

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor’s Report	1-3
Management Discussion and Analysis.....	4-7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis.....	8
Statement of Activities – Modified Cash Basis	9
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis – Governmental Funds	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	11
Statement of Net Position – Proprietary Fund – Modified Cash Basis	12
Statements of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis – Proprietary Fund	13
Statement of Cash Flows – Modified Cash Basis – Proprietary Fund.....	14-15
Statement of Fiduciary Net Position – Modified Cash Basis – Agency Fund.....	16
Notes to Basic Financial Statements.....	17-22
Additional Information – Schedule of Expenditures of Federal Awards:	
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards.....	24
Other Reports of Independent Certified Public Accountants:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance	27-28
Schedule of Findings and Questioned Costs	29-30
Schedule of Prior Audit Findings.....	31



CASE | SABATINI

PROFESSIONAL ACCOUNTING,
CONSULTING & BUSINESS
ADVISORY SERVICES

Independent Auditor's Report

October 28, 2019

To the Board of Directors
Turtle Creek Valley Council of Governments, Inc.
Monroeville, Pennsylvania

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Turtle Creek Valley Council of Governments, Inc., as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Turtle Creek Valley Council of Governments, Inc., basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Turtle Creek Valley Council of Governments, Inc.'s management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity's 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund of the Turtle Creek Valley Council of Governments, Inc., as of December 31, 2018, and the respective changes in financial position - modified cash basis and, where applicable, cash flows thereof for the year then ended on the basis of accounting described in Note A.

Basis of Accounting

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

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 4 through 7 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Turtle Creek Valley Council of Governments, Inc.'s basic financial statements. The Schedule of Expenditures of Federal Awards, required by audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for the purposes of additional analysis and is not a required part of the 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 our 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*, we have also issued our report dated October 28, 2019 on our consideration of Turtle Creek Valley Council of Governments, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Turtle Creek Valley Council of Governments, Inc.'s internal control over financial reporting and compliance.

Case | Sabatini

Certified Public Accountants
Pittsburgh, Pennsylvania

CASE | SABATINI ▶ P.O. BOX 10885 ▶ WHITEHALL TOWERS ▶ 470 STREETS RUN ROAD ▶ PITTSBURGH, PA 15236-2023
TELEPHONE: (412) 881-4411 ▶ FAX: (412) 881-4421 ▶ WEB: WWW.CASESABATINI.COM

PITTSBURGH ▶ WEXFORD ▶ PALM BEACH

Members of the American and Pennsylvania Institute of Certified Public Accountants

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

As management of the Turtle Creek Valley Council of Governments, Inc. (the “COG”), we offer readers of the COG’s financial statements this narrative overview and analysis of the financial activities of the COG for the year ended December 31, 2018. This Management Discussion and Analysis should be read with the accompanying financial statements and notes in order to obtain a thorough understanding of the COG’s financial condition at December 31, 2018.

Financial Highlights

- The COG continues to successfully administer federal funding for development projects within its member’s communities. Expenditures for these projects during 2018 were \$2,076,443 funded by federal Community Development Block Grants and local contributions.
- The COG maintains a Vactor service available to member towns at an affordable daily rate compared to the private sector. The Vactor is an expensive piece of equipment that helps communities to comply with federal mandates for sewer maintenance. In 2018, the program generated \$1,412 in service fees, which were used to pay costs associated with the program.
- The COG administers a joint public works department that provides basic service to the boroughs of Braddock and Rankin.
- The COG engages in numerous other activities throughout the year including regular meetings with municipal managers and police chiefs 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 COG’s basic financial statements. The COG’s basic financial statements are comprised of 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 COG’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* provides information showing how the COG’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 COG are general government, community development block grant, and public works fund.

The government-wide financial statements can be found on pages 8-9 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 COG, 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 COG 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 COG maintains three 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) and public works fund.

The basic governmental funds financial statements can be found on pages 10-11 of this report.

