recreation	673,750	673,750	515,759	157,991
Debt service	250,000	250,000	291,142	(41,142)
TOTAL EXPENDITURES	51,677,939	51,677,939	61,216,803	(9,538,864)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,075,757	6,075,757	(2,087,469)	(8,163,226)
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	200,000	200,000	-	(200,000)
Transfers in	-	-	5,937,815	5,937,815
Transfers out	(6,275,757)	(6,275,757)	(5,271,879)	1,003,878
TOTAL OTHER FINANCING SOURCES (USES)	(6,075,757)	(6,075,757)	665,936	6,741,693
NET CHANGE IN FUND BALANCES	-	-	(1,421,533)	(1,421,533)
FUND BALANCES AT BEGINNING OF YEAR	(25,997,103)	(25,997,103)	(25,997,103)	-
FUND BALANCES AT END OF YEAR	$ (25,997,103)	$ (25,997,103)	$ (27,418,636)	$ (1,421,533)

See accompanying note to the budgetary comparison schedule.

CITY OF CHESTER, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE
AMERICAN RESCUE PLAN ACT FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Investment income	$ -	$ -	$ 59,106	$ 59,106
Intergovernmental				
Grants	28,165,916	28,165,916	5,241,993	(22,923,923)
TOTAL REVENUES	28,165,916	28,165,916	5,301,099	(22,864,817)
EXPENDITURES				
General government	2,946,800	2,946,800	54,100	2,892,700
Public safety	3,191,500	3,191,500	-	3,191,500
Public works - highways and streets	2,000,000	2,000,000	145,400	1,854,600
Culture and recreation	350,000	350,000	-	350,000
Community development	20,000	20,000	-	20,000
TOTAL EXPENDITURES	8,508,300	8,508,300	199,500	8,308,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,657,616	19,657,616	5,101,599	(14,556,017)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,905,974)	(2,905,974)	(5,042,493)	(2,136,519)
NET CHANGE IN FUND BALANCES	16,751,642	16,751,642	59,106	(16,692,536)
FUND BALANCES AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCES AT END OF YEAR	$ 16,751,642	$ 16,751,642	$ 59,106	$ (16,692,536)

See accompanying note to the budgetary comparison schedule.

CITY OF CHESTER, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Investment income	$ -	$ -	$ 25,751	$ 25,751
EXPENDITURES				
Debt service	4,207,865	4,207,865	3,376,950	830,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,207,865)	(4,207,865)	(3,351,199)	856,666
OTHER FINANCING SOURCES (USES)				
Transfers in	4,207,865	4,207,865	4,555,484	347,619
Transfers out	-	-	(13)	(13)
TOTAL OTHER FINANCING SOURCES (USES)	4,207,865	4,207,865	4,555,471	347,606
NET CHANGE IN FUND BALANCES	-	-	1,204,272	1,204,272
FUND BALANCES AT BEGINNING OF YEAR	1,953,111	1,953,111	1,953,111	-
FUND BALANCES AT END OF YEAR	$ 1,953,111	$ 1,953,111	$ 3,157,383	$ 1,204,272

See accompanying note to the budgetary comparison schedule.

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE PENSION
PLAN LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	$ 2,797,547	$ 4,344,349	$ 5,106,258	$ 3,512,482
Interest	5,507,414	3,807,923	3,218,158	4,411,636
Changes of benefit terms	-	(1,527,208)	-	-
Differences between expected and actual experience	-	(5,244,982)	-	(4,527,623)
Changes of assumptions	(41,445,437)	8,260,153	28,214,791	6,668,234
Contributions - Buy back	2,372	-	-	-
Benefit payments, including refunds of member contributions	(6,625,388)	(6,612,288)	(6,494,425)	(6,135,632)
NET CHANGE IN TOTAL PENSION LIABILITY	(39,763,492)	3,027,947	30,044,782	3,929,097
Total pension liability, beginning	169,742,812	166,714,865	136,670,083	132,740,986
TOTAL PENSION LIABILITY, ENDING (a)	$ 129,979,320	$ 169,742,812	$ 166,714,865	$ 136,670,083
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 5,792,181	$ 7,180,663	$ 6,329,502	$ 5,577,830
State aid	1,296,451	1,352,834	1,890,752	1,976,513
Member	538,684	503,789	559,185	591,617
Buy back	2,372	-	-	-
Net investment income (loss)	2,560,109	2,423,009	2,303,113	2,621,781
Benefit payments, including refunds of member contributions	(6,625,388)	(6,612,288)	(6,494,425)	(6,135,632)
Administrative expense	(37,140)	(29,760)	(79,060)	(44,424)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,527,269	4,818,247	4,509,067	4,587,685
Plan fiduciary net position, beginning	38,748,114	33,929,867	29,420,800	24,833,115
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 42,275,383	$ 38,748,114	$ 33,929,867	$ 29,420,800
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	$ 87,703,937	$ 130,994,698	$ 132,784,998	$ 107,249,283
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	32.52%	22.83%	20.35%	21.53%
COVERED PAYROLL	$ 6,220,000	$ 7,800,000	$ 7,800,000	$ 7,873,096
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	1410.03%	1679.42%	1702.37%	1362.23%

