

Penn Industrial Development Authority

Financial Statement

Year Ended December 31, 2016 with
Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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PENN INDUSTRIAL DEVELOPMENT AUTHORITY

YEAR ENDED DECEMBER 31, 2016

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Independent Auditor's Report

Members of the Board
Penn Industrial Development Authority

We have audited the accompanying cash basis financial statement (financial statement) of the Penn Industrial Development Authority (Authority), a component unit of Penn Township, as of and for the year ended December 31, 2016, and the related note to the financial statement, which collectively comprise the Authority's basic financial statement, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the cash balances of the Authority as of December 31, 2016, and the cash receipts and cash disbursements for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Maher Duessel

Harrisburg, Pennsylvania
May 4, 2017

PENN INDUSTRIAL DEVELOPMENT AUTHORITY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Receipts:	
Administrative income	\$ 35,950
Investment earnings	29
Total cash receipts	<u>35,979</u>
Cash Disbursements:	
Administrative	<u>13,748</u>
Total cash disbursements	<u>13,748</u>
Excess of Cash Receipts over Cash Disbursements	22,231
Cash:	
Beginning of year	<u>10,032</u>
End of year	<u>\$ 32,263</u>
Cash:	
Checking account	<u><u>\$ 32,263</u></u>

The accompanying note is an integral part of this financial statement.

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NOTE TO FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Penn Industrial Development Authority (Authority) was established on December 9, 2013, under the provisions of the Economic Development Financing Law, to enhance the economic development of Lancaster County and Penn Township (Township), Lancaster County, Pennsylvania, and to promote and assist in the growth and development of business and industry therein, including small business concerns, through the issuance of conduit debt. However, the activities of the Authority shall not be limited to Lancaster County nor the Township and shall only be limited by applicable law. The term of existence of the Authority is fifty years from its date of incorporation.

Reporting Entity

The Governmental Accounting Standards Board (GASB) requires that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and 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 provided in the governmental accounting standards have been considered.

The Authority is governed by a Board consisting of five members appointed by the Township Board of Supervisors. The surplus assets of the Authority not reasonably required to meet or provide for the obligations or operations of the Authority shall be transferred, upon the written direction of the Township, to the Township from time to time. The Authority is a discretely presented component unit of the Township. There are no agencies or entities that should be presented with the Authority.

Basis of Accounting

The Authority has adopted the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis recognizes receipts and disbursements when they result from cash transactions.

Cash and Investments

Under the Municipality Authorities Act of 1945, as amended, the Authority is permitted to invest funds consistent with sound business practices in the following types of investments:

- a. U.S. Treasury bills.
- b. Short-term U.S. government obligations.

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NOTE TO FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 2016

- c. Short-term commercial paper issued by a public corporation.
- d. Banker's acceptances.
- e. Insured or collateralized time deposits.
- f. Shares of mutual funds whose investments are restricted to the above categories.

Custodial Credit Risk. 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 formal deposit policy for custodial credit risk. As of December 31, 2016, the Authority's book and bank balances were \$32,263. The Authority's bank balance was covered by federal depository insurance.

Non-recourse Debt Issues

The Authority participates in various bond issues for which it has limited liability. Acting solely in an agency capacity, the Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together to do business. Although the Authority is a party to the trust indentures with the trustees, the agreements are structured such that there is no recourse against the Authority in the case of default. As such, the corresponding debt is not reported in the Authority's financial statement. At December 31, 2016, the balance of the outstanding conduit debt was \$16,551,129.