



***BERKS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY***

**FINANCIAL AND COMPLIANCE REPORT**

**Years Ended December 31, 2023 and 2022**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Berks County Industrial Development Authority  
Reading, Pennsylvania**

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Berks County Industrial Development Authority as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Berks County Industrial Development Authority's basic 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 respective financial position of the business-type activities and the aggregate remaining fund information of the Berks County Industrial Development Authority, as of December 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audits 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. 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 Berks County Industrial Development Authority, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Berks County Industrial Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **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 opinions. 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 and *Government 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Berks County Industrial Development 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 Berks County Industrial Development 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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berks County Industrial Development Authority's basic financial statements. The combining proprietary fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining proprietary fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2024, on our consideration of the Berks County Industrial Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Berks County Industrial Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Berks County Industrial Development Authority's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**March 11, 2024**

## **BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the Berks County Industrial Development Authority's (the "Authority" or "BerksIDA") activities and financial performance provides an introduction and overview to the Authority's basic financial statements for the years ended December 31, 2023 and 2022. Please read it in conjunction with the Authority's basic financial statements.

### **OVERALL FINANCIAL CONDITION**

The year ending December 31, 2023 was both financially and missionally strong for BerksIDA and its affiliates. Financially, another shovel-ready site was sold at Berks Park 183, Foundation funds demonstrated strong growth, and staff built up a book of grant management projects representing over \$38M in capital investment in Berks County and a source of administrative revenues. Missionally, BerksIDA provided debt financing supporting the modernization of the St. Joe's Community General Hospital in Reading and put the former Glidden site under agreement for redevelopment.

The entity reported an increase in overall net position in 2023 of \$710,822 and reported a decrease in overall net position in 2022, reporting a loss of \$2,202,343. 2023 gains mirrored 2022 losses, and were driven primarily by investment gains; 2022 was driven primarily by investment losses. In 2023 losses were also generated with the sale of the aforementioned Berks Park 183 Lot H that was held for development. Ending net position for BerksIDA is \$14,793,197 and \$14,082,375 for December 31, 2023 and 2022, respectively.

BerksIDA continued to build out its Redevelopment Assistance Capital Program (RACP) administration program in 2023. As of end of year, 11 RACP projects with a total impact of more than \$38M on the County are under management by BerksIDA, compared to seven projects with a value of \$14.2M at the end of 2022. Up to six additional projects are anticipated by the end of 2024.

Ultimately, BerksIDA had a very successful year, and continues to increase its strong financial footing for even greater activity in 2024.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB).

The Authority's basic financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

- Statement of Net Position - The statement of net position presents the financial position of the Authority. It presents information on the Authority's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

- Statement of Revenues, Expenses, and Changes in Net Position - The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.
- Statement of Cash Flows - The statement of cash flows presents information on the effects that changes in assets, liabilities, and deferred outflows/inflows of resources have on cash during the year.
- Notes to Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events.
- Supplementary Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which includes combining schedules of net position and revenues, expenses, and changes in net position.

The Authority has two funds - a proprietary fund which accounts for all the operations of the Authority and a fiduciary fund which accounts for assets held for beneficiaries.

## FINANCIAL ANALYSIS

A summary of the Authority's net position and changes in net position is presented below:

### Condensed Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 12,116,878	\$ 9,989,714	\$ 11,341,102
Grants & other receivables	-	13,410	77,196
Prepaid expenses	5,732	5,732	5,732
Current portion of noncurrent assets	509,988	509,583	1,109,455
<b>Total Current Assets</b>	<u>12,632,598</u>	<u>10,518,439</u>	<u>12,533,485</u>
<b>Noncurrent Assets</b>			
Restricted cash and investments	552,173	544,558	543,400
Tax increment financing receivable	684,774	1,103,462	1,504,923
Notes receivable	558,500	58,500	223,500
Deposit made on property	150,000	-	-
Property held for development	2,300,518	5,719,024	5,719,024
Capital assets being depreciated, net	2,595	5,068	5,761
<b>Total Noncurrent Assets</b>	<u>4,248,560</u>	<u>7,430,612</u>	<u>7,996,608</u>
<b>TOTAL ASSETS</b>	<u>16,881,158</u>	<u>17,949,051</u>	<u>20,530,093</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	85,000	14,295	1,713
Accrued payroll and withholdings	14,712	11,043	10,252
Accrued interest	3,249	9,614	4,686
Current portion of noncurrent liabilities	582,000	1,996,724	1,979,724
<b>Total Current Liabilities</b>	<u>684,961</u>	<u>2,031,676</u>	<u>1,996,375</u>
<b>Noncurrent Liabilities</b>			
Notes payable	1,403,000	1,835,000	2,249,000
<b>Total Noncurrent Liabilities</b>	<u>1,403,000</u>	<u>1,835,000</u>	<u>2,249,000</u>
<b>TOTAL LIABILITIES</b>	<u>2,087,961</u>	<u>3,866,676</u>	<u>4,245,375</u>
<b>NET POSITION</b>	<u>\$ 14,793,197</u>	<u>\$ 14,082,375</u>	<u>\$ 16,284,718</u>



Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2023	2022	2021
<b>OPERATING REVENUES</b>	\$ 21,178	\$ 30,508	\$ 6,423
<b>OPERATING EXPENSES</b>			
Program expenses	173,811	165,618	6,079,457
Salaries, benefits and payroll	333,018	298,845	323,431
Other	316,125	171,261	151,215
<b>TOTAL OPERATING EXPENSES</b>	822,954	635,724	6,554,103
<b>OPERATING LOSS</b>	(801,776)	(605,216)	(6,547,680)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Grant revenue	-	-	776,975
TIF revenue	94,803	111,752	127,803
Investment return	1,555,245	(1,556,575)	1,318,282
Interest expense	(137,450)	(152,304)	(316,181)
Other expense	-	-	(1,042)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	1,512,598	(1,597,127)	1,905,837
<b>CHANGE IN NET POSITION</b>	710,822	(2,202,343)	(4,641,843)
<b>NET POSITION - BEGINNING OF YEAR</b>	14,082,375	16,284,718	20,926,561
<b>NET POSITION - END OF YEAR</b>	\$ 14,793,197	\$ 14,082,375	\$ 16,284,718

BerksIDA's financial condition strengthened in 2023 primarily due to the sale of Lot H at Berks Park 183 and the market performance of Foundation investments. Responsibility of the common areas of Berks Park 183 also transferred to the Berks Park 183 Condo Owners Association, limiting IDA costs on the site to its three remaining lots and pro rata condo obligations.

BerksIDA's financial condition was pretty stable in 2022 with most financial results related to the market change in investments held by the Organization. There was limited activity in the Berks Park 183 project with \$165,618 reported as program expenses. The Authority received repayments for notes receivable totaling \$765,000 during the year. The Authority ended the year with net position of \$14.08 million.

**CAPITAL ASSETS AND PROPERTY HELD FOR DEVELOPMENT**

The Authority's capital assets consist of furniture and equipment. Capital acquisitions are reported at cost and depreciated over their useful lives. Capital asset balances, net of depreciation, were \$2,595 and \$5,068 at December 31, 2023 and 2022, respectively. See notes to the financial statements for more information on capital assets.

