

**STEEL RIVERS  
COUNCIL OF GOVERNMENTS**

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

**STEEL RIVERS COUNCIL OF  
GOVERNMENTS**  
HOMESTEAD, PENNSYLVANIA

FINANCIAL STATEMENTS

AND

OTHER INFORMATION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE

WITH REPORTS OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**HOMESTEAD, PENNSYLVANIA**  
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# **Mark C. Turnley**

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**To the Board of Directors  
Steel Rivers Council of Governments, Inc.**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Steel Rivers Council of Governments as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Steel Rivers Council of Governments' basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Steel Rivers Council of Governments' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Steel Rivers Council of Governments' internal control. Accordingly, I 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Unmodified Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Steel Rivers Council of Governments as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-viii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

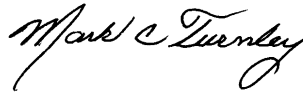
#### ***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Steel Rivers Council of Governments' basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 my opinion, the schedule of expenditures of federal awards is 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*, I have also issued my report dated August 25, 2020 on my consideration of the Steel Rivers Council of Governments' internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Steel Rivers Council of Governments' internal control over financial reporting and compliance.



Mark C. Turnley, CPA

August 25, 2020  
New Brighton, Pennsylvania

**STEEL RIVERS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

As management of the Steel Rivers Council of Governments (the "SRCOG"), we offer readers of the SRCOG's financial statements this narrative overview and analysis of the financial activities of the SRCOG for the calendar year ended December 31, 2019. This Management's Discussion and Analysis should be read with the accompanying financial statements and notes in order to obtain a thorough understanding of the SRCOG's financial condition at December 31, 2019.

**Financial Highlights**

- For the year ended December 31, 2019, the overall net position of the SRCOG increased \$695,173 (67%) to a balance of \$1,754,149.
- The SRCOG continues to successfully administer federal, state, and local funding for development projects within its member communities. Expenditures for these projects during 2019 were approximately \$1,724,620 funded by the Community Development Block Grant Program, Community Infrastructure Tourism Fund (CTIF), Gaming and Economic Development Funds (GEDF) and member municipalities.
- The SRCOG engages in numerous other activities throughout the year to identify and implement new shared services that benefit its members.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the SRCOG's basic financial statements. The SRCOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the SRCOG's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* provides information showing how the SRCOG's assets have changed during the current year. It reports the availability of assets for future use and is an important management tool in financial planning.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. The governmental activities of the SRCOG are general government, community development block grant, waterfront training facility, and waterfront maintenance funds.

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SRCOG, like other state and local governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the SRCOG can be divided into two categories: governmental funds and business-type funds.

**Governmental funds.** This fund grouping is used to account for essentially the same functions reported as government activities in the government-wide financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

The SRCOG maintains five individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balance for the General Fund, the Community Development Block Grant Fund (CDBG), Grant Management Fund, Waterfront Training Facility Fund, and Waterfront Maintenance Fund. The basic governmental funds financial statements can be found on pages 3-6 of this report.

**STEEL RIVERS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

**Business-type funds.** This fund group is used to account for business-type activities which are financed in part by fees charged to members for shared services.

The proprietary fund financial statements can be found on pages 7-9 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-26 of this report.

**Government-wide Financial Analysis**

**Analysis of Net Position**

Net position is a useful indicator of a government's financial position. For the SRCOG, total assets exceeded liabilities by \$1,754,149 for the year ended December 31, 2019, and \$1,044,543 for the year ended December 31, 2018.

**Steel Rivers Council of Governments - Statement of Net Position**

The following is a summary of the SRCOG's Statement of Net Position as of December 31, 2019 and 2018:

|                                  | Governmental Activities |                   | Business-Type Activities |                   | Total               |                     |
|----------------------------------|-------------------------|-------------------|--------------------------|-------------------|---------------------|---------------------|
|                                  | 2019                    | 2018              | 2019                     | 2018              | 2019                | 2018                |
| <b>ASSETS</b>                    |                         |                   |                          |                   |                     |                     |
| Current and Other Assets         | \$ 1,438,010            | \$ 594,929        | \$ 212,091               | \$ 102,732        | \$ 1,650,101        | \$ 697,661          |
| Capital Assets                   | 115,677                 | 114,073           | 604,355                  | 330,014           | 720,032             | 444,087             |
| Total Assets                     | <b>\$ 1,553,687</b>     | <b>\$ 709,002</b> | <b>\$ 816,446</b>        | <b>\$ 432,746</b> | <b>\$ 2,370,133</b> | <b>\$ 1,141,748</b> |
| <b>LIABILITIES</b>               |                         |                   |                          |                   |                     |                     |
| Current and Other Liabilities    | \$ 250,033              | \$ 75,397         | \$ 61,360                | \$ 14,049         | \$ 311,393          | \$ 89,446           |
| Non-current Liabilities          | 8,743                   | 7,759             | 295,849                  | -                 | 304,592             | 7,759               |
| Total Liabilities                | <b>\$ 258,776</b>       | <b>\$ 83,156</b>  | <b>\$ 357,209</b>        | <b>\$ 14,049</b>  | <b>\$ 615,985</b>   | <b>\$ 97,205</b>    |
| <b>NET POSITION</b>              |                         |                   |                          |                   |                     |                     |
| Net Investment in Capital Assets | \$ 115,678              | \$ 114,073        | \$ 271,038               | \$ 330,014        | \$ 386,716          | \$ 444,087          |
| Restricted                       | 1,114,932               | 476,914           | -                        | -                 | 1,114,932           | 476,914             |
| Unrestricted                     | 64,302                  | 34,859            | 188,199                  | 88,683            | 252,501             | 123,542             |
| Total Net Position               | <b>\$ 1,294,912</b>     | <b>\$ 625,846</b> | <b>\$ 459,237</b>        | <b>\$ 418,697</b> | <b>\$ 1,754,149</b> | <b>\$ 1,044,543</b> |

Total assets increased by approximately \$1,228,385 (110%) between calendar years 2019 and 2018, primarily due to unspent funds from the Waterfront Maintenance annual contribution in 2019 of \$750,000 and fixed assets purchases of a new street sweeper and heating and air conditioning system. Current liabilities increased primarily as a result of the timing for payment of certain CDBG grant fund payments to third-party vendors between December 31, 2018 and 2019. Long-term liabilities increased due to loans for a new street sweeper and heating and air-conditioning system. The increase in restricted assets reflects the Waterfront Maintenance Fund 2019 contributions from its member being largely unspent – significant spending is expected in future years. The SRCOG overall net position increased approximately 67%.



**STEEL RIVERS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

**Changes in Net Position**

The SRCOG's overall net position increased by \$695,173 for the year ended December 31, 2019 compared to an increase of \$199,967 for the year ended December 31, 2018.

**Steel Rivers Council of Governments - Statement of Activities**

The following summarizes the SRCOG's Statement of Activities for the years ended December 31, 2019 and 2018:

|                          | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                    | <u>Total</u>        |                     |
|--------------------------|--------------------------------|---------------------|---------------------------------|--------------------|---------------------|---------------------|
|                          | <u>2019</u>                    | <u>2018</u>         | <u>2019</u>                     | <u>2018</u>        | <u>2019</u>         | <u>2018</u>         |
| Program Revenues         |                                |                     |                                 |                    |                     |                     |
| Charges for Services     | \$ 271,740                     | \$ 275,894          | \$ 429,515                      | \$ 393,293         | \$ 701,255          | \$ 669,187          |
| Grants and Contributions | 2,564,454                      | 2,034,542           | -                               | -                  | 2,564,454           | 2,034,542           |
| Other Revenue            | 168,625                        | 185,716             | 4,379                           | 4,312              | 173,004             | 190,028             |
| Interfund Transfers      | 97,179                         | 152,713             | (97,179)                        | (152,713)          | -                   | -                   |
| Total Revenues           | <u>\$ 3,101,998</u>            | <u>\$ 2,648,865</u> | <u>\$ 336,715</u>               | <u>\$ 244,892</u>  | <u>\$ 3,438,713</u> | <u>\$ 2,893,757</u> |
| Expenditures             |                                |                     |                                 |                    |                     |                     |
| Salaries and Benefits    | \$ 466,313                     | \$ 521,091          | \$ -                            | \$ -               | \$ 466,313          | \$ 521,091          |
| Project Costs            | 1,733,743                      | 1,764,994           | -                               | -                  | 1,733,743           | 1,764,994           |
| Other Operating Costs    | 232,997                        | 113,129             | -                               | -                  | 232,997             | 113,129             |
| Depreciation             | 9,089                          | 8,599               | -                               | -                  | 9,089               | 8,599               |
| Public Works             | -                              | -                   | 172,572                         | 156,086            | 172,572             | 156,086             |
| Human Service Center     | -                              | -                   | 128,826                         | 129,891            | 128,826             | 129,891             |
| Total Expenditures       | <u>\$ 2,442,142</u>            | <u>\$ 2,407,813</u> | <u>\$ 301,398</u>               | <u>\$ 285,977</u>  | <u>\$ 2,743,540</u> | <u>\$ 2,693,790</u> |
| Change in Net Position   | <u>\$ 659,856</u>              | <u>\$ 241,052</u>   | <u>\$ 35,317</u>                | <u>\$ (41,085)</u> | <u>\$ 695,173</u>   | <u>\$ 199,967</u>   |

The SRCOG's expenses cover a range of services, the largest being development projects within its members' jurisdictions.