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Proprietary funds. This fund group is used to account for business-type activities which are financed in part by fees charged to external parties for rental of the Vactor truck. The only business-type fund is the Case fund.

The proprietary fund financial statements can be found on pages 12-15 of this report.

Agency fund. The COG maintains one type of agency fund. The COG uses an agency fund to account for the monies owed to different municipalities for their sewage and refuse collection.

The agency fund's financial statement can be found on page 16 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 17-24 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 COG, total assets exceeded total liabilities by \$749,294 at December 31, 2018 and \$750,328 at December 31, 2017.

Turtle Creek Valley Council of Government Inc.'s Statement of Net Position

The following is a summary of the COG Inc.'s Statement of Net Position as of December 31, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and Other Assets	\$ 661,370	\$ 619,848	\$ 92,461	\$ 139,831	\$ 753,830	\$ 759,679
Total Assets	661,370	619,848	92,461	139,831	753,830	759,679
LIABILITIES						
Other Liabilities	4,539	9,352	-	-	4,539	9,352
Deferred Revenues	-	-	-	-	-	-
Total Liabilities	4,539	9,352	-	-	4,539	9,352
NET POSITION						
Restricted	201	201	-	-	201	201
Unrestricted	656,632	610,296	92,461	139,831	749,093	750,127
Total Net Position	<u>\$ 656,833</u>	<u>\$ 610,497</u>	<u>\$ 92,461</u>	<u>\$ 139,831</u>	<u>\$ 749,294</u>	<u>\$ 750,328</u>

The COG continues to maintain significant balances of net position. Unrestricted net position in the governmental activities represents assets available to fund general activities of the COG. The COG is well positioned to fulfill its mission without incurring significant liabilities.

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Changes in Net Position

The COG's total net position increased by \$1,033 for the year ended December 31, 2018 and increased by \$100,924 for the year ended December 31, 2017. The COG expends community development block grant funds on behalf of member governments. The COG is subcontracted by the grantor, the Allegheny County Department of Economic Development, to administer the programs.

Turtle Creek Council of Government Inc.'s Statement of Activities

The following summarizes the COG Inc.'s Statement of Activities for the years ended December 31, 2018 and 2017:

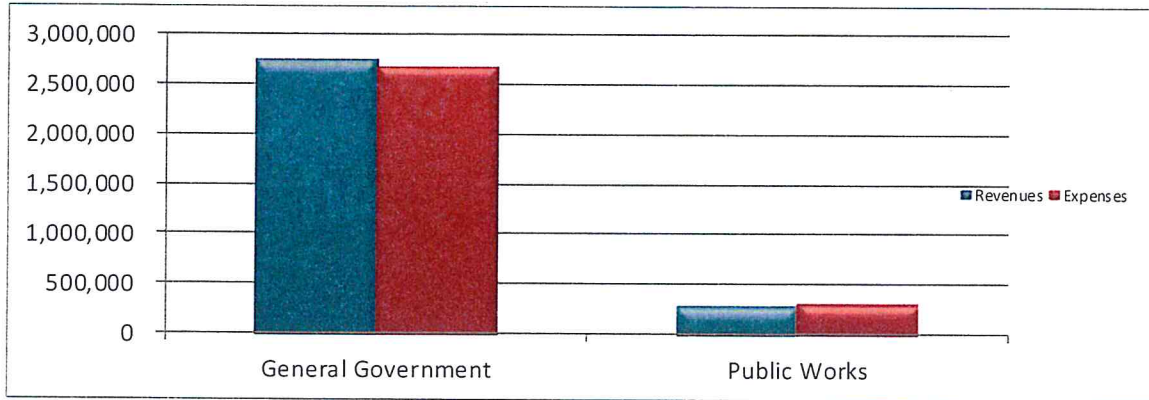
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for Services	\$ 865,242	\$ 877,430	\$ 1,412	\$ 97,527	\$ 866,654	\$ 974,957
Grants and Contributions	2,119,338	2,729,158	-	-	2,119,338	2,729,158
Other Non Operating Revenue	29,519	24,316	3,153	3,276	32,672	27,592
Total Revenues	3,014,099	3,630,904	4,565	100,803	3,018,664	3,731,707
Program Expenditures						
General Government	605,116	579,732	-	-	605,116	579,732
Public works	286,204	244,023	-	-	286,204	244,023
Community Development	2,076,443	2,721,658	-	-	2,076,443	2,721,658
Case Fund	-	-	51,934	85,370	51,934	85,370
Total Expenditures	2,967,763	3,545,413	51,934	85,370	3,019,697	3,630,783
Increase (Decrease) in Net Position Before Transfers						
	46,336	85,491	(47,369)	15,433	(1,033)	100,924
	46,336	85,491	(47,369)	15,433	(1,033)	100,924
Transfers						
	-	-	-	-	-	-
Increase (Decrease) in Net Position	46,336	85,491	(47,369)	15,433	(1,033)	100,924
Net Position - Beginning	610,497	525,006	139,831	124,398	750,328	649,404
Net Position- Ending	\$ 656,833	\$ 610,497	\$ 92,462	\$ 139,831	\$ 749,295	\$ 750,328

