

# **Southern Alleghenies Planning and Development Commission**

Financial Statements  
and Required Supplementary and  
Supplementary Information

Year Ended June 30, 2023  
with Independent Auditor's Reports

**MaherDuessel**

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# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

YEAR ENDED JUNE 30, 2023

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## Independent Auditor's Report

### **Board of Directors**

### **Southern Alleghenies Planning and Development Commission**

### Report on the Audit of the Financial Statements

#### **Opinions**

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, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary 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 and the schedule of expenditures of federal awards, 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is 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 29, 2023 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 2022 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated November 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it was derived.

*Maher Duessel*

Pittsburgh, Pennsylvania  
November 29, 2023





## Management's Discussion and Analysis (MD&A) Year Ended June 30, 2023

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, 2023. 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 \$365,580
- ❖ Cash and cash equivalents decreased \$374,631
- ❖ Total assets increased \$1,584,437
- ❖ Notes and other liabilities increased \$1,218,857
- ❖ Total operating revenues increased \$1,187,038
- ❖ Total operating expenses increased \$1,400,291

### 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 \$811,777 and the business type activities assets exceeded liabilities by \$13,266,984 as of June 30, 2023.

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.** 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 and retention 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 \$14,078,761 at June 30, 2023. The combined total assets of *The Commission* increased \$1,584,437 while total liabilities increased \$1,218,857 during fiscal year 2023. The most significant changes in *The Commission's* combined assets and liabilities can be seen in *The Commission's* Proprietary Funds. Cash balances at fiscal year-end had decreased by \$210,046 from the prior year. Notes receivable increased by \$1,539,536 and *The Commission's* amount due to other governments saw an increase of \$1,469,418. 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 increased \$1,389,069 while expenditures also increased by 1,406,316. 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.

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 2023 11 of the 13 goals were met or exceeded, while 2 of the goals feel slightly short. *The Commission's* business development team worked with 284 existing businesses to assist those businesses to develop new sales and markets, internationally, domestically and government markets the efforts resulted in \$118.5 million of new sales, 229 new jobs and 826 jobs retained. Twenty-six (26) training programs were offered to the business community and more than 1,831 people participated in those training programs. Furthermore, *The Commission* has continued to enjoy very favorable customer satisfaction survey ratings from its customers with 70% of the customers responding to the survey and 87% of respondents providing a very satisfied ranking and 13% providing a satisfied ranking. *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 counseled 683 business clients during the fiscal year, with 1,738 client counseling sessions. *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 thousands of entrepreneurs have engaged with the ecosystem resulting in the creation of hundreds of new businesses and the creation of more than 1,000 new 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 Alleghenies Marketplace was also launched this fiscal year, an e-commerce selling platform for entrepreneurs in the region who sell consumer goods. *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, 180 businesses were visited, and 101 action plans were developed for businesses during the fiscal year. SAP&DC also administered a program to grow the capacity of childcare centers in the region. Assisting 4 centers to add jobs and grow their capacity to provide childcare service to working parents.

The Planning and Community Development (P&CD) Division worked throughout the region with major projects related to infrastructure development including enhancing broadband connectivity in unserved areas, 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 helped to secure \$2,331,802 in public funds, which leveraged local and private funds and will create an estimated 372 new jobs, as well as retain an estimated 351 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 39 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 23 applications requesting property owner and business tax abatement.

The Employment, Advancement, and Retention Network (EARN) provided job readiness, placement, and retention services to 579 Temporary Assistance for Needy Families (TANF) and 16 Supplemental Nutritional Assistance Program (SNAP) recipients during fiscal year 2023. 173 were placed into jobs, with 90% of those earning wages over \$10.00 per hour. The program continued to provide assessment, career exploration, life skills instruction, job search and job readiness instruction, community service, paid work experience, and job placement to cash assistance and food stamp recipients. Because of the high percentage of clients who identify as having anxiety, depression, and substance abuse issues, the program continued to offer onsite assessment by licensed counselors. GED services were provided, as well as referrals to other higher education, particularly with the local community college and with the Career and Tech Centers in the area. Staff worked to enhance the lives of not only the program participants, but also their families. All staff work to help participants overcome their many barriers, which often include lack of childcare, lack of transportation, criminal history, and lack of education. Program staff have adapted well to the need for remote services, and all counties have offered online classes as well as onsite activities. This has proven to meet the needs of participants in today's world.

The Southern Alleghenies Workforce Development Board (SAWDB) oversees the region's public workforce system and helps 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. In Program Year 21, the SAWDB budget exceeded \$5,657,249. This included \$3,960,162 from a federal/state allocation of WIOA Title I and TANF funds and over \$108,497 in competitive grant funding. Roughly 63% of the budget was dedicated to direct service delivery to youth, jobseekers, and employers, 12% was earmarked to support retraining (classroom and on-the-job training), and 6% of the budget was used to cover the infrastructure costs associated with maintaining five PA CareerLinks® and four affiliate sites. 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. For this past fiscal year, over \$692,391 was earmarked to support training for jobseekers; 18 individuals received assistance with the cost of pursuing post-secondary education and 7 participated in on-the-job training. Awards of up to \$6,000 per person were given to these eligible individuals to help defray the cost of their schooling.

