

Debra Brown

From: Larry Myers <Larry.Myers@se.com>
Sent: Monday, November 22, 2021 4:13 PM
To: Commissioner Dallara
Subject: Direction of ARPA funding

Barry:

We are trying to make sure that we have dotted I's and crossed t's for the use of ARPA funds for a County within PA. I am guessing that Susquehanna can offer input on this. We would like to have a conversation very soon to make sure that we have covered our bases. Can you arrange that conversation?

Thanks,
Larry

Larry F. Myers, PE, CEM, GBE
Sales Team Leader, Northeast
Energy & Sustainability Services
larry.myers@se.com

D + [REDACTED]
W www.se.com/us/enable

138 Arandale Street
Bedford, PA 15522
United States

Facebook: <https://www.facebook.com/SchneiderElectricESS>

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Internal

Debit Order

Name
Address
City
State

Debit Order
Account No. 123456789
Routing No. 987654321

We are using a debit card to pay your bill. The amount of the bill is \$100.00. The debit card will be used to pay the bill on the date indicated below. The amount of the bill is \$100.00. The debit card will be used to pay the bill on the date indicated below.

Amount
Date

XXXXXXXXXX

Bank of America
100 Main Street
New York, NY 10001
1-800-432-1000

Bank of America



200 South Juliana Street
Bedford, PA 15522
(814) 623-4807
(814) 623-0991 - fax
www.bedfordcountypa.org

County of Bedford

Bedford, PA

2022 Budget

COUNTY OF BEDFORD

2022 Proposed Budget	2021 Adopted Budget	2021 Projected	2022 Proposed Budget
3100 - TAX REVENUE	12,126,460	12,267,034	12,690,739
REAL ESTATE TAXES			
ASSESSMENT	3,261,911,178	3,261,911,178	3,264,576,529
x TAX RATE	3.7250	3.7250	3.9000
GROSS LEVY	12,150,619		12,731,848
LESS: (DISCOUNTS)	243,012		254,637
(UNCOLLECTIBLES)	814,091		853,034
31110 REAL ESTATE TAXES - CURRENT	11,093,515	11,172,034	11,624,178
31120 REAL ESTATE TAXES - PRIOR	725,000	805,000	755,000
TOTAL REAL ESTATE TAXES	11,818,515	11,977,034	12,379,178
PER CAPITA TAXES			
TAXABLES			
x TAX RATE			
GROSS LEVY			
LESS: (DISCOUNTS)			
(UNCOLLECTIBLES)			
PER CAPITA TAXES - CURRENT	122,445	95,000	115,000
PER CAPITA TAXES - PRIOR	18,500	17,000	18,900
TOTAL PER CAPITA TAXES	140,945	112,000	133,900
31310 INTERIM TAXES	26,000	25,000	32,661
31900 PENALTIES & INTEREST	141,000	153,000	145,000

COUNTY OF BEDFORD				
2022 Proposed Budget		2021 Adopted Budget	2021 Projected	2022 Proposed Budget
3200 - LICENSES & PERMITS				
3200	Licenses & Permits	-	-	-
3300 - INTERGOVERNMENTAL REVENUE		5,363,616	4,399,534	5,141,977
33110	Title IV -E	906,318	951,672	1,177,186
33111	Independent Living	279,688	60,389	264,565
33112	Medicaid	1,224	1,108	1,164
33113	PACWIS GRANT	-	-	94,469
33120	Title XX	36,523	36,523	36,523
33121	Title IV - A/TANF Emergency Assistance	42,786	42,786	42,786
33130	Title IV - B	35,399	35,399	35,399
33210	Child Welfare - State ACT 148	3,184,641	2,609,691	2,621,176
33211	Other Grants	280,000	29,811	197,734
33114	ITG Grant	54,345	102,001	138,344
33222	Veteran Grant	-	20,000	-
33250	PA Court Administration	90,000	90,000	90,000
33270	Civil Defense	59,803	52,319	58,369
33271	EMA Planning & Training Grant	-	-	-
33282	State Game Lands DER	125,000	129,877	125,000
33212	PCCD Developing Strength	15,000	16,535	-
33293	Probation Grant	70,000	55,241	66,012
33294	DA Salary Grant	116,000	120,682	118,000
33296	Hazard Mitigation	30,000	-	41,250
33298	Domestic Violence Grant	36,889	32,000	24,000
33300	Drug Task force	-	13,500	10,000
33295	JPS USDA Language Interpreter HAVA52K	110,000	-	-
3400 - CHARGES FOR SERVICES		2,466,768	2,279,907	2,395,228
34130	Sale of Maps	30,000	35,000	35,000
34140	Elections	500	639	500
34150	Register & Recorder	195,000	256,000	210,000
34170	Tax Claims	343,000	360,000	404,065
34180	Treasurer	40,000	47,000	40,000
34210	Prothonotary	200,000	210,000	210,000
34251	District Justice - Schellsburg	74,000	39,000	39,000
34252	District Justice - Bedford	74,000	63,000	63,000
34253	District Justice - Hopewell	21,000	12,500	12,000
34254	District Justice - Everett	225,000	163,000	163,000
34255	Transcript Fees	-	5,656	6,500
34260	Sheriff	100,000	89,000	90,000
34271	Domestic Relations	400,000	360,000	400,000
34272	DRO IV-D DA Reimbursement	-	-	-
34430	Jail	50,000	10,000	30,000
34431	Jail - Housing State Inmates	600,000	581,000	580,000
34440	Communications 911 Funding-Used for Bo	-	-	-
34620	Children & Youth	30,000	12,302	12,119
34621	SCDU Payments	84,268	35,810	100,044
AOPC			-	

COUNTY OF BEDFORD

2022 Proposed Budget	2021 Adopted Budget	2021 Projected	2022 Proposed Budget
	3500 - FINES & FORFEITS	559,000	703,338
35100 Fines	350,000	375,000	380,000
35101 Supervision Funds (State)	170,000	239,338	268,500
35102 Supervision Funds (Local)	39,000	89,000	40,000
3600 - MISCELLANEOUS REVENUES	211,225	64,964	118,062
36100 Interest	35,000	8,944	7,000
36200 Rent	29,225	29,172	22,062
36920 Parking Garage Grants	-		-
36930 Copies			
36940 Miscellaneous	112,000	26,848	89,000
36950 Transcript Fee Reimbursement	10,000	-	-
36960 Retirement Reimbursement	25,000	-	-
3900 - Other Financing Sources	2,008,600	2,051,500	387,600
39200 Interfund Transfers	-	48,000	375,500
39300 Intergovernmental Transfers			
39400 Proceeds from Temporary Loan	1,995,000	1,995,000	-
39402 Financing for lease Jury System Phone Sys	-	-	-
39700 Clean & Green Filing Fee Revenue	6,000	3,000	5,000
39800 Planning Development Review Fees	7,600	5,500	6,300
39801 GIS Fees	-	-	800
SUMMARY			
1100 Fund Balance	997,947	1,747,947	1,250,000
3100 Taxes	12,126,460	12,267,034	12,690,739
3200 Licenses & Permits	-	-	-
3300 Intergovernmental Revenues	5,363,616	4,399,534	5,141,977
3400 Charges for Services	2,466,768	2,279,907	2,395,228
3500 Fines & Forfeits	559,000	703,338	688,500
3600 Miscellaneous Revenues	211,225	64,964	118,062
3900 Other Financing Sources	2,008,600	2,051,500	387,600
ARPA Reimbursement Grant Funds	-	-	750,000
Total Available for Appropriation	23,733,616	23,514,224	23,422,106

COUNTY OF BEDFORD		2021 Adopted Budget	2021 Projected	2022 Proposed Budget
4111	COMMISSIONERS	260,098	254,020	266,018
4120	ELECTIONS	262,121	249,177	250,539
4132	ACCOUNTING	153,510	203,510	196,354
4133	AUDITORS	103,364	96,021	100,925
4136	TAX ASSESSMENT	289,756	303,500	307,865
4137	TAX COLLECTORS	145,800	143,500	153,200
4138	HUMAN RESOURCES	53,868	78,500	105,729
4139	TREASURER	92,601	91,233	97,733
4151	SOLICITOR	60,000	47,000	57,000
4152	PUBLIC DEFENDER	261,998	269,647	293,647
4171	PLANNING	224,590	202,600	210,404
4172	GIS	-	21,000	65,414
4174	MAINTENANCE	405,205	483,000	435,687
4176	COUNTY TELEPHONE SYSTEM	44,000	61,250	64,000
4179	VETERANS' AFFAIRS	90,587	98,780	104,694
	TOTAL - GENERAL GOVERNMENT/LEGIS.	2,447,498	2,581,738	2,709,209

COUNTY OF BEDFORD		2021 Adopted Budget	2021 Projected	2022 Proposed Budget
4180	DISTRICT JUSTICE SCHELLSBURG	76,404	87,190	92,577
4181	DISTRICT JUSTICE BEDFORD	68,442	67,193	73,421
4182	DISTRICT JUSTICE HOPEWELL	46,627	49,929	58,879
4183	DISTRICT JUSTICE EVERETT	156,860	169,133	190,513
4184	COURTS	320,430	358,300	374,049
4187	DOMESTIC RELATIONS	372,158	448,537	464,293
4188	LAW LIBRARY	25,000	25,000	25,000
4191	CONSTABLES	11,000	14,440	14,600
4192	Coroner	118,887	195,547	217,212
4193	DISTRICT ATTORNEY	442,009	451,000	494,090
4194	PROTHONOTARY	260,844	266,347	277,189
4195	REGISTER & RECORDER See Note Below	182,427	189,873	194,650
4196	SHERIFF	567,936	647,132	673,903
TOTAL - GENERAL GOVERNMENT/JUDICIAL		2,649,024	2,969,621	3,150,376
*Register Recorder has archive employee included in budget				

COUNTY OF BEDFORD		2021 Adopted Budget	2021 Projected	2022 Proposed Budget
4560	BEDFORD COUNTY LIBRARY SYSTEM	120,000	120,000	120,000
TOTAL - CULTURE & RECREATION		120,000	120,000	120,000

COUNTY OF BEDFORD		2021 Adopted Budget	2021 Projected	2022 Proposed Budget
PRINCIPAL				
4710 2.3	TAX ANTICIPATION NOTE	1,995,000	1,995,000	-
4710 2.4	LONG TERM DEBT	1,145,000	1,145,000	1,580,000
4710 2.5	9-1-1 BOND SHARE OF BOND	(129,000)	(129,000)	(148,221)
TOTAL - DEBT PRINCIPAL		3,011,000	3,011,000	1,431,779
INTEREST				
4720 2.3	TAX ANTICIPATION NOTE	25,000	25,000	-
4720 2.4	LONG TERM DEBT	1,091,492	1,005,354	1,109,269
4720 2.11	OTHER			
TOTAL - DEBT INTEREST		1,116,492	1,030,354	1,109,269
TOTAL - DEBT SERVICE		4,127,492	4,041,354	2,541,048

COUNTY OF BEDFORD		2021 Adopted Budget	2021 Projected	2022 Proposed Budget
4874	INSURANCE (OTHER THAN HEALTH INSUR.)			
	INSURANCE (OTHER THAN HEALTH)	498,051	470,000	527,972
	MEDICAL INSURANCE	1,950,000	1,313,971	1,512,161
	HRA PORTION	115,000	115,000	115,000
	HEALTH SAVINGS ACCOUNT-EMPLOYER	55,000	53,000	55,000
	Health Insurance Other Funding 911	(150,000)	(150,000)	(150,000)
4884	AGRICULTURE EXTENSION	70,589	70,589	70,589
4886	SO ALLEG. PLANNING AND DEV. COMMISSION	3,946	3,946	13,572
4887	ALLEGANY COLLEGE OF MARYLAND	50,000	50,000	60,000
4889	CAPITAL PURCHASES	30,000	3,000	335,500
4890	POSTAGE METER	5,600	5,300	6,000
4891	COPIER	1,600	2,650	3,000
4895	DONATIONS	5,250	5,250	5,250
	FAIR ASSOCIATION	1,500	1,500	1,500
	PIONEER HISTORICAL SOCIETY	500	500	500
	HUMANE SOCIETY	500	500	500
	SAFETY & WELLNESS COMMITTEE	250	250	250
	SAMA	1,500	1,500	1,500
	BEDFORD FIRE COMPANY	1,000	1,000	1,000
4896	BEDFORD COUNTY FIREMAN'S ASSOC.	2,000	2,000	2,000
4897	MISCELLANEOUS	75,000	224,845	94,060
4899.2111	RETIREMENT SYSTEM OPERATING EXPENSES	25,000	25,000	25,000
4899.2101	COUNTY APPROPRIATION TO RETIRMENT FUND	525,000	525,000	700,000
4899.2117	INDEPENDENT AUDITING	59,000	46,000	46,000

To: All Department Heads and elected Officials
From: Board of Commissioners
Date: November 3, 2021

Subject: Implementing County Emergency Spending Protocols

We gratefully appreciate your patience and cooperation as we work to rebuild our finance department and financial operations during the past calendar year. In March of 2021 It became very clear that it was necessary to address an increasing number of problems occurring with our finance department. Many of these problems were brought to our attention by you and left the board of commissioners with no choice but to outsource county financial services. This decision included the need to purchase new equipment and operating software, and a change in the leadership of the finance department. It was also noted that there was a significant backlog of information that had not been processed or completed that was preventing the County from being able to generate usable financial reports without a significant amount of manual effort.

We have been consulting with our external auditors and our finance consultants, to ensure that when our restructuring process is complete, the finance department will be able to provide the county commissioners and departments heads with timely and accurate budgetary information on a monthly basis. We are working diligently to reconcile the expenditures and revenues for the 2021 FY.

