



Delaware Auditor of Accounts GASB Entity Determination Analysis Memo Riverfront Development Corporation

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To complete our entity determination analysis, the Office of Auditor of Accounts (AOA) reviewed the following:

- GASB 14, *The Financial Reporting Entity*
- GASB 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB 34 amended GASB 14, ¶9, 11, ¶12, ¶19, ¶42, ¶44, ¶50 –¶52, ¶54, ¶58, ¶60, ¶63, ¶65, ¶73, ¶74, ¶78, and¶131 and superseded GASB 14, ¶45–47, 49, 56, and ¶57)
- GASB 39, *Determining Whether Certain Organizations Are Component Units*
- GASB 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*
- *AICPA Audit and Accounting Guide – State and Local Governments*, Chapter 3: The Financial Reporting Entity
- *GASB 2011-2012 Comprehensive Implementation Guide*, Chapter 4: The Financial Reporting Entity
- *June 30, 2012 State of Delaware Comprehensive Annual Financial Report (CAFR)*
- 138th General Assembly, Senate Bill NO. 260, Section 41 – *Brandywine-Christina River Improvements Project*
- *Riverfront Development Corporation of Delaware By-Laws*.
- 146th General Assembly, House Bill NO. 410, Section 39 – *Riverfront Development Corporation*

NOTE: The analysis below is based on the documents/guidance reviewed, as detailed above. Additional information or legal interpretations of the portions of the Delaware Code reviewed could impact the analysis and impact a decision on the proper accounting treatment for the entity. The decision of what the appropriate accounting treatment is for the entity, based on a review of all applicable guidance/information, is solely the responsibility of management. As such, AOA does not make such conclusions herein.

1. The PCU is legally separate. (¶ 15)¹

According to GASB, an organization has separate legal standing if it is created as a body corporate or a body corporate and politic, or if it otherwise possesses the corporate powers that would distinguish it as being legally separate from the primary government.

Generally, corporate powers give an organization the capacity to have a name; the right to sue and be sued in its own name without recourse to a state or local governmental unit; and the right to buy, sell, lease, and mortgage property in its own name.

The corporate powers granted to a separate organization are enumerated in its corporate charter or in the legislation authorizing its creation. A special purpose government (or any other organization) that is *not* legally separate should be considered, for financial reporting purposes, part of the primary government that holds the corporate powers.

¹ Paragraph references are from GASB 14, as amended by GASB 61.



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Application to Riverfront Development Corporation (RDC)

The RDC is legally separate from the State of Delaware because it is organized as a corporation (138th General Assembly, Senate Bill NO. 260, Section 41 (a)). Further, the RDC has the right to acquire and maintain land and open space, as well as acquire, erect, improve and maintain buildings, structures or other public works (138th General Assembly, Senate Bill NO. 260, Section 41 (a) (3) and (4)).

Code and definition excerpts are as follows:

138th General Assembly, Senate Bill NO. 260, Section 41 – Brandywine-Christina River Improvements Project

- (a) The General Assembly hereby authorizes the Governor to incorporate along with the County Executive of New Castle County and the Mayor of the City of Wilmington a Riverfront Development Corporation (“Corporation”) to promote the common good of the citizens of Delaware through the planning, development and management of programs and projects intended to foster, encourage and promote recreational, residential, commercial and industrial development and redevelopment along or in proximity to the Brandywine and Christina Rivers as recommended in the report of the Governor’s Task Force on the Future of the Brandywine and Christina Rivers, A Vision For the Rivers (1994). The Corporation shall be governed by a thirteen member Board of Directors who shall include the Governor, the Senate President Pro Tempore, Speaker of the House, Co-Chairs of the Joint Legislative Committee on Capital Improvement Programs, the County Executive of New Castle County, the Mayor of the City of Wilmington and six additional members with economic development expertise who shall be appointed by the Governor. In addition, the President Pro Tem shall appoint a member from the private sector and the Speaker of the House shall appoint a member from the private sector. The Governor shall appoint a board member representing the private sector to serve as Chair of the Board of Directors who shall serve at the Governor’s pleasure. The Corporation shall:
- 1) Provide financial incentives, including loans and grants, to stimulate significant private investments;
 - 2) Assist and cooperate in capital development and public works programs funded in conjunction with other governmental agencies;
 - 3) Acquire and maintain land and open space;
 - 4) Acquire, erect, improve and maintain buildings, structures or other public works; and
 - 5) Act generally in a planning and development capacity.