The SAWDB was also successful in securing and administering competitive funding to support additional workforce-related programs. The continuation of the multi-year grants include:

- \$800,000 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.
- \$108,497 Business-Education Partnership grant designed to better connect students and educators with 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 21 loans at a value of \$5,092,496.00 with a leverage of \$9,948,291.00 in public and private funds; projected 30 jobs created

287 jobs retained in the region served. At June 30, 2023, *The Commission* had \$2,227,750.00 in loans approved, but not yet funded.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

At the end of fiscal year 2023, *The Commission* had added no capital assets. *The Commission* had also fully depreciated all of the assets that have been maintained on inventory. This would include a broad range of capital assets to include computer related equipment, software and other office equipment.

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

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

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

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF NET POSITION

JUNE 30, 2023

(With Comparative Totals at June 30, 2022)

	Governmental Activities	Business-type Activities	Total	2022
<b>Assets</b>				
Cash and cash equivalents	\$ 1,253,787	\$ 3,211,983	\$ 4,465,770	\$ 4,840,401
Accounts receivable	2,619,485	-	2,619,485	2,124,785
Internal balances	(100,382)	100,382	-	-
Prepaid expenses	52,037	-	52,037	52,488
Notes receivable, current portion	-	3,194,834	3,194,834	2,826,815
Notes receivable, long-term portion, net	-	16,472,062	16,472,062	15,283,024
Right-of-use office space	207,535	-	207,535	299,773
<b>Total Assets</b>	<b>4,032,462</b>	<b>22,979,261</b>	<b>27,011,723</b>	<b>25,427,286</b>
<b>Liabilities</b>				
Accounts payable	849,256	-	849,256	1,020,927
Unearned revenue	1,984,782	-	1,984,782	1,946,020
Accrued liabilities	166,974	-	166,974	154,525
Due to other governments	-	9,537,944	9,537,944	8,068,526
Notes payable, current portion	-	39,336	39,336	38,946
Lease payable, current portion	95,049	-	95,049	91,101
Notes payable, long-term portion	-	134,997	134,997	174,387
Lease payable, long-term portion	124,624	-	124,624	219,673
<b>Total Liabilities</b>	<b>3,220,685</b>	<b>9,712,277</b>	<b>12,932,962</b>	<b>11,714,105</b>
<b>Net Position</b>				
Investment in right-of-use office space	(12,138)	-	(12,138)	(11,001)
Restricted	-	11,257,988	11,257,988	10,974,405
Unrestricted	823,915	2,008,996	2,832,911	2,749,777
<b>Total Net Position</b>	<b>\$ 811,777</b>	<b>\$ 13,266,984</b>	<b>\$ 14,078,761</b>	<b>\$ 13,713,181</b>

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

(With Comparative Totals for Year Ended June 30, 2022)

Functions/Programs	Total Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			2022
		Charges for Services	Operating Grants and Contributions	Primary Government		Total	
		Governmental Activities	Business-Type Activities	Total			
<b>Governmental Activities:</b>							
General	\$ 4,422,726	\$ -	\$ 4,420,351	\$ (2,375)	\$ -	\$ (2,375)	\$ (30,894)
Welfare	1,930,768	-	1,930,768	-	-	-	-
Workforce innovation and opportunity	4,501,096	-	4,501,096	-	-	-	-
Total governmental activities	10,854,590	-	10,852,215	(2,375)	-	(2,375)	(30,894)
<b>Business-Type Activities:</b>							
Small business and first industries	977	34,614	-	-	33,637	33,637	24,940
Economic development	15,922	103,091	-	-	87,169	87,169	113,406
Intermediary relending	2,322	41,210	-	-	38,888	38,888	35,958
CARES Act RLF	218	70,564	-	-	70,346	70,346	300,545
Other	65	63,422	-	-	63,357	63,357	60,341
Total business-type activities	19,504	312,901	-	-	293,397	293,397	535,190
	\$ 10,874,094	\$ 312,901	\$ 10,852,215	(2,375)	293,397	291,022	504,296
<b>General revenues:</b>							
Interest				9,046	65,512	74,558	8,220
<b>Change in Net Position</b>				6,671	358,909	365,580	512,516
Net position - beginning of year				805,106	12,908,075	13,713,181	13,200,665
Net position - end of year				\$ 811,777	\$ 13,266,984	\$ 14,078,761	\$ 13,713,181

See accompanying notes to financial statements.



**SOUTHERN ALLEGHENIES PLANNING  
AND DEVELOPMENT COMMISSION**

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2023  
(With Comparative Totals at June 30, 2022)

