



UDIDA

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

**YEARS ENDED
DECEMBER 31, 2021 AND 2020**



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

YEARS ENDED DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

Members of the Board
Upper Dauphin Industrial Development Authority
Millersburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Upper Dauphin Industrial Development Authority (the Authority), as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Authority's 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 financial position of Upper Dauphin Industrial Development Authority as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Upper Dauphin Industrial Development Authority 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 opinion.

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 Upper Dauphin Industrial Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantive 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 opinion. 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 GAAS 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, 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 GAAS, 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 Upper Dauphin Industrial Development Authority'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 Upper Dauphin Industrial Development Authority'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

The Authority has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of projects outstanding is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of projects outstanding is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects outstanding is fairly stated, in all material respects, in relation to the financial statements as a whole.

Brown Schultz Steindam's Fritz

Camp Hill, Pennsylvania
July 18, 2022

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

STATEMENTS OF NET POSITION – DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash in bank:		
Checking	\$ 2,632	\$ 3,373
Money market	<u>6,952</u>	<u>6,994</u>
Total assets	<u><u>\$ 9,584</u></u>	<u><u>\$ 10,367</u></u>
NET POSITION		
Net position, unrestricted	<u><u>\$ 9,584</u></u>	<u><u>\$ 10,367</u></u>

See notes to financial statements.

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Annual membership dues	\$ 1,000	\$ 1,000
Bond refinance fee/service charge		2,500
	<u>1,000</u>	<u>3,500</u>
Total operating revenues	1,000	3,500
Operating expenses:		
Advertising	74	72
Legal fees		500
Website	219	283
Auditing fees	1,400	1,300
Bank charges	91	96
	<u>1,784</u>	<u>2,251</u>
Total operating expenses	1,784	2,251
Net operating income (loss)	(784)	1,249
Nonoperating revenues, interest income	1	1
	<u>1</u>	<u>1</u>
Changes in net position	(783)	1,250
Net position:		
Beginning of year	10,367	9,117
	<u>10,367</u>	<u>9,117</u>
End of year	\$ 9,584	\$ 10,367

See notes to financial statements.

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Receipts from:		
Annual membership dues	\$ 1,000	\$ 1,000
Bond refinance fee/service charge		2,500
Payments to suppliers	<u>(1,784)</u>	<u>(2,251)</u>
Net cash provided by (used in) operating activities	(784)	1,249
Cash flows provided by investing activities, interest income	<u>1</u>	<u>1</u>
Net increase (decrease) in cash	(783)	1,250
Cash:		
Beginning	<u>10,367</u>	<u>9,117</u>
Ending	<u><u>\$ 9,584</u></u>	<u><u>\$ 10,367</u></u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities, net operating income (loss)	<u>\$ (784)</u>	<u>\$ 1,249</u>
Reconciliation of cash:		
Cash in bank:		
Checking	\$ 2,632	\$ 3,373
Money market	<u>6,952</u>	<u>6,994</u>
	<u><u>\$ 9,584</u></u>	<u><u>\$ 10,367</u></u>

See notes to financial statements.

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Nature of organization and summary of significant accounting policies:

Organization and purpose:

Upper Dauphin Industrial Development Authority (the Authority) was incorporated on February 13, 1974, pursuant to the provisions of the Pennsylvania Economic Development Financing Law, Act of August 23, 1967. The Authority was incorporated by the Borough of Millersburg, Dauphin County, Pennsylvania. The Authority exists and operates to assist in providing business loans to area business owners. It charges an annual membership fee to each business who obtains financing through the Authority and collects bond refinance fees/service charges.

The Authority provides conduit financing to qualified businesses through lending institutions by issuing tax-exempt government bonds. The lending institution, the Authority and the qualified business will enter into an agreement assuring the business will pay all outstanding debt to the bondholders. The Authority has no liability to pay the bondholders.

Measurement focus, basis of accounting and financial statement presentation:

The Authority's statements of net position, the statements of revenues, expenses and changes in net position and statements of cash flows are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net position and cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent, financial or nonfinancial) associated with its activities are reported.

The financial statements are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The Authority's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase goods or services. Certain other transactions are reported as nonoperating activities and include the Authority's operating grants from state, federal and local sources and investment income.

Reporting entity:

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria set forth in Government Accounting Standards Board (GASB) standards have been considered, and there are no agencies or entities which should be presented with the Authority.

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Nature of organization and summary of significant accounting policies (continued):

Net position:

Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any notes or lease obligations attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws and regulations of other governments or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

2. Deposits and custodial credit risk, deposits:

Deposits:

Cash consists of:

	2021		2020	
	Bank	Book	Bank	Book
Truist:				
Checking	\$ 2,632	\$ 2,632	\$ 3,373	\$ 3,373
Money market	6,952	6,952	6,994	6,994
	<u>\$ 9,584</u>	<u>\$ 9,584</u>	<u>\$ 10,367</u>	<u>\$ 10,367</u>

Statutes authorize the Authority to deposit in the following types of investments:

- United States treasury bills
- Obligations of the United States government and federal agencies
- Insured savings and checking accounts and certificates of deposits in banks, savings and loan association and credit unions
- General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency or of any Pennsylvania political subdivision
- Shares of mutual funds whose investments are restricted to the above categories
- Repurchase agreements collateralized by United States treasury bills or federal agency securities
- Commercial paper issued by corporations or other business entities organized in accordance with federal and state law, with a maturity not to exceed 270 days and the issuing corporation or business entity is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Bankers' acceptances that do not exceed 180 days' maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Negotiable certificates of deposit with a remaining maturity of three years or less, issued by a nationally or state-chartered bank, a federal or state savings and loan association or a state-licensed branch of a foreign bank.

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. By the state statute, all deposits in excess of FDIC insurance coverage must be collateralized. All of the Authority's deposits were covered by FDIC insurance coverage as of December 31, 2021 and 2020. The Authority does not have a deposit policy for custodial credit risk.

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

3. Impact of COVID-19 on the financial statements:

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has caused business disruption to many industries, due to state government-imposed shutdowns of businesses and other results of the illness. While the Authority expects this matter may negatively impact its results, the extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Authority's services, all of which are highly uncertain and cannot be predicted.

4. Subsequent events:

The Authority has evaluated subsequent events through July 18, 2022, the date which the financial statements were available to be issued.

UPPER DAUPHIN INDUSTRIAL DEVELOPMENT AUTHORITY

SCHEDULE OF PROJECTS OUTSTANDING
 YEAR ENDED DECEMBER 31, 2021
 (See independent auditor's report)

<u>Project name</u>	<u>Date of issue</u>	<u>Original principal</u>	<u>2021 fees collected</u>
Jonestown Bank & Trust Co., Bethesda Mission Project	12/19/2012	\$ 2,300,000	
Chase Manhattan Trust Co. of PA, Association of Independent Colleges & Universities of Pennsylvania:			
Tax-Exempt Bond	7/23/1998	1,300,000	
Tax-Exempt Bond	12/22/2015	875,000	\$ 400
Santander Bank:			
Londonderry School	3/19/2003	2,000,000	300
Homeland Center	5/22/2003	6,100,000	300
Shadowfax Corp.:			
Tax-Exempt Term Loan	2/20/2003	3,000,000	
Tax-Exempt Non-Revolver Line of Credit	2/20/2003	1,200,000	
Revolving Credit Facility Loan	2/20/2003	1,000,000	
		<u>\$ 17,775,000</u>	<u>\$ 1,000</u>