

Financial Statements

**Redevelopment Authority
of the County of Delaware
(A Component Unit of
The County of Delaware, Pennsylvania)**

December 31, 2019

TABLE OF CONTENTS

<u>Title</u>	<u>Page No.</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-5

BASIC FINANCIAL STATEMENTS

Statement of Net Position	6
Statement of Activities	7
Notes to Financial Statements	8-9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Redevelopment Authority of the County of Delaware
Media, Pennsylvania

We have audited the accompanying financial statements of the governmental activities of the Redevelopment Authority of the County of Delaware, 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 Authority'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Redevelopment Authority of the County of Delaware, a component unit of the County of Delaware, Pennsylvania, as of December 31, 2019, and the 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 3 through 5 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.

Rainer & Company

Rainer & Company

Newtown Square, PA
June 17, 2020

REDEVELOPMENT AUTHORITY
OF THE COUNTY OF DELAWARE
Management's Discussion and Analysis (Unaudited)
December 31, 2019

Our discussion and analysis of the Redevelopment Authority of the County of Delaware provides an overview of the Authority'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 Authority's financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent calendar year by \$4,901,330 (representing its net position). The unrestricted net position may be utilized to meet the Authority's ongoing obligations.
- During the year the Authority's total net position decreased by \$275,991.
- During the year the Authority incurred \$1,879,618 in expenses as reimbursement to the County of Delaware for reimbursement of economic development expenditures paid from local revenue by the County of Delaware. The Authority received total grant revenue in the amount of \$6,385,092 this period including \$1,883,364 in revenue pursuant to the State Gaming Act.

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 Authority's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis. These financial statements report information about the Authority using the full accrual accounting methods as utilized by similar businesses in the private sector.

Government-Wide Financial Statements

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

The Statement of Net Position includes all of the Authority'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 Authority'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 Statement of Activities. This statement presents the result of the activities over the course of the fiscal year and how net position has changed during that year.

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

REDEVELOPMENT AUTHORITY
OF THE COUNTY OF DELAWARE
Management's Discussion and Analysis (Unaudited)
December 31, 2019

FINANCIAL ANALYSIS OF THE AUTHORITY

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

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Assets:			
Current Assets	\$ 4,078,873	\$ 4,339,427	\$ (260,554)
Other Assets	1,024,199	1,024,199	0
TOTAL ASSETS	<u>\$ 5,103,072</u>	<u>\$ 5,363,626</u>	<u>\$ (260,554)</u>
 Liabilities and Net Position:			
Current Liabilities	\$ 201,742	\$ 186,305	\$ 15,437
Net Position	4,901,330	5,177,321	(275,991)
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,103,072</u>	<u>\$ 5,363,626</u>	<u>\$ (260,554)</u>

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

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Revenues:			
Gaming Proceeds	\$ 1,883,364	\$ 1,981,019	\$ (97,655)
Program Revenue	4,501,728	6,882,140	(2,380,412)
Interest and Other Income	31,825	53,125	(21,300)
TOTAL REVENUES	<u>6,416,917</u>	<u>8,916,284</u>	<u>(2,499,367)</u>
 Expenses:			
Program Expenses	6,597,837	8,947,339	(2,349,502)
Operating Expenses	95,071	194,423	(99,352)
TOTAL EXPENSES	<u>6,692,908</u>	<u>9,141,762</u>	<u>(2,448,854)</u>
 CHANGE IN NET POSITION	<u>\$ (275,991)</u>	<u>\$ (225,478)</u>	<u>\$ (50,513)</u>

REDEVELOPMENT AUTHORITY
OF THE COUNTY OF DELAWARE
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 Redevelopment Authority of the County of Delaware is intended to provide readers with a general overview of the Authority's financial operations as well as to demonstrate the Authority'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.

