

PERRY COUNTY
ECONOMIC DEVELOPMENT AUTHORITY
Financial Statements
December 31, 2021

Perry County Economic Development Authority

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of
Perry County Economic Development Authority
New Bloomfield, Pennsylvania

Opinions

We have audited the accompanying modified cash basis financial statements of the business-type activities, each major fund, and aggregate remaining fund information of the Perry County Economic Development Authority, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Perry County Economic Development Authority'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 modified cash basis financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Perry County Economic Development Authority, as of December 31, 2021, and the respective changes in modified cash basis financial position, and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Perry County Economic 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 opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note , and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 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, 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 Perry County Economic 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 the Perry County Economic 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.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Sunbury, PA

May 10, 2022

Perry County Economic Development Authority
Management Discussion and Analysis
For the year ending December 31, 2021

This report offers readers insight into the activities of the Perry County Economic Development Authority for the year ended December 31, 2021. The business activities and projects of the organization restarted at full capacity by mid-year. The Downtown revitalization project resumed with in person meetings to present the final plans at all 9 Boroughs. The contractual deliverables were completed by year end. The application to the Keystone Communities program for the Main Street designation is projected to be submitted by the 2nd Quarter of 2022. Additional grant funding for the revitalization efforts to support the Downtowns were secured in 2021.

- With the Downtown revitalization project planning phase coming to an end, the search for a Downtown coordinator commenced. The response was limited; however, we were able to hire a competent candidate.
- The focus on ag opportunities began to shift in 2021. The realization that ag opportunities should be linked to better access to vocational education for students because farming, like many industries, has undergone significant technological advancements.
- Jason Fitzgerald, county grant writing contractor, approached the Commissioners about creating an advisory group to review grant applications. Our organization was identified as the entity that is paramount to prioritizing economic development initiatives.
- Jasmine Colbert, Executive Director at PC Arts council applied for a National Endowment for the Arts (NEA) Grant to place outdoor art installations in every Borough. The original grant application was denied. However, the NEA suggested that the grant be resubmitted and provided comments on how to improve the narrative. The announcements of successful applications will occur in 2022.
- Working with PC Fair and their interest in making physical improvements to the fairgrounds including, but not limited to public restrooms, small meeting space, a warming kitchen and consideration of another structure to host year-round public or private events in the county.
- Answered Dauphin and Cumberland Regional Economic Development Corp industry alerts for Perry County.
- Initiated outreach to dozens of businesses through contractual grant obligations through our regional partners at Engage! And PREP.

In 2022, a search for a Downtown Coordinator will be necessary as the first candidate accepted another position after 3 months on the job. PCEDA will access several funding streams to initiate a façade grant program in the nine boroughs and a county wide wayfinding signage program. We will reapply for a state grant to create walking trails and bike trails for 2 Boroughs and focus on re-introducing a branding program developed for the County. The County brand was unveiled prior to Covid, but it lost momentum. With additional secured funding, the project will include promoting brands for each Borough and assisting small businesses to incorporate their marketing materials with branding graphics. Provide better training for existing Board Members. Actively seek new Board members who can provide business skill sets in commercial real estate, property development or rehabilitation and marketing.

Financial highlights

Statement of Net Position – Modified Cash Basis	2021	2020	Change
Assets			
Cash and Cash equivalents unrestricted	\$111,844	\$55,820	\$56,024
Cash and cash equivalents restricted	\$134,091	\$281,094	(\$147,003)
Total current assets	\$245,935	\$336,914	(\$90,979)
Liabilities			
Credit card payable	\$16	\$341	(\$325)
Due to DCED	\$3,368	\$3,138	\$230
Total current liabilities	\$3,384	\$3,479	(\$95)
Net position			
Restricted	\$134,091	\$281,094	(\$147,003)
Unrestricted	\$108,460	\$52,341	\$56,119
Net position	\$242,551	\$333,435	(\$90,884)
Total Liabilities and net position	\$245,935	\$336,914	(\$90,979)
Statement of Receipts, Disbursements and Changes in Net Position – Modified Cash Basis			
Operating Receipts	\$69,570	83,126	(\$13,556)
Operating Disbursements and Depreciation	\$160,470	137,002	\$23,468
Operating Income/(Loss)	(\$90,900)	(53,876)	(\$37,024)
Nonoperating Receipts	\$16	143	(\$127)
Change in Net Position	(\$90,884)	(53,733)	(\$37,151)
Prior Period Adjustment	\$0	(2,089)	\$2,089
Net Position – January 1	\$333,435	389,257	(\$55,822)
Net Position – December 31	\$242,551	333,435	(\$90,884)

The primary grant funding streams in 2021 were used for completing the Downtown project and startup funding to support the Main Street Coordinator position. Training and educational programs for staff; including the purchase of new technology and software were also required expenditures for the Downtown project.