The Corporation shall be authorized to accept private donations, contributions and loan repayments and to keep such monies in the Corporation’s own accounts.



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(b) It is the intent of the General Assembly that Four Million Five Hundred Thousand Dollars (\$4,500,000) appropriated in the Section 1 Addendum of this Act for the Brandywine-Christina River Improvement Project shall be provided to enable the Corporation to provide financial support for the public or private development of projects including, but not limited to: an urban wildlife refuge; river walks; a convention or exposition center; a civic arena; cultural, historical and recreational projects; and land acquisition and general infrastructure improvements that support the development of such projects or lead to the orderly development of areas identified in A Vision For the Rivers (1994). Such funds cannot be encumbered or expended until the Corporation provides proper documentation and written certification that the use of such funds has been duly authorized and the Budget Director and the Controller General certify that the use of such funds meet the purposes set forth herein. Not more than \$500,000 of such appropriation shall be used for general planning and consultation purposes. Activities to be undertaken with planning funds shall include, but not limited to: identification of the State’s approach to environmental issues, identification of land assembly and business relocation costs and preparation of a detailed implementation plan that makes use of a variety of state funding sources to leverage additional monies from the private and non-profit sectors, foundations and local government sources. The remainder of such funds may be used for capital-related costs incurred in the development of privately-owned projects and for capital-related infrastructure costs incurred to support the development of privately-owned projects. Funds cannot be encumbered or expended until the Corporation provides proper documentation and written certification that the use of such funds meets the purposes set forth herein. It is the intent of the General Assembly that the following projects shall receive priority funding and that any changes to such priorities shall be approved by at least eight members of the Riverfront Development Corporation Board of Directors:

General Planning and Project Consultation	\$	500,000
Riverwalks/Riverbank Stabilization/Bulkheading		3,100,000
Wildlife Refuge (feasibility, remediation, development)		700,000
Swedish Historical Site Improvements		<u>200,000</u>
TOTAL	\$	<u>4,500,000</u>

3. The PG does not appoint the majority of the PCU’s board. (¶22-24)

According to GASB, if a primary government appoints a simple majority of the organization’s governing board, it usually has a voting majority. However, if financial decisions require the approval of more than a simple majority, the primary government is not accountable for the organization.

For purposes of determining whether accountability exists, a primary government’s appointment authority should be substantive. In some cases the appointment authority of a primary government’s officials may be limited by a nomination process. For example, state statutes or local ordinances may require a primary government to select its appointees from a slate of candidates provided by one or more individuals or groups other than the primary government’s officials or appointees. A primary government’s appointment



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authority is not substantive if the number of candidates is severely limited by the nominating process, for example, if a primary government must select three appointees from a single slate of five candidates. Additionally, a primary government's appointment authority may not be substantive if its responsibility is limited to confirming appointments made by individuals or groups other than the primary government's officials or appointees.

In most instances, legal provisions for appointment of an organization's officials also provide for continuing appointment authority. However, in the absence of continuing appointment authority, the ability of a primary government to unilaterally abolish an organization also provides the basis for ongoing accountability. Thus, a primary government that creates an organization (creation is tantamount to the initial appointment of the governing body) is accountable for the organization if the primary government can unilaterally abolish it. A primary government is considered to be accountable for an organization as long as continuing appointments are made by the primary government, even if those appointments are made by a subsequent administration.

Application to Riverfront Development Corporation (RDC)

The Governor appoints 7 of the 18 Board members of the RDC, six members with economic development expertise, and one representing the private sector to serve as Chair of the Board of Directors, and who shall serve at the Governor's pleasure. The President Pro Temp and the Speaker of the House each appoint a member from the private sector. In addition to the seven members appointed by the Governor and the two private sector members, the RDC by-laws dictate that the Board consist of the following nine members:

- The Governor or his/her designee
- The Senate President Pro Tempore or the Chair/Co-Chair of the Joint Finance Committee as the Pro Tempore's designee
- The Speaker of the House or the Chair/Co-Chair of the Joint Finance Committee as the Speaker's designee
- Co-Chairs of the Joint Legislative Committee on the Capital Improvement Program (or another Committee member as their designee)
- The County Executive of New Castle County
- The President of the Willington City Council
- The Mayor of the City of Wilmington
- A member appointed by the Mayor of the City of Wilmington



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Code and definition excerpts are as follows:

Riverfront Development Corporation of Delaware By-Laws. Article I – Board of Directors. Section 1 – Membership and Terms.

