

**Financial Statements**

**Delaware County Chester Waterfront  
Industrial Development Authority  
(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	3-4

## BASIC FINANCIAL STATEMENTS

Statement of Net Position	5
Statement of Revenues, Expenses and Changes in Net Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8-10



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Delaware County Chester Waterfront Industrial Development Authority  
Media, Pennsylvania

We have audited the accompanying financial statements of the Delaware County Chester Waterfront Industrial Development Authority, 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, 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware County Chester Waterfront Industrial Development Authority, a component unit of the County of Delaware, Pennsylvania, as of December 31, 2019, and the changes in financial position and cash flows thereof 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 and 4 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

**DELAWARE COUNTY CHESTER WATERFRONT  
INDUSTRIAL DEVELOPMENT AUTHORITY**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2019**

Our discussion and analysis of the Delaware County Chester Waterfront Industrial Development Authority 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 5.

**FINANCIAL HIGHLIGHTS**

Management believes the entity's financial position is strong. Grants received from the County of Delaware and the Redevelopment Authority of the County of Delaware funded approximately \$30,000,000 of the cost of construction. Construction costs funded by the Authority at December 31, 2019 totaled \$30,214,286. Revenue on these financial statements represents the interest earned for the year. All expenses have been capitalized and are not reflected on the Statement of Revenues, Expenses and Changes in Net Position.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial report consists of two parts: Management Discussion and Analysis (MD&A) and the basic financial statements. This MD&A represents management's analysis of the Delaware County Chester Waterfront Industrial Development 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.

***Business-Type Activities:***

The Statement of Net Position includes all the Authority's assets and liabilities with the difference between the two reported as net position. It also provides information about the nature and amount 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 Revenues, Expenses and Changes in Net Position. This statement presents the result of the activities over the course of the fiscal year and how net assets have changed during the year.

The Statement of Cash Flows is prepared on the direct method and is designed to provide information about the Authority's cash receipts and cash disbursements during the period.

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.

**DELAWARE COUNTY CHESTER WATERFRONT  
INDUSTRIAL DEVELOPMENT AUTHORITY**  
**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 position of the Authority for calendar years 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Assets:			
Current Assets	\$ 65,068	\$ 63,182	\$ 1,886
Capital Assets	<u>20,425,951</u>	<u>21,404,784</u>	<u>(978,833)</u>
TOTAL ASSETS	<u><u>20,491,019</u></u>	<u><u>21,467,966</u></u>	<u><u>(976,947)</u></u>
Net Position:			
Invested in Capital Assets	20,425,951	21,404,784	(978,833)
Unrestricted	<u>65,068</u>	<u>63,182</u>	<u>1,886</u>
TOTAL POSITION	<u><u>\$20,491,019</u></u>	<u><u>\$21,467,966</u></u>	<u><u>\$ (976,947)</u></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>
Non-Operating Revenue:			
Interest	\$ 1,886	\$ 1,170	\$ 716
Operating Expenses:			
Depreciation	<u>978,833</u>	<u>978,833</u>	<u>0</u>
CHANGE IN NET POSITION	<u><u>\$ (976,947)</u></u>	<u><u>\$ (977,663)</u></u>	<u><u>\$ 716</u></u>

**REQUESTS FOR INFORMATION**

The financial report of the Delaware County Chester Waterfront Industrial Development Authority 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 Executive Director, Delaware County Chester Waterfront Industrial Development Authority, 100 West 6<sup>th</sup> Street, Suite 100, Media, Pennsylvania 19063.

**DELAWARE COUNTY CHESTER WATERFRONT  
INDUSTRIAL DEVELOPMENT AUTHORITY**

**Statement of Net Position**

**December 31, 2019**

**ASSETS**

Current:

Cash and Cash Equivalents	\$ 65,068
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Non-Current:

Land	849,286
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Property, Net of Accumulated Depreciation	19,576,665
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TOTAL NON-CURRENT ASSETS	20,425,951
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TOTAL ASSETS	\$ 20,491,019
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**NET POSITION**

Invested in Capital Assets	20,425,951
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Unrestricted	65,068
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TOTAL NET POSITION	\$ 20,491,019
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The accompanying notes are an integral part of this statement.

**DELAWARE COUNTY CHESTER WATERFRONT**  
**INDUSTRIAL DEVELOPMENT AUTHORITY**  
Statement of Revenues, Expenses and  
Changes in Net Position  
For the Year Ended December 31, 2019

Operating Revenues:	
Rental Income	\$ 0
Operating Expenses:	
Depreciation	<u>978,833</u>
OPERATING LOSS	(978,833)
Non-Operating Revenue:	
Interest Income	<u>1,886</u>
CHANGE IN NET POSITION	(976,947)
Total Net Position - January 1, 2019	<u>21,467,966</u>
TOTAL NET POSITION - DECEMBER 31, 2019	<u><u>\$ 20,491,019</u></u>

The accompanying notes are an integral part of this statement.



