

**COVER PAGE**

**SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
ALTOONA, PENNSYLVANIA**

**Single Audit Reporting Package**

**June 30, 2016**

**SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
SINGLE AUDIT REPORTING PACKAGE  
JUNE 30, 2016**

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## Management's Discussion and Analysis (MD&A) Year Ended June 30, 2016

Southern Alleghenies Planning and Development Commission (*The Commission*) management offers readers of *The Commission's* financial statements the following narrative overview and analysis of the financial activities of *The Commission* for the fiscal year ended June 30, 2016. Readers are encouraged to consider the information presented in conjunction with additional information found within the audit.

### FINANCIAL HIGHLIGHTS

- ❖ *The Commission's* total net assets increased by \$194,842
- ❖ Cash decreased \$263,787
- ❖ Total assets increased \$391,748
- ❖ Notes and other liabilities increased \$196,906
- ❖ Operating revenues decreased \$6,116
- ❖ Operating expenses increased \$6,174

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to *The Commission's* basic financial statements. This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of *The Commission*:

- Government-wide financial statements are designed to provide readers with a broad overview of *The Commission's* finances in a manner similar to a private-sector business.
- Fund financial statements are designed to focus on individual parts of *The Commission*, reporting on operations in more detail than the governmental-wide statements.
- ❖ *The Commission* has the following types of funds:
  - Governmental funds. Most of *The Commission's* basic services are included in governmental funds which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. These funds provide a detailed short-term view of operations. Included in these financial statements are the General fund, the Workforce Innovation & Opportunity Act (WIOA) grant fund, the Welfare (EARN) grant fund, and the Travel and Tourism fund. The income received and expenses incurred directly relate to the delivery of regional economic, community and

workforce development services. In the vast majority, this income consists of federal and state grants received on cost reimbursement type contracts. As a general rule, the funding arrangements *The Commission* has with federal and state agencies do not allow for profit. The balance of the Commission's revenue is derived mostly from supporting member County Governments for the general operations of *The Commission*.

- Proprietary funds. These offer short and long-term financial information about the activities the government operates like a business. Included in these financial statements are the revolving loan funds. *The Commission*, through grants and loans, offer low interest financing to facilitate economic development and job creation in small to medium-sized companies. The income received is generally earned from customer fees, interest income on outstanding loans and bank balances and late fees. Expenses generally include interest and bad debt expense, grant matching funds, and legal and other filing fees.
- Fiduciary funds. These provide information about the financial relationships in which *The Commission* acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. *The Commission* is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from *The Commission's* government-wide financial statements because *The Commission* cannot use these assets to finance its operations. *The Commission* acts as a trustee for the financial operations of the Southern Alleghenies Region five (5) Pennsylvania CareerLink Centers.

The financial statements also contain notes and required supplementary information that explain some of the information in the financial statements as well as more detailed data. While detailed sub-fund information is not presented, separate accounts are maintained for each program to control and manage money for particular purposes or to demonstrate that *The Commission* is properly using specific appropriations and grants.

## **REPORTING THE COMMISSION AS A WHOLE**

One of the most important questions asked about *The Commission* is as follows: "Is *The Commission* as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about *The Commission* as a whole and about its activities in a way that helps answer this question. These statements are prepared on the accrual basis of accounting, and include all assets and liabilities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of *The Commission's* governmental fund, assets exceeded liabilities by \$751,958 and the business type activities assets exceeded liabilities by \$7,816,102 as of June 30, 2016.

The largest portion of *The Commission's* total assets reflects receivables from its revolving loan customers and federal and state grantor agencies. In regard to certain revolving loan customers, *The Commission* is required to utilize payments received to pay down related debt and fund additional loans to customers.

In the Statement of Net Assets and the Statement of Activities, *The Commission* is divided between two kinds of activities:

- ❖ Governmental activities. *The Commission's* basic services are reported here, including economic, community and workforce development services, general and administrative activities, and tourism activities.

- ❖ Business-type activities. Included are the revolving loan funds. *The Commission* charges a fee to customers to help it cover some of the costs of certain services provided.

## REPORTING *THE COMMISSION'S* MOST SIGNIFICANT FUNDS

*The Commission* established several funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants (such as the Workforce Investment Act fund, the Welfare (EARN) fund, and the Revolving Loan funds). *The Commission* operates three kinds of funds: governmental, proprietary, and fiduciary.

- ❖ Governmental funds. Most of *The Commission's* basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the accrual basis of accounting. The governmental fund statements provide a detailed short-term view of *The Commission's* general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance *The Commission's* programs. The relationship (or difference) is described between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.
- ❖ Proprietary funds. When *The Commission* charges customers for the services it provides, these services are generally reported in proprietary funds. These funds are reported using the accrual basis of accounting. Proprietary funds like Governmental funds provide a short-term view of *The Commission's* business-type activities.
- ❖ Fiduciary funds. *The Commission* is the trustee, or fiduciary, for the local Pennsylvania CareerLink funds. *The Commission* is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of *The Commission's* fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These activities are excluded from *The Commission's* other financial statements because *The Commission* cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF *THE COMMISSION* AS A WHOLE

*The Commission's* financial position is the product of several financial transactions, including the net results of the activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

*The Commission's* combined net assets were \$8,568,060 at June 30, 2016. The combined total assets of *The Commission* increased \$391,748, while total liabilities and deferred outflows increased \$196,906 during fiscal year 2016. The most significant changes in the Commission's combined assets and liabilities can be seen in the Commission's Proprietary Funds. Notes receivable decreased \$112,833, as we experienced paydowns/payoffs in our loan program. Conversely, the Commission's amount due to other governments saw a corresponding decrease of \$417,417. On the governmental activities' side, accounts receivable, accounts payable, and unearned revenue all saw fairly significant (but offsetting) increases at June 30, 2016.

Operating Governmental Activities grant revenue decreased \$26,945 while expenses increased by \$6,174. As stated previously, the majority of *The Commission's* revenues are derived from cost reimbursement type

contracts. Therefore, changes to expenses normally coincide fairly consistently with changes to revenues. We anticipate that this trend of grant revenues holding steady (or slightly decreasing) to continue in the near future.

The general fund continues its tradition of providing value-added services to the region's businesses, communities, and local governments. Services include procurement, export, economic development planning and infrastructure, capital investment, and transportation planning and programming.

The Commission's grants supporting direct business development services provide for various and distinct outputs and outcomes, and in fiscal year 2016 most goals were met. SAP&DC's efforts to assist the region's businesses resulted in \$47.3 million of new sales, 243 new jobs and 1,185 jobs retained. Furthermore, SAP&DC has continued to enjoy very favorable customer satisfaction survey ratings from its customers, as well as from governmental agencies that provide this organization with funds. *The Commission* also functioned as the coordinating agency for the region-wide PREP (Partnership for Regional Economic Performance), a network of 11 economic development agencies that assisted 792 business clients during the fiscal year. In fiscal year 2016, a special emphasis was placed on assisting businesses that had been adversely affected by the downturn in both the coal and defense industries to develop and execute diversification strategies.

The Planning and Community Development (P&CD) Division worked throughout the region with major projects related to infrastructure development to include improved roadway access to businesses and healthcare facilities. Other activities included funding to support trail and recreation efforts, transportation planning and programming, and securing state and federal grants, which in turn, leveraged other public and private funds. The result is significant long-term private investment with the potential for creating substantial numbers of new private sector jobs. Specifically, in fiscal year 2016, the Planning Division secured almost \$2M in public funds, which leveraged local and private funds and created an estimated 32 new jobs. In addition, P&CD staff continued to serve as the regional clearinghouse for projects requesting federal funds. To this end, staff reviewed a total of 22 applications for projects throughout the region and provided support letters as appropriate. As the regional coordinator for Pennsylvania's Keystone Opportunity Zone (KOZ) Program, P&CD staff processed the necessary local approval for 11 applications requesting property owner and business tax abatement. On the planning side, staff coordinated with the six member counties and secured state funding to complete a regional comprehensive plan over the next two years.

The Employment, Advancement, and Retention Network (EARN) Program provided job placement and job retention services to 356 Temporary Assistance for Needy Families (TANF) recipients during fiscal year 2016. The clients typically had multiple barriers that made it difficult for them to find and keep jobs. Many were concurrently receiving substance abuse treatment. In addition, the number of EARN participants with some sort of criminal history has remained consistent, and these individuals are often automatically excluded from certain employers and/or occupations. Other frequent barriers included domestic violence situations and mental health conditions, particularly depression. Many did not have a driver's license or a high school diploma or GED. The EARN program provided intensive instruction and case management so these individuals could obtain employment and keep their jobs, despite these many obstacles. EARN provided weekly instruction of up to 35 hours per week in topics including but not limited to completing applications, interview skills, resume writing, communication skills, teamwork, customer service, and basic computer skills. Clients also participated in onsite or offsite work experience, where they learned valuable job keeping skills, such as following directions, timeliness, and teamwork. As a result, 179 jobs were obtained, with the highest number of those jobs in retail occupations, food service, and health care. The Southern Alleghenies EARN program earned \$323,398 in performance based funds for meeting monthly goals of job placement, retention, and activity compliance rate. A portion of these funds was used for the position of EARN employer liaison, to establish relationships with local employers and advocate for jobs on behalf of the EARN participants. The liaison worked in close cooperation with the local CareerLinks. In addition, a site assistant was hired to assist with onsite community service and job skills instruction.

