

# **Southern Alleghenies Planning and Development Commission**

Financial Statements  
and Required Supplementary and  
Supplementary Information

Year Ended June 30, 2020  
with Independent Auditor's Reports

**MaherDuessel**

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# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

YEAR ENDED JUNE 30, 2020

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## Independent Auditor's Report

### **Board of Directors Southern Alleghenies Planning and Development Commission**

### **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 (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

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 Commission as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through 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 Commission's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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* (CFR) 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 supplementary information and 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 supplementary information 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 November 13, 2020, on our consideration of the Commission's internal controls 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's 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 the Commission's internal control over financial reporting and compliance.

#### **Report on Summarized Comparative Information**

We previously audited the Commission's 2019 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated November 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it was derived.

*Maher Duessel*

Pittsburgh, Pennsylvania  
November 13, 2020



## **Management's Discussion and Analysis (MD&A) Year Ended June 30, 2020**

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, 2020. Readers are encouraged to consider the information presented in conjunction with additional information found within the audit.

### **FINANCIAL HIGHLIGHTS**

- ❖ *The Commission's* total net position increased by \$224,011
- ❖ Cash and cash equivalents increased \$477,981
- ❖ Total assets increased \$28,105
- ❖ Notes and other liabilities decreased \$195,906
- ❖ Total operating revenues increased \$63,878
- ❖ Total operating expenses increased \$78,371

### **OVERVIEW OF FINANCIAL STATEMENTS**

This management's 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 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 Position 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 position may serve over time as a useful indicator of a government's financial position. In the case of *The Commission's* governmental funds, assets exceeded liabilities by \$774,377 and the business type activities assets exceeded liabilities by \$8,723,722 as of June 30, 2020.

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

- ❖ Governmental activities. *The Commission's* basic services are reported here, including economic, community and workforce development services, general and administrative activities, and tourism activities.
- ❖ Business-type activities. Included are the revolving loan funds. *The Commission* charges a fee to customers to help it cover some of the costs of certain services provided.

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

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

- ❖ Governmental funds. Most of *The Commission's* basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified 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 Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

Proprietary funds. This offers both short and long-term financial information about the activities the Commission operates like a business. Included in these financial statements are the revolving loan funds. *The Commission*, through loans, offers low interest financing to eligible companies to facilitate economic development and job creation in small to medium-sized companies. The income received is generally earned from fees, interest income on outstanding loans and bank balances, and late fees. Expenses generally include interest on Commission borrowings, bad debt expense, legal and other filing fees.

- ❖ 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 Position. 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 position was \$9,498,099 at June 30, 2020. The combined total assets of *The Commission* increased \$28,105, while total liabilities decreased \$195,906 during fiscal year 2020. 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 increased by \$467,456 from the prior year. Notes receivable decreased by \$661,203 and *The Commission's* amount due to other governments saw a decrease of \$350,810. On the governmental activities' side, accounts receivable, accounts payable, and unearned revenue all saw nominal changes in balances from the prior year.

Operating Governmental Activities grant revenue decreased \$20,780 while expenditures increased by \$84,776. As stated previously, most of *The Commission's* revenues are derived from cost reimbursement type contracts. Therefore, changes to expenses normally coincide with changes to revenues. We anticipate that this trend of grant revenues holding steady (with potential growth) 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 2020 most goals were met. *The Commission's* business development team worked with 358 existing businesses to assist those businesses to develop new sales and markets, internationally, domestically and government markets the efforts resulted in 51.5 million of new sales, 165 new jobs and 1,097 jobs retained. Special initiatives this year included a Big Idea Contest for entrepreneurs, and organizing a group of Somerset Maple Syrup producers to approach international trade opportunities as a co-op. The Pandemic also required the Commission to alter the means in which business was conducted in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the year. SAP&DC staff worked to assist businesses to secure funding that was available from the federal, state, and local governments to assist in hardships caused by the pandemic. All training programs were adapted from in person training sessions to virtual training programs. 12 training programs were offered to the business community and 366 people participated in those training programs. Furthermore, *The Commission* 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* functioned as the coordinating agency for the region-wide PREP (Partnership for Regional Economic Performance), a network of 11 economic development agencies that assisted 835 business clients during the fiscal year. *The Commission* also continued to coordinate Start-Up Alleghenies organizing a region-wide ecosystem and a movement to encourage and support entrepreneurial growth in the region. Through this effort more than 630 entrepreneurs have engaged with the ecosystem resulting in the creation of 216 new businesses and the creation of 427 non-owner jobs. *The Commission* also coordinated the activity of the Alleghenies Angel fund, a source of investment capital for start-up and emerging businesses in the region. *The Commission* coordinated and participated in the Engage Program, a proactive business

outreach effort to help businesses engage with the services that are available to them, 231 action plans were developed for businesses during the fiscal year.

The Planning and Community Development (P&CD) Division worked throughout the region with major projects related to infrastructure development to include enhancing broadband connectivity in unserved areas. Other activities included administering funding to support trail and recreation efforts, transportation planning and programming, and securing state and federal grants for a variety of community and economic development projects. Specifically, the Planning Division secured over \$7M in public funds, which leveraged local and private funds and will create an estimated 900 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 21 applications for projects throughout the region and provided support as appropriate. As the regional coordinator for Pennsylvania's Keystone Opportunity Zone (KOZ) Program, P&CD staff processed the necessary local approval for 18 applications requesting property owner and business tax abatement.

The Employment, Advancement, and Retention Network (EARN) Program provided job placement and job retention services to 421 Temporary Assistance for Needy Families (TANF) recipients in the six-county area during fiscal year 2020. EARN participants typically have multiple barriers, such as criminal history, mental health problems, background of domestic violence, and lack of transportation. Program funds were used for staff to provide instruction, assessment, case management, job development, work experience, and assistance in career exploration to encourage obtaining skill training. Emphasis was also placed on teaching job seeking skills such as resume writing and interview skills. In addition, clients were provided with activities to help them improve various soft skills and life skills, including time management, communication, teamwork, and parenting skills. Recent initiatives included partnering with various community agencies to serve the needs of the full family rather than just the client. As a result, 202 jobs were obtained, with almost half of those in jobs paying at least \$10.00 per hour. The Southern Alleghenies EARN program received \$320,000 performance payments for meeting such goals as job placement, job retention, wage of at least \$10 per hour, and closure of TANF cash grants. The program also helped pay for driver's education to enable clients to more easily get to and from their jobs. With the onset of the pandemic, remote services were provided to all participants using virtual workshops and platforms such as Google classroom. Staff adapted to the program changes in innovative ways to ensure that clients were able to continue participation. In some counties, laptops or tablets were purchased and lent to clients to use from home.

