Township of Ferguson Industrial and Commercial Development Authority

3147 RESEARCH DRIVE STATE COLLEGE, PENNSYLVANIA 16801 814-238-4651 FAX: 814-238-3454

Ferguson Township Industrial and Commercial Development Authority February 2, 2022, 10:30 a.m. Conference Room 2 *or* Zoom <u>https://us02web.zoom.us/j/84929474810</u>

I. Call to Order

II. Citizen's Input

III. Approval of March 18, 2021 Meeting Minutes

Narrative

Minutes from the March 18, 2021 meeting of the Industrial and Commercial Development Authority are provided with the agenda. Members are asked to submit any questions or corrections in advance of the meeting so they may be revised prior to approval.

Recommendation: That the ICDA approve the March 18, 2021 meeting minutes.

IV. Election of Officers and Appointment of Solicitor and Executive Secretary Narrative

The last meeting of the ICDA was held on March 18, 2021. Since this is the first meeting held since that time, members of the ICDA need to elect the positions of Chairman, Vice-Chairman, and Secretary. The last officers elected were Wes Donahue, Chairman; Dan Harner, Vice-Chairman; and Rob Crassweller, Secretary/Treasurer. Dave Pribulka, Ferguson Township Manager, was appointed Executive Secretary with an annual stipend of \$599, and Terry Williams of Miller, Kistler, & Campbell was elected Solicitor with an annual stipend of \$200.

Recommendation: That the ICDA elect members for the positions of Chairman, Vice-Chairman, and Secretary/Treasurer; and that the ICDA appoint Centrice Martin as Interim Executive Secretary with an annual stipend of \$600 to be prorated for her term as Interim Secretary; and Terry Williams of Miller, Kistler & Campbell as Solicitor with an annual stipend of \$200.

V. Current ICDA Projects Discussion

Narrative

Mr. Pribulka will update the ICDA Board on the status of current projects including the Young Scholars/Dream Schools II loan. Other matters of interest to the Board include the use of the American Rescue Plan Act funds for community and economic development, and the Airport Authority's discussions with American Airlines to provide direct service to Charlotte, NC.

VI. Open Discussion

Narrative

This item is for ICDA members to discuss matters of general interest to the Authority.

VII. Treasurer's Report – December 31, 2021

Narrative

Enclosed is the Treasurer's Report for the period ending December 31, 2021. The Authority is asked to accept this report.

Recommendation: That the ICDA accept the Treasurer's Report for the period ending December 31, 2021.

VIII. Executive Secretary's Report

Narrative

Mr. Pribulka will report on items of interest to the Ferguson Township ICDA. Enclosed with the agenda are the 2020 ICDA Audit Result and Issued Financial Statements.

IX. Adjournment

Township of Ferguson Industrial and Commercial Development Authority

March 18, 2021 9:30 a.m. via Zoom

- I. Call to Order called the meeting to order at 9:37 a.m.
 - a. In attendance were: Wes Donahue, Chairman; Dan Harner, Vice Chairman; Rob Crassweller (partial attendance), Secretary/Treasurer; Lisa Rittenhouse; Christopher Dahr (partial attendance); David Pribulka, Ferguson Township Manager; and Terry Williams, Esq., Miller, Kistler & Campbell

It was determined there was a quorum to start the meeting. Noted, a couple of Board members were not present for part of the meeting.

II. Citizens Input – none.

III. Approval of February 5, 2020, Meeting Minutes

a. <u>Mr. Donahue moved to approve the February 5, 2020, meeting minutes</u>; <u>Mr. Crassweller seconded. The motion carried</u>.

IV. Current ICDA Projects Discussion

- a. Mr. Pribulka discussed where we are on the remaining debt on Dream Schools that is at three more payments. There are no other outstanding debts to the Township's ICDA.
- b. The 2018 project and other municipalities and milestones were shared with the Authority members.
- c. Mr. Pribulka announced that Vern Squire is stepping down as President and CEO of CBICC and CCIDC later this year. The Board is in the process of searching for a new replacement.
- d. Mr. Pribulka had a discussion on the COVID-19 CARES Act Block Grant Relief Funding. The Township, as well as other municipalities, is waiting on additional guidance from the Federal Government on allocation of funds. Discussion followed on local businesses affected by the pandemic and if Federal funds would be allocated in this area, the ICDA Board may play a role in how the funds are distributed. Mr. Williams had a discussion on the Block Relief Funding and it is a wait and see approach. Mr. Pribulka stated the Township will not have to pay back the allocation of relief funds, in response to the question raised. Mr. Pribulka followed-up with a discussion on costs incurred by the Township due to the pandemic and that those relief funds received do not have to be reimbursed.