The Authority's property held for development consists of land purchased for development, as well as the related development costs to date. No depreciation is reported for property held for development. When the property is sold, a related gain or loss is recognized in operating revenue or expense. Property held for development consisted of \$2,300,518 and \$5,719,024 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023, all property held for development relates to the Berks Park 183 project and is reported at the lower of cost or market value. See notes to the financial statements for more information on property held for development.

## **DEBT ADMINISTRATION**

The Authority issues debt in various forms for projects: bank note payables and Section 108 loans. Some agreements have tax incremental financing (TIF) revenue pledged, whereby the Authority does not repay the debt until they receive revenue from the project. Others are collateralized with properties owned by the Authority or the investment portfolio of the Berks County Industrial Development Foundation (a blended component unit). Outstanding debt was \$1,985,000 and \$3,831,724 at December 31, 2023 and 2022, respectively. These balances include \$150,000 of new debt in 2023 for the upcoming Glidden Project and repayments of \$1,996,724 and \$397,000 during the years ended December 31, 2023 and 2022, respectively. See notes to the financial statements for more information on debt transactions.

## **FUTURE OPPORTUNITIES**

In late summer 2022 BerksIDA was awarded \$7 million by the state in a combination grant and loan for development of its three smallest lots, expected to commence in late 2024. Staff also worked throughout the year to fully entitle the final remaining lot of the site, which sold and broke ground late 2023. BerksIDA expects the entire industrial park to be fully built out within the next three years.

In light of the progress at Berks Park 183, in 2023 BerksIDA put the former Glidden site in Reading under agreement of sale. With significant environmental challenges to the site, BerksIDA sees this project as a 5-7 year redevelopment project. BerksIDA expects to close and take title to the site in late 2024 or early 2025.

In addition to site development work, BerksIDA continues to spearhead implementation of the infrastructure action items within the countywide Imagine Berks Plan approved in 2022. Part of this initiative included creation of a \$5 million revolving loan fund to finance infrastructure investments within the county that either support job creation or capital investment and property tax accretion. The fund is planned to roll out in 2024.

BerksIDA continues to provide its existing loan programs to interested businesses within Berks County. Tax Increment Financing continues to show demand in the County. Amity Township and its affiliated taxing bodies have all agreed to support \$5M in tax increment financing on a project expect to close in 2024. BerksIDA is in talks with other developers about replicating the work in other parts of Berks County.

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers and taxpayers with a general overview of the Authority's finances and to show the Authority's accountability for the funds it receives. If there are any questions about this report or if additional financial information is required, please contact the Authority's Executive Director at the Berks County Industrial Development Authority, 633 Court Street, 14<sup>th</sup> Floor, Reading, Pennsylvania 19601.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**STATEMENTS OF NET POSITION - PROPRIETARY FUND**

December 31

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 244,598	\$ 493,092
Investments	11,872,280	9,496,622
Other receivables	-	13,410
Prepaid expenses	5,732	5,732
Current portion of tax incremental financing receivable	<u>509,988</u>	<u>509,583</u>
<b>TOTAL CURRENT ASSETS</b>	<b>12,632,598</b>	<b>10,518,439</b>
<b>NONCURRENT ASSETS</b>		
Restricted cash and investments	552,173	544,558
Tax incremental financing receivable	684,774	1,103,462
Notes receivable	558,500	58,500
Deposit made on property	150,000	-
Property held for development	2,300,518	5,719,024
Capital assets being depreciated, net	<u>2,595</u>	<u>5,068</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>4,248,560</u></b>	<b><u>7,430,612</u></b>
<b>TOTAL ASSETS</b>	<b><u>16,881,158</u></b>	<b><u>17,949,051</u></b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	85,000	14,295
Accrued payroll and withholdings	14,712	11,043
Accrued interest	3,249	9,614
Current portion of noncurrent liabilities	<u>582,000</u>	<u>1,996,724</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>684,961</b>	<b>2,031,676</b>
<b>NONCURRENT LIABILITIES</b>		
Notes payable	<u>1,403,000</u>	<u>1,835,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,087,961</u></b>	<b><u>3,866,676</u></b>
<b>NET POSITION</b>		
Investment in capital assets	2,595	5,068
Unrestricted	<u>14,790,602</u>	<u>14,077,307</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 14,793,197</u></b>	<b><u>\$ 14,082,375</u></b>

See accompanying notes.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND**

	Year Ended December 31	
	2023	2022
<b>OPERATING REVENUES</b>	\$ 21,178	\$ 30,508
<b>OPERATING EXPENSES</b>		
Program expenses:		
Acquisition, disposition, and development projects	173,811	165,618
Accounting	8,145	8,180
Depreciation	2,473	2,388
Dues and subscriptions	18,992	1,120
Insurance	9,675	7,330
Legal and professional fees	107,938	55,594
Miscellaneous operating expenses	1,366	2,398
Office supplies and expenses	15,473	14,855
Printing/advertising	8,763	11,893
Rent	17,197	16,119
Salaries, benefits, and payroll taxes	333,018	298,845
Telecommunications	1,142	1,007
Travel and meetings	21,686	14,617
Utilities	103,275	35,760
	<u>822,954</u>	<u>635,724</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>822,954</u>	<u>635,724</u>
<b>OPERATING LOSS</b>	(801,776)	(605,216)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Proceeds from tax incremental financing	94,803	111,752
Investment return	1,555,245	(1,556,575)
Interest expense	(137,450)	(152,304)
	<u>1,512,598</u>	<u>(1,597,127)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>1,512,598</u>	<u>(1,597,127)</u>
<b>CHANGE IN NET POSITION</b>	710,822	(2,202,343)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>14,082,375</u>	<u>16,284,718</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 14,793,197</u>	<u>\$ 14,082,375</u>

See accompanying notes.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**STATEMENTS OF CASH FLOWS - PROPRIETARY FUND**

	Year Ended December 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 21,178	\$ 30,508
Payments to suppliers for goods and services	(229,537)	(172,419)
Payments to employees for services	(329,349)	(298,054)
Issuance of note receivable	(500,000)	-
Proceeds from repayment of notes receivable	-	765,000
Deposit made on property	(150,000)	-
Proceeds from sale of property held for development	3,302,413	-
Acquisition and construction of property held for development	(57,718)	(162,900)
	<u>2,056,987</u>	<u>162,135</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,056,987</b>	<b>162,135</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipt of grants	-	75,000
Receipt of tax incremental financing	513,086	513,086
Proceeds from issuance of notes payable	150,000	-
Payment of interest on tax incremental financing note	(95,536)	(112,455)
Repayment of notes payable	(1,996,724)	(397,000)
Payment of interest on notes payable	(48,279)	(34,921)
	<u>(1,477,453)</u>	<u>43,710</u>
<b>NET CASH (USED FOR) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,477,453)</b>	<b>43,710</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	-	(1,695)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	2,620,418	1,323,966
Purchases of investments	(4,151,620)	(2,566,566)
Investment Income	710,789	684,280
	<u>(820,413)</u>	<u>(558,320)</u>
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(820,413)</b>	<b>(558,320)</b>
<b>NET DECREASE IN CASH</b>	<b>(240,879)</b>	<b>(354,170)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u>1,037,650</u>	<u>1,391,820</u>
<b>CASH - END OF YEAR</b>	<u>\$ 796,771</u>	<u>\$ 1,037,650</u>
<b>CASH AT END OF YEAR CONSISTS OF THE FOLLOWING:</b>		
Cash	\$ 244,598	\$ 493,092
Restricted cash	552,173	544,558
	<u>\$ 796,771</u>	<u>\$ 1,037,650</u>

