

***EAST LAMPETER INDUSTRIAL AND COMMERCIAL
DEVELOPMENT AUTHORITY
(A Component Unit of East Lampeter Township)***

FINANCIAL STATEMENT

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board
East Lampeter Industrial and Commercial Development Authority
Lancaster, Pennsylvania**

Opinion

We have audited the accompanying statement of cash receipts, cash disbursements, and cash balances of the East Lampeter Industrial and Commercial Development Authority (the "Authority"), a component unit of East Lampeter Township, as of and for the year ended December 31, 2022, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, cash disbursements, and cash of East Lampeter Industrial and Commercial Development Authority for the year ended December 31, 2022 in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

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 Statement section of our report. We are required to be independent of East Lampeter Industrial and Commercial 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.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This 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 that matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 East Lampeter Industrial and Commercial 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Lampeter Industrial and Commercial 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.

Herbein + Company, Inc.

Reading, Pennsylvania
August 21, 2023

**EAST LAMPETER INDUSTRIAL AND COMMERCIAL
DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF EAST LAMPETER TOWNSHIP)**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES

As of and For the Year Ended December 31, 2022

CASH RECEIPTS	
Investment earnings	\$ 815
CASH DISBURSEMENTS	
Administrative	3,326
Projects - professional services	<u>34,871</u>
TOTAL CASH DISBURSEMENTS	<u>38,197</u>
DEFICIT OF CASH RECEIPTS OVER DISBURSEMENTS	(37,382)
CASH - CHECKING	
Beginning of year	<u>563,846</u>
End of year	<u><u>\$ 526,464</u></u>

**EAST LAMPETER INDUSTRIAL AND COMMERCIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF EAST LAMPETER TOWNSHIP)**

NOTES TO FINANCIAL STATEMENT

December 31, 2022

The East Lampeter Industrial and Commercial Development Authority (the "Authority") was established on January 16, 2017, under the provisions of the Economic Development Financing Law, to enhance the economic development of Lancaster County and East Lampeter Township (the "Township"), Lancaster County, Pennsylvania, and apply for and implement economic development financing programs authorized by the Commonwealth of Pennsylvania (Commonwealth). The term of existence of the Authority is fifty years from its date of incorporation. The Authority is governed by a Board consisting of five members appointed by the Township Board of Supervisors.

The Authority applies for and implements economic development financing programs authorized by the Commonwealth. The Authority created a project plan for the Tax Increment Financing (TIF) District for transportation and related infrastructure improvements in the Lincoln Highway TIF District within the Township. Real Estate Tax Increment receipts are collected to carry out the proposed improvements. Due to the timing of billing, real estate tax increment receipts were not received during the year ended December 31, 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statement of the reporting entity includes those of the Authority (the primary government) and its component units.

The Authority used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (municipalities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statement from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statement incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

**EAST LAMPETER INDUSTRIAL AND COMMERCIAL DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF EAST LAMPETER TOWNSHIP)**

NOTES TO FINANCIAL STATEMENT

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial Reporting Entity - continued

Based on the foregoing criteria, the Authority has determined that it does not have any component units but is itself a component unit of East Lampeter Township (the "Township). The Authority is governed by a Board consisting of five members appointed by the Township Board of Supervisors. The Township has the ability to significantly influence operations as the Township sets the tax rates. Finally, there is a financial burden between the Township and the Authority. Therefore, the Authority is a blended component unit of the Township. This financial statement represents the activity of the Authority only and does not reflect any activity of the primary government.

NOTE 2 - CASH

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk.

As of December 31, 2022, the carrying amount of the Authority's deposits was \$526,464, and the bank balance was \$526,464. For the year ended December 31, 2022, \$250,000 of the bank balance was covered by federal depository insurance (FDIC) and the remaining balance of \$276,464 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

NOTE 3 - COMMITMENTS

The Authority has entered into a professional services contract for the Lincoln Highway Branding and Streetscape Corridor Signage Plan in the amount of \$99,115 with a commitment outstanding of \$37,899 at December 31, 2022. The Authority plans to use existing cash on hand to satisfy the remaining commitment.