The Southern Alleghenies Workforce Development Board (SAWDB) supports the region's public workforce system to ensure that its jobseekers, youth and employers have access to a wide variety of workforce services. Funding utilized by the SAWDB in support of this system includes an annual Workforce Innovation and Opportunity Act (WIOA) allocation, Rapid Response funds, Temporary Assistance to Needy Families (TANF) awards, and other competitively secured grant dollars. Of the over \$6.1 million in annual allocations of the above-mentioned funds, less than 6% of the WIOA and TANF were used to cover the infrastructure costs associated with maintaining five PA CareerLinks® and four affiliate sites. Lower infrastructure costs enable the SAWDB to dedicate more funding to direct service provision. The SAWDB utilized 50% of the annual allocation to underwrite subcontracts with the agencies that provide workforce services to jobseekers and employers. WIOA funds were also used for the required quality assurance and monitoring functions, to cover specialized jobseeker supportive services and assessment costs, for participation in the Industry Cluster Research Consortium, and support for the Northstar Digital Literacy Assessment. The SAWDB also supported a robust Transitional Paid Work Experience Program for adults and dislocated workers with multiple barriers to employment. This program enabled many to gain marketable skills and secure solid employment. 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 \$1 million was earmarked to

support training for jobseekers; 148 individuals received assistance with the cost of pursuing post-secondary education or on-the-job training (OJT). Awards of up to \$6,000 per person were given to these eligible individuals to help defray the cost of their schooling. The COVID-19 pandemic had a significant impact on overall training expenditures. With the closure of schools, and many employers, there were far fewer requests for classroom training. As a result, the SAWDB carried in over \$1.2 million across all funding streams for expenditure in the new year, beginning July 1, 2020.

The SAWDB was also successful in securing and administering competitive funding to support additional workforce-related programs. These grants include:

- \$492,509 Youth Reentry Grant, in partnership with Goodwill of the Southern Alleghenies. This is targeted to young people who have been engaged with the juvenile justice system and includes opportunities for paid work experience, post-secondary education, and mentorship.
- \$77,387 Business-Education Partnership grant designed to better connect students and educators with employers.
- \$150,000 Teacher in the Workplace Grant that enables educators to spend significant time learning employer-needs first hand.
- \$221,840 State-Local Internship Program grant to pair local college students with employers for a paid work experience aligned to their college studies.

These programs, combined with the services provided through the SAWDB's PA CareerLink® sites, served to create a robust public workforce system designed to address the needs of the region's jobseekers and employers.

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 6 loans at a value of \$1,131,105 with a leverage of \$4,035,231 in public and private funds; projected 5 jobs created 121 jobs retained in the region served. At June 30, 2020, *The Commission* had \$2,349,500 in loans approved, but not yet funded.

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

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

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

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF NET POSITION

JUNE 30, 2020

(With Comparative Totals at June 30, 2019)

	Governmental Activities	Business-type Activities	Total	2019
<b>Assets</b>				
Cash and cash equivalents	\$ 1,940,296	\$ 1,642,513	\$ 3,582,809	\$ 3,104,828
Accounts receivable	1,963,992	-	1,963,992	1,761,767
Internal balances	(108,018)	100,000	(8,018)	(11,703)
Prepaid expenses	52,199	-	52,199	45,342
Notes receivable, current portion	-	1,974,826	1,974,826	2,196,048
Notes receivable, long-term portion, net	-	10,787,850	10,787,850	11,227,831
Capital assets, net	-	-	-	1,440
<b>Total Assets</b>	<b>3,848,469</b>	<b>14,505,189</b>	<b>18,353,658</b>	<b>18,325,553</b>
<b>Liabilities</b>				
Accounts payable	952,745	-	952,745	1,062,274
Unearned revenue	1,980,814	-	1,980,814	1,664,132
Accrued liabilities	140,533	-	140,533	134,767
Due to other governments	-	5,471,418	5,471,418	5,822,228
Notes payable, current portion	-	58,236	58,236	57,958
Notes payable, long-term portion	-	251,813	251,813	310,106
<b>Total Liabilities</b>	<b>3,074,092</b>	<b>5,781,467</b>	<b>8,855,559</b>	<b>9,051,465</b>
<b>Net Position</b>				
Net investment in capital assets	-	-	-	1,440
Restricted	-	6,873,698	6,873,698	6,701,113
Unrestricted	774,377	1,850,024	2,624,401	2,571,535
<b>Total Net Position</b>	<b>\$ 774,377</b>	<b>\$ 8,723,722</b>	<b>\$ 9,498,099</b>	<b>\$ 9,274,088</b>

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

(With Comparative Totals for Year Ended June 30, 2019)

Functions/Programs	Total Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Primary Government			2019
				Governmental Activities	Business-Type Activities	Total	
Governmental Activities:							
General	\$ 2,764,004	\$ -	\$ 2,767,356	\$ 3,352	\$ -	\$ 3,352	\$ (1,514)
Welfare	926,007	-	926,007	-	-	-	-
Workforce innovation and opportunity	4,710,676	-	4,710,676	-	-	-	-
Unallocated depreciation expense	1,440	-	-	(1,440)	-	(1,440)	(14,170)
Total governmental activities	8,402,127	-	8,404,039	1,912	-	1,912	(15,684)
Business-Type Activities:							
Small business and first industries	9,579	9,503	-	-	(76)	(76)	21,060
Economic development	34,907	109,483	-	-	74,576	74,576	86,710
Intermediary relending	4,221	44,923	-	-	40,702	40,702	46,446
Other	51	81,148	-	-	81,097	81,097	74,172
Total business-type activities	48,758	245,057	-	-	196,299	196,299	228,388
	<u>\$ 8,450,885</u>	<u>\$ 245,057</u>	<u>\$ 8,404,039</u>	1,912	196,299	198,211	212,704
General revenues:							
Interest				5,626	20,174	25,800	18,581
Change in Net Position				7,538	216,473	224,011	231,285
Net position - beginning of year				766,839	8,507,249	9,274,088	9,042,803
Net position - end of year				\$ 774,377	\$ 8,723,722	\$ 9,498,099	\$ 9,274,088