NOTES TO SCHEDULE

Assumption Changes: At 1/1/15, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. At 12/31/16, the discount rate was changed from 7.5% to 3.73%. At 1/1/17, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA. At 12/31/17, the discount rate was changed from 3.73% to 3.17%. At 12/31/18, the discount rate was changed from 3.17% to 3.64%. At 12/31/19, the discount rate was changed from 3.64% to 3.26%. At 12/31/20, the discount rate was changed from 3.26% to 1.93%. At 1/1/21, the discount rate was changed from 1.93% to 2.25%, the disability assumption was changed from a 3% load to the 1985 Pen Dis Table, the mortality assumption was changed from the BC RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past 2021 valuation date using MP-2020, and a 25% overtime load was added to final average salary. At 12/31/22, the discount rate was changed from 2.25% to 4.31%. Please note that the discount rate changes only apply to GASB 67 & 68 schedules.

Benefit Changes: At 1/1/15, average compensation was changed from a 5 year average to final salary and the service increment maximum was increased from $100 to $500. At 1/1/17, the vesting schedule was changed from 100% after 20 years to 100% after 12 years. At 1/1/2021, average compensation was changed from 1 year to 3 year average for employees hired before 2/1/17.

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
$ 3,609,100	$ 2,991,121	$ 1,297,942	$ 1,236,135	$ 1,243,265
4,438,963	4,762,744	5,620,818	5,549,595	4,481,692
-	31,342	-	1,150,972	-
-	-	5,105,198	11,188,833	-
(8,665,342)	10,607,054	44,651,542	1,623,158	-
-	-	-	-	-
(6,126,014)	(6,228,465)	(6,002,620)	(5,793,191)	(5,090,966)
(6,743,293)	12,163,796	50,672,880	14,955,502	633,991
139,484,279	127,320,483	76,647,603	61,692,101	61,058,110
$ 132,740,986	$ 139,484,279	$ 127,320,483	$ 76,647,603	$ 61,692,101
$ 4,688,903	$ 4,785,029	$ 4,265,723	$ 4,556,726	$ 3,180,671
626,813	450,340	476,149	375,273	644,271
597,660	420,331	377,404	425,108	398,035
-	-	-	-	-
1,351,883	2,471,847	1,958,427	488,902	1,615,921
(6,126,014)	(6,228,465)	(6,002,620)	(5,793,191)	(5,090,966)
(32,860)	(44,930)	(41,320)	(30,640)	(32,540)
1,106,385	1,854,152	1,033,763	22,178	715,392
23,726,730	21,872,578	20,838,815	20,816,637	20,101,245
$ 24,833,115	$ 23,726,730	$ 21,872,578	$ 20,838,815	$ 20,816,637
$ 107,907,871	$ 115,757,549	$ 105,447,905	$ 55,808,788	$ 40,875,464
18.71%	17.01%	17.18%	27.19%	33.74%
$ 7,985,224	$ 8,200,000	$ 7,466,696	$ 7,800,000	$ 7,802,522
1351.34%	1411.68%	1412.24%	715.50%	523.88%