**Analysis of Changes in Net Position**

**Governmental and Business-Type Activities**

The increase in governmental grants and contributions revenue and related project costs as reflected above represents the effects of increased funding received from the Community development Block Grant Program, Community Infrastructure Tourism Fund (CTIF) and Gaming Economic Development Tourism Fund (GEDTF) which was offset by a similar increase in project related costs for those funds. Business type activities experienced more favorable operating results than the prior year given slightly more favorability for overall expenses and similar revenues.

**STEEL RIVERS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

**Financial Analysis of the SRCOG's Individual Funds**

***Governmental Funds***

The focus of the SRCOG's Governmental Funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the SRCOG's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2019 the SRCOG's Governmental Funds reported a combined ending fund balance of \$1,187,977, an increase of \$659,235. Increase was primarily due to significant unspent funds from the Waterfront Maintenance Fund annual contributions. There is an intention to utilize these funds in future years for various repairs, maintenance and infrastructure.

***Proprietary Funds***

The SRCOG's Proprietary Funds have the same type information found in the government-wide financial statements, but in more detail. The Proprietary Funds reported a combined ending net position of \$459,237, an increase of \$35,317 in comparison to the previous year.

**Capital Assets**

The following is a summary of the changes in the SRCOG's capital assets as of December 31, 2019 and 2018:

|                          | <b>12/31/2019</b>        | <b>12/31/2018</b>        | <b>INCREASE<br/>(DECREASE)</b> |
|--------------------------|--------------------------|--------------------------|--------------------------------|
| Land                     | \$ 73,528                | \$ 73,528                | \$ -                           |
| Buildings                | 684,364                  | 640,619                  | 43,745                         |
| Equipment                | 1,259,034                | 1,106,035                | 152,999                        |
|                          | <u>\$ 2,016,926</u>      | <u>\$ 1,820,182</u>      | <u>\$ 196,744</u>              |
| Accumulated Depreciation | <u>(1,296,893)</u>       | <u>(1,376,095)</u>       | <u>79,202</u>                  |
| Net, Capital Assets      | <u><u>\$ 720,033</u></u> | <u><u>\$ 444,087</u></u> | <u><u>\$ 275,946</u></u>       |

Additional information about the SRCOG's capital assets can be found in Notes 1 and 5 of this report.

**Outstanding Debt, at Year End**

During the calendar year 2019, the Human Services Fund obtained a note payable of \$75,000 for a new HVAC system and the Public Works Fund obtained a note payable of \$268,650 for the purchase of a new street sweeper. Additional information on these loans can be found in Note 7 of this report.

**STEEL RIVERS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

**Economic Factors**

The economy of Western Pennsylvania has experienced a steady decline and the City of Pittsburgh, the principal City in the region has ongoing fiscal problems. The City's fiscal activity is currently reviewed by Boards appointed by officials of the Commonwealth of Pennsylvania. While the impact of these Boards has helped to improve the City's fiscal condition, the final resolution of these difficulties could potentially have a negative impact on the SRCOG and its members as limited governmental resources could be redirected to the City. The SRCOG will continue to be able to perform its responsibilities without any major disruptions despite the recessionary factors that are affecting the area.

**Requests for Information**

This financial report is designed to provide a general overview of the SRCOG's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be sent to the SRCOG via its website <http://www.STEELRIVERSCOG.ORG> or should be addressed to:

Steel Rivers Council of Governments  
1705 Maple Street  
Homestead, PA 15120

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

|                                           | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|-------------------------------------------|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                             |                                    |                                     |                     |
| <b>Current Assets:</b>                    |                                    |                                     |                     |
| Cash and Cash Equivalents                 | \$ 1,200,218                       | \$ 140,093                          | \$ 1,340,311        |
| Investments                               | 252                                | 67,775                              | 68,027              |
| Accounts Receivable                       | 15,691                             | 4,223                               | 19,914              |
| Due to (from) Other funds                 | -                                  | -                                   | -                   |
| Due from Tri-Cog Land Bank                | 7,899                              | -                                   | 7,899               |
| Due from Other Governmental Units         | 207,558                            | -                                   | 207,558             |
| Prepaid Expenses                          | 6,392                              | -                                   | 6,392               |
| <b>Total Current Assets</b>               | <b>\$ 1,438,010</b>                | <b>\$ 212,091</b>                   | <b>\$ 1,650,101</b> |
| <b>Noncurrent Assets:</b>                 |                                    |                                     |                     |
| Land                                      | \$ -                               | \$ 73,528                           | \$ 73,528           |
| Building (net)                            | 100,318                            | 164,683                             | 265,001             |
| Equipment (net)                           | 15,360                             | 366,144                             | 381,504             |
| <b>Total Noncurrent Assets</b>            | <b>\$ 115,678</b>                  | <b>\$ 604,355</b>                   | <b>\$ 720,033</b>   |
| <b>TOTAL ASSETS</b>                       | <b>\$ 1,553,688</b>                | <b>\$ 816,446</b>                   | <b>\$ 2,370,134</b> |
| <b>LIABILITIES</b>                        |                                    |                                     |                     |
| <b>Current Liabilities:</b>               |                                    |                                     |                     |
| Accounts Payable                          | \$ 219,930                         | \$ 9,388                            | \$ 229,318          |
| Payroll Deductions and Withholdings       | 6,557                              | -                                   | 6,557               |
| Notes Payable - Current Portion           | -                                  | 37,468                              | 37,468              |
| Due to Other Governmental Units           | 23,546                             | -                                   | 23,546              |
| Unearned Revenue                          | -                                  | 14,504                              | 14,504              |
| <b>Total Current Liabilities</b>          | <b>\$ 250,033</b>                  | <b>\$ 61,360</b>                    | <b>\$ 311,393</b>   |
| <b>Long-Term Liabilities:</b>             |                                    |                                     |                     |
| Notes Payable                             | \$ -                               | \$ 295,849                          | \$ 295,849          |
| Accrued Compensated Absences              | 8,743                              | -                                   | 8,743               |
| <b>Total Long-Term Liabilities</b>        | <b>\$ 8,743</b>                    | <b>\$ 295,849</b>                   | <b>\$ 304,592</b>   |
| <b>TOTAL LIABILITIES</b>                  | <b>\$ 258,776</b>                  | <b>\$ 357,209</b>                   | <b>\$ 615,985</b>   |
| <b>NET POSITION</b>                       |                                    |                                     |                     |
| Net Investment in Capital Assets          | \$ 115,678                         | \$ 271,038                          | \$ 386,716          |
| Restricted                                | 1,114,932                          | -                                   | 1,114,932           |
| Unrestricted                              | 64,302                             | 188,199                             | 252,501             |
| <b>TOTAL NET POSITION</b>                 | <b>\$ 1,294,912</b>                | <b>\$ 459,237</b>                   | <b>\$ 1,754,149</b> |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 1,553,688</b>                | <b>\$ 816,446</b>                   | <b>\$ 2,370,134</b> |