PCEDA relies on County funding for operating expenses. The monies from grants and regional programs primarily support projects as there are restrictions on how much of the funding can be used for overhead. The board and staff pride themselves on running a lean and efficient organization. Additionally, the organizational structure allows PCEDA to be nimble and responsive to the needs of the county. In the past five years, it has created a county branding program, developed baseline economic data, funded an intensive ag sustainability study that has priority access to Federal funding to develop a significant project, and is uniting the boroughs together to attract new investment, retain existing customers and to draw more visitors to secure their economic stability.

Future challenges will be to sustain momentum in finding sustainable funding streams, cultivating entrepreneurship and developing an investor base for burgeoning projects. PCEDA looks forward to continued partnership within the regional, state and federal economic development community and continued collaboration with county leadership.

Perry County Economic Development Authority
Statement of Net Position - Modified Cash Basis
Proprietary Fund
For the Year Ended December 31, 2021

ASSETS	
<u>Current Assets</u>	
Cash and Cash Equivalents - Unrestricted (Note 2)	\$ 111,844
Cash and Cash Equivalents - Restricted (Note 2)	134,091
	245,935
Total Current Assets	245,935
TOTAL ASSETS	\$ 245,935
	245,935
LIABILITIES and NET POSITION	
<u>Current Liabilities</u>	
Credit Card Payable	\$ 16
Due to DCED	3,368
	3,384
Total Current Liabilities	3,384
Total Liabilities	3,384
	3,384
NET POSITION	
Restricted	134,091
Unrestricted	108,460
	242,551
Total Net Position	242,551
TOTAL LIABILITIES AND NET POSITION	\$ 245,935
	245,935

The accompanying notes are an integral part
of these financial statements.

Perry County Economic Development Authority
Statement of Receipts, Disbursements and Change in Net Position - Modified Cash Basis
Proprietary Fund
For the Year Ended December 31, 2021

<u>Operating Receipts</u>	
PREP Revenue	\$ 11,570
Engage! Revenue	8,000
County Grant Revenue	50,000
Total Operating Receipts	69,570
<u>Operating Disbursements and Depreciation</u>	
Salaries and Benefits	47,331
Payroll Taxes	4,005
Office Expenses	21,209
Downtown Revitalization Expenses	47,094
Branding	2,761
Consulting	8,000
Local Investment	3,986
Insurance	915
Legal and Professional Fees	10,360
Advertising	289
Utilities	2,256
Rent	4,800
Training	7,464
Total Operating Disbursements and Depreciation	160,470
Operating Loss - modified cash basis	(90,900)
<u>Nonoperating Receipts (Disbursements)</u>	
Earnings on Investments	16
Total Nonoperating Receipts	16
Change in Net Position	(90,884)
Net Position - January 1, 2021	333,435
Net Position - December 31, 2021	\$ 242,551

The accompanying notes are an integral part
of these financial statements.

Perry County Economic Development Authority
Statement of Cash Flows - Modified Cash Basis
Proprietary Fund
For the year ended December 31, 2021

<i>Cash Flows from Operating Activities</i>	
Cash received from Services and Fees	\$ 69,570
Cash payments to Suppliers for Goods and Services	<u>(160,565)</u>
Net cash used by operating activities	(90,995)
<i>Cash Flows from Investing Activities:</i>	
Investment Income	<u>16</u>
Net cash provided by investing activities	<u>16</u>
Net decrease in cash and cash equivalents	(90,979)
Balances - beginning of the year	<u>336,914</u>
Balances - end of the year	<u><u>\$ 245,935</u></u>
Reconciliation of operating income to net cash used by operating activities:	
Operating Loss	\$ (90,900)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Decrease)/Increase in liabilities	<u>(95)</u>
Net cash provided(used) by operating activities	<u><u>\$ (90,995)</u></u>

See the accompanying notes to the basic financial statements.