The Southern Alleghenies Workforce Development Board (SAWDB) continues to support the region's public workforce system and ensure that the residents have access to a wide variety of workforce services. Roughly 8% of the Workforce Innovation and Opportunity Act (WIOA) funds received by the Commission were used to cover the infrastructure costs associated with maintaining five PA CareerLinks®, one affiliated site, eleven access points. Another 55% of the annual allocation was used to underwrite subcontracts with the agencies that provide workforce services to jobseekers and employers. WIOA funds were also used for the required quality assurance and monitoring functions, to underwrite core workshops for employers and job seekers, and for participation in the Industry Cluster Research Consortium. Despite their costliness, PA CareerLink® workforce centers remain important to the counties they serve; tens of thousands of residents, including many of the region's long-term unemployed, utilized PA CareerLink® services over the past year. Increasing the region's education attainment level has historically been a high priority for the SAWDB. The Commonwealth's WIOA Plan now requires each Workforce Development Board to allocate increasingly larger portions of its budget in support of training. For this past fiscal year, some \$830,000 was earmarked to support training for jobseekers. An additional \$450,000 was secured to assist a new company with its hiring needs; over 50 On-the-Job Training contracts can be supported with these funds. Over 170 individuals received assistance with the cost of pursuing post-secondary education or on-the-job training (OJT). Awards of up to \$6,000 per person were given to these eligible individuals to help defray the cost of their schooling. The SAWDB was also successful in securing and administering additional funding to support training opportunities for the unemployed. These grants included the \$150,000 the National Emergency Grant-Jobs Driven (NEG-JD) to support on-the-job training for the long-term unemployed and veterans. The SAWDB also secured a \$290,000 Strategic Innovation grant that is supporting the Youth2Work Initiative in Cambria County. With the significant loss of jobs in the coal mining industry, the SAWDB has been working with the Commonwealth and two other regions to secure a federal POWER grant to assist with the retraining of the former coal miners. To date \$230,000 of federal funding has been obtained to help these dislocated workers.

In regard to business-related activities, any change was due primarily to a change in notes receivable, notes payable, and amounts due to other governments. *The Commission* closed 9 loans at a value of \$1,676,750 with a leverage of \$2,764,250 in public and private funds; projected 23 jobs created and projected 46 jobs retained in the region we serve. *The Commission* borrowed \$400,000 this fiscal year from the Commonwealth of Pennsylvania Small Business First and First Industries Funds. At June 30, 2016, *The Commission* had \$2,905,000 in loans approved, but not yet funded.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

At the end of fiscal year 2016, *The Commission* had \$43,950 invested in a broad range of capital assets, including computer related equipment, software and other office equipment.

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

The financial report is designed to provide the customers, clients, citizens and creditors in the Southern Alleghenies Region with a general overview of *The Commission's* finances and to demonstrate *The Commission's* accountability for the appropriations and grants that it receives.

If questions should arise about this report or additional financial information is needed, contact Steven K. Howsare, Executive Director, SAP&DC, 3 Sheraton Drive, Altoona, PA 16601-9343 or visit the Commission's website at: [www.sapdc.org](http://www.sapdc.org)



## **INDEPENDENT AUDITOR'S REPORT**

October 28, 2016

The Board of Directors  
Southern Alleghenies Planning  
and Development Commission  
Altoona, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southern Alleghenies Planning and Development Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southern Alleghenies Planning and Development Commission, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I-V be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southern Alleghenies Planning and Development Commission's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal 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 statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the basic financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016, on our consideration of the Southern Alleghenies Planning and Development Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern Alleghenies Planning and Development Commission's internal control over financial reporting and compliance.



WESSEL & COMPANY  
Certified Public Accountants

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>			
<b><u>Current Assets:</u></b>			
Cash (Note 2)	\$ 1,300,181	\$ 1,625,964	\$ 2,926,145
Accounts Receivable	1,334,493	-	1,334,493
Notes Receivable (Note 3)	-	2,265,043	2,265,043
Total Current Assets	<u>2,634,674</u>	<u>3,891,007</u>	<u>6,525,681</u>
<b><u>Non-Current Assets:</u></b>			
Notes Receivable (Note 3)	-	9,268,237	9,268,237
Capital Assets, Net (Note 4)	43,950	-	43,950
Total Non-Current Assets	<u>43,950</u>	<u>9,268,237</u>	<u>9,312,187</u>
<b><u>Deferred Outflows:</u></b>			
Prepaid Expenses	53,852	-	53,852
Total Deferred Outflows	<u>53,852</u>	<u>-</u>	<u>53,852</u>
<b>Total Assets and Deferred Outflows</b>	<u><u>\$ 2,732,476</u></u>	<u><u>\$ 13,159,244</u></u>	<u><u>\$ 15,891,720</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</u></b>			
<b><u>Current Liabilities:</u></b>			
Accounts Payable	\$ 877,630	\$ -	\$ 877,630
Interfund (Receivable)/Payable	100,000	(100,000)	-
Accrued Liabilities	99,827	-	99,827
Accrued Vacation	56,382	-	56,382
Notes Payable (Note 5)	-	56,494	56,494
Total Current Liabilities	<u>1,133,839</u>	<u>(43,506)</u>	<u>1,090,333</u>
<b><u>Non-Current Liabilities:</u></b>			
Due to Other Governments (Note 7)	-	4,904,636	4,904,636
Notes Payable (Note 5)	-	482,012	482,012
Total Non-Current Liabilities	<u>-</u>	<u>5,386,648</u>	<u>5,386,648</u>
<b>Total Liabilities</b>	<u>1,133,839</u>	<u>5,343,142</u>	<u>6,476,981</u>
<b><u>Deferred Inflows:</u></b>			
Unearned Revenue	846,679	-	846,679
Total Deferred Inflows	<u>846,679</u>	<u>-</u>	<u>846,679</u>
<b><u>Net Position:</u></b>			
Net investments in capital assets	43,950	-	43,950
Restricted	-	6,155,460	6,155,460
Unrestricted	708,008	1,660,642	2,368,650
Total Net Position	<u>751,958</u>	<u>7,816,102</u>	<u>8,568,060</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u><u>\$ 2,732,476</u></u>	<u><u>\$ 13,159,244</u></u>	<u><u>\$ 15,891,720</u></u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Grants	\$ 1,901,689	\$ -	\$ 1,935,256	\$ -	\$ 33,567	\$ -	\$ 33,567
Welfare Grants	708,128	-	708,128	-	-	-	-
Workforce Innovation and Opportunity Grants	4,041,428	-	4,041,428	-	-	-	-
Travel Development	271	-	-	-	(271)	-	(271)
Unallocated Depreciation Expense	13,159	-	-	-	(13,159)	-	(13,159)
<b>Total Governmental Activities</b>	<b>6,664,675</b>	<b>-</b>	<b>6,684,812</b>	<b>-</b>	<b>20,137</b>	<b>-</b>	<b>20,137</b>
<b>Business-type Activities:</b>							
Loan Programs							
Health and Human Services	-	11,400	-	-	-	11,400	11,400
EDA Flood	-	4,964	85	-	-	5,049	5,049
Local Economic Development	-	11,949	-	-	-	11,949	11,949
Small Business First	5,801	11,910	-	-	-	6,109	6,109
Economic Development	44,168	110,672	-	-	-	66,504	66,504
Intermediary Relending Program	1,189	16,675	-	-	-	15,486	15,486
Intermediary Relending Program	2,000	12,120	-	-	-	10,120	10,120
ARC/PCLF	-	23,158	-	-	-	23,158	23,158
Intermediary Relending Program	2,810	22,678	-	-	-	19,868	19,868
<b>Total Business-type Activities</b>	<b>55,968</b>	<b>225,526</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>169,643</b>	<b>169,643</b>
	<b>\$ 6,720,643</b>	<b>\$ 225,526</b>	<b>\$ 6,684,897</b>	<b>\$ -</b>	<b>\$ 20,137</b>	<b>\$ 169,643</b>	<b>\$ 189,780</b>
<b>General Revenues:</b>							
Other Revenue					\$ -	\$ -	\$ -
Unrestricted Investment Earnings					641	4,421	5,062
<b>Total General Revenues and Transfers</b>					<b>641</b>	<b>4,421</b>	<b>5,062</b>
Change in Net Position					20,778	174,064	194,842
Net Position - Beginning of Year					731,180	7,642,038	8,373,218
Net Position - End of Year					<b>\$ 751,958</b>	<b>\$ 7,816,102</b>	<b>\$ 8,568,060</b>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL  
FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES)  
JUNE 30, 2016

