

**DAUPHIN COUNTY ECONOMIC
DEVELOPMENT CORPORATION
(COMPONENT UNIT OF DAUPHIN COUNTY)
HARRISBURG, PENNSYLVANIA**

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2021

DAUPHIN COUNTY ECONOMIC DEVELOPMENT CORPORATION
(COMPONENT UNIT OF DAUPHIN COUNTY)
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2021

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dauphin County Economic Development Corporation
Harrisburg, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dauphin County Economic Development Corporation (the "Corporation"), a non-profit organization and a component unit of Dauphin County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 8, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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Board of Directors
Dauphin County Economic Development Corporation
Harrisburg, Pennsylvania

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
June 8, 2022



Zelenkofske Axlerod LLC

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dauphin County Economic Development Corporation
Harrisburg, Pennsylvania

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Dauphin County Economic Development Corporation's (the "Corporation"), a component unit of the County of Dauphin, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended December 31, 2021. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if



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there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Corporation as of and for the year ended December 31, 2021, and have issued our report thereon dated June 8, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying account and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD, LLC

Harrisburg, Pennsylvania
July 28, 2022

DAUPHIN COUNTY ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Entity	Pass-Through Grantor's Number	Subrecipient Expenditures	Federal Assistance Listing Number	(Accrued)/ Deferred Revenue at December 31, 2020	Federal Grant Receipts	Federal Grant Expenditures	Accrued/ (Deferred) Revenue at December 31, 2021
<u>U.S. Department of Housing and Urban Development</u>								
Community Development Block Grant/Entitlement Grants	Dauphin County	B-14-UC-42-0009	\$ -	14.218	\$ -	\$ 149,358	\$ 149,358	\$ -
Community Development Block Grant/Entitlement Grants	Dauphin County	B-15-UC-42-0009	-	14.218	6,584	-	-	(6,584)
Community Development Block Grant/Entitlement Grants	Dauphin County	B-16-UC-42-0009	20,214	14.218	(11,020)	31,601	20,214	(367)
Community Development Block Grant/Entitlement Grants	Dauphin County	B-17-UC-42-0009	3,095	14.218	54,010	3,095	3,095	(54,010)
Community Development Block Grant/Entitlement Grants	Dauphin County	B-18-UC-42-0009	82,918	14.218	(45,014)	127,212	122,244	40,046
Community Development Block Grant/Entitlement Grants	Dauphin County	B-19-UC-42-0009	244,966	14.218	(244,660)	957,838	709,866	(3,312)
Community Development Block Grant/Entitlement Grants	Dauphin County	B-20-UC-42-0009	377,778	14.218	-	597,035	710,901	113,866
Community Development Block Grant/Entitlement Grants	Dauphin County	B-21-UC-42-0009	-	14.218	-	195,203	195,203	-
COVID-19 Community Development Block Grant/Entitlement Grants	Dauphin County	B-20-UW-42-0009	1,419,854	14.218	(93,625)	1,581,654	1,488,529	500
Community Development Block Grant/Entitlement Grants - Disaster Recovery	Dauphin County	B-12-UT-42-0001	-	14.218	15,198	-	-	(15,198)
Total CDBG Entitlement Grant Cluster			2,148,825		(318,527)	3,642,996	3,399,410	74,941
HOME Investment Partnerships Program	Dauphin County	M15-UC420214	2,904	14.239	-	2,904	2,904	-
HOME Investment Partnerships Program	Dauphin County	M16-UC420214	30,057	14.239	(1,500)	31,557	30,057	-
HOME Investment Partnerships Program	Dauphin County	M17-UC420214	30,261	14.239	(1,669)	31,761	30,261	169
HOME Investment Partnerships Program	Dauphin County	M18-UC420214	60,124	14.239	(26,968)	68,648	60,853	19,173
HOME Investment Partnerships Program	Dauphin County	M19-UC420214	141,619	14.239	(21,973)	182,165	175,710	15,518
HOME Investment Partnerships Program	Dauphin County	M20-UC420214	41,149	14.239	-	48,732	41,232	(7,500)
Total ALN #14.239			306,114		(52,110)	365,767	341,017	27,360
Total U.S. Department of Housing and Urban Development			2,454,939		(370,637)	4,008,763	3,740,427	102,301
<u>U.S. Department of the Treasury</u>								
American Rescue Plan Act	Dauphin County		125,935	21.027	-	1,726,994	191,968	(1,535,026)
Total ALN #21.027			125,935		-	1,726,994	191,968	(1,535,026)
Total U.S. Department of the Treasury			125,935		-	1,726,994	191,968	(1,535,026)
TOTAL FEDERAL AWARDS			\$ 2,580,874		\$ (370,637)	\$ 5,735,757	\$ 3,932,395	\$ (1,432,725)

* Denotes major program

DAUPHIN COUNTY ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2021

NOTE 1: REPORTING ENTITY

The Dauphin County Economic Development Corporation is the reporting entity for financial reporting purposes as defined in Note 1A to the Dauphin County Economic Development Corporation's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the Dauphin County Economic Development Corporation and is presented on the accrual basis of accounting as described in Note 1B to the Dauphin County Economic Development Corporation's financial statements. The Corporation did not use the 10% de minimis indirect cost rate.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2021 threshold for determining Type A and Type B Programs is \$750,000. The following Type A program was audited as major:

<u>ALN</u>	<u>Program</u>
14.218	Community Development Block Grant – Entitlement Grants

The amount expended under the program audited as a major federal program for the year ended December 31, 2021, totaled \$3,399,410 or 86.45% of total federal awards.

DAUPHIN COUNTY ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
• Material weaknesses identified?	<u>No</u>
• Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	<u>No</u>
• Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>

Identification of Major Programs

<u>ALN Number</u>	<u>Name of Program (Cluster)</u>	
14.218	Community Development Block Grant – Entitlement Grants	
Dollar threshold used to distinguish between Type A and Type B programs using risk-based approach:		<u>\$750,000</u>
Auditee qualified as low-risk auditee?		<u>No</u>

DAUPHIN COUNTY ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

DAUPHIN COUNTY ECONOMIC DEVELOPMENT CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

The following summary indicates the current year status of findings identified in the prior year Single Audit report:

No prior year findings.