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

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Analysis of Changes in Net Position
Governmental Activities

Governmental Activities increased the COG's net position by \$46,335 for the year ended December 31, 2018. The following chart shows the extent to which each function of the COG is self-financing.



Financial Analysis of the COG's Individual Funds

Governmental Funds

The focus of the COG's Governmental Funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the COG's financing requirements. In particular, unreserved 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, 2018 the COG's Governmental Funds reported a combined ending fund balance of \$656,833, an increase of \$46,336.

Proprietary Funds

The COG's Business-Type Fund provides access to the Vactor truck for members to rent at a modest fee. At December 31, 2018 the COG's Business-Type Fund reported an ending fund balance of \$92,462, a decrease of \$47,369.

Economic Factors

The COG has maintained positive growth despite a weak economic environment.

Requests for Information

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

Executive Director
Turtle Creek Valley Council of Governments, Inc.
2700 Monroeville Boulevard
Monroeville, PA 15146

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2018**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 486,696	\$ 92,461	\$ 579,157
Restricted Cash	34,185	-	34,185
Investments	140,489	-	140,489
Internal Balances	-	-	-
Total Assets	\$ 661,370	\$ 92,461	\$ 753,831
LIABILITIES			
Payroll Withholdings and Related Liabilities	4,539	-	4,539
Total Liabilities	4,539	-	4,539
NET POSITION			
Restricted	201	-	201
Unrestricted	656,632	92,462	749,094
Total Net Position	\$ 656,833	\$ 92,462	\$ 749,295

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 605,116	\$ 582,917	\$ 42,895	\$ -	\$ 20,696	\$ -	\$ 20,696
Community Development	2,076,443	-	2,076,443	-	-	-	-
Public Works	286,204	282,325	-	-	(3,879)	-	(3,879)
Total Governmental Activities	\$ 2,967,763	\$ 865,242	\$ 42,895	\$ 2,076,443	\$ 16,817	\$ -	\$ 16,817
Business-Type Activities:							
Case Fund	\$ 51,934	\$ 1,412	\$ -	\$ -	\$ -	\$ (50,522)	\$ (50,522)
General Revenues:							
Investment Income					3,168	-	3,168
Miscellaneous Income					26,351	3,153	29,504
Total General Revenues					29,519	3,153	32,672
Change in Net Position							
					46,336	(47,369)	(1,033)
Net Position - Beginning							
					610,497	139,831	750,329
Net Position - Ending							
					\$ 656,833	\$ 92,462	\$ 749,297