The accompanying notes are an integral part of these financial statements

**STEEL RIVERS COUNCIL OF GOVERNMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

| Functions/Programs                        | Expenses            | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                     |
|-------------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|---------------------|
|                                           |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-Type Activities | Total               |
| <b>Governmental Activities:</b>           |                     |                      |                                    |                                  |                                                   |                          |                     |
| Salaries and Benefits                     | \$ 466,313          | \$ 185,928           | \$ 23,833                          | \$ 7,747                         | \$ (248,805)                                      |                          | \$ (248,805)        |
| CDBG - Project/Administration Costs       | 1,033,711           | -                    | -                                  | 1,033,711                        | -                                                 |                          | -                   |
| CITF Project Costs                        | 415,388             | -                    | -                                  | 415,388                          | -                                                 |                          | -                   |
| GEDF Project Costs                        | 268,771             | -                    | -                                  | 268,771                          | -                                                 |                          | -                   |
| Other Grants - Admin Fees, etc            | 22,398              | -                    | -                                  | 65,004                           | 42,606                                            |                          | 42,606              |
| Waterfront Maintenance Project Costs      | 106,472             | 10,470               | 750,000                            | -                                | 653,998                                           |                          | 653,998             |
| Training Facility - Allegheny County      | 30,156              | 42,216               | -                                  | -                                | 12,060                                            |                          | 12,060              |
| Trainstation Expense                      | 3,533               | -                    | -                                  | -                                | (3,533)                                           |                          | (3,533)             |
| Office and Supply Expenses                | 8,370               | -                    | -                                  | -                                | (8,370)                                           |                          | (8,370)             |
| Equipment Rental                          | 1,267               | -                    | -                                  | -                                | (1,267)                                           |                          | (1,267)             |
| Professional Services                     | 38,410              | -                    | -                                  | -                                | (38,410)                                          |                          | (38,410)            |
| Telephone                                 | 6,830               | -                    | -                                  | -                                | (6,830)                                           |                          | (6,830)             |
| Insurance and Bonding                     | 14,802              | 20,420               | -                                  | -                                | 5,618                                             |                          | 5,618               |
| Travel and Meetings                       | 13,834              | 12,706               | -                                  | -                                | (1,128)                                           |                          | (1,128)             |
| Utilities                                 | 2,799               | -                    | -                                  | -                                | (2,799)                                           |                          | (2,799)             |
| Unallocated Depreciation Expense          | 9,088               | -                    | -                                  | -                                | (9,088)                                           |                          | (9,088)             |
| <b>Total Governmental Activities</b>      | <b>\$ 2,442,142</b> | <b>\$ 271,740</b>    | <b>\$ 773,833</b>                  | <b>\$ 1,790,621</b>              | <b>\$ 394,052</b>                                 |                          | <b>\$ 394,052</b>   |
| <b>Business-Type activities:</b>          |                     |                      |                                    |                                  |                                                   |                          |                     |
| Public Works                              | \$ 172,572          | \$ 199,285           | \$ -                               | \$ -                             | \$ -                                              | \$ 26,713                | \$ 26,713           |
| Human Service Center                      | 128,826             | 230,230              | -                                  | -                                | -                                                 | 101,404                  | 101,404             |
| <b>Total Business-Type Activities</b>     | <b>\$ 301,398</b>   | <b>\$ 429,515</b>    | <b>\$ -</b>                        | <b>\$ -</b>                      | <b>\$ -</b>                                       | <b>\$ 128,117</b>        | <b>\$ 128,117</b>   |
| <b>Total Primary Government</b>           | <b>\$ 2,743,540</b> | <b>\$ 701,255</b>    | <b>\$ 773,833</b>                  | <b>\$ -</b>                      | <b>\$ 394,052</b>                                 | <b>\$ 128,117</b>        | <b>\$ 522,169</b>   |
| <b>General Revenues:</b>                  |                     |                      |                                    |                                  |                                                   |                          |                     |
| Membership Dues                           |                     |                      |                                    |                                  | \$ 113,650                                        | \$ -                     | \$ 113,650          |
| Allegheny County Sales Tax                |                     |                      |                                    |                                  | 32,651                                            | -                        | 32,651              |
| Rental Income                             |                     |                      |                                    |                                  | 11,960                                            | -                        | 11,960              |
| Investment Earnings                       |                     |                      |                                    |                                  | -                                                 | 4,379                    | 4,379               |
| Interfund Transfers                       |                     |                      |                                    |                                  | 97,179                                            | (97,179)                 | -                   |
| Miscellaneous Income (Expense)            |                     |                      |                                    |                                  | 10,364                                            | -                        | 10,364              |
| <b>Total General Revenues</b>             |                     |                      |                                    |                                  | <b>\$ 265,804</b>                                 | <b>\$ (92,800)</b>       | <b>\$ 173,004</b>   |
| <b>Change in Net Position</b>             |                     |                      |                                    |                                  | <b>\$ 659,856</b>                                 | <b>\$ 35,317</b>         | <b>\$ 695,173</b>   |
| Net Position — January 1, 2019 (Restated) |                     |                      |                                    |                                  | 635,056                                           | 423,920                  | 1,058,976           |
| <b>Net Position — December 31, 2019</b>   |                     |                      |                                    |                                  | <b>1,294,912</b>                                  | <b>\$ 459,237</b>        | <b>\$ 1,754,149</b> |

The accompanying notes are an integral part of these financial statements

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

|                                                | <b>GENERAL<br/>FUND</b> | <b>CDBG<br/>FUND</b>  | <b>GRANT<br/>MANAGEMENT<br/>FUND</b> | <b>WATERFRONT<br/>TRAINING<br/>FACILITY<br/>FUND</b> | <b>WATERFRONT<br/>MAINTENANCE<br/>FUND</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|------------------------------------------------|-------------------------|-----------------------|--------------------------------------|------------------------------------------------------|--------------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                 |                         |                       |                                      |                                                      |                                            |                                         |
| Cash and Cash Equivalents                      | \$ 45,248               | \$ 510                | \$ 25,951                            | \$ 23,546                                            | \$ 1,104,963                               | \$ 1,200,218                            |
| Investments                                    | 252                     | -                     | -                                    | -                                                    | -                                          | 252                                     |
| Accounts Receivable                            | 15,691                  | -                     | -                                    | -                                                    | -                                          | 15,691                                  |
| Due From Other Funds                           | 14,774                  | -                     | -                                    | -                                                    | -                                          | 14,774                                  |
| Due from other Governmental Units              | -                       | 207,558               | -                                    | -                                                    | -                                          | 207,558                                 |
| Due from Tri-COG Land Bank                     | 7,899                   | -                     | -                                    | -                                                    | -                                          | 7,899                                   |
| Prepaid Expenses                               | 6,392                   | -                     | -                                    | -                                                    | -                                          | 6,392                                   |
| <b>TOTAL ASSETS</b>                            | <b>\$ 90,256</b>        | <b>\$ 208,068</b>     | <b>\$ 25,951</b>                     | <b>\$ 23,546</b>                                     | <b>\$ 1,104,963</b>                        | <b>\$ 1,452,784</b>                     |
| <br><b>LIABILITIES AND FUND BALANCES</b>       |                         |                       |                                      |                                                      |                                            |                                         |
| <b>LIABILITIES:</b>                            |                         |                       |                                      |                                                      |                                            |                                         |
| Accounts Payable                               | \$ 10,664               | \$ 195,830            | \$ -                                 | \$ -                                                 | \$ 13,436                                  | \$ 219,930                              |
| Payroll Deductions and Withholdings            | 6,557                   | -                     | -                                    | -                                                    | -                                          | 6,557                                   |
| Due to Other Funds                             | -                       | 12,228                | 2,546                                | -                                                    | -                                          | 14,774                                  |
| Due to Other Governments                       | -                       | -                     | -                                    | 23,546                                               | -                                          | 23,546                                  |
| <b>TOTAL LIABILITIES</b>                       | <b>\$ 17,221</b>        | <b>\$ 208,058</b>     | <b>\$ 2,546</b>                      | <b>\$ 23,546</b>                                     | <b>\$ 13,436</b>                           | <b>\$ 264,807</b>                       |
| <br><b>FUND BALANCES:</b>                      |                         |                       |                                      |                                                      |                                            |                                         |
| Nonspendable                                   | \$ 6,932                | \$ -                  | \$ -                                 | \$ -                                                 | \$ -                                       | \$ 6,932                                |
| Restricted                                     | -                       | -                     | 23,405                               | -                                                    | 1,091,527                                  | 1,114,932                               |
| Unassigned                                     | 66,103                  | 10                    | -                                    | -                                                    | -                                          | 66,113                                  |
| <b>TOTAL FUND BALANCES</b>                     | <b>\$ 73,035</b>        | <b>\$ 10</b>          | <b>\$ 23,405</b>                     | <b>\$ -</b>                                          | <b>\$ 1,091,527</b>                        | <b>\$ 1,187,977</b>                     |
| <br><b>TOTAL LIABILITIES AND FUND BALANCES</b> | <br><b>\$ 90,256</b>    | <br><b>\$ 208,068</b> | <br><b>\$ 25,951</b>                 | <br><b>\$ 23,546</b>                                 | <br><b>\$ 1,104,963</b>                    | <br><b>\$ 1,452,784</b>                 |

The accompanying notes are an integral part of these financial statements

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 1,187,977

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$403,245, and the accumulated depreciation is \$287,567. 115,678

Long term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of accrued compensated absences (8,743)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 1,294,912**