As a result, the commissioners have approved 98% of all expenditures requested to date and will continue to approve all requests that are considered essential or necessary to deal with an emergency. We are also analyzing how we can offset expenditures from the general fund that dealt with mitigating the COVID Virus to improve individual department budgets. We project we will complete this process prior to the end of the year. If successful, we believe we will be able to resume business as usual in the first quarter of 2022.

To say that this task was far more difficult and complicated than anticipated would be an understatement. In some cases, procedures hadn't been updated for many years. Updates to the Munis software and updates to reconcile audit changes hadn't been completed for 7 years requiring our consultants to work numerous hours to correct the problem. This was necessary before we could update the outdated software being used. Munis is no longer supporting the version the County is using as of December 31, 2021. We have been very frustrated by the time it has taken MUNIS, the company, that produces one of the few financial accounting and payroll software packages available to county government, (and very expensive), to install it and complete test runs to ensure its functionality. An additional major overhaul of the retirement system was completed to ensure we can provide current employees and previous employees with quick and accurate updated retirement information. Again, thank you for your patience and cooperation as we prepare to implement these new processes that will provide you with accurate and meaningful reports to manage your budget in the first quarter of FY 2022.

Scope of Services Narrative

In May 2020, SACS was engaged to perform a preliminary assessment of the County's critical financial administration and accounting processes and procedures (phase 1). In early 2020, SACS met with department heads to discuss ways to improve the financial and accounting processes at the County. While in the process of completing phase 1, the County received additional grant funding through the CARES Act. In June 2020, the County also engaged SACS to provide technical assistance and advice in the administration of the CARES Act funding.

Due to the amount of work that was required to assist the county with the CARES Act administration, we agreed to put the preliminary assessment on hold until completion of the grant. All of the costs associated with the administration assistance were eligible for reimbursement through the CARES Act. In addition, the County was able to recoup approximately \$2.7 million of its COVID-19 expenditures through this funding.

At the conclusion of the CARES Act, SACS continued with phase 1 and completed the preliminary assessment for the County. The results of the assessment showed a highly manual and inefficient process that resulted in a significant number of recommendations for each of the major functions that were reviewed (Purchasing, Payroll, Accounts Receivable, Accounts Payable, and the Retirement System). It was also noted that there was a significant backlog of information that had not been processed or completed that was preventing the County from being able to generate usable financial reports without a significant amount of manual effort. This was directly related to the turnover of both County Finance personnel that had been with the County for over 47 years. The loss of institutional knowledge created many subsequent problems to resolve.

At the completion of phase 1, SACS was engaged to assist the County in streamlining its financial administration processes and procedures and assist the County with technical accounting and budgeting issues (phase 2). In order to correct the deficiencies that were noted by us, the significant backlog of items needed to be addressed.

Complicating the process further, in the past year there has been turnover in two key positions (Finance Director and HR) and reduced capacity within the finance department while the backlog continued to be addressed. These factors contributed to the additional effort necessary by SACS.

As a result of the turnover, SACS mapped out a Finance Department Transition Plan to address the deficiencies. As the transition plan was being executed, additional issues came to light that needed to be addressed and added to the scope of the backlog. The rebuilding of systems that included costly software upgrades, the development of an excel spreadsheet for retirement calculations/pension statements, and compiling accurate census data were some of the additional issues noted. The above items have added to the timeline for correcting all of the issues that have been noted.

In addition, the County received ARPA funds from the federal government that SACS will continue to provide assistance in administering and we are continuing to identify new grant funding opportunities for the County to consider. This assistance will include helping the County to interpret guidance from the U.S. Department of Treasury to ensure the County is in compliance with the Act, provide advice and guidance to complete the required reports, and to maximize the County's use of the funds to prevent and mitigate the spread of the COVID-19 virus.

Debra Brown

From: Corey Troutman <ctroutman@susacs.com>
Sent: Wednesday, October 20, 2021 11:17 AM
To: Commissioner Dallara
Cc: Mike Samson
Subject: DCED Strategic Management Planning Program
Attachments: StrategicManagementPlanningProgram-FactSheet_2020.pdf

Barry,

Following is the link to the above referenced program that we discussed yesterday at our meeting.

[Strategic Management Planning Program \(STMP\) - PA Department of Community & Economic Development](#)

Attached is the program fact sheet, Bedford County falls into the Southwest Region. The contacts for your region are Terri Cunkle and Michael Foreman (their contact information is at the bottom of the second page). The application would be completed on-line.

Let me know if you would like to discuss further.

Corey A. Troutman, CPA, CGMA, CITP
Managing Shareholder
Susquehanna Accounting & Consulting Solutions, Inc.
830 Sir Thomas Court, Suite 150
Harrisburg, PA 17109
Office: 717-561-8089 ext. 5080
Mobile: [REDACTED]

From: [Name]
 Sent: [Date]
 To: [Name]
 CC: [Name]
 Subject: [Subject]
 Attachment: [Attachment]

Body

Following is the link to the above mentioned program that has been selected for funding.

Strategic Management Planning System is a software program developed by Delta State.

A table is the primary feature of the software. It is used to enter data and generate reports. The software is designed to be user-friendly and easy to use. It is available for purchase from Delta State.

If you know of anyone who would like to purchase the software, please contact me.

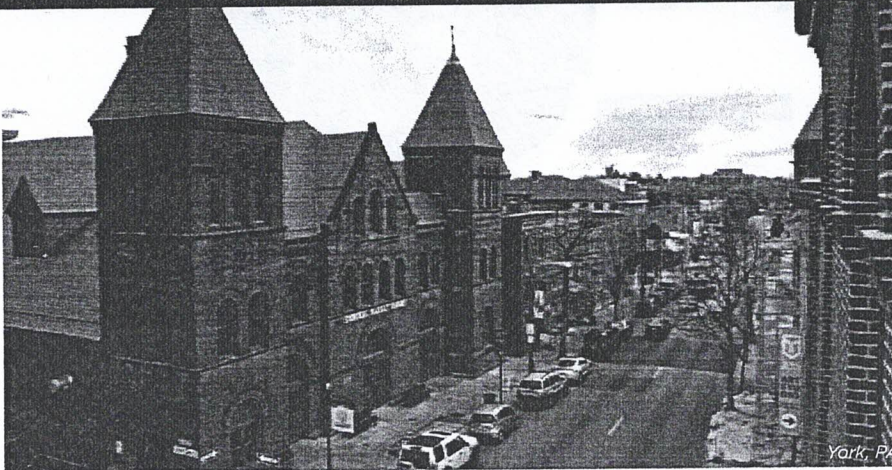
Yours truly,
 [Name]

Delta State
 Strategic Management Planning System
 1234 Main Street
 Delta, MS 39001
 Phone: (601) 123-4567
 Fax: (601) 987-6543
 Email: [Email]



STRATEGIC MANAGEMENT PLANNING PROGRAM (STMP)

BUILDING FISCALLY STRONG COMMUNITIES



IMPROVING MUNICIPAL FISCAL POSITIONS THROUGH:

- The development, adoption, and implementation of Multi-Year Financial Management Plans.
- Professional consultant services to assist a municipality in the adoption and implementation of Multi-Year Financial Management Plans or related municipal financial and management initiatives and improvements.
- The development of related studies, including an audit as required by GCLGS guidelines, to improve the management practices and/or financial administration procedures of the local government.
- The development of multi-municipal or regional intergovernmental cooperation initiatives and cost sharing strategies.
- Implementation activities recommended within the adopted STMP report.
- Training and capacity building activities that meet basic requirements to assist in the implementation of the plan recommendations.
- Contracts with professional services consultants to develop and implement recommendations related to eligible activities contained in an adopted STMP report.

The Strategic Management Planning Program (STMP) offers tools and consultant services to improve a municipality's managerial, administrative, and financial capacity. Through the program, local officials learn how to effectively manage municipal finances through open, transparent, and pro-active fiscal planning.

Through STMP, local officials work with consultants to create short and long-term financial, managerial, and economic development strategies for the municipality. A 3 to 5-year financial plan, management review, and recommendations are submitted to the municipality in a final report.

WHO'S ELIGIBLE?

Pennsylvania counties, cities, boroughs, towns, townships, and home rule municipalities may apply to participate in STMP.

SERVICES

STMP includes grant funding (up to \$200,000) to support the hiring of independent financial consultants. Grant applications require a 50/50 local match. Reduced local cash matches may be considered based on financial hardship. Full guidelines and application details are available at dced.pa.gov/STMP.

STMP funding can be used for professional consultant services supporting the development, adoption, and implementation of:

- Multi-Year Financial Management Plans
- Improved management practices and/or financial administration procedures
- Multi-municipal or regional intergovernmental cooperation initiatives and cost sharing strategies
- Other activities recommended in the plan, including training for local officials

COUNTY OF BEDFORD

PENNSYLVANIA

SINGLE AUDIT REPORTING PACKAGE

AND

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF HUMAN SERVICES SCHEDULES AND REPORTS

Year Ended December 31, 2020

NOTE: Information in Yellow Highlights is pending from the County as of 9/27/21

COUNTY OF BEDFORD

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DRAFT REPORT - AS OF 9/27/21

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
County of Bedford
Bedford, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bedford, Pennsylvania, as of and for the year ended December 31, 2020, which collectively comprise the County's 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

Our responsibility is to express an opinion 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. We did not audit the financial statements of the Bedford County Industrial Development Authority, Bedford County Library, Bedford County Visitor's Bureau, and Bedford County Airport Authority, all of which are discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units is based solely on the reports of the other auditors. 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 of material misstatement. The financial statements of the Bedford County Industrial Development Authority, Bedford County Library, Bedford County Visitor's Bureau, and Bedford County Airport Authority, discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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 financial statement presentation.

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

Unmodified Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bedford, Pennsylvania, as of December 31, 2020, and the respective changes in financial position 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 schedule of changes in net pension liability, County contributions, investment returns and budgetary comparison information on pages 47 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Government 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.

Omitted Required Supplementary Information

The County of Bedford has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Bedford, Pennsylvania's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and Commonwealth of Pennsylvania Department of Human Services Awards are 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* (Uniform Guidance) and the Pennsylvania Department of Human Services *Single Audit Supplement*, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedules of Expenditures of Federal Awards and Commonwealth of Pennsylvania Department of Human Services Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2021, on our consideration of the County of Bedford, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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* and should be considered in assessing the results of our audit.

WESSEL & COMPANY
Certified Public Accountants

September 30, 2021

COUNTY OF BEDFORD
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS AND DEFERRED OUTFLOWS:</u>				
Current Assets:				
Cash and cash equivalents (Note 2)	\$ 9,180,002	\$ -	\$ 9,180,002	\$ 419,628
Investments	-	-	-	17,474
Receivables (net of allowance for uncollectibles)				
Accounts	16,908	-	16,908	145,809
Taxes (Note 3)	1,244,869	-	1,244,869	-
Grants	350,488	-	350,488	-
Due to other governments	80,325	-	80,325	-
Prepaid expenses	96,333	-	96,333	41,651
Total Current Assets	<u>10,968,925</u>	<u>-</u>	<u>10,968,925</u>	<u>624,562</u>
Non-Current Assets:				
Fixed assets net of accumulated depreciation (Note 5)	30,366,733	-	30,366,733	15,483,951
Total Non-Current Assets	<u>30,366,733</u>	<u>-</u>	<u>30,366,733</u>	<u>15,483,951</u>
Deferred Outflows:				
Deferred charges on refunded bonds	455,635	-	455,635	-
Pension outflows	9,435,236	-	9,435,236	-
Total Deferred Outflows	<u>9,890,871</u>	<u>-</u>	<u>9,890,871</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 51,226,529</u>	<u>\$ -</u>	<u>\$ 51,226,529</u>	<u>\$ 16,108,513</u>
<u>LIABILITIES AND NET POSITION:</u>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 1,272,611	\$ -	\$ 1,272,611	\$ 202,947
Due to other governments	2,956	-	2,956	-
Compensated absences (Note 1J)	272,902	-	272,902	-
Notes payable (Note 6)	41,568	-	41,568	36,402
Bonds payable (Note 6)	1,145,000	-	1,145,000	-
Obligations under capital leases (Note 6)	78,675	-	78,675	-
Accrued interest	180,462	-	180,462	-
Total Current Liabilities	<u>2,994,174</u>	<u>-</u>	<u>2,994,174</u>	<u>239,349</u>
Non-Current Liabilities:				
Notes payable (Note 6)	255,395	-	255,395	1,620,432
Bonds payable (Note 6)	33,690,000	-	33,690,000	-
Obligations under capital leases (Note 6)	41,071	-	41,071	-
Pension obligation (Note 7)	24,069,263	-	24,069,263	-
Total Non-Current Liabilities	<u>58,055,729</u>	<u>-</u>	<u>58,055,729</u>	<u>1,620,432</u>
Total Liabilities	<u>61,049,903</u>	<u>-</u>	<u>61,049,903</u>	<u>1,859,781</u>
Deferred Inflows:				
Unearned grant revenues (Note 1M)	1,664,689	-	1,664,689	95,407
Pension inflows	1,712,437	-	1,712,437	-
Total Deferred Inflows	<u>3,377,126</u>	<u>-</u>	<u>3,377,126</u>	<u>95,407</u>
NET POSITION:				
Net investments in capital assets	(4,986,763)	-	(4,986,763)	13,771,673
Unrestricted	(8,298,349)	-	(8,298,349)	381,652
Restricted	84,612	-	84,612	-
Total Net Position	<u>(13,200,500)</u>	<u>-</u>	<u>(13,200,500)</u>	<u>14,153,325</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 51,226,529</u>	<u>\$ -</u>	<u>\$ 51,226,529</u>	<u>\$ 16,108,513</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements



Bedford County Commissioners' Office

COUNTY OF BEDFORD
200 SOUTH JULIANA STREET
BEDFORD, PENNSYLVANIA 15522

TELEPHONE: 814-623-4807 FAX: 814-623-0991

Barry L. Dallara, Chairman
Deb Bangeman, Vice-Chairman
Alan Frederick, Secretary

DEBRA K. BROWN
Chief Clerk/Director of Elections

CORRECTIVE ACTION PLAN

The County of Bedford, Pennsylvania, respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:
Wessel & Company, 215 Main Street, Johnstown, PA 15901

Audit period: Year Ending December 31, 2020

The findings from the December 31, 2020, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness

Finding 2020-001: Financial Statement Preparation
Date for Completion: December 31, 2021

Recommendation: We recommend that, in conjunction with developing a more formalized financial reporting and closing process at year-end, procedures be put into place to minimize the number of material journal entries and to assist in the preparation of the financial statements and respective footnote disclosures.

