

Redevelopment Authority of the County of Washington

Contract Financial Statements

For the Contract Period
May 10, 2012 to June 21, 2017
with Independent Auditor's Reports

2012 Local Share Account Grant Program
Contract Number C000052500

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**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF WASHINGTON**

2012 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000052500

FOR THE CONTRACT PERIOD MAY 10, 2012 TO JUNE 21, 2017

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Independent Auditor's Report

Board of Directors
Redevelopment Authority of
the County of Washington

Report on the Contract Financial Statements

We have audited the accompanying contract financial statements of the Redevelopment Authority of the County of Washington (Authority) – 2012 Local Share Account Grant Program, Contract Number C000052500, as of June 21, 2017, and for the contract period May 10, 2012 to June 21, 2017, and the related notes to the contract financial statements, as listed in the table of contents.

Management's Responsibility for the Contract Financial Statements

Management is responsible for the preparation and fair presentation of these contract financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of contract financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these contract financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the contract financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the contract financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the contract financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the contract financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the contract financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the contract financial statements referred to above present fairly, in all material respects, the financial position of the Authority's 2012 Local Share Account Program Grant, Contract Number C000052500, as of June 21, 2017, and the results of its operations and the budgetary comparison for the

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Independent Auditor's Report

contract period May 10, 2012 to June 21, 2017 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying contract financial statements were prepared for the purpose of complying with the Pennsylvania Department of Community and Economic Development reporting requirements for the 2012 Local Share Account Grant Program, Contract Number C000052500, as described in Note 2, and are not intended to be a complete presentation of all revenues and contract expenditures of the Authority.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2017 on our consideration of the 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 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 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 Authority's internal control over financial reporting and compliance.

Mahe Duessel

Pittsburgh, Pennsylvania
August 14, 2017

**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF WASHINGTON**

2012 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000052500

CONTRACT BALANCE SHEET

JUNE 21, 2017

Assets	
Cash	<u><u>\$ -</u></u>
Liabilities	
Due to Pennsylvania Department of Community and Economic Development	<u><u>\$ -</u></u>

See accompanying notes to contract financial statements.

**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF WASHINGTON**

2012 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000052500

STATEMENT OF CONTRACT REVENUES
AND CONTRACT EXPENDITURES

FOR THE CONTRACT PERIOD MAY 10, 2012 TO JUNE 21, 2017

Contract Revenues:

DCED grant	\$ 8,181,243
Contract revenues returned to Pennsylvania Department of Community and Economic Development	(13,337)
Total contract revenues	8,167,906

Contract Expenditures:

LS 12-01 Canonsburg Lake Aquatic Ecosystem Restoration	150,000
LS 12-02 Donegal Police Car	25,000
LS 12-03 Main Street Farmers Market Pavilion	250,000
LS 12-04 Montour Trail Phase 25A	250,000
LS 12-05 North Charleroi Transit Center	200,000
LS 12-06 Trolley Street	74,360
LS 12-07 Washington Traffic Signal	235,996
LS 12-08 Airport Infrastructure	150,000
LS 12-09 Airport Northside Hangar	499,413
LS 12-10 Alta Vista Infrastructure Phase II	1,100,000
LS 12-11 Starpointe Infrastructure	1,200,000
LS 12-12 Washington County Marketing Initiative	150,000
LS 12-13 Education Manufacturing Complex	250,000
LS 12-14 Low Level Literacy/Workforce Development	25,000
LS 12-15 Work Certified Academy	349,000
LS 12-16 Donaldson's Crossroads Plant Replacement Design	85,000
LS 12-17 Midland Sewer	1,000,000
LS 12-18 Phase III Toll 43 Corridors Sewer	100,000
LS 12-19 Pigeon Creek Plant Improvements	120,000
LS 12-20 Bentleyville Waterline Replacement Phase II	65,000
LS 12-21 Mariana Backwash Water	121,103
LS 12-22 West Pike Run Waterline and Station	328,455
LS 12-23 Charleroi Regional Police Department	50,000
LS 12-24 County Food Bank Facility	250,000
LS 12-25 County Library System Electronic Network	249,480
LS 12-26 Countywide Home Rehabilitation and Access	299,010
LS 12-27 Illegal Dumpsite Removal and Abatement	88,000
LS 12-28 Marianna & West Bethlehem Multi-Municipal Plan & Ordinance	25,000
LS 12-29 Washington & East Washington Zoning Ordinance	15,000
LS 12-30 Administration	463,089
Total contract expenditures	8,167,906

Excess of Contract Revenues over Contract Expenditures	\$ -
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See accompanying notes to contract financial statements.

