

Financial Statements

Delaware County
Economic Development Oversight Board
(A Component Unit of
The County of Delaware, Pennsylvania)

December 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Delaware County Economic Development Oversight Board
Media, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware County Economic Development Oversight Board, a component unit of the County of Delaware, Pennsylvania as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware County Economic Development Oversight Board as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, on our consideration of the Delaware County Economic Development Oversight Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Delaware County Economic Development Oversight Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delaware County Economic Development Oversight Board's internal control over financial reporting and compliance.

Rainer & Company

Rainer & Company

Newtown Square, PA
June 17, 2020



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

Board of Directors
Delaware County Economic Development Oversight Board
Media, Pennsylvania

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the Delaware County Economic Development Oversight Board, a component unit of the County of Delaware, Pennsylvania as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Delaware County Economic Development Oversight Board's basic financial statements, and have issued our report thereon dated June 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Delaware County Economic Development Oversight Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware County Economic Development Oversight Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Delaware County Economic Development Oversight Board'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 Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delaware County Economic Development Oversight Board'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rainer & Company

Rainer & Company

Newtown Square, PA
June 17, 2020

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Management's Discussion and Analysis (Unaudited)
December 31, 2019

Our discussion and analysis of the Delaware County Economic Development Oversight Board provides an overview of the Organization's financial performance for the calendar year ended December 31, 2019. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A). Please consider the information presented here in conjunction with the Organization's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- General Administration costs remained consistent during the period, with management committed to funneling as much funds as possible to direct program objectives.
- The assets of Delaware County Economic Development Oversight Board exceeded its liabilities at the close of the most recent fiscal year by \$957,809 (representing its net financial position). Of this amount, \$14,440 is nonspendable and \$943,354 is unrestricted and available for operations. In 2019, the Organization transferred \$506,147 to the Delaware County Office of Housing and Community Development (Primary Government), which represents the remaining funds from the loan program, which was originally funded by a CDBG Community Development Block Grant. There is a \$15 restricted fund balance/net position remaining in the loan fund.
- Organization revenues for 2019 were \$824,092 (net of interfund eliminations) and expenses were \$596,538 (net of interfund eliminations). In 2018, revenues were \$851,145 and expenses were \$711,501. There was a transfer to the primary government of \$506,147.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of two parts: Management's Discussion and Analysis (MD&A) and the basic financial statements. This MD&A represents management's analysis of the Organization's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis. These financial statements report information about the Organization using the full accrual accounting methods as utilized by similar businesses in the private sector.

Combined Government-Wide and Fund Financial Statements

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

The Statement of Net Position and Governmental Funds Balance Sheet includes all of the Organization's assets and liabilities with the difference between the two reported as net position. It also provides information about the nature and amounts of investments in resources (assets) and the liabilities to the Organization's creditors at year-end. It provides the financial position on a full accrual historical cost basis.

All of the current year revenue and expenses are accounted for in the Combined Government-Wide and Fund Financial Statements - Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position. This statement presents the results of activities over the course of the fiscal year and how fund balances/net position have changed during that year.

The notes to the financial statements provide required disclosures and other information essential to the Organization's accounting policies, significant accounts and activities, obligations, commitments and subsequent events, if any.

**DELAWARE COUNTY ECONOMIC
 DEVELOPMENT OVERSIGHT BOARD**
 Management's Discussion and Analysis (Unaudited)
 December 31, 2019

FINANCIAL ANALYSIS OF THE ORGANIZATION

The following table presents condensed comparative financial information for the net position of the Organization for calendar years 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Assets:			
Current Assets	<u>\$ 1,055,119</u>	<u>\$ 1,332,350</u>	<u>\$ (277,231)</u>
Liabilities and Fund Balances/Net Assets:			
Current Liabilities	\$ 97,310	\$ 95,948	\$ 1,362
Fund Balances/Net Position	<u>957,809</u>	<u>1,236,402</u>	<u>(278,593)</u>
TOTAL LIABILITIES AND FUND BALANCES/NET POSITION	<u>\$ 1,055,119</u>	<u>\$ 1,332,350</u>	<u>\$ (277,231)</u>