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2020  
(With Comparative Totals at June 30, 2019)

	Special Revenue Funds			Total	2019
	General Fund	Welfare Grant Fund	Workforce Innovation and Opportunity Grant Fund		
<b>Assets</b>					
Cash and cash equivalents	\$ 1,767,261	\$ 129,851	\$ 43,184	\$ 1,940,296	\$ 1,929,771
Accounts receivable	851,585	482,784	629,623	1,963,992	1,761,767
Due from other funds	-	1,085,913	-	1,085,913	1,208,890
Prepaid expenses	52,199	-	-	52,199	45,342
<b>Total Assets</b>	<b>\$ 2,671,045</b>	<b>\$ 1,698,548</b>	<b>\$ 672,807</b>	<b>\$ 5,042,400</b>	<b>\$ 4,945,770</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 350,218	\$ 73,542	\$ 528,985	\$ 952,745	\$ 1,060,879
Due to other funds	1,089,873	-	104,058	1,193,931	1,320,593
Unearned revenue	316,044	1,625,006	39,764	1,980,814	1,664,132
Accrued liabilities	140,533	-	-	140,533	134,767
<b>Total Liabilities</b>	<b>1,896,668</b>	<b>1,698,548</b>	<b>672,807</b>	<b>4,268,023</b>	<b>4,180,371</b>
<b>Fund Balance:</b>					
<b>Nonspendable:</b>					
Prepaid items	52,199	-	-	52,199	45,342
Unassigned	722,178	-	-	722,178	720,057
<b>Total Fund Balance</b>	<b>774,377</b>	<b>-</b>	<b>-</b>	<b>774,377</b>	<b>765,399</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,671,045</b>	<b>\$ 1,698,548</b>	<b>\$ 672,807</b>	<b>\$ 5,042,400</b>	<b>\$ 4,945,770</b>
<b>Total Fund Balance - Governmental Funds</b>				<b>\$ 774,377</b>	<b>\$ 765,399</b>
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.				-	1,440
<b>Total Net Position of Governmental Activities</b>				<b>\$ 774,377</b>	<b>\$ 766,839</b>

See accompanying notes to financial statements.



# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for Year Ended June 30, 2019)

	Special Revenue Funds				
	General Fund	Welfare Grant Fund	Workforce Innovation and Opportunity Grant Fund	Total	2019
<b>Revenues:</b>					
Federal and state grants	\$ 2,531,216	\$ 926,007	\$ 4,710,676	\$ 8,167,899	\$ 8,188,827
Local sources	236,140	-	-	236,140	125,570
Interest income	5,626	-	-	5,626	4,558
Total revenues	2,772,982	926,007	4,710,676	8,409,665	8,318,955
<b>Expenditures:</b>					
Planning and development:					
Administration	292,303	102,161	323,650	718,114	670,264
Program	2,471,701	823,846	4,387,026	7,682,573	7,645,647
Total expenditures	2,764,004	926,007	4,710,676	8,400,687	8,315,911
<b>Net Change in Fund Balance</b>	8,978	-	-	8,978	3,044
<b>Fund Balance:</b>					
Beginning of year	765,399	-	-	765,399	762,355
End of year	\$ 774,377	\$ -	\$ -	\$ 774,377	\$ 765,399

<b>Net Change in Fund Balance - Governmental Funds</b>	\$ 8,978	\$ 3,044
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report the acquisition of capital assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This amount is the difference between depreciation expense and acquisitions:

Current expenditures for capital assets	-	-
Less: depreciation expense	(1,440)	(14,170)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 7,538</b>	<b>\$ (11,126)</b>

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2020  
(With Comparative Totals at June 30, 2019)

<b>Assets</b>	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	Other Enterprise Funds	Total	2019
Cash	\$ 76,828	\$ 271,432	\$ 300,165	\$ 994,088	\$ 1,642,513	\$ 1,175,057
Due from other funds	-	-	-	100,000	100,000	100,000
Notes receivable, net	5,844,877	3,654,306	1,404,692	1,858,801	12,762,676	13,423,879
<b>Total Assets</b>	<b>\$ 5,921,705</b>	<b>\$ 3,925,738</b>	<b>\$ 1,704,857</b>	<b>\$ 2,952,889</b>	<b>\$ 14,505,189</b>	<b>\$ 14,698,936</b>
<b>Liabilities and Net Position</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,395
Due to other funds	-	-	-	-	-	-
Due to other governments	5,471,418	-	-	-	5,471,418	5,822,228
Notes payable	-	-	310,049	-	310,049	368,064
<b>Total Liabilities</b>	<b>5,471,418</b>	<b>-</b>	<b>310,049</b>	<b>-</b>	<b>5,781,467</b>	<b>6,191,687</b>
Net Position:						
Restricted	-	3,925,738	1,394,808	1,553,152	6,873,698	6,701,113
Unrestricted	450,287	-	-	1,399,737	1,850,024	1,806,136
<b>Total Fund Balance</b>	<b>450,287</b>	<b>3,925,738</b>	<b>1,394,808</b>	<b>2,952,889</b>	<b>8,723,722</b>	<b>8,507,249</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,921,705</b>	<b>\$ 3,925,738</b>	<b>\$ 1,704,857</b>	<b>\$ 2,952,889</b>	<b>\$ 14,505,189</b>	<b>\$ 14,698,936</b>

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for Year Ended June 30, 2019)