**REDEVELOPMENT AUTHORITY
 OF THE COUNTY OF DELAWARE**

Statement of Net Position

December 31, 2019

ASSETS

Current:

Cash and Cash Equivalents	\$ 4,040,470
Cash - Escrow	18,832
Prepaid Expenses	19,571
TOTAL CURRENT ASSETS	<u>4,078,873</u>

Noncurrent:

Land	<u>1,024,199</u>
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TOTAL ASSETS	<u><u>\$ 5,103,072</u></u>
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LIABILITIES

Current:

Accounts Payable and Accrued Expenses	\$ 82,800
Escrow Payable	18,832
Due to Primary Government	21,253
Due to Other Governments	78,857
TOTAL CURRENT LIABILITIES	<u>201,742</u>

NET POSITION

Unrestricted	<u>4,901,330</u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 5,103,072</u></u>
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The accompanying notes are an integral part of this statement.



**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF DELAWARE**
Statement of Activities
For the Year Ended December 31, 2019

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Fees, Fines, and Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Program Revenues - Other</u>	
Governmental Activities:					
General Government	\$ 95,071	\$ 0	\$ 0	\$ 0	\$ (95,071)
Program Expense	<u>6,597,837</u>	<u>0</u>	<u>(6,385,092)</u>	<u>0</u>	<u>(212,745)</u>
TOTAL GOVERNMENTAL ACTIVITIES	6,692,908	0	(6,385,092)	0	(307,816)
General Revenues:					
Investment Earnings					<u>31,825</u>
CHANGE IN NET POSITION					(275,991)
Net Position - January 1, 2019					<u>5,177,321</u>
NET POSITION - DECEMBER 31, 2019					<u><u>\$ 4,901,330</u></u>

The accompanying notes are an integral part of this statement.

REDEVELOPMENT AUTHORITY
OF THE COUNTY OF DELAWARE
Notes to Financial Statements
December 31, 2019

NOTE 1 - Summary of Significant Accounting Policies

The Redevelopment Authority of the County of Delaware (the "Authority") 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 Authority are discussed below.

A. Reporting Entity

The Redevelopment Authority of the County of Delaware (the "Authority") was created by the County of Delaware (the "County") for the delivery of services to County residents, pursuant to the Urban Redevelopment Law, Act of 1945. The Authority acts as the vehicle for condemnation and development within the County. The Authority had previously acted as an agency for the County in planning, coordinating, and administering various development and rehabilitation grants primarily for the benefit of low to moderate income groups located in the County. The majority of the Authority's assets and liabilities were transferred to the County on July 31, 1991. All community development activities became the responsibility of the Delaware County Planning Department.

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

NOTE 2 - Deposits and Investments

Deposits - At year end, the total carrying amount of the Authority's checking, savings and escrow deposits was \$4,059,302 and the corresponding bank balance was \$4,059,803.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. In the normal course of business, the Authority may have deposits that exceed insured balances.

NOTE 3 - Gaming Proceeds

The County has allocated \$1,883,364 in revenue to the Authority as of December 31, 2019, pursuant to the State Gaming Act. The County also allocated expenses in the amount of \$1,879,618 that were incurred on behalf of the Authority during 2019 for the purposes of development.

REDEVELOPMENT AUTHORITY
OF THE COUNTY OF DELAWARE
Notes to Financial Statements
December 31, 2019

NOTE 4 - Land

At the balance sheet date there were numerous parcels of real estate including several homes, which were owned by the Authority. These parcels were acquired at either no cost or minimal cost and there has been no dollar value assigned to the real estate for financial statement purposes with the exception of land purchased at a total cost of \$1,024,199 during 2009 and 2010 with funding provided by the County.

NOTE 5 - Escrow Payable

Escrow payable represents monies owed to contractors upon project termination.

NOTE 6 - Due to Other Governments

Due To Delaware County Economic Development Oversight Board	\$ 18,857
Due To Delaware County Industrial Development Authority	<u>60,000</u>
 TOTAL	 <u><u>\$ 78,857</u></u>

NOTE 7 - Related Party Transactions

The Delaware County Economic Development Oversight Board provides management and support services for the Authority. The Authority pays a management fee for these services based on a time and cost allocation formula. Management fees were calculated at \$11,507 for the year ended December 31, 2019.

NOTE 8 - Subsequent Events

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