The following table presents condensed comparative financial information for the revenue and expenses of the Organization for calendar years 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Revenues:			
Charges for Services	\$ 68,658	\$ 174,149	\$ (105,491)
Operating Grants and Contributions	689,912	617,057	72,855
Other Program Revenues	55,668	58,968	(3,300)
Interest and Other Income	<u>9,854</u>	<u>971</u>	<u>8,883</u>
TOTAL REVENUES	<u>824,092</u>	<u>851,145</u>	<u>(27,053)</u>
Expenditures/Expenses:			
General Administration	292,238	334,506	(42,268)
Program Expenses	289,208	359,620	(70,412)
Pension	<u>15,092</u>	<u>17,735</u>	<u>(2,283)</u>
TOTAL EXPENSES	<u>596,538</u>	<u>711,501</u>	<u>(114,963)</u>
Transfers:			
Transfer to Primary Government	<u>506,147</u>	<u>0</u>	<u>506,147</u>
CHANGE IN FUND BALANCE/ NET POSITION	<u>\$ (278,593)</u>	<u>\$ 139,644</u>	<u>\$ (418,237)</u>

The following table presents comparative financial information for the Community Development Block Grant Revolving Loan Fund for calendar years 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Community Development Block Grant Loan Balance - January 1	\$ 189,912	\$ 189,912
Less: Allowance for Doubtful Accounts	<u>(189,912)</u>	<u>(189,912)</u>
LOAN BALANCE - DECEMBER 31	<u>\$ 0</u>	<u>\$ 0</u>

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Management's Discussion and Analysis (Unaudited)
December 31, 2019

ECONOMIC OVERVIEW

2019 was another year of stable economic growth in Delaware County. Our unemployment rate remains below the statewide rate. The County median income from \$75,477 in 2018 to \$91,605 in 2019. According to the Bureau of Labor Statistics (BLS), the number of businesses in the County grew from 13,783 in 2018 to 14,094 in 2019.

Some examples of positive development that the County has participated in during 2019 were:

- Completion of the new \$7,000,000 firehouse in Broomall.
- Neumann University's campus expansion increased from \$8,000,000 to \$11,000,000 during 2019.
- Commencement of a project to install a new natural gas line to the Kimberly Clark Plant in Chester, ensuring the \$150,000,000 conversion of the coal fired plant to natural gas.
- \$3,500,000 modernization project at the Monroe Energy refinery in Trainer.
- Participation in the development of a master plan for the City of Chester.

Delaware County also initiated the following major projects during 2019:

- The Ponds Edge commercial development in Middletown Township, utilizing \$5,000,000 in state funding, as well as an additional \$5,000,000 in RDA administered funds for the adjacent Franklin Mint redevelopment project.
- \$1,250,000 in funding was earmarked and administered for Boeing in Ridley Township.
- The Commerce Center continued to participate in the Engage PA state program whereby the staff meets personally with County located businesses to assess their funding requirements, workforce needs and assistance with government programs.
- Finally, in 2019, the Governor designated portions of five County Communities as federal opportunity zones, which enables individuals to make investments in development projects in these communities which will result in a reduction in the investors' capital gain tax impact. There are two zones in the City of Chester, one each in Marcus Hook, Trainer, Clifton Heights and Lansdowne. The Commerce Center has taken the lead in marketing the sites and working with federal and local officials to ensure investment in their zones.

REQUESTS FOR INFORMATION

The financial report of the Delaware County Economic Development Oversight Board is intended to provide readers with a general overview of the Organization's financial operations as well as to demonstrate the Organization's accountability for its public appropriations or subsidies and grants. Questions concerning any of the information provided in this report or additional requests for financial information should be addressed to Commerce Director, Delaware County Commerce Center, 100 West 6th Street, 1st Floor, Media, Pennsylvania 19063.



**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**

**Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2019**

<u>ASSETS</u>	<u>General Fund</u>	<u>Other Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Current:					
Cash and Cash Equivalents	\$ 725,823	\$ 0	\$ 725,823	\$ 0	\$ 725,823
Cash and Cash Equivalents - Restricted	0	22	22	0	22
Prepaid Expenditures	14,440	0	14,440	0	14,440
Security Deposit	4,046	0	4,046	0	4,046
Other Current Assets	5,170	0	5,170	0	5,170
Due from Other Governments	305,618	0	305,618	0	305,618
TOTAL ASSETS	\$ 1,055,097	\$ 22	\$ 1,055,119	\$ 0	\$ 1,055,119
 <u>LIABILITIES</u>					
Current:					
Accounts Payable	\$ 5,806	\$ 0	\$ 5,806	\$ 0	\$ 5,806
Accrued Expenses	16,255	0	16,255	0	16,255
Due to Other Governments	242	0	242	0	242
Other Current Liabilities	0	7	7	0	7
Unearned Revenue	75,000	0	75,000	0	75,000
TOTAL LIABILITIES	97,303	7	97,310	0	97,310
 <u>FUND BALANCES/NET POSITION</u>					
Nonspendable	14,440	0	14,440	0	14,440
Restricted	0	15	15	0	15
Unassigned	943,354	0	943,354	0	943,354
TOTAL FUND BALANCES/NET POSITION	957,794	15	957,809	0	957,809
 TOTAL LIABILITIES AND FUND BALANCES/NET POSITION	 \$ 1,055,097	 \$ 22	 \$ 1,055,119	 \$ 0	 \$ 1,055,119

