Blair Planning

Financial Policy

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BLAIR COUNTY PLANNING COMMISSION
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BLAIR COUNTY PLANNING COMMISSION FINANCIAL PROCEDURES AND POLICIES

The Financial Procedures and Policies of the Blair County Planning Commission (BCPC) is a collection of the operational and accounting guidelines used for the fiscal performance for our organization. The Financial Practices portion of this guide covers our practices and procedures regarding operating budget, revenues and expenditures, reserves, investments, debt, capital improvements, as well as accounting, auditing, and financial reporting. The Procedures portion of the guide details the Commission's accounting procedures. The Policies section includes our organization's policy statements regarding financial management of our organization. It covers the areas of financial policies, banking and investments, cash receipting, accounting receivables, cash disbursement, payroll and related liabilities, general ledger/journal entries, capital assets, internal controls, internal accounting reporting, and external (audit) financial reporting responsibilities.

The practices and procedures outlined in this document reflect the BCPC's past and current practices. They are now compiled and summarized here in a complete and written document. This document will be reviewed and considered for adoption by the Commissioners of the BCPC in public and, once adopted, will be made available to the public and any members, partners, and participants of the BCPC. The financial procedures and policies, including the accounting procedures, will be reviewed regularly and modified as needed by the BCPC.

With this written procedures and policy document, the Blair County Planning Commission reaffirms its intent to manage its financial resources well and appropriately. The BCPC affirms that it will continue to use revenues from municipal contributions, grants, work agreements, and other resources to achieve the BCPC's fiscal objectives both in the short term and in the future.

Financial Management Practices

I. Budget

The development of the budget, and the guidelines outlined below, are intended to ensure the financial stability of the BCPC.

A. The Planning Director will provide the Commission an annual balanced budget for the next fiscal year for their approval and adoption in accordance with state law. In order to present a balanced budget the Planning Director, with advice and information from the staff and the Finance Committee, may suggest implementing any of the following:
   - Increase to membership fees
   - Use of the fund balance
   - Expenditure reductions
   - Reduction of work hours and reduction in pay
   - Eliminations, layoffs or transfers of certain positions

B. Current budget expenditures will not exceed current budgeted revenues throughout the fiscal year. If there is an operating deficit, the Planning Director may, with the approval of the Commission, implement the following to present a balanced budget:
   - Use of fund balance
   - Expenditure reductions
   - Reduction of work hours and reduction in pay
   - Eliminations, layoffs or transfers of certain positions

C. In addition to municipal local share revenue, the BCPC also has outside revenue sources, including federal, state, and local grants and agreements for services.

D. The proposed budget shall be developed according to the following schedule:
   - <u>April</u> – The Transportation Unified Planning Work Program (UPWP) and Regional Transportation Planning Program are drafted.
   - <u>March</u> - The Planning Director may complete a performance review of the staff and may recommend promotion, change to compensation, or other adjustment(s) for consideration by the full Commission beginning with the new fiscal year starting July first.
   - <u>April</u> - The Executive Committee may complete a performance review of the Planning Director and may recommend continuance, change to compensation, or other adjustment(s) for consideration by the full Commission beginning with the new fiscal year starting July first.
   - <u>May</u> – Staff provides the Final UPWP and Regional Transportation Planning Programs to the Commission for approval. Then, staff submits the approved Programs to Pennsylvania Department of Transportation (PennDOT), the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).
   - <u>May</u> – the BCPC is presented the proposed budget at its public meeting and adopts it for the coming fiscal year.
   - <u>June</u> – the BCPC considers the proposed budget at its public meeting and adopts it for the new fiscal year beginning July first
   - <u>September</u> – the Planning Aide distributes notices of the local share for the year to all municipalities. This is to be done as close to the start of the fiscal year as possible, but no later than September first.

II. Revenues

The BCPC's revenues come from a variety of sources including municipal local shares, grants, and work or service agreements. The municipal local share revenue is designated for two uses. These 'Commission Funds' are used as match for federal, state and local projects. Commission Funds are also used to cover the operating cost of the Commission and its policy board.

Another large source of revenue is federal, state, and local grants. Transportation grants are typically received through the Pennsylvania Department of Transportation (PennDOT) from the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA). Other Federal grant sources are to be pursued when the goal of the grant funding in aligned with the goals of the BCPC. Grants from or through the Commonwealth of Pennsylvania may also include grants from the PennDOT Supplemental Funds, from the Pennsylvania Department of Environmental Protection, the Pennsylvania Department of Conservation and Natural Resources, the Commonwealth Financing Agency, or others.

The Commission may accept other revenues through specific contracts and agreements so long as the goals of the funder align with the goals of the BCPC. Examples include management of grant funded projects for member municipalities or partnering with area agencies to manage or complete projects in keeping with BCPC's regional goals.

Expected revenue (accounts receivable) is determined to be uncollectible when continued efforts to collect have exceeded one year. When the uncollectible debt is written off, there will be an adjusting journal entry at year end. The write off does not release the debtor from the debt owed to the Commission.

III. Expenditures

To meet the ongoing obligations of the Commission, the following expenditure controls are in place:

A. The budget appropriation does not commit the Commission to any purchases. All purchases require that sufficient funds are available at the time of purchase, and the purchase requires the Planning Director's approval. Authorization is required from the Planning Director prior to the obligation of Commission funds for expenditures related to:
    - Seminars and Conferences
    - Memberships
    - Out of State Travel
    - Professional Services

B. Requests for payments to vendors must have an accompanying receipt or invoice prior to the issuance of payment. Original invoices shall be used to process the payments. Statements or copies of invoices may result in the duplication of payments.

C. The Planning Director approves all payables for accuracy of payments. All checks issued by the Commission shall have one authorized signer recorded on its front surface to be valid. All on-line purchases using the Commission's credit card require approval by the Treasurer or the Planning Director.

D. The Planning Aide prepares payroll and travel expenses which must then be approved by the Planning Director. The Planning Aide will make any necessary corrections before submitting payroll to the outside accounts payable firm for processing.

IV. Reserves

The fund balance is the net worth of a fund, measured by the total assets minus total liabilities. Generally, the recommendation is to retain a 15% to 25% fund balance set aside for future expenditures in accord with the Governmental Accounting Standards Board (GASB), *Statement Number 54 – Fund Balance Reporting and Governmental Type Definitions*. The Commission retains two fund balance categories: unrestricted fund balance and reserved fund balance.

