

Financial Statements

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

December 31, 2021

Rainer
& Company

A Professional Corporation
Certified Public Accountants



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A Professional Corporation
Certified Public Accountants
INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the Delaware County Economic Development Oversight Board, a component unit of the County of Delaware, Pennsylvania's basic financial statements as listed in the table of contents.

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, a component unit of the County of Delaware, Pennsylvania, as of December 31, 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Delaware County Economic Development Oversight Board, a component unit of the County of Delaware, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delaware County Economic Development Oversight Board, a component unit of the County of Delaware, 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.

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Delaware County Economic Development Oversight Board, a component unit of the County of Delaware, 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 the Delaware County Economic Development Oversight Board, a component unit of the County of Delaware, 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 the management's discussion and analysis and budgetary comparison information on pages 6 through 9 be 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, 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 23, 2022



A Professional Corporation
Certified Public Accountants

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, 2021, 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 23, 2022.

Report on 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) as a basis for designing 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.

Report on 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 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 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 23, 2022

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Management's Discussion and Analysis (Unaudited)
December 31, 2021

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, 2021. 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 10.

FINANCIAL HIGHLIGHTS

- The assets of Delaware County Economic Development Oversight Board exceeded its liabilities at the close of the most recent fiscal year by \$1,400,776 (representing its net financial position). Of this amount, \$18,576 is nonspendable and \$1,382,200 is unrestricted and available for operations.
- During the year the Organization's total fund balances/net position increased \$197,629
- Organization revenues for 2021 were \$10,697,300 and expenses were \$10,449,671. During 2021, the Organization was allocated \$3,055,114 in CARES Act Funding from the County of Delaware for the Delco Strong 2 program. In addition, the Organization was awarded a grant of \$6,419,338 from the state of Pennsylvania under the Pennsylvania CHIRP program (Covid-19 Hospitality Industry Recovery Program).

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, 2021

FINANCIAL ANALYSIS OF THE ORGANIZATION

The following table presents condensed comparative financial information for the net position of the Organization for calendar years 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Assets:			
Current Assets	<u>\$ 2,255,958</u>	<u>\$ 1,314,007</u>	<u>\$ 941,951</u>
Liabilities and Fund Balances/Net Assets:			
Current Liabilities	\$ 855,182	\$ 110,860	\$ 744,322
Fund Balances/Net Position	<u>1,400,776</u>	<u>1,203,147</u>	<u>197,629</u>
TOTAL LIABILITIES AND FUND BALANCES/NET POSITION	<u>\$ 2,255,958</u>	<u>\$ 1,314,007</u>	<u>\$ 941,951</u>

The following table presents condensed comparative financial information for the revenue and expenses of the Organization for calendar years 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Revenues:			
Charges for Services	\$ 2,000	\$ 4,184	\$ (2,184)
Operating Grants and Contributions	10,635,290	10,596,660	38,630
Other Program Revenues	59,675	55,668	4,007
Interest and Other Income	<u>335</u>	<u>2,032</u>	<u>(1,697)</u>
TOTAL REVENUES	<u>10,697,300</u>	<u>10,658,544</u>	<u>38,756</u>
Expenditures/Expenses:			
General Administration	261,579	347,282	(85,703)
Program Expenses	10,231,856	11,043,134	(811,278)
Pension	<u>6,236</u>	<u>18,244</u>	<u>(12,008)</u>
TOTAL EXPENSES	<u>10,499,671</u>	<u>11,408,660</u>	<u>(908,989)</u>
Transfers:			
Transfer In (Out)	<u>0</u>	<u>995,454</u>	<u>(995,454)</u>
CHANGE IN FUND BALANCE/ NET POSITION	<u>\$ 197,629</u>	<u>\$ 245,338</u>	<u>\$ (47,709)</u>

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Management's Discussion and Analysis (Unaudited)
December 31, 2021

ECONOMIC OVERVIEW

COVID-19 Direct Business Relief Efforts:

- **Delco Strong Small Business Support Grant Program / December 2020 – February 2021**
Over the course of twelve months between 2020 and 2021, Delaware County Council provided local support to small businesses through the Delco Strong Small Business Support Grant Program. There were also two rounds of funding to support Non-Profits in the County. These programs were administered by the Delaware County Commerce Center. In total over \$16,000,000 in grant funding was supplied to more than 1,700 small businesses and non-profits in Delaware County to help sustain their entities through the pandemic. The last round "Delco Strong Rapid Response" was specific to the industries directly impacted by the Pennsylvania mitigation order issued in December of 2020. The round opened in December 2020 and closed in February 2021. Over 279 small businesses largely in the restaurant, tavern, gym, instructional activity sectors received \$3,043,500 to support their operation through the pandemic required reduction of service or temporary closure.