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

BALANCE SHEET – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Community Development Block Grant Fund	Public Works Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 367,682	\$ 201	\$ 118,813	\$ 486,696
Restricted Cash	34,185	-	-	34,185
Investments	140,489	-	-	140,489
Due from other funds	-	-	-	-
Total Assets	<u>\$ 542,356</u>	<u>\$ 201</u>	<u>\$ 118,813</u>	<u>\$ 661,370</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred Revenues	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Payroll Withholdings and Related Liabilities	4,539	-	-	4,539
Total Liabilities	\$ 4,539	\$ -	\$ -	\$ 4,539
Fund Balances:				
Restricted for:				
Community Development Block Grant	\$ -	\$ 201	\$ -	\$ 201
Committed for:				
Compensated Absences	34,185	-	-	34,185
Unassigned	503,632	-	118,813	622,445
Total Fund Balances	<u>537,817</u>	<u>201</u>	<u>118,813</u>	<u>656,831</u>
Total Liabilities and Fund Balances	<u>\$ 542,356</u>	<u>\$ 201</u>	<u>\$ 118,813</u>	<u>\$ 661,370</u>

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2018

	General Fund	Community Development Block Grant	Public Works Fund	Total Governmental Funds
REVENUES				
COG Member Dues	\$ 87,210	\$ -	\$ -	\$ 87,210
Fees Collected	146,232	-	256,525	402,757
CD Advertising	1,541	-	-	1,541
Administration	49,962	-	-	49,962
Annual Dinner	4,150	-	-	4,150
RAD Administration Fees	63,260	-	-	63,260
Code Enforcement	232,567	-	-	232,567
Grant Revenues	16,000	2,076,443	-	2,092,443
Interest Income	3,168	-	-	3,168
Miscellaneous Revenues	69,355	-	18,580	87,935
Total Revenues	673,445	2,076,443	275,105	3,024,993
EXPENDITURES				
Wages and Salaries	345,350	-	137,100	482,450
Employee Benefits	96,170	-	37,149	133,319
Office Expenses	45,018	-	-	45,018
Grant Administration	-	-	12,000	12,000
Grant Expenses	-	-	-	-
Insurance and Bonding	7,136	-	11,037	18,173
Rent	16,200	-	-	16,200
Equipment Maintenance	5,942	-	-	5,942
Public Works Expenses	-	2,076,443	96,132	2,172,575
Travel	3,273	-	-	3,273
Dues and Subscriptions	1,745	-	-	1,745
Dinners and Conferences	10,612	-	-	10,612
Legal Services	4,395	-	-	4,395
Contracted Billing Expenses	43,800	-	-	43,800
CD Advertising	3,081	-	-	3,081
COG Advertising	-	-	-	-
Accounting and Auditing	5,722	-	-	5,722
Miscellaneous	(15,459)	-	3,607	(11,852)
Computer Expenses	32,204	-	-	32,204
Total Expenditures	605,189	2,076,443	297,025	2,978,657
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	68,256	-	(21,920)	46,336
OTHER FINANCING SOURCES (USES)				
Transfer - In	-	-	-	-
Transfer - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	68,256	-	(21,920)	46,336
Fund Balances - Beginning	469,564	201	140,733	610,498
Fund Balances - Ending	\$ 537,820	\$ 201	\$ 118,813	\$ 656,834

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

STATEMENT OF NET POSITION
PROPRIETARY FUND - MODIFIED CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2018

	<u>Case Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 92,461
	<hr/>
Total Assets	\$ 92,461
	<hr/> <hr/>
LIABILITIES	
Current Liabilities:	
Due to General Fund	\$ -
	<hr/>
Total Liabilities	\$ -
	<hr/> <hr/>
NET POSITION	
Unrestricted	\$ 92,461
	<hr/>
Total Net Position	\$ 92,461
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUND
FOR YEAR ENDED DECEMBER 31, 2018**

	Case Fund
REVENUES	
Charges for Services	\$ 1,412
Total Operating Revenues	1,412
 OPERATING EXPENSES	
Wages and Salaries	160
Employee Benefits	1,892
Insurance	-
Fuel	-
Repairs and Maintenance	39,383
Utilities	2,300
Administration	5,000
Miscellaneous	3,200
Depreciation	-
Total Operating Expenses	51,935
Operating Income	(50,523)
 NON-OPERATING REVENUES (EXPENSES)	
Debt Principal	-
Debt interest	-
Miscellaneous Income	3,153
Interfund Transfers	-
Sale of Assets	-
Total Non-Operating Revenue (Expenses)	3,153
Change in Net Position	(47,370)
Total Net Position - Beginning	139,831
Total Net Position - Ending	\$ 92,461

