

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

ALTOONA, PENNSYLVANIA



Single Audit Reporting Package

June 30, 2017

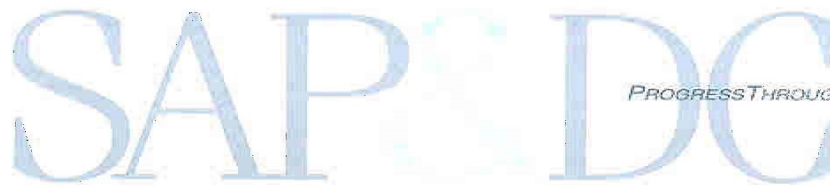
**SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
SINGLE AUDIT REPORTING PACKAGE
JUNE 30, 2017**

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PROGRESS THROUGH REGIONAL COOPERATION



Management's Discussion and Analysis (MD&A) Year Ended June 30, 2017

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, 2017. 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 \$234,990
- ❖ Cash decreased \$357,279
- ❖ Total assets increased \$25,258
- ❖ Notes and other liabilities decreased \$209,732
- ❖ Operating revenues increased \$565,978
- ❖ Operating expenses increased \$526,325

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, and the Welfare (EARN) grant 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's 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 \$763,164 and the business type activities assets exceeded liabilities by \$8,039,886 as of June 30, 2017.

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, and general and administrative 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 Innovation and Opportunity Act (WIOA) 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 \$8,803,050 at June 30, 2017. The combined total assets of *The Commission* increased \$25,258, while total liabilities and deferred outflows decreased \$209,732 during fiscal year 2017. The most significant changes in the Commission's combined assets and liabilities can be seen in the Commission's Proprietary Funds. Cash balances at fiscal year-end had decreased by \$357,279 from the prior year, mostly because the Commission granted significant new loans to customers. Notes receivable increased by \$230,845 for related reasons. Conversely, the Commission's amount due to other governments saw a decrease of \$455,788. On the governmental activities' side, accounts receivable, accounts payable, and unearned revenue all saw somewhat significant (but offsetting) changes in balances from the prior year.

Operating Governmental Activities grant revenue increased \$541,274 while expenses also increased by \$526,325. As stated previously, the majority of *The Commission's* revenues are derived from cost reimbursement type contracts. Therefore, changes to expenses normally coincide consistently with changes to revenues. We anticipate that this trend of grant revenues holding approximately steady will 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 2017 most goals were met. SAP&DC's efforts to assist the region's businesses resulted in \$61.6 million of new sales, 168 new jobs and 1,186 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 conducted over 2,000 counseling sessions with 674 business clients during the fiscal year. In fiscal year 2017, 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 broadband deployment and 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 2017, the Planning Division secured almost \$4M in public funds, which leveraged local and private funds and created an estimated 117 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 19 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 14 applications requesting property owner and business tax abatement. In addition, staff continued coordinating with the six-member counties to develop a regional comprehensive plan that will be complete in March of 2018.

The Employment, Advancement, and Retention Network (EARN) Program provided job placement and job retention services to 552 Temporary Assistance for Needy Families (TANF) recipients during fiscal year 2017. EARN clients typically had multiple barriers that made it difficult for them to find and keep employment. Frequent barriers included substance abuse, criminal history, domestic violence, and mental health issues such as 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, 245 jobs were obtained, with the highest number of those jobs in healthcare, followed by retail and food service. The Southern Alleghenies EARN program earned \$279,014 in performance based funds for meeting monthly goals of job placement, minimum hourly wage of \$10, closure of cash assistance grant, job retention, and credentialing. A part of the performance 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. EARN has also been working to establish partnerships with local agencies to strengthen services for mutual clients.

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. In addition to the Workforce Innovation and Opportunity Act (WIOA) funds received by the Commission, the SAWDB also was recipient of Rapid Response, Sector Partnership, TANF (Temporary Assistance to Needy Families) and POWER funding. Collectively, this amounted to over \$4,000,000 to be used in support of the region's public workforce system. Roughly 6% of the budget was used to cover the infrastructure costs associated with maintaining five PA CareerLinks®, one affiliated site, eleven access points. Another 50% of the annual allocation was used to underwrite subcontracts with the agencies that provide workforce services to jobseekers and employers. This year the SAWDB undertook a Request for Proposal process for WIOA subcontractors. As a result, three agencies (Goodwill of the Southern Alleghenies, Employment and Training, and Tableland Services) will receive WIOA funding in the coming year. 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 requires each Workforce Development Board to allocate increasingly larger portions of its budget in support of training. For this past fiscal year, over \$940,000 was earmarked to support training for jobseekers. Over 60 On-the-Job Training contracts were supported with these funds and 115 individuals received assistance with the cost of pursuing post-secondary education. Awards of up to \$6,000 per person were given to these eligible individuals to help defray the cost of their schooling.

In regard to business-related activities, any changes were due primarily to variations in notes receivable, notes payable, and amounts due to other governments. *The Commission* closed 13 loans at a value of \$2,880,000 with a leverage of \$4,815,000 in public and private funds; projected 33 jobs created 77 jobs retained in the region we serve. *The Commission* borrowed \$800,000 this fiscal year from the Commonwealth of Pennsylvania's Pennsylvania Industrial Development Authority (PIDA) fund. At June 30, 2017, *The Commission* had \$1,435,000 in loans approved, but not yet funded.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2017, *The Commission* had \$29,780 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

INDEPENDENT AUDITOR'S REPORT

October 24, 2017

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, 2017, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2017, 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-VI 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 24, 2017, 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.

Report on Summarized Comparative Information

We have previously audited The Commission's financial statements as of and for the year ended June 30, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements which it was derived.