The Corporation shall be governed by an 18 member Board of Directors which shall consist of the Governor or his/her designee, the Senate President Pro Tempore or the Chair/Co-Chair of the Joint Finance Committee as the Pro Tempore's designee, the Speaker of the House or the Chair/Co-Chair of the Joint Finance Committee as the Speaker's designee, Co-Chairs of the Joint Legislative Committee on the Capital Improvement Program (or another Committee member as their designee), the County Executive of New Castle County, the President of the Willington City Council, the Mayor of the City of Wilmington, a member appointed by the Mayor of the City of Wilmington, seven additional members with economic development expertise who shall be appointed by the Governor, a member from the private sector appointed by the President Pro-Tem and a member from the private sector appointed by the Speaker of the House. The member appointed by the Mayor of the City of Wilmington shall be selected from among private citizens active in the non-profit community and/or residential organizations in the City of Wilmington who shall also serve as the Chairperson of any Community Advisory Board established by the Board of Directors. Appointed members shall serve at the pleasure of the person who appointed such members. The Governor shall appoint a board member representing the private sector to serve as the Chair of the Board of Directors who shall serve at the Governor's Pleasure. The provisions of this Section 1, Article I shall only be changed by the Board of Directors upon an act of the Generally Assembly of the State of Delaware.

4. The PCU meets the financial benefit/burden and fiscal dependency criteria. (§21b)

According to GASB, the primary government may be financially accountable if an organization is fiscally dependent (paragraphs 16–18) on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board (paragraphs 34–38).

Fiscal Dependency (§16-18)

A special-purpose government is fiscally independent if it has the ability to complete certain essential fiscal events without substantive approval by a primary government. A special-purpose government is fiscally independent if it has the authority to do all three of the following:

- a. Determine its budget without another government's having the authority to approve and modify that budget.
- b. Levy taxes or set rates or charges without approval by another government.
- c. Issue bonded debt without approval by another government.

A special-purpose government that is not fiscally independent is fiscally dependent on the primary government that holds one or more of those powers. A special-purpose government may be fiscally dependent on another state or local government regardless of whether it receives financial assistance from



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that state or local government; fiscal dependency does not necessarily imply that a financial benefit or burden relationship exists.

In determining whether a special-purpose government is fiscally independent, a distinction should be made between substantive approvals and ministerial (or compliance) approvals. Special-purpose governments typically are subject to the general oversight of their respective state governments, and sometimes to the oversight of county or other local governments as well. Often, this general oversight responsibility includes an approval process that is more ministerial or compliance oriented than substantive. Examples of approvals that are likely to be ministerial or compliance oriented in nature rather than substantive are:

- a. A requirement for a state agency to approve local government debt after review for compliance with certain limitations, such as a debt margin calculation based on a percentage of assessed valuation.
- b. A requirement for a state agency, such as a department of education, to review a local government's budget in evaluating qualifications for state funding.
- c. A requirement for a county government official, such as the county clerk, to approve tax rates and levy amounts after review for compliance with tax rate and levy limitations.

A special-purpose government subject to substantive approvals should not be considered a primary government for purposes of this Statement. For example, budgetary approval is substantive if a government has the authority to reduce or modify a special-purpose government's budget. On the other hand, a special-purpose government that is statutorily prohibited from incurring debt may be fiscally independent if it possesses the other two powers because the statutory prohibition does not subordinate the special-purpose government to another government for debt approval. It may be necessary to ascertain whether approvals or restrictions have the effect of impairing the special-purpose government's fiscal independence.

Financial Benefit to or Burden on a Primary Government (§27-33)

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the primary government or agreements between the primary government and a component unit. If a primary government appoints a voting majority of an organization's officials *and* there is a potential for that organization either to provide specific financial benefits to or to impose specific financial burdens on the primary government, the primary government is financially accountable for that organization. An organization has a financial benefit or burden relationship with the primary government if *any one* of these conditions exists:

- a. The primary government is legally entitled to or can otherwise access the organization's resources.
- b. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.