Views of Responsible Officials and Action Taken or Planned: The County feels its current process is adequate to meet the County's needs. The County must consider the cost-benefit in implementing this recommendation due to the limited resources of the County, however, the County will work with the auditors to determine what improvements can be implemented.

www.bedfordcountypa.org

If the US Department of Health and Human Services has questions regarding this plan, please call:

Bedford County Commissioners
Attn: Michael Samson, Susquehanna Accounting Solutions
200 S. Juliana Street
Bedford, PA 15522

Sincerely yours,

Barry Dallara
Commissioner – Chair

DRAFT REPORT - AS OF 9/27/21

COUNTY OF BEDFORD
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Primary Government		
Component Units:					Governmental Activities	Business-type Activities	Total
Business-type Activities:							
Industrial Development Authority	\$ 650	\$ -	\$ -	\$ -	\$ -	\$ (650)	\$ (650)
Library	355,613	-	352,977	-	-	(2,636)	(2,636)
Visitor's Bureau	574,310	44,649	510,833	-	-	(18,828)	(18,828)
Airport Authority	705,455	204,733	1,786,134	-	-	1,285,412	1,285,412
Total Business-type Activities	1,636,028	249,382	2,649,944	-	-	1,263,298	1,263,298
Total Component Units	\$ 1,636,028	\$ 249,382	\$ 2,649,944	\$ -	\$ -	\$ 1,263,298	\$ 1,263,298
General Revenues:							
Interest Income/(Expense)					\$ -	\$ (54,864)	\$ (54,864)
Other Revenues					-	2,947	2,947
Total General Revenues and Transfers					-	(51,917)	(51,917)
Change in Net Position					-	1,211,381	1,211,381
Net Position - Beginning of Year					-	12,941,944	12,941,944
Net Position - End of Year					\$ -	\$ 14,153,325	\$ 14,153,325

See Independent Auditor's Report and Accompanying Notes to Financial Statements

COUNTY OF BEDFORD
BALANCE SHEET - GOVERNMENTAL FUNDS
(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES)
DECEMBER 31, 2020

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General	Capital Projects	Liquid Fuels	Emergency 911 Fund		
ASSETS AND DEFERRED OUTFLOWS:						
Cash and cash equivalents	\$ 3,917,053	\$ 3,456,150	\$ 834,560	\$ 497,102	\$ 475,137	\$ 9,180,002
Receivables:						
Accounts Receivable	16,908	-	-	-	-	16,908
Taxes Receivable - Net	1,244,869	-	-	-	-	1,244,869
Grants Receivable	-	-	-	215,185	135,303	350,488
Due from Other Governments	80,325	-	-	-	-	80,325
Due from Other Funds	3,522,290	91,883	-	-	-	3,614,173
Total Assets and Deferred Outflows	<u>\$ 8,781,445</u>	<u>\$ 3,548,033</u>	<u>\$ 834,560</u>	<u>\$ 712,287</u>	<u>\$ 610,440</u>	<u>\$ 14,486,765</u>
LIABILITIES:						
Accounts Payable	\$ 982,199	\$ -	\$ -	\$ -	\$ 4,311	\$ 986,510
Accrued Payroll, Payroll Taxes and Benefits	435,235	-	-	-	-	435,235
Due to Other Governments	2,956	-	-	-	-	2,956
Due to Other Funds	2,240,988	263,304	-	1,134,997	98,652	3,737,941
Total Liabilities	<u>3,661,378</u>	<u>263,304</u>	<u>-</u>	<u>1,134,997</u>	<u>102,963</u>	<u>5,162,642</u>
DEFERRED INFLOWS:						
Unearned grant revenues	-	407,264	750,164	-	507,261	1,664,689
Unavailable revenue - property taxes	839,108	-	-	-	-	839,108
Total Deferred Inflows	<u>839,108</u>	<u>407,264</u>	<u>750,164</u>	<u>-</u>	<u>507,261</u>	<u>2,503,797</u>
FUND BALANCES						
Unassigned	4,280,959	-	-	(422,710)	-	3,858,249
Assigned	-	2,877,465	-	-	-	2,877,465
Restricted - public works	-	-	84,396	-	216	84,612
Total Fund Balance	<u>4,280,959</u>	<u>2,877,465</u>	<u>84,396</u>	<u>(422,710)</u>	<u>216</u>	<u>6,820,326</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 8,781,445</u>	<u>\$ 3,548,033</u>	<u>\$ 834,560</u>	<u>\$ 712,287</u>	<u>\$ 610,440</u>	<u>\$ 14,486,765</u>

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

Long-term liabilities, including bonds payable, other post-employment benefits, accrued interest on bonds, compensated absences, and the pension obligation are not due and payable in the current period and therefore are not reported as a fund liability	\$ (51,236,102)
The difference in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two methods	848,543
Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds	30,366,733
Net position of governmental activities	<u>\$ (13,200,500)</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

COUNTY OF BEDFORD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General	Capital Projects	Liquid Fuels	Emergency 911 Fund		
Revenues						
Taxes	\$ 11,682,159	\$ -	\$ -	\$ -	\$ -	\$ 11,682,159
Intergovernmental revenues	9,054,307	-	5,318	-	731,988	9,791,613
Charges for services	2,288,028	-	59,357	1,275,471	-	3,622,856
Fines and Forfeits	815,306	-	-	-	-	815,306
Miscellaneous Revenue	124,958	90,822	1,429	1,398	3,609	222,216
Total Revenues	23,964,758	90,822	66,104	1,276,869	735,597	26,134,150
Expenditures						
General government - administrative	2,045,243	-	-	-	-	2,045,243
General government - judicial	2,302,522	-	-	-	311,793	2,614,315
Public safety	5,841,561	-	-	1,371,820	-	7,213,381
Public works	145,421	-	66,104	-	-	211,525
Human services	6,457,385	-	-	-	-	6,457,385
Culture and recreation	120,000	-	-	-	-	120,000
Conservation and development	259,500	-	-	-	423,588	683,088
Employee benefits	1,622,333	-	-	-	-	1,622,333
Misc expense	731,269	-	-	-	-	731,269
Debt service	1,310,442	-	-	-	-	1,310,442
Capital projects	180,552	102,835	-	-	-	283,387
Total Expenditures	21,016,228	102,835	66,104	1,371,820	735,381	23,292,368
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	2,948,530	(12,013)	-	(94,951)	216	2,841,782
Other Financing Sources/(Uses)						
Bond proceeds	-	-	-	-	-	-
Bond discount	-	-	-	-	-	-
Bonds redeemed	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-	-
Interfund Operating Transfers	(39,998)	-	-	-	-	(39,998)
Total Other Financing Sources/(Uses)	(39,998)	-	-	-	-	(39,998)
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	2,908,532	(12,013)	-	(94,951)	216	2,801,784
Fund Balance/(Deficit) - Beginning of Year	1,372,427	2,889,478	84,396	(327,759)	-	4,018,542
Fund Balance/(Deficit) - End of Year	\$ 4,280,959	\$ 2,877,465	\$ 84,396	\$ (422,710)	\$ 216	\$ 6,820,326

See Independent Auditor's Report and Accompanying Notes to Financial Statements

COUNTY OF BEDFORD
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2020

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

Net change in fund balance - total governmental funds (page 11)	\$ 2,801,784
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt on the statement of activities.	389,616
Accrued interest expense in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	13,307
The difference in the change in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two accounting methods	98,744
County obligation due to the Pension Trust Fund, but not expected to be paid in the current period, therefore this is reported as a liability in the government-wide financial statements, but not as a liability in the fund financial statements. This amount represents the current year increase in the County's pension obligation.	(3,460,396)
The net effect of various transactions involving capital assets, (i.e. purchases, disposals, depreciation, etc.) is to decrease net assets	<u>(1,718,654)</u>
Change in net position of governmental activities (page 8)	<u>\$ (1,875,599)</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

COUNTY OF BEDFORD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

	Retirement Trust Fund	<i>PENDING</i> 457 Deferred Compensation Fund	Agency Funds	Total
<u>ASSETS</u>				
Assets:				
Cash and cash equivalents	\$ 10,619	\$ -	\$ 972,644	\$ 983,263
Accounts receivable	10,131	-	-	10,131
Investments	14,250,175	-	-	14,250,175
Property and rights under deferred compensation plan	-	471,847	-	471,847
Total Assets	\$ 14,304,227	\$ 471,847	\$ 972,644	\$ 15,748,718
<u>LIABILITIES AND NET POSITION</u>				
Liabilities:				
Benefits and refunds payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Funds held in fiduciary capacity	-	471,847	972,644	1,444,491
Total Liabilities	-	471,847	972,644	1,444,491
Net Position:				
Held in trust for pension benefits	14,243,660	-	-	14,243,660
Total Liabilities and Net Position	\$ 14,243,660	\$ 471,847	\$ 972,644	\$ 15,688,151

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

COUNTY OF BEDFORD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
RETIREMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Retirement Trust Fund	PENDING 457 Deferred Compensation Fund	PENDING Agency Funds	PENDING Total
Additions:				
Contributions				
Employee Contributions	\$ 461,269			\$ 461,269
County Contributions	425,675			425,675
Total Contributions	<u>886,944</u>			
Investment Income/(Loss):				
Interest income	72,893			
Dividends	175,202			
Realized/Unrealized Gains or (Losses)	1,356,833			
Total Investment Loss:	<u>1,604,928</u>			
	(109,178)			
Less: Investment Expenses				
Net Investment Gain/(Loss)	<u>1,495,750</u>			
Total Additions	<u>2,382,694</u>			
Deductions				
General and Administrative Expenses	-			
Member Withdrawals	379,000			
Annuity Payments	1,465,513			
Total Deductions	<u>1,844,513</u>			
Change in Plan Position				
Net Position Held in Trust for Specific Purposes - Beginning of Year	<u>13,705,479</u>			
Net Position Held in Trust for Specific Purposes - End of Year	<u>\$ 14,243,660</u>			

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Bedford is one of sixty-seven (67) counties in the state of Pennsylvania receiving corporate power from the County Code and general state laws that is vested in a three-member Board of County Commissioners. For the purpose of legislation and the regulation of their affairs, Bedford County is classified as a sixth class county.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of significant accounting policies of the County of Bedford:

A. Financial Reporting Entity

The County follows the Statement of Governmental Accounting Standards Board No. 61, "The Financial Reporting Entity." The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The County holds the corporate powers of the organization
- The County appoints a voting majority of the organization's board
- The County is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the County
- There is fiscal dependency by the organization on the County

Based on the aforementioned criteria, the County of Bedford has the following discretely presented component units:

Bedford County Industrial Development Authority

All of the members of the governing board of the Bedford County Industrial Development Authority are appointed by the Board of County Commissioners. The Authority is authorized to act as an intermediary between industrial developers and lenders in the Bedford County area.

Bedford County Library

All of the members of the governing board of the Bedford County Library are appointed by the Board of County Commissioners. The County provides support through appropriations and the Library receives various other financial benefits from the County.

Bedford County Visitor's Bureau

All of the members of the governing board of the Bedford County Visitors Bureau are appointed by the Board of County Commissioners. The County has authorized the Visitor's Bureau to administer the hotel tax funds received by the County for tourism promotion.

Bedford County Airport Authority

The members of the governing board of the Bedford County Airport Authority are appointed by the Board of County Commissioners. The County must approve any issuance of debt.

Administrative Offices:

Bedford County Industrial Development Authority
One Corporate Drive, Suite 101
Bedford, PA 15522

Bedford County Library
240 South Wood Street
Bedford, PA 15522

Bedford County Visitors Bureau
131 South Juliana Street
Bedford, PA 15522

Bedford County Airport Authority
P.O. Box 155
Bedford, PA 15522

B. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

The County currently does not maintain any business type activities within the primary government.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Governmental Funds:

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose 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 County's major governmental funds:

General Fund

The general fund is the principal operating fund of the County. This fund is used to account for all financial resources not accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from the General Fund.

Capital Projects Fund

The capital projects fund accounts for financial resources to be used for the acquisition, renovation, or construction of major capital facilities, which are not financed by other funds, if applicable.

Emergency 911 Fund

The 911 fund is funded by a \$1.50 charge per phone line in the County. The fee is collected by each local telephone company and remitted monthly to the County net of the telephone company's admin fee. The admin fee cannot exceed two percent (2%) of total fees. The fund also collects fees for tower rentals, alarm monitoring, and dispatching. In addition, the county funds a portion of the overall cost of running the facility not covered by the per line fee. The fees are used to run the entire emergency communications including 911 call answering, dispatch, etc.