See accompanying notes.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**STATEMENTS OF CASH FLOWS - PROPRIETARY FUND - CONTINUED**

	Year Ended December 31	
	2023	2022
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (801,776)	\$ (605,216)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	2,473	2,388
Disposition of property held for development	(173,811)	(165,618)
Changes in:		
Other receivables	13,410	(13,410)
Notes receivable	(500,000)	765,000
Deposit made on property	(150,000)	-
Property held for development	3,592,317	165,618
Accounts payable	70,705	12,582
Accrued payroll and withholdings	3,669	791
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 2,056,987</b>	<b>\$ 162,135</b>

BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

STATEMENTS OF NET POSITION - FIDUCIARY FUND - CUSTODIAL FUND

	December 31	
	2023	2022
<b>ASSETS</b>		
Cash and investments	<u>\$ 349,920</u>	<u>\$ 12,709</u>
<b>NET POSITION</b>		
Held for beneficiaries	<u>\$ 349,920</u>	<u>\$ 12,709</u>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUND - CUSTODIAL FUND**

	Year Ended December 31	
	2023	2022
<b>ADDITIONS</b>		
Tax incremental financing revenue	\$ 333,221	\$ 1,030,548
Investment income	3,990	166
	<hr/>	<hr/>
<b>TOTAL ADDITIONS</b>	337,211	1,030,714
<b>DEDUCTIONS</b>		
Fees	-	9,051
Payments on behalf of beneficiaries	-	1,021,497
	<hr/>	<hr/>
<b>TOTAL DEDUCTIONS</b>	-	1,030,548
<b>CHANGE IN NET POSITION</b>	337,211	166
<b>NET POSITION HELD FOR BENEFICIARIES - BEGINNING OF YEAR</b>	<hr/> 12,709	<hr/> 12,543
<b>NET POSITION HELD FOR BENEFICIARIES - END OF YEAR</b>	<u><u>\$ 349,920</u></u>	<u><u>\$ 12,709</u></u>



## **BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

The Berks County Industrial Development Authority (the “Authority”) was created on May 7, 1969, by the County of Berks under the provisions of the Pennsylvania Industrial Development Authority Law of August 23, 1967 (Act 102 of 1967, P.L. 251, formerly the Industrial and Commercial Development Authority Law), for the purpose of promoting and developing commercial, industrial, and manufacturing enterprises and encouraging employment within the County of Berks. The five-member Board of Directors of the Authority is appointed by the Berks County Board of Commissioners. The Authority’s original term has been extended to May 2062.

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of the Berks County Industrial Development Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

##### **A. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Authority (the primary government) and its component units.

The Authority used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management’s professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity’s financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**A. Reporting Entity - continued**

Based on the foregoing criteria, the reporting entity has been defined to include all criteria for which the Authority is financially accountable or for which there is another significant relationship. Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in the Authority's financial statements are provided in the following paragraphs.

**1. Blended Component Units**

Some component units, despite being legally separate from the primary government (Authority), are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The component unit reported in this way is the Berks County Industrial Development Foundation (the "Foundation").

***Berks County Industrial Development Foundation*** - The Foundation was created on October 29, 2007, in the Commonwealth of Pennsylvania as a non-profit corporation to promote effective economic growth of Berks County. The primary investment goal of the Foundation is to generate sufficient investment return to cover the annual operating expenses of the Authority. By doing so, the Authority can become a more sustainable and self-sufficient economic development organization. The Board of Directors of the Foundation is the same as the Board of Directors of the Authority. See Note 11 for financial information related to the Foundation.

The Authority was created by the County of Berks and its board members are appointed by the County. However, the County does not consider the Authority a component unit.

**B. Basis of Presentation**

***Proprietary Fund*** - All activities of the Authority are accounted for within a single proprietary (enterprise) fund and are classified as a business-type activity. Proprietary 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.

BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**B. Basis of Presentation - continued**

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are fees for grant or project administration and interest on notes receivable. Operating expenses include the cost of operations, professional fees for development activities, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Fiduciary Fund** - The focus of the fiduciary fund measurement is to account for assets held in a trustee capacity. The Authority's fiduciary fund is a custodial fund. The fund was established to account for monies received and paid to beneficiaries on behalf of a private company as part of a tax incremental financing agreement.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Authority's proprietary and fiduciary activity is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with operations are included on the statements of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets, restricted, and unrestricted elements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

**D. Budgetary Information**

The Authority is not required to adopt a budget; however, an operating budget is prepared as a tool to measure operations. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the Authority's plans to earn and expend funds for charges and grants incurred or received for operation, maintenance, certain interest and general functions, and other charges for the year.

Management submits a proposed budget to the Authority's board of directors prior to the December board meeting. A budget is adopted by the board prior to January 1. All unexpended and unencumbered appropriations in the operating budget lapse at the end of the year.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position**

**1. Cash and Cash Equivalents**

For purposes of reporting cash flows, the Authority considers all cash accounts which are not subject to withdrawal restrictions or penalties and all highly-liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

**2. Investments**

The Authority is permitted to invest in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The Foundation is not limited in its investment types because it is a 501(c)(3) organization.

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of net position.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**3. Receivables**

Receivables, which include grants and other receivables, are shown net of an allowance for uncollectible accounts, as applicable. Receivables are evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There are no allowances reported on receivables at December 31, 2023 or 2022.

Additionally, the Authority reports noncurrent receivables in the following categories:

Tax Incremental Financing ("TIF")

Cooperative agreements using Tax Incremental Financing ("TIF") were entered into for various TIF districts. Cooperative agreements are evaluated for collectability and an allowance is established as deemed necessary based on the best information available and in an amount that management believes is adequate. See Note 3.

Notes Receivable

The Authority has executed certain notes receivable to provide financing for development projects. These notes have varying repayment terms and maturities. See Note 4.

Noncurrent receivables are stated at the amount of unpaid principal, reduced by allowances for possible note losses. The allowances for possible note losses are established through a provision for possible losses charged to expenses. Notes are charged against the allowances when management believes that the collectability of the principal is unlikely. The allowance is an amount that management believes will be adequate to cover possible losses on existing notes that may become uncollectible, based on evaluations of collectability. The evaluations take into consideration such factors as overall portfolio quality, review of specific problem notes and current economic conditions that may affect the borrower's ability to pay.

**4. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The costs of prepaid items are recorded as expense when consumed rather than when purchased.

