

**State College Borough Industrial and  
Commercial Development Authority**

**Administrative Fund**

Financial Statements

Year Ended December 31, 2013 with  
Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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**STATE COLLEGE BOROUGH  
INDUSTRIAL AND COMMERCIAL  
DEVELOPMENT AUTHORITY**

**ADMINISTRATIVE FUND**

YEAR ENDED DECEMBER 31, 2013

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## Independent Auditor's Report

Members of the Board  
State College Borough Industrial and  
Commercial Development Authority

We have audited the accompanying financial statements of the State College Borough Industrial and Commercial Development Authority (Authority) Administrative Fund as of and for the year ended December 31, 2013, and the related notes to the financial statements, as listed in the table of contents.

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

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 evaluation 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 financial position of the Authority's Administrative Fund as of December 31, 2013, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Members of the Board  
State College Borough Industrial and  
Commercial Development Authority  
Independent Auditor's Report

**Other Matters**

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
June 26, 2014

**STATE COLLEGE BOROUGH  
INDUSTRIAL AND COMMERCIAL  
DEVELOPMENT AUTHORITY**

**ADMINISTRATIVE FUND**

BALANCE SHEET/STATEMENT OF NET POSITION

DECEMBER 31, 2013

	<u>Balance Sheet</u>	<u>Statement of Net Position</u>
<b>Assets</b>		
<hr/>		
Cash and cash equivalents	<u>\$ 63,113</u>	<u>\$ 63,113</u>
<b>Fund Balance/Net Position</b>		
<hr/>		
Fund Balance:		
Unreserved	<u>\$ 63,113</u>	
Net Position:		
Unrestricted		<u>\$ 63,113</u>

The notes to financial statements are an integral part of this statement.

**STATE COLLEGE BOROUGH  
INDUSTRIAL AND COMMERCIAL  
DEVELOPMENT AUTHORITY**

**ADMINISTRATIVE FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE/STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

<b>Revenues</b>	\$ -
<hr/>	
<b>Expenditures/Expenses:</b>	
Administrative costs	<hr/> 811
<b>Deficiency of Revenues Over Expenditures/Expenses</b>	(811)
<hr/>	
<b>Fund Balance/Net Position:</b>	
Beginning of year	<hr/> 63,924
End of year	<hr/> <hr/> \$ 63,113

The notes to financial statements are an integral part of this statement.

# STATE COLLEGE BOROUGH INDUSTRIAL AND COMMERCIAL DEVELOPMENT AUTHORITY

## ADMINISTRATIVE FUND

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The State College Borough Industrial and Commercial Development Authority (Authority) was created under the provisions of the Pennsylvania Industrial and Commercial Development Authority Law, Act No. 102. Such authorities are established to provide funds to pay for financing and acquiring or constructing industrial development projects.

##### Reporting Entity

These financial statements include only the Administrative Fund of the Authority over which the Members of the Board (Board) of the Authority exercise control. While the Borough of State College (Borough) appoints a voting majority of the governing Board of the Authority and maintains the accounting records, the Borough is not financially accountable for the Authority; as a result, the Authority is not considered to be a component unit of the Borough under the provisions of applicable accounting standards.

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements (i.e., the balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred.

The Authority is considered a special purpose government operating a single government program; as such, the government-wide and fund financial statements have been combined into a single, combining presentation.

# STATE COLLEGE BOROUGH INDUSTRIAL AND COMMERCIAL DEVELOPMENT AUTHORITY

## ADMINISTRATIVE FUND

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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#### **2. CASH AND CASH EQUIVALENTS**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, 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 funds for investment purposes.

The deposit and investment policy of the Authority adheres to state statutes. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Authority.

The following is a description of the Authority's deposit risk:

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2013, the Authority's bank balance of \$63,113 was insured by the Federal Deposit Insurance Corporation.

#### **3. ADMINISTRATIVE FEES**

The Authority requires an application fee of \$500 for each project. Upon approval of the application, the developer has an option to pay one half of one percent of the total amount of the loan transaction at the beginning of the loan or one percent of the total amount of the loan transaction in annual installments over the life of the loan.