A. Unrestricted Fund Balance – The unrestricted fund balance can be used for any purpose. At this time, the Commission does not have designations in place for the unrestricted balance.

B. Restricted Fund Balance – A fund balance will be reported as restricted when constraints placed on the use of resources are either:
   1) Externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments; or
   2) Imposed by law through constitutional provisions or pertinent legislation.

V. Investments

The Planning Director is authorized to invest surplus funds in Pennsylvania banks, savings and loan associations, and credit unions that belong to the Federal Deposit Insurance Corporation (FDIC), or which are insured by the National Credit Union Administration (NCUA).

A. The Planning Director is authorized to invest in the following instruments:
   - Savings Accounts-a deposit evidenced by a monthly statement. Entries are made for each deposit and withdrawal and interest is paid in accordance with the policy of the financial institution. It is often used to accumulate small amounts of funds until a larger, higher yielding investment can be made.
   - Certificate of Deposit (CD) is a receipt of funds deposited in a financial institution for a specified period at a specified rate of interest. A negotiable receipt may be in bearer or registered form and can be traded in the secondary market. A nonnegotiable receipt is always registered and has no secondary market. Denominations can be any agreed amount, and interest is normally calculated using actual number of days on a 360 day year. However, each financial institution's calculations vary.

B. Notice of Investment Policy - The senior management of any firm, dealer, broker, or financial institution shall be given a copy of the Commission’s Investment Policy prior to the Commission investing or depositing any Commission funds in such institution.

C. Financial Performance Reports - The monthly Treasurer’s Report provides information about investments related to the Commission. The Planning Director shall invest in instruments which protect the safety of the capital, are liquid, and maintain the public trust. See the article on Investments in the last section of this document for additional direction.

VI. Debt

The Commission strives to maintain its current credit rating to minimize any borrowing costs incurred. Debt financing may be used to purchase capital assets in which the fund balance is not used. At this time, the Commission has no debt. If, in the future, purchases made including land, buildings, or vehicles, a debt repayment schedule will be implemented. Financing must not exceed the useful life of the asset. The Commission will not use long- term debt to finance current operations.

VII. Capital Assets

The Commission may use current revenues, a portion of the fund balance, or incur debt to purchase or lease capital assets. The capital asset must be over $5,000.00 and have a useful life of one year or more to be depreciated. Depreciation is recorded on a straight-line basis over the estimated useful life of the asset. See the articles on capital assets below.

VIII. Grants

The Commission revenues include substantial federal, state, and local grants. When applying for a grant, the following will be considered: a) if the grant meets the Commission's objectives for its members; and b) the expenditures involved if the grant requires a cash match. If, for any reason, the grant funding is reduced, or the cash match cannot be met, the Commission has the option of using a portion of the fund balance to meet the obligations of the grant as outlined by the grantor agency. If the grant funding is eliminated, the Commission may terminate work or employee positions associated with the grant.

IX. Accounting, Auditing, and Financial Reporting

The BCPC's accounting, auditing, and financial reporting is based on governmental standards.

A. The Commission is responsible for following the Generally Accepted Accounting Principles (GAAP) as set forth by the Government Accounting Standards Board (GASB). The Commission has the option to apply Financial Accounting Standards Board (FASB) unless those pronouncements are in conflict with or contradict GASB pronouncements. The Commission has elected not to apply FASB pronouncements.
B. Interim financial reports will be produced monthly by the Planning Director to share with the Treasurer and the Finance Committee. Once the Finance Committee has finalized them, the reports are distributed to Commission members and placed on file in the office.
C. The financial accounting system shall be maintained to accurately record revenues, expenditures, and general ledger journal entries. Adjusting year end journal entries which consist of pre-paid expenses, payroll, accounts payables and accruals will be recorded prior to September 30th.
D. An annual audit will be performed by an outside Certified Public Accountant (CPA) licensed to practice in the Commonwealth of Pennsylvania. Any audit recommendations must be resolved in a timely manner by the Planning Director with the assistance of the Treasurer.

Financial Management Procedures

The Pennsylvania Governor's Center for Local Government Services has created several manuals for local units of government which are considered a supplement to this policy and should be consulted as needed when implementing this policy.

X. Financial Policies

The Commission has adopted the following policies separate from this Policy, and included herein by reference:

A. A Travel Policy, included in the Employee Handbook
B. A Cost Allocation Plan, required under the provisions of 2 CFR 200, in Appendix A
C. A Procurement Policy
D. An annual budget document

XI. Bank and Investment Accounts

Bank and investment accounts are reconciled at the close of each month to verify accuracy in reporting.

A. Bank Reconciliations
The bank and investment balances of the fund ledger shall be reconciled to the monthly bank statement in a timely manner. Reconciliations are completed on a monthly basis to check for problems in the cash account. The cash balance for the bank account should be the result of the cash receipts and disbursement activities and shall be derived from the same accounting records used in preparing the financial reports. The bank reconciliations shall be prepared by the accounts payable firm in written form and signed. The bank reconciliations and all related documentation are forwarded to the Planning Director for review and signing. The Treasurer shall randomly review the reconciliations at least twice a year.

B. Journal Entries
The Planning Aide is responsible for month end journal entries relating to bank accounts and investments.

XII. Cash Receipts

Cash Receipts shall be balanced and deposited at least twice a week. Any cash or checks that are not deposited shall be placed in the safe. Petty cash is also placed in the safe. A log is kept on a spread sheet for the cash receipts received for the time frame involved.

A. Authorization to Receive Cash
All payments made in the office will be receipted in by a person who is authorized to receive cash. The following staff positions are authorized to receive cash: Planning Aide, Planning Director, and other properly trained office personnel as may be designated by the Planning Director.

B. Deposits
Total cash collected will be reconciled to the receipts when a deposit is made into the Commission's bank account(s). The Planning Director and the Planning Aide are authorized to make deposits. Deposits will be made twice a week or more frequently if the total collected exceeds $2,500.00. The Treasurer shall review the deposit log at least monthly.

C. Journal entries relating to electronic fund transfers (EFTs) shall be made in conjunction with the month end journal entries.

D. All receipts shall be posted to the receipts journal and general ledger by month's end. They shall be recorded in the proper fund, project, and revenue account. All receipts, journals, and related documentation with the appropriate signatures shall be retained.