Liquid Fuels Fund

The County receives grants from the state and federal government to repair or replace county owned bridges. In addition, the County receives a portion of the overall state's liquid fuels tax. The County reallocates a portion of these amounts to all municipalities within Bedford County based upon their requests and final decision of the County Commissioners. The remaining liquid fuels monies are used for bridge repair and maintenance.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose.

In addition to the governmental funds described above, the County utilized the following Fiduciary Fund Types:

Trust and Agency Funds

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust and agency funds maintained by the County of Bedford are as follows:

- Retirement Trust Fund
- 457 Deferred Compensation Fund
- Agency Funds

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements, component unit financial statements, and fund financial statements for fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the balance sheet and the operating statements present increases (revenues) and decreases (expenses) in total net assets position. Under the accrual basis of accounts, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of timing of related cash flows.

D. Basis of Accounting for Component Units

Bedford County Industrial Development Authority

The operations of the Bedford County Industrial Development Authority are accounted for through a single enterprise fund. An enterprise fund is used to account for operations, which are financed and operated in a manner similar to private business, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The financial statements include the implementation of GASB No. 34.

Bedford County Library

The financial statements of the Bedford County Library have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The financial statement preparation follows the recommendations of the Financial Accounting Standards Board ASC, Financial Statements of Not-for-Profit Organizations. Under the FASB ASC, the library is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Bedford County Visitor's Bureau

The financial statements of the Bedford County Visitors Bureau have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The financial statement preparation follows the recommendations of the Financial Accounting Standards Board ASC, Financial Statements of Not-for-Profit Organizations. Under the FASB ASC, the Visitor's Bureau is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Bedford County Airport Authority

The operations of the Bedford County Airport Authority are accounted for through a single enterprise fund. An enterprise fund is used to account for operations, which are financed and operated in a manner similar to private business, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The financial statements include the implementation of GASB No. 34.

E. Budgeting Control

The annual budget is the financial plan for the operation of the County of Bedford for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of government. Article XVII, section (f) of the County Code specifies the budgeting process.

The County of Bedford formally adopts budgets for all governmental funds. All budgets are maintained on a modified cash basis by fund, function (department), and object, with expenditures controlled by function. Appropriations lapse at the end of each year and must be re-appropriated. The County Commissioners authorize transfers of budget amounts between departments within any fund; and any supplemental appropriations which alter the total expenditures of any fund type require resolution by the County Commissioners.

Supplemental appropriations were not made during the year and budgeted amounts are shown as originally adopted. Certain reclassifications of budgeted amounts were made in order to present meaningful budget to actual comparisons, as reported in the required supplementary information.

The Budgetary Comparison Schedule for the General fund presents a comparison of budgeted amounts to actual results of operations for which annual operating budgets are legally adopted.

F. Method of Budget Adoption

The County has adopted the following procedures in establishing the budgetary data reflected in the financial statements:

1. During October, County Department heads are required to submit to the County preliminary operating budgets for the year commencing the following January 1. The operating budgets submitted include proposed expenditures and the means of financing them, as well as narrative justification for increases of operating expenditures.
2. Budgets, as submitted, are subject to a detailed review by the County Commissioners. This review process, which continues through November, includes meetings with the department heads, comparison with prior years' spending patterns, and forecasting of future needs.
3. As required by the County Code, the proposed budget is made available for public inspection for at least twenty (20) days prior to the date of adoption, with adoption required by December 31. Subsequent to the budget approval, the Commissioners adopt the appropriate measures required to put the budget into effect, and fix the rate of taxation.
4. Within fifteen (15) days subsequent to the legal adoption of the budget, the Commissioners file a copy of the budget with the Department of Community and Economic Development of the Commonwealth of Pennsylvania. Should supplemental budget appropriations be required, the Commissioners may authorize the transfer of budget amounts between departments within any fund by means of budget changes approved at the weekly Commissioners' meeting.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.

G. Cash and Cash Equivalents

The County considers all unrestricted highly liquid investments with a maturity of three (3) months or less when purchased to be cash equivalents.

H. Investments

Investments of all funds are stated at fair value.

I. Deferred Outflows/Inflows of Resources

The Statement of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The County has three items that qualify for reporting in these categories: deferred charges on refunded debt, deferred outflows and inflows related to pensions and unearned tax revenue.

Deferred charges on refunded debt is the difference between the old debt and the new debt. These charges are amortized and recognized over the life of the new debt issue. Deferred outflows and inflows of resources related to pensions are described further in Note 7. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a 10 year closed period, which reflects the weighted average remaining service life of all members of the plan beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year).

Unearned tax revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unearned revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

J. Capital Assets:

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Furniture, Machinery and Equipment	3-20 years
Improvements	10-20 years
Infrastructure	50 years

Capital Assets and Depreciation – Component Units

The component units record assets at cost. The assets are depreciated on the straight-line method using five (5) to thirty (30) year estimated useful lives. Upon retirement, asset cost and related depreciation are removed from the books. Repairs and maintenance are expensed when incurred.

K. Compensated Absences:

Overtime

- a. Overtime at the rate of one and one-half (1.5) times the regular rate of pay shall be paid for all hours worked in excess of forty (40) hours in a work week.
- b. Compensatory time in lieu of overtime pay may be taken only by mutual agreement between the employer and the employee before performance of the work. Compensatory time is defined as one and one-half (1.5) hours off for each hour of overtime worked. On call time shall not be considered in the calculation of compensatory time.
- c. The maximum compensatory time that may be accrued by any employee shall be ninety (90) hours (sixty (60) hours of actual overtime worked). An employee who has earned the maximum number of compensatory hours shall be paid overtime compensation at the required rate for any additional overtime hours. Compensatory time accrued during the calendar year must be used by the end of the first quarter of the following year. Compensatory time off must be approved by the department head so that it may be scheduled to avoid disruption of the operations of the department.
- d. Upon termination of employment, payment for accrued compensatory time shall be calculated at the average regular rate of pay for the final three (3) years of employment, or the final regular rate received by the employee, whichever is higher.

Vacation Pay

Vacation pay is earned as follows:

<u>Year</u>	<u>Days per Month</u>
0-1	.5
2-4	1.0
5-9	1.5
10+	2.0

The days earned must be taken by the end of the following year or be forfeited. Upon termination of employment, payment for annual leave not used will be paid for by the County of Bedford at the employee's rate of pay.

Sick Leave

- a. Employee may accumulate one (1) day per month.
- b. A maximum of two hundred (200) days may be accumulated. Accumulated sick leave is forfeited upon resignation, termination, or retirement.
- c. Sick leave is nontransferable.

L. Estimates

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

M. Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

Balances at December 31, 2020, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 1,100,661	\$ 313,385
Special Revenue Funds		
Planning Commission	---	52,574
Domestic Relations	---	46,078
911 Emergency Communications	---	1,134,997
Capital Projects Fund	<u>91,883</u>	<u>146,972</u>
Total Governmental Fund Types	<u>1,192,544</u>	<u>1,192,544</u>
<u>Fiduciary Fund Types</u>		
Retirement Trust Fund	---	---
Total Fiduciary Fund Types	<u>---</u>	<u>---</u>
Total Interfunds	<u>\$ 1,192,544</u>	<u>\$1,192,544</u>

N. Unearned Revenue

Unearned revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2020, but were levied to finance 2020 operations, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements were met have been recorded as unearned revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as unearned revenue.

O. 457 Deferred Compensation

The County of Bedford established a deferred compensation plan, which was adopted under the provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plan with Respect to Service for State and Local Governments.) A third-party firm administers the plan under a trust agreement.

All amounts of compensation deferred under the Plan and all income attributable to those amounts (until paid or made available to the employee or beneficiary) are solely the property and rights of the County; but are restricted for employees that participate in the Plan. The County must exercise due care as required of any ordinary prudent investor.

Plan activity for the year ended December 31, 2020, was as follows:

Fair market value at December 31, 2019	\$ 381,484
Contributions	19,972
Distributions	(6,823)
Service fees	(3,162)
Gain/(Loss) on investments	<u>80,376</u>
Fair market value at December 31, 2020	<u>\$ 471,847</u>

P. Fund Balance

The County follows the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement required the governmental funds' fund balances to be reclassified into the following five new categories.

Nonspendable fund balance – fund balance permanently restricted and unavailable for current operations.

Restricted fund balance – fund balance temporarily restricted for specified purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance – fund balance temporarily restricted for specified purposes established by a formal action by the Board of Commissioners. Formal action by the Board of Commissioners is also necessary to modify or rescind a fund balance commitment.

Assigned fund balance – fund balance intended for a specific purpose that does not meet the criteria to be classified as restricted or committed. The Board of Commissioners has authorized the Finance Director as the official authorized to assign fund balance to a specific purpose.

Unassigned fund balance – fund balance available for operations without any restriction.

The Board of Commissioners will spend the most restricted dollars before less restricted in the order as defined above.

Q. Net Position

The government activities financial statements utilize a net position presentation. Net positions are categorized as net position invested in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributor or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

R. Property Tax Revenues

Property taxes collected within sixty (60) days subsequent to December 31 are recognized as revenue for the year ending December 31 in accordance with applicable GASB standards. County policy is to establish a reserve for uncollectible real estate taxes, which are generally defined as those in excess of two (2) years past due, unless unusual circumstances exist.

S. Interfund Transfers

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

T. Joint Ventures

The County of Bedford participates in several joint ventures:

- Bedford County Development Association
- Huntingdon-Bedford-Fulton Area Agency on Aging
- Bedford-Somerset Mental Health/Mental Retardation
- Bedford Fulton Joint Recreation Authority

Bedford County Development Association

Reporting Entity and Nature of Activities

Bedford County Development Association (“BCDA”) was established in accordance with Pennsylvania’s Nonprofit Corporation statute and operates under Section 501(c)(3) of the Internal Revenue Service Code.

BCDA’s mission is to develop and promote economic development in Bedford County.

Financial Information

Selected financial information from the most recently issued reports of BCDA is presented below.

	<u>December 31, 2020</u>
Current Assets	\$ 751,632
Total Assets	11,858,262
Current Liabilities	187,117
Total Liabilities	3,183,294
Net Assets	8,674,968
Operating Revenues	268,961
Operating Expenses	(448,394)
Non-Operating Revenues	109,417
Non-Operating Expenses	(112,235)
Change in Net Assets	(182,251)

Financial Reporting Relationship between Bedford County and BCDA

During 2020, the County budgeted and provided appropriations in the amount of \$120,000 to BCDA.

Huntingdon-Bedford-Fulton Area Agency on Aging

Reporting Entity and Nature of Activities

The Agency came into existence for the purpose of providing a comprehensive social service-delivery system to the elderly population of Huntingdon, Bedford and Fulton Counties. The Agency is governed by the nine (9) County Commissioners of the (3) three-county area and also receives citizen input from a twenty-one (21) member citizen's Advisory Council with seven (7) representatives from each of the three (3) counties.

Financial Information

Selected financial information from the most recently issued reports of Huntingdon-Bedford-Fulton Area Agency on Aging is presented below. Complete financial statements are available at their administrative office.

	<u>June 30, 2020</u>
Total Assets	\$ 856,329
Total Liabilities	647,557
Fund Balance	208,772
Operating Revenues	6,142,612
Operating Expenditures	(6,142,612)
Excess Revenue over Expenditures	—

Financial Reporting Relationship between Bedford County and Huntingdon-Bedford-Fulton Area Agency on Aging

During 2020, the County budgeted and provided appropriations in the amount of \$33,062 to the organization.

Bedford-Somerset Developmental & Behavioral Health Services

Reporting Entity and Nature of Activities

The Joinder was created to administer programs for the treatment, care, and vocational and social rehabilitation of mentally challenged consumers of Bedford and Somerset counties. Each county is represented by three (3) elected Commissioners providing each county with equal voting powers.

Financial Information

Selected financial information from the most recently issued reports of Bedford-Somerset Developmental & Behavioral Health Services is presented below. Complete financial statements are available at their administrative offices.

	<u>June 30, 2020</u>
Total Assets	\$ 4,179,117
Total Liabilities	2,176,308
Net Position	2,002,809
Total Revenues	15,900,177
Total Expenses	(16,226,387)
Change in Net Position	(326,210)

Financial Reporting Relationship between Bedford County and Bedford-Somerset Developmental & Behavioral Health Services

During 2020, the County budgeted and provided appropriations in the amount of \$125,878 to the organization.

Bedford Fulton Joint Recreation Authority

Reporting Entity and Nature of Activities

The Authority was created in August 2018 to operate, manage and fund the old Pennsylvania Turnpike trail property and provide outdoor recreation activities and operations commenced in 2019. Each county is represented by three (3) board members appointed by the Commissioners providing each county with equal voting powers.

Financial Information

The Authority received total revenue of \$12,872 in 2020. Additional information can be obtained by contacting:

Bedford Fulton Joint Recreation Authority
200 S. Juliana Street
Bedford, PA 15522

U. Reclassifications

Certain accounts were reclassified from the prior year. The purpose of the reclassification is to give a more accurate representation of the County's operations. The reclassifications did not affect the representation of the County's overall performance.

V. New GASB Pronouncements

In the current year, the County has implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. The adoption of this Statement had no effect on previously reported amounts.