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- c. The primary government is obligated in some manner for the debt of the organization. Exchange transactions between organizations and the primary government should not be considered manifestations of a financial benefit or burden relationship. In an exchange transaction, such as a purchase or sale of goods or services, each participant (the government or its employees rather than the citizenry) directly receives and sacrifices value. For example, funding by a primary government for higher education is *not* equivalent to purchasing educational services and would be considered a manifestation of a financial burden on the primary government.

The effect of the financial benefits or burdens on the primary government can be either direct or indirect. A direct financial benefit or burden occurs when the primary government itself is entitled to the resources or is obligated for the deficits or debts of the organization. An indirect benefit or burden exists if one or more of the primary government's component units is entitled to the resources or is obligated for the deficits or debts of the organization. For purposes of this Statement, a financial benefit or burden relationship exists if the primary government is either directly or indirectly entitled to the resources or is either directly or indirectly obligated for the deficits or debts of an organization.

Legally Entitled to or Can Otherwise Access the Organization's Resources. The ability to access the resources of an organization—not necessarily whether there was an actual transaction during the period—is the important factor for determining when a primary government is entitled to an organization's resources. However, the ability to access the resources of an organization should be judged in light of the organization as a going concern; that is, a residual interest in the net assets of an organization in the event of dissolution is not equivalent to being entitled to its resources. If a primary government appoints a voting majority of an organization's officials *and* is legally entitled to or can otherwise access the organization's resources, the primary government is financially accountable for that organization.

Resources may flow from a component unit to a primary government for several reasons. Some organizations may operate activities, such as off-track betting or lotteries, for the principal purpose of generating net revenues that are accessible to the primary government. These organizations provide financial benefits to the primary government. Other organizations may operate activities (for example, public utilities) for the purpose of providing basic public services and charge rates sufficiently high to also provide a financial benefit to the primary government. These benefits may be characterized as "payments in lieu of taxes" or "contributions," or they may simply be amounts remitted on request of the primary government. These organizations also provide financial benefits to the primary government.

Legally Obligated or Has Otherwise Assumed the Obligation to Finance the Deficits of, or Provide Financial Support to, the Organization. A primary government may be obligated to finance the deficits of, or provide financial support to, an organization in different ways. It could be legally obligated to do so, or it may choose to do so for a variety of reasons. If a primary government appoints a voting majority of an organization's officials *and* is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, that organization, the primary government is financially accountable for that organization. The following are examples of financial burdens assumed by a primary government in support of certain organizations:

- a. Some organizations provide public services financed by user charges that are not expected to be sufficient to sustain their operations. This situation often results from providing services such as



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mass transit, higher education, and healthcare. In these cases, public policy may dictate that a state or local government provide financial support to the organization to increase the availability and affordability of the service to a broader segment of the citizenry. Examples of support include annual appropriations to help meet operating expenditures/expenses, periodic capital grants, and direct payment of capital expenditures or debt service.

- b. A primary government may assume an obligation to finance the deficits of an organization. These deficits may or may not be expected to recur annually. A financial burden exists if the primary government is obligated to finance an organization's deficits even though there has not been, and may never be, a deficit to subsidize.

Some organizations' operations are fully or partially funded by revenues generated through tax increment financing. Legally separate development or redevelopment authorities sometimes receive the incremental taxes that result from a tax increment financing arrangement. When this is done, *a taxing government temporarily waives its right to receive the incremental taxes from its own levy*. The incremental taxes instead are remitted to the separate organization. For purposes of this Statement, this type of tax increment financing should be considered evidence of an obligation to provide financial support to an organization (a financial burden), regardless of whether the primary government collects the taxes and remits them to the organization or the incremental taxes are paid directly to the organization.