XIII. Accounts Receivable

An invoice is issued when project expenditures are incurred, or when dictated by contract or agreement. The balance sheet is used in the determination of receivables.

A. Invoice Preparation
The Planning Aide shall be responsible for preparing invoices for revenues that are due to the Commission. All invoices shall be numbered sequentially. Any other services rendered for which there is a charge shall be submitted to the Planning Aide for invoice processing.

B. Reconciliation of Accounts Receivable
All accounts receivable balances are reconciled once each month to check for any discrepancies. This will provide for more accurate interim statements and will be a review process that ensures the transactions are being properly recorded. The accounts receivable balances are reconciled by the Planning Aide.

C. Uncollected Receivable
Expected revenue (accounts receivable) is determined to be uncollectible when continued efforts to collect them has exceeded a year. The amount written off shall be an adjusting journal entry at year end. The write off does not release the debtor from the debt owed to the Commission.

XIV. Cash Disbursements

The section related to Expenditure Control is presented above. The section may also be applicable for this area of best practices.

A. Authorization
All requests for payments, i.e. invoices or expense vouchers, shall be processed, and be approved by the Planning Director and posted to the proper account. All approved bills must be submitted to the Planning Director at least fourteen days prior to their due date.

B. Accounts Payable Checks Issued
The Planning Aide shall prepare an Accounts Payable listing report to the Planning Director showing the vendor name, nature of the expense, invoice number, and check number if the unsigned check represents the invoice. The Planning Director shall sign the vouchers for all claims approved. The voucher listing and check register shall be filed with the accounts payable claims in the Planning Aide's office.

C. Verification of Accounts Payable
All Accounts Payable will be verified by the Planning Aide and Planning Director. Invoices are checked for correct vendor name, amount owed, date, the general ledger numbers and any applicable discounts. Once the checks are processed, the Treasurer reviews the documentation, and submits it to the Planning Director. The original invoice needs to be attached to the check for proper verification. Statements or copies of the invoice may result in a duplicate payment.

D. Checks
A blank check shall not be signed, nor shall a check be signed before the invoice is processed. All checks are numerically controlled. Any unused checks shall be kept in the safe. The check stub is filed with the invoice for record retention.

E. Accounts Payable Voucher and Check Disbursement Register
The accounts payable voucher and check disbursements register will be posted and processed in a timely manner. The bank reconciliation will be completed and checked for accuracy. Any unclaimed checks must be investigated and remitted to the Commonwealth Treasurer if the check is not claimed within one year. The Commonwealth will then begin the escheat process.

F. <u>Petty Cash</u>
The Planning Aide shall maintain the petty cash account for small purchases, reimbursement to employees, or to pay for services where payment is required prior to delivery. Petty cash will not be used for purchases which exceed $50.00. A copy of the receipt shall accompany all disbursements. The amount of petty cash retained for general office purposes is $150.00. The funds are replenished through a check authorization with the Planning Aide and Planning Director approval. Petty cash is reconciled once a month by the Planning Aide and reviewed by the Planning Director.

XV. Payroll and Related Liabilities

The payroll and related liability section includes personnel, time sheets, payroll duties, and travel related expenses. It is unnecessary to have a separate travel reimbursement policy since travel expenses are reimbursed at the end of the payroll period with the payroll processing.

A. Personnel Information
Employees are permitted to review their folder on request but reviews must be done in the BCPC office and in the presence of the Planning Director. The following personnel information is kept in each employee's folder in a secure area in the BCPC offices:
- Employment application
- Resume
- Date of hire
- Pay rate and any changes in pay rate
- Authorization for payroll deductions
- W-4 Forms (Federal, State and City withholding certificates)
- INS Form I-9 (authorization to work in the United States)
- Reviews, evaluations, and employment actions
- Termination date and related documentation

B. Payroll Schedule and Time Sheets
Payroll is on a bi-weekly schedule. Employees complete time sheets and submit them to the Planning Aide and then to the Planning Director for review and signatures. Time sheets are due by 3PM on the Monday prior to payday. The Planning Director review and sign all time sheets. Any corrections to class numbers or hours shall be made at this at this time.

C. Deductions and Withholdings
All voluntary deductions shall be authorized in writing by the employee. Employees must notify the Planning Aide of any changes in voluntary deductions or withholding allowances at least five days prior to the end of the pay period they want the changes to occur.

D. Pay Advances and Pay Options
Pay advances shall not be authorized under any circumstance. The BCPC offers direct deposit of employee pay to the employee's financial institution(s). Per an employee's request, a paycheck may be issued. Employees will be provided a pay stub with a statement of their pay and the current and year to date information about tax withholdings and deductions.

E. Payroll Problems
Employees must notify the Planning Director immediately of any problems or errors on their paychecks. The Planning Director shall create a written account of the problem and its resolution. Clerical errors discovered in a payroll at a later date will be corrected in a timely manner through a payroll adjustment.

F. Payroll Verification
Once the Planning Aide completes the payroll, the Planning Director will verify the accuracy of hours and expenses being paid. All related payroll records are retained in a secure area.

G. Travel Expense Form

The Commission shall reimburse staff for necessary expenses incurred in performing their duties with all appropriate or required pre-approvals. Employees will be reimbursed for the travel expenses incurred during the payroll period with the scheduled payroll. Expenses shall be documented on an expense voucher prepared by the staff person who incurred the expense and seeks reimbursement. The expense report shall include the following:

- Employee's full name
- Purpose and Location of travel
- Mileage with current mileage rate, any parking or other transportation fees, and meals expenses (receipts for parking fees and meals required)
- Date(s) of travel

XVI. General Ledger & Journal Entries

A. General Ledger

- The general ledger is used to maintain all cash receipts, all cash disbursements, journal entries, and other transactions as defined by the Government Accounting Standards Board (GASB). The journal entries posted must include supporting documentation and reasoning for the adjustment. All journal entries are numbered in sequential order.
- The general ledger is the record keeping system of the accounting transactions of the Commission. All computerized or manual entries are posted in the general ledger for financial reporting purposes. Cash receipts, cash disbursements, and general journal entries have detailed summaries. The detailed summaries are retained and support the activity posted to the general ledger. The Planning Director processes month-end reports with a detailed history for each individual general ledger account. The history includes the date of the transaction, explanation, posting reference, and whether the transaction was a debit or credit. The end result of the monthly transactions should equal the net ending balance.