WESSEL & COMPANY
Certified Public Accountants

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2017

(With Comparative Totals at June 30, 2016)

	Primary Government		
	Governmental Activities	Business-type Activities	2017 Total
			2016
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
<u>Current Assets:</u>			
Cash (Note 2)	\$ 1,463,002	\$ 1,105,864	\$ 2,568,866
Accounts Receivable	1,501,268	-	1,501,268
Notes Receivable (Note 3)	-	2,220,012	2,220,012
Total Current Assets	<u>2,964,270</u>	<u>3,325,876</u>	<u>6,290,146</u>
<u>Non-Current Assets:</u>			
Notes Receivable (Note 3)	-	9,544,113	9,544,113
Capital Assets, Net (Note 4)	29,780	-	29,780
Total Non-Current Assets	<u>29,780</u>	<u>9,544,113</u>	<u>9,573,893</u>
<u>Deferred Outflows:</u>			
Prepaid Expenses	52,939	-	52,939
Total Deferred Outflows	<u>52,939</u>	<u>-</u>	<u>52,939</u>
Total Assets and Deferred Outflows	<u>\$ 3,046,989</u>	<u>\$ 12,869,989</u>	<u>\$ 15,916,978</u>
<u>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</u>			
<u>Current Liabilities:</u>			
Accounts Payable	\$ 661,516	\$ -	\$ 661,516
Interfund (Receivable)/Payable	110,753	(100,942)	9,811
Accrued Liabilities	108,270	-	108,270
Accrued Vacation	63,272	-	63,272
Notes Payable (Note 5)	-	57,058	57,058
Total Current Liabilities	<u>943,811</u>	<u>(43,884)</u>	<u>899,927</u>
<u>Non-Current Liabilities:</u>			
Due to Other Governments (Note 7)	-	4,448,848	4,448,848
Notes Payable (Note 5)	-	425,139	425,139
Total Non-Current Liabilities	<u>-</u>	<u>4,873,987</u>	<u>4,873,987</u>
Total Liabilities	<u>943,811</u>	<u>4,830,103</u>	<u>5,773,914</u>
<u>Deferred Inflows:</u>			
Unearned Revenue	1,340,014	-	1,340,014
Total Deferred Inflows	<u>1,340,014</u>	<u>-</u>	<u>1,340,014</u>
<u>Net Position:</u>			
Net investments in capital assets	29,780	-	29,780
Restricted	-	6,338,883	6,338,883
Unrestricted	733,384	1,701,003	2,434,387
Total Net Position	<u>763,164</u>	<u>8,039,886</u>	<u>8,803,050</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 3,046,989</u>	<u>\$ 12,869,989</u>	<u>\$ 15,916,978</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position				
	Program Revenues		Primary Government		
	Expenses	Charges for Services	Operating Grants and Contribution	Governmental Activities	Business-type Activities
					2017 Total
					2016
Governmental Activities:					
General Grants	\$ 2,248,621	\$ -	\$ 2,273,239	\$ 24,618	\$ 24,618
Welfare Grants	752,074	-	752,074	-	-
Workforce Innovation and Opportunity Grants	4,200,858	-	4,200,858	-	-
Travel Development	-	-	-	-	-
Unallocated Depreciation Expense	14,170	-	-	(14,170)	(14,170)
Total Governmental Activities	7,215,723	-	7,226,171	10,448	10,448
Business-type Activities:					
Loan Programs					
Health and Human Services	-	11,131	-	-	11,131
EDA Flood	-	6,180	-	-	6,180
Local Economic Development	-	17,001	-	-	17,001
Small Business First	-	20,420	-	-	20,420
Economic Development	25,746	117,373	-	-	91,627
Intermediary Relending Programs	5,385	52,960	-	-	47,575
ARC/PCLF	114	25,165	-	-	25,051
Total Business-type Activities	31,245	250,230	-	218,985	218,985
	\$ 7,246,968	\$ 250,230	\$ 7,226,171	\$ 10,448	\$ 229,433
					\$ 189,780
General Revenues:					
Unrestricted Investment Earnings				\$ 758	\$ 4,799
					\$ 5,557
Total General Revenues and Transfers				758	4,799
					5,557
Change in Net Position				11,206	234,990
Net Position - Beginning of Year				751,958	8,568,060
Net Position - End of Year				763,164	8,803,050
				\$ 8,039,886	\$ 8,568,060

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, 2017
(With Comparative Totals at June 30, 2016)