	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	Other Enterprise Funds	Total	2019
<b>Operating Revenues:</b>						
Loan interest	\$ 7,184	\$ 101,421	\$ 44,923	\$ 62,456	\$ 215,984	\$ 236,575
Loan fees	2,319	8,062	-	18,692	29,073	34,542
Total operating revenues	9,503	109,483	44,923	81,148	245,057	271,117
<b>Operating Expenditures:</b>						
Administration	9,579	34,907	119	51	44,656	38,127
Interest expense	-	-	4,102	-	4,102	4,602
Total operating expenditures	9,579	34,907	4,221	51	48,758	42,729
<b>Operating Income (Loss)</b>	(76)	74,576	40,702	81,097	196,299	228,388
<b>Non-Operating Revenues (Expenditures):</b>						
Interest income	791	5,350	3,245	10,788	20,174	14,023
<b>Change in Net Position</b>	715	79,926	43,947	91,885	216,473	242,411
<b>Net Position:</b>						
Beginning of year	449,572	3,845,812	1,350,861	2,861,004	8,507,249	8,264,838
End of year	\$ 450,287	\$ 3,925,738	\$ 1,394,808	\$ 2,952,889	\$ 8,723,722	\$ 8,507,249

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DELVELOPMENT COMMISSION

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for Year Ended June 30, 2019)

	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	Other Enterprise Funds	Total	2019
<b>Cash Flows From Operating Activities:</b>						
Net receipts (disbursements) from (to) borrowers	\$ 53,224	\$ (36,041)	\$ 191,771	\$ 346,496	\$ 555,450	\$ 165,398
Payments for services	(10,974)	(34,907)	(119)	(51)	(46,051)	(37,578)
Payments for other operating expenses	-	-	(4,102)	-	(4,102)	(4,602)
Net cash provided by (used in) operating activities	42,250	(70,948)	187,550	346,445	505,297	123,218
<b>Cash Flows From Noncapital Financing Activities:</b>						
Principal payments on debt	-	-	(58,015)	-	(58,015)	(57,261)
Transfers from (to) other funds, net	-	-	-	-	-	(16)
Net cash provided by (used in) noncapital financing activities	-	-	(58,015)	-	(58,015)	(57,277)
<b>Cash Flows From Investing Activities:</b>						
Other revenue	-	-	-	-	-	-
Interest income	791	5,350	3,245	10,788	20,174	14,023
Net cash provided by (used in) investing activities	791	5,350	3,245	10,788	20,174	14,023
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	43,041	(65,598)	132,780	357,233	467,456	79,964
<b>Cash and Cash Equivalents:</b>						
Beginning of year	33,787	337,030	167,385	636,855	1,175,057	1,095,093
End of year	<u>\$ 76,828</u>	<u>\$ 271,432</u>	<u>\$ 300,165</u>	<u>\$ 994,088</u>	<u>\$ 1,642,513</u>	<u>\$ 1,175,057</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>						
Operating income (loss)	\$ (76)	\$ 74,576	\$ 40,702	\$ 81,097	\$ 196,299	\$ 228,388
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Change in:						
Notes receivable	394,531	(145,524)	146,848	265,348	661,203	(957,323)
Due to other governments	(350,810)	-	-	-	(350,810)	851,604
Accounts payable	(1,395)	-	-	-	(1,395)	549
Total adjustments	42,326	(145,524)	146,848	265,348	308,998	(105,170)
Net cash provided by (used in) operating activities	<u>\$ 42,250</u>	<u>\$ (70,948)</u>	<u>\$ 187,550</u>	<u>\$ 346,445</u>	<u>\$ 505,297</u>	<u>\$ 123,218</u>

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND

JUNE 30, 2020  
(With Comparative Totals at June 30, 2019)

<b>Assets</b>	2020	2019
Accounts receivable	\$ 223,873	\$ 283,977
Due from other funds	8,018	11,703
<b>Total Assets</b>	<b>\$ 231,891</b>	<b>\$ 295,680</b>
<b>Liabilities</b>		
Accounts payable	\$ 231,254	\$ 295,680
Deferred revenue	637	-
<b>Total Liabilities</b>	<b>\$ 231,891</b>	<b>\$ 295,680</b>

See accompanying notes to financial statements.

# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2020

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### **1. Summary of Significant Accounting Policies**

Southern Alleghenies Planning and Development Commission (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 of Directors (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)

#### **Reporting Entity**

As the majority of the Commission's governing board is comprised of individuals appointed by participating local governments, for financial reporting purposes, the Commission is considered to be a state and local government. Therefore, the financial statements of the

# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

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Commission follow accounting standards governed by the Governmental Accounting Standards Board (GASB).

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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.

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 balance 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 financial 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.

### **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.

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# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

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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

The accounts of the Commission are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate.

### 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 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.



# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2020

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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

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Commission reports the following major proprietary funds: Small Business and First Industries Fund, Economic Development Loan Fund, and Intermediary Relending Programs Fund.

Additionally, the Commission reports the following other proprietary fund information: Health and Human Services Fund, EDA Flood Fund, Local Economic Development Fund, and ARC/PCLF Fund. All of the funds provide revolving loans to businesses within the Commission's six-county region and promote and encourage industrial growth and development.

### 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.

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# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2020

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### 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 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.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 net 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 no activity which qualifies for reporting in this category.

### 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

# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

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with generally accepted accounting principles. The Commission's Board 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.

### **Cash and Cash Equivalents**

The Commission has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. For purposes of the basic financial statements, the Commission considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within 90 days of the date they are acquired.

# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

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### Interfund Activity

During the course of operations, transactions occur between individual funds for goods provided or services rendered. As a general rule, the effect of internal activity is eliminated within the government-wide financial statements. Exceptions to this general rule are activity between the Commission's governmental activities, business-type activities, and fiduciary fund.

### Accumulated Compensated Absences

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.

### Accounts Receivable

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

### Notes Receivable

Notes receivable are reported net of allowance for doubtful accounts. Estimates for the allowance are established by specific identification of accounts. As of June 30, 2020, the allowance for doubtful accounts is \$14,955.

### Capital Assets

All capital assets are capitalized at cost (or estimated historical cost). Donated fixed assets are recorded at their acquisition 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 expenses when incurred.

# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2020

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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>Estimated Lives</u>
Furniture, Computers/Software and Equipment	3-10 Years
Vehicles	5 Years

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

### Income Taxes

The Internal Revenue Service considers the Commission exempt under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in the financial statements. Further, the Commission annually files a Form 990.

### Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via formal action by the Board and must be made prior to the

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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end of the year. A commitment can only be modified or removed by the same formal action. There was no committed fund balance at June 30, 2020.

- Assigned – This category represents intentions of the Board to use the funds for specific purposes. The Board has delegated the authority to assign amounts to be used for specific purposes to the Executive Director or his/her designee. There was no assigned fund balance at June 30, 2020.
- Unassigned – This category includes the residual classification for the Commission's General Fund and includes all spendable amounts not contained in other classifications.