**5. Deposits**

Included in noncurrent assets are deposits for a contingent sale agreement for a 20 acre site.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**6. Property Held for Development**

The Authority acquires land and properties throughout the County of Berks that are held for development. Costs of property improvements are added to the value of the property held for development. These properties are recorded at the lower of cost or market value. These assets are not depreciated.

**7. Capital Assets and Depreciation**

The Authority's capital assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the financial statements. Cost includes engineering fees and other expenses incurred during the period of construction, as required by generally accepted accounting principles. Construction in progress is stated at cost and consists of ongoing projects not yet placed in service. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their acquisition value at the date of donation.

The Authority capitalizes assets with a cost of \$1,000 or more. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in nonoperating revenues (expenses).

Estimated useful lives for depreciable assets are as follows:

Furniture and Equipment	5 - 7 years
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**8. Valuation of Long-Lived Assets**

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The Authority periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the Authority's long-lived assets were considered to be impaired as of December 31, 2023 and 2022.

**9. Unearned Revenues**

Revenues that are received but not earned are reported as unearned revenues in the financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**10. Employee Benefits**

The Authority calculates the costs of accumulated carryover of personal time off, as defined in the employee handbook, and reports the expense in the period earned rather than the period paid.

The Authority has a defined contribution Simplified Employee Pension (SEP) Plan covering employees who have attained age 25, have one year of service, and total compensation in excess of \$200 per year. Contributions to the plan are discretionary and are determined annually by the Board of Directors.

**11. Net Position**

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources and is classified into three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, and related debt.
- Restricted net position is an amount that has externally imposed restrictions on how the funds can be spent.
- Unrestricted net position is an amount that does not meet the definitions of “net investment in capital assets” or “restricted” and is available for Authority operations.

**12. Net Position Flow Assumptions**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority’s policy to consider restricted resources to have been depleted before unrestricted resources are applied.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Revenues and Expenditures/Expenses**

**1. Income Taxes**

*Authority* - The Authority is a government entity and, as such, is not subject to nor required to file federal and state income tax returns.

*Foundation* - The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation annually files federal and state information returns, as required.

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**H. Adoption of Accounting Standards**

Effective January 1, 2023, the Authority adopted new accounting guidance GASB Statement No. 96 retroactive to January 1, 2022. GASB Statement No. 96 was issued to (1) define subscription-based information technology agreements (SBITAs); (2) establish that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. There was no impact on the financial statements as a result of this standard implementation.



**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 2 - CASH AND INVESTMENTS**

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The carrying amount of cash, restricted cash, and investments as presented on the financial statements consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Deposits	\$ 796,771	\$ 1,037,650
Investments	<u>12,222,200</u>	<u>9,509,331</u>
	<u>\$ 13,018,971</u>	<u>\$ 10,546,981</u>
Classification per the statement of net position:		
Proprietary Fund:		
Cash	\$ 244,598	\$ 493,092
Investments	11,872,280	9,496,622
Restricted cash and investments	552,173	544,558
Fiduciary Fund:		
Cash and investments	<u>349,920</u>	<u>12,709</u>
	<u>\$ 13,018,971</u>	<u>\$ 10,546,981</u>

Restricted deposits consist of funds to be used for the repayment of debt related to tax increment financing districts.

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of December 31, 2023 and 2022, the carrying amount of the Authority's deposits was \$796,771 and \$1,037,650, respectively, and the bank balance was \$830,321 and \$1,126,470, respectively. For the years ended December 31, 2023 and 2022, \$265,731 and \$280,342, respectively, of the bank balance was covered by federal depository insurance and the remainder was exposed to custodial credit risk, but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 2 - CASH AND INVESTMENTS - CONTINUED**

**Investments**

The Authority had the following investments as of December 31:

2023			
Investment Type	Yield	Fair Market Value	Fair Value Level
Mutual Funds:			
Domestic equities	1.09% - 1.72%	\$ 5,418,588	1
Fixed income	2.70% - 9.92%	4,046,547	1
International equities	2.99% - 3.24%	2,407,145	1
First American General Obligation Money Market Fund	N/A	<u>349,920</u>	N/A
Total investments		<u>\$ 12,222,200</u>	
2022			
Investment Type	Yield	Fair Market Value	Fair Value Level
Mutual Funds:			
Domestic equities	0.75% - 1.43%	\$ 4,298,051	1
Fixed income	1.16% - 5.77%	3,343,198	1
International equities	1.68% - 2.39%	1,855,373	1
First American General Obligation Money Market Fund	N/A	<u>12,709</u>	N/A
Total investments		<u>\$ 9,509,331</u>	

Money market funds are not subject to the fair value hierarchy and are reported at amortized cost. The First American General Obligation Money Market Fund is rated AAAM by Standard & Poor's.

**Interest Rate Risk**

The Authority does not have a formal investment policy that limits maturities in certain investments as a means of managing their exposure to fair value losses arising from increasing interest rates.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 2 - CASH AND INVESTMENTS - CONTINUED**

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**Credit Risk**

The Authority does not have any investment policies that would limit their investment choices to certain credit ratings.

**Concentration of Credit Risk**

The Authority places no limit on the amount they may invest in any one issuer.

**Custodial Credit Risk**

For an investment, 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 investments or collateral security that are in the possession of an outside party. The Foundation's investments are in open-ended mutual funds which are not subject to custodial credit risk.

**NOTE 3 - TAX INCREMENTAL FINANCING (TIF) RECEIVABLES**

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Pursuant to the Pennsylvania Tax Increment Finance Act, as amended (TIF Act), the Authority participates in two TIF districts. As required by the TIF Act, a TIF Plan was developed by the Authority and approved for each participating government. Each year, the receivable is increased for interest payments on the related project debt and reduced by payments received from the various parties. The agreements in place are as follows:

Tilden Township TIF District

In September 2003, the Authority executed cooperative agreements with the Township of Tilden, the Hamburg Area School District, and the County of Berks to create a tax increment district related to the Authority's economic development project. Under the agreement, 64% of the tax increment collected by each taxing district shall be paid over to the Authority for deposit in the tax increment fund. The Authority issued Federally-Taxable Tax Incremental Financing Revenue Bonds, Series A of 2003 in the amount of \$5,500,000 and Series B of 2003 in the amount of \$15,500,000. The debt was immediately purchased by a private company. The Authority's only remaining involvement in this agreement is to bill for the TIF revenue on an annual basis. The payments are made directly into a bank account in the Authority's name, from which the payments to the beneficiary is made. This activity is accounted for within a custodial fund, which is shown as a fiduciary fund on the Authority's financial statements.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 3 - TAX INCREMENTAL FINANCING (TIF) RECEIVABLES - CONTINUED**

Exeter TIF District

In February 2008, the Authority executed cooperative agreements with the Township of Exeter, the Exeter Township School District, and the County of Berks to create a tax increment district related to the Authority's Exeter Township transportation and infrastructure improvement project. Under the agreement, the Authority is entitled to 100% of the incremental tax revenue for the district generated by the County and Township and an amount equal to the lesser of 75% of the incremental tax revenue generated by the school district or the percentage of the incremental tax revenue generated by the school district in an amount that will be sufficient, together with the incremental tax collected by the Township and the County, to enable the Authority to pay debt service on the notes for such fiscal year, including all costs and expenses incurred by the Authority with respect to the administration of the tax increment district until the earlier of November 30, 2027, or the date at which tax incremental revenues received equal all debt service on the payment of the \$6,299,000 note payable related to the project, including all administrative expenses related to the debt. See Note 7 for outstanding notes payable balance.