	Governmental Fund Types			2017 Totals (Memorandum Only)	2016
	General Grant Fund	Welfare Grant Fund	Workforce Innovation and Opportunity Grant Fund		
<u>ASSETS</u>					
Cash	\$ 1,051,967	\$ 369,165	\$ 41,870	\$ 1,463,002	\$ 1,300,181
Accounts Receivable	509,876	194,879	796,513	1,501,268	1,334,493
Interfund Receivables	-	324,712	-	324,712	188,239
Prepaid Expenses	52,939	-	-	52,939	53,852
Total Assets	<u>\$ 1,614,782</u>	<u>\$ 888,756</u>	<u>\$ 838,383</u>	<u>\$ 3,341,921</u>	<u>\$ 2,876,765</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 163,143	\$ 22,730	\$ 475,643	\$ 661,516	\$ 872,809
Interfund Payables	342,107	-	93,358	435,465	293,060
Accrued Liabilities	108,270	-	-	108,270	99,827
Unearned Revenue	204,606	866,026	269,382	1,340,014	846,679
Accrued Vacation	63,272	-	-	63,272	56,382
Total Liabilities	<u>881,398</u>	<u>888,756</u>	<u>838,383</u>	<u>2,608,537</u>	<u>2,168,757</u>
Fund Balance					
Assigned	-	-	-	-	-
Unassigned	<u>733,384</u>	<u>-</u>	<u>-</u>	<u>733,384</u>	<u>708,008</u>
Total Liabilities and Fund Balance	<u>\$ 1,614,782</u>	<u>\$ 888,756</u>	<u>\$ 838,383</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>29,780</u>	<u>43,950</u>
Net Position of Governmental Activities				<u>\$ 763,164</u>	<u>\$ 751,958</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Governmental Fund Types			2017 Totals (Memorandum Only)	2016
	General Grant Fund	Welfare Grant Fund	Workforce Innovation and Opportunity Grant Fund		
<u>Revenues</u>					
Federal and State Grants	\$ 2,041,172	\$ 752,074	\$ 4,200,858	\$ 6,994,104	\$ 6,584,533
Local Sources	232,067	-	-	232,067	100,279
Interest Income	758	-	-	758	641
Total Revenues	2,273,997	752,074	4,200,858	7,226,929	6,685,453
<u>Expenditures</u>					
Administration	235,780	105,413	270,296	611,489	610,111
Program	2,012,841	646,661	3,930,562	6,590,064	6,056,645
Total Expenditures	2,248,621	752,074	4,200,858	7,201,553	6,666,756
Excess (Deficit) of Revenues Over (Under) Expenditures	25,376	-	-	25,376	18,697
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	-	15,232
Operating transfers (out)	-	-	-	-	(15,232)
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess (Deficit) of Revenues and Other Financing Sources Expenditures and Other Financing Uses	25,376	-	-	25,376	18,697
Fund Balance - Beginning of Year	708,008	-	-	708,008	689,311
Fund Balance - End of Year	\$ 733,384	\$ -	\$ -	\$ 733,384	\$ 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 YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

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

	<u>2017</u>	<u>2016</u>
Net change in fund balance - total government funds.	\$ 25,376	\$ 18,697
 The net effect of various transactions involving capital assets, (i.e., purchases , disposals, depreciation expense, etc.) is to decrease net income.	 <u>(14,170)</u>	 <u>2,081</u>
 Change in net position of government activities.	 <u><u>\$ 11,206</u></u>	 <u><u>\$ 20,778</u></u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
STATEMENTS OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017
(With Comparative Totals at June 30, 2016)

	Health and Human Services	EDA Flood	Local Economic Development Fund	Small Business and First Industries Fund	Economic Development Loan	Intermediary Relending Programs	ARC/ PCLF	2017 Totals (Memorandum Only)	2016
<u>ASSETS</u>									
Cash	\$ 31,375	\$ 14,182	\$ 425,810	\$ 45,989	\$ 262,853	\$ 172,450	\$ 153,205	\$ 1,105,864	\$ 1,625,964
Accounts Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	100,000	-	942	-	-	100,942	100,000
Notes Receivable	339,958	200,855	773,116	4,804,936	3,406,348	1,564,330	674,582	11,764,125	11,533,280
TOTAL ASSETS	\$ 371,333	\$ 215,037	\$ 1,298,926	\$ 4,850,925	\$ 3,670,143	\$ 1,736,780	\$ 827,787	\$ 12,970,931	\$ 13,259,244
<u>LIABILITIES AND NET POSITION</u>									
Liabilities									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	4,448,848	-	-	-	4,448,848	4,904,636
Notes Payable	-	-	-	-	-	482,197	-	482,197	538,506
Total Liabilities	-	-	-	4,448,848	-	482,197	-	4,931,045	5,443,142
Net Position									
Restricted	371,333	215,037	-	-	3,670,143	1,254,583	827,787	6,338,883	6,155,460
Unrestricted	-	-	1,298,926	402,077	-	-	-	1,701,003	1,660,642
Total Net Position	371,333	215,037	1,298,926	402,077	3,670,143	1,254,583	827,787	8,039,886	7,816,102
Total Liabilities and Net Position	\$ 371,333	\$ 215,037	\$ 1,298,926	\$ 4,850,925	\$ 3,670,143	\$ 1,736,780	\$ 827,787	\$ 12,970,931	\$ 13,259,244

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Health and Human Services	EDA Flood	Local Economic Development Fund	Small Business and First Industries Fund	Economic Development Loan	Intermediary Relending Programs	ARC/ PCLF	2017 Totals (Memorandum Only)	2016
<u>Operating Revenues</u>									
Loan Interest	\$ 9,916	\$ 5,330	\$ 13,001	\$ 6,098	\$ 107,446	\$ 49,634	\$ 22,853	\$ 214,278	\$ 210,354
Loan Fees	1,215	850	4,000	14,322	9,927	3,326	2,312	35,952	15,172
Total Operating Revenues	11,131	6,180	17,001	20,420	117,373	52,960	25,165	250,230	225,526
<u>Operating Expenses</u>									
Administration	-	-	-	-	25,746	-	114	25,860	22,366
Bad Debt Expense	-	-	-	-	-	-	-	-	27,659
Interest Expense	-	-	-	-	-	5,385	-	5,385	5,943
Total Operating Expenses	-	-	-	-	25,746	5,385	114	31,245	55,968
Operating Income	11,131	6,180	17,001	20,420	91,627	47,575	25,051	218,985	169,558
<u>Non-Operating Revenues/(Expenses)</u>									
Other Revenue/(Expenses)	-	-	-	-	-	-	-	-	85
Interest Income	179	107	2,345	595	442	754	377	4,799	4,421
Total Non-Operating Revenue/(Expenses)	179	107	2,345	595	442	754	377	4,799	4,506
<u>Other Financing Sources/(Uses):</u>									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-
Net Operating Transfers	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	11,310	6,287	19,346	21,015	92,069	48,329	25,428	223,784	174,064
Net Position - Beginning of Year	360,023	208,750	1,279,580	381,062	3,578,074	1,206,254	802,359	7,816,102	7,642,038
Net Position - End of Year	\$ 371,333	\$ 215,037	\$ 1,298,926	\$ 402,077	\$ 3,670,143	\$ 1,254,583	\$ 827,787	\$ 8,039,886	\$ 7,816,102