**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF WASHINGTON**

2012 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000052500

BUDGET COMPARISON STATEMENT

FOR THE CONTRACT PERIOD MAY 10, 2012 TO JUNE 21, 2017

	Original Contract Budget	Amended Contract Budget	Contract Expenditures During Contract Period	Variance	
				Dollar	Percentage
DCED Funded Contract Expenditures:					
LS 12-01 Canonsburg Lake Aquatic Ecosystem Restoration	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	0%
LS 12-02 Donegal Police Car	25,000	25,000	25,000	-	0%
LS 12-03 Main Street Farmers Market Pavilion	250,000	250,000	250,000	-	0%
LS 12-04 Montour Trail Phase 25A	250,000	250,000	250,000	-	0%
LS 12-05 North Charleroi Transit Center	200,000	200,000	200,000	-	0%
LS 12-06 Trolley Street	74,360	74,360	74,360	-	0%
LS 12-07 Washington Traffic Signal	235,996	235,996	235,996	-	0%
LS 12-08 Airport Infrastructure	150,000	150,000	150,000	-	0%
LS 12-09 Airport Northside Hangar	500,000	500,000	499,413	587	0%
LS 12-10 Alta Vista Infrastructure Phase II	1,100,000	1,100,000	1,100,000	-	0%
LS 12-11 Starpointe Infrastructure	1,200,000	1,200,000	1,200,000	-	0%
LS 12-12 Washington County Marketing Initiative	150,000	150,000	150,000	-	0%
LS 12-13 Education Manufacturing Complex	250,000	250,000	250,000	-	0%
LS 12-14 Low Level Literacy/Workforce Development	25,000	25,000	25,000	-	0%
LS 12-15 Work Certified Academy	349,000	349,000	349,000	-	0%
LS 12-16 Donaldson's Crossroads Plant Replacement Design	85,000	85,000	85,000	-	0%

(Continued)

See accompanying notes to contract financial statements.

**REDEVELOPMENT AUTHORITY
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2012 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000052500

BUDGET COMPARISON STATEMENT

FOR THE CONTRACT PERIOD MAY 10, 2012 TO JUNE 21, 2017

(Continued)

	Original Contract Budget	Amended Contract Budget	Contract Expenditures During Contract Period	Variance	
				Dollar	Percentage
DCED Funded Contract Expenditures:					
LS 12-17 Midland Sewer	1,000,000	1,000,000	1,000,000	-	0%
LS 12-18 Phase III Toll 43 Corridors Sewer	100,000	100,000	100,000	-	0%
LS 12-19 Pigeon Creek Plant Improvements	120,000	120,000	120,000	-	0%
LS 12-20 Bentleyville Waterline Replacement Phase II	65,000	65,000	65,000	-	0%
LS 12-21 Mariana Backwash Water	133,333	133,333	121,103	12,230	10%
LS 12-22 West Pike Run Waterline and Station	328,455	328,455	328,455	-	0%
LS 12-23 Charleroi Regional Police Department	50,000	50,000	50,000	-	0%
LS 12-24 County Food Bank Facility	250,000	250,000	250,000	-	0%
LS 12-25 County Library System Electronic Network	250,000	250,000	249,480	520	0%
LS 12-26 Countywide Home Rehabilitation and Access	299,010	299,010	299,010	-	0%
LS 12-27 Illegal Dumpsite Removal and Abatement	88,000	88,000	88,000	-	0%
LS 12-28 Marianna & West Bethlehem Multi-Municipal Plan & Ordinance	25,000	25,000	25,000	-	0%
LS 12-29 Washington & East Washington Zoning Ordinance	15,000	15,000	15,000	-	0%
LS 12-30 Administration	463,089	463,089	463,089	-	0%
Total contract expenditures	<u>\$ 8,181,243</u>	<u>\$ 8,181,243</u>	<u>\$ 8,167,906</u>	<u>\$ 13,337</u>	0%