**DELAWARE COUNTY CHESTER WATERFRONT**  
**INDUSTRIAL DEVELOPMENT AUTHORITY**  
Statement of Cash Flows  
For the Year Ended December 31, 2019

Cash Flows From Investing Activities:

Interest Income	\$ 1,886
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NET INCREASE IN CASH AND CASH EQUIVALENTS	1,886
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Cash and Cash Equivalents - January 1, 2019	63,182
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CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019	\$ 65,068
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Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:

Operating Loss	\$ (978,833)
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Adjustments to Reconcile Operating Loss  
to Net Cash Provided by Operating Activities:

Depreciation	978,833
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NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 0
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**DELAWARE COUNTY CHESTER WATERFRONT  
INDUSTRIAL DEVELOPMENT AUTHORITY**

**Notes to Financial Statements**

**December 31, 2019**

**NOTE 1 - Summary of Significant Accounting Policies**

The Delaware County Chester Waterfront Industrial Development Authority (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.

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments*; Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*.

**A. Reporting Entity**

The Delaware County Chester Waterfront Industrial Development Authority is an industrial development authority incorporated in the Commonwealth of Pennsylvania on July 3, 2008. The Authority was formed pursuant to the Economic Development Financing Law (73 P.S. Section 371) for the purpose of acquiring, constructing, financing, improving and maintaining industrial and commercial development projects and public facilities in certain geographic regions within the City of Chester. The Authority is not directly subject to federal and state income taxes.

The Authority is currently participating in a project of mixed use development on the waterfront in Chester including entertainment, commercial and residential uses. Among this development is the construction of a stadium facility. During this period the Authority received grants from the County of Delaware and the Redevelopment Authority of the County of Delaware to participate in the stadium development. Pursuant to the grant with the County of Delaware, the Authority is the fee simple owner of the acres comprising the stadium land located in the City of Chester. Additional land for the stadium construction and other development has been purchased and/or donated from both private and public entities.

**B. Basis of Presentation**

The Authority reports only one fund, an enterprise fund. An enterprise fund is used to account for the operations and activities of the Authority that are operated in a manner similar to a private business enterprise where the intent of the governing body is that the cost of providing services to the private and public sectors on a continuing basis will be recovered primarily through user charges.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority are fees associated with the issuance of bonds and notes for the financing of future industrial and commercial projects through third party sources. Operating expenses for enterprise funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For purposes of the statement of cash flows of enterprise funds, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**DELAWARE COUNTY CHESTER WATERFRONT**  
**INDUSTRIAL DEVELOPMENT AUTHORITY**  
Notes to Financial Statements  
December 31, 2019

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

The Authority is a component unit of the County of Delaware and is included in its financial statements. 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 of Delaware.

**C. Assets, Liabilities and Net Position or Equity**

**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 these estimates.

**Cash and Cash Equivalents**

For the purpose of financial reporting, "cash and cash equivalents" include demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less.

**Capital Assets**

Capital assets shown on these financial statements have been primarily financed by grants from both the County of Delaware and the Redevelopment Authority of the County of Delaware. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation.

**Enterprise Fund Net Position**

Enterprise fund net position is divided into three components:

Invested in Capital Assets, Net of Related Debt - Consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted - Consists of assets for which constraints have been placed on the use by external groups or law. Currently, the Authority has reported no restricted net position.

Unrestricted - Consists of all other net position reported in this category.

**NOTE 2 - Deposits and Investments**

Deposits - At year-end, the total carrying amount of the Authority's checking, savings and certificates of deposits was \$65,068 and the corresponding bank balance was \$65,068.

**DELAWARE COUNTY CHESTER WATERFRONT  
INDUSTRIAL DEVELOPMENT AUTHORITY**

Notes to Financial Statements

December 31, 2019

**NOTE 2 - Deposits and Investments (Continued)**

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 written policy for custodial credit risk. The bank balances are covered by federal depository insurance.

**NOTE 3 - Capital Assets**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets:				
Land	\$ 849,286	\$ 0	\$ 0	\$ 849,286
Stadium	29,365,000	0	0	29,365,000
TOTAL CAPITAL ASSETS	30,214,286	0	0	30,214,286
Accumulated Depreciation				
Stadium	8,809,502	978,833	0	9,788,335
CAPITAL ASSETS, NET	<u>\$ 21,404,784</u>	<u>\$ (978,833)</u>	<u>\$ 0</u>	<u>\$ 20,425,951</u>

**NOTE 4 - Lease and Development Agreement**

The Authority entered into a lease and development agreement with F.C. Pennsylvania Stadium, LLC, the tenant of the stadium property, to acquire, construct, furnish and equip a new stadium with related improvements and amenities. Further, the tenant will occupy the stadium premises during the terms of the lease as the tenant's exclusive forum and location for playing and exhibition. The Authority retains legal ownership of and legal title to the stadium premises. However, during the term of the agreement, the tenant has legal and beneficial ownership of the legal title to a leasehold interest in and to the stadium facility.

**NOTE 5 - Contingencies**

The Authority in the conduct of its normal business activities may subject to various legal proceedings. Management, however, believes that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Authority.

**NOTE 6 - Subsequent Events**

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