The accompanying notes are an integral part of this statement.



**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**

Combined Government-Wide and Fund Financial Statements - Statement of Activities and
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position
For the Year Ended December 31, 2019

	General Fund	Other Fund	Total Governmental Funds	Eliminations	Statement of Activities
Expenditures/Expenses:					
General Administration	\$ 292,145	\$ 93	\$ 292,238	\$ 0	\$ 292,238
Program	361,308	253	361,561	(72,353)	289,208
Pension	15,092	0	15,092	0	15,092
TOTAL EXPENDITURES/EXPENSES	668,545	346	668,891	(72,353)	596,538
Revenues:					
Governmental:					
General Government:					
Charges for Services	\$ 68,658	\$ 0	\$ 68,658	\$ 0	\$ 68,658
Operating Grants and Contributions	674,820	0	674,820	0	674,820
Program:					
Other Program Revenues	55,668	0	55,668	0	55,668
Pension	15,092	0	15,092	0	15,092
Misc Income	0	79,754	79,754	(72,353)	7,401
Investment Earnings	2,110	343	2,453	0	2,453
TOTAL REVENUES	816,348	80,097	896,445	(72,353)	824,092
Transfers:					
Transfer to Primary Government	0	(506,147)	(506,147)	0	(506,147)
NET CHANGE IN FUND BALANCES/NET POSITION	147,803	(426,396)	(278,593)	0	(278,593)
Fund Balances/Net Position - January 1	809,991	426,411	1,236,402	0	1,236,402
FUND BALANCES/NET POSITION - DECEMBER 31	\$ 957,794	\$ 15	\$ 957,809	\$ 0	\$ 957,809

The accompanying notes are an integral part of this statement.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Notes to Financial Statements
December 31, 2019

NOTE 1 - Summary of Significant Accounting Policies

The Delaware County Economic Development Oversight Board's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Organization are discussed below.

A. Reporting Entity

The Delaware County Economic Development Oversight Board was incorporated on March 15, 1990, pursuant to the Non-Profit Corporation Law of 1988 of the Commonwealth of Pennsylvania. The Organization was incorporated to encourage economic development with the County of Delaware by facilitating the retention of existing business, the formation of new business and the overall vitality of all business within the County of Delaware.

The Organization is a component of the County of Delaware. Delaware County Council appoints its Board of Directors. The Organization is considered a component unit because of the significance of its operational and financial relationship with the County of Delaware.

The Organization also administers certain Commonwealth of Pennsylvania loan programs. These loans are not carried on the books of the Organization. They are Commonwealth loans for which the Organization has the responsibility to review, determine eligibility and monitor the payment process.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Organization.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct 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 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. Other items not properly included among program revenues are reported instead as general revenues.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Notes to Financial Statements
December 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Organization.

The Organization reports the following major governmental funds:

General Fund - The General Fund provides administrative and economic development functions. It accounts for all financial resources, except those required to be accounted for in another fund. Furthermore, the General Fund manages the loan portfolio of the Loan Fund and provides both the Community Development Block Grant Program ("CDBG") and non-CDBG related economic development functions.

Loan Fund - The Loan Fund operates as a source of financing for local businesses within the restrictions imposed through the United States Department of Housing and Urban Development's ("HUD") Community Development Block Grant Program.

Amounts reported as program revenues include 1) management fees, and 2) operating grants and contributions.

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

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Notes to Financial Statements
December 31, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity

Receivables and Payables

All outstanding balances between funds are reported as due from/to other funds.

All loan receivables are shown net of any allowance for uncollectibles.

Governmental Fund Balances

The Organization has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as of January 1, 2011. The intention of the statement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The statement establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action by the Board of Directors resolution.