	Governmental Fund Types				
	General Grant Fund	Welfare Grant Fund	Workforce Innovation and Opportunity Grant Fund	Travel Development Fund	Totals (Memorandum Only)
<b><u>ASSETS</u></b>					
Cash	\$ 917,201	\$ 363,344	\$ 19,636	\$ -	\$ 1,300,181
Accounts Receivable	519,054	130,642	684,797	-	1,334,493
Interfund Receivables	-	188,239	-	-	188,239
Prepaid Expenses	53,852	-	-	-	53,852
Total Assets	<u>\$ 1,490,107</u>	<u>\$ 682,225</u>	<u>\$ 704,433</u>	<u>\$ -</u>	<u>\$ 2,876,765</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities					
Accounts Payable	\$ 239,232	\$ 24,525	\$ 609,052	\$ -	\$ 872,809
Interfund Payables	197,679	-	95,381	-	293,060
Accrued Liabilities	99,827	-	-	-	99,827
Deferred Revenue	188,979	657,700	-	-	846,679
Accrued Vacation	56,382	-	-	-	56,382
Total Liabilities	<u>782,099</u>	<u>682,225</u>	<u>704,433</u>	<u>-</u>	<u>2,168,757</u>
Fund Balance					
Assigned	-	-	-	-	-
Unassigned	<u>708,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>708,008</u>
Total Liabilities and Fund Balance	<u>\$ 1,490,107</u>	<u>\$ 682,225</u>	<u>\$ 704,433</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position are different due to the following:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					<u>43,950</u>
Net Position of Governmental Activities					<u>\$ 751,958</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Governmental Fund Types				Totals (Memorandum Only)
	General Grant Fund	Welfare Grant Fund	Workforce Innovation and Opportunity Grant Fund	Travel Development Fund	
<u>Revenues</u>					
Federal and State Grants	\$ 1,834,977	\$ 708,128	\$ 4,041,428	\$ -	\$ 6,584,533
Local Sources	100,279	-	-	-	100,279
Interest Income	641	-	-	-	641
Total Revenues	1,935,897	708,128	4,041,428	-	6,685,453
<u>Expenditures</u>					
Administration	233,426	99,518	277,167	-	610,111
Program	1,683,503	608,610	3,764,261	271	6,056,645
Total Expenditures	1,916,929	708,128	4,041,428	271	6,666,756
Excess (Deficit) of Revenues Over (Under) Expenditures	- 18,968	- -	- -	- (271)	- 18,697
Other Financing Sources (Uses)					
Operating transfers in	15,232	-	-	-	15,232
Operating transfers (out)	-	-	-	(15,232)	(15,232)
Total Other Financing Sources (Uses)	15,232	-	-	(15,232)	-
Excess (Deficit) of Revenues and Other Financing Sources Expenditures and Other Financing Uses	34,200	-	-	(15,503)	18,697
Fund Balance - Beginning of Year	673,808	-	-	15,503	689,311
Fund Balance - End of Year	\$ 708,008	\$ -	\$ -	\$ -	\$ 708,008

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND TYPES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Net change in fund balance - total government funds (page 7).	\$ 18,697
 The net effect of various transactions involving capital assets, (i.e., purchases , disposals, depreciation expense, etc.) is to decrease net income.	 <u>2,081</u>
 Change in net position of government activities (page 5).	 <u><u>\$ 20,778</u></u>



SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
STATEMENTS OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Health and Human Services	EDA Flood	Local Economic Development Fund	Small Business and First Industries Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>ASSETS</u></b>				
Cash	\$ 52,115	\$ 68,811	\$ 696,412	\$ 58,996
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	100,000	-
Notes Receivable	<u>307,908</u>	<u>139,939</u>	<u>483,168</u>	<u>5,226,702</u>
 TOTAL ASSETS	 <u><u>\$ 360,023</u></u>	 <u><u>\$ 208,750</u></u>	 <u><u>\$ 1,279,580</u></u>	 <u><u>\$ 5,285,698</u></u>
<b><u>LIABILITIES AND NET POSITION</u></b>				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	4,904,636
Loans Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>4,904,636</u>
Net Position				
Restricted	360,023	208,750	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>1,279,580</u>	<u>381,062</u>
 Total Liabilities and Net Position	 <u><u>\$ 360,023</u></u>	 <u><u>\$ 208,750</u></u>	 <u><u>\$ 1,279,580</u></u>	 <u><u>\$ 5,285,698</u></u>

<u>Economic Development Loan</u>	<u>Intermediary Relending Program #1</u>	<u>Intermediary Relending Program #2</u>	<u>ARC/ PCLF</u>	<u>Intermediary Relending Program #3</u>	<u>Totals (Memorandum Only)</u>
\$ 353,039	\$ 97,208	\$ 54,357	\$ 179,254	\$ 65,772	\$ 1,625,964
-	-	-	-	-	-
-	-	-	-	-	100,000
<u>3,225,035</u>	<u>472,634</u>	<u>475,507</u>	<u>623,105</u>	<u>579,282</u>	<u>11,533,280</u>
<u>\$ 3,578,074</u>	<u>\$ 569,842</u>	<u>\$ 529,864</u>	<u>\$ 802,359</u>	<u>\$ 645,054</u>	<u>\$ 13,259,244</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	4,904,636
<u>-</u>	<u>99,524</u>	<u>175,775</u>	<u>-</u>	<u>263,207</u>	<u>538,506</u>
<u>-</u>	<u>99,524</u>	<u>175,775</u>	<u>-</u>	<u>263,207</u>	<u>5,443,142</u>
3,578,074	470,318	354,089	802,359	381,847	6,155,460
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,660,642</u>
<u>\$ 3,578,074</u>	<u>\$ 569,842</u>	<u>\$ 529,864</u>	<u>\$ 802,359</u>	<u>\$ 645,054</u>	<u>\$ 13,259,244</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Health and Human Services	EDA Flood	Local Economic Development Fund	Small Business and First Industries Fund
<u>Operating Revenues</u>				
Loan Interest	\$ 10,858	\$ 4,964	\$ 7,937	\$ 10,788
Loan Fees	542	-	4,012	1,122
Total Operating Revenues	11,400	4,964	11,949	11,910
<u>Operating Expenses</u>				
Administration	-	-	-	5,801
Bad Debt Expense	-	-	-	-
Interest Expense	-	-	-	-
Total Operating Expenses	-	-	-	5,801
Operating Income	11,400	4,964	11,949	6,109
<u>Non-Operating Revenues/(Expenses)</u>				
Other Revenue/(Expenses)	-	-	-	-
Interest Income	88	140	2,206	117
Total Non-Operating Revenue/(Expenses)	88	140	2,206	117
<u>Other Financing Sources/(Uses):</u>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Net Operating Transfers	-	-	-	-
Increase (Decrease) in Net Position	11,488	5,104	14,155	6,226
Net Position - Beginning of Year	348,535	203,646	1,265,425	374,836
Net Position - End of Year	\$ 360,023	\$ 208,750	\$ 1,279,580	\$ 381,062

Economic Development Loan	Intermediary Relending Program #1	Intermediary Relending Program #2	ARC/ PCLF	Intermediary Relending Program #3	Totals (Memorandum Only)
\$ 101,324 9,348	\$ 17,357 (682)	\$ 14,183 (2,063)	\$ 21,533 1,625	\$ 21,410 1,268	\$ 210,354 15,172
110,672	16,675	12,120	23,158	22,678	225,526
16,509	-	56	-	-	22,366
27,659	-	-	-	-	27,659
-	1,189	1,944	-	2,810	5,943
44,168	1,189	2,000	-	2,810	55,968
66,504	15,486	10,120	23,158	19,868	169,558
-	-	-	85	-	85
972	162	124	438	174	4,421
972	162	124	523	174	4,506
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67,476	15,648	10,244	23,681	20,042	174,064
3,510,598	454,670	343,845	778,678	361,805	7,642,038
<u>\$ 3,578,074</u>	<u>\$ 470,318</u>	<u>\$ 354,089</u>	<u>\$ 802,359</u>	<u>\$ 381,847</u>	<u>\$ 7,816,102</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities		
Cash Received from Users	\$ 225,526	
Cash Payments to Vendors for Services	(22,366)	
Cash Payments for Other Operating Expenses	<u>(5,943)</u>	
Net Cash Provided By Operating Activates		\$ 197,217
Cash Flows From Non-Capital and Related Financing Activities		
Net Disbursements to Other Governments	(417,417)	
Net Receipts from Borrowers	85,174	
Principal Payments on Debt	<u>(55,753)</u>	
Net Cash Used In Non-Capital and Related Financing Activities		(387,996)
Cash Flows From Investing Activities		
Other Revenue	76	
Interest Income	<u>4,421</u>	
Net Cash Provided By Investing Activities		<u>4,497</u>
Net Decrease in Cash and Cash Equivalents		(186,282)
Cash and Cash Equivalents - Beginning of Year		<u>1,812,246</u>
Cash and Cash Equivalents - End of Year		<u>\$ 1,625,964</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income		\$ 169,558
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease in Loans Receivable	27,659	
Decrease in Accounts Payable	<u>-</u>	
Total Adjustments		<u>27,659</u>
Net Cash Provided By Operating Activities		<u>\$ 197,217</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2016