Obligated in Some Manner for the Debt of an Organization. An obligation for the debt of an organization is similar to the notion that a primary government may be obligated for future operating deficits. The obligation can be either expressed or implied. A primary government is obligated in some manner for the debt of an organization if (a) it is legally obligated to assume all or part of the debt in the event of default or (b) it *may* take certain actions to assume secondary liability for all or part of the debt, *and* the government takes, or has given indications that it will take, those actions. Conditions that indicate that a primary government is obligated in some manner include:

- a. The primary government is *legally obligated* to honor deficiencies to the extent that proceeds from other default remedies are insufficient.
- b. The primary government is *required* to temporarily cover deficiencies with its own resources until funds from the primary repayment source or other default remedies are available.
- c. The primary government is *required* to provide funding for reserves maintained by the debtor organization, or to establish its own reserve or guarantee fund for the debt.
- d. The primary government is *authorized* to provide funding for reserves maintained by the debtor organization or to establish its own reserve or guarantee fund *and* the primary government *establishes* such a fund. (If a fund is not established, the considerations in subparagraphs f and g may nevertheless provide evidence that the primary government is obligated in some manner.)
- e. The primary government is *authorized* to provide financing for a fund maintained by the debtor organization for the purpose of purchasing or redeeming the organization's debt, or to establish a similar fund of its own, *and* the primary government *establishes* such a fund. (If a fund is not



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established, the considerations in subparagraphs f and g may nevertheless provide evidence that the primary government is obligated in some manner.)

- f. The debtor government explicitly indicates by contract, such as the bond agreement or offering statement that, in the event of default, the primary government *may* cover deficiencies although it has no legal obligation to do so. That is, the bond offering statement may specifically refer to a law that authorizes the primary government to include an appropriation in its budget to provide funds, if necessary, to honor the debt of the organization.
- g. Legal decisions within the state or previous actions by the primary government related to actual or potential defaults on another organization's debt make it *probable* that the primary government will assume responsibility for the debt in the event of default.

If a primary government appoints a voting majority of an organization's officials *and* is obligated in some manner for the debt of that organization, the primary government is financially accountable for that organization.

Application to Riverfront Development Corporation (RDC)

The financial benefit/burden criterion is met because the State of Delaware provides significant financial support to the RDC. In their 2012 financial statements, the RDC reported Operating Transfers from the Primary Government of \$3,948,000, while operating revenue and other non-operating income totaled \$2,228,000 and \$2,075,000 respectively. Comparatively, the funds from the Primary Government represent 48% of the RDC's operating transfers, operating revenue, and non-operating income (138th General Assembly, Senate Bill NO. 260, Section 41 – Brandywine-Christina River Improvements Project).

Although the board approves the budget, HB 410 §39 strictly limits how the RDC's funds are expended. The Delaware Code is silent on whether the RDC can levy taxes or set rates or charges without the approval of the State of Delaware. The Delaware Code is also silent the RDC's ability to issue bonded debt. The absence of the powers listed previously is compelling enough to provide that the RDC is fiscally dependent on the State (146th General Assembly, House Bill NO. 410, Section 39 – Riverfront Development Corporation).

Code and definition excerpts are as follows:

138th General Assembly, Senate Bill NO. 260, Section 41 – Brandywine-Christina River Improvements Project

(The details of this legislation are included under section one of this entity determination analysis memo. See pages two and three.)



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146th General Assembly, House Bill NO. 410, Section 39 – Riverfront Development Corporation

- (c) Funds appropriated to DEDO for RDC shall be expended only with the approval of the board of directors of the RDC. Funds may only be expended for activities related to the redevelopment of the Brandywine and Christina riverfront areas, including: planning and design studies; the acquisition, construction and improvement of real property; environmental remediation; costs of operations and administration; conversion of the Chase Center on the Riverfront to a conference center; debt service; and other expenses in furtherance of the mission of the RDC.

7. The CU does not meet any of the blending criteria of ¶53, a, b, or c.

According to GASB, a component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances:

- a. The component unit's governing body is substantively the same² as the governing body of the primary government *and* (1) there is a financial benefit or burden relationship between the primary government and the component unit, as described in paragraphs 27–33, or (2) management of the primary government has operational responsibility for the component unit. Management of a primary government has operational responsibility for a component unit if it manages the activities of the component unit in essentially the same manner in which it manages its own programs, departments, or agencies.

Management, for purposes of this determination, consists of the person(s), below the level of the governing board, responsible for the day-to-day operations of the primary government (for example, a county executive or city manager).