Assigned - Amounts the Organization intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is considered an organization exempt from income taxes as provided by the Internal Revenue Code 501(c)(4). The Organization is also exempt from Commonwealth of Pennsylvania taxation.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Notes to Financial Statements
December 31, 2019

NOTE 2 - Deposits

Deposits - At year end, the total carrying amount of the Organization's checking and savings deposits was \$725,845 and the corresponding bank balance was \$733,182.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Organization's policy is to place deposits only in Federal Deposit Insurance Corporation ("FDIC") insured institutions. Deposits in excess of the FDIC limit are collateralized pursuant to Commonwealth of Pennsylvania Public Law 72 of 1971, which allows depositories to satisfy collateralization requirements by pooling eligible investments to cover total public funds on deposits in excess of federal insurance. In the normal course of business, the Organization may have deposits that exceed insured balances.

NOTE 3 - Due from/(to) Other Governments

	<u>Due from Other Governments</u>	<u>Due to Other Governments</u>
Due from Primary Government - County of Delaware	\$ 8,127	\$ 0
Due from Delaware County Redevelopment Authority	18,857	0
Due from Delaware County Industrial Development Corporation	221,039	0
Delaware County Industrial Development Authority	8,380	0
Due from Deshong Museum Property	49,215	0
Due to Commonwealth of Pennsylvania: Other	<u>0</u>	<u>242</u>
TOTAL	<u>\$ 305,618</u>	<u>\$ 242</u>

The Organization manages the following entities:

- Delaware County Industrial Development Authority
- Delaware County Redevelopment Authority
- Delaware County Industrial Development Corporation
- Deshong Museum Property (through a management agreement with the IDA)

Direct expenses of the above entities are charged directly to the entities' respective accounts and are recorded as a receivable in the Operating Fund. Allocations of the Organization's administrative and overhead costs are charged as management fees to the related entities.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Notes to Financial Statements
December 31, 2019

NOTE 4 - Loans Receivable

In 1998, the Organization established a revolving loan program and made loans to businesses in the County with CDBG funds. The terms of the loans range from five to ten years with interest rates between three (3%) and five (5%) percent. Management has established an allowance for uncollectible accounts in the amount of \$189,912.

Loans Receivable	\$ 189,912
Less: Allowance for Uncollectible Accounts	<u>(189,912)</u>
NET LOANS RECEIVABLE	<u>\$ 0</u>

The Organization's General Fund manages the Loan Fund (Other) and its loan portfolio. The Organization charges the Loan Fund a management fee to cover operating and management costs. There were no operating costs allocated to the Loan Fund during 2019.

In 2019, the Organization transferred \$506,147 to the Delaware County Office of Housing and Community Development (Primary Government), which represents the remaining funds from the loan program, which was originally funded by a CDBG Community Development Block Grant.

NOTE 5 - Commitments

The Organization leases an operating facility through January 31, 2021 at monthly rent ranging from \$5,215 to \$5,606. Additionally, the rental agreement includes monthly electricity charges. The monthly base year (2019) electricity charge is \$456, which the Organization has included in the rental expense.

The Organization also leases a postage meter machine under the terms of a fifty-one month operating lease expiring October 2022 with monthly payments of \$104.

Minimum lease payments are as follows:

2020	\$ 79,346
2021	7,313
2022	<u>938</u>
TOTAL	<u>\$ 87,597</u>

Rent expense for the year ended December 31, 2019 was \$71,526.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Notes to Financial Statements
December 31, 2019

NOTE 6 - Revenues

Delaware County Economic Development Oversight Board is considered a component unit of the County of Delaware, Pennsylvania. The Board of Directors is officially appointed by the County Council of the County of Delaware. The Organization receives a substantial amount of its support from the County of Delaware. During 2019, the contributions from the County of Delaware totaled \$655,200. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

NOTE 7 - Pension Plan

The Organization has established a 401(k) Profit Sharing Plan for the benefit of its eligible employees completing six consecutive months of service. The plan allows the Organization to make "discretionary matching contributions" on behalf of eligible employees based on participants' applicable contributions and "qualified matching contributions" allocated equally as a percentage of Section 401(k) deferrals made during the plan year. The plan also allows "discretionary non-elective employer contributions" to the plan based on a uniform percentage of eligible participant included compensation, and "qualified non-elective employee contributions". Normal retirement age is deemed to be 65 and vesting is full and immediate. During the year ended December 31, 2019, pension costs amounted to \$15,092.

NOTE 8 - Subsequent Events

The Organization has evaluated subsequent events through June 17, 2020, which represents the date the financial statements were available to be issued.