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Accounts Receivable	\$ 186,182
Due from Other Funds	<u>4,821</u>
Total Assets	<u><u>\$ 191,003</u></u>
<b><u>LIABILITIES AND NET POSITION</u></b>	
Liabilities	
Accounts Payable	<u>191,003</u>
Total Liabilities	<u>191,003</u>
Net Position	
Held in Trust	<u>-</u>
Total Liabilities and Net Position	<u><u>\$ 191,003</u></u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

Southern Alleghenies Planning and Development Commission (The Commission) was incorporated on July 28, 1967 as a response of the region's business and political leadership to federal initiatives encouraging planning for community and economic growth on a multi-county basis. The driving force of the Commission is to promote progress through regional cooperation.

The Commission serves Bedford, Blair, Cambria, Fulton, Huntingdon, and Somerset Counties. Its governing board is comprised of nineteen (19) individuals, two (2) County Commissioners from each participant county, as well as seven (7) at large members representing the private sector. Valuable guidance is also provided by numerous other public and private sector representatives who serve on The Commission's various advisory committees.

The business and community development services of The Commission include partnerships and designations of various federal and state agencies, e.g.;

- Local Development District (Appalachia Regional Commission)
- Economic Development District (Economic Development Administration)
- Workforce Innovation and Opportunity Act (PA Department of Labor and Industry)
- Area Loan Organization (PA Department of Community and Economic Development)
- Regional Export Network (PA Department of Community and Economic Development)
- Partners for Regional Economic Performance (PA Department of Community and Economic Development)
- Regional Planning Organization for Rural Transportation (PA Department of Transportation)
- Regional Project Review Clearinghouse (PA Department of Community and Economic Development)

A. Reporting Entity

The Commission, for financial purposes, includes all of the funds and account groups relevant to its operations. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from The Commission. The Commission does not serve as an oversight unit over any other governmental unit and, therefore, the reporting entity consists of only The Commission.

The accompanying basic financial statements of The Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by The Commission:

**B. Basis of Presentation**

The Commission's basic financial statements consist of government-wide 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 Commission 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 Commission that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of The Commission at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of The Commission's governmental activities and for the business-type 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 which are not classified as program revenues are presented as general revenues of The Commission, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of The Commission.

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

During the year, The Commission segregates transactions related to certain Commission 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 Commission at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. The Commission's only fiduciary fund is reported as an agency fund.

**C. Fund Accounting**

The accounts of The Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Commission resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classifications within the financial statements. The following fund types are used by The Commission:



## **GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions typically 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 purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are The Commission's major governmental funds:

General Fund - the general fund is the general operating fund of The Commission. It is used to account for all financial resources not accounted for and reported in another fund.

## **PROPRIETARY FUNDS**

Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Fund -- The Commission's enterprise fund is its loan fund, which is used to account for all revenues and expenses pertaining to revolving loans. An enterprise fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is the cost of providing goods and services to the participants on a continuing basis, which are financed or recovered through user charges.

The Commission has elected to apply Financial Accounting Standards Board (FASB) Accounting Standards Codification to its proprietary funds provided they do not conflict with or contradict GASB pronouncements.

## **FIDUCIARY FUNDS**

The Commission's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Commission's Agency Fund is used to account for expenses related to the Blair, Bedford, Cambria, Somerset and Huntingdon CareerLink Sites and for pass thru funds where the Commission acts solely as an escrow agent for the Commonwealth of Pennsylvania.

### **D. Measurement Focus**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of The Commission are included on the statement of net position.

## FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Operating revenues include interest and fees received on outstanding loans. Non-operating revenues include revenues from other sources that are not directly attributable to the outstanding loans. The statement of cash flows provides information about how The Commission finances and meets the cash flow needs of its proprietary activities.

### E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which The Commission must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to The Commission on a reimbursement basis.

**Unearned Revenue** - Unearned revenue also arises when the Commission receives resources before it has legal claim to them. Grant and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

**Expenses/Expenditures** – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**Deferred Outflows/Inflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission does not have any items that qualify for reporting as a deferred outflow.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### F. Budgetary Data

Administrative budgets are prepared, however they are not legally required and therefore are not presented. Each grant budget is prepared on a fiscal year basis that corresponds to the fiscal year of the individual grant or activity. Budgets are adopted on a basis consistent with generally accepted accounting principles. The Commission's Board of Directors approves all budgets and revisions. The level of budgetary responsibility varies, i.e. some on an object basis (salaries, fringes, etc.), some on a functional basis (training, administration, etc.), and some in total. Unused appropriations lapse at the end of the contract.

The Commission's primary funding source is federal and state grants, which have grant periods that may or may not coincide with the Commission's fiscal year. These grants normally are for a twelve-month (12) period; however, they can be awarded for periods shorter or longer than twelve months.

Due to the Commission's dependency on federal and state grant revenues, revenue estimates are based upon the best available information as to potential sources of funding.

The Commission's annual budget differs from that of most local governments in two respects: (1) the uncertain nature of grant awards from other entities and (2) conversion of grant budgets to a fiscal year basis.

The resulting annual budget is subject to constant change within the fiscal year due to:

- Increases/decreases in actual grant awards from those estimated;
- Changes in grant periods;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards, which fail to materialize.

The Board of Directors formally approves the annual budget but, greater emphasis is placed on complying with the individual grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the budgetary funds. Generally accepted accounting principles (GAAP) require encumbrances outstanding at year end to be reported as reservations of fund balances since they do not constitute expenditures or liabilities.

H. Cash and Investments

Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the Commission.

Statutes authorize The Commission to invest in U.S. treasury bills, short-term obligations of the United States Government or its agencies or instrumentalities, deposits in savings accounts or time deposits of institutions insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation. The Commission's cash investment accounts are insured or insured collateralized as provided by law by the depository with obligations from the United States of America, Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

I. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Internal activity is eliminated within the Government-Wide Financial Statements.

J. Accumulated Compensated Absences

The Commission reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Accumulated compensated absences for paid time off are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The entire compensated absence liability is reported on the government-wide financial statements.

It is The Commission's policy to permit employees to carry over into the next calendar year no more than seventy (70) hours (ten (10) days). Upon separation from Commission employment and regardless of reason, employees will be reimbursed no more than thirty-five (35) accrued PTO hours. However, if two (2) weeks notice is not provided by any employee when leaving the Commission's employ, then the reimbursement of thirty-five (35) PTO hours will be forfeited. No PTO use will be allowed during the last two (2) weeks (ten (10) workdays) of an employee's employment.

#### K. Accounts Receivable

Accounts receivable are considered by management to be fully collectible and accordingly no allowance for doubtful accounts is considered necessary.

#### L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Commission maintains a capitalization threshold of \$5,000. The Commission does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Description Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Furniture, Computers/Software and Equipment	3 – 10 Years	N/A
Vehicles	5 Years	N/A

#### M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### N. Income Taxes

The Commission is exempt from Federal Income Tax under Section 501(c)(4) of the Internal Revenue Code; therefore, no provision for income taxes has been made.

The Commission previously adopted FASB Interpretation No. 48 (FIN 48) the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Commission has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Commission believes that income tax tiling positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Commission's financial condition, results of operations or cash flows. Accordingly, the Commission has not recorded any reserves, or related accruals tor interest and penalties for uncertain income tax positions at October 28, 2016.

The Commission is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Commission believes it is no longer subject to income tax examinations for years prior to June 30, 2013.

The Commission's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

#### O. Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws, or other regulations of other governments. The Commission'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.

#### P. Fund Balance

The Commission previously implemented 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 (5) 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 Directors. Formal action by the Board of Directors 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 Directors has authorized the Executive 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 Directors will spend the most restricted dollars before less restricted in the order as defined above.