- b. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. The essence of this type of arrangement is much the same as an internal service fund—the goods or services are provided to the government itself rather than to the citizenry. Usually the services provided by a blended component unit are financing services provided solely to the primary government. For example, a building authority may be created to finance the construction of office buildings for the primary government. However, a component unit that provides services to more than just the primary government should also be blended if the services provided to others are insignificant to the overall activities of the component unit. Other component units that should be blended are those that exclusively, or almost exclusively, benefit the primary government by providing services indirectly; for example,

² “Substantively the same” means sufficient representation of the primary government’s entire governing body on the component unit’s governing body to allow complete control of the component unit’s activities. To illustrate, the board of a city redevelopment authority may be composed entirely of the city council and the mayor, serving ex officio. The primary government is, essentially, serving as the governing body of the component unit. On the other hand, the board of a public housing authority composed of the city mayor and two council members (from a total of ten) ordinarily would not be substantively the same as the city’s governing body. This criterion will rarely, if ever, apply to a state government because of the impracticality of providing sufficient representation of the state’s entire governing body.



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a component unit that provides services on behalf of the primary government to its employees rather than directly to the primary government itself.

- c. The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. Repayment generally occurs through a continuing pledge and appropriation by the primary government to the component unit that, in turn, pledges those appropriation payments as the primary source of repayment for its debt.

Application to Riverfront Development Corporation (RDC)

Based on review and consideration of all of the guidance above, including the criteria of ¶53(a) through (c), we conclude the following:

- a. The Board of Directors is not "substantively the same" as the governing body of the State of Delaware (Riverfront Development Corporation of Delaware By-Laws. Article I – Board of Directors. Section 1 – Membership and Terms).
- b. The RDC does not provide services entirely, or almost entirely, to the State of Delaware or otherwise exclusively, or almost exclusively, benefit the State of Delaware. The RDC was established "to promote the common good of the citizens of Delaware..."(138th General Assembly, Senate Bill NO. 260, Section 41 – Brandywine-Christina River Improvements Project).
- c. Absent any information regarding the repayment of debt by either the RDC or by the State of Delaware on behalf of the RDC, the debt of RDC is not expected to be repaid with the resources of the primary government.

Code and definition excerpts are as follows:

Riverfront Development Corporation of Delaware By-Laws. Article I – Board of Directors. Section 1 – Membership and Terms.

The Corporation shall be governed by an 18 member Board of Directors which shall consist of the Governor or his/her designee, the Senate President Pro Tempore or the Chair/Co-Chair of the Joint Finance Committee as the Pro Tempore's designee, the Speaker of the House or the Chair/Co-Chair of the Joint Finance Committee as the Speaker's designee, Co-Chairs of the Joint Legislative Committee on the Capital Improvement Program (or another Committee member as their designee), the County Executive of New Castle County, the President of the Willington City Council, the Mayor of the City of Wilmington, a member appointed by the Mayor of the City of Wilmington, seven additional members with economic development expertise who shall be appointed by the Governor, a member from the private sector appointed by the President Pro-Tem and a member from the private sector appointed by the Speaker of the House. The member appointed by the Mayor of the City of Wilmington shall be selected from among private citizens active in the non-profit community and/or residential organizations in the City of Wilmington who shall also serve as the Chairperson of any Community Advisory Board established by the Board of Directors. Appointed members shall serve at the pleasure of the person who appointed such members. The Governor shall appoint a board



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member representing the private sector to serve as the Chair of the Board of Directors who shall serve at the Governor's Pleasure. The provisions of this Section 1, Article I shall only be changed by the Board of Directors upon an act of the Generally Assembly of the State of Delaware.