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                     | GENERAL<br>FUND   | CDBG<br>FUND        | GRANT<br>MANAGEMENT<br>FUND | WATERFRONT<br>TRAINING<br>FACILITY<br>FUND | WATERFRONT<br>MAINTENANCE<br>FUND | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|-----------------------------------------------------|-------------------|---------------------|-----------------------------|--------------------------------------------|-----------------------------------|--------------------------------|
| <b>REVENUES</b>                                     |                   |                     |                             |                                            |                                   |                                |
| COG Member Dues                                     | \$ 113,650        | \$ -                | \$ -                        | \$ -                                       | \$ -                              | \$ 113,650                     |
| CDBG (Federal Grant) - Allegheny County             | -                 | 968,972             | -                           | -                                          | -                                 | 968,972                        |
| CDBG - Local Share                                  | -                 | 64,739              | -                           | -                                          | -                                 | 64,739                         |
| CDBG Project Management                             | 57,524            | -                   | -                           | -                                          | -                                 | 57,524                         |
| CDBG Project Administration                         | 35,138            | -                   | -                           | -                                          | -                                 | 35,138                         |
| CDBG Project Reimbursements                         | 13,746            | -                   | -                           | -                                          | -                                 | 13,746                         |
| Allegheny County - CITF                             | -                 | 399,156             | -                           | -                                          | -                                 | 399,156                        |
| Allegheny County - CITF (Local Match)               | -                 | 16,232              | -                           | -                                          | -                                 | 16,232                         |
| Allegheny County - GEDF                             | -                 | 268,771             | -                           | -                                          | -                                 | 268,771                        |
| Other Grants                                        | 10,517            | 6,750               | 6,600                       | -                                          | -                                 | 23,867                         |
| Training Facility - Allegheny County                | 7,675             | -                   | -                           | -                                          | -                                 | 7,675                          |
| Allegheny County Sales Tax                          | 32,651            | -                   | -                           | -                                          | -                                 | 32,651                         |
| State Pension Aid (Act 205)                         | 23,833            | -                   | -                           | -                                          | -                                 | 23,833                         |
| Fees and Charges for Services                       | 4,167             | -                   | -                           | -                                          | -                                 | 4,167                          |
| Rental Income                                       | 11,960            | -                   | -                           | 32,894                                     | -                                 | 44,854                         |
| Meetings and Dinner                                 | 12,706            | -                   | -                           | -                                          | -                                 | 12,706                         |
| Tri-COG Land Bank Staff Reimbursement               | 127,110           | -                   | -                           | -                                          | -                                 | 127,110                        |
| Waterfront Maintenance Fund Administration/Other    | 10,470            | -                   | -                           | -                                          | -                                 | 10,470                         |
| Waterfront Maintenance Fund - Annual Contribution   | -                 | -                   | -                           | -                                          | 750,000                           | 750,000                        |
| Miscellaneous Reimbursements                        | 20,420            | -                   | -                           | -                                          | -                                 | 20,420                         |
| Miscellaneous Income                                | 11,380            | 10                  | -                           | -                                          | -                                 | 11,390                         |
| <b>Total Revenues</b>                               | <b>\$ 492,947</b> | <b>\$ 1,724,630</b> | <b>\$ 6,600</b>             | <b>\$ 32,894</b>                           | <b>\$ 750,000</b>                 | <b>\$ 3,007,071</b>            |
|                                                     | 11,410            |                     |                             |                                            |                                   |                                |
| <b>EXPENDITURES</b>                                 |                   |                     |                             |                                            |                                   |                                |
| Salaries                                            | \$ 353,008        | \$ -                | \$ -                        | \$ -                                       | \$ -                              | \$ 353,008                     |
| Payroll Taxes                                       | 26,990            | -                   | -                           | -                                          | -                                 | 26,990                         |
| Employee Benefits                                   | 85,331            | -                   | -                           | -                                          | -                                 | 85,331                         |
| CDBG - Project Costs                                | -                 | 976,187             | -                           | -                                          | -                                 | 976,187                        |
| CDBG - Project Costs - Administration               | -                 | 57,524              | -                           | -                                          | -                                 | 57,524                         |
| CTIF Project Costs                                  | -                 | 415,388             | -                           | -                                          | -                                 | 415,388                        |
| GEDF Project Costs                                  | -                 | 268,771             | -                           | -                                          | -                                 | 268,771                        |
| Other Grant Project Costs                           | 6,525             | 6,750               | 9,122                       | -                                          | -                                 | 22,397                         |
| Training Facility - Allegheny County                | 10,476            | -                   | -                           | -                                          | -                                 | 10,476                         |
| Office and Supply Expenses                          | 11,094            | -                   | -                           | -                                          | -                                 | 11,094                         |
| Equipment Rental                                    | 714               | -                   | -                           | 2,278                                      | -                                 | 2,992                          |
| Professional Services                               | 40,410            | -                   | -                           | 3,528                                      | -                                 | 43,938                         |
| Utilities                                           | 6,474             | -                   | -                           | -                                          | -                                 | 6,474                          |
| Insurance and Bonding                               | 12,533            | -                   | -                           | 2,269                                      | -                                 | 14,802                         |
| Travel and Meetings                                 | 12,763            | -                   | -                           | -                                          | -                                 | 12,763                         |
| Repairs and Maintenance                             | -                 | -                   | -                           | 21,777                                     | -                                 | 21,777                         |
| Miscellaneous                                       | 983               | -                   | -                           | 3,042                                      | -                                 | 4,025                          |
| Dues and Subscriptions                              | 1,075             | -                   | -                           | -                                          | -                                 | 1,075                          |
| Waterfront Maintenance Fund - Administration        | -                 | -                   | -                           | -                                          | 7,580                             | 7,580                          |
| Waterfront Maintenance Fund - Professional Services | -                 | -                   | -                           | -                                          | 18,327                            | 18,327                         |
| Waterfront Maintenance Fund - Repair & Maintenance  | -                 | -                   | -                           | -                                          | 52,320                            | 52,320                         |
| Waterfront Maintenance Fund - Utilities             | -                 | -                   | -                           | -                                          | 28,245                            | 28,245                         |
| Transtation Expenses                                | 3,531             | -                   | -                           | -                                          | -                                 | 3,531                          |
| <b>Total Expenditures</b>                           | <b>\$ 571,907</b> | <b>\$ 1,724,620</b> | <b>\$ 9,122</b>             | <b>\$ 32,894</b>                           | <b>\$ 106,472</b>                 | <b>\$ 2,445,015</b>            |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                   |                     |                             |                                            |                                   |                                |
| Operating Transfers In                              | \$ 114,179        | \$ -                | \$ 2,012                    | \$ -                                       | \$ -                              | \$ 116,191                     |
| Operating Transfers Out                             | (14,012)          | -                   | (5,000)                     | -                                          | -                                 | (19,012)                       |
| <b>Total Other Financing Sources</b>                | <b>\$ 100,167</b> | <b>\$ -</b>         | <b>\$ (2,988)</b>           | <b>\$ -</b>                                | <b>\$ -</b>                       | <b>\$ 97,179</b>               |
| <b>NET CHANGE IN FUND BALANCES</b>                  | <b>\$ 21,207</b>  | <b>\$ 10</b>        | <b>\$ (5,510)</b>           | <b>\$ -</b>                                | <b>\$ 643,528</b>                 | <b>\$ 659,235</b>              |
| FUND BALANCE - JANUARY 1, 2019                      | 42,618            | -                   | 28,915                      | -                                          | 447,999                           | 519,532                        |
| <b>Prior Period Adjustment</b>                      | <b>9,210</b>      | <b>-</b>            | <b>-</b>                    | <b>-</b>                                   | <b>-</b>                          | <b>9,210</b>                   |
| <b>FUND BALANCE - DECEMBER 31, 2019</b>             | <b>\$ 73,035</b>  | <b>\$ 10</b>        | <b>\$ 23,405</b>            | <b>\$ -</b>                                | <b>\$ 1,091,527</b>               | <b>\$ 1,187,977</b>            |



**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                               |           |                |
|---------------------------------------------------------------|-----------|----------------|
| <b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b> | <b>\$</b> | <b>659,235</b> |
|---------------------------------------------------------------|-----------|----------------|

Amounts reported for governmental activities in the statement of activities are different because:

|                                                                                                                                                                                                                                                                                                                           |  |       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$10,694) exceed depreciation expense (\$9,088) in the period. |  | 1,606 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|

|                                                                                                                                                                                                                                                                                                                                          |  |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
| In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year, compensated absences earned exceeded the amount paid. |  | <u>(985)</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|

|                                                          |           |                              |
|----------------------------------------------------------|-----------|------------------------------|
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b> | <b>\$</b> | <b><u><u>659,856</u></u></b> |
|----------------------------------------------------------|-----------|------------------------------|