B. Balance Sheet

The balance sheet is the total sum of all transactions. It is the result of all transactions during the month and at fiscal year-end. The beginning balance and the sum of total debits and credits equal the ending balance at the close of each month and at the fiscal year end. The total debits should equal the total credits and balance to zero.

C. Journal Entries

- As noted, in addition to cash receipts and cash disbursements, it is necessary to make adjustments using general journal entries. The general journal entries are used to record electronic fund transfers (EFTs), ACH payments, error corrections, prepaids, payroll, and the Accounts Payable accruals. The general journal entries also are used to record cost allocation of the closure for the fiscal year end. Other journal entries are posted as needed.
- Each journal entry prepared must include detailed supporting documentation. The journal entries are then reviewed, and approved by the Planning Director. The journal entries are prepared on a spread sheet and posted in the general ledger. All general journal entries are kept in a secured (locked) area in the Finance Director's office and are available for fiscal year end auditor review. Since the general ledger balances are rolled forward with the exception of the closure of the project accounting, supporting documentation is not required for the new fiscal year's opening balances. The new fiscal year's balances should equal the prior fiscal year's ending balances.

XVII. Capital Assets

The Commission will regard fixed assets as capitalized when assets purchased, built, or leased have useful lives of one year or more, and the original cost of a single item exceeds $5,000.00. If the cost of repairing or renovating an asset exceeds $5,000.00 and prolongs the life of the asset, the fixed asset is capitalized. The asset will be recorded on the general ledger. Depreciation is calculated using the straight line method over the useful life of the asset.

The capital assets and depreciation are reported on the balance sheet and supported by a subsidiary schedule. The financial statement will disclose any activity (bought, sold, or disposed of) during the course of the fiscal year. The subsidiary ledger should include classification of the fixed asset, check number and related account payable documentation, the payee, date of acquisition and cost of acquisition, estimated life, and depreciation method. If the capitalized asset is sold, the information should include the sale date, how the asset was acquired (purchase or lease/purchase). The subsidiary ledger may also include the method and date of disposal.

The Planning Director shall be notified of any equipment that is appropriate for disposal. The Planning Director shall prepare a list of all such equipment and shall submit the list of recommended fixed assets to be disposed to the Finance Committee. On concurrence, the Planning Director will determine the disposal method, which may include sealed bids, auction, negotiated sale, gift, or disposal. A corresponding journal entry will be posted when the transaction is completed. Please refer below for additional discussion on capital assets.

XVIII. Internal Controls

The Commission understands the increased risk of financial internal controls that result from staffing limitations and the lack of segregation of duties. However, the costs incurred to maintain a strict separation of duties outweighs the benefits of the lower risk. The Commission continues to improve and revise internal controls, and to minimize any risk.

A. Internal Control Measures

   The internal control measures by the Commission are:

   - Controlling waste, misappropriation, and inefficiency
   - Accuracy and timeliness of accounting and financial data
   - Compliance of State and Federal laws

B. Significant Deficiencies

   An external auditor will perform an evaluation of internal controls. Any significant deficiency shall be reported to the Commission, and will be addressed by the Commission by either correcting the deficiency or documenting any disagreements with the finding.

C. Purpose

   The accounting system the BCPC uses is expected to assemble, analyze, classify, record, and report financial data. The system also maintains information about the Commission's assets. The reliability of the financial system data input is an important key to the accuracy of the financial reports produced.

D. Five Keys to Accurate Financial Reporting

   - Control environment – The environment (or tone) of the Commission influences staff during their assigned daily tasks. Factors involved are: the integrity, ethics, and competency of appointed officials and staff; the leadership and operating style of the Planning Director; the Planning Director's delegation of authority and responsibility, and the development and organization of staff.
   - Risk assessment – The risk assessment process is ongoing, and is affected by economic factors, budgets, and changes in technology.
   - Management directives – The Planning Director mandates approvals, authorizations, verifications, reconciliations, assets, and duties.

- ❖ Communication – All financial information should be communicated in an accurate manner and in a way that supports and assists staff to perform their assigned duties and tasks.
- ❖ Monitoring –Monitoring the financial system assesses the performance over all of the agency and over time. The internal control system and procedures may need to be reviewed and updated occasionally because of changes in staff, training, technology, and budgetary considerations.

E. Checks and Balances
A system of checks and balances is important to ensure the accuracy of the accounting data and to reduce the risk of errors. Checks and balances include some or all of the following:
- ❖ Segregation of duties
- ❖ Authorized or approved transactions
- ❖ Competent, ethical, and trusted staff
- ❖ Training, resources, guidance, and supervision
- ❖ Effective policies and operating procedures
- ❖ Inventory of assets
- ❖ Accounting records that are reviewed and signed by a responsible person other than the Planning Director
- ❖ Providing the Planning Director accurate and timely financial reports to use and to share with the Commission in order to make decisions regarding the operation of the Commission
- ❖ Properly followed record retention requirements

XIX. Internal Finance Direction and Reporting

A. Projects and Cost Allocation
The Treasurer and Planning Director shall review the financial reports monthly. Since the Commission has assigned projects, no project should go over its individual budget. A cost allocation plan for the entire agency is presented in Appendix A and approved under the authority of 2 CFR 200 in conjunction with the Responsible Agency defined therein.

B. Balance Sheet Reconciliations
The BCPC’s contracted financial firm reconciles all balance sheet accounts on a monthly basis. Individual project accounts are balanced on a monthly basis by the staff member in charge. The Planning Director shall review and sign all reconciliations.

XX. External Controls

The Commission is required by state statute to file a fiscal year annual audit report. If there is a budget deficit, there should be a deficit reduction plan filed with the state for the fund. The Commission is not required to file form F-65, which is the Annual Local Unit Fiscal Report. Since the Commission does not have the authority to issue municipal securities (bonds), a Municipal Qualifying Statement is not required to be filed with the State.

A. Annual Audit
The Commission will use a public process to identify and engage a Certified Public Accountants (CPA) to conduct annual audits of the Commission’s financial systems and records. A certified firm may be contracted for a period of up to three years per agreement. An audit shall be performed in accordance with the Generally Accepted Auditing Standards set forth by the Governmental Accounting Standards Board (GASB).
The Finance Committee will consider proposals to conduct an audit and will make a recommendation to the full Commission to select and contract with an auditor. The BCPC staff, particularly the Planning Director and Planning Aide, will work closely with the auditor to provide them with any information, materials, or explanation as may be needed for them to complete the audit of BCPC each year.

