

**Redevelopment Authority
of the County of Washington**

Contract Financial Statements

For the Contract Period
March 31, 2011 to October 5, 2016
with Independent Auditor's Reports

2011 Local Share Account Grant Program
Contract Number C000051226

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**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF WASHINGTON**

2011 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000051226

FOR THE CONTRACT PERIOD MARCH 31, 2011 TO OCTOBER 5, 2016

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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) – 2011 Local Share Account Grant Program, Contract Number C000051226, as of October 5, 2016, and for the contract period from March 31, 2011 to October 5, 2016, and the related notes to the contract financial statements, which collectively comprise the Authority's 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 2011 Local Share Account Program Grant, Contract Number

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Independent Auditor's Report

C000051226, as of October 5, 2016, and the results of its operations and the budgetary comparison for the contract period March 31, 2011 to October 5, 2016 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 Local Share Account Grant Program, Contract Number C000051226, as described in Note 2, and are not intended to be a complete presentation of all contract revenues and contract expenditures of the Authority. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 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
January 27, 2017

**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF WASHINGTON**

2011 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000051226

CONTRACT BALANCE SHEET

OCTOBER 5, 2016

<u>Assets</u>	
Cash	<u>\$ 798,926</u>
<u>Liabilities</u>	
Due to Pennsylvania Department of Community and Economic Development	<u>\$ 798,926</u>

See accompanying notes to contract financial statements.

**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF WASHINGTON**

2011 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000051226

STATEMENT OF CONTRACT REVENUES
AND CONTRACT EXPENDITURES

FOR THE CONTRACT PERIOD MARCH 31, 2011 TO OCTOBER 5, 2016

Contract Revenues:		
DCED grant		\$ 10,375,461
Total contract revenues		10,375,461
Contract Expenditures:		
LS 11-01 Canonsburg Lake Aquatic Ecosystem Restoration (Multi-Year)		400,000
LS 11-02 Donegal West Alexander Community Center Improvements		25,000
LS 11-03 McDonald Historic Downtown Buildings Façade Improvements		20,000
LS 11-04 Mingo Park Pedestrian Bike Path		150,000
LS 11-05 Monongahela Aquatorium Restoration and Expansion		250,000
LS 11-06 Washington Park Improvements		400,000
LS 11-07 Airport Hangar Relocation & Development		500,000
LS 11-08 Hospitals Electronic Medical Records (Multi-Year)		2,000,000
LS 11-09 Southpointe II Access Road		700,000
LS 11-10 Washington County 2011 Marketing Initiative		100,000
LS 11-11 Education Manufacturing Complex		250,000
LS 11-12 Low Level Literacy/Workforce Development		25,000
LS 11-13 Work Certified Academy		340,000
LS 11-14 Amwell Sanitary Sewer		600,000
LS 11-15 Carroll Sanitary Sewer Improvements		100,000
LS 11-16 CHJA Pump Station Upgrade		100,000
LS 11-17 Donora Force Main Relocation/Replacement		100,000
LS 11-18 East Bethlehem Wastewater Capital Improvements		400,000
LS 11-19 Hanover Wastewater Capital Improvements		1,000,000
LS 11-20 Route 88 Interceptor Sewer Improvements		100,000
LS 11-21 Valley View Drive Sanitary Sewer Extension		300,000
LS 11-22 Amwell Water Line Extension		500,000
LS 11-23 Bentleyville Water Line Replacement		200,000
LS 11-24 Cross Creek Bridge Replacement		100,000
LS 11-25 Countywide Home Rehabilitation		250,000
LS 11-26 Countywide Illegal Dumpsite Removal and Abatement		100,000
LS 11-27 Rural Transportation Service (Multi-Year)		68,500
LS 11-28 West Brownsville Comprehensive Plan & Zoning Ordinance		15,000
LS 11-29 Administration		483,456
LS 11-30 Cool Valley Development		-
Total contract expenditures		9,576,956
Excess of Contract Revenues over Contract Expenditures		\$ 798,505

See accompanying notes to contract financial statements.