The Commission reports the following fund balance classifications:

**General Grant Fund**

Unassigned	\$	708,008
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This represents funds for future programs.

Q. Governmental Financial Assistance

Southern Alleghenies Planning and Development Commission receives nearly all of its support under grants and contracts with various governmental agencies. A significant reduction in the level of this support, if such was to occur, would have a significant effect on the Commission's programs and activities.

NOTE 2 – CASH AND INVESTMENTS

The Organization has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by Federal insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to one hundred percent (100%) of value as required by Pennsylvania Law.

The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution's name. When certificates of deposit are purchased, the Organization or its agent either holds the actual certificate of deposit or receives a safekeeping certificate as its proof of ownership.

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and Investments	\$ 2,926,145
Fiduciary funds:	
Cash and investments	---
Total Cash and Investments	<u>\$ 2,926,145</u>

Cash and investments as of June 30, 2016, consist of the following:

Cash on hand	\$ 150
Deposits with financial institutions	<u>2,925,995</u>
Total Cash and Investments	<u>\$ 2,926,145</u>

### NOTE 3 – NOTES RECEIVABLE

Notes receivable reflect revolving loans to area businesses to encourage industrial growth and development. The Commission's notes receivable activity for the year ended June 30, 2016, was as follows:

	Balance at <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2016</u>
Economic Development Administration/Service Revolving Loan Fund	\$ 162,127	\$ ---	(\$ 22,188)	\$ 139,939
Economic Development Administration	3,196,967	625,000	( 596,932)	3,225,035
Health and Human Services	333,849	---	( 25,941)	307,908
Small Business and Industries First Fund	5,675,409	400,000	( 848,707)	5,226,702
Local Economic Development	116,460	400,000	( 33,291)	483,169
Intermediary Relending Program Appalachian Regional Commission PA Capital Loan Fund	1,600,816 <u>560,485</u>	100,000 <u>151,750</u>	( 173,394) <u>( 89,130)</u>	1,527,422 <u>623,105</u>
Total Notes Receivable	<u>\$ 11,646,113</u>	<u>\$ 1,676,750</u>	<u>(\$ 1,789,583)</u>	<u>\$ 11,533,280</u>

The above notes receivable have terms ranging from three (3) to fifteen (15) years and interest rates ranging from 1.5% to 5.5%. Further, the notes receivable, with the exception of the Intermediary Relending Program, which has a \$14,955 allowance for doubtful accounts at June 30, 2016, utilized the direct write-off method for uncollectible notes. The Economic Development Administration Loan Fund directly wrote-off \$27,659 during the fiscal year 2016.

Total Notes Receivable	\$ 11,533,280
Amount Receivable in One Year	<u>2,265,043</u>
Amount Receivable in Excess of One Year	\$ <u>9,268,237</u>



#### NOTE 4 – CAPITAL ASSETS

The Commission's capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2016</u>
Office Equipment	\$ 49,256	\$ ---	\$ ---	\$ 49,256
Computer Equipment	93,023	---	( 8,616)	84,407
Computer Software	5,205	---	---	5,205
Vehicles	26,500	---	---	26,500
Other Equipment	<u>68,599</u>	<u>15,240</u>	<u>---</u>	<u>83,839</u>
Total Capital Assets, at historical cost	<u>\$ 242,583</u>	<u>\$ 15,240</u>	<u>(\$ 8,616)</u>	<u>\$ 249,207</u>
Less accumulated				
Office Equipment	(\$ 37,786)	(\$ 2,194)	\$ ---	(\$ 39,980)
Computer Equipment	( 85,354)	( 2,630)	8,616	( 79,368)
Computer Software	( 5,204)	---	---	( 5,204)
Vehicles	( 6,624)	( 5,300)	---	( 11,924)
Other Equipment	( <u>65,746</u> )	( <u>3,035</u> )	<u>---</u>	( <u>68,781</u> )
Total Accumulated Depreciation	<u>(\$ 200,714)</u>	<u>(\$ 13,159)</u>	<u>\$ 8,616</u>	<u>(\$ 205,257)</u>
Governmental activities Capital assets, net	<u>\$ 41,869</u>	<u>\$ 2,081</u>	<u>\$ ---</u>	<u>\$ 43,950</u>

#### NOTE 5 – NOTES PAYABLE

The Commission's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

##### Governmental Activities:

As of June 30, 2016, there were no long term notes payable under governmental activities.

##### Business-Type Activities:

As of June 30, 2016, the long-term debt payable from proprietary fund resources consisted of the following:

IRP #1 - Loans payable to the U. S. Department of Agriculture Farmers Home Administration are in the amount of \$500,000. The Commission uses these funds to finance loans to third parties for certain purposes. Terms of the loan provide, among other things, for repayment of principal and interest in twenty-eight (28) equal, annual amortized installments commencing October 24, 1993 with any remaining balance due and payable on October 24, 2020. Interest only was paid annually for the first two years. Interest will accrue on the unpaid principal balance at the rate of 1% per annum.

\$ 99,524

IRP #2 - Loans payable to the U.S. Department of Agriculture, Farmers Home Administration are in the amount \$500,000. The Commission uses these funds to finance loans to third parties for certain purposes. Terms of the loan provide, among other things, for repayment of principal and interest in twenty-eight (28) equal, annual amortized installments commencing March 23, 1998 with any remaining balance due and payable on March 23, 2025. Interest only was paid annually for the first two years. Interest will accrue on the unpaid principal balance at the rate of 1% per annum.

175,776

IRP #3 - Loans payable to the U.S. Department of Agriculture are in the amount of \$262,500. The Commission uses these funds to finance loans to third parties for certain purposes. Terms of the loan provide, among other things, for repayment of principal and interest in twenty-eight (28) equal, annual amortized installments commencing May 25, 2003 with any remaining balance due and payable on May 25, 2030. Interest only will be paid annually for the first two years. Interest will accrue on the unpaid principal balance at the rate of 1% per annum.

263,206

\$ 538,506

### Long-Term Liability Activity

Long-term liability activity for the year ended June 30, 2016 was as follows:

#### **Business-type Activities Payable from Restricted Net Assets:**

	Balance at June 30, 2015	Additions	Reductions	Balance at June 30, 2016	Amount Due Within One Year
Loans Payable:					
Intermediary Relending Program	\$ 118,900	---	(\$ 19,376)	\$ 99,524	\$ 19,760
Intermediary Relending Program	194,397	---	( 18,621)	175,776	18,801
Intermediary Relending Program	<u>280,964</u>	<u>---</u>	<u>( 17,754)</u>	<u>263,206</u>	<u>17,933</u>
Business-type activities long-term liabilities	<u>\$ 594,261</u>	<u>\$ ---</u>	<u>(\$ 55,753)</u>	<u>\$ 538,506</u>	<u>\$ 56,494</u>

#### **Debt Maturity**

##### **Business-type Activities**

Principal and interest payments due on The Commission's loans payable outstanding at June 30, 2016, are as follows:

	<u>Principal</u>	<u>Interest</u>
2017	56,494	5,196
2018	57,058	4,631
2019	57,629	4,061
2020	58,205	3,484
2021	56,950	2,902
2022-26	176,040	8,698
2027-30	<u>76,130</u>	<u>1,671</u>
Total	<u>\$ 538,506</u>	<u>\$ 30,643</u>

#### NOTE 6 – LINE OF CREDIT

The Commission has a line of credit in the amount of \$500,000. The line of credit is secured by the Commission's real property, personal property, and promissory notes and bears interest at a fluctuating rate of .50% under Wall Street Journal National Prime Rate. As of June 30, 2016, the balance on the line of credit was \$-0- with an interest rate of 4.00%.

#### NOTE 7 – DUE TO OTHER GOVERNMENTS

Due to other governments relates to various loans from the Pennsylvania Small Business and First Industries Fund obtained under a master loan agreement, dated January 27, 1983 and subsequently amended July 1, 2005, between the Pennsylvania Department of Commerce and the Southern Alleghenies Planning and Development Commission. The Commission uses these funds to finance loans to various businesses. Repayments are used to offset associated commission debt. Interest rates range from three percent (3%) – five percent (5%). The balance outstanding at June 30, 2016; amounted to \$4,904,636.

## NOTE 8 – DEFERRED COMPENSATION PLAN

On January 1, 1999, The Commission 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 administers the plan under an annuity contract agreement.

For purposes of employer matching contributions, the plan covers all employees of The Commission that meet the two (2) eligibility requirements, which are defined as follows:

1. Completion of one (1) year of service before entry date, and
2. Twenty-one (21) years of age or older.

The employee amount of contributions shall be equal to any percentage greater than three percent (3%) of compensation for the pay period. The employer will match one hundred percent (100%) of the employee's contribution up to a maximum of five percent (5%). The 2016 fiscal year contributions for the employee by the employer amounted to \$50,681.