Perry County Economic Development Authority
Notes to Basic Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ORGANIZATION

The financial statements of the Perry County Economic Development Authority (the Authority) have been prepared in conformity with the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

A. Description of Entity

The Perry County Economic Development Authority was incorporated in 1973 by the Perry County Board of Commissioners.

The Perry County Economic Development Authority exists as a quasi-public entity and a subsidiary branch of the county government.

B. Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has developed criteria to determine what constitutes state and local governmental entities for financial reporting purposes. The GASB established basic criterion for including a governmental department, agency, institutions, commission, public authority or other governmental organization as a component unit in the governmental unit's reporting entity for combined financial statements. The specific criteria are as follows:

1. selection of governing authority,
2. designation of management,
3. ability to significantly influence operations,
4. accountability for fiscal matters,
5. scope of public service

There are no entities which are required to be included in these financial statements under Section 2100 of the Government Accounting Standards Board.

C. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Authority does not have any governmental activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Authority has no governmental or fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

Perry County Economic Development Authority
Notes to Basic Financial Statements
December 31, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ORGANIZATION
(Continued)

- a. Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Authority are described below:

Proprietary Funds

Economic Development Fund

To foster economic development in Perry County.

Measurement Focus and Basis of Accounting

Accounting methods are described in terms of the measurement focus and basis of accounting.

Measurement focus is a term used to describe which transactions are recorded within the financial statements. Measurement focus is dictated by the principal objective of the accounting and reporting being presented.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Measurement Focus

Fund financial statements are prepared utilizing the "current financial resources" measurement focus in governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

All proprietary funds are accounted for using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Perry County Economic Development Authority
Notes to Basic Financial Statements
December 31, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ORGANIZATION
(Continued)

Assets, Liabilities, and Equity

Cash and Cash Equivalents

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

Revenues, Expenditures, and Expenses

Revenues and expense are reflected on the modified cash basis of accounting. The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Revenue resulting from exchange transactions, those transactions in which each party receives essentially equal value, is recorded on the modified cash basis when the cash is received.

Non-exchange transactions, those in which the Authority receives value without giving equal value in return, for the Authority include grants. Revenue from grants and donations is recognized in the year in which they are received.

On the modified cash basis of accounting, expenses are recognized at the time they are paid.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through May 10, 2022, the date on which the report was available to be issued.

Perry County Economic Development Authority
Notes to Basic Financial Statements
December 31, 2021
(Continued)

NOTE 2 - CASH

Custodial Credit Risk - Deposits

The table presented below is designed to disclose the level of custodial credit risk assumed by the Authority based upon how its deposits were insured or secured with collateral at December 31, 2021. The categories of custodial credit risk are defined as follows:

Category 1 -- Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Authority (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the Authority's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Authority's name; or properly collateralized with no written and approved collateral agreement.

Primary Government

<u>Type of Deposits</u>	<u>Total Bank</u>				<u>Total Carrying Value</u>
	<u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	
Insured deposits	\$ 245,935	\$ 245,935	\$ -0-	\$ -0-	
Uninsured deposits:					
Collateralized	-0-	-0-	-0-	-0-	
Uncollateralized	-0-	-0-	-0-	-0-	
Total Deposits	<u>\$245,935</u>	<u>\$ 245,935</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$ 245,935</u>

Reconciliation to Statement of Net Position – Modified Cash Basis		
Cash and Cash Equivalents		\$ 245,935
Outstanding Checks		<u>0</u>
Total Bank Balance		<u>\$ 245,935</u>

There is a balance of \$134,091 in restricted cash at December 31, 2021. This cash is restricted to be used in accordance with the DCED grant.

NOTE 3 - OPERATING LEASE

The Authority has a lease agreement with the Perry County Chamber of Commerce to use a portion of its building for its operations. The lease term began July 1, 2019 and is a 5-year lease. Monthly lease payments for the current year were \$400 for a total rent expense of \$4,800. Future minimum lease payments are as follows:

2022	5,100
2023	5,400
2024	5,700