<u>Assets</u>	Special Revenue Funds			Total	2022
	General Fund	Welfare Grant Fund	Workforce Innovation and Opportunity Grant Fund		
Cash and cash equivalents	\$ 1,183,421	\$ 3,718	\$ 66,648	\$ 1,253,787	\$ 1,877,800
Accounts receivable	1,189,045	1,001,003	426,562	2,616,610	2,104,982
Due from other funds	-	777,317	-	777,317	1,314,307
Prepaid expenses	49,587	-	2,450	52,037	52,488
<b>Total Assets</b>	<b>\$ 2,422,053</b>	<b>\$ 1,782,038</b>	<b>\$ 495,660</b>	<b>\$ 4,699,751</b>	<b>\$ 5,349,577</b>
<b>Liabilities and Fund Balance</b>					
<u>Liabilities:</u>					
Accounts payable	\$ 412,845	\$ 122,213	\$ 314,198	\$ 849,256	\$ 1,020,927
Due to other funds	693,401	-	181,423	874,824	1,411,998
Unearned revenue	324,918	1,659,825	39	1,984,782	1,946,020
Accrued liabilities	166,974	-	-	166,974	154,525
Total Liabilities	1,598,138	1,782,038	495,660	3,875,836	4,533,470
<u>Fund Balance:</u>					
Nonspendable:					
Prepaid items	49,587	-	2,450	52,037	52,488
Unassigned	774,328	-	(2,450)	771,878	763,619
Total Fund Balance	823,915	-	-	823,915	816,107
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,422,053</b>	<b>\$ 1,782,038</b>	<b>\$ 495,660</b>	<b>\$ 4,699,751</b>	<b>\$ 5,349,577</b>
<b>Total Fund Balance - Governmental Funds</b>				<b>\$ 823,915</b>	<b>\$ 816,107</b>
Amounts reported for governmental activities in the statement of net position are different because:					
Lease related right-of-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.					
				207,535	299,773
Leases payable are not due and payable in the current period, and therefore, are not reported in the funds.					
				(219,673)	(310,774)
<b>Total Net Position of Governmental Activities</b>				<b>\$ 811,777</b>	<b>\$ 805,106</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, 2023  
(With Comparative Totals for Year Ended June 30, 2022)

	Special Revenue Funds			Total	2022
	General Fund	Welfare Grant Grant Fund	Workforce Innovation and Opportunity Grant Fund		
<b>Revenues:</b>					
Federal and state grants	\$ 4,290,669	\$ 1,930,768	\$ 4,501,096	\$ 10,722,533	\$ 9,333,464
Local sources	129,682	-	-	129,682	93,780
Interest income	9,046	-	-	9,046	1,043
<b>Total revenues</b>	<b>4,429,397</b>	<b>1,930,768</b>	<b>4,501,096</b>	<b>10,861,261</b>	<b>9,428,287</b>
<b>Expenditures:</b>					
Planning and development:					
Administration	295,307	216,686	361,279	873,272	834,357
Program	4,126,282	1,714,082	4,139,817	9,980,181	8,612,780
<b>Total expenditures</b>	<b>4,421,589</b>	<b>1,930,768</b>	<b>4,501,096</b>	<b>10,853,453</b>	<b>9,447,137</b>
<b>Net Change in Fund Balance</b>	<b>7,808</b>	<b>-</b>	<b>-</b>	<b>7,808</b>	<b>(18,850)</b>
<b>Fund Balance:</b>					
Beginning of year	816,107	-	-	816,107	834,957
End of year	<b>\$ 823,915</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 823,915</b>	<b>\$ 816,107</b>

**Net Change in Fund Balance - Governmental Funds**      \$      7,808      \$      (18,850)

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

Governmental funds report right-of-use office space as expenditures. However, in the statement of activities, the cost of those assets is allocated over the life of the lease and is reported as amortization expense. This is the amount by which amortization exceeds the right-of-use office expense in the current period.

(92,238)      (98,317)

Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces leases payable in the Statement of Net Position. This amount is the net effect of this difference in the treatment of leases payable.

91,101      87,317

**Change in Net Position of Governmental Activities**      \$      6,671      \$      (29,850)

See accompanying notes to financial statements.

**SOUTHERN ALLEGHENIES PLANNING  
AND DEVELOPMENT COMMISSION**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

JUNE 30, 2023  
(With Comparative Totals at June 30, 2022)

<b>Assets</b>	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	CARES Act RLF Fund	Other Enterprise Funds	Total	2022
Cash and cash equivalents	\$ 80,394	\$ 355,210	\$ 597,204	\$ 1,035,371	\$ 1,143,804	\$ 3,211,983	\$ 2,962,601
Accounts receivable	-	-	-	-	-	-	17,521
Due from other funds	-	99,088	-	-	102,386	201,474	105,636
Notes receivable, net	10,015,653	3,773,677	1,097,770	2,853,880	1,925,916	19,666,896	18,109,839
<b>Total Assets</b>	<b>\$ 10,096,047</b>	<b>\$ 4,227,975</b>	<b>\$ 1,694,974</b>	<b>\$ 3,889,251</b>	<b>\$ 3,172,106</b>	<b>\$ 23,080,353</b>	<b>\$ 21,195,597</b>
<b>Liabilities and Net Position</b>							
<b>Liabilities:</b>							
Due to other funds	\$ 32,643	\$ -	\$ 274	\$ 68,074	\$ 101	\$ 101,092	\$ 5,663
Due to other governments	9,537,944	-	-	-	-	9,537,944	8,068,526
Notes payable, current	-	-	39,336	-	-	39,336	38,946
Notes payable, long term	-	-	134,997	-	-	134,997	174,387
<b>Total Liabilities</b>	<b>9,570,587</b>	<b>-</b>	<b>174,607</b>	<b>68,074</b>	<b>101</b>	<b>9,813,369</b>	<b>8,287,522</b>
<b>Net Position:</b>							
Restricted	-	4,227,975	1,520,367	3,821,177	1,688,469	11,257,988	10,974,405
Unrestricted	525,460	-	-	-	1,483,536	2,008,996	1,933,670
<b>Total Fund Balance</b>	<b>525,460</b>	<b>4,227,975</b>	<b>1,520,367</b>	<b>3,821,177</b>	<b>3,172,005</b>	<b>13,266,984</b>	<b>12,908,075</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,096,047</b>	<b>\$ 4,227,975</b>	<b>\$ 1,694,974</b>	<b>\$ 3,889,251</b>	<b>\$ 3,172,106</b>	<b>\$ 23,080,353</b>	<b>\$ 21,195,597</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, 2023  
(With Comparative Totals for Year Ended June 30, 2022)