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE PENSION
PLAN LIABILITY AND RELATED RATIOS
PAID FIREMEN'S PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	$ 1,667,032	$ 2,426,827	$ 2,180,683	$ 1,475,898
Interest	2,864,519	2,265,345	1,976,892	2,404,480
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(263,585)	-	587,866
Changes of assumptions	(17,174,527)	1,733,940	13,104,574	17,392,199
Benefit payments, including refunds of member contributions	(3,242,158)	(3,049,112)	(2,903,909)	(2,772,336)
NET CHANGE IN TOTAL PENSION LIABILITY	(15,885,134)	3,113,415	14,358,240	19,088,107
Total pension liability, beginning	79,672,665	76,559,250	62,201,010	43,112,903
TOTAL PENSION LIABILITY, ENDING (a)	$ 63,787,531	$ 79,672,665	$ 76,559,250	$ 62,201,010
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 729,058	$ 1,141,994	$ 953,107	$ 953,353
State aid	439,000	-	-	-
Member	233,494	224,084	204,254	215,354
Net investment income (loss)	(5,668,854)	4,252,156	3,300,760	6,203,732
Benefit payments, including refunds of member contributions	(3,242,158)	(3,049,112)	(2,903,909)	(2,772,336)
Administrative expense	(20,200)	(11,000)	(11,000)	(21,450)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(7,529,660)	2,558,122	1,543,212	4,578,653
Plan fiduciary net position, beginning	36,605,241	34,047,119	32,503,907	27,925,254
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 29,075,581	$ 36,605,241	$ 34,047,119	$ 32,503,907
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	$ 34,711,950	$ 43,067,424	$ 42,512,131	$ 29,697,103
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	45.58%	45.94%	44.47%	52.26%
COVERED PAYROLL	$ 4,440,000	$ 4,200,000	$ 4,200,000	$ 4,202,254
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	781.80%	1025.41%	1012.19%	706.69%

NOTES TO SCHEDULE

Assumption Changes: At 1/1/15. the mortality assumption was changed from the Blue Collar Table to the Blue Collar RP-2000 Table project to 2015 using Scale AA. At 12/31/16, the discount rate was changed from 7.5% to 5.91%. At 1/1/17, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA. At 12/31/18, the discount rate was changed from 5.91% to 6.61%. At 12/31/19, the discount rate was changed from 6.61% to 3.93%. At 12/31/20, the discount rate was changed from 3.93% to 2.60%. At 1/1/21, the discount rate was changed from 2.60% to 2.87%, the disability assumption was changed from a 3% load to the 1985 Pen Dis Table, the mortality assumption was changed from the BC RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past 2021 valuation date using MP-2020, and a 10% overtime load was added to final average salary. At 12/31/22, the discount rate was changed from 2.87% to 4.58%. Please note that the discount rate changes only apply to GASB 67 & 68 schedules.

Benefit Changes: At 1/1/15, the service increment maximum was increased from $100 to $500. At 1/1/17, for employees hired after 12/12/2011, retirement eligibility was changed from 20 years of service to age 50 and 25 years of service.

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
$ 940,962	$ 896,154	$ 587,516	$ 559,539	$ 567,153
2,683,196	2,593,715	2,571,703	2,527,069	2,268,377
-	(44,070)	-	450,201	-
-	-	2,116,290	1,881,060	-
(3,654,248)	76,172	7,133,026	544,932	-
(2,633,974)	(2,557,850)	(2,595,089)	(2,443,833)	(2,065,949)
(2,664,064)	964,121	9,813,446	3,518,968	769,581
45,776,967	44,812,846	34,999,400	31,480,432	30,710,851
$ 43,112,903	$ 45,776,967	$ 44,812,846	$ 34,999,400	$ 31,480,432
$ -	$ -	$ -	$ -	$ -
547,892	561,281	118,972	111,792	207,303
207,541	197,739	198,032	199,437	189,464
(1,919,533)	4,823,744	2,368,926	(314,337)	2,116,299
(2,633,974)	(2,557,850)	(2,595,089)	(2,443,833)	(2,065,949)
(11,000)	(21,000)	(10,500)	(18,900)	(9,500)
(3,809,074)	3,003,914	80,341	(2,465,841)	437,617
31,734,328	28,730,414	28,650,073	31,115,914	30,678,297
$ 27,925,254	$ 31,734,328	$ 28,730,414	$ 28,650,073	$ 31,115,914
$ 15,187,649	$ 14,042,639	$ 16,082,432	$ 6,349,327	$ 364,518
64.77%	69.32%	64.11%	81.86%	98.84%
$ 4,072,364	$ 4,200,000	$ 3,878,908	$ 3,800,000	$ 4,871,554
372.94%	334.35%	414.61%	167.09%	7.48%