The Commission's policy is to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### Net Position

The government-wide and proprietary funds financial statements are required to report three components of net position:

Net Investment in Capital Assets - This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of constraints placed on net position use through external restrictions. Net position is restricted as described below:

Amount	Restriction
\$ 3,925,738	Economic Development Loans
1,394,808	Intermediary Relending Programs
404,953	Health and Human Services Programs
233,545	EDA Flood Programs
914,654	ARC/PCLF Programs
<u>\$ 6,873,698</u>	

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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Unrestricted - This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

### Governmental Financial Assistance

The 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 were to occur, would have a significant effect on the Commission’s programs and activities.

### Adopted Accounting Standards

GASB Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*,” provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The provisions of this statement have been adopted.

### Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 84 (Fiduciary Activities), 87 (Leases), 89 (Accounting for Interest Cost), 90 (Majority Equity Interests), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Interbank Offered Rates), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

## **2. Cash and Cash Equivalents**

The Commission 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 Federal insurance are collateralized using the polled asset method as required by Pennsylvania Law.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

### Deposits

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the Commission’s deposits may not be returned to it. The Commission does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, \$250,000 of the Commission’s \$3,643,379 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). These deposits have carrying amounts of \$3,582,809 as of June 30, 2020.

### **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, 2020 was as follows:

	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020
Economic Development Administration/ Service Revolving Loan Fund	\$ 156,509	\$ 50,000	\$ (51,753)	\$ 154,756
Economic Development Administration	3,508,782	750,000	(604,476)	3,654,306
Health and Human Services	371,144	-	(94,866)	276,278
Small Business and Industries First Fund	6,239,408	256,105	(650,636)	5,844,877
Local Economic Development	726,392	-	(42,923)	683,469
Intermediary Relending Program	1,551,540	75,000	(221,848)	1,404,692
Appalachian Regional Commission/ PA Capital Loan Fund	870,104	-	(125,806)	744,298
	<u>\$ 13,423,879</u>	<u>\$ 1,131,105</u>	<u>\$ (1,792,308)</u>	<u>\$ 12,762,676</u>

The above notes receivable has terms ranging from three to fifteen years and interest rates ranging from 1.5% to 5.5%. The Commission’s allowance for doubtful accounts at June 30, 2020 was \$14,955.



# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

### 4. Capital Assets

The Commission's capital asset activity for the year ended June 30, 2020 was as follows:

	Balance at June 30, 2019	Additions	Disposals	Balance at June 30, 2020
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	73,834	-	-	73,834
Total capital assets	239,202	-	-	239,202
Less: accumulated depreciation	(237,762)	(1,440)	-	(239,202)
Total capital assets, net	<u>\$ 1,440</u>	<u>\$ (1,440)</u>	<u>\$ -</u>	<u>\$ -</u>

### 5. Notes Payable

As of June 30, 2020, 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. The loan is collateralized by the notes receivable.

\$ 20,063

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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. The loan is collateralized by the notes receivable.

99,411

IRP #3 - Loans payable to the U.S. Department of Agriculture 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 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. The loan is collateralized by the notes receivable.

190,575

\$ 310,049

In an event of default, all or any portion of the debt and interest created from the IRP loans may be declared immediately due and payable.

Long-term liability activity for proprietary activities for the year ended June 30, 2020 was as follows:

### Business-Type Activities

	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020	Amount Due Within One Year
Loans Payable - Direct Borrowings:					
Intermediary relending program #1	\$ 40,225	\$ -	\$ (20,162)	\$ 20,063	\$ 20,063
Intermediary relending program #2	118,788	-	(19,377)	99,411	19,558
Intermediary relending program #3	209,051	-	(18,476)	190,575	18,615
	<u>\$ 368,064</u>	<u>\$ -</u>	<u>\$ (58,015)</u>	<u>\$ 310,049</u>	<u>\$ 58,236</u>

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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### Debt Maturity

Principal and interest payments due to the Commission's Loans payable outstanding at June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2021	\$ 58,236	\$ 3,150
2022	38,561	2,563
2023	38,946	2,178
2024	39,336	1,788
2025	39,350	1,396
2026-2030	95,620	3,014
	<u>\$ 310,049</u>	<u>\$ 14,089</u>

### **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 5%. As of June 30, 2020, there was no outstanding balance.

### **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 Commission. The Commission uses these funds to finance loans to various businesses. Repayments are used to offset associated commission debt. Interest rates range from 3% to 5%. The balance outstanding at June 30, 2020 is \$5,471,418.

# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2020

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### **8. Deferred Compensation Plan**

On January 1, 1999, the Commission established a deferred compensation plan (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 3% of compensation for the pay period. The employer will match one 100% of the employee's contribution up to a maximum of 5%. Total employer contributions for the year ended June 30, 2020 amounted to \$63,047.

### **9. Operating Leases**

During 2010, the Commission entered into a 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 years of the lease term and monthly payments of \$7,769 for the last five years of the lease. During May 2020, the Commission extended the lease for five additional years. For the period October 1, 2020 to September 2025, monthly rental payments are \$8,546. The term of the lease may be extended or renewed at the option of the Commission, for one additional term of five years.

In addition, the Commission has entered into multiple lease agreements for additional office space. These leases are entered into for a period of not more than one year and, therefore, are not considered long-term leases.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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Rent expense amounted to approximately \$131,000 for the fiscal year ended June 30, 2020. Future minimum lease payments on the leases are as follows:

Fiscal Year Ending June 30,	
2021	\$ 100,221
2022	102,548
2023	102,548
2024	102,548
2025	102,548
2026	25,638
	<u>\$ 536,051</u>

### 10. Commitments and Contingencies

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, 2020.

### 11. COVID-19

In early 2020, an outbreak of a novel strain of coronavirus was identified, and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on supply chains, travel, employee productivity, and other economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the negative impact of the coronavirus on the Commission's operational and financial performance is currently uncertain and cannot be predicted and will depend on certain developments, including, among others, the duration and spread of the outbreak, its impact on the Commission's funders, employees, and vendors, and governmental, regulatory, and other responses to the coronavirus.