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

|                                           | <u>PUBLIC<br/>WORKS FUND</u> | <u>HUMAN<br/>SERVICE<br/>CENTER FUND</u> |
|-------------------------------------------|------------------------------|------------------------------------------|
| <b>ASSETS</b>                             |                              |                                          |
| <b>Current Assets:</b>                    |                              |                                          |
| Cash and Cash Equivalents                 | \$ 74,997                    | \$ 65,096                                |
| Investments                               | -                            | 67,775                                   |
| Accounts Receivable                       | -                            | 4,223                                    |
| <b>Total Current Assets</b>               | <b><u>\$ 74,997</u></b>      | <b><u>\$ 137,094</u></b>                 |
| <b>Noncurrent Assets:</b>                 |                              |                                          |
| Land                                      | \$ -                         | \$ 73,528                                |
| Building (net)                            | -                            | 164,683                                  |
| Equipment (net)                           | 366,144                      | -                                        |
| <b>Total Noncurrent Assets</b>            | <b><u>\$ 366,144</u></b>     | <b><u>\$ 238,211</u></b>                 |
| <b>TOTAL ASSETS</b>                       | <b><u>\$ 441,141</u></b>     | <b><u>\$ 375,305</u></b>                 |
| <b>LIABILITIES</b>                        |                              |                                          |
| <b>Current Liabilities:</b>               |                              |                                          |
| Accounts Payable                          | \$ 923                       | \$ 8,465                                 |
| Unearned Rent                             | -                            | 14,504                                   |
| Notes payable - current portion           | 23,589                       | 13,879                                   |
| <b>Total Current Liabilities</b>          | <b><u>\$ 24,512</u></b>      | <b><u>\$ 36,848</u></b>                  |
| <b>Non-Current Liabilities:</b>           |                              |                                          |
| Notes Payable                             | \$ 238,100                   | \$ 57,749                                |
| <b>Total Non-Current Liabilities</b>      | <b><u>\$ 238,100</u></b>     | <b><u>\$ 57,749</u></b>                  |
| <b>TOTAL LIABILITIES</b>                  | <b><u>\$ 262,612</u></b>     | <b><u>\$ 94,597</u></b>                  |
| <b>NET POSITION</b>                       |                              |                                          |
| Net Investment in Capital Assets          | \$ 104,455                   | \$ 166,583                               |
| Unrestricted                              | 74,074                       | 114,125                                  |
| <b>TOTAL NET POSITION</b>                 | <b><u>\$ 178,529</u></b>     | <b><u>\$ 280,708</u></b>                 |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 441,141</u></b>     | <b><u>\$ 375,305</u></b>                 |

The accompanying notes are an integral part of these financial statements

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                | <b><u>PUBLIC<br/>WORKS FUND</u></b> | <b><u>HUMAN<br/>SERVICE<br/>CENTER FUND</u></b> |
|------------------------------------------------|-------------------------------------|-------------------------------------------------|
| <b><u>OPERATING REVENUES</u></b>               |                                     |                                                 |
| Charges for Services                           | \$ 199,285                          | \$ -                                            |
| Rental Fees                                    | -                                   | 230,230                                         |
| <b>Total Operating Revenues</b>                | <b><u>\$ 199,285</u></b>            | <b><u>\$ 230,230</u></b>                        |
| <b><u>OPERATING EXPENSES</u></b>               |                                     |                                                 |
| Employee Benefits                              | \$ 43,532                           | \$ -                                            |
| Insurance                                      | 5,449                               | 12,682                                          |
| Repairs and Maintenance                        | 52,261                              | 40,508                                          |
| Supplies                                       | 15,748                              | 6,515                                           |
| Utilities                                      | -                                   | 56,264                                          |
| Other Operating Expenses                       | 1,195                               | 114                                             |
| Depreciation                                   | 44,248                              | 11,930                                          |
| <b>Total Operating Expenses</b>                | <b><u>\$ 162,433</u></b>            | <b><u>\$ 128,013</u></b>                        |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b><u>\$ 36,852</u></b>             | <b><u>\$ 102,217</u></b>                        |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                                     |                                                 |
| Interest Income                                | \$ -                                | \$ 4,379                                        |
| Interest (Expense)                             | (8,805)                             | (813)                                           |
| Miscellaneous Income (Expense)                 | (1,334)                             | -                                               |
| Operating Transfers In                         | 26,000                              | -                                               |
| Operating Transfers (Out)                      | (38,347)                            | (84,832)                                        |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b><u>\$ (22,486)</u></b>           | <b><u>\$ (81,266)</u></b>                       |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ 14,366</b>                    | <b>\$ 20,951</b>                                |
| NET POSITION - JANUARY 1, 2019                 | 164,163                             | 254,534                                         |
| <b>Prior Period Adjustment</b>                 | <b>-</b>                            | <b>5,223</b>                                    |
| <b>NET POSITION - DECEMBER 31, 2019</b>        | <b><u>\$ 178,529</u></b>            | <b><u>\$ 280,708</u></b>                        |

The accompanying notes are an integral part of these financial statements

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                                                                               | <b><u>PUBLIC<br/>WORKS FUND</u></b> | <b><u>HUMAN<br/>SERVICE<br/>CENTER FUND</u></b> |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>                                                           |                                     |                                                 |
| User Fees Received                                                                                            | \$ 199,285                          | \$ 237,303                                      |
| Cash Payments to Suppliers for Goods and Services                                                             | (113,218)                           | (114,236)                                       |
| <b>Net Cash Provided by (Used for) Operating Activities</b>                                                   | <b><u>\$ 86,067</u></b>             | <b><u>\$ 123,067</u></b>                        |
| <b><u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</u></b>                                                   |                                     |                                                 |
| Purchase of capital assets                                                                                    | \$ (278,650)                        | \$ (51,869)                                     |
| Loan proceeds                                                                                                 | 278,650                             | 75,000                                          |
| Principal Payments                                                                                            | (16,961)                            | (3,372)                                         |
| Interest payments                                                                                             | (8,805)                             | (813)                                           |
| Non-operating adjustment                                                                                      | (1,065)                             | -                                               |
| <b>Net Cash Provided by (Used for) Capital Financing Activities</b>                                           | <b><u>\$ (26,831)</u></b>           | <b><u>\$ 18,946</u></b>                         |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>                                                |                                     |                                                 |
| Transfers from (to) Other Funds                                                                               | \$ (12,347)                         | \$ (84,832)                                     |
| <b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>                                        | <b><u>\$ (12,347)</u></b>           | <b><u>\$ (84,832)</u></b>                       |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                                   | <b>\$ 46,889</b>                    | <b>\$ 57,181</b>                                |
| Cash and Cash Equivalents - January 1, 2019                                                                   | 28,108                              | 7,915                                           |
| <b>Cash and Cash Equivalents - December 31, 2019</b>                                                          | <b><u>\$ 74,997</u></b>             | <b><u>\$ 65,096</u></b>                         |
| <b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u></b> |                                     |                                                 |
| Operating Income <Loss>                                                                                       | \$ 36,852                           | \$ 102,217                                      |
| <b>Adjustments to Reconcile Net Loss to Net Cash<br/>Provided by Operating Activities:</b>                    |                                     |                                                 |
| Depreciation                                                                                                  | 44,248                              | 11,930                                          |
| <b>Changes in Assets and Liabilities:</b>                                                                     |                                     |                                                 |
| (Increase) Decrease in Prepaid Expenses                                                                       | 4,044                               | -                                               |
| Increase (Decrease) in Accounts Payable                                                                       | 923                                 | 1,847                                           |
| Increase (Decrease) in Due to Other Funds                                                                     | -                                   | 1,000                                           |
| Increase (Decrease) in Unearned Rent                                                                          | -                                   | 7,073                                           |
| <b>Total Adjustments</b>                                                                                      | <b><u>\$ 49,215</u></b>             | <b><u>\$ 21,850</u></b>                         |
| <b>Net Cash Provided by (Used for) Operating Activities</b>                                                   | <b><u>\$ 86,067</u></b>             | <b><u>\$ 124,067</u></b>                        |

The accompanying notes are an integral part of these financial statements

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Steel Rivers (formerly known as Steel Valley) Council of Governments was incorporated on October 19, 1972 by the Commonwealth of Pennsylvania pursuant to the 1972 'Intergovernmental Cooperation Law'. Effective September 1, 2015, Steel Valley Council of Governments and the Twin Rivers Council of Governments merged their respective non-profit organizations, per the terms of a Merger Agreement dated June 4, 2015, to form the newly created Steel Rivers Council of Governments for the purpose of creating a larger combined geographic region and population to actively improve and support their member municipalities by jointly developing dynamic strategies to address regional issues.

The SRCOG's main source of funding comes from member dues, project and grant management fees, street sweeper user fees, training facility rents, community development and other grant funds passed through from Allegheny County to the SRCOG, and other state and local grant funds. As a result of the Merger Agreement, the Steel Rivers Council of Governments serves the following communities:

- Braddock Hills Borough
- City of Clairton
- Dravosburg Borough
- Homestead Borough
- City of Duquesne
- City of McKeesport
- Forward Township
- South Versailles Township
- Port Vue Borough
- Versailles Borough
- Munhall Borough
- West Elizabeth Borough
- West Homestead Borough
- Whitaker Borough
- Glassport Borough
- Liberty Borough
- Lincoln Borough
- Elizabeth Borough
- White Oak Borough

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Steel Rivers Council of Governments consists of all funds, departments, boards and agencies that are not legally separate from the SRCOG. As defined by the GASB, component units are legally separate entities that included in the SRCOG's reporting entity because of the significance of their operating or financial relationships with the SRCOG. Based on the application of these criteria, the Steel Rivers Council of Governments has no component units.