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(With Comparative Cash Flows for the Year Ended June 30, 2016)

Cash Flows From Operating Activities	2017	2016
Cash Received from Users	\$ 250,230	\$ 225,526
Cash Payments to Vendors for Services	(25,860)	(22,366)
Cash Payments for Other Operating Expenses	(5,385)	(5,943)
Net Cash Provided By Operating Activities	\$ 218,985	\$ 197,217
Cash Flows From Non-Capital and Related Financing Activities		
Net Disbursements to Other Governments	(455,788)	(417,417)
Net Receipts from Borrowers	(230,845)	85,174
Principal Payments on Debt	(56,309)	(55,753)
Net Cash Used In Non-Capital and Related Financing Activities	(742,942)	(387,996)
Cash Flows From Investing Activities		
Other Revenue	(942)	76
Interest Income	4,799	4,421
Net Cash Provided By Investing Activities	3,857	4,497
Net Decrease in Cash and Cash Equivalents	(520,100)	(186,282)
Cash and Cash Equivalents - Beginning of Year	1,625,964	1,812,246
Cash and Cash Equivalents - End of Year	<u>\$ 1,105,864</u>	<u>\$ 1,625,964</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	\$ 218,985	\$ 169,558
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease in Loans Receivable	-	27,659
Decrease in Accounts Payable	-	-
Total Adjustments	-	27,659
Net Cash Provided By Operating Activities	<u>\$ 218,985</u>	<u>\$ 197,217</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2017
(With Comparative Totals for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Accounts Receivable	\$ 218,496	\$ 186,182
Due from Other Funds	<u>9,811</u>	<u>4,821</u>
Total Assets	<u><u>\$ 228,307</u></u>	<u><u>\$ 191,003</u></u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities		
Accounts Payable	<u>228,307</u>	<u>191,003</u>
Total Liabilities	<u>228,307</u>	<u>191,003</u>
Total Liabilities and Net Position	<u><u>\$ 228,307</u></u>	<u><u>\$ 191,003</u></u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 - this 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 other funds.
- Welfare Grant Fund – this fund is used specifically to account for all financial resources relating to The Commission's welfare program. This activity primarily includes Temporary Assistance for Needy Families (TANF) funds which are provided through the Pennsylvania Department of Human Services through cost reimbursement contracts.
- Workforce Innovative and Opportunity Grant Fund – This fund is used specifically for all financial resources relating to The Commission's Workforce Development Programs and is primarily funded by cost reimbursement contracts with the Pennsylvania Department of Labor and Industry.

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 funds are comprised of various loan funds, which are 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's major enterprise funds are as follows: Local Economic Development, Small Business and First Industries, Economic Development, and Intermediary Relending Programs funds. All of the funds provide revolving loans to businesses within The Commission's six county region and promote and encourage industrial growth and development.

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 through 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.

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 filing 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 for interest and penalties for uncertain income tax positions at October 24, 2017.

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, 2014.

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	\$	733,384
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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.

R. Pending Changes in Accounting Principles

In June 2017, the GASB issued Statement No. 87, *Leases*. The Commission is required to adopt statement No. 87 for its fiscal year 2021 financial statements.

The Commission has not completed the various analysis required to estimate the financial statement impact of the new accounting pronouncement.

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, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and Investments	\$ 2,568,866
Fiduciary funds:	
Cash and investments	<u>---</u>
Total Cash and Investments	<u>\$ 2,568,866</u>

Cash and investments as of June 30, 2017, consist of the following:

Cash on hand	\$ 150
Deposits with financial institutions	<u>2,568,716</u>
Total Cash and Investments	<u>\$ 2,568,866</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, 2017, was as follows:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>
Economic Development Administration/Service Revolving Loan Fund	\$ 139,939	\$ 85,000	\$ (24,084)	\$ 200,855
Economic Development Administration	3,225,035	720,000	538,687	3,406,348
Health and Human Services Small Business and Industries First Fund	307,908	80,000	47,950	339,958
Local Economic Development Intermediary Relending Program	5,226,702	1,000,000	1,421,766	4,804,936
Appalachian Regional Commission	483,169	400,000	110,053	773,116
PA Capital Loan Fund	1,527,422	370,000	333,092	1,564,330
	<u>623,105</u>	<u>225,000</u>	<u>173,523</u>	<u>674,582</u>
Total Notes Receivable	\$ <u>11,533,280</u>	\$ <u>2,880,000</u>	\$ <u>(2,649,155)</u>	\$ <u>11,764,125</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, 2017. The Commission utilizes the direct write-off method for uncollectible notes.

