

**REDEVELOPMENT AUTHORITY OF THE  
COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
HARRISBURG, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

REDEVELOPMENT AUTHORITY OF THE  
COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
YEAR ENDED JUNE 30, 2020

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# *Zelenkofske Axlerod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

## INDEPENDENT AUDITOR'S REPORT

Redevelopment Authority of the County of Dauphin  
Board of Directors  
Harrisburg, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Redevelopment Authority of the County of Dauphin (the "Authority"), a component unit of the County of Dauphin, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility**

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

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

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 statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2020, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



# *Zelenkofske Axlerod LLC*

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## **Other Matters**

### Omission of Management's Discussion and Analysis

Management 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 basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
June 30, 2021

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
STATEMENT OF NET POSITION  
JUNE 30, 2020

ASSETS

Restricted Cash	\$	256,808
Accounts Receivable		286
Due From Related Party		2,250
Grants Receivable		48,521
Inventory - Held For Resale		11,384
		11,384
Total Assets	\$	319,249

LIABILITIES

Accounts Payable	\$	112,565
Due to Related Party		13,000
		13,000
Total Liabilities		125,565

NET POSITION

Restricted for Program Purposes		193,684
Total Net Position	\$	193,684

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

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

Operating Revenues	
Intergovernmental	\$ 203,701
Miscellaneous Revenue	<u>105,998</u>
Total Operating Revenues	<u>309,699</u>
Operating Expenses	
Administrative	107,666
Public Services	<u>201,873</u>
Total Operating Expenses	<u>309,539</u>
Operating Income	<u>160</u>
Nonoperating Revenue	
Interest Income	<u>22</u>
Total Nonoperating Revenue	<u>22</u>
Change in Net Position	182
Total Net Position, Beginning of Year	<u>193,502</u>
Total Net Position, End of Year	<u><u>\$ 193,684</u></u>

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

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows From Operating Activities:	
Cash received from intergovernmental grants	\$ 289,580
Payments to suppliers	<u>(231,057)</u>
Net cash flow provided by operating activities	<u>58,523</u>
Cash Flows from Investing Activities:	
Interest Income	<u>22</u>
Net cash flow provided by investing activities	<u>22</u>
Net Increase in Cash	58,545
Cash, Beginning of Year	198,263
Cash, End of Year	<u><u>\$ 256,808</u></u>
Reconciliation of Operating Income to net cash provided by Operating Activities:	
Operating Income	\$ 160
Change in assets and liabilities	
Grants receivable	(17,869)
Due from related parties	(2,250)
Accounts payable	78,482
Net cash provided by operating activities	<u><u>\$ 58,523</u></u>

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

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Redevelopment Authority of the County of Dauphin (Authority) was established by ordinance on March 26, 1958, under the Urban Redevelopment Law enacted by the Commonwealth of Pennsylvania. The Authority is, by virtue of the Pennsylvania Redevelopment Law, Act 1945, authorized to issue its revenue bonds in order to undertake programs for the voluntary repair, rehabilitation and conservation of residential housing. The Authority was established by the County to administer the Urban Revitalization programs for the County of Dauphin. The Authority is a component unit of Dauphin County.

A summary of the Authority's significant accounting policies consistently applied are as follows.

A. Reporting Entity

The Authority has adopted the provisions GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34", for the criteria used to evaluate organizations, activities and functions that should be included in the Authority's financial statements. The basic criteria are the exercise of oversight responsibility over such organizations, activities and functions.

The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. Because the County appoints the Authority's governing board and guarantees the Authority debts, the County includes the Authority in its financial statements as a component unit since the Authority meets the criteria satisfying inclusion in the County's financial statements.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The Authority applies Governmental Accounting Standards Board (GASB) pronouncements.

All activities of the Authority are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The activities of the Authority are grouped in the financial statements in this report into the broad category referred to as an Enterprise Fund. Enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) is reported as "restricted".



REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes.

C. Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity of 3 months or less when purchased to be cash equivalents.

D. Inventory – Held For Resale

Inventories are valued at the lower of cost or market.

E. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Adoption of Governmental Accounting Standards Board Statements

The Authority did not adopt any new standards during the year

G. Pending Changes in Accounting Principles

In January 2017, the GASB issued Statement No. 84, "*Fiduciary Activities*". The Authority is required to adopt the provisions of statement No. 84 for its fiscal year 2021 financial statements.

In June 2017, the GASB issued Statement No. 87, "*Leases*". The Authority is required to adopt the provisions of Statement No. 87 for its fiscal year 2022 financial statements.