Receivables under the Exeter TIF agreement are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Gross TIF receivable	\$ 1,194,762	\$ 1,613,045
Less: current portion	<u>(509,988)</u>	<u>(509,583)</u>
Long-term TIF receivable	<u>\$ 684,774</u>	<u>\$ 1,103,462</u>

Activity related to the Exeter TIF District receivables for the years ended December 31, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 1,613,045	\$ 2,014,378
Additions	94,803	111,753
Payments received	<u>(513,086)</u>	<u>(513,086)</u>
Ending balance	<u>\$ 1,194,762</u>	<u>\$ 1,613,045</u>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 4 - NOTES RECEIVABLE**

The Authority has the following notes receivable at December 31:

	<u>2023</u>	<u>2022</u>
<i><u>Bethel Township Municipal Authority</u></i>		
On November 18, 2011, the Authority entered into an agreement with Bethel Township Municipal Authority (BTMA) to assist the BTMA in meeting its debt service requirements for the construction of sanitary sewage facilities to provide sewer service to certain property owned by the BTMA. From 2012 through 2015, the Authority contributed \$600,000 to BTMA. BTMA repays the Authority \$3,000 per tapping fee with respect to the Bethel Treatment Plan until the \$600,000 has been paid in full. The note does not bear interest. Due to the uncertainty of timing of receipts, the Authority has elected to present the entire balance as a noncurrent receivable.	\$ 58,500	\$ 58,500
On October 2, 2023, the Authority issued a \$500,000 note to a Corporation to provide interim financing for an acquisition. Interest accrues at a fixed rate of 7.625% and is payable monthly beginning November 1, 2023. The principal balance is due on October 2, 2025.	<u>500,000</u>	<u>-</u>
Total noncurrent notes receivable	<u>\$ 558,500</u>	<u>\$ 58,500</u>

There was no interest receivable as of December 31, 2023 or 2022.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 5 - PROPERTY HELD FOR DEVELOPMENT**

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Activity related to property held for development during the year ended December 31, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 5,719,024	\$ 5,719,024
Additions	57,718	165,618
Deductions	<u>(3,476,224)</u>	<u>(165,618)</u>
Ending balance	<u>\$ 2,300,518</u>	<u>\$ 5,719,024</u>

The sale of property held for development resulted in a loss of \$173,811 for the year ended December 31, 2023. This loss is reported in operating expenses on the statements of revenues, expenses, and changes in net position.

The market value of property held for development was determined to be lower than the carrying amount as of December 31, 2022. Accordingly, the Authority reduced the value of the related property and recorded a corresponding market adjustment of \$165,618 as program expenses.

As part of the property held for development related to the Berks Park 183 project, the Authority has signed an agreement with the Reading Regional Airport Authority that calls for the Authority to construct, at its cost, sewer lines that will, 18 months after completion, be given to the Reading Regional Airport who will accept the connections to their plant with no additional cost to the Authority.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 6 - CAPITAL ASSETS**

The following is a summary of changes in capital assets during the year ended December 31, 2023:

	<u>Balance January 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2023</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 99,466	\$ -	\$ -	\$ 99,466
Less accumulated depreciation for:				
Furniture and equipment	<u>94,398</u>	<u>2,473</u>	<u>-</u>	<u>96,871</u>
Total capital assets being depreciated, net	<u>\$ 5,068</u>	<u>\$ (2,473)</u>	<u>\$ -</u>	<u>\$ 2,595</u>

The following is a summary of changes in capital assets during the year ended December 31, 2022:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 97,771	\$ 1,695	\$ -	\$ 99,466
Less accumulated depreciation for:				
Furniture and equipment	<u>92,010</u>	<u>2,388</u>	<u>-</u>	<u>94,398</u>
Total capital assets being depreciated, net	<u>\$ 5,761</u>	<u>\$ (693)</u>	<u>\$ -</u>	<u>\$ 5,068</u>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 7 - NOTES PAYABLE**

The Authority has the following notes payable from direct borrowings at December 31:

	<u>2023</u>	<u>2022</u>
<u><i>Berks Park 183 Revolving Credit Note</i></u>		
On June 30, 2020, the Authority entered into an agreement for a note payable up to \$2,000,000, funds of which are drawn to pay expenses related to the Berks Park 183 project. Interest payments are due monthly. On June 13, 2022, the agreement was amended. Under the amended agreement the note bears interest at the SOFR rate plus 1.07% multiplied by 0.79 (5.070% and 4.269% at December 31, 2023 and 2022, respectively). The principal payment date was extended to September 30, 2023. The agreement was further amended on September 11, 2023, and the principal is now due on demand. The loan is collateralized by an assignment of the Foundation’s investment portfolio. As of December 31, 2023, the Authority has closed this revolving credit note.	\$ -	\$ 1,582,724
<u><i>Glidden Project Revolving Credit Note</i></u>		
On September 11, 2023, the Authority entered into an agreement for a note payable up to \$2,750,000, funds of which are drawn to pay expenses related to the Glidden project. Interest payments are due monthly commencing October 1, 2023. The note bears interest at a fixed rate of 4.37%. The principal balance is due upon demand; however, the Authority anticipates this debt to be outstanding for longer than one year. The loan is collateralized by an assignment of the Foundation’s investment portfolio.	150,000	-
<u><i>Exeter Tax Incremental Financing Revenue Note</i></u>		
The Authority has a \$6,299,000 note payable with a financial institution bearing interest at a rate of 4.25%. Funds were used for the Exeter Tax Incremental Financing project. Interest payments are made semi-annually and principal payments are due annually through maturity on November 29, 2027. Debt repayment will be made through receipt of future real estate revenues of the project and is subject to a prepayment penalty. The note is guaranteed by Exeter Township.	<u>1,835,000</u>	<u>2,249,000</u>
Total notes payable	1,985,000	3,831,724
Less: current portion	<u>(582,000)</u>	<u>(1,996,724)</u>
Noncurrent notes payable	<u>\$ 1,403,000</u>	<u>\$ 1,835,000</u>



**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 7 - NOTES PAYABLE - CONTINUED**

Activity on direct borrowings (notes payable) were as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 3,831,724	\$ 4,228,724
Additions	150,000	-
Payments received	<u>(1,996,724)</u>	<u>(397,000)</u>
Ending balance	<u>\$ 1,985,000</u>	<u>\$ 3,831,724</u>

The Authority's direct borrowings contain a provision that in the event of default, all unpaid principal and interest is due and payable immediately. Additionally, the Glidden Revolving Credit Line contains a clause that in the event of default, the rate of interest payable shall automatically increase by 3.0%. The lender shall impose a charge of 5% of any payment of principal and/or interest not received by the due date.