## **SUPPLEMENTARY INFORMATION**

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## COMBINING STATEMENT OF NET POSITION OTHER ENTERPRISE FUNDS

JUNE 30, 2020  
(With Comparative Totals at June 30, 2019)

<b>Assets</b>	Health and Human Services Fund	EDA Flood Fund	Local Economic Development Fund	ARC/PCLF Fund	Total	2019
Cash	\$ 128,675	\$ 78,789	\$ 616,268	\$ 170,356	\$ 994,088	\$ 636,855
Due from other funds	-	-	100,000		100,000	100,000
Notes receivable	276,278	154,756	683,469	744,298	1,858,801	2,124,149
<b>Total Assets</b>	<u>\$ 404,953</u>	<u>\$ 233,545</u>	<u>\$ 1,399,737</u>	<u>\$ 914,654</u>	<u>\$ 2,952,889</u>	<u>\$ 2,861,004</u>
<b>Liabilities and Net Position</b>						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
Net Position:						
Restricted	404,953	233,545	-	914,654	1,553,152	1,504,440
Unrestricted	-	-	1,399,737	-	1,399,737	1,356,564
Total Fund Balance	404,953	233,545	1,399,737	914,654	2,952,889	2,861,004
<b>Total Liabilities and Fund Balance</b>	<u>\$ 404,953</u>	<u>\$ 233,545</u>	<u>\$ 1,399,737</u>	<u>\$ 914,654</u>	<u>\$ 2,952,889</u>	<u>\$ 2,861,004</u>

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION OTHER ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for Year Ended June 30, 2019)

	Health and Human Services Fund	EDA Flood Fund	Local Economic Development Fund	ARC/PCLF Fund	Total	2019
<b>Operating Revenues:</b>						
Loan interest	\$ 10,151	\$ 5,086	\$ 19,885	\$ 27,334	\$ 62,456	\$ 67,568
Loan fees	550	500	15,476	2,166	18,692	6,709
Total operating revenues	10,701	5,586	35,361	29,500	81,148	74,277
<b>Operating Expenditures:</b>						
Administration	34	-	-	17	51	105
Total operating expenditures	34	-	-	17	51	105
<b>Operating Income (Loss)</b>	10,667	5,586	35,361	29,483	81,097	74,172
<b>Non-Operating Revenues (Expenditures):</b>						
Interest income	1,003	801	7,812	1,172	10,788	9,025
<b>Change in Net Position</b>	11,670	6,387	43,173	30,655	91,885	83,197
<b>Net Position:</b>						
Beginning of year	393,283	227,158	1,356,564	883,999	2,861,004	2,777,807
End of year	\$ 404,953	\$ 233,545	\$ 1,399,737	\$ 914,654	\$ 2,952,889	\$ 2,861,004



# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's and Pass-Through Numbers	Expenditures	Amounts Passed through to Subrecipients
<u>U.S. Department of Commerce</u>				
Economic Development Support for Planning Organizations	11.302	ED16PHI3020063	\$ 70,000	\$ -
Economic Development Cluster - Economic Adjustment Assistance	11.307	01-79-07376.2	2,692,810	-
Economic Development Cluster - Economic Adjustment Assistance	11.307	01-19-58002	175,159	-
Total CFDA #11.307; Total Economic Development Cluster			2,867,969	-
Total U.S. Department of Commerce			2,937,969	-
<u>U.S. Department of Defense</u>				
Procurement Technical Assistance for Business Firms	12.002	SP4800-20-2-2079	147,625	77,586
Procurement Technical Assistance for Business Firms	12.002	SP4800-19-2-1979	106,842	53,522
Total CFDA #12.002			254,467	131,108
Passed-Through the Commonwealth of Pennsylvania Department of Community and Economic Development:				
Economic Adjustment Assistance for State Governments	12.617	C000065864	14,158	-
Total U.S. Department of Defense			268,625	131,108
<u>U.S. Department of Labor</u>				
Passed-Through the Commonwealth of Pennsylvania Department of Labor and Industry:				
WIOA Adult Program	17.258	100183011	495,335	315,721
WIOA Adult Program	17.258	100193001	176,691	68,631
WIOA Adult Program	17.258	100193011	493,806	310,240
WIOA Adult Program	17.258	100173133	27,805	27,742
WIOA Adult Program	17.258	100183133	4,073	4,073
Total CFDA #17.258			1,197,710	726,407
WIOA Youth Activities	17.259	100183301	376,550	329,747
WIOA Youth Activities	17.259	100193301	668,898	427,506
WIOA Youth Activities	17.259	100183306	4,015	4,015
WIOA Youth TIW	17.259	100183342	69,529	66,721
Total CFDA #17.259			1,118,992	827,989
WIOA Dislocated Worker Formula Grants	17.278	100193003	75,000	75,000
WIOA Dislocated Worker Formula Grants	17.278	100184011	392,855	338,207
WIOA Dislocated Worker Formula Grants	17.278	100194001	208,947	103,000
WIOA Dislocated Worker Formula Grants	17.278	100194011	613,853	454,857
WIOA Dislocated Worker Formula Grants	17.278	100184133	105,635	105,523
WIOA Dislocated Worker Formula Grants	17.278	100184132	66,600	66,400
WIOA Dislocated Worker Formula Grants	17.278	100194031	3,693	3,693
WIOA Dislocated Worker Formula Grants	17.278	100194131	9,308	9,308
WIOA Dislocated Worker Formula Grants	17.278	100174151	43,798	-
WIOA Dislocated Worker Formula Grants	17.278	100174155	56,475	56,475
Total CFA #17.278			1,576,164	1,212,463
Total WIOA Cluster			3,892,866	2,766,859