- **PA CHIRP (Covid- 19 Hospitality Industry Recovery Program) March 2021 - June 2021**
Following Delco Strong, Pennsylvania created the statewide CHIRP program through Act 1 of 2021. The program targeted small business entities in the Accommodation and Food Service Industries. Delaware County Commerce Center was appointed by Delaware County Council to be the local administrator for this state program that funded 211 businesses with \$6,000,000 in support funding. Of the grants provided the average award to a Food Service was \$29,000, to Accommodations \$44,000.

Strategic Planning:

In 2021 The Delaware County Economic Development Oversight Board selected Econsult Solutions of Philadelphia through a competitively bid process in order to evaluate the Delaware County Commerce Center organization and evaluate what the program of economic development work should be post-pandemic. The main focuses of the plan are twofold: supporting the small business economy and transitioning grey space within Delaware County. In order to accomplish these tasks, the Delaware County Commerce Center will hire additional staff to provide support and programs to both endeavors while increasing their collaboration with the economic and community contributors in Delaware County.

Festival of Lights and Holiday Village December 2021

An early insight from the strategic plan pointed out \$2,000,000,000 in retail leakage within Delaware County. Partnering with Delaware County Parks and Recreation and the Delaware County Chamber of Commerce, Delaware County Commerce Center sought to institute an outdoor market during the Holidays comprised of local small business owners. Rose Tree Park hosts an annual, known Light Festival through the month of December, and with the expanse of this signature park provided opportunity to include vending opportunities. Capital improvements were made in the park to accommodate the additional activity, and assistance was provided to the Parks Department to upscale the lighting. We infused six Holiday Market Nights that provided 72 retail vendor, and 20 food truck vendor opportunities. The Park experienced a dramatic uptick in the number of visitors over prior years of roughly 300%.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**
Management's Discussion and Analysis (Unaudited)
December 31, 2021

ECONOMIC OVERVIEW (Continued)

Some examples of other projects that are initiated and ongoing in Delaware County:

- Installation of new natural gas line to Kimberly Clark Plant will result in a \$150MM conversion of the coal fired plant to gas. Not only will this trigger significant reduction in carbon emissions, it will also ensure the future of the largest manufacturing facility in the City of Chester. Assisted by the Delaware County Redevelopment Authority with a \$6MM State Capital Grant.
- Main Line Health continued their renovation of the Birthplace at Riddle Hospital in 2020 investing over \$3MM in total project cost, assisted by the Delaware County Redevelopment Authority administration of a \$1.5MM State Capital Grant.
- Brandywine Museum and Conservancy of Art initiated renovations and upgrades to their museum building with total estimated project cost over \$4M, assisted by the Delaware County Redevelopment Authority administration of \$2MM State Capital Grant.
- Franklin Mint redevelopment, an approximate 82-acre campus on Route 1 and Route 452 continued construction of their multi-use development to include retail, office and housing. The estimated total project cost of \$500MM + is being assisted by the Delaware County Industrial Development Authority with administration of a State Capital Grant of \$5MM.
- Adjacent to the Franklin Mint development, the Pond's Edge 32-acre mixed use development continues with the development of a new state police barracks, retail strip and housing. The total estimated project cost is \$30MM + and assisted by the Delaware County Industrial Development Authority administration of a \$5MM State Capital Grant.
- Delaware County 911 Communication System Upgrade. An overall of the 911 communication system estimated to exceed \$40MM in cost supported by \$6MM in state grant funding facilitated by Delaware County Industrial Development Authority.
- Delaware County Community College (DCCC) expansion campus in Upper Darby. DCCC is redeveloping a former catholic high school to increase enrollment and educational offerings. This program was supported by state grants in the amount of \$4.25M.
- CHOP in Millbourne. Children's Hospital of Philadelphia expects to occupy a new building at the former SEARS site in Millbourne in 2022. The building will accommodate support services for their pediatric hospital and outpatient centers.
- Monroe Energy is making investments in their facility with electrical upgrades and a new cooling tower. The investments reduce energy consumption and water usage of this manufacturing facility.
- The former FMC Site in Marcus Hook, which has sat vacant for decades is in process of redevelopment. The property will become a light industrial warehouse facility.
- The former Foamex manufacturing facility in Eddystone is in process of redevelopment transforming into multi-tenant light industrial warehouse facility.