The financial position and results of operations of the above member municipalities are excluded from the accompanying financial statements because the SRCOG is not financially accountable for these municipalities nor are they fiscally dependent on the SRCOG.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the SRCOG (primary government) as a whole. The statements distinguish between those activities of the SRCOG that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for each function of the SRCOG's business-type activities and for each function of the governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues which are not classified as program revenues are presented as general revenues of the COG. These revenues, which consist of member municipality dues, Allegheny County Sales tax, and other miscellaneous revenues support the overall general governmental operations of the SRCOG and are not allocated to any particular line-item of expense. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the COG.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the SRCOG. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Major funds represent the COG's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. The General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds, if any, are segregated and presented in a single column. Fiduciary funds, if any, are reported by fund type. The SRCOG does not currently administer any fiduciary fund types.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The financial statements of the SRCOG have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements (Exhibit A and B) are prepared using the accrual basis of accounting. Governmental funds (Exhibit C and E) use the modified accrual basis of accounting. Proprietary funds (Exhibits G and H) use the accrual basis of accounting.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the SRCOG finances and meets the cash flow needs of its proprietary activities.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the SRCOG, available means expected to be received within sixty days of fiscal year-end.

Revenue resulting from non-exchange transactions, in which the SRCOG receives value without directly giving equal value in return, includes grants and contributions. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Steel Rivers Council of Governments has determined that the revenues most susceptible to accrual are those that are both 'measurable and available' at December 31, 2019. On the governmental fund financial statements, receivables that will not be collected within the 'available' period, if any, have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at December 31, 2019 are accrued payroll and vendor purchase amounts obligated on or prior to December 31, 2019.

The SRCOG's expenses are charged directly to the specific functional category as shown in the statement of activities. There are no allocations of expenses which affect more than one category in the government-wide statement of activities.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING**

The SRCOG uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain SRCOG functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the SRCOG's major governmental funds:

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - The general fund is used to account for all activities of the Steel Rivers Council of Governments not accounted for in some other fund. Income in this fund is derived mainly from member dues, Allegheny County sales tax, contract management fees from Allegheny County, and other miscellaneous fees for services. These revenues are used for general ongoing administrative services provided to member municipalities.

**CDBG FUND (SPECIAL REVENUE FUND)** – Used to account for proceeds received from specific revenue sources that are legally restricted as to purpose. The CDBG Fund is used to account for proceeds received from the Allegheny County Department of Economic Development under the Community Development Block Grant (CDBG) Program to fund various projects of the SRCOG member municipalities.

**GRANT MANAGEMENT FUND (SPECIAL REVENUE FUND)** – Established to account separately for the various grants received by SRCOG restricted for specific economic development projects.

**WATERFRONT TRAINING FACILITY FUND (SPECIAL REVENUE FUND)** – Used to account for rent proceeds received from Allegheny County for the development of an advanced police training facility.

**WATERFRONT MAINTENANCE FUND (SPECIAL REVENUE FUND)** – Used to account for annual contributions of tax revenues from Homestead Borough, Munhall Borough and West Homestead Borough to be used specifically for the costs of maintaining, repairing, and operating the public infrastructure at the Waterfront.

**PROPRIETARY FUNDS** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the SRCOG (internal service funds). The SRCOG's major and sole enterprise fund is its Public Works Fund, which currently provides street sweeper equipment to member municipalities on a fee basis. Fees charged are used for the repair and maintenance of the machinery and certain other administrative costs. The following are the SRCOG's major proprietary funds:



**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**PUBLIC WORKS FUND** – Used to account for user fees received from member municipalities for the utilization of the SRCOG street sweeper, recycling, and other equipment.

**HUMAN SERVICE CENTER FUND** – Used to account for the land, building, and improvements of the Human service Center located at 1705 Maple Avenue, Homestead, Pennsylvania. The building houses the administrative offices of the SRCOG. The SRCOG leases remaining space to other governmental units or social service agencies.

**BUDGETS**

The SRCOG is not required to prepare an annual budget under the Intergovernmental Cooperation Law. The Board of Directors adopt four (4) individual budgets including ones for the General Fund, Public Works Fund, Waterfront Training Facility Fund, and the Human Service Center Fund.

**CASH AND CASH EQUIVALENTS**

For the purposes of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**INVESTMENTS**

Investments include monies invested with Oppenheimer & Company, Inc. in money market funds, mutual funds, and certificates of deposit. These investments are authorized under the Intergovernmental Cooperation Act of 1972. Investments are stated at fair value.

**ACCOUNTS RECEIVABLE**

Accounts receivable of the SRCOG are shown at net realizable value.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS AND DEPRECIATION (Continued)**

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. With the exception of its Enterprise Funds, the SRCOG uses a capitalization threshold of \$2,000 for recording substantially all capital assets. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives for the SRCOG's classes of reported capital assets are as follows:

|                         |            |
|-------------------------|------------|
| Vehicles                | 5 Years    |
| Buildings               | 40 Years   |
| Machinery and Equipment | 5-30 Years |
| Infrastructure          | 40 Years   |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned revenue arises when the SRCOG receives resources before it has legal claim to them. This occurs when grants or other monies are received prior to the incurrence of qualifying expenses or for the calendar year intended. In subsequent periods, when both revenue recognition criteria are met, or when the SRCOG has legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**COMPENSATED ABSENCES**

The SRCOG reports compensated absences in accordance with the provisions of GASB Statement No. 16, 'Accounting for Compensated Absences'. Employees earn vacation days annually based on their seniority. Upon termination, any unused vacation time is paid at the employee's effective wage rate at the date of termination. Eligible employees can accrue up to a maximum of 100 hours of compensatory time. Upon termination, employees are paid for any unused compensatory time at the employee's effective rate of pay at the date of termination. At December 31, 2019, the entire compensated absences liability of \$8,743 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned as the likelihood of payment in the immediate calendar year with available expendable resources is not assured.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all similar obligations of the proprietary fund, if any, are reported again on the proprietary fund statement of net position.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment within 60 days of the end of the fiscal year-end, are considered to be paid with current available financial resources. Long-term obligations, if any, that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The SRCOG's General Fund and Public Works Fund are typically used to liquidate long-term liability obligations if any.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy SRCOG obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. The \$1,114,932 restricted net position represents 1) the balance of funds in the Waterfront Maintenance Fund totaling \$1,091,527 and 2) the balance of unspent grant funds held in the SRCOG Grant Management Fund totaling \$23,405.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the SRCOG's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND BALANCE**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. The \$1,114,932 restricted fund balance represents 1) the balance of funds in the Waterfront Maintenance Fund totaling \$1,091,527 and 2) the balance of unspent grant funds held in the SRCOG Grant Management Fund totaling \$23,405.
- Committed fund balance – amounts constrained to specific purposes by the SRCOG itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the SRCOG takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the SRCOG intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the SRCOG's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the SRCOG, these revenues are street sweeper, and other equipment user fee charges and rental fees. Operating expenses are the necessary costs incurred to provide the aforementioned services. Non-operating revenues of the SRCOG's proprietary funds consist of **1)** investment earnings and **2)** operating transfers from other funds. The SRCOG's main non-operating expenses are **1)** interest paid on long-term debt obligations during the calendar year and **2)** operating transfers to other funds.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the COG's 2019 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on the COG's financial statements.

GASB Statement No. 88, '*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*'. The primary objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt (See Note 8).

**PENDING GASB PRONOUNCEMENTS**

GASB Statement No. 83, '*Certain Asset Retirement Obligations*'. The primary objective of this Statement is to provide financial statement users with information about 'asset retirement obligations (ARO) that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. The provisions of this Statement are effective for the COG's December 31, 2020 financial statements.

GASB Statement No. 84, '*Fiduciary Activities*'. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the COG's December 31, 2020 financial statements.

GASB issued Statement No. 87, '*Leases*'. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the COG's December 31, 2022 financial statements.

GASB Statement No. 89, '*Accounting for Interest Cost Incurred before the end of a Construction Period*'. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs. The provisions of this Statement are effective for the COG's December 31, 2021 financial statements.

GASB Statement No. 90, '*Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*'. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for the COG's December 31, 2020 financial statements.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

GASB Statement No. 91, '*Conduit Debt Obligations*'. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for the COG's December 31, 2022 financial statements.

GASB Statement No. 92, '*Omnibus 2020*'. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statement Nos. 73, 74, 84, and 87. In addition the Statement addresses various topics and includes specific provisions concerning the following:

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (ARO) in a government acquisition
- Reporting by entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The provisions of this Statements are effective for the COG's December 31, 2021 and December 31, 2022 financial statements.