W. Pending Changes in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The County is required to adopt Statement No. 83 for its 2021 financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The County is required to adopt Statement No. 87 for its 2022 financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Relating to Debt, including Direct Borrowings and Direct Placements*. The County is required to adopt Statement No. 88 for its 2021 financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The County is required to adopt Statement No. 89 for its 2022 financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. The County is required to adopt Statement No. 90 for its 2021 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The County is required to adopt Statement No. 91 for its 2023 financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The County is required to adopt Statement No. 92 for its 2023 financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The County is required to adopt Statement No. 93 for its 2023 financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The County is required to adopt Statement No. 94 for its 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The County is required to adopt Statement No. 96 for its 2023 financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria*. The County is required to adopt Statement No. 97 for its 2022 financial statements.

NOTE 2 CASH AND INVESTMENTS

Under Section 1706 of the County Code of the Commonwealth of Pennsylvania, the County is authorized to invest its funds in the following:

- United States Treasury Bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation ("FDIC") or other like insurance.
- Obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States, the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania, which are insured by the FDIC or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposit may not exceed twenty percent (20%) of a bank's total capital surplus or twenty percent (20%) of a savings and loan's or savings bank's assets net of its liabilities.
- Commercial paper and prime commercial paper meeting certain requirements.
- Repurchase agreements, which are fully collateralized by obligations of the United States of America.

In addition, the County Code provides that the Retirement Trust Fund may make any investment authorized by 20 P.A.A. Ch. 7302b (relating to fiduciaries' investments).

For all deposits above the insured maximum, assets are pledged as collateral under Subsection (c)(3), to be pooled in accordance with the Act of August 6, 1971, (P.L. 281, No. 72).

The County has not adopted formal policies that limit the allowable deposits or investments, or specifically identify limits on investment risk.

As of December 31, 2020, cash balances, unrestricted and restricted, amounting to \$909,863 was covered by the FDIC, \$7,440,636 was covered by pledged collateral held by the financial institutions' trust departments or custodial agents for the benefit of the County and \$370,280 was uncollateralized and subject to market risk.

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statements of net assets:	
Cash and investments	\$ 9,180,002
Fiduciary funds:	
Cash and investments	<u>15,233,438</u>
Total Cash and Investments	<u>\$ 24,413,440</u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 10,163,265
Investments	<u>14,250,175</u>
Total Cash and Investments	<u>\$ 21,402,955</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the

ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations

Information about the sensitivity of the fair values of the County's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Type	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Fixed Income Securities	\$ 105,162	\$ 747,262	\$ 460,471	\$ 789,958

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented below is the actual rating as of year end for each type of fixed income investment that received a rating:

Rating Organization: Moody's

Type	AAA	AA	A	BAA	Not Rated
Government:					
Treasury	\$ 620,565	\$ ---	\$ ---	\$ ---	\$ 53,106
Agency	---	---	---	---	339,530
Other	---	---	---	---	96,208
Corporate	---	201,103	395,880	213,879	---
Collateralized Mortg. Oblig.	61,623	27,238	---	---	93,721
Totals	\$ 682,188	\$ 228,341	\$ 395,880	\$ 213,879	\$ 582,565

Rating Organization: Standard and Poor's

Type	AAA	AA	A	BBB	Not Rated
Government:					
Treasury	\$ ---	\$ ---	\$ ---	\$ ---	\$ 673,671
Agency	---	---	---	---	339,530
Other	---	---	---	---	96,208
Corporate	---	125,064	384,214	301,584	---
Collateralized Mortg. Oblig.	118,527	27,238	---	---	36,817
Totals	\$ 118,527	\$ 152,302	\$ 384,214	\$ 301,584	\$ 1,146,226

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to

recover the value of its investment or collateral securities that are in the possession of another party. The Pennsylvania Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Pennsylvania Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool equal at least one hundred ten percent (110%) of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: As of December 31, 2020, County investments by the following investment types were uncollateralized, which includes deposits collateralized by securities held by the pledging financial institution or by its trust department or agent, but not in the County's name. County investments subject to this risk include investments in the retirement trust fund.

<u>Investment</u>	<u>Reported Amount</u>
Government and Agencies	\$ 1,013,201
Corporate Obligations	993,444
Domestic Equity	7,658,710
International Equity	2,811,869
Certificates of Deposit	96,207
Hedge Funds	511,625
Cash and equivalents	<u>1,165,119</u>
	<u>\$ 14,250,175</u>

Foreign Currency

Foreign currency risk is the risk that the changes in foreign exchange rates will adversely affect the fair value of an investment. The County has \$2,811,869 in cash and investments subject to foreign currency risk at year end.

Investments – Fair Value Measurements

Generally accepted accounting principles define fair value, describe a framework for measuring fair value, and require disclosure about fair value measurements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability.

Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Represented by quoted prices available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities and mutual funds.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using price models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-based agency securities, obligations of states, and political subdivisions and certain corporate, asset backed securities, swap agreements, and life insurance contracts.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and those with internally developed values.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on the statement of fiduciary net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Mutual Funds and Stocks: Valued at the closing price reported on the active market on which the securities are traded.

Government Obligations and Corporate Bonds: Government obligations consisting of U.S. Treasury bonds and notes, agency securities, mortgage backed securities and corporate debt obligations consisting of bonds are generally valued at the most recent price of the equivalent quotes yield for such securities, or those of comparable maturity, quality and type. Such investments are generally classified within Level 2 of the valuation hierarchy.

The following table sets forth by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of December 31, 2020:

	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 10,470,579	\$ ---	\$ ---
Government Obligations	---	1,013,201	---
Corporate Bonds	---	993,444	---
TOTAL	\$ 10,470,579	\$ 2,006,645	\$ ---

NOTE 3 REAL ESTATE TAXES

Real estate taxes attach an enforceable lien on property on January 1. Taxes are billed on or about March 1, payable under the following terms: two percent (2%) discount, March 1 through April 30; face amount, May 1 through June 30, and ten percent (10%) penalty after July 1. The County bills these taxes, which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities. Real estate tax revenues are recognized in the period in which they become susceptible to accrual, that is, when they become both measurable and available.

The rate of taxation in 2020 was 3.577 mills, of which .609 mills were designated for debt service and the remaining 2.968 mills for general purposes.

The County, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. The net amount estimated to be collectible which was measurable and available within sixty (60) days was recognized as revenue. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

Taxes Receivable:

Fund Financial Statement

Taxes receivable in the amount of \$1,244,869 as stated on the Governmental Funds Balance Sheet, are actual legal claims of lien properties. The County has reported \$839,108 in unavailable revenue from property taxes on the fund level financial statements, to comply with GASB No. 22, reported on the modified accrual basis of accounting.

Government-Wide Financial Statement

In addition to the taxes receivable noted above, the Statement of Net Assets includes taxes receivable from years 2020 and prior that are summarized as follows:

	<u>Gross Taxes Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Estimated to be Collectible</u>
Property Taxes	<u>\$ 1,665,188</u>	<u>\$ (420,319)</u>	<u>\$ 1,244,869</u>

NOTE 4 DUE FROM / DUE TO OTHER GOVERNMENTS

Amounts due from other governments are generally comprised of amounts due from Federal, State, and Local governmental units for reimbursement due under the grant programs at December 31, 2020. Amounts due to other governments are generally comprised of interest earned on state grants required to be returned to the state for which program expenditures have not occurred at December 31, 2020.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 266,214	\$ ---	\$ ---	\$ 266,214
Construction in Progress	---	232,035	---	232,035
Total Capital Assets not being Depreciated	<u>266,214</u>	<u>232,035</u>	<u>---</u>	<u>498,249</u>
Capital Assets, being Depreciated				
Infrastructure	16,517,298	---	---	16,517,298
Buildings, Improvements and Land Improvements	32,656,144	4,160	---	32,660,304
Furniture, Equipment and Other Depreciable Assets	12,924,380	121,682	---	13,046,062
Total Capital Assets, being Depreciated	<u>62,097,822</u>	<u>125,842</u>	<u>---</u>	<u>62,223,665</u>
Less Accumulated Depreciation for:				
Infrastructure	(8,033,799)	(329,407)	---	(8,363,206)
Buildings, Improvements and Land Improvements	(13,251,265)	(833,730)	---	(14,084,999)
Furniture, Equipment and Other Depreciable Assets	(8,993,585)	(913,394)	---	(9,906,979)
Total Accumulated Depreciation	<u>(30,278,649)</u>	<u>(2,076,531)</u>	<u>---</u>	<u>(32,355,184)</u>
Capital Assets, being Depreciated, Net	<u>31,819,173</u>	<u>(1,950,689)</u>	<u>---</u>	<u>29,868,481</u>
Total Governmental Activities Capital Assets, Net	<u>\$32,085,387</u>	<u>\$(1,718,654)</u>	<u>\$ ---</u>	<u>\$ 30,366,730</u>

DRAFT REPORT - AS OF 9/27/21

COMPONENT UNITS:

Summaries of the component units' fixed assets as of December 31, 2020, follow:

Bedford County Airport Authority:

Land	\$ 2,041,488	\$ ---	\$ ---	\$ 2,041,488
Building	22,603,423	2,755,093	---	25,358,516
Equipment	314,945	---	---	314,945
Construction in progress	118,378	(118,378)	---	---
Total capital assets at cost	25,078,235	2,636,715	---	27,714,950
Less: Accumulated depreciation	(11,712,061)	(574,382)	---	(12,286,443)
Total capital assets, net	<u>\$ 13,366,174</u>	<u>\$ 2,062,333</u>	<u>\$ ---</u>	<u>\$ 15,428,507</u>

Bedford County Visitor's Bureau:

Furniture and Equipment	\$ 205,361	\$ 4,141	\$ ---	\$ 209,502
Leasehold Improvements	86,840	---	---	86,840
Total capital assets at cost	292,201	4,141	---	296,342
Less: Accumulated depreciation	(247,136)	(18,215)	---	(265,351)
Total capital assets, net	<u>\$ 45,065</u>	<u>\$ (14,074)</u>	<u>\$ ---</u>	<u>\$ 30,991</u>

Bedford County Library:

Equipment	\$ 4,009	\$ ---	\$ ---	\$ 4,009
Vehicles	28,815	---	---	28,815
Total capital assets at cost	32,824	---	---	32,824
Less: Accumulated depreciation	(5,749)	(2,622)	---	(8,371)
Total capital assets, net	<u>\$ 27,075</u>	<u>\$ (2,622)</u>	<u>\$ ---</u>	<u>\$ 24,453</u>

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2007 Note Payable	\$ 337,729	\$ ---	\$ 40,766	\$ 337,729	\$ 41,568
2014 G.O. Bonds	6,175,000	---	6,175,000	---	---
2015 G.O. Bonds	18,220,000	---	285,000	17,935,000	285,000
2016 G.O. Bonds	4,640,000	---	5,000	4,635,000	5,000
2019 G.O. Bonds	6,085,000	---	---	6,085,000	125,000
2020 G.O. Bonds	---	6,180,000	---	6,180,000	730,000
Capital Leases	214,653	142,511	83,496	214,653	94,907
Totals	\$35,672,382	\$ 6,322,511	\$ 6,589,262	\$35,387,382	\$ 1,281,475

Description of Debt

Pertinent information regarding general obligation debt outstanding is presented below:

General Obligation Note, Series of 2007

On September 24, 2007, the County of Bedford obtained a note payable from a local bank in the amount of \$1,000,000 for the purpose of purchasing a building to be used by the Bedford-Somerset Mental Health Agency. The interest rate on this note is 4.75% per annum for the first five (5) years and then adjusts to sixty percent (60%) of prime for five (5) year intervals thereafter. The interest rate as of December 31, 2020 is 2.55%. The obligation of the County to make payments under this note is a general obligation to which full faith and credit and taxing power are pledged. The County rents the building to Bedford-Somerset MH/MR for \$6,445 a month and uses the rental revenue for the repayment of the debt. During 2020, rental revenue of \$63,330 was received by the County and applied to principal and interest payments on the note.

Capital Leases

The County has entered into various capital lease obligations to finance the purchase of multiple vehicles and equipment. Annual payments are made ranging from \$5,150 to \$33,306 over the term of the lease. The effective interest rates for the leases range from 1.99% to 4.63% per annum.

General Obligation Bonds, Series of 2014

In May of 2014, the County issued \$8,500,000 in general obligation bonds. The proceeds of the Bonds were used by the County for: (1) refunding, on an advance refunding basis, \$4,380,000 principal amount of the County's General Obligation Bonds, Series A of 2009, currently outstanding in the aggregate principal amount of \$7,205,000; (2) refunding, on an advance refunding basis \$2,090,000 principal amount of the county's General Obligation bonds, Series B of 2009, currently outstanding in the aggregate principal amount of \$3,120,000; (3) upgrades to the county's emergency management communication system; (4) various other capital improvements within the county; and (5) paying the costs of issuance of the Bonds. Interest rates on the bonds range from 1.51% and 2.13%.

In May 2019, a portion of the General Obligation Bonds, Series of 2014, were currently refunded by the issuance of General Obligation Notes, Series of 2019. In May 2020, the remaining portion of the General Obligations Bonds, Series of 2014, were currently refunded by the issuance of General Obligations Note, Series of 2020.

General Obligation Bonds, Series of 2015

In March of 2015, the County issued \$20,575,000 in general obligation bonds. The Series A proceeds of \$18,940,000 were used by the County for: (1) refunding, on an advance refunding basis, \$15,040,000 principal amount of the County's General Obligation Bonds, Series of 2005 on September 2015; (2) refunding, on a current refunding basis \$3,165,000 principal amount of the county's General Obligation Bonds, Series A and B of 2009; and (3) paying the costs of issuance of the Bonds. The proceeds of the Series B Bonds of \$1,635,000 were used by the County for: (1) funding the cost associated with the completion of a performance based energy savings

construction project; and (2) paying the cost of issuance of the Series B Bonds. Interest rates on the bonds range from 1.49% and 1.69%.