Maturities on direct borrowings for the years ending December 31 are as follows:

	<u>Glidden Revolving Credit Note</u>	<u>Exeter TIF Revenue Note</u>	<u>Total Principal</u>	<u>Total Interest</u>
2024	\$ 150,000	\$ 432,000	\$ 582,000	\$ 84,543
2025	-	451,000	451,000	59,628
2026	-	471,000	471,000	40,460
2027	-	481,000	481,000	19,534
	<u>\$ 150,000</u>	<u>\$ 1,835,000</u>	<u>\$ 1,985,000</u>	<u>\$ 204,165</u>

Total interest paid related to notes payable for the years ended December 31, 2023 and 2022, was \$143,815 and \$147,376, respectively.

On December 22, 2022, Berks County Industrial Development Authority was awarded a Business in Our Sites combination loan and grant through the Commonwealth Finance Authority in the amounts of \$4,203,617 and \$2,802,411; respectively. No funds have been drawn down or received as of December 31, 2023 and 2022. Funds will be used to support infrastructure and site development for various lots at Berks Park 183.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 8 - CONDUIT DEBT**

The Authority is involved in conduit debt transactions for which the Authority issued debt but retained limited obligation for the repayment of the debt. The debt was used to finance various capital projects within the related organizations. The responsibility for repayment belongs to the private borrowers. Activity on conduit debt for the year ended December 31, 2023, was as follows:

Issuance	On Behalf Of	Balance at January 1, 2023	Additions	Repayments	Balance at December 31, 2023
Revenue Note, Series of 2008	Goodwill Keystone Area	\$ 1,410,872	\$ -	\$ (195,147)	\$ 1,215,725
Revenue Note, Series of 2010	F.M. Brown's Sons, Inc.	3,323,991	-	(719,017)	2,604,974
Revenue Note, Series of 2012	Unique Pretzel Bakery, Inc.	5,361,589	-	(346,379)	5,015,210
Revenue Note, Series of 2013	JFM Holdings, LLC	2,920,000	-	(207,200)	2,712,800
Revenue Note, Series of 2014	Hospital Central Services Cooperative, Inc.	1,080,670	-	(63,525)	1,017,145
Revenue Note, Series of 2014	Hospital Central Services Cooperative, Inc.	3,723,800	-	(432,900)	3,290,900
Revenue Note, Series of 2017	Reading Health/ Tower Health	585,690,000	-	(5,945,000)	579,745,000
Revenue Note, Series A of 2017	The Highlands at Wyomissing	24,510,000	-	-	24,510,000
Revenue Note, Series B of 2017	The Highlands at Wyomissing	8,195,000	-	(1,510,000)	6,685,000
Revenue Note, Series C of 2017	The Highlands at Wyomissing	17,085,000	-	-	17,085,000
Revenue Bond, Series 2022A	Earthcare Bethel LLC	10,345,000	-	-	10,345,000
Revenue Bond, Series 2022B	Earthcare Bethel LLC	1,655,000	-	-	1,655,000
		<u>\$ 665,300,922</u>	<u>\$ -</u>	<u>\$ (9,419,168)</u>	<u>\$ 655,881,754</u>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 8 - CONDUIT DEBT - CONTINUED**

Activity on conduit debt for the year ended December 31, 2022, was as follows:

Issuance	On Behalf Of	Balance at January 1, 2022	Additions	Repayments	Balance at December 31, 2022
Revenue Note, Series of 2008	Goodwill Keystone Area	\$ 1,599,833	\$ -	\$ (188,961)	\$ 1,410,872
Revenue Note, Series of 2010	F.M. Brown's Sons, Inc.	4,016,016	-	(692,025)	3,323,991
Revenue Note, Series of 2012	Kutztown University and Kutztown University Foundation, Inc.	18,168,405	-	(18,168,405)	-
Revenue Note, Series of 2012	Unique Pretzel Bakery, Inc.	5,680,366	-	(318,777)	5,361,589
Revenue Note, Series of 2012	Service Access and Management, Inc.	1,412,000	-	(1,412,000)	-
Revenue Note, Series of 2013	JFM Holdings, LLC	3,117,800	-	(197,800)	2,920,000
Revenue Note, Series of 2014	Hospital Central Services Cooperative, Inc.	1,152,779	-	(72,109)	1,080,670
Revenue Note, Series of 2014	Hospital Central Services Cooperative, Inc.	4,143,500	-	(419,700)	3,723,800
Revenue Note, Series of 2017	Reading Health/ Tower Health	588,730,000	-	(3,040,000)	585,690,000
Revenue Note, Series A of 2017	The Highlands at Wyomissing	24,510,000	-	-	24,510,000
Revenue Note, Series B of 2017	The Highlands at Wyomissing	9,645,000	-	(1,450,000)	8,195,000
Revenue Note, Series C of 2017	The Highlands at Wyomissing	17,085,000	-	-	17,085,000
Revenue Note, Series of 2020	The Highlands at Wyomissing	4,193,779	-	(4,193,779)	-
Revenue Bond, Series 2022A	Earthcare Bethel LLC	-	10,345,000	-	10,345,000
Revenue Bond Series 2022B	Earthcare Bethel LLC	-	1,655,000	-	1,655,000
		<u>\$ 683,454,478</u>	<u>\$ 12,000,000</u>	<u>\$ (30,153,556)</u>	<u>\$ 665,300,922</u>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

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The Authority has entered into a lease with the County of Berks for the rental of office space. Effective March 1, 2019, the lease was extended until October 31, 2024 at a minimum monthly rental payment of \$1,231 per month. Rental expense charged to operations under the terms of the lease amounted to \$17,197 and \$16,119 for the years ended December 31, 2023 and 2022, respectively.

Future lease payments under this agreement are a minimum of \$14,775 per year through October 31, 2024. On November 1 of each year under the lease, the lease rental amount will increase by the 12 month all item, all urban consumers price index (CPI-U) as compiled by the United States Department of Labor, Bureau of Labor Statistics, D.C. or its successor. In the event of a decrease in CPI-U, the lease rental amount will remain the same as the immediately prior year. Under the lease, either party shall have the unilateral right to terminate this Lease at any time upon (90) days prior written notice to the other party.

The Authority receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examination are recognized in the year in which the results of such examinations become known. Authority management does not expect any significant adjustments as a result of these examinations.

**NOTE 10 - RISK MANAGEMENT**

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The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors, and omissions; injuries to employees and natural disasters. Significant losses are covered by commercial insurance for all areas which the Authority retains risk of loss. There were no reductions in insurance coverage for the current year or the three prior years.