V. Election of Officers and Appointment of Solicitor and Executive Secretary

- a. <u>Mr. Donahue called for a voice vote to keep the current slate of officers and noted stipends for Secretary -</u> Dave Pribulka and Solicitor - Terry Williams. The motioned carried.
- b. <u>Mr. Crassweller nominated Mr. Donahue as Chair. Mr. Harner seconded. The motion carried</u>. Nominations closed.

VI. Open Discussion

Mr. Pribulka discussed the Pine Hall TTD in response to Mr. Donahue's inquiry. Other projects included mixeduse developments and land use approvals in the Township as well as noted updates on the Township's website. Discussed development process and upcoming Terraced Streetscape District coming before the Board of Supervisors on April 5, 2021.

Mr. Dahr joined the meeting. *Mr.* Crassweller left the meeting.

Discussion followed on details of the Sheetz development (with Aspen Whitehall Partners) and it's hurtles. Mr. Pribulka noted it is anticipated to move a little quicker now, weather permitting. The Brew Hub and Hotel project was discussed that was originally under HFL but as noted by Mr. Williams, is now under Highland Holding Group. The location was noted as being located in the old TV station on College Avenue.

Given the current circumstances, discussion turned to what the future looks like in the Township and region for development challenges, i.e., new construction, housing market and zoning concerns for older vacant buildings and future occupancy for newly built structures. It was noted to keep a perspective on zoning solutions for possible altered uses for commercial and office space not being utilized the way they were intended. Developers and other external entities can influence development. Can the process for Township approval be streamlined was a question brought up.

VII. Treasurer's Report – December 2020

Mr. Pribulka reviewed the Certificate of Deposit that is coming due from two years ago. The interest rates then were reasonable. This year it is less than one percent. He ask if the Authority would want to reinvest the noted funds for another term given little interest would be incurred and to possibly keep funds liquid for a potential project. The Authority voted following their discussion.

Mr. Donahue voted to keep funds open as is to be available this year for potential grants to help small businesses. Mr. Harner seconded. The motion carried.

VIII. Executive Secretary's Report

Mr. Pribulka noted he had reviewed everything he had per the above discussions. He asked for questions. There was none. He noted he would keep the Authority updated on any new information regarding the stimulus relief funds and anything else they needed to be aware of.

IX. Adjournment

With no other business to come before the Authority, Mr. Donahue moved to adjourn the meeting. The meeting adjourned at 10:17 a.m.

For the Ferguson Township Industrial and Commercial Development Authority

Rob Crassweller, Secretary

Date

FERGUSON TOWNSHIP ICDA - 2021 TREASURER'S REPORT							
	DATE	NAME	CATEGORY	DEPOSIT/ CHECK #	DEBIT	CREDIT	BALANCE
	1/31/2021	INTEREST			1.35		\$ 117,746.12
	2/28/2021	INTEREST			1.07		\$ 117,747.19
	3/24/2021	DAVE PRIBULKA	EXECUTIVE SECRETARIAL FEE			599.00	\$ 117,148.19
	3/31/2021	INTEREST			1.07		\$ 117,149.26
	4/30/2021	INTEREST			1.07		\$ 117,150.33
	5/31/2021	INTEREST			1.00		\$ 117,151.33
	6/30/2021	INTEREST			0.98		\$ 117,152.31
	7/30/2021	INTEREST			1.14		\$ 117,153.45
	8/9/2021	DEPOSIT	FEES		2,066.66		\$ 119,220.11
	8/27/2021	FERGUSON TOWNSHIP	LEGAL ADVERTISEMENT CDT			96.40	\$ 119,123.71
	8/31/2021	INTEREST			1.14		\$ 119,124.85
	9/21/2021		2020 AUDIT			1,600.00	\$ 117,524.85
	9/30/2021	INTEREST			1.03		\$ 117,525.88
	10/31/2021	INTEREST			1.22		\$ 117,527.10
	11/30/2021	INTEREST			1.60		\$ 117,528.70
	12/21/2021	MILLER KISTLER CAMPBELL	LEGAL			200.00	\$ 117,328.70
	12/31/2021	INTEREST			1.35		\$ 117,330.05



Reporting and insights from 2020 audit:

Township of Ferguson Industrial and Commercial Development Authority

December 31, 2020

Executive summary

August 31, 2021

To the Board of Directors

Township of Ferguson Industrial and Commercial Development Authority

We have completed our audit of the financial statements Township of Ferguson Industrial and Commercial Development Authority (the "Authority") for the year ended December 31, 2020, and have issued our report thereon dated August 31, 2021. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Authority's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Township of Ferguson Industrial and Commercial Development Authority should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- John Compton, Partner: john.compton@bakertilly.com or +1 (570) 651 1742
- Christine Zoerner, Senior: <u>christine.zoerner@bakertilly.com</u> or +1 (814) 954 4259

Sincerely,

Baker Tilly US, LLP

John W. Compton, Jr., CPA, CGFM

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THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.