	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	CARES Act RLF Fund	Other Enterprise Funds	Total	2022
<b>Operating Revenues:</b>							
Loan interest	\$ 9,739	\$ 93,791	\$ 38,737	\$ 69,233	\$ 59,865	\$ 271,365	\$ 281,330
Loan fees	24,875	9,300	2,473	1,331	3,557	41,536	39,058
Total operating revenues	34,614	103,091	41,210	70,564	63,422	312,901	320,388
<b>Operating Expenditures:</b>							
Administration	977	15,922	105	218	65	17,287	13,126
Interest expense	-	-	2,217	-	-	2,217	2,518
Total operating expenditures	977	15,922	2,322	218	65	19,504	15,644
<b>Operating Income (Loss)</b>	<b>33,637</b>	<b>87,169</b>	<b>38,888</b>	<b>70,346</b>	<b>63,357</b>	<b>293,397</b>	<b>304,744</b>
<b>Non-Operating Revenues (Expenditures):</b>							
Federal and state grants	-	-	-	-	-	-	230,446
Interest income	1,878	10,453	10,519	17,722	24,940	65,512	7,177
Total non-operating revenues (expenses)	1,878	10,453	10,519	17,722	24,940	65,512	237,623
<b>Change in Net Position</b>	<b>35,515</b>	<b>97,622</b>	<b>49,407</b>	<b>88,068</b>	<b>88,297</b>	<b>358,909</b>	<b>542,367</b>
<b>Net Position:</b>							
Beginning of year	489,945	4,130,353	1,470,960	3,733,109	3,083,708	12,908,075	12,365,708
End of year	\$ 525,460	\$ 4,227,975	\$ 1,520,367	\$ 3,821,177	\$ 3,172,005	\$ 13,266,984	\$ 12,908,075

See accompanying notes to financial statements.

**SOUTHERN ALLEGHENIES PLANNING  
AND DELVELOPMENT COMMISSION**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2023  
(With Comparative Totals for Year Ended June 30, 2022)

	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	CARES Act RLF Fund	Other Enterprise Funds	Total	2022
<b>Cash Flows From Operating Activities:</b>							
Net receipts (disbursements) from (to) borrowers	\$ (116,474)	\$ (79,909)	\$ 121,194	\$ 351,907	\$ (33,935)	\$ 242,783	\$ 720,015
Payments for services	(977)	(15,922)	(105)	(218)	(65)	(17,287)	(13,126)
Payments for other operating expenses	-	-	(2,217)	-	-	(2,217)	(2,518)
Net cash provided by (used in) operating activities	<u>(117,451)</u>	<u>(95,831)</u>	<u>118,872</u>	<u>351,689</u>	<u>(34,000)</u>	<u>223,279</u>	<u>704,371</u>
<b>Cash Flows From Noncapital Financing Activities:</b>							
Federal and state grants	-	-	-	-	-	-	212,925
Principal payments on debt	-	-	(78,336)	-	-	(78,336)	(38,615)
Transfers from (to) other funds, net	27,541	(99,649)	274	100,336	(28,911)	(409)	20
Net cash provided by (used in) noncapital financing activities	<u>27,541</u>	<u>(99,649)</u>	<u>(78,062)</u>	<u>100,336</u>	<u>(28,911)</u>	<u>(78,745)</u>	<u>174,330</u>
<b>Cash Flows From Investing Activities:</b>							
Interest income	1,878	10,453	10,519	17,722	24,940	65,512	7,177
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(88,032)</u>	<u>(185,027)</u>	<u>51,329</u>	<u>469,747</u>	<u>(37,971)</u>	<u>210,046</u>	<u>885,878</u>
<b>Cash and Cash Equivalents:</b>							
Beginning of year	168,426	540,237	506,539	565,624	1,181,775	2,962,601	2,076,723
End of year	<u>\$ 80,394</u>	<u>\$ 355,210</u>	<u>\$ 557,868</u>	<u>\$ 1,035,371</u>	<u>\$ 1,143,804</u>	<u>\$ 3,172,647</u>	<u>\$ 2,962,601</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>							
Operating income (loss)	\$ 33,637	\$ 87,169	\$ 38,888	\$ 70,346	\$ 63,357	\$ 293,397	\$ 304,744
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Change in:							
Notes receivable	(1,620,506)	(183,000)	79,984	281,343	(97,357)	(1,539,536)	(660,370)
Due to other governments	1,469,418	-	-	-	-	1,469,418	1,059,997
Total adjustments	<u>(151,088)</u>	<u>(183,000)</u>	<u>79,984</u>	<u>281,343</u>	<u>(97,357)</u>	<u>(70,118)</u>	<u>399,627</u>
Net cash provided by (used in) operating activities	<u>\$ (117,451)</u>	<u>\$ (95,831)</u>	<u>\$ 118,872</u>	<u>\$ 351,689</u>	<u>\$ (34,000)</u>	<u>\$ 223,279</u>	<u>\$ 704,371</u>

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF NET POSITION FIDUCIARY FUND

JUNE 30, 2023  
(With Comparative Totals at June 30, 2022)

	Custodial Funds	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 152,863
Accounts receivable	132,994	143,951
<b>Total Assets</b>	\$ 132,994	\$ 296,814
<b>Liabilities and Net Position</b>		
Liabilities:		
Accounts payable	\$ 132,994	\$ 296,814
Net Position:		
Unrestricted	-	-
<b>Total Liabilities and Net Position</b>	\$ 132,994	\$ 296,814

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION FIDUCIARY FUND

YEAR ENDED JUNE 30, 2023  
(With Comparative Totals at June 30, 2022)

	Custodial Funds	
	2023	2022
<b>Revenues:</b>		
Local sources	\$ 857,842	\$ 1,820,612
<b>Expenditures:</b>		
Planning and development: Program	857,842	1,820,612
<b>Change in Net Position</b>	-	-
<b>Net Position:</b>		
Beginning of year	-	-
End of year	\$ -	\$ -

See accompanying notes to financial statements.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### 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 revenues, expenditures and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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.