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 11 - BERKS COUNTY INDUSTRIAL DEVELOPMENT FOUNDATION**

As described in Note 1, the Foundation is reported as a blended component unit of the Authority. In accordance with GAAP, the following is condensed financial information of the Foundation as of and for the years ended December 31:

**STATEMENT OF NET POSITION - FOUNDATION**

	December 31	
	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,253	\$ 836
Investments	11,872,280	9,496,622
Prepaid expenses	302	302
<b>TOTAL CURRENT ASSETS</b>	<u>11,873,835</u>	<u>9,497,760</u>
<b>TOTAL UNRESTRICTED NET POSITION</b>	<u>\$ 11,873,835</u>	<u>\$ 9,497,760</u>

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION - FOUNDATION**

	Year Ended December 31	
	2023	2022
<b>OPERATING REVENUES</b>	\$ -	\$ -
<b>OPERATING EXPENSES</b>	42,473	41,842
<b>OPERATING LOSS</b>	(42,473)	(41,842)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and dividend income (loss)	1,537,557	(1,562,608)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	1,495,084	(1,604,450)
<b>TRANSFERS IN</b>	880,991	608,000
<b>CHANGE IN NET POSITION</b>	2,376,075	(996,450)
<b>NET POSITION - BEGINNING OF YEAR</b>	9,497,760	10,494,210
<b>NET POSITION - END OF YEAR</b>	<u>\$ 11,873,835</u>	<u>\$ 9,497,760</u>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 11 - BERKS COUNTY INDUSTRIAL DEVELOPMENT FOUNDATION - CONTINUED**

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**STATEMENTS OF CASH FLOWS - FOUNDATION**

	Year Ended December 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers for goods and services	\$ (42,473)	\$ (41,842)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from primary government	880,991	608,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	2,620,418	1,323,966
Purchases of investments	(4,151,620)	(2,566,566)
Investment Income	693,101	676,052
	<u>                    </u>	<u>                    </u>
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(838,101)</u>	<u>(566,548)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	417	(390)
<b>CASH - BEGINNING OF YEAR</b>	<u>836</u>	<u>1,226</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,253</u>	<u>\$ 836</u>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 12 - NEW ACCOUNTING PRONOUNCEMENTS**

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The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of Statement No. 62* - The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Authority has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

**SUPPLEMENTARY INFORMATION**



**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**COMBINING SCHEDULES OF NET POSITION - PROPRIETARY FUND**

**December 31, 2023**

	Industrial Development Authority	Berks Park 78 Project	Berks Park 183 Project	Exeter TIF Project	Industrial Development Foundation (Component Unit)	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 243,345	\$ -	\$ -	\$ -	\$ 1,253	\$ 244,598
Investments	-	-	-	-	11,872,280	11,872,280
Prepaid expenses	5,430	-	-	-	302	5,732
Current portion of tax incremental financing receivable	-	-	-	509,988	-	509,988
<b>TOTAL CURRENT ASSETS</b>	248,775	-	-	509,988	11,873,835	12,632,598
<b>NONCURRENT ASSETS</b>						
Restricted cash and investments	-	-	-	552,173	-	552,173
Tax incremental financing receivable	-	-	-	684,774	-	684,774
Notes receivable	500,000	58,500	-	-	-	558,500
Deposit made on property	150,000	-	-	-	-	150,000
Property held for development	-	-	2,300,518	-	-	2,300,518
Capital assets being depreciated, net	2,595	-	-	-	-	2,595
<b>TOTAL NONCURRENT ASSETS</b>	652,595	58,500	2,300,518	1,236,947	-	4,248,560
<b>TOTAL ASSETS</b>	901,370	58,500	2,300,518	1,746,935	11,873,835	16,881,158

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**COMBINING SCHEDULES OF NET POSITION - PROPRIETARY FUND - CONTINUED**

**December 31, 2023**

	<u>Industrial Development Authority</u>	<u>Berks Park 78 Project</u>	<u>Berks Park 183 Project</u>	<u>Exeter TIF Project</u>	<u>Industrial Development Foundation (Component Unit)</u>	<u>Total</u>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	-	85,000	-	-	-	85,000
Accrued payroll and withholdings	14,712	-	-	-	-	14,712
Accrued interest	-	-	-	3,249	-	3,249
Current portion of noncurrent liabilities	150,000	-	-	432,000	-	582,000
<b>TOTAL CURRENT LIABILITIES</b>	164,712	85,000	-	435,249	-	684,961
<b>NONCURRENT LIABILITIES</b>						
Notes payable	-	-	-	1,403,000	-	1,403,000
<b>TOTAL LIABILITIES</b>	164,712	85,000	-	1,838,249	-	2,087,961
<b>NET POSITION</b>						
Investment in capital assets	2,595	-	-	-	-	2,595
Unrestricted	734,063	(26,500)	2,300,518	(91,314)	11,873,835	14,790,602
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 736,658</u>	<u>\$ (26,500)</u>	<u>\$ 2,300,518</u>	<u>\$ (91,314)</u>	<u>\$ 11,873,835</u>	<u>\$ 14,793,197</u>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**COMBINING SCHEDULES OF NET POSITION - PROPRIETARY FUND**

**December 31, 2022**

	Industrial Development Authority	Berks Park 78 Project	Berks Park 183 Project	Exeter TIF Project	Industrial Development Foundation (Component Unit)	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 492,256	\$ -	\$ -	\$ -	\$ 836	\$ 493,092
Investments	-	-	-	-	9,496,622	9,496,622
Other receivables	13,410	-	-	-	-	13,410
Prepaid expenses	5,430	-	-	-	302	5,732
Current portion of tax incremental financing receivable	-	-	-	509,583	-	509,583
<b>TOTAL CURRENT ASSETS</b>	511,096	-	-	509,583	9,497,760	10,518,439
<b>NONCURRENT ASSETS</b>						
Restricted cash and investments	-	-	-	544,558	-	544,558
Tax incremental financing receivable	-	-	-	1,103,462	-	1,103,462
Notes receivable	-	58,500	-	-	-	58,500
Property held for development	-	-	5,719,024	-	-	5,719,024
Capital assets being depreciated, net	5,068	-	-	-	-	5,068
<b>TOTAL NONCURRENT ASSETS</b>	5,068	58,500	5,719,024	1,648,020	-	7,430,612
<b>TOTAL ASSETS</b>	516,164	58,500	5,719,024	2,157,603	9,497,760	17,949,051

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**COMBINING SCHEDULES OF NET POSITION - PROPRIETARY FUND - CONTINUED**

**December 31, 2022**

	<u>Industrial Development Authority</u>	<u>Berks Park 78 Project</u>	<u>Berks Park 183 Project</u>	<u>Exeter TIF Project</u>	<u>Industrial Development Foundation (Component Unit)</u>	<u>Total</u>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	11,581	-	2,714	-	-	14,295
Accrued payroll and withholdings	11,043	-	-	-	-	11,043
Accrued interest	-	-	5,631	3,983	-	9,614
Current portion of noncurrent liabilities	-	-	1,582,724	414,000	-	1,996,724
<b>TOTAL CURRENT LIABILITIES</b>	<b>22,624</b>	<b>-</b>	<b>1,591,069</b>	<b>417,983</b>	<b>-</b>	<b>2,031,676</b>
<b>NONCURRENT LIABILITIES</b>						
Notes payable	-	-	-	1,835,000	-	1,835,000
<b>TOTAL LIABILITIES</b>	<b>22,624</b>	<b>-</b>	<b>1,591,069</b>	<b>2,252,983</b>	<b>-</b>	<b>3,866,676</b>
<b>NET POSITION</b>						
Investment in capital assets	5,068	-	-	-	-	5,068
Unrestricted	488,472	58,500	4,127,955	(95,380)	9,497,760	14,077,307
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 493,540</b>	<b>\$ 58,500</b>	<b>\$ 4,127,955</b>	<b>\$ (95,380)</b>	<b>\$ 9,497,760</b>	<b>\$ 14,082,375</b>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND**