GASB Statement No. 93, '*Replacement of Interbank Offered Rates*'. The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an interbank offering rate (IBOR). The provisions of this Statement are effective for the COG's December 31, 2022 financial statements.

GASB Statement No. 94, '*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*'. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of this Statement are effective for the COG's December 31, 2023 financial statements.

The implementation dates of the aforementioned pending GASB Statements have been updated to include the delayed implementation dates as set forth in recently issued (May 2020) GASB Statement No. 95. The effects of implementing these Statements on the COG's financial statements have not yet been determined.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

The following represents the bank balance and carrying value for the Steel Rivers Council of Governments cash and cash equivalents at December 31, 2019:

|                            | <u>Bank<br/>Balance</u> | <u>Carrying<br/>Value</u> |
|----------------------------|-------------------------|---------------------------|
| <b>Governmental Funds:</b> |                         |                           |
| General Fund               | \$ 62,005               | \$ 45,248                 |
| Special Revenue Funds      | 1,155,007               | 1,154,970                 |
|                            | <u>\$ 1,217,012</u>     | <u>\$ 1,200,218</u>       |
| <b>Proprietary Funds:</b>  |                         |                           |
| Public Works Fund          | \$ 77,979               | \$ 74,997                 |
| Human Service Center Fund  | 71,772                  | 65,096                    |
|                            | <u>\$ 149,751</u>       | <u>\$ 140,093</u>         |

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks, and petty cash. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the SRCOG's deposits may not be returned to it. As of December 31, 2019, \$1,116,763 of the SRCOG's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the SRCOG's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The fair value and maturity term of SRCOG's investments as of December 31, 2019 are as follows:

|                            | <u>Fair Value</u> | <u>No Stated<br/>Maturity</u> |
|----------------------------|-------------------|-------------------------------|
| <b>Governmental Funds:</b> |                   |                               |
| Money Market/Mutual Funds  | <u>\$ 252</u>     | <u>\$ 252</u>                 |
| <b>Proprietary Fund:</b>   |                   |                               |
| Money Market/Mutual Funds  | <u>\$ 67,775</u>  | <u>\$ 67,775</u>              |

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the counterparty, the SRCOG will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The SRCOG's Oppenheimer investments in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Fair Value Measurements:**

The SRCOG's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes

**Level 2** – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data

**Level 3** – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

The following schedule presents the Investments of the SRCOG by level within the fair value hierarchy:

|              | <b>Value</b>       | <b>Fair Value Measurements</b> |                |                |
|--------------|--------------------|--------------------------------|----------------|----------------|
|              | <b>at 12/31/19</b> | <b>Level 1</b>                 | <b>Level 2</b> | <b>Level 3</b> |
| Mutual Funds | \$ 68,027          | \$ 68,027                      | \$ -           | \$ -           |

**NOTE 3 – INTER-FUND RECEIVABLES/PAYABLES**

Inter-fund receivables and payables as reflected on the governmental funds balance sheet (Exhibit C) are as follows:

|                       | <b><u>RECEIVABLE</u></b> | <b><u>PAYABLE</u></b>   |
|-----------------------|--------------------------|-------------------------|
| General Fund          | \$ 14,774                | \$ -                    |
| CDBG Fund             | -                        | 12,228                  |
| Grant Management Fund | -                        | 2,546                   |
|                       | <b><u>\$ 14,774</u></b>  | <b><u>\$ 14,774</u></b> |



**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 – INTER-FUND RECEIVABLES/PAYABLES (CONTINUED)**

Governmental type ‘inter-fund’ obligations have been eliminated in the government-wide statement of net position. Inter-fund obligations between governmental activities and business-type activities are shown net on the statement of net position as part of the line-item ‘internal balances’. The inter-fund liability between the General Fund, CDBG Fund and Grant Management Fund represents operating costs paid in advance by the General Fund. During calendar year 2019, various transfers were made between funds for reimbursement of operating costs. These transfers are reflected by Fund on Exhibit E and Exhibit H in the accompanying financial statements.

**NOTE 4 – DUE FROM/TO OTHER GOVERNMENTAL UNITS**

Due from other governmental units of \$207,558 represents Community Development Block Grant and Community Infrastructure Tourism Funds due from Allegheny County in connection with the SRCOG’s various community development projects. Due to other governmental units of \$23,546 represents monies due back to the District Attorney’s office as the Waterfront training facility fund is being closed in 2020.

**NOTE 5 – FIXED ASSETS**

A summary of the changes in the SRCOG fixed assets during the year ended December 31, 2019 is as follows:

|                            | <b>Balance<br/>12/31/19</b> | <b>Additions &amp;<br/>Adjustments</b> | <b>&lt;Deletions&gt;</b> | <b>Balance<br/>12/31/19</b> |
|----------------------------|-----------------------------|----------------------------------------|--------------------------|-----------------------------|
| <b>Governmental Funds:</b> |                             |                                        |                          |                             |
| Building                   | \$ 205,685                  | \$ 10,693                              | \$ -                     | \$ 216,378                  |
| Equipment                  | 186,866                     | -                                      | -                        | 186,866                     |
| Accumulated Depreciation   | (278,478)                   | (9,088)                                | -                        | (287,566)                   |
|                            | <b><u>\$ 114,073</u></b>    | <b><u>\$ 1,605</u></b>                 | <b><u>\$ -</u></b>       | <b><u>\$ 115,678</u></b>    |
| <b>Proprietary Funds:</b>  |                             |                                        |                          |                             |
| Land                       | \$ 73,528                   | \$ -                                   | \$ -                     | \$ 73,528                   |
| Building                   | 434,934                     | 51,869                                 | -                        | 486,803                     |
| Equipment                  | 919,169                     | 278,650                                | -                        | 1,197,819                   |
| Accumulated Depreciation   | (1,097,617)                 | (56,178)                               | -                        | (1,153,795)                 |
|                            | <b><u>\$ 330,014</u></b>    | <b><u>\$ 274,341</u></b>               | <b><u>\$ -</u></b>       | <b><u>\$ 604,355</u></b>    |

Depreciation expense of \$9,088 related to the governmental funds was charged to unallocated depreciation expense on the statement of activities (Exhibit B).

**NOTE 6 – UNEARNED REVENUE**

Unearned revenue totaling \$14,504 for the Human Service Center Fund represents prepaid rents for January of 2020.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 – DIRECT BORROWINGS- NOTES PAYABLE**

**COMMONWEALTH BANK NOTE #1**

On September 27, 2019, the Steel Rivers Council of Governments entered into a loan agreement with First Commonwealth Bank in the amount of \$75,000 to be used to purchase a new heating and air conditioning system for the Human Services Fund building. The loan calls for monthly principal and interest payments of \$1,395 at an interest rate of 4.336%. The loan is scheduled to mature in September of 2024.

**DEFAULT AND OTHER ADVERSE PROVISIONS**

Upon the occurrence of default, if not cured in a timely manner as specified by the loan agreement, the lender may take the following actions: 1.) Collect rents and/or take possession of collateral property; 2.) Appoint a receiver who will have the power to protect and preserve the collateral property; and 3.) Initiate a judicial foreclosure and/or similar remedies on the property free of most legal impediments.

In the event of a prepayment of principal, if the funds are obtained from another financial institution, the borrower must pay a penalty equal to 2% of the principal amount outstanding at the time of the prepayment.

**COMMONWEALTH BANK NOTE #2**

On April 8, 2019, the Steel Rivers Council of Governments entered into a loan agreement with First Commonwealth Bank in the amount of \$278,650 to be used to purchase a new street sweeper for the Public Works Fund. The loan calls for monthly principal and interest payments of \$2,863 at an interest rate of 4.25%. The loan is scheduled to mature in April of 2029.

**DEFAULT PROVISIONS**

Upon the occurrence of default, the unpaid principal balance plus any accrued interest and other sums payable under the agreement, shall become due and payable immediately without further notice to the Steel Rivers Council of Governments. Further, the note shall bear interest at the default interest rate (4% plus state interest rate) from the date of occurrence and the lender may exercise any of the rights and remedies available under the loan documents or under applicable law.