Responsibilities

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Authority's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement

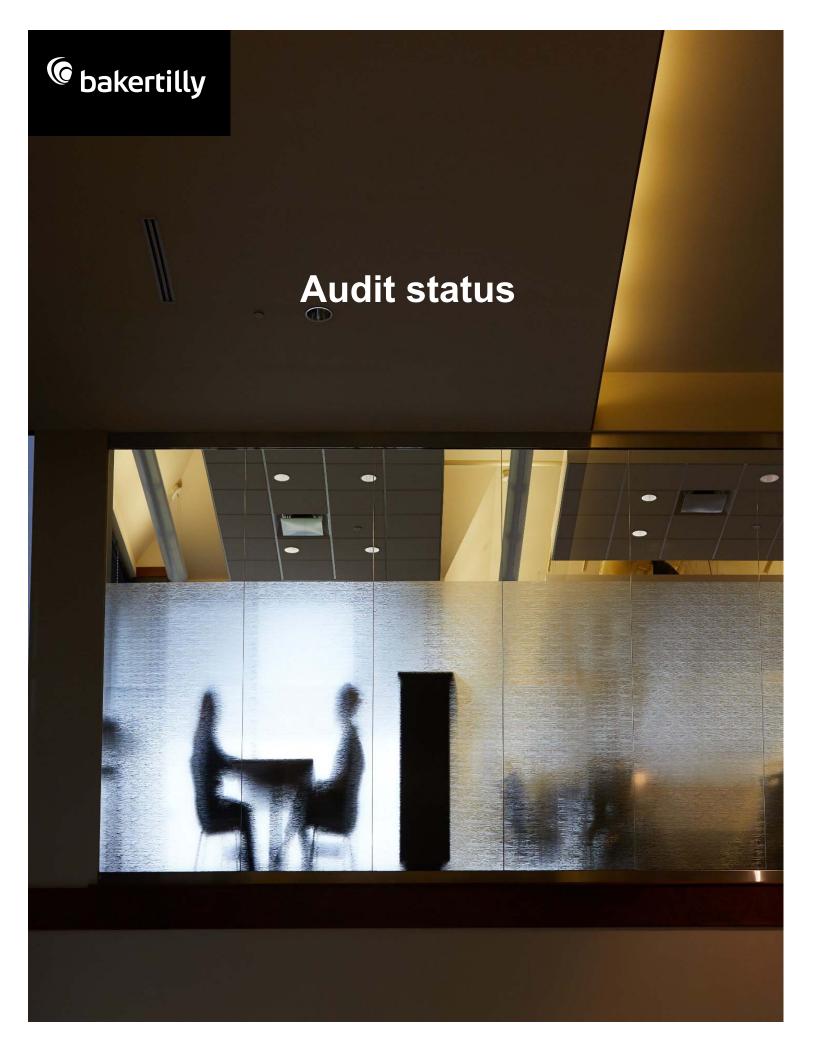
 Present fairly, in all material respects, and in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Qualitative aspects of the Authority's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Managen	nent	Auditor		
\$≡)	Prepare and fairly present the financial statements	Our audit does not relieve management or those charged with governance of their responsibilities		
٢	Establish and maintain effective internal control over financial reporting and compliance with laws, regulations, contracts and grants	An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls		
Ð	Provide us with written representations at the conclusion of the audit	See Appendix B for a copy of management's representations		



Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.



Audit approach and results



Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Authority and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas of complexity including Cash, Revenues, and Expenditures

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Authority's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis	Testing approach	Conclusion
Cash	Audit of bank reconciliations and confirmation of balances with depositories	Procedures identified provided sufficient evidence for our audit opinion
Receipts	Confirmation with third- parties and other analytical procedures	Procedures identified provided sufficient evidence for our audit opinion

Disbursements	Vouching, other analytical procedures	Procedures identified provided sufficient evidence for our audit opinion

Internal control matters

We considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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.

We did not identify any deficiencies that we consider to be material weaknesses.