CITY OF CHESTER, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE PENSION PLAN LIABILITY AND RELATED RATIOS
OFFICERS & EMPLOYEES PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	$ 330,612	$ 465,188	$ 605,890	$ 417,040
Interest	478,477	367,980	312,982	426,157
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(1,287,710)	-	(527,405)
Changes of assumptions	(2,417,525)	2,192	2,159,375	3,367,425
Benefit payments, including refunds of member contributions	(836,809)	(787,853)	(685,936)	(659,719)
NET CHANGE IN TOTAL PENSION LIABILITY	(2,445,245)	(1,240,203)	2,392,311	3,023,498
Total pension liability, beginning	13,355,135	14,595,338	12,203,027	9,179,529
TOTAL PENSION LIABILITY, ENDING (a)	$ 10,909,890	$ 13,355,135	$ 14,595,338	$ 12,203,027
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 1,151,538	$ 1,082,728	$ 1,041,780	$ 810,917
State aid	-	-	-	-
Member	138,535	137,081	119,958	201,047
Net investment income (loss)	(216,871)	436,489	332,756	492,218
Benefit payments, including refunds of member contributions	(836,809)	(787,853)	(685,936)	(659,719)
Administrative expense	(20,200)	(11,000)	(23,200)	(11,000)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	216,193	857,445	785,358	833,463
Plan fiduciary net position, beginning	4,974,113	4,116,668	3,331,310	2,497,847
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 5,190,306	$ 4,974,113	$ 4,116,668	$ 3,331,310
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	$ 5,719,584	$ 8,381,022	$ 10,478,670	$ 8,871,717
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	47.57%	37.24%	28.21%	27.30%
COVERED PAYROLL	$ 4,000,000	$ 3,200,000	$ 5,200,000	$ 4,974,178
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	142.99%	261.91%	201.51%	178.36%

NOTES TO SCHEDULE

Assumption Changes: At 1/1/15, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA. At 12/31/16, the discount rate was changed from 7.5% to 5.91%. At 1/1/17, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA. At 12/31/18, the discount rate was changed from 5.91% to 6.61%. At 12/31/19, the discount rate was changed from 6.61% to 3.52%. At 12/31/20, the discount rate was changed from 3.52% to 2.14%. At 1/1/21, the discount rate was changed from 2.14% to 2.75%, the disability assumption was changed from a 3% load to the 1985 Pen Dis Table, and the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past 2021 valuation date using MP-2020. At 12/31/22, the discount rate was changed from 2.75% to 4.41%. Please note that the discount rate changes only apply to GASB 67 & 68 schedules.

Benefit Changes - None.

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
$ 237,066	$ 225,777	$ 163,875	$ 156,071	$ 158,100
568,366	530,984	677,595	667,156	682,217
-	-	-	-	-
-	-	(1,100,695)	(580,791)	-
(657,553)	30,724	1,346,297	258,129	-
(696,620)	(675,613)	(682,804)	(700,880)	(731,987)
(548,741)	111,872	404,268	(200,315)	108,330
9,728,270	9,616,398	9,212,130	9,412,445	9,304,115
$ 9,179,529	$ 9,728,270	$ 9,616,398	$ 9,212,130	$ 9,412,445
$ -	$ -	$ -	$ -	$ -
638,153	754,857	1,027,873	1,010,694	709,116
181,971	182,859	157,965	60,504	53,174
(54,199)	293,169	147,391	77,924	78,796
(696,620)	(675,613)	(682,804)	(700,880)	(731,987)
(9,500)	(19,500)	(10,500)	(18,927)	(9,500)
59,805	535,772	639,925	429,315	99,599
2,438,042	1,902,270	1,262,345	833,030	733,431
$ 2,497,847	$ 2,438,042	$ 1,902,270	$ 1,262,345	$ 833,030
$ 6,681,682	$ 7,290,228	$ 7,714,128	$ 7,949,785	$ 8,579,415
27.21%	25.06%	19.78%	13.70%	8.85%
$ 5,206,666	$ 4,920,000	$ 4,836,136	$ 4,800,000	$ 4,493,142
128.33%	148.18%	159.51%	165.62%	190.94%