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
 PROPRIETARY FUND
 FOR YEAR ENDED DECEMBER 31, 2018**

	Case Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,412
Cash Payments for Salaries and Employee Benefits	(2,052)
Cash Payments for Other Operating Expenses	(49,883)
	(50,523)
 Cash Flows from Noncapital Financing Activities:	
Interfund Loan	
Net Cash Provided by Noncapital Financing Activities	-
 Cash Flows from Capital Financing Activities:	
Proceeds from Sale of Assets	-
Purchase of Capital Assets	-
Principal Paid on Capital Debt	-
Interest Paid on Capital Debt	-
Net Cash Used in Capital Financing Activities	-
 Cash Flows from Investing Activities:	
Other income	3,153
Net Cash Provided by Investing Activities	3,153
 Net Increase in Cash and Cash Equivalents	(47,370)
 Cash and Cash Equivalents - Beginning of Year	139,831
 Cash and Cash Equivalents - End of Year	\$ 92,461

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND

(Continued)

FOR YEAR ENDED DECEMBER 31, 2018

	<u>Case Fund</u>
Reconciliation of Operating	
Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ (50,523)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (50,523)</u></u>

Disclosure of Accounting Policy

For the purposes of the Statement of Cash Flows, the COG considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
AGENCY FUND
DECEMBER 31, 2018

	<u>Agency Fund</u>
ASSETS	
Cash	\$ <u>15,330</u>
LIABILITIES	
Payable to Municipalities	\$ <u>15,330</u>

The accompanying notes are an integral part of the financial statements

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Turtle Creek Valley Council of Governments, Inc., (“the COG”), have been prepared on modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

1. Organization and Reporting Entity

The organization of the COG and the basis of the reporting entity are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

The COG was incorporated in 1971 under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania. The COG is a voluntary association of local governmental units, joined together under a written contract for undertaking cooperative municipal activities authorized by the Commonwealth of Pennsylvania State Constitution and Acts of the General Assembly. It serves as a forum for discussing and focusing on area-wide problems, and provides a means whereby local officials, working together, may coordinate programs and projects for maximum efficiency.

As of December 31, 2018, the COG consists of the following twenty municipal members:

Braddock	Penn Hills
Chalfant	Pitcairn
Churchill	Plum
East McKeesport	Rankin
East Pittsburgh	Swissvale
Edgewood	Turtle Creek
Forest Hills	Wall
Monroeville	Wilkins
North Braddock	Wilkinsburg
North Versailles	Wilmerding

The COG is governed by a board of directors comprised of elected representatives from each of the participating communities; each voting member is entitled to cast one vote.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 “The Financial Reporting Entity”, as amended, the COG has evaluated all related entities (authorities, commissions, tax exempt organizations and affiliates) for the possible inclusion in the financial reporting entity.

In evaluating how to define the COG, for financial reporting purposes, all potential component units were considered. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic, but not the only criterion for including a potential component unit within the reporting entity, is the COG’s ability to exercise oversight responsibility. The most significant part of this ability is financial interdependency. Other parts of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the COG and/or its members, or whether the activity is conducted within the authority of the COG and is generally available to its members. A third criterion is the existence of special financing relationships, regardless of the COG’s ability to exercise oversight responsibility. Based upon the application of these criteria, there were no potential component units for consideration of inclusion within the reporting unit.

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Government-wide Financial Statements and Fund Financial Statements

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by non-exchange and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for services. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program of the COG. 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 recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the COG.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the COG's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements: The fund financial statements provide information about the COG's funds. Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column.