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

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# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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.

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.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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, Intermediary Relending Programs Fund, and CARES Act RLF 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 Fund

The Commission's only fiduciary fund is a custodial fund. The Commission's Custodial 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.

### 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.

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# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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 assets 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 assets 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 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.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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.

### 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

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# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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.

### Lease Payable

The Commission is a lessee for a noncancellable lease of office space. The Commission recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements. The Commission recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-of-use office space and lease liabilities are reported as leases payable on the statement of net position.

### 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. The Commission provides for future losses on notes based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the Commission's judgement, may impact collectability for specific loans. As of June 30, 2023, the allowance for doubtful accounts is \$384,665.

### 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, 2023

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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 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, 2023.



# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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- 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, 2023.
- 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
\$ 4,227,975	Economic Development Loans
1,520,367	Intermediary Relending Programs
3,821,177	CARES ACT Revolving Loan Programs
437,650	Health and Human Services Programs
253,505	EDA Flood Programs
997,314	ARC/PCLF Programs
\$ 11,257,988	

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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 Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements were adopted for the year ended June 30, 2023: Statement Nos. 91 (Conduit Debt Obligations), 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements), and 96 (Subscription-Based Information Technology Arrangements). These statements had no significant impact on the Commission’s financial statements for the year ended June 30, 2023.

### Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 100 (Accounting Changes and Error Corrections) and 101 (Compensated Absences). 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, 2023

### 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, 2023, \$250,000 of the Commission’s \$4,617,990 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). These deposits have carrying amounts of \$4,465,770 as of June 30, 2023.

### 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, 2023 was as follows:

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023
Economic Development Administration/ Service Revolving Loan Fund	\$ 176,117	\$ -	\$ (15,437)	\$ 160,680
Economic Development Administration	3,590,677	868,000	(685,000)	3,773,677
Health and Human Services	364,277	-	(87,787)	276,490
Small Business and Industries				
First Fund	8,395,147	2,570,746	(950,240)	10,015,653
Local Economic Development	588,848	300,000	(67,433)	821,415
Intermediary Relending Program	1,192,709	230,000	(309,984)	1,112,725
Appalachian Regional Commission/ PA Capital Loan Fund	699,319	150,000	(181,988)	667,331
CARES Act Revolving Loan Fund	3,487,410	240,000	(503,820)	3,223,590
	<u>\$ 18,494,504</u>	<u>\$ 4,358,746</u>	<u>\$ (2,801,689)</u>	<u>\$ 20,051,561</u>
		Allowance for Doubtful Accounts		<u>(384,665)</u>
				<u>\$ 19,666,896</u>

The above notes receivable have terms ranging from three to fifteen years and interest rates ranging from 1.5% to 5.5%.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### 4. Notes Payable

As of June 30, 2023, the long-term debt payable from proprietary fund resources consisted of the following:

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.

\$ 40,303

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.

134,030

\$ 174,333

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.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Long-term liability activity for proprietary activities for the year ended June 30, 2023 was as follows:

Business-Type Activities

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Amount Due Within One Year
Loans Payable - Direct Borrowings:					
Intermediary relending program #2	\$ 60,267	\$ -	\$ (19,964)	\$ 40,303	\$ 20,157
Intermediary relending program #3	153,066	-	(19,036)	134,030	19,179
	\$ 213,333	\$ -	\$ (39,000)	\$ 174,333	\$ 39,336

### Debt Maturity

Principal and interest payments due to the Commission's Loans payable outstanding at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 39,336	\$ 1,788
2025	39,517	1,396
2026	19,564	998
2027	19,759	802
2028	19,957	605
2029-2030	36,200	609
	\$ 174,333	\$ 6,198

## 5. Lease Payable

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 an additional five years. For the period October 1, 2020 to September 30, 2025, monthly principal and interest 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. The lease has

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

an interest rate of 4.25%. The value of the right-of-use asset, net of accumulated amortization as of June 30, 2023 was \$207,535.

Lease payable activity for governmental activities for the year ended June 30, 2023 was as follows:

Governmental Activities

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Amount Due Within One Year
Lease Payable	\$ 310,774	\$ -	\$ (91,101)	\$ 219,673	\$ 95,049

The future principal and interest payments related to the lease are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 95,049	\$ 7,499
2025	99,168	3,380
2026	25,456	181
	\$ 219,673	\$ 11,060

### 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 7.75%. As of June 30, 2023, 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

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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businesses. Interest rates range from 3% to 5%. The balance outstanding at June 30, 2023 is \$9,537,944.