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
POLICE PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ACTUARIALLY DETERMINED CONTRIBUTION	$ 7,088,632	$ 8,533,497	$ 8,220,254	$ 7,554,343
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	908,538	358,822	455,169	109,681
CONTRIBUTION (EXCESS) DEFICIENCY	$ 6,180,094	$ 8,174,675	$ 7,765,085	$ 7,444,662
COVERED PAYROLL	$ 6,220,000	$ 7,800,000	$ 7,800,000	$ 7,985,224
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	14.61%	4.60%	5.84%	1.37%

NOTES TO SCHEDULE

The City's outstanding MMO balances include interest for the respective MMO year.

The negative contributions made reflect the net imputed interest penalty applied under Act 205 which is the reason the contributions made are negative.

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
$ 5,315,716	$ 5,235,369	$ 4,741,872	$ 4,931,999	$ 3,824,942
(446,749)	5,235,369	4,741,872	4,931,999	3,824,942
$ 5,762,465	$ -	$ -	$ -	$ -
$ 7,985,224	$ 5,680,410	$ 7,466,696	$ 7,800,000	$ 7,802,522
-5.59%	92.17%	63.51%	63.23%	49.02%

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
PAID FIREMEN'S PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ACTUARIALLY DETERMINED CONTRIBUTION	$ 1,168,058	$ 1,141,994	$ 953,107	$ 953,353
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	390,174	(38,079)	953,107	953,353
CONTRIBUTION (EXCESS) DEFICIENCY	$ 777,884	$ 1,180,073	$ -	$ -
COVERED PAYROLL	$ 4,440,000	$ 4,200,000	$ 4,200,000	$ 4,202,254
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	8.79%	-0.91%	22.69%	22.69%

NOTES TO SCHEDULE

The City's outstanding MMO balances include interest for the respective MMO year.

The negative contributions made reflect the net imputed interest penalty applied under Act 205 which is the reason the contributions made are negative.

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
$ 547,892	$ 561,281	$ 118,972	$ 111,792	$ 207,303
547,892	561,281	118,972	111,792	207,303
$ -	$ -	$ -	$ -	$ -
$ 4,072,364	$ 4,200,000	$ 3,878,908	$ 3,800,000	$ 4,871,554
13.45%	13.36%	3.07%	2.94%	4.26%

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
OFFICERS & EMPLOYEES PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ACTUARIALLY DETERMINED CONTRIBUTION	$ 1,151,538	$ 1,082,728	$ 1,041,780	$ 810,917
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	(77,121)	(115,432)	1,041,780	810,917
CONTRIBUTION (EXCESS) DEFICIENCY	$ 1,228,659	$ 1,198,160	$ -	$ -
COVERED PAYROLL	$ 4,000,000	$ 3,200,000	$ 5,200,000	$ 4,974,178
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	-1.93%	-3.61%	20.03%	16.30%

NOTES TO SCHEDULE

The City's outstanding MMO balances include interest for the respective MMO year.

The negative contributions made reflect the net imputed interest penalty applied under Act 205 which is the reason the contributions made are negative.

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
$ 638,153	$ 754,857	$ 1,027,873	$ 1,010,694	$ 709,116
638,153	754,857	1,027,873	1,010,694	709,116
$ -	$ -	$ -	$ -	$ -
$ 5,206,666	$ 4,920,000	$ 4,836,136	$ 4,800,000	$ 4,493,142
12.26%	15.34%	21.25%	21.06%	15.78%

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	0.88%	-0.34%	-3.71%	15.78%

NOTE TO SCHEDULE

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
-4.05%	14.38%	6.28%	-0.26%	7.58%

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF INVESTMENT RETURNS
PAID FIREMEN'S PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	-19.98%	12.41%	8.88%	19.18%

NOTE TO SCHEDULE

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
-5.30%	16.77%	7.79%	-0.73%	7.30%

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF INVESTMENT RETURNS
OFFICERS & EMPLOYEES PENSION PLAN
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	-17.73%	10.66%	8.88%	18.07%

NOTE TO SCHEDULE

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available.