The COG reports the following governmental funds:

Major Governmental Funds:

General Fund: This is the COG's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Development Block Grant: This fund accounts for the various projects subject to the compliance requirements of the United States Housing and Urban Development program "Community Development Block Grants". These funds are passed through the Allegheny County Department of Economic Development. As such, the County has certain compliance responsibilities for these grants. No Community Development Funds remain in the COG since they are disbursed immediately upon receipt. See Supplementary Information for Schedule of Expenditures of Federal Awards.

Public Works Fund: This fund accounts for joint public works projects for the municipalities of Rankin and Braddock.

Business-Type Funds:

Case Fund: This fund accounts for the maintenance, administration and rentals of the Vector equipment.

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. **Fund Types**

The accounts of the COG are organized and operated on the basis of individual funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts comprised by its assets, liabilities, fund equity, revenues, and expenditures. A description of the purpose and function of each type presented in the accompanying financial statements follows:

GOVERNMENTAL FUND TYPES

The General Fund is used to account for all financial transactions not accounted for in the fund types listed below.

Special Revenue Funds are used to account for the proceeds from specific revenue sources or to finance special activities in accordance with statutory or administrative requirements. This includes designated revenues not included within other fund categories. All governmental funds except for the general fund are recorded as special revenue funds.

PROPRIETARY FUND TYPES

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to that found in the private sector, where the intent of the COG is that the costs (expenses, including depreciation) of the fund's activities are financed or recovered primarily through user charges. The Case Fund is reported as an enterprise fund.

FIDUCIARY FUND TYPES

Fiduciary Funds are used by the COG to account for assets held on behalf of outside parties or on behalf of other funds. These funds are accounted for using the economic resources management basis and accrual basis of accounting.

Agency Funds represent the balances maintained by the COG as agent and owed to different municipalities for their sewage and refuse collections.

4. **Cash, Cash Equivalents, Restricted Cash, and Investments**

The COG maintains several checking accounts for depositing receipts and disbursing expenditures for all governmental fund types. The COG considers all highly liquid investments with a maturity of three months or less when acquired, including restricted cash, to be cash equivalents.

The COG has designated the amount of an escrow deposit, an accumulated sick leave available upon termination of employment, as restricted cash in the financial statements to reflect that this cash is not available to fund on-going operations.

For purposes of the accompanying Statement of Cash Flows, the COG considers all highly liquid investments with a maturity of three months or less when acquired, including restricted cash, to be cash equivalents.

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

5. Capital Assets

In accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the COG expenses all capital assets as incurred.

6. Budgets

The COG is not required to prepare an annual budget under the Intergovernmental Cooperative Act. As such, a budgetary comparison schedule is not presented as required supplemental information. For internal purposes, the COG annually adopts a budget for the general, public works and case funds.

7. Net Position

Net Position in the government-wide financial statements is disclosed in one of the two following components:

Restricted Net Position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or contributors, or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of all other net position that does not meet the definition above.

8. Fund Balance

Fund balances in the governmental fund are disclosed in one of the five following components:

Nonspendable – consists of amounts that cannot be spent because they are either (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The COG did not report any nonspendable fund balance as of December 31, 2018.

Restricted – consists of amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, or contributions, or (2) law through constitutional provisions or enabling legislation. The COG reported fund balance restricted for the Community Development Block Grant as of December 31, 2018.

Committed – consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a resolution enacted by the COG's governing board. Once committed, a resolution by the Board is required to lift the commitment. The COG reports fund balance committed for the compensated absences as of December 31, 2018.

Assigned – consists of amounts that are constrained by the COG's intent to be used for specific purposes. The COG and the Executive Director have authorization to assign fund balance. The COG did not report assigned fund balance as of December 31, 2018.

Unassigned – represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Other governmental funds report unassigned fund balance when they have a deficit fund balance.