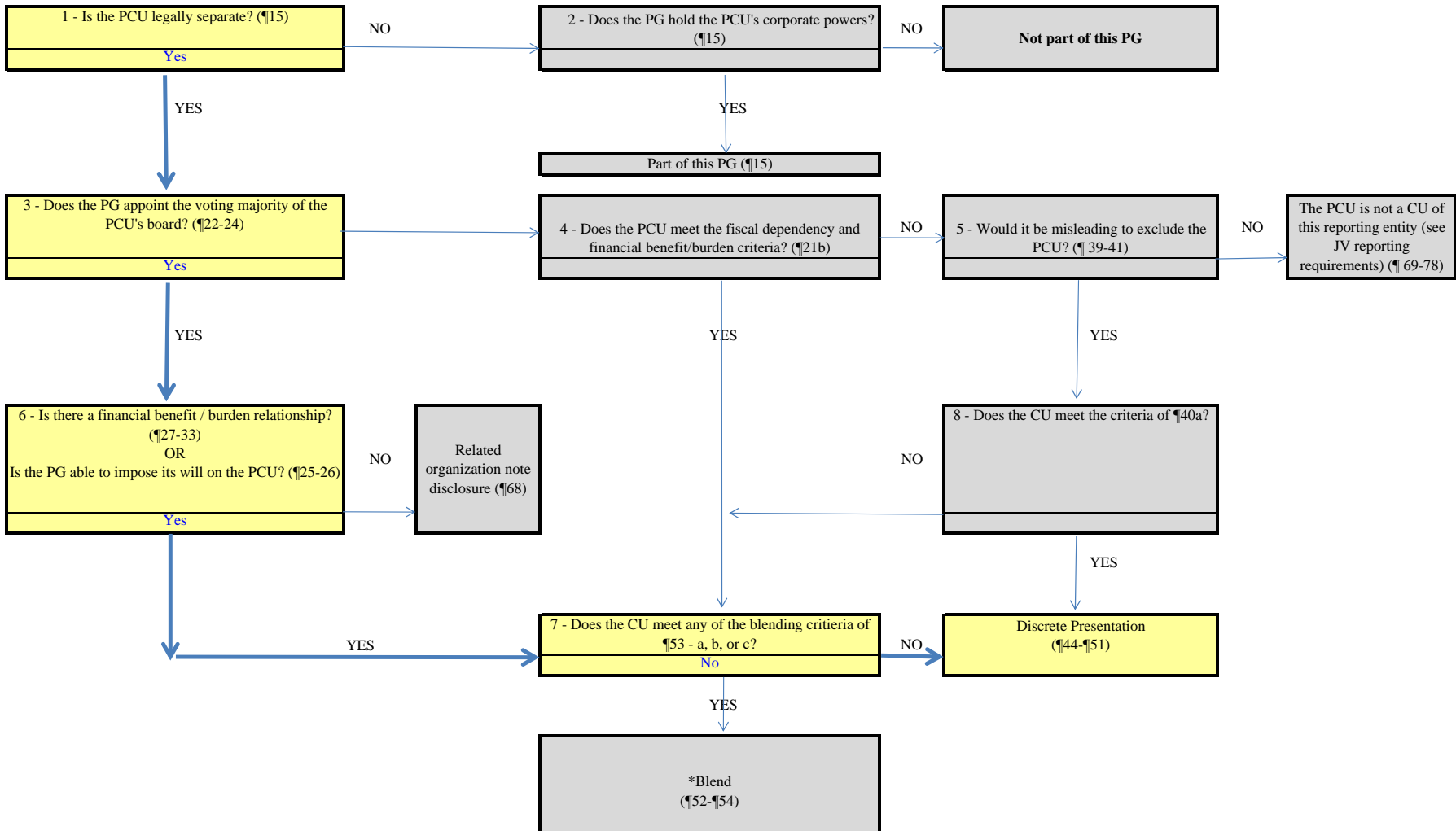
138th General Assembly, Senate Bill NO. 260, Section 41 – Brandywine-Christina River Improvements Project

(The details of this legislation are included under section one of this entity determination analysis memo. See pages two and three.)

**Delaware Auditor of Accounts
GASB Determination Analysis Flowchart
Riverfront Development Corporation**

See below for GASB 61 flowchart analysis (refer to the entity determination analysis memo that expands of the guidance used to answer each question in the flowchart below).

Note: Paragraph references are from GASB 14, as amended by GASB 61.



*Note: A potential component unit for which a primary government is financially accountable may be fiscally dependent on and have a financial benefit or burden relationship with another government. An organization should be included as a component unit of only one reporting entity. Professional judgement should be used to determine the most appropriate reporting entity (§21b and §34-§38). A primary government that appoints a voting majority of the governing board of a component unit of another government should make the disclosures required by §68 for related organizations.

PCU = Potential Component Unit CU = Component Unit
PG = Primary Government JV = Joint Venture