The Audit shall be reviewed with the Commission at a meeting of the Finance Committee and, if requested, for the entire Commission during regularly a scheduled meeting.

B. Fund Deficit

If the fund balance at the beginning of the fiscal year is negative, and revenues are added, and expenditures are subtracted, and the result is a loss of unrestricted net assets at the end of the fiscal year, the Finance Committee shall prepare a financial deficit elimination plan within the first quarter of the fiscal year. The plan must include an increase in revenue and/or a decrease in expenditures so the fiscal end year result of the unrestricted net assets is a positive balance.

Financial Management Policies

XXI. Investments

A. It is the policy of the Blair County Planning Commission (BCPC) to invest its funds in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow needs of the organization and comply with all state statutes governing the investment of public funds.

B. This investment policy applies to all financial assets of the BCPC. These assets are accounted for in the various funds of the BCPC and include the general fund.

C. The primary objectives, in priority order, of investment activities shall be:

   1. Safety
      Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
      a. Credit Risk
         The BCPC will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
         - Limiting investments to the types of Savings Accounts and Certificates of Deposit as described later in this policy
         - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the BCPC will do business,
         - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
      b. Interest Rate Risk
         The BCPC will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
         - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
         - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
   2. Liquidity
      The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).
   3. Yield
      The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

D. Standard of Care

   1. Prudence
      The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The staff, when acting in accordance with written procedures and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual

security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy

2. Ethics and Conflicts of Interest
   Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
   Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the BCPC.
3. Delegation of Authority
   Authority to manage the investment program is derived from the following: by Public Act 20 of 1943, as amended. Procedures should include references to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements, and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Commission. The Planning Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

E. Safekeeping and Custody
   1. Delivery vs. Payment
      All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the BCPC's safekeeping institution prior to the release of funds.
   2. Safekeeping
      Securities will be held by a centralized independent third-party custodian selected by the entity as evidenced by safekeeping receipts in the BCPC's name.
   3. Internal Controls
      The Planning Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the BCPC are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

F. Suitable and Authorized Investments
   1. Investment Types
      Investments will be permitted by this policy and are those defined by state and local law. The Planning Director is limited to investments authorized by Public Act 20 of 1943, as amended, and may invest in the following:
      a. Savings Account - a deposit evidenced by a monthly statement. Entries are made for each deposit, withdrawal and interest that is paid in accordance with the policy of the financial institution. A savings account is often used to accumulate small amounts of funds until a larger, higher yielding investment can be made.
      b. Certificate of Deposit (CD) - a receipt of funds deposited in a financial institution for a specified period at a specified rate of interest. A negotiable receipt may be in bearer or registered form and can be traded in the secondary market. A non-negotiable receipt is always registered and has no secondary market. Denominations can be any agreed amount, and interest is normally calculated using actual number of days on a

360 day year. However, each financial institution's calculations vary, and the Planning Director should enquire as to the calculation method to avoid misunderstanding.

2. Maximum Maturities
   To the extent possible, the BCPC shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the BCPC will not directly invest in securities maturing more than one (1) year from the date of purchase. The BCPC shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.
3. Investment Liquidity
   Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as money market funds, or to ensure that appropriate liquidity is maintained to meet ongoing obligations.

G. Reporting
1. Methods
   The Planning Director shall prepare a balance sheet report at least quarterly, that shows current value of all investments held as well as detailing out the up-coming maturity dates and types of investments. This balance sheet will be prepared in a manner which will allow the BCPC to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be provided to the full board and will include a listing of investment by maturity date, type, and institution.
2. Performance Standards
   The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken and the benchmarks shall have a similar weighted average maturity as the portfolio.

H. Policy Considerations
1. Exemption
   Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
2. Amendments
   Any changes must be approved by the full board.

I. Approval of Investment Policy
   The investment policy shall be approved and adopted by the full BCPC board and reviewed by the Finance Committee at least every two years.

XXII. Capital Assets

The purpose of this policy is (1) to describe the policies and procedures utilized in the BCPC capital asset management system; and (2) to put in place guidelines to account for and depreciate the BCPC capital assets. The primary goals of this policy are:

- To ensure that the BCPC's capital assets are accounted for in conformance with generally accepted accounting principles; and
- To establish a consistent and cost–effective method for accounting of the BCPC's capital assets.
- This capital asset policy is in accordance with generally accepted accounting principles.
- Capital assets will only be capitalized if they cost more than $5,000 and have an estimated useful life of one year following the date of acquisition
- Capitalization thresholds will be applied to individual assets rather than to groups of similar items (e.g., desks, tables). (For assets that qualify for capitalization and depreciation under the "group method" however, see third paragraph under the heading "THRESHOLD" for discussion of the appropriate threshold application).
- BCPC will exercise control over their non-capitalized capital assets by establishing and maintaining adequate internal control procedures.

A. Threshold

Effective July 1, 2020 the Blair County Planning Commission will capitalize individual assets other than real estate, real estate improvements, and infrastructure that cost $5,000 or more and have an estimated useful life of at one year. The capitalization threshold for real estate and real estate improvements shall be $50,000 and for infrastructure the capitalization threshold shall be $25,000. However, assets acquired with debt proceeds may be capitalized regardless of cost. In addition, assets acquired prior to July 1, 2020 and capitalized at a lower threshold, may continue to be depreciated on the basis of past practice. Effective July 1, 2020, infrastructure projects and improvements shall be capitalized so as to substantially account for the BCPC's investment in infrastructure and consider related debt.

Individual assets that cost less than $5,000, but that operates as part of a network system may be capitalized in the aggregate using the group method, if the estimated average useful life of the individual asset is at least three years. A network is determined to be where individual components may be below $5,000 but are interdependent and the overriding value to the BCPC is on the entire network and not the individual assets (e.g. computer systems and telephone systems).

B. Valuation

In accordance with generally accepted accounting principles, the BCPC will value its capital assets at historical cost. Historical cost includes the cost or estimated cost at the time of acquisition, freight charges, installation and site preparation charges, and the cost of any subsequent additions or improvements, excluding repairs. If a capital asset is donated to the BCPC the asset will be valued based on the fair market value at the time the asset is donated.