Required communications

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Authority or that otherwise appear to be unusual due to their timing, size or nature.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Authority's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Authority that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Authority's related parties.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Preparation of the financial statements and related footnotes, subject to Authority review and approval
- Proposal of general, adjusting, or correcting journal entries, subject to Authority review and approval
- Technical assistance with certain account reconciliations, subject to Authority review and approval
- Preparation of the DCED Form CLGS-04, subject to Authority review and approval
- Maintenance of depreciation schedules based on assets identified as capital by management, and estimated useful lives as determined by management

None of these nonattest services constitute an audit under the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America, including *Government Auditing Standards*.



Accounting changes relevant to Township of Ferguson Industrial and Commercial Development Authority

Accounting changes relevant to Authority

GASB Description Potentially **Effective Date** Statement Impacts Number you 87 Leases 12/31/22* 91 Conduit Debt 12/31/22* Periods beginning after 92 Omnibus 2020 June 15, 2020 93 Replacement of Interfund Bank Offered 12/31/22* \checkmark Rates 94 Public-Private and Public-Public Partnerships 12/31/23 and Availability Payment Arrangements Subscription-Based Information Technology 96 S 12/31/23 Arrangements 97 Certain Component Unit Criteria, and 12/31/22 Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred **Compensation Plans**

Future accounting standards update

*The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Gui*dance, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.

Further information on upcoming GASB pronouncements.



Trending challenges and opportunities for organizations



Trending challenges and opportunities for organizations

Management and governing bodies must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long-term goals. Economic uncertainty, coupled with key risk areas and fast-paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

2020 strategic risks for boards



Evaluating and mitigating the greatest risks

Public sector organizations face a multitude of internal and external risks in an evolving landscape. Risks can stem from strategy, finances, legal situations, operations, regulatory compliance, information technology, economic environment, and/or fraud, waste and abuse.

By employing a risk assessment, areas with the greatest needs and highest risks are evaluated. Then a risk mitigation plan can be developed and deployed.

Learn about risk assessment types, tools and strategies.

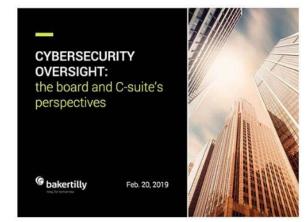
Cybersecurity

Operational reporting on cybersecurity effectiveness

As boards engage management in cybersecurity risk discussions, directors should expect management to produce reports on the effectiveness of the organization's cybersecurity-risk management program. Management can (and should) collect and analyze relevant performance measures and metrics to determine if cybersecurity safeguards and controls are operating as intended, and whether any corrective action should be taken to strengthen management's risk-mitigation approaches. While not an exhaustive list, some key processes on which management should report include these:

- Incident management
- Risk management and governance
- Independent assurance on the cybersecurity program

Learn more about cybersecurity risk management.



WATCH: On demand webinar about board governance over cybersecurity.

Township of Ferguson Industrial and Commercial Development Authority | 2020 – cash basis of accounting FS Audit © 2020 Baker Tilly US, LLP

Data privacy

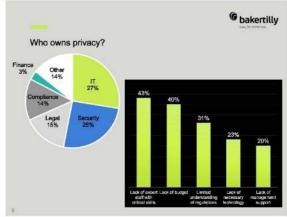
Elevating privacy risks to the forefront of board agendas

Organizations around the world are still scrambling to comply with the General Data Protection Regulation in the European Union, which went into effect in May 2018. While the data privacy regulatory environment changes rapidly, organizations can take proactive steps to ensure that they stay informed of the existing regulations and of those developing on the

near horizon.

Adequate oversight remains a key part of staying on top of data privacy developments. Some regulations specify oversight requirements, and can depend on the type of the organization, the quantity and type of personal data processed, and the locations where operations take place. In many cases, a data protection officer (DPO) must lead the effort. Since the DPO is responsible for overseeing practices related to data protection strategy and implementation, having one in place early on will help ensure that the privacy program is comprehensive and consistent.

Learn more about data privacy risk management.



WATCH: On demand webinar about a risk-based approach to oversight, compliance and management of privacy

Recommendation

<u>Learn more</u> about information technology and cybersecurity, including <u>System & Organization Controls</u> reporting.