In June of 2018, the GASB issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*". The Authority is required to adopt the provisions of statement No. 89 for its fiscal year 2022 financial statements.

In August of 2018, the GASB issued Statement No. 90, "*Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*". The Authority is required to adopt the provisions of Statement No. 90 for its fiscal year 2021 financial statements.

In May 2019, the GASB issued Statement No. 91, "*Conduit Debt Obligation*". The Authority is required to adopt the provisions of Statement No. 91 for its fiscal year 2023 financial statements.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

G. Pending Changes in Accounting Principles (Continued)

In January 2020, the GASB issued Statement No. 92, "*Omnibus 2020*". The Authority is required to adopt the provisions of Statement No. 92 for its fiscal year 2022 financial statements.

In March 2020 the GASB issued Statement No. 93, "*Replacement of Interbank Offered Rates*". The Authority is required to adopt Statement No. 93 for its fiscal year 2021 financial statements, except for the requirements of paragraphs 11b, 13, and 14, which are effective for its fiscal year 2022 financial statements.

In March 2020 the GASB issued Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*". The Authority is required to adopt Statement No. 94 for its fiscal year 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, "*Subscription Information Technology Arrangements*". The Authority is required to adopt the provisions of Statement No. 96 for its fiscal year 2023 financial statements.

In June 2020, the GASB issued Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*". The Authority is required to adopt the remaining provisions of Statement No. 97 for its fiscal year 2022 financial statements.

The Authority has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

H. Net Position

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2: CASH AND CASH EQUIVALENTS

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits that are in the possession of an outside party.

As of June 30, 2020, the Authority's cash balance was \$256,808 and its bank balance was \$257,660. At June 30, 2020, \$7,660 of the Authority's deposits were exposed to custodial credit risk. The Authority does not have a written policy to limit its exposure to custodial credit risk.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 3: INVENTORY – HELD FOR RESALE

The Authority acquired a parcel of land valued at \$11,384 in Steelton Borough for the purpose of development and re-sale. As of year-end, there had been no construction costs incurred on the property.

NOTE 4: LINE OF CREDIT

The Authority has an unsecured line of credit with Mid Penn Bank, which allows for borrowings up to \$650,000, with a maturity date of December 4, 2021. The interest rate is a floating rate equal to the Wall Street Journal Prime Rate, but in no event shall the interest rate be lower than 4.00% and in no event shall the interest rate exceed 5.50%. The interest rate at June 30, 2020 was 4.75%. At June 30, 2020, the outstanding balance was \$0.

NOTE 5: RELATED PARTY

County of Dauphin

The Authority is administered by the County of Dauphin (the County) through the Dauphin County Department of Community and Economic Development. The Authority is not owned in part or in total by the County. However, the Board of Commissioners of the County of Dauphin (the Commissioners) has the sole power to appoint members of the Authority's Board of Directors.

The County pays for all significant management and administrative costs required to operate the Authority on a day-to-day basis. The Authority's management and support staff are employees of the County.

Dauphin County Industrial Development Authority and Dauphin County Economic Development Corporation

The Authority shares management, support staff and office space with the Dauphin County Department of Community and Economic Development (DCED) and two other organizations, the Dauphin County Industrial Development Authority (DCIDA) and the Dauphin County Economic Development Corporation (DCEDC). The Authority is not owned in part or in total by DCIDA or DCEDC, has no ownership interest therein, and receives no revenue from DCIDA or DCEDC. However, while DCIDA and DCEDC are governed by the same Board of Directors, the Authority is governed by a separate Board of Directors, all of which are appointed by the Dauphin County Commissioners.

NOTE 6: CONTINGENCIES

Economic Dependency

Formal commitment for future local grant funding is made on an annual basis. Reduction of, or loss of, this funding could have a significant effect on the Authority's programs and activities.

Properties Held for Transfer

The Authority owns several Dauphin County properties and many of those located within floodplains. The Authority intends to transfer these properties to the municipalities in which the parcels are located. It is the opinion of management that these parcels have zero value, and as such they have not been recorded in the financial statements of the Authority as of June 30, 2020.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN  
(A COMPONENT UNIT OF DAUPHIN COUNTY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 7: RISKS AND UNCERTAINTIES

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the Authority's operations and financial results are uncertain at this time.

NOTE 8: SUBSEQUENT EVENTS

The Authority has evaluated all subsequent events through the report issuance date. No matters of audit significance have been noted except as described above.