Total Notes Receivable	\$ 11,764,125
Amount Receivable in One Year	<u>2,220,012</u>
Amount Receivable in Excess of One Year	<u>\$ 9,544,113</u>

NOTE 4 – CAPITAL ASSETS

The Commission's capital asset activity for the year ended June 30, 2017, was as follows:

	Balance at June 30, 2016	Additions	Disposals	Balance at June 30, 2017
Office Equipment	\$ 49,256	\$ ---	\$ (---)	\$ 49,256
Computer Equipment	84,407	---	---	84,407
Computer Software	5,205	---	---	5,205
Vehicles	26,500	---	---	26,500
Other Equipment	<u>83,839</u>	<u>---</u>	<u>10,005</u>	<u>73,834</u>
Total Capital Assets, at Historical Cost	<u>\$ 249,207</u>	<u>\$ ---</u>	<u>\$ (10,005)</u>	<u>\$ 239,202</u>
Less Accumulated Depreciation	<u>\$ (205,257)</u>	<u>\$ (14,170)</u>	<u>\$ 10,005</u>	<u>\$ (209,422)</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,950</u>	<u>\$ (14,170)</u>	<u>\$ ---</u>	<u>\$ 29,780</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, 2017, there were no long term notes payable under governmental activities.

Business-Type Activities:

As of June 30, 2017, 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 (2) years. Interest will accrue on the unpaid principal balance at the rate of 1% per annum.

\$ 79,954

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 (2) years. Interest will accrue on the unpaid principal balance at the rate of 1% per annum.

156,968

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 (2) years. Interest will accrue on the unpaid principal balance at the rate of 1% per annum.

245,275

\$ 482,197

Long-Term Liability Activity

Long-term liability activity for the year ended June 30, 2017 was as follows:

Business-type Activities Payable from Restricted Net Assets:

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017	Amount Due Within One Year
Loans Payable:					
Intermediary Relending Program #1	\$ 99,524	\$ ---	\$ (19,570)	\$ 79,954	\$ 19,957
Intermediary Relending Program #2	175,776	---	(18,808)	156,968	18,989
Intermediary Relending Program #3	<u>263,208</u>	<u>---</u>	<u>(17,933)</u>	<u>245,275</u>	<u>18,112</u>
Business-type activities long-term liabilities	<u>\$ 538,508</u>	<u>\$ ---</u>	<u>\$ (56,311)</u>	<u>\$ 482,197</u>	<u>\$ 57,058</u>

Debt Maturity

Business-type Activities

Principal and interest payments due on The Commission's loans payable outstanding at June 30, 2017, are as follows:

	<u>Principal</u>	<u>Interest</u>
2018	57,058	4,631
2019	57,629	4,061
2020	58,205	3,484
2021	56,950	2,902
2022	38,608	2,519
2023-27	157,242	6,934
2028-30	<u>56,505</u>	<u>915</u>
Total	<u>\$ 482,197</u>	<u>\$ 25,446</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, 2017, 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, 2017; amounted to \$4,448,848.

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%). Total employer contributions for the year ended June 30, 2017 amounted to \$51,863.

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, 2017, was as follows:

Fair market value at July 1, 2016	\$ 1,660,962
Contributions	185,557
Investment income and appreciation of plan net assets	205,116
Withdrawals*	<u>(19,291)</u>
Fair market value at June 30, 2017	<u>\$ 2,032,344</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 \$169,919 for the fiscal year ended June 30, 2017.

Future minimum lease payments on the leases are as follows:

<u>Year Ended June 30</u>	
2018	\$ 165,132
2019	129,934
2020	129,934
2021	<u>36,930</u>
	<u>\$ 461,390</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, \$390 in principal was paid, leaving a balance outstanding of \$18,806 as of June 30, 2017. 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, 2017.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events were considered through October 24, 2017, which is the date that financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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 6/30/16	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/17	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF COMMERCE</u>											
<i>Direct Federal Funding</i>											
Economic Development Support for Planning Organizations	11.302	07-87-14701	10/1/15-9/30/16	39,783	40,000	10.00%	13,044	26,739	26,739	-	-
Economic Development Support for Planning Organizations	11.302	ED16PHI3020049	7/1/16-6/30/17	70,000	70,000	10.00%	-	69,940	69,940	(60)	(60)
			Total CFDA #11.302	109,783	110,000		13,044	96,679	96,679	(60)	-
<i>Direct Federal Funding</i>											
Economic Adjustment Assistance	11.307	01-79-07376.2	N/A	-	N/A	N/A	-	2,955,958	2,955,958	-	-
Economic Adjustment Assistance	11.307	01-1958002	N/A	-	N/A	N/A	-	144,075	144,075	-	-
Economic Adjustment Assistance	11.307	01-69-14381	10/1/13-9/30/16	11,237	37,700	N/A	3,240	7,997	7,997	-	-
		Total CFDA #11.307, Total Economic Development Cluster		11,237	37,700		3,240	3,108,030	3,108,030	-	-
TOTAL U.S. DEPARTMENT OF COMMERCE				\$ 121,020	\$ 147,700		\$ 16,284	\$ 3,204,709	\$ 3,204,709	\$ (60)	\$ -
<u>U.S. DEPARTMENT OF DEFENSE</u>											
<i>Direct Federal Funding</i>											
Procurement Technical Assistance For Business Firms	12.002	SP4800-15-2-1679	1/1/16-12/31/16	159,163	212,281	50.00%	50,681	108,482	108,482	-	55,905
Procurement Technical Assistance For Business Firms	12.002	SP4800-16-2-1679	1/1/17-12/31/17	-	227,086	50.00%	-	111,117	111,117	111,117	60,127
		Total CFDA #12.002		159,163	439,367		50,681	219,599	219,599	111,117	116,032
<i>Passed Through the Commonwealth of Pennsylvania Department of Community and Economic Development</i>											
Economic Adjustment Assistance for State Governments	12.617	C000061863	10/1/15-4/30/17	128,976	175,537	50.00%	43,799	85,177	85,177	-	-
		Total CFDA #12.617		128,976	175,537		43,799	85,177	85,177	-	-
TOTAL U.S. DEPARTMENT OF DEFENSE				\$ 288,139	\$ 614,904		\$ 94,480	\$ 304,776	\$ 304,776	\$ 111,117	\$ 116,032
<u>U.S. DEPARTMENT OF LABOR</u>											
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
WIA Adult Program	17.258	100153011	10/1/15-6/30/17	419,959	987,670	N/A	145,027	274,932	274,932	-	252,589
WIA Adult Program	17.258	100163001	7/1/16-6/30/17	123,915	123,915	N/A	-	123,915	123,915	-	13,715
WIA Adult Program	17.258	100163011	10/1/16-6/30/17	592,990	849,200	N/A	-	640,203	640,203	47,213	561,522
WIA Adult Program	17.258	100153133	7/1/16-6/30/17	-	122,217	N/A	-	13,541	13,541	13,541	13,541
		Total CFDA #17.258		1,136,864	2,083,002		145,027	1,052,591	1,052,591	60,754	841,367
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
WIA Youth Activities	17.259	100143301	4/1/14-6/30/16	38,753	1,151,009	N/A	38,753	-	-	-	-
WIA Youth Activities	17.259	100153301	4/1/15-6/30/17	385,116	1,081,358	N/A	124,806	260,310	260,310	-	219,246
WIA Youth Activities	17.259	100143341	4/28/15-6/30/16	15,504	100,000	N/A	15,504	-	-	-	-
WIA Youth Activities	17.259	100163301	4/1/16-6/30/17	633,271	983,971	N/A	-	769,580	769,580	136,309	566,900
		Total CFDA #17.259		1,072,644	3,316,338		179,063	1,029,890	1,029,890	136,309	786,146
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
WIA Dislocated Worker Formula Grants	17.278	100144152	10/1/14-6/30/17	19,399	42,377	N/A	10,569	8,966	8,966	136	164,067
WIA Dislocated Worker Formula Grants	17.278	100154011	10/1/15-6/30/17	326,012	744,238	N/A	123,362	202,650	202,650	-	53,345
WIA Dislocated Worker Formula Grants	17.278	100154051	7/1/15-6/30/17	94,519	450,000	N/A	945	125,359	125,359	31,785	57,514
WIA Dislocated Worker Formula Grants	17.278	100154152	10/1/15-6/30/17	52,848	82,110	N/A	-	71,559	71,559	18,711	2,782
WIA Dislocated Worker Formula Grants	17.278	100154052	7/1/15-6/30/17	22,218	25,000	N/A	-	25,000	25,000	-	-
WIA Dislocated Worker Formula Grants	17.278	100134162	10/1/13-6/30/16	2,631	30,000	N/A	2,631	-	-	-	6,417
WIA Dislocated Worker Formula Grants	17.278	100144151	7/1/15-6/30/17	36,744	105,152	N/A	18,693	19,917	19,917	1,866	45,112
WIA Dislocated Worker Formula Grants	17.278	100144155	7/1/15-6/30/17	71,812	79,789	N/A	6,891	65,690	65,690	769	-

See Independent Auditor's Report and Accompanying Notes to Schedule of Expenditures of Federal Awards

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 6/30/16	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/17	Expenditures to Subrecipients
U.S. DEPARTMENT OF LABOR (Continued)											
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry (Continued)</i>											
WIA Dislocated Worker Formula Grants	17.278	100153013	7/1/16-6/30/17	75,000	75,000	N/A	-	75,000	75,000	-	6,787
WIA Dislocated Worker Formula Grants	17.278	100164001	7/1/16-6/30/17	140,530	140,530	N/A	-	140,530	140,530	-	8,612
WIA Dislocated Worker Formula Grants	17.278	100164011	10/1/16-6/30/17	503,014	748,775	N/A	-	558,197	558,197	55,183	551,363
WIA Dislocated Worker Formula Grants	17.278	100164133	3/1/17-12/31/17	-	14,800	N/A	-	3,595	3,595	3,595	3,595
			Total CFDA #17.278	1,344,727	2,537,771		163,091	1,296,463	1,296,463	114,827	896,812
			Total WIA Cluster	\$ 3,554,235	\$ 7,937,111		\$ 487,181	\$ 3,378,944	\$ 3,378,944	\$ 311,890	\$ 2,524,325
<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	4,704	5,338	N/A	4,304	400	400	-	-
Trade Adjustment Assistance	17.245	100-15-100-1	4/1/16-9/16/16	21,101	21,845	N/A	12,504	8,597	8,597	-	-
			Total CFDA #17.245	25,805	27,183	-	16,808	8,997	8,997	-	-
<i>Passed Through the Central Pennsylvania Workforce Development Corp</i>											
H-1B Job Training Grants	17.268	SOUT06-SECT-1703	7/1/16-6/30/17	10,377	141,748	N/A	-	11,798	11,798	1,421	9,150
			Total CFDA #17.268	10,377	141,748		-	11,798	11,798	1,421	9,150
<i>Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry</i>											
Workforce Investment Act (WIA) National Emergency Grants	17.277	100147200	7/1/14-9/30/16	43,026	150,000	N/A	23,449	19,577	19,577	-	18,908
Workforce Investment Act (WIA) National Emergency Grants	17.277	100151509	1/1/16-6/30/17	26,172	125,640	N/A	12,700	16,909	16,909	3,437	9,968
			Total CFDA #17.277	69,198	275,640		36,149	36,486	36,486	3,437	28,876
				\$ 3,659,615	\$ 8,381,682		\$ 540,138	\$ 3,436,225	\$ 3,436,225	\$ 316,748	\$ 2,562,351
TOTAL U.S. DEPARTMENT OF LABOR											
U.S. DEPARTMENT OF TRANSPORTATION											
<i>Passed Through the Commonwealth of Pennsylvania Department of Transportation</i>											
Highway Planning and Construction	20.205	520916 #6	7/1/14 - 6/30/16	101,434	570,000	10.00%	101,434	-	-	-	-
Highway Planning and Construction	20.205	521178 #1	7/1/16 - 6/30/18	185,288	250,000	10.00%	-	258,135	258,135	72,847	-
		Total CFDA #20.205; Total Highway Planning and Construction Cluster		286,722	820,000		101,434	258,135	258,135	72,847	-
				\$ 286,722	\$ 820,000		\$ 101,434	\$ 258,135	\$ 258,135	\$ 72,847	\$ -
TOTAL U.S. DEPARTMENT OF TRANSPORTATION											
APPALACHIAN REGIONAL COMMISSION											
<i>Direct Federal Funding</i>											
Appalachian Area Development Supplemental and Direct Grants	23.002	PW-18777-IM-17	4/1/17-8/31/19	136,769	1,213,868	N/A	-	138,928	138,928	2,159	-
		Total CFDA #23.002		136,769	1,213,868		-	138,928	138,928	2,159	-
<i>Direct Federal Funding</i>											
Appalachian Local Development District Assistance	23.009	PA-0708-F-C44-16	1/1/16-12/31/16	50,055	103,000	50.00%	(5,104)	55,159	55,159	-	-
Appalachian Local Development District Assistance	23.009	PA-0708-F-C45-16	1/1/17-12/31/17	51,000	51,000	50.00%	-	48,901	48,901	(2,099)	-
		Total CFDA #23.009		101,055	154,000		(5,104)	104,060	104,060	(2,099)	-