2018	2017	2016	2015	2014
-4.80%	15.41%	11.68%	-5.02%	6.19%

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY					
Service cost	$ 3,405,269	$ 4,111,456	$ 3,915,672	$ 4,415,406	$ 4,205,177
Interest	7,538,290	6,853,892	6,717,255	8,546,831	8,365,825
Differences between expected and actual experience	18,162,664	-	(31,049,550)	-	-
Changes of assumptions	105,687,863	-	4,199,969	-	-
Benefit payments	(8,127,518)	(6,667,993)	(6,579,101)	(7,108,241)	(8,800,615)
NET CHANGE IN TOTAL OPEB LIABILITY	126,666,568	4,297,355	(22,795,755)	5,853,996	3,770,387
Total OPEB liability, beginning	214,409,787	210,112,432	232,908,187	227,054,191	223,283,804
TOTAL OPEB LIABILITY, ENDING	$ 341,076,355	$ 214,409,787	$ 210,112,432	$ 232,908,187	$ 227,054,191

NOTES TO SCHEDULE

Assumption Changes: At 12/31/21, the discount rate was changed from 3.25% to 2.25%. Also, health care costs and premiums and mortality rates were updated. Please note that the discount rate changes only apply to the GASB 74 & 75 schedule.

The information in this schedule is intended to show 10 years - additional years will be displayed as they become available. Furthermore, the City's OPEB Liability is reported on a one-year lag based on the availability of information for the year ended.

Maillie LLP | maillie.com
500 North Lewis Road, Limerick PA 19468
600 Willowbrook Lane, Suite 624, West Chester, PA 19382
PO Box 11847, Wilmington, DE 19850-1847

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

To the City Council
City of Chester, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Chester, Pennsylvania as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Chester, Pennsylvania's basic financial statements, and have issued our report thereon dated April 23, 2026. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Chester Economic Development Authority, a blended component unit, as well as the Chester Redevelopment Authority, a blended component unit, as described in our report on the City of Chester, Pennsylvania's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

To the City Council
City of Chester, Pennsylvania

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Chester, Pennsylvania's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

City of Chester, Pennsylvania's Response to Findings

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

Purpose of this Report

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

Limerick, Pennsylvania
April 23, 2026

Maillie LLP | maillie.com
500 North Lewis Road, Limerick PA 19468
600 Willowbrook Lane, Suite 624, West Chester, PA 19382
PO Box 11847, Wilmington, DE 19850-1847

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance and the Schedule of Expenditures of Federal Awards in Accordance With the Uniform Guidance

To the City Council
City of Chester, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Chester, Pennsylvania's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Chester, Pennsylvania's major federal programs for the year ended December 31, 2022. City of Chester, Pennsylvania's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. City of Chester, Pennsylvania's financial statements include the operations of Chester Economic Development Authority, a blended component unit, which expended $1,469,537 in federal awards which is not included in City of Chester, Pennsylvania's schedule of expenditures of federal awards during the year ended December 31, 2022. Our compliance audit, described below, did not include the operations of Chester Economic Development Authority because Chester Economic Development Authority engaged other auditors to perform an audit of compliance.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Chester, Pennsylvania and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Chester, Pennsylvania's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Chester, Pennsylvania's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Chester, Pennsylvania's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Chester, Pennsylvania's internal control over compliance. Accordingly, no such opinion is expressed.

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

To the City Council
City of Chester, Pennsylvania

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Limerick, Pennsylvania
April 23, 2026

SUPPLEMENTARY INFORMATION – MAJOR FEDERAL AWARD PROGRAMS AUDIT

CITY OF CHESTER, PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor Pass-Through Grantor Program Title	Federal ALN	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Pennsylvania Department of Transportation				
Highway Planning and Construction	20.205	N/A	$ 71,920	$ -
TOTAL ALN 20.205			71,920	-
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			71,920	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			71,920	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pennsylvania Emergency Management Agency (PEMA)				
Flood Mitigation Assistance	97.029	FMA-PL-03-PA-2017-010	13,330	-
TOTAL ALN 97.029			13,330	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2019-FP-00984	490,305	-
TOTAL ALN 97.083			490,305	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			503,635	-
U.S. DEPARTMENT OF TREASURY				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027*	N/A	5,241,993	-
TOTAL ALN 21.027			5,241,993	-
TOTAL U.S. DEPARTMENT OF TREASURY			5,241,993	-
TOTAL FEDERAL AWARDS			$ 5,817,548	$ -

*Tested as a major program

See accompanying notes to the schedule of expenditures of federal awards.