Appendix A: Client service team

Client service team

John Compton, Jr., CPA, CGFM

Partner

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john.compton@bakertilly.com

Christine Zoerner

Senior Associate

431 Science Park Road, Suite 302 State College, PA 16803 United States

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Appendix B: Management representation letter



TOWNSHIP OF FERGUSON

3147 Research Drive • State College, Pennsylvania 16801 Telephone: 814-238-4651 • Fax: 814-238-3454 www.twp.ferguson.pa.us

August 31, 2021

Baker Tilly US, LLP 431 Science Park Road State College, PA 16803

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Township of Ferguson Industrial and Commercial Development Authority as of December 31, 2020, and then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, in conformity with the cash basis of accounting. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with the cash basis of accounting. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
- 2) The financial statements referred to above are fairly presented in conformity with the cash basis of accounting. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by the cash basis of accounting to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge that we have included all informative disclosures that are appropriate for the cash basis used to prepare our financial statements. These include:
 - i. A description of the cash basis, including a summary of significant accounting policies, and how the framework differs from GAAP,
 - ii. Additional disclosures beyond those specifically required that may be necessary to achieve fair presentation.

- 5) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 6) All events subsequent to the date of the financial statements and for which the cash basis of accounting requires adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) We are not aware of any known actual, possible, pending, or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the cash basis of accounting, and we have not consulted a lawyer concerning litigation, claims, or assessments.

Information Provided

- 9) We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 10) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 11) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 12) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 13 We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

14) We have disclosed to you all known related parties and all the related party relationships and transactions of which we are aware.

Other

- 15) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 16) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 17) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 18) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
- 19) In regards to the nonattest services performed by you listed below, we have: 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a) Financial statement preparation
 - b) Adjusting journal entries

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

- 20) The Township of Ferguson Industrial and Commercial Development Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) The Township of Ferguson Industrial and Commercial Development Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 22) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

- 23) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 24) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 25) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

Sincerely,

Township of Ferguson Industrial and Commercial Development Authority

Signed: (Secretary/Treasurer) Ain Signed: (Board Member)



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Appendix C: Two-way communication regarding your audit

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.

The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Authority will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?

g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 2-3 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.



Township of Ferguson Industrial and Commercial Development Authority

Financial Statement

December 31, 2020

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Independent Auditors' Report

To the Board of Directors of Township of Ferguson Industrial and Commercial Development Authority

Report on the Financial Statement

We have audited the accompanying statement of cash receipts, cash disbursements and cash balances (the financial statement) of the Township of Ferguson Industrial and Commercial Development Authority (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statement.

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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 receipts, cash disbursements and cash balances of the Township of Ferguson Industrial and Commercial Development Authority as of and for the year ended December 31, 2020, 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 by the Authority 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.

Baker Tilly US, LLP

State College, Pennsylvania August 31, 2021

Township of Ferguson Industrial and Commercial Development Authority

Statement of Cash Receipts, Cash Disbursements and Cash Balances Year Ended December 31, 2020

Cash Receipts Service fees Interest	\$	2,067 552
Total cash receipts		2,619
Cash Disbursements Administrative costs Professional fees		599 200
Total cash disbursements		799
Excess of cash receipts over cash disbursements		1,820
Cash, January 1, 2020		116,125
Cash, December 31, 2020		117,945

Notes to Financial Statement December 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Township of Ferguson Industrial and Commercial Development Authority (the Authority) was incorporated on November 28, 1978 under the provisions of the Pennsylvania Industrial and Commercial Development Law, Act No. 102. The Authority promotes economic development within Ferguson Township, Pennsylvania (the Township) and the surrounding Centre County region, by assisting organizations with obtaining low interest bank loans.

Basis of Accounting

The accompanying financial statement has been 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. Under the cash basis, the only asset recognized is cash and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statement. The Authority has adopted Governmental Accounting Standards Board (GASB) guidance for certain financial statement presentation and disclosures, where applicable, within the confines of the cash basis of accounting.

Reporting Entity

This financial statement includes only the cash account of the Authority over which the Board of Directors of the Authority exercise control. While the Township appoints a voting majority of the governing board of the Authority, the Township's responsibility does not extend beyond making these appointments.

2. Cash

Pennsylvania statutes provide for the investment of governmental funds in certain investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for cash management and investment purposes. Act 72 requires all governmental (public funds) deposits not insured by the Federal Deposit Insurance Corporation (FDIC) to be collateralized by the financial institution.

The deposit and investment policy of the Authority adheres to state statutes. Deposits are either maintained in demand deposits or in certificates of deposit.

Custodial credit risk is the risk that in the event of a bank failure, the Authority will not recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2020, the Authority's total bank deposits were \$117,945, all of which were insured by the FDIC.

3. Service Fees

The Authority requires each project to pay a service fee based on the loan amount. The service fee is negotiated on a project by project basis. Under the cash basis of accounting, the fees are not considered to be revenue until received.