However, employees are eligible to make salary deferral contributions upon hire. All amounts of compensation deferred under the Plan and all income attributed to those amounts (until paid or made available to the employee or beneficiary) are the fiduciary responsibility of The Commission and are restricted for employees that participate in the plan. The Commission must exercise due care as required of any ordinary prudent investor.

Plan activity for the year ended June 30, 2016, was as follows:

Fair market value at July 1, 2015	\$ 1,592,535
Contributions	166,399
Investment income and appreciation	
of plan net assets	( 18,187)
Withdrawals*	( <u>79,785</u> )
Fair market value at June 30, 2016	<u>\$ 1,660,962</u>

\* Includes refunds, terminations, and cash retirement withdrawals.

## NOTE 9 – OPERATING LEASES

During 2010, the Commission entered into a ten (10) year operating lease for office space covering the period October 1, 2010 to September 30, 2020. The agreement provides for monthly payments of \$7,063 for the first five (5) years of the lease term and monthly payments of \$7,769 for the last five (5) years of the lease. The term of the lease may be extended or renewed at the option of the Commission, for two (2) additional terms of five (5) years each.

The Commission entered into a one (1) year operating lease agreement in May 2016 for office space. Lease payments began in July 2016 at \$900 per month.

The Commission entered into a one (1) year operating lease agreement in July 2014 for office space. Lease payments began in July 2014 at \$1,654 per month. The lease was renewed for another twelve (12) month period with a three percent (3%) increase.

The Commission entered into a five (5) year operating lease agreement in May 2016 for a mail machine. Lease payments began in July 2016 at \$434 per month.

The Commission entered into a three (3) year operating lease agreement for a copier. Lease payments began in August 2014 at \$677 per month.

Rent expense amounted to \$167,133 for the fiscal year ended June 30, 2016.

Future minimum lease payments on the leases are as follows:

Year Ended June 30

2017	\$ 169,919
2018	132,643
2019	129,934
2020	129,934
2021	<u>36,391</u>
	<u>\$ 598,821</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

During May 2002, the Commission loaned Southern Alleghenies Community Development Corporation (a non-profit corporation) \$50,000. This is a non interest bearing loan. Throughout the current year, \$292 in principal was paid, leaving a balance outstanding of \$19,196 as of June 30, 2016. Management is of the opinion that the loan is collectible.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grant Programs

The Commission participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Commission is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. In the opinion of management, liabilities resulting from disallowed expenditures, if any, would not be material to the accompanying financial statements at June 30, 2016.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events were considered through October 28, 2016, which is the date that financial statements were available to be issued.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period	Cash Received	Program or Award Amount	Local Match Required	Accrued or (Deferred) Revenue at 6/30/15	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/16	Expenditures to Subrecipients
<b>U.S. DEPARTMENT OF COMMERCE</b>											
<i>Direct Federal Funding</i>											
Economic Development Support for Planning Organizations	11.302	01-83-149349.02	7/1/15-6/30/16	70,000	70,000	50.00%	-	70,000	70,000	-	-
Economic Development Support for Planning Organizations	11.302	07-87-14701	10/1/15-9/30/16	-	40,000	10.00%	-	13,044	13,044	13,044	13,044
			Total CFDA #11.302	70,000	110,000		-	83,044	83,044	13,044	-
<i>Direct Federal Funding</i>											
EDA Revolving Loan Fund	11.307	01-79-07376.2	N/A	-	N/A	N/A	-	2,771,474	2,771,474	-	-
EDA Revolving Loan Fund	11.307	01-1958002	N/A	-	N/A	N/A	-	139,863	139,863	-	-
Make It In America	11.307	01-69-14381	10/1/13-9/30/16	14,925	37,700	N/A	4,325	13,840	13,840	3,240	3,240
			Total CFDA #11.307	14,925	37,700		4,325	2,925,177	2,925,177	3,240	-
				<b>\$ 84,925</b>	<b>\$ 147,700</b>		<b>\$ 4,325</b>	<b>\$ 3,008,221</b>	<b>\$ 3,008,221</b>	<b>\$ 16,284</b>	<b>\$ -</b>
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>											
<b>U.S. DEPARTMENT OF DEFENSE</b>											
<i>Direct Federal Funding</i>											
Procurement Technical Assistance For Business Firms	12.002	SP4800-15-2-1579	1/1/15-12/31/15	148,847	212,281	50.00%	45,868	102,979	102,979	-	-
Procurement Technical Assistance For Business Firms	12.002	SP4800-15-2-1679	1/1/16-12/31/16	53,116	212,281	50.00%	-	103,797	103,797	50,681	50,681
			Total CFDA #12.002	201,963	424,562		45,868	206,776	206,776	50,681	108,542
<i>Passed Through the Commonwealth of Pennsylvania Department of Community and Economic Development</i>											
Economic Adjustment Assistance for State Governments	12.617	C000061863	10/1/15-11/30/16	41,106	170,537	50.00%	-	84,905	84,905	43,799	43,799
			Total CFDA #12.617	41,106	170,537		-	84,905	84,905	43,799	-
				<b>\$ 243,069</b>	<b>\$ 595,099</b>		<b>\$ 45,868</b>	<b>\$ 291,681</b>	<b>\$ 291,681</b>	<b>\$ 94,480</b>	<b>\$ 108,542</b>
<b>U.S. DEPARTMENT OF LABOR</b>											
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
WIOA Adult Program	17.258	100143011	10/1/14-6/30/16	311,230	1,077,161	N/A	(13,815)	325,045	325,045	-	-
WIOA Adult Program	17.258	100153001	7/1/15-6/30/17	90,071	90,071	N/A	-	90,071	90,071	-	-
WIOA Adult Program	17.258	100153011	10/1/15-6/30/17	567,711	987,670	N/A	-	712,738	712,738	145,027	145,027
			Total CFDA #17.258	969,012	2,154,902		(13,815)	1,127,854	1,127,854	145,027	844,520
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
WIOA Youth Activities	17.259	100143301	4/1/14-6/30/16	176,615	1,151,009	N/A	(42,579)	257,947	257,947	38,753	38,753
WIOA Youth Activities	17.259	100153301	4/1/15-6/30/17	696,242	1,081,358	N/A	-	821,048	821,048	124,806	124,806
WIOA Youth Activities	17.259	100143341	4/28/15-6/30/16	56,126	100,000	N/A	-	71,630	71,630	15,504	15,504
			Total CFDA #17.259	928,983	2,332,367		(42,579)	1,150,625	1,150,625	179,063	927,028
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
WIOA Dislocated Workers	17.278	100144011	10/1/14-6/30/16	335,983	970,566	N/A	(9,742)	345,725	345,725	-	-
WIOA Dislocated Workers	17.278	100134051	7/1/13-6/30/16	11,679	34,690	N/A	1,043	10,636	10,636	-	-
WIOA Dislocated Workers	17.278	100144152	10/1/14-6/30/17	18,867	42,377	N/A	2,800	26,636	26,636	10,569	10,569
WIOA Dislocated Workers	17.278	100154001	7/1/15-6/30/17	148,641	148,641	N/A	-	148,641	148,641	-	-
WIOA Dislocated Workers	17.278	100154011	10/1/15-6/30/17	418,226	819,238	N/A	-	541,588	541,588	123,362	123,362
WIOA Dislocated Workers	17.278	100154051	7/1/15-6/30/17	-	450,000	N/A	-	945	945	945	945
WIOA Dislocated Workers	17.278	100154152	10/1/15-6/30/17	-	82,110	N/A	-	-	-	-	-
WIOA Dislocated Workers	17.278	100154052	7/1/15-6/30/17	-	25,000	N/A	-	-	-	-	-
WIOA Dislocated Workers	17.278	100134161	7/1/15-6/30/16	12,750	12,750	N/A	-	12,750	12,750	-	-
WIOA Dislocated Workers	17.278	100134162	10/1/13-6/30/16	27,369	30,000	N/A	-	30,000	30,000	2,631	2,631
WIOA Dislocated Workers	17.278	100144151	7/1/15-6/30/16	30,315	105,152	N/A	-	49,008	49,008	18,693	18,693
WIOA Dislocated Workers	17.278	100144155	7/1/15-6/30/16	7,208	79,789	N/A	-	14,099	14,099	6,891	6,891
			Total CFDA #17.278	1,011,038	2,800,313		(5,899)	1,180,028	1,180,028	163,091	892,832
			Total WIOA Cluster	\$ 2,909,033	\$ 7,287,582		\$ (62,293)	\$ 3,458,507	\$ 3,458,507	\$ 487,181	\$ 2,664,380

Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period	Cash Received	Program or Award Amount	Local Match Required	Accrued or (Deferred) Revenue at 6/30/15	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/16	Expenditures to Subrecipients
<b>U.S. DEPARTMENT OF LABOR (Continued)</b>											
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
Trade Adjustment Assistance	17.245	100-14-100-1	10/1/13-9/30/16	633	5,338	N/A	-	4,937	4,937	4,304	
Trade Adjustment Assistance	17.245	100-15-100-1	4/1/16-9/16/16	-	21,845	N/A	-	12,504	12,504	12,504	
			Total CFDA #17.245	633	27,183	-	-	17,441	17,441	16,808	-
<i>Passed Through the Central Pennsylvania Workforce Development Corp</i>											
H-1B Job Training Grant	17.268	SOUT06-MIA-1414	10/1/13-9/30/15	10,547	63,100	N/A	2,901	7,646	7,646	-	-
			Total CFDA #17.268	10,547	63,100		2,901	7,646	7,646	-	-
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
WIOA National Emergency Grants	17.277	100147200	7/1/14-9/30/16	66,482	150,000	N/A	(957)	90,888	90,888	23,449	
WIOA National Emergency Grants	17.277	100151509	1/1/16-6/30/17	8,495	125,640	N/A	-	21,195	21,195	12,700	
			Total CFDA #17.277	74,977	275,640		(957)	112,083	112,083	36,149	90,219
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>				<b>\$ 2,995,190</b>	<b>\$ 7,653,505</b>		<b>\$ (60,349)</b>	<b>\$ 3,595,677</b>	<b>\$ 3,595,677</b>	<b>\$ 540,138</b>	<b>\$ 2,754,599</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>											
<i>Passed Through the Commonwealth of Pennsylvania Department of Transportation</i>											
Highway Planning and Construction	20.205	520916-5	7/1/13 - 6/30/14	32,130	217,720	10.00%	32,130	-	-	-	
Highway Planning and Construction	20.205	520916-6	7/1/14 - 6/30/16	306,009	570,000	10.00%	32,483	374,960	374,960	101,434	
			Total CFDA #20.205	338,139	787,720		64,613	374,960	374,960	101,434	-
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<b>\$ 338,139</b>	<b>\$ 787,720</b>		<b>\$ 64,613</b>	<b>\$ 374,960</b>	<b>\$ 374,960</b>	<b>\$ 101,434</b>	<b>\$ -</b>
<b>APPALACHIAN REGIONAL COMMISSION</b>											
<i>Direct Federal Funding</i>											
ARC Energy	23.001	PA-17707-13	10/1/13-9/30/15	13,099	90,000	49.00%	13,099	-	-	-	-
			Total CFDA #23.001	13,099	90,000		13,099	-	-	-	-
<i>Direct Federal Funding</i>											
Appalachian Local Development District Assistance	23.009	PA-0708F-C43	1/1/15-12/31/15	49,445	102,055	50.00%	(1,599)	51,044	51,044	-	
Appalachian Local Development District Assistance	23.009	PA-0708F-C44-16	1/1/16-12/31/16	51,500	103,000	50.00%	-	46,396	46,396	(5,104)	
			Total CFDA #23.009	100,945	205,055		(1,599)	97,440	97,440	(5,104)	-
<i>Direct Federal Funding</i>											
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PA-8304-C33-14	7/1/14-6/30/15	60,674	400,000	50.00%	60,674	-	-	-	
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PA-8304-C34-15	7/1/15-6/30/16	296,920	400,000	50.00%	-	386,735	386,735	89,815	
Highway Planning and Construction	23.011	CO-18317-15	10/1/15-9/30/18	149,076	352,000	10.00%	-	39,340	39,340	(109,736)	
			Total CFDA #23.011	506,670	1,152,000		60,674	426,075	426,075	(19,921)	-
<b>TOTAL APPALACHIAN REGIONAL COMMISSION</b>				<b>\$ 620,714</b>	<b>\$ 1,447,055</b>		<b>\$ 72,174</b>	<b>\$ 523,515</b>	<b>\$ 523,515</b>	<b>\$ (25,025)</b>	<b>\$ -</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>											
<i>Passed Through the Commonwealth of Pennsylvania Department of Human Services</i>											
Temporary Assistance for Needy Families	93.558	4100060659	7/1/14-6/30/15	(1,070)	712,817	N/A	(1,070)	-	-	-	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/12-6/30/13	-	383,825	N/A	(149,288)	22,478	22,478	(126,810)	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/13-6/30/14	45,899	383,825	N/A	(142,054)	-	-	(187,953)	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/14-6/30/15	175,841	383,825	N/A	(9,859)	14,601	14,601	(171,099)	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/15-6/30/16	552,977	712,817	N/A	-	671,049	671,049	118,072	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/15-6/30/16	158,811	383,825	N/A	-	-	-	(158,811)	

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)**

*Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry*

Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period	Cash Received	Program or Award Amount	Local Match Required	Accrued or (Deferred) Revenue at 6/30/15	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/16	Expenditures to Subrecipients
Temporary Assistance for Needy Families	93.558	100143361	7/1/14-6/30/15	10,210	306,268	N/A	10,210	-	-	-	-
Temporary Assistance for Needy Families	93.558	100153361	7/1/15-6/30/16	213,567	309,229	N/A	-	264,895	264,895	51,328	-
Temporary Assistance for Needy Families	93.558	100143362	4/1/15-6/30/16	78,316	88,395	N/A	-	78,316	78,316	-	-
Temporary Assistance for Needy Families	93.558	100153362	1/1/16-6/30/16	352	206,400	N/A	-	68,284	68,284	67,932	-
			Total CFDA #93.558	1,234,903	3,871,226		(292,061)	1,119,623	1,119,623	(407,341)	573,957

**TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**\$ (292,061) \$ 1,119,623 \$ 1,119,623 \$ (407,341) \$ 573,957**

**TOTAL FEDERAL FINANCIAL ASSISTANCE**

**\$ (165,430) \$ 8,913,677 \$ 8,913,677 \$ 319,970 \$ 3,437,098**



SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southern Alleghenies Planning and Development Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – INDIRECT COST RATE

For the year ended June 30, 2016, Southern Alleghenies Planning and Development Commission did not elect to use the ten percent (10%) de minimus indirect cost rate as allowed in the Uniform Guidance, section 414.

NOTE 3 – EDA REVOLVING LOAN FUND

Southern Alleghenies Planning and Development Commission administers two (2) EDA Revolving Loan Funds (CFDA No. 11.307) funded by the U.S. Department of Commerce. At June 30, 2016, the Federal Awards Expended under each program was calculated as follows:

	<u>#01-79-07376.2</u>	<u>#01-1958002</u>
Balance of RLF loans outstanding @ 6/30/15	\$ 3,225,035	\$ 139,939
Cash and investment balance in RLF @ 6/30/16	195,140	68,812
Administrative expenses paid out of RLF income during FYE 6/30/16	16,509	---
Unpaid principal of all loans written off during FYE 6/30/16	<u>27,659</u>	<u>---</u>
	<u>\$ 3,464,343</u>	<u>\$ 208,751</u>
Original federal grant	\$ 1,705,000	\$ 100,000
Total amount loaned with local match	<u>2,129,001</u>	<u>150,000</u>
Federal share of RLF	<u>80%</u>	<u>67%</u>
Total Federal Awards Expended	<u>\$ 2,771,474</u>	<u>\$ 139,863</u>

#### NOTE 4 – SUBRECIPIENTS OF FEDERAL FUNDS

Southern Alleghenies Planning and Development Commission has the following subrecipients who receive federal funding:

Center for Community Action	\$ 116,527
Goodwill Industries of the Conemaugh Valley	918,540
Huntingdon Employment & Training, Inc.	733,364
North Central Regional Planning	52,755
Northern Tier Regional Planning	55,787
Private Industry Council of Centre County	942,259
Tableland Services, Inc.	<u>617,866</u>
Total Federal Pass-Through Funds	<u>\$ 3,437,098</u>

#### NOTE 5 – FEDERAL CASH RECEIVED

Southern Alleghenies Planning and Development Commission has reported cash that was returned to the granting agencies on the Schedule of Federal Awards as a negative cash receipt.

#### NOTE 6 – MAJOR PROGRAM DETERMINATION

The major federal award programs selected for testing as determined by the auditor on a risk-based approach are as follows:

Programs	CFDA #	Expenditures
EDA Revolving Loan Fund	11.307	\$ 2,925,177
Temporary Assistance for Needy Families	93.558	<u>1,119,623</u>
Total federal awards selected for testing		\$ 4,044,800
Total federal program awards		<u>\$ 8,913,677</u>
Percentage of total federal expenditures tested		<u>45.38%</u>
Percentage of total federal expenditures required to be tested		<u>20.00%</u>

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

October 28, 2016

The Board of Directors Southern Alleghenies Planning  
and Development Commission  
Altoona, Pennsylvania 16602

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services (DHS) and the Southern Alleghenies Planning and Development Commission solely to assist you with respect to the financial schedules and exhibits required by the DHS Single Audit Supplement. 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, 2016, have been accurately compiled and reflect the audited books and records of the Southern Alleghenies Planning and Development Commission. 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>
Earn Grant Agreement Contract #4100060659	Schedule I	Schedule of Revenue, Expenses, and Comparison with Budget
Workforce Innovation And Opportunity Act	Schedule II	Schedule of Cumulative Expenditures of Federal Awards

- 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. Processes detailed in paragraphs a. and b. above disclosed no adjustments and/or findings which must be reflected on the corresponding schedules.