### **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, 2023 amounted to \$72,621.

### **9. 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, 2023.

## **SUPPLEMENTARY INFORMATION**



**SOUTHERN ALLEGHENIES PLANNING  
AND DEVELOPMENT COMMISSION**

COMBINING STATEMENT OF NET POSITION  
OTHER ENTERPRISE FUNDS

JUNE 30, 2023  
(With Comparative Totals at June 30, 2022)

<b>Assets</b>	Health and Human Services Fund	EDA Flood Fund	Local Economic Development Fund	ARC/PCLF Fund	Total	2022
Cash	\$ 161,198	\$ 92,825	\$ 559,735	\$ 330,046	\$ 1,143,804	\$ 1,181,775
Due from other funds	-	-	102,386	-	102,386	73,374
Notes receivable	276,490	160,680	821,415	667,331	1,925,916	1,828,559
<b>Total Assets</b>	<b>\$ 437,688</b>	<b>\$ 253,505</b>	<b>\$ 1,483,536</b>	<b>\$ 997,377</b>	<b>\$ 3,172,106</b>	<b>\$ 3,083,708</b>
<b>Liabilities and Net Position</b>						
<b>Liabilities:</b>						
Due to other funds	\$ 38	\$ -	\$ -	\$ 63	\$ 101	\$ -
Total Liabilities	38	-	-	63	101	-
<b>Net Position:</b>						
Restricted	437,650	253,505	-	997,314	1,688,469	1,639,983
Unrestricted	-	-	1,483,536	-	1,483,536	1,443,725
Total Fund Balance	437,650	253,505	1,483,536	997,314	3,172,005	3,083,708
<b>Total Liabilities and Fund Balance</b>	<b>\$ 437,688</b>	<b>\$ 253,505</b>	<b>\$ 1,483,536</b>	<b>\$ 997,377</b>	<b>\$ 3,172,106</b>	<b>\$ 3,083,708</b>

**SOUTHERN ALLEGHENIES PLANNING  
AND DEVELOPMENT COMMISSION**

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

YEAR ENDED JUNE 30, 2023

(With Comparative Totals for Year Ended June 30, 2022)

	Health and Human Services Fund	EDA Flood Fund	Local Economic Development Fund	ARC/PCLF Fund	Total	2022
<b>Operating Revenues:</b>						
Loan interest	\$ 10,446	\$ 5,443	\$ 22,064	\$ 21,912	\$ 59,865	\$ 55,667
Loan fees	-	-	3,207	350	3,557	4,783
Total operating revenues	<u>10,446</u>	<u>5,443</u>	<u>25,271</u>	<u>22,262</u>	<u>63,422</u>	<u>60,450</u>
<b>Operating Expenditures:</b>						
Administration	-	-	-	65	65	109
Total operating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>65</u>	<u>109</u>
<b>Operating Income (Loss)</b>	<u>10,446</u>	<u>5,443</u>	<u>25,271</u>	<u>22,197</u>	<u>63,357</u>	<u>60,341</u>
<b>Non-Operating Revenues (Expenditures):</b>						
Interest income	<u>2,467</u>	<u>1,948</u>	<u>14,540</u>	<u>5,985</u>	<u>24,940</u>	<u>3,065</u>
<b>Change in Net Position</b>	12,913	7,391	39,811	28,182	88,297	63,406
<b>Net Position:</b>						
Beginning of year	<u>424,737</u>	<u>246,114</u>	<u>1,443,725</u>	<u>969,132</u>	<u>3,083,708</u>	<u>3,020,302</u>
End of year	<u>\$ 437,650</u>	<u>\$ 253,505</u>	<u>\$ 1,483,536</u>	<u>\$ 997,314</u>	<u>\$ 3,172,005</u>	<u>\$ 3,083,708</u>

**SOUTHERN ALLEGHENIES PLANNING  
AND DEVELOPMENT COMMISSION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Grantor's and Pass-Through Numbers</u>	<u>Expenditures</u>	<u>Amounts Passed through to Subrecipients</u>
<b><u>U.S. Department of Commerce</u></b>				
Economic Development Support for Planning Organizations	11.302	ED19PHI3020063	\$ 70,000	\$ -
Economic Development Support for Planning Organizations	11.302	ED20PHI3070051	135,579	-
Total ALN 11.302			205,579	-
Economic Development Cluster - Economic Adjustment Assistance - COVID-19	11.307	01-79-14974	3,135	-
Economic Development Cluster - Economic Adjustment Assistance - COVID-19	11.307	01-79-14974	4,258,960	-
Total ALN 11.307; Total Economic Development Cluster			4,262,095	-
Total U.S. Department of Commerce			4,467,674	-
<b><u>U.S. Department of Defense</u></b>				
Procurement Technical Assistance for Business Firms	12.002	SP4800-22-2-2279	164,189	78,819
Procurement Technical Assistance for Business Firms	12.002	SP4800-21-2-2179	167,212	69,405
Total ALN 12.002			331,401	148,224
Total U.S. Department of Defense			331,401	148,224
<b><u>U.S. Department of Labor</u></b>				
Passed-Through the Commonwealth of Pennsylvania Department of Labor and Industry:				
WIOA Adult Program Formula Grants	17.258	100213011	282,770	231,470
WIOA Adult Program	17.258	100223001	190,602	102,889
WIOA Adult Program	17.258	100223011	543,752	354,931
Total ALN 17.258			1,017,124	689,290
WIOA Youth Activities	17.259	100213301	566,685	560,392
WIOA Youth Activities	17.259	100223301	604,210	359,514
WIOA Youth Activities	17.259	100233301	3,342	-
Total ALN 17.259			1,174,237	919,906
WIOA Dislocated Workers Formula Grants	17.278	100214011	596,059	503,336
WIOA Dislocated Workers Formula Grants	17.278	100214001	210,581	145,984
WIOA Dislocated Workers Formula Grants	17.278	100224011	350,970	218,639
WIOA Dislocated Workers Formula Grants	17.278	100213013	100,000	90,000
WIOA Dislocated Workers Formula Grants	17.278	100223013	15,000	-
WIOA Dislocated Workers Statewide BEP	17.278	100214132	72,425	72,425
WIOA Dislocated Workers Digital Intake	17.278	100224132	1,071	1,071
WIOA Dislocated Workers Statewide BEP	17.278	100214153	31,908	31,908
Total ALN 17.278			1,378,014	1,063,363
Total WIOA Cluster			3,569,375	2,672,559
Passed-Through the Commonwealth of Pennsylvania Department of Labor and Industry:				
WIOA Trade On the Job Training	17.245	100201001	14,890	-
WIOA Trade On the Job Training	17.245	100211001	52,342	-
Total ALN 17.245			67,232	-
Total U.S. Department of Labor			3,636,607	2,672,559