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's and Pass-Through Numbers	Expenditures	Amounts Passed through to Subrecipients
<u>U.S. Department of Labor (continued)</u>				
Passed-Through the Commonwealth of Pennsylvania Department of Labor and Industry: Workforce Investment Act (WIA) National Emergency Grants	17.277	100188423	47,337	-
Total U.S. Department of Labor			3,940,203	2,766,859
<u>U.S. Department of Transportation</u>				
Passed-Through the Commonwealth of Pennsylvania Department of Transportation: Highway Planning and Construction Cluster - Highway Planning and Construction	20.205	521178 #2A	268,109	-
<u>Appalachian Regional Commission</u>				
Appalachian Area Development Supplemental and Direct Grants	23.002	PW-18777-IM-17	241,567	-
Appalachian Area Development Supplemental and Direct Grants	23.002	PW-19689-TA-19	32,952	-
Total CFDA #23.002			274,519	-
Appalachian Development Highway System	23.003	TRANS 19-04	20,500	-
Appalachian Local Development District Assistance	23.009	PA-708-F-C47-19	62,684	-
Appalachian Local Development District Assistance	23.009	PA-708-F-C48-20	48,159	-
Total CFDA #23.009			110,843	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PA-8304-C38	397,873	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PW-18777-IM-C1-18	244,236	-
Total CFDA #23.011			642,109	-
Total Appalachian Regional Commission			1,047,971	-
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry: Temporary Assistance for Needy Families	93.558	100183361	59,071	59,071
Temporary Assistance for Needy Families	93.558	100193361	593,402	546,547
Total CFDA #93.558			652,473	605,618
Passed Through the Commonwealth of Pennsylvania Department of Human Services Temporary Assistance for Needy Families (FY19-20)	93.558	4100077221	705,290	371,892
Temporary Assistance for Needy Families (FY19 Incentive)	93.558	4100077221	62,230	62,230
Temporary Assistance for Needy Families (FY17 Incentive)	93.558	4100077221	51,778	50,317
Temporary Assistance for Needy Families (FY16 Incentive)	93.558	4100060659	11,867	11,867
Temporary Assistance for Needy Families (FY15 Incentive)	93.558	4100060659	61,969	22,581
Temporary Assistance for Needy Families (FY14 Incentive)	93.558	4100060659	32,871	32,871
Total CFDA #93.558			926,005	551,758
Total TANF Cluster			1,578,478	1,157,376
Total U.S. Department of Health and Human Services			1,578,478	1,157,376
Total expenditures of federal awards			\$ 10,041,355	\$ 4,055,343

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

# **SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2020

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### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Southern Alleghenies Planning and Development Commission (Commission). 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial statements of the Commission.

### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

### **3. Revolving Loan Funds**

On the accompanying Schedule, the portions of program expenditures representing federal expenditures were obtained directly from the grantor or estimated based on information provided by the grantor.

Federal expenditures for the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC) Revolving Loan Fund (RLF) were calculated as follows:

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

	<u>#01-79-07376.2</u>	<u>#01-1958002</u>
Balance of the RLF at June 30, 2020	\$ 3,654,304	\$ 154,756
Plus:		
Cash balance in the RLF at June 30, 2020	271,432	78,789
Administrative expenses paid from RLF during the fiscal year	34,907	-
Unpaid principal of all loans written off during the fiscal year	<u>-</u>	<u>-</u>
Total	<u>3,960,643</u>	<u>233,545</u>
Federal awards	1,804,000	112,587
Total amount loaned with local match	2,656,000	150,116
The federal share of the RLF	<u>68%</u>	<u>75%</u>
Total RLF federal expenditures	<u><u>\$ 2,692,810</u></u>	<u><u>\$ 175,159</u></u>

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## SCHEDULE OF REVENUES, EXPENSES, AND COMPARISON WITH BUDGET

YEAR ENDED JUNE 30, 2020

EARN GRANT AGREEMENT CONTRACT NUMBER 4100077221

	Budget	Actual	Variance
<b>Revenues:</b>			
Pennsylvania Department of Human Services	\$ 712,817	\$ 705,290	\$ (7,527)
Total revenues	712,817	705,290	(7,527)
<b>Expenses:</b>			
Administration costs:			
Personnel:			
Staff salaries	68,987	68,115	872
Staff fringe benefits	23,089	22,098	991
Total personnel	92,076	90,213	1,863
Equipment and supplies	778	344	434
Operating expenses	16,810	11,605	5,205
Total administration costs	109,664	102,162	7,502
Direct training costs:			
Personnel:			
Staff salaries	137,428	137,426	2
Staff fringe benefits	65,916	65,916	-
Total personnel	203,344	203,342	2
Equipment and supplies	3,012	3,011	1
Operating expenses	24,905	24,883	22
Other program expenses	-	-	-
Total direct training costs	231,261	231,236	25
Subcontracted expenses	371,892	371,892	-
Total expenses	712,817	705,290	7,527
<b>Excess (Deficiency) of Revenues over Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SOUTHERN ALLEGHENIES PLANNING  
AND DEVELOPMENT COMMISSION**

