

**Gettysburg Borough Storm Water
Authority**

(A Component Unit of the Borough of Gettysburg)

Financial Statements

Year Ended December 31, 2021
with Independent Auditor's Report

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

GETTYSBURG BOROUGH STORM WATER AUTHORITY

(A COMPONENT UNIT OF THE BOROUGH OF GETTYSBURG)

YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statement of Net Position – Cash Basis	1
Statement of Receipts, Disbursements, and Changes in Fund Net Position – Cash Basis	2
Notes to Financial Statements	3

Independent Auditor's Report

**Board of Directors
Gettysburg Borough Storm Water Authority**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying cash basis financial statements of the Gettysburg Borough Storm Water Authority (Authority), a component unit of the Borough of Gettysburg, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's cash basis financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the Authority, as of December 31, 2021, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting as described in the Notes of the financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in the Notes of the financial statements, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Maier Duessel

Harrisburg, Pennsylvania
June 27, 2022

GETTYSBURG BOROUGH STORM WATER AUTHORITY

(A Component Unit of the Borough of Gettysburg)

STATEMENT OF NET POSITION - CASH BASIS

DECEMBER 31, 2021

Assets	
Current assets:	
Cash and cash equivalents	\$ 512,391
Total Assets	<u>512,391</u>
Net Position	
Unrestricted	<u>512,391</u>
Total Net Position	<u><u>\$ 512,391</u></u>

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

GETTYSBURG BOROUGH STORM WATER AUTHORITY

(A Component Unit of the Borough of Gettysburg)

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET POSITION - CASH BASIS

YEAR ENDED DECEMBER 31, 2021

Operating Receipts:

Storm water management fees	\$ 523,377
Penalties	1,932
Total operating receipts	<u>525,309</u>

Operating Disbursements:

Administrative expenses	84,769
Office expenses	21,863
Supplies	3,205
Professional fees	52,453
Repairs and maintenance	13,837
Miscellaneous	1,230
Total operating disbursements	<u>177,357</u>
Operating gain	<u>347,952</u>

Nonoperating Receipts (Disbursements):

Interest income	169
Contribution to Borough of Gettysburg	(212,031)
Total nonoperating receipts (disbursements)	<u>(211,862)</u>

Change in Net Position

136,090

Net Position:

Beginning of year	<u>376,301</u>
End of year	<u>\$ 512,391</u>

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

GETTYSBURG BOROUGH STORM WATER AUTHORITY

(A Component Unit of the Borough of Gettysburg)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. Summary of Significant Accounting Policies

Purpose of Organization

The Gettysburg Borough Storm Water Authority (Authority) was formed in accordance with the Pennsylvania Municipality Authorities Act of 1945 and incorporated as a nonprofit municipal corporation and organized under the laws governing authorities within the Commonwealth of Pennsylvania. The Authority commenced operations on December 10, 2018 for the purpose of administrating, assessing, constructing, improving, maintaining, and operating the Borough of Gettysburg's (Borough) municipal storm water system.

Reporting Entity

The Authority is considered a discretely presented component unit of the Borough. A financial burden exists as the Authority transfers all storm water capital-related projects to the Borough. Due to the Authority not having employees, the operational responsibility of the Authority rests with Borough management.

The criteria used by the Authority to evaluate the possible inclusion of related entities within its reporting entity are financial/operational accountability and the nature and significance of the relationship.

There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. However, the Authority is includable in the reporting entity of the Borough on the basis of such criteria.

Basis of Accounting and Financial Statement Presentation

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

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an enterprise fund. Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a

GETTYSBURG BOROUGH STORM WATER AUTHORITY

(A Component Unit of the Borough of Gettysburg)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

proprietary fund's principal ongoing operations. The principal operating receipts of the Authority are charges for stormwater improvements. Operating disbursements include cost of services, professional fees, administrative expenses. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

Cash and Cash Equivalents

The Authority considers all assets with maturities of three months or less to be cash or cash equivalents.

Net Position

Net position (i.e., total assets net of total liabilities) is segregated into "net investment in capital assets," "restricted," and "unrestricted" components. The Authority's net position is classified as unrestricted. These resources are used for transactions relating to general operations of the Authority and may be used at the discretion of the governing Board to meet current costs for any purpose.

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.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; inquiries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverage in 2021. Settlement amounts have not exceeded insurance coverage for the current year.

2. Deposits

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types, in addition to deposits in institutions insured by the Federal Deposit Insurance Corporation. The Authority may invest in any of the following: United States Treasury Bills; other short-term United States government obligations; short-term

GETTYSBURG BOROUGH STORM WATER AUTHORITY

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

commercial paper issued by a public corporation; banker's acceptances; insured or collateralized time deposits; and certificates of deposit.

Custodial Credit Risk - 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, 2021, the bank and book balances were \$524,713 and \$512,391, respectively. Of the bank balance, \$250,000 was covered by federal depository insurance and \$274,713 was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

3. Related Party Transactions

The Authority entered into a management agreement effective February 11, 2019 with the Borough. The Borough provides financial, engineering, administrative, and construction services to the Authority in order to maintain compliance with the federally mandated storm water management requirements. The Authority makes periodic payments to the Borough upon receipt of an itemized invoice for services rendered. During the year ended December 31, 2021, \$89,182 was paid to the Borough related to such services.

Additionally, the Authority incurred costs related to the Borough's storm water improvement projects during the year. Work is performed on behalf of the Borough and any costs incurred related to these projects are capitalized on the Borough's financial statements. The total capital improvement expenses for the year ended December 31, 2021 totaled \$212,031. These costs are shown as a non-operating disbursement on the Statement of Receipts, Disbursements, and Changes in Fund Net Position – Cash Basis.

4. Litigation and Contingencies

During the normal course of performing its duties to the public which it serves, the Authority is subject to potential lawsuits and complaints. In the opinion of management, there were

GETTYSBURG BOROUGH STORM WATER AUTHORITY

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

no claims that management feels the ultimate outcome would have a material adverse effect on the Authority's financial position.

5. Commitments

In October 2021, the Authority entered into a contract for the Culp's Run Stream Restoration Project with Land Studies, in the amount of \$600,000. In February 2022, the contact was amended to a contract price of \$717,421. The amount outstanding on this contract at December 31, 2021 was \$600,000.

In August 2021, the Authority entered into a contract for the South Streets Storm Sewer Improvements Project with Clear View Excavation, Inc., in the amount of \$128,412. The amount outstanding on this contract at December 31, 2021 was \$128,412.