A schedule of the December 31, 2019 debt service requirements on the direct borrowings is as follows:

| <b>Year End<br/>31-Dec</b> | <b>2019</b>             |                        | <b>2019</b>              |                         | <b>Total</b>             |
|----------------------------|-------------------------|------------------------|--------------------------|-------------------------|--------------------------|
|                            | <b>Principal</b>        | <b>Interest</b>        | <b>Principal</b>         | <b>Interest</b>         |                          |
| 2020                       | \$ 13,879               | \$ 2,832               | \$ 23,589                | \$ 10,665               | \$ 50,965                |
| 2021                       | 14,494                  | 2,218                  | 24,613                   | 9,640                   | 50,965                   |
| 2022                       | 15,135                  | 1,577                  | 25,680                   | 8,573                   | 50,965                   |
| 2023                       | 15,804                  | 908                    | 26,793                   | 7,460                   | 50,965                   |
| 2024                       | 12,316                  | 223                    | 27,954                   | 6,299                   | 46,792                   |
| 2025 to 2029               | -                       | -                      | 133,060                  | 12,605                  | 145,665                  |
|                            | <b><u>\$ 71,628</u></b> | <b><u>\$ 7,758</u></b> | <b><u>\$ 261,689</u></b> | <b><u>\$ 55,242</u></b> | <b><u>\$ 396,317</u></b> |

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 – DIRECT BORROWINGS (CONTINUED)**

The following represents the changes in the Steel Rivers Council of Governments direct borrowings during the 2019 year

|                        | <u>1/1/2019</u> | <u>Additions</u>  | <u>Reductions</u> | <u>12/31/2019</u> | <u>Due Within<br/>One Year</u> |
|------------------------|-----------------|-------------------|-------------------|-------------------|--------------------------------|
| Commonwealth Bank Note | \$ -            | \$ 75,000         | \$ 3,372          | \$ 71,628         | \$ 13,879                      |
| Commonwealth Bank Note | -               | 278,650           | 16,961            | 261,689           | 23,589                         |
|                        | <b>\$ -</b>     | <b>\$ 353,650</b> | <b>\$ 20,333</b>  | <b>\$ 333,317</b> | <b>\$ 37,468</b>               |

**NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN**

The Steel Rivers Council of Governments provides a defined contribution pension plan (Plan) for fulltime employees with plan assets invested with Oppenheimer & Company, Inc. SRCOG is required to contribute 8% of each eligible participant's compensation to the Plan. Employees are required to contribute 3% of their gross wages to the Plan. Employer contributions to the Plan totaled \$26,990 for calendar year 2019. Total plan assets as of December 31, 2019 was \$642,498.90.

**NOTE 9 - COMMITMENTS AND CONTINGENT LIABILITIES**

The Steel Rivers Council of Governments federally and state grant funded programs are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The SRCOG is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 10 – RISK MANAGEMENT**

The Steel Rivers Council of Governments is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 11 – FUNDING CONCENTRATION**

The Steel Rivers Council of Governments received \$968,972 from the Allegheny County Community Development Block Grant (CDBG) Program during calendar year 2019. Of this amount, approximately \$57,524 represents project management fees transferred to the SRCOG General Fund as reimbursement for personnel costs to operate the program. These funds represent a significant portion of funding for the SRCOG. Although the SRCOG receives funding from other sources to operate various programs, a decline in CDBG funding could adversely impact the ability to provide certain general services to member municipalities.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 12 – PRIOR PERIOD ADJUSTMENTS**

The prior period adjustment totaling \$9,210 to the fund balance of the COG's General Fund as reflected on Exhibit E, and the net position of the COG's Governmental Activities, as reflected on Exhibit B, represents an adjustment to receivables as of January 1, 2019. The prior period adjustment totaling \$5,223 to the fund balance of the COG's Human Services Center Fund, as reflected on Exhibit H, and the net position of the COG's Business-Type Activities, as reflected on Exhibit B, represents an adjustment to receivables of \$4,223 and an adjustment to due to other funds of \$1,000 as of January 1, 2019 respectively.

**NOTE 13 – SUBSEQUENT EVENTS**

Early in 2020, a new strain of the coronavirus (COVID-19) spread through China as well as other countries including the United States. The impact of the virus varies from region to region and from day to day, and any significant additional spreading of the virus could adversely affect the Township of Robinson's business. The outbreak of the COVID-19 virus is likely to have a further negative impact in 2020 on the global and local economy and, in the future, might impact the Township of Robinson's financial results in 2020 and beyond. Given the dynamic nature of this outbreak, however, the extent to which the COVID-19 virus impacts the Steel River Council of Governments' results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

Management has determined that there are no other events subsequent to December 31, 2019 through the August 25, 2020 date of the 'Independent Auditor's Report, which is the date the financial statements were available to be issued, that require disclosure in the financial statements.

**STEEL RIVERS  
COUNCIL OF GOVERNMENTS**

***AS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE***

**Mark C. Turnley**

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Certified Public Accountant

**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 Management and Board of Directors  
Steel Rivers Council of Governments**

I 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Steel Rivers Council of Governments as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Steel Rivers Council of Governments' basic financial statements, and have issued my report thereon dated August 25, 2020.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Steel Rivers Council of Governments' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Steel Rivers Council of Governments' internal control. Accordingly, I do not express an opinion on the effectiveness of the Steel Rivers Council of Governments' 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 Steel Rivers Council of Governments' 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

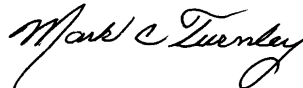
**To the Board of Directors  
Steel Rivers Council of Governments**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Steel Rivers Council of Governments' financial statements are free of material misstatement, I 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Steel Rivers Council of Governments' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Steel Rivers Council of Governments' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mark C. Turnley  
Certified Public Accountant

August 25, 2020  
New Brighton, Pennsylvania

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors  
Steel Rivers Council of Governments**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

I have audited the Steel Rivers Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Steel Rivers Council of Governments' major federal programs for the year ended December 31, 2019. The Steel Rivers Council of Governments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the Steel Rivers Council of Governments' major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Steel Rivers Council of Governments' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on the Steel Rivers Council of Governments' compliance.

**Opinion on Each Major Federal Program**

In my opinion, Steel Rivers Council of Governments complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.



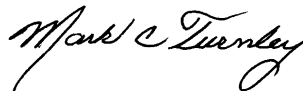
## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of Steel Rivers Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Steel Rivers Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Steel Rivers Council of Governments' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Mark C. Turnley  
Certified Public Accountant

August 25, 2020  
New Brighton, Pennsylvania

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| <u>FEDERAL GRANTOR/ PROJECT TITLE</u>                               | <u>FEDERAL<br/>FUNDING<br/>SOURCE</u> | <u>PASS<br/>THROUGH<br/>CFDA<br/>NUMBER</u> | <u>TOTAL<br/>GRANTOR<br/>NUMBER</u> | <u>EXPENDED<br/>2019</u> |
|---------------------------------------------------------------------|---------------------------------------|---------------------------------------------|-------------------------------------|--------------------------|
| <b><u>U.S. DEPARTMENT of HOUSING AND<br/>URBAN DEVELOPMENT:</u></b> |                                       |                                             |                                     |                          |
| <b>Passed through County of Allegheny:</b>                          |                                       |                                             |                                     |                          |
| Community Development Block Grant<br>Program                        | Indirect                              | 14.218                                      | N/A                                 | <u>\$ 968,972</u>        |
| <b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>            |                                       |                                             |                                     | <b><u>\$ 968,972</u></b> |
| <b>TOTAL FEDERAL AWARDS</b>                                         |                                       |                                             |                                     | <b><u>\$ 968,972</u></b> |

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2019**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Steel Rivers Council of Governments for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance – UGG)*. Because the Schedule presents only a selected portion of the operations of the Steel Rivers Council of Governments, it is not intended to and does not present the financial position or changes in net position of the Steel Rivers Council of Governments. No funds have been passed through to subrecipients.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are presented using the accrual method of accounting. Under this method, grant revenue is recognized to the extent expenditures are incurred. Expenditures are recognized when the liability for the expenditure is incurred rather than when the disbursement is actually made.

The federal expenditures are recognized, as applicable, under the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal financial award revenues are included in the financial statements on page 5 (Exhibit E) – statement of revenues, expenditures and changes in fund balances.

**NOTE 4 – FEDERAL GRANT RECEIVABLES**

Federal grants receivable are included as part of 'due from other governments' in Exhibit A and Exhibit C as referenced in Note 4 to the Financial Statements.

**NOTE 5 – INDIRECT COST RATE**

The Steel Rivers Council of Governments has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes   X  no
- Significant deficiency(ies) identified? \_\_\_yes   X  no

Noncompliance material to financial statements noted? \_\_\_yes   X  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes   X  no
- Significant deficiency(ies) identified? \_\_\_yes   X  no

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_yes   X  no

Identification of major programs:

| <u>CFDA number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-------------------------------------------|
| 14.218                | Community Development Block Grant Program |

The dollar threshold for distinguishing type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X  yes \_\_\_no

**Section II – Financial Statement Findings**

Findings related to the financial statements which are required to be report in accordance with Government Auditing Standards.

None

**Section III – Federal Award Findings and Questioned Costs**

Findings and questioned costs related to Federal Awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

None

**STEEL RIVERS COUNCIL OF GOVERNMENTS**  
**STATUS OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDING DECEMBER 31, 2019**

The audit report of the Steel Rivers Council of Governments for the year ended December 31, 2018, dated November 4, 2019, contained no audit findings.