General Obligation Bonds, Series of 2016

In August of 2016, the County issued \$4,655,000 in general obligation bonds. The proceeds of the bonds were used by the County for: (1) refunding, on a current refunding basis, \$4,180,000 principal amount of the County's General Obligation Bonds, Series of 2011, which were redeemed on November 1, 2016; (2) capital projects within the County; and (3) paying the costs of issuance of the bonds. The proceeds of the Series B Bonds were used by the County for: (1) funding the cost associated with the completion of a performance based energy savings construction project; and (2) paying the costs of issuance of the Series B Bonds. Interest rates on the bonds range from 1.75% and 3.125%.

General Obligation Bonds, Series of 2019

In May 2019, the County issued General Obligation Note, series of 2019 in the principal amount of \$6,085,000. The proceeds of the Note were used by the County to: (1) refund \$1,980,000 of the County's outstanding General Obligation Bond, Series of 2014, (2) finance various capital projects of the County, and (3) pay the costs and expenses of issuing the Bonds. Interest rates on the bonds range from 2.375% and 4.00%.

General Obligation Bonds, Series of 2020

In May 2020, the County issued General Obligation Bond, Series of 2020 in the principal amount of \$6,180,000. The proceeds of the Bond were used by the County to: (1) refund the remaining \$6,175,000 of the County's outstanding General Obligation Bond, Series 2014, (2) pay the costs and expenses of issuing the Bonds. Interest rates on the Bonds range from 2.00% and 5.00%.

The difference between the cash flows for the Bond required to service the old debt and the cash flows required to service the new debt decreased by \$389,719. The economic gain resulting from this transaction amounted to \$373,727.

Debt Maturity

An analysis of debt service requirements to maturity on these obligations is as follows:

COUNTY OF BEDFORD
DEBT MATURITY SCHEDULE

	Capital Leases		2007 G.O. Note		2015 G.O. Bonds (A)		2015 G.O. Bonds (B)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 78,675	\$ 3,196	\$ 41,568	\$ 5,421	\$ 215,000	\$ 541,200	\$ 70,000	\$ 39,313
2022	32,430	1,142	42,386	4,603	225,000	536,631	75,000	37,825
2023	8,641	93	43,220	3,769	590,000	531,569	75,000	36,138
2024	-	-	44,071	2,918	1,095,000	502,069	75,000	34,263
2025	-	-	44,938	2,051	1,135,000	463,825	80,000	32,294
2026 - 2030	-	-	80,780	1,451	6,185,000	1,797,239	430,000	124,983
2031 - 2035	-	-	-	-	7,185,000	733,926	500,000	51,283
2036 - 2038	-	-	-	-	-	-	-	-
	<u>\$ 119,746</u>	<u>\$ 4,431</u>	<u>\$ 296,963</u>	<u>\$ 20,213</u>	<u>\$ 16,630,000</u>	<u>\$ 5,106,459</u>	<u>\$ 1,305,000</u>	<u>\$ 356,099</u>
	2016 G.O. Bonds		2019 G.O. Bonds		2020 G.O. Bonds		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 5,000	\$ 134,894	\$ 125,000	\$ 194,304	\$ 730,000	\$ 181,781	\$ 1,265,243	\$ 1,100,109
2022	5,000	134,806	130,000	189,206	1,110,000	148,631	1,619,816	1,058,901
2023	5,000	134,688	130,000	184,006	795,000	110,531	1,646,861	1,007,543
2024	5,000	134,569	140,000	178,606	340,000	86,131	1,699,071	969,931
2025	90,000	134,450	50,000	175,213	355,000	72,306	1,754,938	920,352
2026 - 2030	1,370,000	605,302	470,000	841,256	1,295,000	264,624	9,830,780	3,634,855
2031 - 2035	3,155,000	297,900	550,000	766,594	125,000	195,888	11,515,000	2,045,591
2036 - 2038	-	-	4,490,000	236,381	1,430,000	18,768	5,920,000	255,149
	<u>\$ 4,635,000</u>	<u>\$ 1,576,609</u>	<u>\$ 6,085,000</u>	<u>\$ 2,765,566</u>	<u>\$ 6,180,000</u>	<u>\$ 1,078,660</u>	<u>\$ 35,251,709</u>	<u>\$ 10,992,431</u>

NOTE 7 RETIREMENT PLAN

Summary of Significant Accounting Policies

Plan Description

The Bedford County Employees' Pension Plan is a single-employer defined benefit pension plan that covers all employees of the County, as established by a resolution effective January 1, 1951, and is administered by a County Retirement Board. The County has delegated the authority to manage Plan assets to Cornerstone Investments a delegated Wilmington Trust as the Plan custodian. Employees are eligible to participate immediately upon becoming an employee. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Bedford County Employees' Retirement Board. Act 96 of 1971, as amended, cited as the County Pension Law provides for the creation, maintenance and operation of this plan.

Method Used to Value Investments

Plan investments are reported at fair value as reported by the Wilmington Trust. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

Benefits provided

Retirement benefits vest upon completion of five (5) years of credited service. Employees who retire after age sixty (60) or at age fifty-five (55) if the participant has completed twenty (20) years of service, are entitled to an annual retirement benefit, payable monthly for life as follows:

(a) 1.000% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/100 Class,

1.250% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/80 Class,

1.667% of 1/12th of Final "Average" Salary multiplied by years of credited service on the 1/60 Class,

PLUS

(b) A monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.

Final "average" salary is the average of the member's annual compensation received excluding severance payments or payments for unused vacation or sick leave for the three (3) years, which produce the highest such average.

If a plan participant voluntarily leaves covered employment before five (5) years of credited service or dies before ten (10) years of credited service, accumulated employee contributions plus interest earnings are refunded to the employee or designated beneficiary.

Net Pension Liability of the County's Plan

The components of the net pension liability of the County's plan at December 31, 2020, were as follows:

Total Pension Plan Liability	\$ 38,312,920
Plan Fiduciary Net Position	<u>(14,243,657)</u>
Net Pension Liability	<u>\$ 24,069,263</u>

Plan Fiduciary Net Position as a percentage of the total pension liability is 37.18%.

Discount rate

The discount rate used to measure the total pension liability was 3.98%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the annual required contribution. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 3.98 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	<u>-1% (2.98%)</u>	<u>Current Discount Rate (3.98%)</u>	<u>+1% (4.98%)</u>
Net pension liability	\$30,854,655	\$24,069,263	\$20,065,263

Investment policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the County retirement board by a majority vote of its members. It is the policy of County retirement board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The County's total pension investments held by Wilmington Trust amounted to \$14,250,175 as of December 31, 2020. The following was the County's adopted asset allocation policy for these investments as of December 31, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Actual Allocation</u>
Domestic Equity	35%	56%
International Equity	15%	17%
Fixed Income	35%	21%
Real Estate	10%	3%
Cash & Equivalents	5%	3%
TOTAL	<u>100%</u>	<u>100%</u>

Long term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The following was the County's target asset allocation as of December 31, 2020:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return Net of Investment Expense & Inflation</u>
Domestic Equities	5.4%-6.4%
International Equities	5.5%-6.5%
Real Estate	4.5%-5.5%
Fixed Income	1.3%-3.3%
Cash	0.0%-1.0%

Rate of Return on Investments

For the 2020 measurement period, the annual money-weighted rate of return on the County's combined pension plan investments, net of pension plan investment expense, was 12.60%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Plan Membership

Membership of the plan consisted of the following at December 31, 2020:

Retirees and Beneficiaries Receiving Benefits	140
Terminated Plan Members Entitled to but not yet Receiving Benefits	27
Active Plan Members	<u>192</u>
Total	<u>359</u>

Summary of Significant Accounting Policies

The Bedford County Employees' Retirement System financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Contribution Information and Funding Policies

Contributions

Plan members are required to contribute five percent (5%) of their annual covered salary. The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs may be financed through investment earnings. The County average contribution rate was 6.72% of annual payroll.

Pension expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

Components of Pension Expense	12/31/20
Service Cost	\$ 1,298,147
Member Contributions	(461,943)
Interest on the Total Pension Liability	1,501,434
Recognition of differences between expected and Actual experience	(15,509)
Projected earnings on pension plan investments	(990,472)
Recognition of changes of assumptions	2,686,355
Recognition of differences between projected and actual earnings on plan investments	(160,706)
Pension plan administrative expense	28,158
Other changes in fiduciary net position	(74)
Total pension expense	<u>\$ 3,885,390</u>

At December 31, 2020, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension expense from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between the Expected and actual experience	\$ 699,200	\$ ---
Changes of assumptions	8,736,036	---
Net difference between projected and Actual earnings on plan investments	---	<u>1,712,437</u>
Total	<u>\$ 9,435,236</u>	<u>\$ 1,712,437</u>

Amounts reported as deferred outflows of resources and (deferred inflows of resources) related to pension will be recognized in pension expense as follows:

<u>Year ended</u>	<u>Amount</u>
2021	\$ 2,392,186
2022	2,484,768
2023	2,180,990
2024	664,855
2025	---
Thereafter	---
Total	<u>\$ 7,722,799</u>

See the Required Supplementary Information schedules for additional required financial statement disclosures related to the County's pension plans.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Possible Unasserted Claims

The County receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate agency. The programs are subject to review by the applicable Federal and State Agencies which could result in disallowed funding. In the opinion of the County of Bedford's management, such disallowances, if any, will not be significant.

Litigation

There are several claims and lawsuits pending against the County of Bedford. In the opinion of the County's management and legal counsel, the potential loss on these claims that can be reasonably estimated will not be significant to the County of Bedford's financial statements.

Construction Commitments

The County of Bedford is committed to preservation and reconstruction of various county owned bridges throughout the County. The work on these bridges is being financed with Federal and State Liquid Fuels tax as well as some county matching funds.

COVID-19

In January 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern." On March 19, 2020, Governor Wolf ordered all non-life sustaining businesses to close their businesses to slow the spread of COVID-19 in the Commonwealth of Pennsylvania. As a result, the County temporarily closed its doors to the public and adapted to remote work environments. In July 2020, the County received \$4,324,711, as part of the Department of Community and Economic Development's (DCED) Community Relief Block Grant (CRBG). These funds are part of Federal legislation, Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide for reimbursement and future costs in 2020 associated with the COVID-19 pandemic. These funds were fully expended as of December 30, 2020, in accordance with the grant stipulations. Given the uncertainty of the situation and related financial impact to the County's revenue sources, the long-term impact on the County cannot be reasonably estimated at this time.

NOTE 9 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates together with other Pennsylvania counties in the Pennsylvania Counties Risk Pool (PCorp), which is a separate and independent governmental and legal entity, the purpose, of which, is to provide a joint risk management pool to assist members to prevent and reduce losses and injuries to County property and to persons or property, which might result in claims being made against members of PCorp (the counties). The County also participates in the Pennsylvania Counties Workers' Compensation Trust (PComp) to obtain Workers' Compensation and employers' liability insurance coverage. These programs provide insurance coverage with ordinary coverage limits and deductibles which are partially self-insured through the PCorp and PComp. The County pays an annual premium to PCorp and PComp for its insurance coverage.

NOTE 10 RELATED PARTY TRANSACTIONS

County Appropriations to Component Unit:

The County provided \$120,000 in appropriations to the Bedford County Library which is one of the County's component units as disclosed in Note 1A of the financial statements.

NOTE 11 DEFICIT FUND BALANCE

As shown in the accompanying financial statements, the County has incurred significant losses in either current or prior years within the 911 Fund which has contributed to an overall deficit net position of (\$422,715).

The County's General Fund maintains an unassigned fund balance of \$4,280,959, which would offset any operating deficiencies within other funds.

NOTE 12 SUBSEQUENT EVENTS

Tax Anticipation Note

In January 2021, the County issued a tax and revenue anticipation note of \$1,995,000 with an interest rate of 0.75%. The note is due December 31, 2021.

General Obligation Bonds of 2021

In August of 2021, the County issued General Obligations Bonds of 2021 Series A and B in the total amount of \$9,225,000 with an interest rate ranging from 2.00% to 4.00%. The proceeds of the Series A Bonds were used to refund the remaining portion of the County's debt service payments in respect to its General Obligation Bonds, Series of 2016 and to pay the cost of issuance. The proceeds of the Series B Bonds were used for various capital improvement projects and to pay the cost of issuance.

American Rescue Plan Act of 2021

In May 2021, the County received \$4,650,841 under the federal American Rescue Plan Act of 2021 (ARPA) through the Pennsylvania Department of Community and Economic Development. Funds can be used to support COVID-19 response efforts, replace lost revenue, support economic stabilization for households and businesses, and address systemic public health and economic challenges. An additional \$4,650,841 will be received in May 2022.

Subsequent events were evaluated through September 30, 2021, the date the financial statements were available to be issued. Subsequent events of which the County is aware have been recognized or disclosed in the financial statements as required.