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

9. Use of Estimates

In accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – CASH DEPOSITS AND INVESTMENTS

Statutes allow the COG to invest in United States Treasury bills, short-term obligations of the United States Government or the Commonwealth of Pennsylvania, deposits in savings accounts or time deposits of institutions having a place of business in the Commonwealth of Pennsylvania and insured or collateralized in accordance with Act 72, and certificates of deposit limited to twenty per centum of capital and surplus if purchased from a commercial bank and limited to twenty per centum of assets minus liabilities if purchased from a savings and loan association, or other investments, collateralized by the aforementioned federal government securities. The COG's existing investment balance represents a certificate of deposit.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The COG does not have a deposit policy for custodial credit risk. As of December 31, 2018, the COG had \$426,924 of its total \$932,575 in bank deposits exposed to the custodial credit risk.

NOTE C – INTERFUND TRANSFERS

The COG did not have any material inter-fund transfers during 2018.

NOTE D – EMPLOYEE RETIREMENT PLANS

In May of 1990, the COG adopted a simplified employee pension plan for the benefit of its employees, which is administered by the Equitable Investment Company. The COG is required to contribute 7.65% in lieu of social security and can contribute up to 10 percent of employee salaries annually. Employees are not required to, but may contribute up to 15 percent at their own discretion. Contributions to the plan by COG totaled \$48,839 for the year ended December 31, 2018 and \$44,615 for the year ended December 31, 2017.

NOTE E – CONTINGENCIES

The COG participates in federal and state assisted grant programs. These grants are generally subject to program compliance audits by the grantors. Such audits could result in expenditures being disallowed and funds being due back to the grantor agencies. The amount of expenditures that may be disallowed in the future, if any, cannot be determined at this time.

NOTE F – RISK MANAGEMENT

The COG is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters, as well as from workers' compensation and health care programs. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant changes in coverage in the past three years; and settled claims have not exceeded coverage in those years.

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018**

NOTE G – CONCENTRATION

The COG is heavily dependent upon Community Development Block Grant (CDBG) administrative funding passed through the Allegheny County Department of Economic Development for the purpose of administrating the CDBG projects. Since the federal fiscal year 2001, CDBG funding for Allegheny County has declined by nearly 16% and is expected to continue declining in the near future. Congress is currently discussing additional cuts in CDBG funding. If this decline in CDBG funding continues, the effect on the COG cannot be determined at this time. Regardless of whether CDBG funds continue their gradual decline, management intends to seek other revenue sources.

NOTE H – COMPENSATED ABSENCES

The COG's employees are entitled to certain compensated absences. Sick leave may be accumulated up to ninety workdays. After an employee has accumulated ninety days of sick leave, they have the option of being compensated for ten days at their regular rate of pay providing there are sufficient funds and approval has been given by the Executive Board. The COG expenses these payments during the year as they are incurred. An escrow bank account has been established to restrict cash for the above purpose.

**ADDITIONAL INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Contract Period	Municipality	Project Number	Federal Expenditures	Local Share
CDBG Entitlement Grant Cluster						
U.S. Department of Housing and Urban Development						
<i>Passed through the Allegheny Department of Economic Development:</i>						
CDBG - 34	14.218	7/24/2017-12/31/2017	Wall Borough	34-3-.8	\$ 215,336	\$ -
CDBG - 37		7/24/2017-12/31/2017	East McKeesport Borough	37-3.4	70,000	375
CDBG - 42		9/21/2016-3/30/2018	various	42-3.11.7	28,905	49,611
CDBG - 43		7/1/2017-6/30/2018	Braddock Borough	43-3.1	123,710	-
		8/2/2017-6/30/2018	Rankin Borough	43-3.6	22,748	-
		8/2/2017-6/30/2018	Plum Borough	43-3.10.1	22,500	19,305
		8/2/2017-6/30/2018	Churchill Borough	43-3.10.2	27,760	17,895
		2/1/2018-1/31/2019	N. Braddock Borough	43-3.11.7	95,167	-
		3/1/2018-2/28/2019	Rankin Borough	43-3.11.8	18,850	-
		2/1/2018-1/31/2019	E. Pittsburgh Borough	43-3.11.9	21,950	-
		7/21/2017-6/30/2018	Swissvale Borough	43-3.12.8	87,815	130,519
		12/27/2017-9/30/2018	N. Braddock Borough	43-3.12.11	148,064	119,730
		2/9/2018-6/30/2018	North Versailles Township	43-3.12.12	22,898	-
		1/1/2018-12/31/2018	TCVCOG Administration Grant	43-7.1.7	57,462	-
		7/25/2017-6/30/2018	various	43-7.7	152,104	31,936
CDBG - 44		7/1/2018-6/30/2019	East McKeesport Borough	44-3.10.6	92,010	-
		7/1/2018-6/30/2019	Turtle Creek Borough	44-3.10.8	43,000	13,540
		7/1/2018-6/30/2019	Comprehensive Planning Grant	16020	8,923	-
Total - U.S. Department of Housing and Urban Development					1,259,202	382,911
Total Expenditures of Federal Awards and Local Share					\$1,259,202	\$ 382,911