**SCHEDULE OF CUMULATIVE EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2020

Title	CDFA Number	Contract Number	Contract Period	Authorized Budget	Actual Expenditures			(Over) Under Budget
					Prior to 7/1/19	7/1/19-6/30/20	Cumulative	
WIOA AD - SLIP	17.258	100-17-3133	2/01/20-6/30/20	\$ 27,805	\$ -	\$ 27,805	\$ 27,805	\$ -
WIOA DW - RR	17.278	100-17-4151	10/1/17-6/30/20	101,350	57,552	43,798	101,350	-
WIOA DW - YTH REENTRY	17.278	100-17-4155	11/18/19-6/30/20	56,475	-	56,475	56,475	-
Total				<u>\$ 185,630</u>	<u>\$ 57,552</u>	<u>\$ 128,078</u>	<u>\$ 185,630</u>	<u>\$ -</u>
WIOA AD	17.258	100-18-3011	10/01/18-6/30/20	\$ 1,124,159	\$ 628,824	\$ 495,335	\$ 1,124,159	\$ -
WIOA DW	17.278	100-18-4011	10/01/17-06/30/20	1,034,988	642,133	392,855	1,034,988	-
WIOA YTH	17.259	100-18-3301	4/01/18-6/30/20	1,313,055	936,505	376,550	1,313,055	-
WIOA YTH	17.259	100-18-3306	10/01/18-6/30/20	4,015	-	4,015	4,015	-
WIOA YTH-TIWF	17.259	100-18-3342	4/01/19-12/31/20	150,000	-	69,529	69,529	80,471
TANF	93.558	100-18-3361	7/01/18-6/30/20	659,680	600,609	59,071	659,680	-
WIOA AD-YTH REENTRY	17.258	100-18-3133	11/18/19-6/30/21	208,755	-	4,073	4,073	204,681
WIOA DW RR	17.278	100-18-4152	10/01/18-6/30/21	155,487	-	-	-	155,487
WIOA DW NEG ETWG	17.277	100-18-8423	1/01/19-6/30/21	262,844	11,026	47,337	58,363	204,481
WIOA DW SLIP	17.278	100-18-4133	2/01/19-9/30/19	130,542	24,907	105,635	130,542	-
WIOA DW BEP	17.278	100-18-4132	1/01/19-12/31/20	108,813	6,415	66,600	73,015	35,798
WIOA DW RR	17.278	100-18-4155	10/1/18-6/30/21	119,396	-	-	-	119,396
Total				<u>\$ 5,271,734</u>	<u>\$ 2,850,419</u>	<u>\$ 1,621,000</u>	<u>\$ 4,471,419</u>	<u>\$ 800,314</u>
WIOA AD	17.258	100-19-3001	7/01/19-6/30/20	\$ 176,691	\$ -	\$ 176,691	\$ 176,691	\$ -
WIOA AD	17.258	100-19-3011	7/01/19-6/30/21	941,958	-	493,806	493,806	448,152
WIOA DW	17.278	100-19-3003	7/01/19-6/30/21	75,000	-	75,000	75,000	-
WIOA DW	17.278	100-19-4001	7/01/19-6/30/20	208,947	-	208,947	208,947	-
WIOA DW	17.278	100-19-4011	7/01/19-6/30/21	1,201,831	-	613,853	613,853	587,978
WIOA YTH	17.259	100-19-3301	7/01/19-6/30/21	1,111,185	-	668,898	668,898	442,287
TANF	93.558	100-19-3361	7/01/19-6/30/21	734,550	-	593,402	593,402	141,148
WIOA DW BEP	17.278	100-19-4031	1/01/20-6/30/21	77,387	-	3,693	3,693	73,694
WIOA DW SLIP	17.278	100-19-4131	2/01/20-11/30/20	127,674	-	9,308	9,308	118,366
Total				<u>\$ 4,655,223</u>	<u>\$ -</u>	<u>\$ 2,843,598</u>	<u>\$ 2,843,598</u>	<u>\$ 1,811,625</u>

## **AGREED-UPON PROCEDURES**

## Independent Accountant's Report on Applying Agreed-Upon Procedures

### **Board of Directors Southern Alleghenies Planning and Development Commission**

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania Department of Human Services (DHS) and Southern Alleghenies Planning and Development Commission (Commission) solely to assist you with respect to the reconciliation schedule required by the DHS Audit Guidelines for the year ended June 30, 2020. The management of the Commission is responsible for the reconciliation schedule required by DHS Audit Guidelines. The sufficiency of these procedures is solely the responsibility of DHS and the Commission. 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 to be performed on the reconciliation schedule are as follows:

- A) Agree the expenditure amounts listed on the reconciliation schedule under the "Federal Expenditures per the SEFA" column to the audited Schedule of Expenditures of Federal Awards (SEFA).
- B) Agree the receipt amounts listed on the reconciliation schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column to the subrecipient federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.
- C) Recalculate the amounts listed under the "Difference" column.
- D) Agree the amounts listed under the "Difference" column to the audited books and records of the Provider.
- E) Agree the "Detailed Explanation of the Differences" to the audited books and records of the Provider.
- F) Based on the procedures detailed in paragraphs (A) through (E) above, disclose any adjustments and/or findings which have not been reflected on the corresponding schedules (list each separately).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the reconciliation schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



Board of Directors  
Southern Alleghenies Planning and Development Commission  
Independent Accountant's Report on Applying  
Agreed-Upon Procedures

This report is intended solely for the information and use of DHS and the management of the Commission and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Maher Duessel*

Pittsburgh, Pennsylvania  
November 13, 2020

## SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

### RECONCILIATION - FEDERAL AWARDS PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES EXPENDITURES PER THE SEFA TO REVENUE RECEIVED PER THE PENNSYLVANIA AUDIT CONFIRMATION REPLY

YEAR ENDED JUNE 30, 2020

CFDA Name	CFDA Number	Federal Expenditures per the SEFA	Federal Awards Received per the Audit Confirmation Reply from Pennsylvania	Difference	% Difference	Detailed Explanation of the Differences
Temporary Assistance for Needy Families	93.558	\$ 926,005	\$ 853,350	\$ 72,655	9%	1

1. The difference is due to timing based on the audit confirmation reflecting cash payments versus the accrual accounting of federal expenditures on the schedule of federal expenditures.

**SOUTHERN ALLEGHENIES PLANNING  
AND DEVELOPMENT COMMISSION**

Independent Auditor's Reports  
Required by the Uniform Guidance

Year Ended June 30, 2020

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

**Board of Directors  
Southern Alleghenies Planning  
and Development Commission**

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, business-type activities, each major fund, and the aggregate remaining fund information of the Southern Alleghenies Planning and Development Commission (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 13, 2020.

## **Internal Control over Financial Reporting**

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

Board of Directors  
Southern Alleghenies Planning and Development Commission  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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.

*Maher Duessel*

Pittsburgh, Pennsylvania  
November 13, 2020

## **Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

**Board of Directors  
Southern Alleghenies Planning  
and Development Commission**

### **Report on Compliance for the Major Federal Program**

We have audited the Southern Alleghenies Planning and Development Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2020. The Commission's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Commission's major federal program 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 the 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 the major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Board of Directors  
Southern Alleghenies Planning and Development Commission  
Independent Auditor's Report on Compliance for the  
Major Program and on Internal Control over Compliance

***Opinion on the Major Federal Program***

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

**Report on Internal Control over Compliance**

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

Board of Directors  
Southern Alleghenies Planning and Development Commission  
Independent Auditor's Report on Compliance for the  
Major Program and on Internal Control over Compliance

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.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
November 13, 2020



# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

### I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?  
☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?  
☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

CFDA Number(s)  
17.258, 17.259, 17.278

Name of Federal Program or Cluster  
WIOA Cluster

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

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

**No matters were reported.**

III. Findings and questioned costs for federal awards.

**No matters were reported.**

**SOUTHERN ALLEGHENIES PLANNING  
AND DEVELOPMENT COMMISSION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

YEAR ENDED JUNE 30, 2020

**NONE**