(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, 2023  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Grantor's and Pass-Through Numbers	Expenditures	Amounts Passed through to Subrecipients
<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	CP20001382	228,380	-
<u>Appalachian Regional Commission</u>				
Passed-Through the Johnstown Area Regional Industries Appalachian Development Highway System	23.002	PW-20077-IM-B-20	42,843	-
Appalachian Development Highway System	23.002	PA-21003-23	31,400	-
Appalachian Development Highway System	23.002	PW-20559-22	73,192	-
Total ALN 23.002			147,435	-
Appalachian Local Development District Assistance	23.009	PA-708-F-C50-22	75,547	-
Appalachian Local Development District Assistance	23.009	PA-708-F-C51	71,731	-
Total ALN 23.009			147,278	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PW-20582-IM	48,721	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PW-18777-IM-C1-18	55,807	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PA-8304-C41	389,791	-
Total ALN 23.011			494,319	-
Total Appalachian Regional Commission			789,032	-
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Commonwealth of Pennsylvania Department of Human Services SNAP Cluster - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	4100077221	33,363	18,629
Passed Through the Commonwealth of Pennsylvania Department of Human Services: Temporary Assistance for Needy Families	93.558	4100077221	1,897,405	1,213,006
Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry: Temporary Assistance for Needy Families	93.558	100213361	121,357	121,357
Temporary Assistance for Needy Families	93.558	100223361	743,130	696,386
Total ALN 93.558			2,761,892	2,030,749
Total U.S. Department of Health and Human Services			2,795,255	2,049,378
<u>U.S. Small Business Development Administration</u>				
Technical Assistance	59.077	SBAHQ22CNP0050	486,982	-
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through the Commonwealth of Pennsylvania Department of Community and Economic Development: Community Development Block Grants/ States Program and Non-Entitlement Grants in Hawaii	14.228	C000082609	1,448,893	-
Total expenditures of federal awards			\$ 14,184,224	\$ 4,721,937

(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, 2023

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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.

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal expenditures for the Economic Development Administration (EDA), under ALN 11.307 Economic Adjustment Assistance, were calculated as follows:

	#01-79-14974
Balance of the RLF at June 30, 2023	\$ 3,223,589
Plus:	
Cash balance in the RLF at June 30, 2023	1,035,371
Total	4,258,960
The federal share of the RLF	100%
Total RLF federal expenditures	\$ 4,258,960

#### 4. Required by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED)

	C000082609
Due from DCED at June 30, 2022	\$ 17,946
Receipts	(1,259,052)
Disbursements	1,448,893
Due from DCED at June 30, 2023	\$ 207,787

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

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

YEAR ENDED JUNE 30, 2023

EARN GRANT AGREEMENT CONTRACT NUMBER 4100077221

	Budget	Actual	Variance
<b>Revenues:</b>			
<hr/>			
Pennsylvania Department of Human Services	\$ 2,708,187	\$ 1,930,768	\$ (777,419)
Total revenues	2,708,187	1,930,768	(777,419)
<hr/>			
<b>Expenses:</b>			
<hr/>			
Administration costs:			
Personnel:			
Staff salaries	145,392	144,860	532
Staff fringe benefits	48,851	46,402	2,449
Total personnel	194,243	191,262	2,981
Equipment and supplies	8,738	890	7,848
Operating expenses	67,837	24,533	43,304
Total administration costs	270,818	216,685	54,133
Direct training costs:			
Personnel:			
Staff salaries	273,905	270,759	3,146
Staff fringe benefits	161,863	157,481	4,382
Total personnel	435,768	428,240	7,528
Equipment and supplies	15,950	8,124	7,826
Operating expenses	49,446	38,060	11,386
Other program expenses	612,979	8,025	604,954
Total direct training costs	1,114,143	482,449	631,694
Subcontracted expenses	1,323,226	1,231,634	91,592
Total expenses	2,708,187	1,930,768	777,419
<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, 2023