(Concluded)

See accompanying notes to contract financial statements.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF WASHINGTON

2012 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000052500

NOTES TO CONTRACT FINANCIAL STATEMENTS

FOR THE CONTRACT PERIOD MAY 10, 2012 TO JUNE 21, 2017

1. ORGANIZATION

The Redevelopment Authority of the County of Washington (Authority) was incorporated in the Commonwealth of Pennsylvania in 1946 under the provisions of Urban Redevelopment Law, Act No. 385, approved May 24, 1945.

The Authority has been designated by the County of Washington (County) Board of Commissioners as the sole County agency to apply for and administer the Pennsylvania Department of Community and Economic Development (DCED) Local Share Account Grant Program (Program) within the County. Through the Program, as authorized by the PA Race Horse Development and Gaming Act (Section 1403 of the Act of July 5, 2004 P.L. 572, No. 71, as amended), the DCED provides the Authority with funding to distribute and administer grants to eligible recipients within the County.

2. PROJECT DESCRIPTION

Under the terms of Contract Number C000052500 (Contract) between the DCED and the Authority, the DCED provided funds to the Authority to be used to administer the Washington County LSA program funds for projects submitted to and approved by the DCED. The funds are to be used for the Projects located in Washington County and may not be used for any other activities without first obtaining the written consent of the DCED.

The accompanying contract financial statements include only the financial position and results of operations for the portion of the project funded by the DCED under the Contract. These contract financial statements are not intended to present the financial position and results of operations of the Authority or of the entire project.

The original term of the contract was from May 10, 2012 to June 30, 2015. The contract was amended to extend the contract term to June 21, 2017. All related contract expenditures were paid, and funding received, by June 21, 2017.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF WASHINGTON

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NOTES TO CONTRACT FINANCIAL STATEMENTS

FOR THE CONTRACT PERIOD MAY 10, 2012 TO JUNE 21, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying contract financial statements have been prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Amounts were continuously invested in a checking account with a local bank. The Authority maintains one bank account for all Program projects, and it is the Authority's policy to remit interest earned from all projects within the Program to the DCED at the end of each calendar year, as required by the contract agreement. The Authority earned \$3,656 of interest on the funds during the contract period. As such, the interest earnings related to this Project were remitted to the DCED in January 2013 (\$351), March 2014 (\$1,715), March 2015 (\$880), March 2016 (\$460), and May 2017 (\$250).

4. PROJECT REVENUES AND EXPENDITURES

The Authority expended \$8,167,906 of the \$8,181,243 grant available under the terms of the contract. The funds expended were done so in accordance with the grant contract provisions. Of the \$8,181,243 total amended grant funds received by the Authority, \$13,337 of the grant funds received (related to the Airport Northside Hangar, Mariana Backwash Water, and County Library System Electronic Network projects) was unspent and was returned to the DCED in May 2017. As such, only the net revenue of \$8,167,906 is reported on the statement of contract revenues and contract expenditures.

**Redevelopment Authority
of the County of Washington**

Independent Auditor's Report
in Accordance with
Government Auditing Standards

2012 Local Share Account Grant Program
Contract Number C000052500

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Contract Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Redevelopment Authority of
the County of Washington

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 contract financial statements of the Redevelopment Authority of the County of Washington (Authority) – 2012 Local Share Account Grant Program, Contract Number C000052500 as of June 21, 2017 and for the contract period May 10, 2012 to June 21, 2017, and the related notes to the contract financial statements, which collectively comprise the Authority's contract financial statements, and have issued our report thereon dated August 14, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the contract financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the contract financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's contract 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 determination of the contract financial statement amounts. However, providing an opinion

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Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters

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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
August 14, 2017