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 6/30/16	Revenue Recognized	Federal Expenditures	Accrued or (Deferred) Revenue at 6/30/17	Expenditures to Subrecipients
APPALACHIAN REGIONAL COMMISSION (Continued)											
Direct Federal Funding											
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PA-8304-C34-15	7/1/15-6/30/16	89,815	400,000	50.00%	89,815	-	-	-	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	CO-18317-15	10/1/15-9/30/18	21,144	352,000	10.00%	(109,736)	158,351	158,351	27,471	
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PA-8304-C35-16	7/1/16-6/30/17	289,345	400,000	50.00%	-	399,890	399,890	110,545	
		Total CFDA #23.011		400,304	1,152,000		(19,921)	558,241	558,241	138,016	-
TOTAL APPALACHIAN REGIONAL COMMISSION				\$ 638,128	\$ 2,519,868		\$ (25,025)	\$ 801,229	\$ 801,229	\$ 138,076	\$ -
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
Passed Through the Commonwealth of Pennsylvania Department of Human Services											
Temporary Assistance for Needy Families	93.558	4100060659	7/1/12-6/30/13	-	383,825	N/A	(126,810)	73,148	73,148	(53,662)	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/13-6/30/14	-	383,825	N/A	(187,953)	-	-	(187,953)	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/14-6/30/15	-	383,825	N/A	(171,099)	-	-	(171,099)	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/15-6/30/16	118,072	712,817	N/A	118,072	-	-	-	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/15-6/30/16	62,182	383,825	N/A	(158,811)	-	-	(220,993)	
Temporary Assistance for Needy Families	93.558	4100060659	7/1/16-6/30/17	507,217		N/A	-	678,597	678,597	171,380	170,402
Temporary Assistance for Needy Families	93.558	4100060659	7/1/16-6/30/17	207,900		N/A	-	329	329	(207,571)	
Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry											
Temporary Assistance for Needy Families	93.558	100153361	7/1/15-6/30/17	95,662	309,229	N/A	51,328	44,334	44,334	-	44,334
Temporary Assistance for Needy Families	93.558	100153362	1/1/16-6/30/17	189,349	206,400	N/A	67,932	121,417	121,417	-	119,499
Temporary Assistance for Needy Families	93.558	100163362	5/1/17-6/30/17	-	249,900	N/A	-	136,684	136,684	136,684	136,006
Temporary Assistance for Needy Families	93.558	100163361	7/1/16-6/30/17	237,762	320,350	N/A	-	280,113	280,113	42,351	251,521
		Total CFDA #93.558; Total TANF Cluster		1,418,144	3,333,996		(407,341)	1,334,622	1,334,622	(490,863)	721,762
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 1,418,144	\$ 3,333,996		\$ (407,341)	\$ 1,334,622	\$ 1,334,622	\$ (490,863)	\$ 721,762
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 6,411,768	\$ 15,818,150		\$ 319,970	\$ 9,339,696	\$ 9,339,696	\$ 147,865	\$ 3,400,145

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

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, 2017, 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, 2017, 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 @ 6/30/17	\$ 3,406,348	\$ 200,855
Cash and investment balance in RLF @ 6/30/17	262,854	14,183
Administrative expenses paid out of RLF income during FYE 6/30/17	25,745	---
Unpaid principal of all loans written off during FYE 6/30/17	<u>---</u>	<u>---</u>
	<u>\$ 3,694,947</u>	<u>\$ 215,038</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>\$ 2,955,958</u>	<u>\$ 144,075</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	\$ 107,293
Goodwill Industries of the Conemaugh Valley	962,744
Huntingdon Employment & Training, Inc.	718,725
North Central Regional Planning	56,512
Northern Tier Regional Planning	59,520
Private Industry Council of Centre County	929,929
Tableland Services, Inc.	<u>565,422</u>
Total Federal Pass-Through Funds	<u>\$ 3,400,145</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
Economic Development Cluster	11.307	\$ 3,108,030
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	<u>558,241</u>
Total federal awards selected for testing		\$ 3,666,271
Total federal program awards		<u>\$ 9,339,696</u>
Percentage of total federal expenditures tested		<u>39.25%</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 24, 2017