**REDEVELOPMENT AUTHORITY
OF THE COUNTY OF WASHINGTON**

2011 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000051226

BUDGET COMPARISON STATEMENT

FOR THE CONTRACT PERIOD MARCH 31, 2011 TO OCTOBER 5, 2016

	Original Contract Budget	Amended Contract Budget	Contract Expenditures During Contract Period	Variance	
				Dollar	Percentage
DCED Funded Contract Expenditures:					
LS 11-01 Canonsburg Lake Aquatic Ecosystem Restoration (Multi-Year)	\$ 418,000	\$ 400,000	\$ 400,000	\$ -	0%
LS 11-02 Donegal West Alexander Community Center Improvements	25,000	25,000	25,000	-	0%
LS 11-03 McDonald Historic Downtown Buildings Façade Improvements	20,000	20,000	20,000	-	0%
LS 11-04 Mingo Park Pedestrian Bike Path	150,000	150,000	150,000	-	0%
LS 11-05 Monongahela Aquatorium Restoration and Expansion	250,000	250,000	250,000	-	0%
LS 11-06 Washington Park Improvements	400,000	400,000	400,000	-	0%
LS 11-07 Airport Hangar Relocation & Development	500,000	500,000	500,000	-	0%
LS 11-08 Hospitals Electronic Medical Records (Multi-Year)	2,000,000	2,000,000	2,000,000	-	0%
LS 11-09 Southpointe II Access Road	700,000	700,000	700,000	-	0%
LS 11-10 Washington County 2011 Marketing Initiative	100,000	100,000	100,000	-	0%
LS 11-11 Education Manufacturing Complex	250,000	250,000	250,000	-	0%
LS 11-12 Low Level Literacy/Workforce Development	25,000	25,000	25,000	-	0%
LS 11-13 Work Certified Academy	340,000	340,000	340,000	-	0%
LS 11-14 Amwell Sanitary Sewer	600,000	600,000	600,000	-	0%
LS 11-15 Carroll Sanitary Sewer Improvements	100,000	100,000	100,000	-	0%
LS 11-16 CHJA Pump Station Upgrade	100,000	100,000	100,000	-	0%

(Continued)

See accompanying notes to contract financial statements.

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OF THE COUNTY OF WASHINGTON**

2011 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000051226

BUDGET COMPARISON STATEMENT

FOR THE CONTRACT PERIOD MARCH 31, 2011 TO OCTOBER 5, 2016

(Continued)

	Original Contract Budget	Amended Contract Budget	Contract Expenditures During Contract Period	Variance	
				Dollar	Percentage
DCED Funded Contract Expenditures:					
LS 11-17 Donora Force Main Relocation/Replacement	100,000	100,000	100,000	-	0%
LS 11-18 East Bethlehem Wastewater Capital Improvements	400,000	400,000	400,000	-	0%
LS 11-19 Hanover Wastewater Capital Improvements	1,000,000	1,000,000	1,000,000	-	0%
LS 11-20 Route 88 Interceptor Sewer Improvements	100,000	100,000	100,000	-	0%
LS 11-21 Valley View Drive Sanitary Sewer Extension	300,000	300,000	300,000	-	0%
LS 11-22 Amwell Water Line Extension	500,000	500,000	500,000	-	0%
LS 11-23 Bentleyville Water Line Replacement	200,000	200,000	200,000	-	0%
LS 11-24 Cross Creek Bridge Replacement	100,000	100,000	100,000	-	0%
LS 11-25 Countywide Home Rehabilitation	250,000	250,000	250,000	-	0%
LS 11-26 Countywide Illegal Dumpsite Removal and Abatement	100,000	100,000	100,000	-	0%
LS 11-27 Rural Transportation Service (Multi-Year)	68,500	68,500	68,500	-	0%
LS 11-28 West Brownsville Comprehensive Plan & Zoning Ordinance	15,000	15,000	15,000	-	0%
LS 11-29 Administration	483,456	483,456	483,456	-	0%
LS 11-30 Cool Valley Development	-	798,505	-	798,505	100%
Total contract expenditures	<u>\$ 9,594,956</u>	<u>\$ 10,375,461</u>	<u>\$ 9,576,956</u>	<u>\$ 798,505</u>	<u>8%</u>

(Concluded)

See accompanying notes to contract financial statements.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF WASHINGTON

2011 LOCAL SHARE ACCOUNT GRANT PROGRAM

CONTRACT NUMBER C000051226

NOTES TO CONTRACT FINANCIAL STATEMENTS

FOR THE CONTRACT PERIOD MARCH 31, 2011 TO OCTOBER 5, 2016

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 C000051226 (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 March 31, 2011 to June 30, 2014. The contract was amended to extend the contract term to June 30, 2017. All related contract expenditures were paid, and funding received, by October 5, 2016.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF WASHINGTON

2011 LOCAL SHARE ACCOUNT GRANT PROGRAM

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NOTES TO CONTRACT FINANCIAL STATEMENTS

FOR THE CONTRACT PERIOD MARCH 31, 2011 TO OCTOBER 5, 2016

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 approximately \$6,160 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 2012 (\$1,344), January 2013 (\$1,642), March 2014 (\$1,292), March 2015 (\$911), and March 2016 (\$550), with the remainder (\$421 paid in October 2016) included in the "Due to the Department of Community and Economic Development" balance on the contract balance sheet.

4. PROJECT EXPENDITURES

The Authority expended \$9,576,956 of the \$10,375,461 grant available as of October 5, 2016. The funds expended were done so in accordance with the grant contract provisions. Of the \$10,375,461 total amended grant award, \$798,505 of grant funds received (related to the Cool Valley Development project) was unspent as of October 6, 2016 and was returned to the DCED in October 2016. This amount is included in the "Due to the Department of Community and Economic Development" on the contract balance sheet.

**Redevelopment Authority
of the County of Washington**

Independent Auditor's Report
in Accordance with
Government Auditing Standards

2011 Local Share Account Grant Program
Contract Number C000051226

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) – 2011 Local Share Account Grant Program, Contract Number C000051226 as of October 5, 2016 and for the contract period March 31, 2011 to October 5, 2016, 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 January 27, 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

Board of Directors
Redevelopment Authority of
the County of Washington
Independent Auditor's Report on Internal Control
and on Compliance and Other Matters

effect on the determination of the contract financial statement amounts. 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 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
January 27, 2017