**Year Ended December 31, 2023**

	Industrial Development Authority	Berks Park 78 Project	Berks Park 183 Project	Exeter TIF Project	Industrial Development Foundation (Component Unit)	Total
<b>OPERATING REVENUES</b>	\$ 21,178	\$ -	\$ -	\$ -	\$ -	\$ 21,178
<b>OPERATING EXPENSES</b>						
Program expenses:						
Acquisition, disposition, and development projects	-	-	173,811	-	-	173,811
Accounting	8,145	-	-	-	-	8,145
Depreciation	2,473	-	-	-	-	2,473
Dues and subscriptions	3,638	-	15,354	-	-	18,992
Insurance	8,086	-	-	-	1,589	9,675
Legal and professional fees	63,389	-	-	3,665	40,884	107,938
Miscellaneous operating expenses	1,366	-	-	-	-	1,366
Office supplies and expenses	15,473	-	-	-	-	15,473
Printing/advertising	8,763	-	-	-	-	8,763
Rent	17,197	-	-	-	-	17,197
Salaries, benefits and payroll taxes	333,018	-	-	-	-	333,018
Telecommunications	1,142	-	-	-	-	1,142
Travel and meetings	21,686	-	-	-	-	21,686
Utilities	-	-	103,275	-	-	103,275
<b>TOTAL OPERATING EXPENSES</b>	<b>484,376</b>	<b>-</b>	<b>292,440</b>	<b>3,665</b>	<b>42,473</b>	<b>822,954</b>
<b>OPERATING LOSS</b>	<b>(463,198)</b>	<b>-</b>	<b>(292,440)</b>	<b>(3,665)</b>	<b>(42,473)</b>	<b>(801,776)</b>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND - CONTINUED**

**Year Ended December 31, 2023**

	Industrial Development Authority	Berks Park 78 Project	Berks Park 183 Project	Exeter TIF Project	Industrial Development Foundation (Component Unit)	Total
<b>OPERATING LOSS - from previous page</b>	(463,198)	-	(292,440)	(3,665)	(42,473)	(801,776)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Proceeds from tax incremental financing	-	-	-	94,803	-	94,803
Investment return	9,957	-	-	7,731	1,537,557	1,555,245
Interest expense	(698)	-	(41,949)	(94,803)	-	(137,450)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	9,259	-	(41,949)	7,731	1,537,557	1,512,598
<b>(LOSS) INCOME BEFORE TRANSFERS</b>	(453,939)	-	(334,389)	4,066	1,495,084	710,822
<b>TRANSFERS IN (OUT)</b>	697,057	(85,000)	(1,493,048)	-	880,991	-
<b>CHANGE IN NET POSITION</b>	243,118	(85,000)	(1,827,437)	4,066	2,376,075	710,822
<b>NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>	493,540	58,500	4,127,955	(95,380)	9,497,760	14,082,375
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	\$ 736,658	\$ (26,500)	\$ 2,300,518	\$ (91,314)	\$ 11,873,835	\$ 14,793,197

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND**

**Year Ended December 31, 2022**

	Industrial Development Authority	Berks Park 78 Project	Berks Park 183 Project	Exeter TIF Project	Industrial Development Foundation (Component Unit)	Total
<b>OPERATING REVENUES</b>	\$ 30,508	\$ -	\$ -	\$ -	\$ -	\$ 30,508
<b>OPERATING EXPENSES</b>						
Program expenses:						
Acquisition, disposition, and development projects	-	-	165,618	-	-	165,618
Accounting	8,180	-	-	-	-	8,180
Depreciation	2,388	-	-	-	-	2,388
Dues and subscriptions	1,120	-	-	-	-	1,120
Insurance	5,724	-	-	-	1,606	7,330
Legal and professional fees	11,727	-	-	3,631	40,236	55,594
Miscellaneous operating expenses	2,398	-	-	-	-	2,398
Office supplies and expenses	14,855	-	-	-	-	14,855
Printing/advertising	11,893	-	-	-	-	11,893
Rent	16,119	-	-	-	-	16,119
Salaries, benefits and payroll taxes	298,845	-	-	-	-	298,845
Telecommunications	1,007	-	-	-	-	1,007
Travel and meetings	14,617	-	-	-	-	14,617
Utilities	-	-	35,760	-	-	35,760
<b>TOTAL OPERATING EXPENSES</b>	<b>388,873</b>	<b>-</b>	<b>201,378</b>	<b>3,631</b>	<b>41,842</b>	<b>635,724</b>
<b>OPERATING LOSS</b>	<b>(358,365)</b>	<b>-</b>	<b>(201,378)</b>	<b>(3,631)</b>	<b>(41,842)</b>	<b>(605,216)</b>

**BERKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND - CONTINUED**

**Year Ended December 31, 2022**

	Industrial Development Authority	Berks Park 78 Project	Berks Park 183 Project	Exeter TIF Project	Industrial Development Foundation (Component Unit)	Total
<b>OPERATING LOSS - from previous page</b>	(358,365)	-	(201,378)	(3,631)	(41,842)	(605,216)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Proceeds from tax incremental financing	-	-	-	111,752	-	111,752
Investment return	4,874	-	-	1,159	(1,562,608)	(1,556,575)
Interest expense	-	-	(40,552)	(111,752)	-	(152,304)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	4,874	-	(40,552)	1,159	(1,562,608)	(1,597,127)
<b>LOSS BEFORE TRANSFERS</b>	(353,491)	-	(241,930)	(2,472)	(1,604,450)	(2,202,343)
<b>TRANSFERS (OUT) IN</b>	(601,787)	(165,000)	158,787	-	608,000	-
<b>CHANGE IN NET POSITION</b>	(955,278)	(165,000)	(83,143)	(2,472)	(996,450)	(2,202,343)
<b>NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>	1,448,818	223,500	4,211,098	(92,908)	10,494,210	16,284,718
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	\$ 493,540	\$ 58,500	\$ 4,127,955	\$ (95,380)	\$ 9,497,760	\$ 14,082,375



**INDEPENDENT AUDITOR'S 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***

**To the Board of Directors  
Berks County Industrial Development Authority  
Reading, Pennsylvania**

We have audited, in accordance with the 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 business-type activities and the aggregate remaining fund information of the Berks County Industrial Development Authority as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Berks County Industrial Development Authority's basic financial statements and have issued our report thereon dated March 11, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Berks County Industrial Development Authority's internal control over financial reporting (internal control) as a 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 Berks County Industrial Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berks County Industrial Development Authority'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Berks County Industrial Development Authority's financial statements are free of 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*.

### **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 Berks County Industrial Development Authority'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 Berks County Industrial Development Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**

**March 11, 2024**