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Chester, Pennsylvania, under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Chester, Pennsylvania, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Chester, Pennsylvania.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

City of Chester, Pennsylvania has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Chester, Pennsylvania.

2. A material weakness relating to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards.*

3. An instance of noncompliance material to the financial statements of the City of Chester, Pennsylvania was disclosed during the audit and is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance and the Schedule of Expenditures of Federal Awards in Accordance With Uniform Grant Guidance.

5. The auditors' report on compliance for the major award programs for the City of Chester, Pennsylvania expresses an unmodified opinion.

6. There are no audit findings that are required to be reported in accordance with the Uniform Grant Guidance.

7. The program tested as a major federal program was:

Program	ALN
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The City of Chester, Pennsylvania was determined not to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2022-001: Financial Reporting: Month-End and Year-End Closing Process

***Criteria**:* An effective internal control system over the financial reporting closing process provides reasonable assurance that reliable financial statements are prepared in accordance with the appropriate accounting standards and in compliance with applicable laws and regulations. Monthly and year-end closing procedures should be documented, communicated and monitored by the City.

Condition: During our fiscal 2022 audit, we noted deficiencies in the City's internal controls over the financial reporting closing process:

- The City's financial records were not closed in a manner in order to produce timely monthly and year-end financial statements.
- The City's general fund required two entries totaling approximately $4.6 million to restate its beginning fund balance for activity that was identified as relating to prior years, related to tax receivables and financed purchase obligations.
- The late completion of financial statements resulted in noncompliance with debt covenants related to timely filing of financial information.

Cause: The City's lack of following internal control policies and procedures to allow for an appropriate month-end and year-end closing process and related review and reconciliation of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with accounting principles general accepted in the United States of America.

Effect: Lack of an established and effective internal control system as well as ensuring adequate management review/oversight over financial reporting increases the risk of potential misstatement of the City's financial information or misappropriation of assets.

Prior Year Finding: Yes, finding #2021-001.

Recommendation: We recommend that the City review its current financial reporting closing process and implement and follow adequate policies and procedures (including checklists and documented workflows) to document and ensure that ongoing review and management oversight over the month-end and year-end close takes place.

Management's Response: The City agrees with the findings for the three items in total. Starting in the summer of 2024, procedures were implemented to begin monthly financial statements leading to being prepared for more timely year-end closings. These procedures included expenditure and revenue reports being prepared and reviewed. Retroactive review processes are underway regarding 2023 year to be audited.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

Material Weakness:

2021-001: Financial Reporting: Month-End and Year-End Closing Process

Criteria*:* An effective internal control system over the financial reporting closing process provides reasonable assurance that reliable financial statements are prepared in accordance with the appropriate accounting standards and in compliance with applicable laws and regulations. Monthly and year-end closing procedures should be documented, communicated and monitored by the City.

Condition: During our fiscal 2021 audit, we noted deficiencies in the City's internal controls over the financial reporting closing process:

- The City's financial records were not closed in a timely manner in order to produce monthly and year-end financial statements.

- The City's general fund required a $4 million entry to restate its beginning fund balance for activity that was identified as relating to prior years, primarily due to / from balances.

Cause: The City's lack of following internal control policies and procedures to allow for an appropriate month-end and year-end closing process and related review and reconciliation of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with accounting principles general accepted in the United States of America.

Effect: Lack of an established and effective internal control system as well as ensuring adequate management review/oversight over financial reporting increases the risk of potential misstatement of the City's financial information or misappropriation of assets.

Prior Year Finding: Yes, finding #2020-001.

Recommendation: We recommend that the City review its current financial reporting closing process and implement and follow adequate policies and procedures (including checklists and documented workflows) to document and ensure that ongoing review and management oversight over the month-end and year-end close takes place.

December 31, 2022 Status of Finding: This finding is still applicable. See the schedule of findings and questioned costs item 2022-001.

Material Weakness:

2021-002: Internal Controls Policies Over Financial Reporting

Criteria*:* An effective internal control system requires controls to be in place to prevent the potential for management override within an entity's financial reporting system.