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, 2017, 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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>(Over)/Under Actual</u>
Pennsylvania Department of Human Services	<u>\$712,817</u>	<u>\$678,597</u>	<u>\$34,220</u>
TOTAL REVENUE	<u>712,817</u>	<u>678,597</u>	<u>34,220</u>
ADMINISTRATION COSTS			
Personnel			
Staff Salaries	63,418	61,565	1,853
Staff Fringe Benefits	<u>20,708</u>	<u>20,264</u>	<u>444</u>
Total Salaries/Fringe Benefits	<u>84,126</u>	<u>81,829</u>	<u>2,297</u>
Equipment and Supplies	335	285	50
Operating Expenses	<u>25,203</u>	<u>23,300</u>	<u>1,903</u>
TOTAL ADMINISTRATION COSTS	<u>109,664</u>	<u>105,414</u>	<u>4,250</u>
DIRECT TRAINING COSTS			
Personnel			
Staff Salaries	237,390	224,938	12,452
Staff Fringe Benefits	<u>113,014</u>	<u>105,557</u>	<u>7,457</u>
Total Salaries/Fringe Benefits	<u>350,404</u>	<u>330,495</u>	<u>19,909</u>
Equipment and Supplies	6,922	6,922	-
Operating Expenses	74,425	64,364	10,061
Other Program Expenses	<u>1,000</u>	<u>1,000</u>	<u>-</u>
TOTAL DIRECT TRAINING COSTS	<u>432,751</u>	<u>402,781</u>	<u>29,970</u>
TOTAL SUBCONTRACTED EXPENSES	<u>170,402</u>	<u>170,402</u>	<u>-</u>
TOTAL EXPENSES	<u>712,817</u>	<u>678,597</u>	<u>34,220</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT
COMMISSION SCHEDULE OF CUMULATIVE EXPENDITURE OF
FEDERAL AWARDS - WIOA YEAR ENDED JUNE 30, 2017

<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 WIOA Transitional	17.278	100-14-4152	10/01/14-06/30/17	42,377.00	42,377.00	-
NEG Jobs Driven	17.277	100-14-7200	07/01/14-09/30/16	150,000.00	150,000.00	-
WIA DW-RR	17.278	100-14-4151	07/01/15-06/30/17	105,152.00	68,925.00	36,227.00
WIA DW-RR	17.278	100-14-4155	07/01/15-06/30/17	79,789.00	79,789.00	-
Grand Totals				\$ 377,318.00	\$ 341,091.00	\$ 36,227.00

<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	100-15-3011	10/01/15-06/30/17	987,670.00	987,670.00	-
WIOA DW Program	17.278	100-15-4011	10/01/15-06/30/17	744,238.00	744,238.00	-
WIOA DW Program	17.278	100-15-3013	07/01/16-06/30/17	75,000.00	75,000.00	-
WIOA Youth Program	17.259	100-15-3301	04/01/15-06/30/17	1,081,358.00	1,081,358.00	-
TANF	93.558	100-15-3361	04/01/15-06/30/17	309,229.00	309,229.00	-
TANF	93.558	100-15-3362	01/01/16-09/30/16	206,400.00	189,700.00	16,700.00
WIOA DW-RR	17.278	100-15-4152	01/01/15-06/30/17	82,110.00	71,559.00	10,551.00
DWG-NEG Power	17.277	100-15-1509	01/01/16-06/30/17	125,640.00	38,104.00	87,536.00
DW RR - Duke	17.278	100-15-4051	07/01/15-06/30/17	450,000.00	126,304.00	323,696.00
DW RR	17.278	100-15-4052	07/01/15-06/30/17	25,000.00	25,000.00	-
Grand Totals				\$ 4,086,645.00	\$ 3,648,162.00	\$ 438,483.00

<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	100-16-3001	07/01/16-06/30/17	123,915.00	123,915.00	-
WIOA Adult Program	17.258	100-16-3011	10/01/16-06/30/17	849,200.00	640,203.00	208,997.00
WIOA DW Program	17.278	100-16-4001	07/01/16-06/30/17	140,530.00	140,530.00	-
WIOA DW Program	17.278	100-16-4011	10/01/16-06/30/17	748,775.00	558,197.00	190,578.00
WIOA Youth Program	17.259	100-16-3301	04/01/16-07/30/17	983,971.00	769,580.00	214,391.00
TANF	93.558	100-16-3361	07/01/16-06/30/17	320,350.00	280,113.00	40,237.00
TANF	93.558	100-16-3362	05/01/17-06/30/17	249,900.00	136,684.00	113,216.00
WIOA DW Program - SLIP	12.278	100-16-4133	03/1/17-12/31/17	14,800.00	3,595.00	11,205.00
Grand Totals				\$ 3,431,441.00	\$ 2,652,817.00	\$ 778,624.00

**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 24, 2017

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, 2017, 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, 2017.

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 24, 2017

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, 2017. 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, 2017.

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.



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SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

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 X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

11.307
23.011

Economic Development Cluster
Appalachian Research, Technical Assistance,
and Demonstration Projects

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

\$750,000

Auditee qualified as low-risk auditee?

 X 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, 2017

NOT APPLICABLE

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
CORRECTIVE ACTION PLAN
JUNE 30, 2017

NONE NECESSARY