C. Capital Assets Inventory Report

BCPC labels and maintains product information about its equipment and materials. BCPC will maintain and regularly update an inventory of its assets including, but not limited to computers and computer equipment, clerical and general office supplies, display and presentation equipment, furniture and office equipment, and other items owned by the BCPC. As part of the financial audit, the Planning Director shall submit a capital asset report to BCPC's external auditor on an annual basis. This report will include the following information:

- Type of asset (i.e. land, building, infrastructure, network)
- Date of acquisition
- Acquisition cost
- Estimated useful life
- Annual depreciation

- ❖ Accumulated depreciation

D. Depreciation
The BCPC will use the Straight-Line Method as its "basic approach" (standard approach) to depreciate capital assets. The Modified Approach, which does not require depreciation, may be used on infrastructure assets whenever applicable.

E. Estimated Useful Lives
The following ranges are guidelines in setting estimated useful lives for depreciating assets.
- ❖ Building and Structures 20-50 Years
- ❖ Vehicles 10-15 Years
- ❖ Other Equipment 5-25 Years
- ❖ Infrastructure 20-100 Years

F. Capital vs. Repair and Maintenance Expense
The following criteria are the basis for distinguishing costs as either capital or repair and maintenance expense:
- ❖ With respect to improvements on non-infrastructure and infrastructure capital assets, under the Basic Approach, costs should be capitalized if the useful life of the asset is substantially extended, or the cost results in a substantial increase in the capacity or efficiency of the assets.
- ❖ Otherwise, the cost should be expensed as repair and maintenance.
- ❖ With respect to improvements on infrastructure capital assets under the Modified Approach, costs should be capitalized if expenditures substantially increase the capacity or efficiency of an infrastructure.
- ❖ Otherwise, costs, including those that preserve the useful life of an infrastructure asset, are expensed.

G. Inventory
For internal control purposes, the Blair County Planning Commission may maintain an inventory listing of certain assets (controlled equipment) that do not meet the above reference capitalization amounts. Controlled equipment includes items that should be specifically accounted for and inventoried periodically due to the high re-sale value of the equipment and potential risk of theft. Controlled equipment may include items such as computers, construction equipment, and other office equipment. Each employee is responsible for all controlled equipment within their areas of responsibility.

H. Disposal and Transfer of BCPC's Assets
Disposition of BCPC's assets will be performed in accordance with applicable BCPC's policies and procedures.

I. Capital Asset Policy Glossary of Terms
1. **Capital Assets:** Capital assets include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, intangible assets (such as computer software), and works of art and historical treasures.
2. **Capitalization:** Capitalization of an asset occurs when the cost of the asset meets the "threshold" and the "estimated useful life" set in the organizational guidelines. Under capitalization, the cost of an item is initially recorded as an asset rather than an expense.
3. **Depreciation:** Depreciation is the process of allocating the cost of property over a period of time, rather than recognizing the cost as an expense in the year of acquisition. Generally, at the end of an asset's life, the sum of the amounts charged for depreciation in each accounting period (accumulated depreciation) will equal the original cost less salvage value.
4. **Donated Capital Asset:** Donated assets are those assets contributed to BCPC. The donated assets are treated like a capital asset (using the fair market value).
5. **Estimated Useful Life:** Estimated useful life means the estimated number of months or years that an asset will able to be used for the purpose for which it was purchased. In

determining useful life, consideration is given to the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service demands.

6. **Fair Market Value:** The amount that would be paid if the item were sold currently in a transaction between a willing buyer and a willing seller.
7. **Historical Cost:** The historical cost of a capital asset includes the cost or estimated cost at the time of acquisition, freight charges, installation and site preparation charges, and the cost of any subsequent additions or improvements, excluding repairs.
8. **Infrastructure Assets:** Infrastructure assets are long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets (non-infrastructure assets). Infrastructure assets are normally stationary in nature and are of value only to the government entity.
9. **Modified Approach:** The Modified Approach is the election *not* to depreciate infrastructure assets that are part of a network. The government entity manages the eligible infrastructure assets using an asset management system that has certain specified characteristics. To meet this requirement, the asset management system should have an up-to-date inventory of eligible infrastructure assets within the network for which the modified approach is adopted. To perform or obtain condition assessments (physical assessment) on infrastructure assets and summarize the results using a measurement scale. The condition assessment must be performed at least once every three years. The condition assessments must be replicable (conducted using methods that would allow different measurers to reach substantially similar results). Each year, the government entity must estimate the amount needed to maintain and preserve infrastructure assets at a condition level established and disclosed by the government entity. The government entity documents that the eligible infrastructure assets are being preserved approximately at or above a condition level established and disclosed by that government entity. If any of the above conditions are not met, reporting must revert back to the depreciation method.
10. **Salvage Value:** The salvage value of an asset is the value it is expected to have when it is no longer useful for its intended purpose. In other words, the salvage value is the estimated amount for which the asset could be sold at the end of its useful life.
11. **Straight-Line Method:** The straight-line method is the simplest and most commonly used method for calculating depreciation. It can be used for any depreciable property. Under the straight-line method, the basis of the asset is written off evenly over the useful life of that asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life.
12. **Threshold:** The threshold is the dollar amount that an asset must equal or exceed if that asset is to be capitalized. Otherwise, the item would be considered as an expense at the time of acquisition.

XXIII. Fraud Risk Management

This policy is implemented to observe and inform actions to address the risk of fraud. The management policy serves to advise employees about activities which may be fraudulent, illegal or otherwise unethical and to implement appropriate responses to minimize risk. The Blair County Planning Commission (BCPC) will not tolerate fraudulent activities and disciplinary measures will be implemented.

A. Scope

   This policy applies to any fraud, or suspected fraud, involving employees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, or any other parties that have a business relationship with the BCPC.

B. Policy

   Fraud and fraudulent activity is strictly prohibited. Each employee or agent of the BCPC shall be responsible for immediately reporting any observed or suspected fraud or fraudulent activity to the Planning Director or the Treasurer. All staff shall be vigilant in observing and reporting any conduct that may appear to constitute fraud.