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Turtle Creek Valley Council of Governments, Inc., and is presented on the modified cash basis of accounting. 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 Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

OTHER REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS



CASE | SABATINI

PROFESSIONAL ACCOUNTING,
CONSULTING & BUSINESS
ADVISORY SERVICES

October 28, 2019

Board of Directors
Turtle Creek Valley Council of Governments, Inc.
Monroeville, Pennsylvania

Independent Auditor's Report

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*.

P.O. BOX 10885
WHITEHALL TOWERS
470 STREETS RUN ROAD
PITTSBURGH, PA 15236-2023

TELEPHONE: (412) 881-4411
FAX: (412) 881-4421
WEB: WWW.CASESABATINI.COM

We have audited, 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, the basic financial statements of the governmental activities, the business-type activities, and each major fund, of Turtle Creek Valley Council of Governments, Inc. (the COG), as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the COG's basic financial statements and have issued our report thereon dated October 28, 2019.

Internal Control over Financial Reporting

Management of the COG is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the COG's internal control over financial reporting (internal control) to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the COG's internal control. Accordingly, we do not express an opinion on the effectiveness of the COG's internal control.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the COG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of the internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the COG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Case | Sabatini

Certified Public Accountants
Pittsburgh, Pennsylvania

CASE | SABATINI ▶ P.O. BOX 10885 ▶ WHITEHALL TOWERS ▶ 470 STREETS RUN ROAD ▶ PITTSBURGH, PA 15236-2023
TELEPHONE: (412) 881-4411 ▶ FAX: (412) 881-4421 ▶ WEB: WWW.CASESABATINI.COM

PITTSBURGH ▶ WEXFORD ▶ PALM BEACH

Members of the American and Pennsylvania Institute of Certified Public Accountants



CASE | SABATINI

PROFESSIONAL ACCOUNTING,
CONSULTING & BUSINESS
ADVISORY SERVICES

October 28, 2019

Board of Directors
Turtle Creek Valley Council of Governments, Inc.
Monroeville, Pennsylvania

Independent Auditor's Report

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

P.O. BOX 10885
WHITEHALL TOWERS
470 STREETS RUN ROAD
PITTSBURGH, PA 15236-2023

Report on Compliance for Each Major Federal Program

TELEPHONE: (412) 881-4411
FAX: (412) 881-4421
WEB: WWW.CASESABATINI.COM

We have audited the compliance of the Turtle Creek Valley Council of Governments, Inc.(the "COG") with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the COG's major federal programs for the year ended December 31, 2018. The COG 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the COG's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we 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 COG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the COG's compliance.

Opinion on Each Major Federal Program

In our opinion, the COG 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, 2018.

Report on Internal Control over Compliance

Management of the COG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the COG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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, we do not express an opinion on the effectiveness of the COG's 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of the testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Case | Sabatini

Certified Public Accountants
Pittsburgh, Pennsylvania

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency in internal control?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency in identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

CDBG – Entitlement Grants Cluster

14.218

CDBG – Entitlement Grants

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

(Continued)

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

TURTLE CREEK VALLEY COUNCIL OF GOVERNMENTS, INC.

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

No findings noted.