Title	ALN	Contract Number	Contract Period	Authorized Budget	Actual Expenditures			(Over) Under Budget
					Prior to 7/1/22	7/1/22-6/30/23	Cumulative	
TRADE OJT	17.245	100-20-1001	06/02/22-09/30/22	\$ 40,302	\$ 25,412	\$ 14,890	\$ 40,302	\$ -
Total				<u>\$ 40,302</u>	<u>\$ 25,412</u>	<u>\$ 14,890</u>	<u>\$ 40,302</u>	<u>\$ -</u>
WIOA AD	17.258	100-21-3011	10/01/21-06/30/23	\$ 1,004,250	\$ 721,480	\$ 282,770	\$ 1,004,250	\$ -
WIOA DW TO AD	17.278	100-21-3013	10/01/21-06/30/23	100,000	-	100,000	100,000	-
WIOA DW	17.278	100-21-4011	10/01/21-06/30/23	917,691	321,632	596,059	917,691	-
WIOA YTH	17.259	100-21-3301	04/01/21-06/30/23	1,134,478	567,793	566,685	1,134,478	-
TANF	93.558	100-21-3361	07/01/21-06/30/23	843,656	722,299	121,357	843,656	-
WIOA DW - BEP	17.278	100-21-4132	02/01/22-12/31/23	108,497	230	72,425	72,655	35,842
WIOA DW - DIGITAL INTAKE	17.278	100-21-4132	02/01/23-06/30/23	31,908	-	31,908	31,908	-
TRADE OJT	17.245	100-21-1001	10/01/22-09/30/23	76,995	-	52,342	52,342	24,653
Total				<u>\$ 4,217,475</u>	<u>\$ 2,333,434</u>	<u>\$ 1,823,546</u>	<u>\$ 4,156,980</u>	<u>\$ 60,495</u>
WIOA AD	17.258	100-22-3001	07/01/22-06/30/24	\$ 190,602	\$ -	\$ 190,602	\$ 190,602	\$ -
WIOA AD	17.258	100-22-3011	10/01/22-06/30/24	851,769	-	543,752	543,752	308,017
WIOA AD	17.178	100-22-3013	10/01/22-06/30/24	150,000	-	15,000	15,000	135,000
WIOA DW	17.278	100-22-4001	07/01/22-06/30/24	210,581	-	210,581	210,581	-
WIOA DW	17.278	100-22-4011	10/01/22-06/30/24	692,555	-	350,970	350,970	341,585
WIOA YTH	17.259	100-22-3301	04/01/22-06/30/24	986,164	-	604,210	604,210	381,954
TANF	93.558	100-22-3361	07/01/22-06/30/24	900,695	-	743,130	743,130	157,565
WIOA DW - BEP	17.278	100-22-4132	06/01/23-08/31/24	113,092	-	1,071	1,071	112,021
Total				<u>\$ 4,095,458</u>	<u>\$ -</u>	<u>\$ 2,659,316</u>	<u>\$ 2,659,316</u>	<u>\$ 1,436,142</u>
WIOA YTH	17.259	100-23-3301	04/01/23-06/30/25	\$ 986,164	\$ -	\$ 3,342	\$ 3,342	\$ 982,822
Total				<u>\$ 986,164</u>	<u>\$ -</u>	<u>\$ 3,342</u>	<u>\$ 3,342</u>	<u>\$ 982,822</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, on the reconciliation schedule of Southern Alleghenies Planning and Development Commission (Commission) required by the Commonwealth of Pennsylvania Department of Human Services (DHS) audit guidelines, as of and for the year ended June 30, 2023. Commission management is responsible for the reconciliation schedule.

The Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting DHS in determining whether the entity complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 and "% 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).

See the attached schedule for the results of the procedures performed. We were engaged by the Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of

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

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.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

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This report is intended solely for the information and use of DHS and the management of the Commission, and not intended to be, and should not be, used by anyone other than these specified parties.

*Maher Duessel*

Pittsburgh, Pennsylvania  
November 29, 2023

**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, 2023

<u>Program Title</u>	<u>Federal ALN</u>	<u>Federal Expenditures per the SEFA</u>	<u>Federal Awards Received per the Audit Confirmation Reply from Pennsylvania</u>	<u>Difference</u>	<u>% Difference</u>	<u>Detailed Explanation of the Differences</u>
Temporary Assistance for Needy Families	93.558	\$ 1,897,405	\$ 1,375,652	\$ 521,753	38%	1
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 33,363	\$ 23,232	\$ 10,131	44%	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, 2023

**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, 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, 2023, 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 29, 2023.

## **Report on 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 or significant deficiencies may exist that were not identified.

## Report on 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.

*Maheer Duessel*

Pittsburgh, Pennsylvania  
November 29, 2023

## **Independent Auditor’s Report on Compliance for Each 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 Each Major Federal Program**

#### **Opinion on Each Major Federal Program(s)**

We have audited Southern Alleghenies Planning and Development Commission’s (Commission) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Commission’s major federal programs for the year ended June 30, 2023. The Commission’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2023.

#### **Basis for Opinion on Each Major Federal Program(s)**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission’s compliance with the compliance requirements referred to above.



Southern Alleghenies Planning and Development Commission  
Independent Auditor's Report on Compliance for Each Major  
Program and on Internal Control over Compliance

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

Southern Alleghenies Planning and Development Commission  
Independent Auditor's Report on Compliance for Each Major  
Program and on Internal Control over Compliance

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Maker Duessel*

Pittsburgh, Pennsylvania  
November 29, 2023

# SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

### 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:

ALN(s)

17.258, 17.259, 17.278

14.228

Name of Federal Program or Cluster

WIOA Cluster

Community Development Block Grants/States Program  
and Non-Entitlement Grants in Hawaii

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, 2023

**NONE**