   The Planning Director or Treasurer, in consultation with the Executive Committee, will decide on the type and course of an investigation into suspected fraud or fraudulent activity. If criminal activity is suspected, the matter will be referred to law enforcement. The BCPC will prosecute, and/or carry out disciplinary action up to and including termination of employment, of contracts or agreements, or of any relationships between the BCPC, its programs and projects, and the fraud or fraudulent activity.

C. Fraud Definitions

   Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to part with something of value or to surrender a legal right. Fraud and fraudulent activity are recognized as acts of deceit or trickery or misrepresenting a circumstance. The following are examples of prohibited fraud or fraudulent acts:

   1. Falsification of any BCPC record with the intent to conceal information to the detriment of BCPC, its programs, or partners and/or to the individual's advantage;
   2. Forgery of a check, bank draft, ACH, electronic transfer, credit memo, or any other BCPC financial document;
   3. Unauthorized alteration of any BCPC financial document or account;
   4. Misappropriation of funds, supplies or any other assets of the BCPC;
   5. Impropriety in the handling of or reporting of money or financial transactions;
   6. Disclosing confidential and proprietary information to outside parties for personal gain whether directly or indirectly;
   7. Asking for or accepting anything of material value from contractors, vendors, or persons providing services or materials to the BCPC, except as provided in the BCPC's policies;
   8. Unauthorized destruction, removal, or use of records, furniture, fixtures and/or equipment for personal gain either directly or indirectly; and
   9. Misuse of contracted funds for other than their designated purposes.

   This list illustrates general types of prohibited activities. It is not comprehensive and other similar misconduct is prohibited. BCPC will provide training for those who are involved in and/or manage internal control systems for financial procedures. Additionally, staff responsibilities will be reviewed and reinforced regularly.

XXIV. Electronic Transactions

The following policy shall govern the use of electronic transactions for the Blair County Planning Commission. The BCPC authorizes electronic transactions with this policy and will make the policy available to all Commissioners, funders, vendors, and others

Automated Clearing House Agreements

1. Due to the automated nature of ACH transactions, the BCPC shall not enter into any ACH agreement in which a vendor is authorized to automatically and/or regularly pull money directly from the BCPC accounts. All expenses must be expressly approved with the needed signatures on the vouchers before payment is made.
2. An ACH arrangement as part of a written contract with a bona fide grantor or funding agency which desires to use ACH to deposit funds into BCPC accounts is acceptable, however in no case shall such transfer of funds obligate the BCPC to anything more than is in the written agreement. All such arrangements shall be noted in the EFT file established under the provisions below.
3. In the event the Blair County Planning Commission has an active line of credit with a financial institution with which it also holds other standard bank accounts from which funds may be drawn as payment on the line of credit, the Planning Director in consultation with the Executive Committee may authorize and ACH transfer from the standard account to the line of credit if such an arrangement results in a lower interest rate on the line of credit.

Electronic Funds Transfer

1. The BCPC shall pay all employees via an EFT direct deposit for all paycheck-related items unless the employee specifies otherwise.
2. Where an arrangement can be made to pay by EFT on a case-by-case basis, allowing for the proper approvals and signatures to be obtained, any invoice may be paid in that method. Confirmation numbers (or an equivalent) must be obtained as proof of payment.
3. The BCPC may enter into an EFT agreement for deposits of funds. Funds deposited in this manner are received free and clear of any obligation outside prior obligations made by written contract. In no case shall an electronic receipt of funds obligate the BCPC to provide any service or accept any ongoing services, goods delivery, or subscriptions.
4. All EFT agreements shall be kept on file.

XXV. Credit Cards

A. Authority

The Planning Director and the Treasurer are responsible for the Blair County Planning Commission's credit cards and related accounting and monitoring. They are responsible and for oversight of compliance with this policy.

B. Responsibility

1. The credit card may be used only in accordance with the provisions of this policy and procedures established by the Planning Director.
2. The Planning Director and Executive Committee are authorized to sign the Credit Card User Agreements. The Commission's credit card may be used only to purchase goods or services for the official business of the Blair County Planning Commission.
3. The Planning Director is the primary user of the Commission's credit cards and shall submit documentation detailing the goods or services purchased, the cost of the goods or services, the date of the purchase, and the official business for which it was purchased. The Planning Aide may, with the approval of the Planning Director, prepare purchases by credit card and prepare payments for submission.
4. The Planning Director must approve the use of the credit cards or the credit account numbers for on-line transactions prior to the transaction taking place. A printed receipt for such purchases must be produced at the time of purchase and kept on file.
5. The Planning Director is responsible for the credit cards' protection and custody. Staff shall immediately notify the Planning Director and the Credit card issuer if the credit card is lost or stolen.
6. An employee shall return all Commission credit cards immediately upon termination of employment with the Blair County Planning Commission.

C. Internal Accounting Controls

1. A current list of all credit cards and credit limits shall be kept on file.
2. The Planning Director shall review and approve all invoices received for payment prior to the approval for payment. The balance may include interest due on an extension of credit, under the credit card arrangement. The regular practice shall be to make payment within twenty-one (21) days of the initial statement date to avoid or minimize interest charges.
3. The authorized credit limit of any credit card issued to the Blair County Planning Commission shall not exceed five thousand dollars ($5,000).
4. Any Blair County Planning Commission employee or other person who violates the provisions of this policy shall be subject to discipline and possible criminal and/or civil action.

D. Requirement for Use of Credit Card

The credit cards shall only be used only to purchase goods or services for the legitimate or official business of the Blair County Planning Commission. Violation of these requirements will result in disciplinary measures up to and including dismissal, appropriate criminal and/or civil action.

XXVI General Recordkeeping

The Blair County Planning Commission's accounting records include all originating documents, all registers and journals, and the general ledger used to prepare the financial statements. All originating documentation is kept with the appropriate transaction and stored in a secure area.

The originating documents contain the details supporting the transaction. The source documents the Commission retains are: cash receipts, all banking deposit slips, any transmittal or deposit advice, purchase orders, vendor invoices and vouchers, and the check register.

The cash receipts journal is posted in the general ledger system. The cash receipts journal is a detailed summary of the cash transactions. The cash disbursement journal is also a detailed summary of the cash disbursement transactions.

For general journal entries, all originating documentation supports the journal entries posted. Once the journal entries are posted, they are retained for the fiscal year audit review. Adjusting journal entries necessary to post at year end are the pre-paid accounts, payroll, and account payable accruals, which include supporting documentation. Also, any year end auditor's adjusting journal entries are posted at this time. The final closing journal entries are the cost allocation journal entries required by the GMS system to close the fiscal year.