Condition: During our fiscal 2021 audit we noted various deficiencies in the City's internal control processes:

- The City did not retain support for certain journal entries and did not have processes in place for the review and approval of entries into its financial reporting system.

- The City did not maintain formal documentation of processes and procedures which lead to the potential for segregation of duties throughout its significant transaction cycles. Further the City did not always maintain audit support for transactions which prevented the ability to ensure the controls in place were appropriate to prevent and detect fraud.

- The City's controls over the payroll transaction cycle were not adequate to prevent and detect fraud leading to instances of ghost employees being paid and employees no longer working with the City to be paid. The extent of which this occurred was not determined.

Cause: The City's internal control policies and related procedures are insufficient and should be enhanced to ensure to allow for appropriate review.

Effect: Lack of an established and effective internal control system as well as ensuring adequate management review/oversight over financial reporting increases the risk of potential misstatement of the City's financial information or misappropriation of assets.

Prior Year Finding: No.

Recommendation: We recommend that the City implement and follow formal internal control policies and procedures to rectify the conditions noted above.

December 31, 2022 Status of Finding: Corrective Action plan was adequately implemented resulting in no recurring finding for the year ended December 31, 2022.

Material Weakness:

2021-003: Timeliness of Annual Audit

Criteria*:* The Uniform Guidance Part 200.512(a)(1) states: "The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period."

Condition: The City did not submit its data collection form and reporting package for the year ended December 31, 2020 timely. The form was due September 30, 2021 and was not submitted until July 19, 2024.

Cause: The City did not close its accounting records timely in order to produce sufficient evidence for its financial and single audits to be conducted timely. The City's financial statement audit was issued November 25, 2025.

Effect: As a result of not submitting the Data Collection Form to the Federal Audit Clearinghouse within the required timeframe, the City is not in compliance with federal reporting requirements. This noncompliance may delay the availability of the City's single audit information to federal agencies and the public, potentially affecting the City's eligibility for future federal funding and increasing the risk of additional federal oversight or sanctions.

Prior Year Finding: Yes, repeated from finding 2020-003.

Recommendation: We recommend that management ensure documentation for the audit is readily available, reconciled and properly reviewed for accuracy and completion, to enable timely audit submission to the Federal Audit Clearinghouse and funding agencies.

December 31, 2022 Status of Finding: As the December 31, 2022 audit is being conducted and finalized subsequent to the original reporting deadline, the City was not in a position to submit the Data Collection Form within the prescribed timeframe. The late filings will continue to be considered when determining whether the City of Chester is a low-risk auditee, but does not represent noncompliance or an internal control weakness directly related to its major programs. Timeliness of financial reporting is addressed in current year financial statement internal control finding 2022-01.

1 Fourth Street, Chester, PA 19013

CORRECTIVE ACTION PLAN

FISCAL YEAR ENDED DECEMBER 31, 2022

Finding 2022-001 - Repeat of 2021-001; Financial Reporting: Month-End and Year-End Closing Process

Description of Finding:
An effective internal control system over the financial reporting closing process provides reasonable assurance that reliable financial statements are prepared in accordance with the appropriate accounting standards and in compliance with applicable laws and regulations. Monthly and year-end closing procedures should be documented, communicated and monitored by the City. During our fiscal 2022 audit, we noted deficiencies in the City's internal controls over the financial reporting closing process:

- The City's financial records were not closed in a manner in order to produce timely monthly and year-end financial statements.
- The City's general fund required two entries totaling approximately $4.6 million to restate its beginning fund balance for activity that was identified as relating to prior years, related to tax receivables and financed purchase obligations.
- The late completion of financial statements resulted in noncompliance with debt covenants related to timely filing of financial information.

City Position:
The City concurs with the finding.

Corrective Action to be Taken:
Starting in the summer of 2024, procedures were implemented to begin monthly financial statements leading to being prepared for more timely year-end closings. These procedures included expenditure and revenue reports being prepared and reviewed. Retroactive review processes are underway regarding 2023 year to be audited.

Timetable for Implementation:
Upon completion of 2024 audit but no later than September 30, 2026.

Monitoring to be Performed:
The Receiver and CFO will monitor that this is completed by the deadline.

Responsible Person(s) with Scope of Authority:
Receiver and CFO