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 Southern Alleghenies Planning and Development Commission and the Pennsylvania Department of Human Services and should not be used by those who have not agreed to the procedures, and taken responsibility for they 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

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
EARN GRANT AGREEMENT CONTRACT NUMBER 4100060659  
SCHEDULE OF REVENUE, EXPENSES AND COMPARISON WITH BUDGET  
YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>(Over)/Under Actual</u>
Pennsylvania Department of Human Services	<u>\$712,817</u>	<u>\$671,049</u>	<u>\$41,768</u>
TOTAL REVENUE	<u>712,817</u>	<u>671,049</u>	<u>41,768</u>
ADMINISTRATION COSTS			
Personnel			
Staff Salaries	64,097	58,227	5,870
Staff Fringe Benefits	<u>19,509</u>	<u>17,597</u>	<u>1,912</u>
Total Salaries/Fringe Benefits	<u>83,606</u>	<u>75,824</u>	<u>7,782</u>
Equipment and Supplies	300	283	17
Operating Expenses	<u>25,758</u>	<u>23,410</u>	<u>2,348</u>
TOTAL ADMINISTRATION COSTS	<u>109,664</u>	<u>99,517</u>	<u>10,147</u>
DIRECT TRAINING COSTS			
Personnel			
Staff Salaries	228,891	217,772	11,119
Staff Fringe Benefits	<u>103,831</u>	<u>94,940</u>	<u>8,891</u>
Total Salaries/Fringe Benefits	<u>332,722</u>	<u>312,712</u>	<u>20,010</u>
Equipment and Supplies	9,534	6,866	2,668
Operating Expenses	86,795	79,572	7,223
Other Program Expenses	<u>3,700</u>	<u>1,980</u>	<u>1,720</u>
TOTAL DIRECT TRAINING COSTS	<u>432,751</u>	<u>401,130</u>	<u>31,621</u>
TOTAL SUBCONTRACTED EXPENSES	<u>170,402</u>	<u>170,402</u>	<u>0</u>
TOTAL EXPENSES	<u>712,817</u>	<u>671,049</u>	<u>41,768</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF CUMULATIVE EXPENDITURE OF FEDERAL AWARDS - WIOA  
YEAR ENDED JUNE 30, 2016

<i>Title</i>	<i>CFDA #</i>	<i>Contract no.</i>	<i>Agreement Period</i>	<i>Authorized Budget</i>	<i>Cumulative Expenditures</i>	<i>(Over) Under</i>
WIA DW-RR	17.278	100-13-4051	07/01/13-06/30/16	\$ 34,690.00	\$ 34,690.00	\$ -
DW-RR	17.278	100-13-4161	07/01/15-06/30/16	\$ 12,750.00	\$ 12,750.00	\$ -
WIA DW-RR	17.278	100-13-4162	10/01/13-06/30/16	\$ 30,000.00	\$ 30,000.00	\$ -
Grand Totals				\$ 77,440.00	\$ 77,440.00	\$ -

<i>Title</i>	<i>CFDA #</i>	<i>Contract no.</i>	<i>Agreement Period</i>	<i>Authorized Budget</i>	<i>Cumulative Expenditures</i>	<i>(Over) Under</i>
WIA Adult	17.258	100-14-3011	10/01/14-06/30/16	\$ 1,077,161.00	\$ 1,077,161.00	\$ -
WIA DW	17.278	100-14-4011	10/01/14-06/30/16	\$ 970,566.00	\$ 970,566.00	\$ -
WIA DW WIOA Transitional	17.278	100-14-4152	10/01/14-06/30/17	\$ 42,377.00	\$ 33,411.00	\$ 8,966.00
WIA Youth Program	17.259	100-14-3301	04/01/14-06/30/16	\$ 1,151,009.00	\$ 1,151,009.00	\$ -
TANF	93.558	100-14-3362	04/01/15-06/30/16	\$ 78,316.00	\$ 78,316.00	\$ -
WIA Youth BEP	17.259	100-14-3341	04/28/15-06/30/16	\$ 100,000.00	\$ 71,630.00	\$ 28,370.00
NEG Jobs Driven	17.277	100-14-7200	07/01/14-09/30/16	\$ 150,000.00	\$ 130,423.00	\$ 19,577.00
WIA DW-RR	17.278	100-14-4151	07/01/15-06/30/17	\$ 105,152.00	\$ 49,008.00	\$ 56,144.00
WIA DW-RR	17.278	100-14-4155	07/01/15-06/30/17	\$ 79,789.00	\$ 14,099.00	\$ 65,690.00
Grand Totals				\$ 3,754,370.00	\$ 3,575,623.00	\$ 178,747.00

<i>Title</i>	<i>CFDA #</i>	<i>Contract no.</i>	<i>Agreement Period</i>	<i>Authorized Budget</i>	<i>Cumulative Expenditures</i>	<i>(Over) Under</i>
WIOA Adult Program	17.258	100-15-3001	07/01/15-06/30/17	\$ 90,071.00	\$ 90,071.00	\$ -
WIOA Adult Program	17.258	100-15-3011	10/01/15-06/30/17	\$ 987,670.00	\$ 712,738.00	\$ 274,932.00
WIOA DW Program	17.278	100-15-4001	07/01/15-06/30/17	\$ 148,641.00	\$ 148,641.00	\$ -
WIOA DW Program	17.278	100-15-4011	10/01/15-06/30/17	\$ 819,238.00	\$ 541,588.00	\$ 277,650.00
WIOA Youth Program	17.259	100-15-3301	04/01/15-06/30/17	\$ 1,081,358.00	\$ 821,048.00	\$ 260,310.00
TANF	93.558	100-15-3361	04/01/15-06/30/17	\$ 309,229.00	\$ 264,895.00	\$ 44,334.00
TANF	93.558	100-15-3362	01/01/16-09/30/16	\$ 206,400.00	\$ 68,284.00	\$ 138,116.00
WIOA DW-RR	17.278	100-15-4152	01/01/15-06/30/17	\$ 82,110.00	\$ -	\$ 82,110.00
DWG-NEG Power	17.277	100-15-1509	01/01/16-06/30/17	\$ 125,640.00	\$ 21,195.00	\$ 104,445.00
DW RR - Duke	17.278	100-15-4051	07/01/15-06/30/17	\$ 450,000.00	\$ 945.00	\$ 449,055.00
DW RR	17.278	100-15-4052	07/01/15-06/30/17	\$ 25,000.00	\$ -	\$ 25,000.00
Grand Totals				\$ 4,325,357.00	\$ 2,669,405.00	\$ 1,655,952.00

**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**

October 28, 2016

The Board of Directors Southern Alleghenies Planning  
and Development Commission  
Altoona, Pennsylvania 16602

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 business-type activities, each major fund, and the aggregate remaining fund information of Southern Alleghenies Planning and Development Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Southern Alleghenies Planning and Development Commission's basic financial statements, and have issued our report thereon dated June 30, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southern Alleghenies Planning and Development Commission'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 Southern Alleghenies Planning and Development Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Southern Alleghenies Planning and Development Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Alleghenies Planning and Development Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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



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Certified Public Accountants



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

October 28, 2016

The Board of Directors Southern Alleghenies Planning  
and Development Commission  
Altoona, Pennsylvania 16602

**Report on Compliance for Each Major Federal Program**

We have audited Southern Alleghenies Planning and Development Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southern Alleghenies Planning and Development Commission's major federal programs for the year ended June 30, 2016. Southern Alleghenies Planning and Development Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southern Alleghenies Planning and Development Commission's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Southern Alleghenies Planning and Development Commission 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 for the year ended June 30, 2016.

## Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of 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

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016

**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? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements  
noted?

☐ Yes ☒ No

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ 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 ☒ No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

11.307

EDA Revolving Loan Fund

93.558

Temporary Assistance for Needy Families

Dollar threshold used to distinguish  
between Type A and Type B  
programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

## **FINDINGS – FINANCIAL STATEMENT AUDIT**

None Noted

## **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None Noted

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016

NOT APPLICABLE

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION  
CORRECTIVE ACTION PLAN  
JUNE 30, 2016

NONE NECESSARY