Once all journal entries, cash receipts, and accounts payable journals are posted for the month, the final month end reports are produced. The month end balance sheet accounts are reconciled, and tie into the monthly report submitted to the full board.

For year end, the final financial reports are used to generate the annual fiscal year financial statements and audit report.

Appendix A. – Cost Allocation Plan

The purpose of this cost allocation plan is to summarize, in writing, the methods and procedures that this organization will use to allocate administrative costs to various programs, grants, contracts and agreements.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by Blair Planning.

The general approach of Blair Planning in allocating costs to particular grants and contracts can be summarized as follows:

A. All allowable costs are charged directly to programs, grants, activity, etc.

B. Allowable costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.

C. All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated directly to programs, grants, etc. using a base that results in an equitable distribution.

ALLOCATION OF COSTS

The following information summarizes the procedures that will be used by Blair Planning under this Financial Policy*:*

A. Compensation for Personal Services – These costs are documented with timesheets showing time distribution for all employees and allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1 or 6). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see example 2). Fringe benefits (such as FICA, Unemployment Compensation, Worker's Compensation, health insurance, dental insurance, life & disability, et cetera) and leave time pay (such as vacation, holiday, sick, et cetera) are allocated in the same manner as salaries and wages, and paid at the rate in effect at the time they are paid.

B. Travel – Travel expenses are allocated based on the purpose of the travel. All travel costs are charged directly to the program for which the travel was incurred. Travel costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1 or 6). Travel costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

C. Professional Development – Costs area allocated to the program benefiting from the professional development. Costs that benefit more than one program will be allocated to those programs based on the proportion of time of each program's topic(s) relative to the total time of the professional development. Where time cannot be divided between programs (or where program topics overlap), costs will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1 or 6). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

D. Professional Services – Costs for consultants, accounting services, legal services, information technology, and the like are allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see Example 4).

E. Office Expense and Supplies – Office expenses are allocated based on usage. Expenses used for a specific program will be charged directly to that program. Postage expenses are charged directly to programs to the extent possible. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see Example 4).

F. Printing – Expenses for printing are charged directly to programs that benefit from the service. Expenses that benefit more than one program are allocated based the ratio of the costs to total expenses. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

G. Telephone/Communications – Long distance and local calls are charged to programs if readily identifiable. Other telephone or communications expenses that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

H. Equipment – Blair Planning leases equipment when the expected life of the equipment exceeds three years and have an aggregated cost of over $5,000.00. Items below $5,000.00 are reflected in the supplies category and expensed in the current year. Leasing costs for allowable equipment used solely by one program are charged directly to the program using the equipment. If more than one program uses the equipment, then an allocation of the leasing costs will be based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

I. Insurance – Insurance required for a particular program is charged directly to the program requiring the coverage. Other insurance coverage that benefits all programs is allocated based on the ratio of each program's expenses to total expenses (see example 4).

J. Facilities Expenses – Office space and utility costs are to be provided Blair Planning by the County of Blair in accordance with the intermunicipal agreements and resolutions creating this agency. Other facility expenses that may arise are allocated based upon usable square footage. The ratio of total square footage used by all personnel to total square footage is calculated. Facilities costs related to general and administrative activities are allocated to program based on the ratio of program square footage to total square footage (see example 5).

K. Other Costs - Other joint costs such as dues, licenses, fees, etc. will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

Example 1
Expense Amount = $5,000

Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's personnel costs (salaries & applicable benefits) to the total of such personnel costs, as follows:

Source	Personnel	Percent	Allocation
Local	$20,000	20%	$1,000
PennDOT	$30,000	30%	$1,500
FEMA	$50,000	50%	$2,500
Total	**$100,000**	**100%**	**$5,000**

Example 2
Expense Amount = $10,000

Costs that benefit all programs are allocated based on a ratio of each program's personnel costs (salaries & applicable benefits) to total personnel costs as follows:

Source	Personnel	Percent	Allocation
Local	$20,000	13%	$1,300
DCED	$10,000	7%	$ 700
PennDOT	$30,000	20%	$2,000
DCNR	$40,000	27%	$2,700
FEMA	$50,000	33%	$3,300
Total	**$150,000**	**100%**	**$10,000**

Example 3
Expense Amount = $4,000

Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's expenses (direct costs other than salaries & benefits) to the total of such expenses, as follows:

Source	Direct Program	Percent	Allocation
Local	$120,000	30%	$1,200
PennDOT	$130,000	33%	$1,320
FEMA	$150,000	37%	$1,480
Total	**$400,000**	**100%**	**$4,000**

Example 4
Expense Amount = $8,000

Costs that benefit all programs will be allocated based on a ratio of each program's direct program expenses to total direct program expenses (direct program costs other than salaries & benefits) to the total of such expenses, as follows:

Source	Direct Program	Percent	Allocation
Local	$120,000	18%	$1,440
DCED	$110,000	17%	$1,360
PennDOT	$130,000	20%	$1,600
DCNR	$140,000	22%	$1,760
FEMA	$150,000	23%	$1,840
Total	**$400,000**	**100%**	**$8,000**

Example 5
Facilities Expense Amount = $10,000

Facilities costs are allocated based on square footage. Square footage for each program and general and administrative activity is considered in the analysis. General and administrative facilities costs are further allocated to each program based on the square footage of each grant program to the total square footage of all grant programs. The calculation is as follows:

			Allocation		
Source	**Area**	**Percent**	**Amount**	**G & A**	**Total**
Local	300	30%	$3,000	$340	$3,340
DCED	100	10%	$1,000	$110	$1,110
PennDOT	200	20%	$2,000	$220	$2,220
DCNR	200	20%	$2,000	$220	$2,220
FEMA	100	10%	$1,000	$110	$1,110
G & A	100	10%	$1,000	--	--
Total	**1,000**	**100%**	**$10,000**	**$1,000**	**10,000**

Example 6
Expense Amount = $5,000

Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's Full Time Equivalent (FTE) to the total of such FTE's, as follows:

Source	FTE	Percent	Allocation
Local	0.20	10%	$ 500
PennDOT	0.80	40%	$2,000
FEMA	1.00	50%	$2,500
Total	**2.00**	**100%**	**$5,000**