DRAFT REPORT - AS OF 9/27/21

Bedford County
Employees' Retirement System
Schedule of Changes in the County's Net Pension
Liability and Related Ratios
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,298,147	\$ 689,904	\$ 683,474	\$ 795,517	\$ 633,563	\$ 230,070	\$ 229,642
Interest	1,501,434	1,882,996	1,831,724	1,709,960	1,570,850	1,482,794	1,422,062
Change in benefit terms	-	-	-	518,662	-	-	-
Differences between expected and actual experience	(140,971)	(335,674)	48,813	276,753	(193,868)	550,073	114,746
Change in assumptions	11,243,316	-	322,335	-	-	-	-
Benefit payments, including refunds of member contributions	(1,844,513)	(1,442,127)	(1,560,409)	(1,267,052)	(1,194,574)	(1,019,152)	(897,294)
Net change in pension liability	12,057,413	795,099	1,325,937	2,033,840	815,971	1,243,785	869,156
Total pension liability/(asset) - beginning	26,255,507	25,460,408	24,134,471	22,100,631	21,284,660	20,040,875	19,171,719
Total pension liability/(asset) - ending (A)	\$ 38,312,920	\$ 26,255,507	\$ 25,460,408	\$ 24,134,471	\$ 22,100,631	\$ 21,284,660	\$ 20,040,875
Plan fiduciary net position							
Contributions - employer	\$ 425,000	\$ 300,000	\$ 276,350	\$ 250,000	\$ 225,000	\$ 175,000	\$ 200,000
Contributions - member	461,943	430,829	433,756	530,450	379,524	363,251	451,102
Net investment income	1,539,098	2,267,814	(623,717)	1,745,820	615,172	63,919	375,162
Benefit payments, including refunds of member contributions	(1,844,513)	(1,442,127)	(1,560,409)	(1,267,052)	(1,222,404)	(1,019,151)	(897,293)
Administrative expenses	(28,158)	(36,797)	(87,013)	(27,108)	-	-	(49,295)
Other	74	(84,923)	(92,563)	66,943	1,618	2,219	1,599
Net change in plan fiduciary net position	553,444	1,434,796	(1,653,596)	1,299,053	(1,090)	(414,762)	81,275
Plan fiduciary net position - beginning	13,690,213	12,255,417	13,909,013	12,609,960	12,611,050	13,025,812	12,944,537
Plan fiduciary net position - ending (B)	\$ 14,243,657	\$ 13,690,213	\$ 12,255,417	\$ 13,909,013	\$ 12,609,960	\$ 12,611,050	\$ 13,025,812
County's net pension liability/(asset) - ending (A-B)	\$ 24,069,263	\$ 12,565,294	\$ 13,204,991	\$ 10,225,458	\$ 9,490,671	\$ 8,673,610	\$ 7,015,063
Plan fiduciary net position as a percentage of the total pension liability	37.18%	52.14%	48.14%	57.63%	57.06%	59.25%	65.00%
Covered employee payroll	\$ 6,323,158	\$ 6,161,562	\$ 6,262,914	\$ 5,647,477	\$ 5,479,438	\$ 5,079,069	\$ 5,166,351
County's net pension liability as a percentage of covered employee payroll	380.65%	203.93%	210.84%	181.06%	173.2%	170.8%	135.8%

Note: The years presented in this schedule are all of the years in which information is available.

DRAFT REPORT - ASSESSMENT

Bedford County
Employees' Retirement System
Schedule of Contributions
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,077,884	\$ 947,479	\$ 889,850	\$ 825,097	\$ 640,444	\$ 573,596	\$ 535,038
Contributions in relation to the actuarially determined contributions	425,000	300,000	276,350	250,000	225,000	175,000	200,000
Contribution deficiency/(excess)	\$ 652,884	\$ 647,479	\$ 613,500	\$ 575,097	\$ 415,444	\$ 398,596	\$ 335,038
Covered employee payroll	\$ 6,323,158	\$ 6,161,562	\$ 6,262,914	\$ 5,647,477	\$ 5,479,438	\$ 5,079,069	\$ 5,166,351
County's contributions as a percentage of covered employee payroll	6.72%	4.87%	4.41%	4.43%	4.11%	3.45%	3.87%

Notes to Schedule:

Valuation Date:	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016	1/1/2015	1/1/2014
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Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization Period	15 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary increases	3.5% average, including inflation
Investment rate of return	3.98% net of pension plan investment expense, including inflation
Retirement Age	Age 60 or 55 with 20 years' service
Mortality	2013 RP Annuitant and Non-Annuity Mortality Table for males and females with no projected improvement

NOTE: The years presented in this schedule are all of the years in which information is available.

DRAFT REPORT - AS OF 9/27/21

Bedford County
 Employees' Retirement System
 Schedule of Investment Return
 Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	12.60%	19.70%	-4.75%	15.8%	5.5%	1.7%	3.6%

Note: The years presented in this schedule are all of the years in which information is available.

DRAFT REPORT - AS OF 9/27/21

COUNTY OF BEDFORD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 10,067,938	\$ 10,067,938	\$ 11,682,159	\$ 1,614,221
Charges for services	2,336,166	2,336,166	2,288,028	(48,138)
Interest and investment income	559,000	559,000	815,306	256,306
Intergovernmental revenues	4,240,379	4,240,379	9,054,307	4,813,928
Other	241,597	241,597	124,958	(116,639)
Total Revenues	17,445,080	17,445,080	23,964,758	6,519,678
Expenditures				
General government - Administrative	2,092,012	2,092,012	2,045,243	46,769
General government - Judicial	2,558,703	2,558,703	2,302,522	256,181
Public safety	4,301,202	4,301,202	5,841,561	(1,540,359)
Public works	44,491	44,491	145,421	(100,930)
Human services	3,969,681	3,969,681	6,457,385	(2,487,704)
Culture and recreation	120,000	120,000	120,000	-
Conservation and development	213,000	213,000	259,500	(46,500)
Employee benefits	1,719,300	1,719,300	1,622,333	96,967
Miscellaneous	868,343	868,343	731,269	137,074
Debt service	1,347,696	1,347,696	1,310,442	37,254
Capital Projects	130,000	130,000	180,552	(50,552)
Total Expenditures	17,364,428	17,364,428	21,016,228	(3,651,800)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	80,652	80,652	2,948,530	2,867,878
Other Financing Sources/(Uses) Operating transfers in/(out)	(637)	(637)	(39,998)	(39,361)
Total Other Financing Sources/(Uses)	(637)	(637)	(39,998)	(39,361)
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	80,015	80,015	2,908,532	2,828,517
Fund Balance/(Deficit) - Beginning of Year			1,372,427	
Fund Balance - End of Year			\$ 4,280,959	

See Independent Auditor's Report

Account	Balance	Change	Total
Assets			
Cash and equivalents	1,234,567	123,456	1,358,023
Accounts receivable	567,890	56,789	624,679
Due from other departments	123,456	12,345	135,801
Total Assets	1,925,913	192,590	2,118,503
Liabilities			
Accounts payable	345,678	34,567	380,245
Due to other departments	234,567	23,456	258,023
Total Liabilities	580,245	58,023	638,268
Net Position	1,345,668	134,567	1,480,235

SUPPLEMENTARY
INFORMATION

DRAFT REPORT - AS OF 9/27/21

COUNTY OF BEDFORD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

	<u>Domestic Relations</u>	<u>Planning Commission</u>	<u>Total</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 422,347	\$ 52,790	\$ 475,137
Receivables:			
Grants Receivable	130,992	4,311	135,303
Due from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 553,339</u>	<u>\$ 57,101</u>	<u>\$ 610,440</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable	\$ -	\$ 4,311	\$ 4,311
Due to other funds	46,078	52,574	98,652
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>46,078</u>	<u>56,885</u>	<u>102,963</u>
Deferred Inflow			
Unearned revenue	507,261	-	507,261
	<u> </u>	<u> </u>	<u> </u>
Fund Balance			
Restricted	-	216	216
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>-</u>	<u>216</u>	<u>216</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 553,339</u>	<u>\$ 57,101</u>	<u>\$ 610,440</u>

See Independent Auditor's Report

COUNTY OF BEDFORD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Domestic Relations	Planning Commission	Total
Revenues			
Intergovernmental revenues	\$ 308,442	\$ 423,546	\$ 731,988
Miscellaneous Revenues:			
Rents and Other	-	-	-
Interest	3,351	258	3,609
Total Revenues	<u>311,793</u>	<u>423,804</u>	<u>735,597</u>
Expenditures			
Conservation and development	-	423,588	423,588
Human Services	311,793	-	311,793
Total Expenditures	<u>311,793</u>	<u>423,588</u>	<u>735,381</u>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	<u>-</u>	<u>216</u>	<u>216</u>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>-</u>	<u>216</u>	<u>216</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 216</u>	<u>\$ 216</u>

DRAFT REPORT - AS OF 9/27/21

See Independent Auditor's Report

COUNTY OF BEDFORD
NONMAJOR FUNDS

The following are the County's nonmajor funds, for the year ending December 31, 2020:

SPECIAL REVENUE FUNDS:

PLANNING COMMISSION: The Planning Commission fund accounts for federal Community Development Block Grant (CDBG) funding, which is primarily used for the development of viable communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

DOMESTIC RELATIONS FUND: The PA Department of Human Services provides IV-D monies. These monies are comprised of both state and federal funding. The department uses the funds to provide citizens of Bedford County with domestic relations support. This primarily entails establishment and enforcement of child support orders.

DRAFT REPORT - AS OF 9/27/20

COMPONENT UNIT COMBINING
AND
INDIVIDUAL FUND
FINANCIAL STATEMENTS

DRAFT REPORT AS OF 9/27/21

COUNTY OF BEDFORD
 COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
 DECEMBER 31, 2020

	Industrial Development Authority	Library	Visitors Bureau	Airport Authority	Totals
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,960	\$ 99,778	\$ 228,014	\$ 84,876	\$ 419,628
Investments	-	17,474	-	-	17,474
Accounts receivable	50,000	90,000	764	5,045	145,809
Inventory	-	-	11,980	-	11,980
Prepaid expenses and other assets	-	-	29,671	-	29,671
Total current assets	<u>56,960</u>	<u>207,252</u>	<u>270,429</u>	<u>89,921</u>	<u>624,562</u>
Non-current assets					
Fixed assets (net of accumulated depreciation)	-	24,453	30,991	15,428,507	15,483,951
Total non-current assets	<u>-</u>	<u>24,453</u>	<u>30,991</u>	<u>15,428,507</u>	<u>15,483,951</u>
Total Assets	<u>\$ 56,960</u>	<u>\$ 231,705</u>	<u>\$ 301,420</u>	<u>\$ 15,518,428</u>	<u>\$ 16,108,513</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 650	\$ 90,000	\$ 31,761	80,536	\$ 202,947
Unearned revenue	-	95,407	-	-	95,407
Notes payable	-	-	-	36,402	36,402
Total current liabilities	<u>650</u>	<u>185,407</u>	<u>31,761</u>	<u>116,938</u>	<u>334,756</u>
Non-current liabilities					
Notes payable	-	-	-	1,620,432	1,620,432
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,620,432</u>	<u>1,620,432</u>
Total Liabilities	<u>650</u>	<u>185,407</u>	<u>31,761</u>	<u>1,737,370</u>	<u>1,955,188</u>
NET POSITION					
Net investment in capital assets	-	-	-	13,771,673	13,771,673
Restricted	-	-	-	-	-
Unrestricted	56,310	46,298	269,659	9,385	381,652
Total Net Position	<u>56,310</u>	<u>46,298</u>	<u>269,659</u>	<u>13,781,058</u>	<u>14,153,325</u>
Total Liabilities and Net Position	<u>\$ 56,960</u>	<u>\$ 231,705</u>	<u>\$ 301,420</u>	<u>\$ 15,518,428</u>	<u>\$ 16,108,513</u>

See Independent Auditor's Report

COUNTY OF BEDFORD
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Industrial Development Authority	Library	Visitors Bureau	Airport Authority	Total
Operating Revenues:					
Charges for services	\$ -	\$ -	\$ 44,649	\$ 204,733	\$ 249,382
Intergovernmental revenues	-	-	510,833	-	510,833
Other	-	275	2,672	-	2,947
Total Operating Revenues	-	275	558,154	204,733	763,162
Operating Expenses:					
Public works	-	-	-	131,073	131,073
Conservation and development	650	-	-	-	650
Culture and recreation	-	355,613	574,310	-	929,923
Depreciation	-	-	-	574,382	574,382
Total Operating Expenses	650	355,613	574,310	705,455	1,636,028
Operating (Loss) / Income	(650)	(355,338)	(16,156)	(500,722)	(872,866)
Non-Operating Revenues/(Expenses):					
Investment income	55	79	1,268	-	1,402
Federal appropriations	-	4,000	-	1,786,134	1,790,134
State appropriations	-	228,977	-	-	228,977
County appropriations	-	120,000	-	-	120,000
Other non-operating revenue/(expense)	-	-	-	(56,266)	(56,266)
Interest expense	-	-	-	-	-
Total Non-Operating Revenues/ (Expenses)	55	353,056	1,268	1,729,868	2,084,247
Total Change in Net Position	(595)	(2,282)	(14,888)	1,229,146	1,211,381
Net Position - Beginning of Year	56,905	48,580	284,547	12,551,912	12,941,944
Net Position - End of Year	<u>\$ 56,310</u>	<u>\$ 46,298</u>	<u>\$ 269,659</u>	<u>\$ 13,781,058</u>	<u>\$ 14,153,325</u>

See Independent Auditor's Report

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DRAFT REPORT - AS OF 9/27/21

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DRAFT REPORT - AS OF 9/27/21

SCHEDULE OF COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF HUMAN SERVICES EXPENDITURES

DRAFT REPORT - AS OF 9/27/21

COUNTY OF BEDFORD
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
DECEMBER 31, 2020

NOTE 1 REPORTING ENTITY

For financial reporting purposes, the reporting entity of the County of Bedford, as defined in Note 1 to the financial statements, incorporates several discretely presented component units. Since the County does not process transactions or maintain control systems for these component units, the Schedule of Expenditures of Federal Awards and Commonwealth of Pennsylvania Department of Human Services Expenditures exclude the discretely presented component units. The excluded component units are comprised of the following:

- Bedford County Industrial Development Authority
- Bedford County Library
- Bedford County Visitor's Bureau
- Bedford County Airport Authority

Where applicable, a separate Single Audit report has been issued by the individual component unit.