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, 2021**

<u>ASSETS</u>	General Funds (Governmental Fund)	Adjustments	Statement of Net Position (Government- Wide)
Current:			
Cash and Cash Equivalents	\$ 1,754,849	\$ 0	\$ 1,754,849
Prepaid Expenditures	18,576	0	18,576
Security Deposit	4,046	0	4,046
Other Current Assets	1,150	0	1,150
Due from Other Governments	477,337	0	477,337
TOTAL ASSETS	\$ 2,255,958	\$ 0	\$ 2,255,958
<u>LIABILITIES</u>			
Current:			
Accounts Payable	\$ 14,534	\$ 0	\$ 14,534
Accrued Expenses	15,356	0	15,356
Due to Other Governments	242	0	242
Escrow Payable	668,723	0	668,723
Unearned Revenue	156,327	0	156,327
TOTAL LIABILITIES	855,182	0	855,182
<u>FUND BALANCES/NET POSITION</u>			
Nonspendable	18,576	0	18,576
Unassigned	1,382,200	0	1,382,200
TOTAL FUND BALANCES/NET POSITION	1,400,776	0	1,400,776
TOTAL LIABILITIES AND FUND BALANCES/NET POSITION	\$ 2,255,958	\$ 0	\$ 2,255,958

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, 2021**

	General Fund (Governmental Fund)	Eliminations	Statement of Activities (Government- Wide)
Expenditures/Expenses:			
General Administration	\$ 261,579	\$ 0	\$ 261,579
Program	10,231,856	0	10,231,856
Pension	6,236	0	6,236
TOTAL EXPENDITURES/EXPENSES	<u>10,499,671</u>	<u>0</u>	<u>10,499,671</u>
Revenues:			
Governmental:			
General Government:			
Charges for Services	\$ 2,000	\$ 0	\$ 2,000
Operating Grants and Contributions	10,629,054	0	10,629,054
Program:			
Other Program Revenues	59,675	0	59,675
Pension	6,236	0	6,236
Investment Earnings	335	0	335
TOTAL REVENUES	<u>10,697,300</u>	<u>0</u>	<u>10,697,300</u>
NET CHANGE IN FUND BALANCES/NET POSITION	197,629	0	197,629
Fund Balances/Net Position - January 1	<u>1,203,147</u>	<u>0</u>	<u>1,203,147</u>
FUND BALANCES/NET POSITION - DECEMBER 31	<u><u>\$ 1,400,776</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,400,776</u></u>

The accompanying notes are an integral part of this statement.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**

Notes to Financial Statements

December 31, 2021

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.

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.

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.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**

Notes to Financial Statements
December 31, 2021

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

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.

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.

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.

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, 2021

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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 Organization'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.

NOTE 2 - Deposits

Deposits - At year end, the total carrying amount of the Organization's checking and savings deposits was \$1,754,849 and the corresponding bank balance was \$1,755,651.

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.

**DELAWARE COUNTY ECONOMIC
 DEVELOPMENT OVERSIGHT BOARD**

Notes to Financial Statements

December 31, 2021

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	\$ 171,922	\$ 0
Due from Delaware County Redevelopment Authority	23,263	0
Due from Delaware County Industrial Development Corporation	221,897	0
Delaware County Industrial Development Authority	11,040	0
Due from Deshong Museum Property	49,215	0
Due to Commonwealth of Pennsylvania: Other	0	242
TOTAL	<u>\$ 477,337</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.

NOTE 4 - Related Party Transactions

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 2021, 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 5 - 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, 2021 pension costs amounted to \$6,236.

**DELAWARE COUNTY ECONOMIC
DEVELOPMENT OVERSIGHT BOARD**

Notes to Financial Statements

December 31, 2021

NOTE 6 - Commitments

The Organization leases an operating facility through January 31, 2023 at monthly rent ranging from \$5,215 to \$5,734. Additionally, the rental agreement includes monthly electricity charges. The monthly base year (2021) 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:

2022	\$ 75,093
2023	<u>6,190</u>
TOTAL	<u>\$ 81,283</u>

Rent expense for the year ended December 31, 2021 was \$74,825.

NOTE 7 - Subsequent Events

The Organization has evaluated subsequent events through June 23, 2022, which represents the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact operating activity. Other financial impact could occur though such potential impact is unknown at this time.