NOTE 2 SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The Schedule of Expenditures of Federal Awards and Commonwealth of Pennsylvania Department of Human Services Expenditures have been prepared on a basis consistent with that used in the preparation of the basic financial statements. As described in Note 1 to the financial statements, the modified accrual basis of accounting is used. 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). Because the Schedule presents only a selected portion of the operations of County of Bedford, it is not intended to and does not present the financial position, changes in net assets or cash flows of County of Bedford.

Indirect Costs

The County of Bedford did not elect to use the ten percent (10%) de minimis indirect cost rate.

Federal Loan Guarantee Programs

The County of Bedford did not have any federal loan guarantee programs to report for the year ended December 31, 2020, as described in 2 CFR section 200.502(b).

NOTE 3 SUBRECIPIENTS

The County of Bedford provided federal awards to subrecipients, which administer the programs on behalf of the County, as follows:

<u>Subrecipient/Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
<u>Bedford County Food Bank:</u>		
Temporary Emergency Food Assistance Program (Administrative Cost)	10.568	\$ 4,422
Temporary Emergency Food Assistance Program (Donated Commodities)	10.569	<u>33,512</u>
		<u>\$ 37,934</u>
<u>United Family Services System:</u>		
Community Based Child Abuse Prevention	93.590	\$ 15,300
Family Centered Fatherhood Program	93.556	<u>90,784</u>
		<u>\$ 106,084</u>
<u>Center for Community Action, Inc.:</u>		
Emergency Solutions Grant	14.231	\$ 106,227
Home Investment Partnership Program	14.238	111,053
Medical Assistance	93.778	<u>284,215</u>
		<u>\$ 501,495</u>

NOTE 4 NON-CASH ASSISTANCE AWARDS

The County reports expenditures under CFDA #10.569, Emergency Food Assistance Program, which represent the value of food commodity distributions calculated by the U.S. Department of Agriculture. However, in 2020, the County was unable to determine this amount and was unsuccessful in its attempts to confirm these amounts with the state pass through agency.

NOTE 5 JOINDER OPERATIONS

The County of Bedford participates in two (2) joinder operations in which two (2) or more counties pool their resources for the administration of a specific program:

- Bedford-Somerset Developmental & Behavioral Health Services
- Huntingdon-Fulton-Bedford Area Agency on Aging

Additional information on the joinder operations above can be found in Note 1 in the Notes to the Financial Statements.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING "AGREED-UPON PROCEDURES"
 FOR COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES FUNDED
 FINANCIAL ASSISTANCE PROGRAM SCHEDULES AND EXHIBITS**

Board of Commissioners
 County of Bedford
 Bedford, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services (DHS) and the County of Bedford solely to assist you with respect to the financial schedules and exhibits required by the DHS Single Audit Supplement. We did not perform the agreed-upon procedures for the financial schedules and exhibits of the Medical Assistance Transportation Program (Exhibit III) and Combined Homeless Assistance Program (Exhibit XIX(a)). The procedures enumerated below were performed on these schedules by other auditors whose report thereon has been furnished to us and our report on those procedures, insofar as it relates to the schedules and exhibits of the Medical Assistance Transportation Program and Combined Homeless Assistance Program, was based solely on the report of other auditors. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DHS. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We have verified by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for the fiscal year ended June 30, 2020 (December 31, 2020 for Schedule A-1(c) and A-1(d)), have been accurately compiled and reflect the audited books and records of the County of Bedford. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS Single Audit Supplement pertaining to this period.

<u>Program Name</u>	<u>Exhibit Number</u>	<u>Referenced Schedule/Exhibit</u>
Title IV-D Child Support	A-1(a)	Summary of Expenditures
Title IV-D Child Support	A-1(c)	Comparison of Incentives
Title IV-D Child Support	A-1(d)	Comparison of IV-D account
Medical Assistance Transportation	III	Schedule of Revenues and Expenditures
Combined Homeless Assistance Program	XIX(a)	Schedule of Revenues and Expenditures

- b. We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DHS for the period in question.
- c. In regard to the Reconciliation Schedule included as Exhibit XX, we have performed the following procedures:
 1. Agree the expenditure amounts listed on the Reconciliation Schedule under the "Federal Expenditures per the SEFA" column to the audited Schedule of Expenditures of Federal Awards ("SEFA").
 2. Agree the receipt amounts listed on the Reconciliation Schedule under the "Federal Awards Received per the audited confirmation reply from Pennsylvania" column to the subrecipient Federal amounts that were reflected in the audit confirmation reply from the Commonwealth of Pennsylvania Office of Budget, Comptroller Operations.
 3. Recalculate the amounts listed under the "Difference" column and the "% Difference" column.
 4. Agree the amounts listed under the "Difference" column to the audited books and records of the County.
 5. Agree the "Detailed Explanation of the Difference" to the audited books and record of the County.
- d. In regard to the Reconciliation Schedule included as Exhibit XXI, we have performed the following procedures:
 1. Reconcile the list of provider under "Provider Name" column A to the providers who were paid for In-Home Purchased Services during the year according to the CCYA's general ledger, cash disbursements journal or similar record. Note any providers who were paid during the year, but were not included on this schedule.
 2. Agree the response in column B to the appropriate Provider contract.
 3. Agree the information in columns C through I to the CCYA's monitoring records for In-Home Purchased Service Providers.
 4. Based on the procedures detailed in paragraphs (1) through (3) above, disclose any exceptions or findings which have not been reflected on the corresponding schedule.
- e. The processes detailed in paragraphs (a), (b) and (c) above disclosed no adjustments and/or findings.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the County of Bedford, awarding agencies, the Commonwealth of Pennsylvania Department of Human Services, and pass-through entities who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

WESSEL & COMPANY
Certified Public Accountants

September 30, 2021

DRAFT REPORT - AS OF 9/27/21

COUNTY OF BEDFORD
TITLE IV-D CHILD SUPPORT PROGRAM
SUMMARY OF EXPENDITURES
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2020

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
	Total	Unallowable	Incentive Paid Costs	Net	Amt. Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt. Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt. Paid
Quarter Ending 9/30/19:															
1. Salary & Overhead	168,670	22,046	27,360	119,264	78,714	168,670	22,046	27,360	119,264	78,714	-	-	-	-	-
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Prog Income	465	20	-	445	294	465	20	-	445	294	-	-	-	-	-
4. Blood Testing Fees	266	-	-	266	176	266	-	-	266	176	-	-	-	-	-
5. Blood Testing Costs	266	-	-	266	176	266	-	-	266	176	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total	168,205	22,026	27,360	118,819	78,420	168,205	22,026	27,360	118,819	78,420	-	-	-	-	-
Quarter Ending 12/31/19:															
1. Salary & Overhead	141,577	6,312	13,470	121,795	80,385	141,577	6,312	13,470	121,795	80,385	-	-	-	-	-
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Prog Income	157	7	-	150	99	157	7	-	150	99	-	-	-	-	-
4. Blood Testing Fees	65	-	-	65	43	65	-	-	65	43	-	-	-	-	-
5. Blood Testing Costs	114	-	-	114	75	114	-	-	114	75	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total	141,469	6,305	13,470	121,694	80,318	141,469	6,305	13,470	121,694	80,318	-	-	-	-	-
Quarter Ending 3/30/20:															
1. Salary & Overhead	170,674	8,029	22,000	140,645	92,826	170,674	8,029	22,000	140,645	92,826	-	-	-	-	-
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Prog Income	165	8	-	157	104	165	8	-	157	104	-	-	-	-	-
4. Blood Testing Fees	129	-	-	129	85	129	-	-	129	85	-	-	-	-	-
5. Blood Testing Costs	57	-	-	57	38	57	-	-	57	38	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total	170,437	8,021	22,000	140,416	92,675	170,437	8,021	22,000	140,416	92,675	-	-	-	-	-
Quarter Ending 6/30/20:															
1. Salary & Overhead	140,932	6,579	11,000	123,353	81,413	140,932	6,579	11,000	123,353	81,413	-	-	-	-	-
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Prog Income	83	4	-	79	52	83	4	-	79	52	-	-	-	-	-
4. Blood Testing Fees	15	-	-	15	10	15	-	-	15	10	-	-	-	-	-
5. Blood Testing Costs	59	-	-	59	39	59	-	-	59	39	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total	140,893	6,575	11,000	123,318	81,390	140,893	6,575	11,000	123,318	81,390	-	-	-	-	-

CHILD SUPPORT ENFORCEMENT
 COMPARISON OF REPORTED INCENTIVES TO INCENTIVES ON DEPOSIT

EXHIBIT A-1 (c)

County Bedford

Year Ended December 31, 2020

Month	MSE Incentive Paid Cost Worksheet Ending Incentive Balance	Audited Title IV-D Account Incentive Balance	Type of Account Structure
January 1	301,074	301,074	<input checked="" type="checkbox"/> Separate Bank Account <input type="checkbox"/> Restricted Fund - General Ledger <input type="checkbox"/> Other: _____
March 31	293,772	293,772	
June 30	297,645	297,645	
September 30	309,103	309,103	
December 31	312,048	312,048	

DRAFT REPORT - AS OF 9/27/21

COUNTY OF BEDFORD

MEDICAL ASSISTANCE TRANSPORTATION PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2020

EXHIBIT III

	2019	2020	2021
Revenue	1,234,567	1,345,678	1,456,789
Expenditures	987,654	1,098,765	1,209,876
Net Change	246,913	246,913	246,913

DRAFT REPORT - AS OF 9/27/21

COMBINED HOMELESS ASSISTANCE PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
For the Twelve Month Period Ended June 30, 2020

Exhibit XIX(a)

DRAFT REPORT - AS OF 9/27/21

BEDFORD COUNTY

SEFA RECONCILIATION

For the Twelve Month Period Ended December 31, 2020

Exhibit XX

DRAFT REPORT - AS OF 9/27/21

BEDFORD COUNTY

CPSL Monitoring

For the Twelve Month Period Ended June 30, 2020

Exhibit XXI

DRAFT REPORT - AS OF 9/27/21

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

Board of Commissioners
County of Bedford
Bedford, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bedford, as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the County of Bedford's basic financial statements, and have issued our report thereon dated September 30, 2021. The financial statements of the Bedford County Industrial Development Authority, Bedford County Library, Bedford County Visitor's Bureau, and Bedford County Airport Authority, discretely presented component units, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not extend to those component units. We did not audit the financial statements of the component units, all of which are discretely presented component units. Those financial statements were audited by other auditors, as described in our report of the County of Bedford's financial statements. However, this report, insofar as it relates to the results of the other auditors, is based solely upon the reports of the other auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will be prevented or detected on a timely basis. We consider the deficiency 2020-001 as described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Bedford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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*.

County of Bedford's Responses to Findings

County of Bedford's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. The County of Bedford's responses were not subject to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

WESSEL & COMPANY
Certified Public Accountants

September 30, 2021

DRAFT REPORT - AS OF 9/27/21

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE DEPARTMENT OF
HUMAN SERVICES SINGLE AUDIT SUPPLEMENT**

Board of Commissioners
County of Bedford
Bedford, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the compliance of the County of Bedford with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the Pennsylvania Department of Human Services (DHS) *Single Audit Supplement* that could have a direct and material effect on each of its major federal and DHS programs for the year ended December 31, 2020. The County of Bedford's major federal and Pennsylvania DHS programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Bedford's major federal programs and Pennsylvania DHS 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) and Pennsylvania DHS *Single Audit Supplement*. Those standards, Uniform Guidance, and the Pennsylvania DHS *Single Audit Supplement*, 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 or Pennsylvania DHS program occurred. An audit includes examining, on a test basis, evidence about the County of Bedford'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 on the County of Bedford's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the County of Bedford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2020.

Report on Internal Control over Compliance

The management of the County of Bedford is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, we considered the County of Bedford's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or Pennsylvania DHS program to determine the 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 Uniform Guidance and Pennsylvania DHS, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Bedford'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 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 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 the 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 were not identified.

Restricted Use

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

WESSEL & COMPANY
Certified Public Accountants

September 30, 2021

**COUNTY OF BEDFORD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP. Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major federal 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 federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

DHS Major Program(s)
-Children, Youth and Family Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

**COUNTY OF BEDFORD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness

Finding 2020-001: Financial Statement Preparation

Condition: The financial statements of the County of Bedford are prepared during the conduct of the audit and required material journal entries to report the financial statements in accordance with generally accepted accounting principles.

Criteria: The financial statements of the County of Bedford are required to be prepared by the County in accordance with generally accepted accounting principles.

Cause: The County is understaffed and lacks sufficient resources in the Finance office which prevents the financial statements from being prepared prior to the audit.

Effect: The County of Bedford currently has no mechanism to generate the financial statements including the footnote disclosures independent of the audit process.

Questioned Costs: None

Repeat Finding: This finding was reported in the prior year as 2019-001.

Recommendation: We recommend that, in conjunction with developing a more formalized financial reporting and closing process at year-end, procedures be put into place to minimize the number of material journal entries and to assist in the preparation of the financial statements and respective footnote disclosures.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AND PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES ("DHS") AWARDS**

None

DRAFT REPORT AS OF 9/27/21

COUNTY OF BEDFORD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2019-001: Financial Statement Preparation (MW)

Condition: The financial statements of the County of Bedford are prepared during the conduct of the audit, by the auditors and coordinated with the Finance Director.

Status: See current year finding 2020-001

DRAFT REPORT - AS OF 9/27/21