

Southern Alleghenies Planning and Development Commission

Financial Statements
and Required Supplementary and
Supplementary Information

Year Ended June 30, 2025
with Independent Auditor's Reports

MaherDuessel

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SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

YEAR ENDED JUNE 30, 2025

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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, 2025, 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, 2025, 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 January 5, 2026 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 2024 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it was derived.

Maier Duessel

Pittsburgh, Pennsylvania
January 5, 2026



Management's Discussion and Analysis (MD&A) Year Ended June 30, 2025

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, 2025. 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 to \$510,893
- ❖ Cash and cash equivalents decreased \$342,558
- ❖ Total assets increased \$2,203,648
- ❖ Notes and other liabilities increased \$1,692,755
- ❖ Total operating revenues increased \$821,255
- ❖ Total operating expenses increased \$770,398

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 \$879,399 and the business type activities assets exceeded liabilities by \$14,150,290 as of June 30, 2025.

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 \$15,029,689 at June 30, 2025. The combined total assets of *The Commission* increased \$2,203,648 while total liabilities increased \$1,692,755 during fiscal year 2025. 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 \$618,156 from the prior year. Notes receivable increased by \$233,728 and *The Commission's* amount due to other governments saw an increase of \$589,194. 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 \$758,327 while expenditures also increased by \$536,580. 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, 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 2025, 8 of the 13 goals were met or exceeded, while 5 of the goals fell slightly short. *The Commission's* business development team worked with 289 existing businesses to assist those businesses to develop new sales and markets (internationally, domestically, and government markets). The efforts resulted in \$80.4 million in new sales, 310 new jobs, and 1057 jobs retained. Forty-five (45) training programs were offered to the business community and 3,610 people participated in those training programs. Furthermore, *The Commission* has continued to enjoy very favorable customer satisfaction survey ratings from its customers with 66% of the customers responding to the survey and 91% of respondents providing a very satisfied ranking and 9% 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 309 business clients during the fiscal year, with 1,047 counseling sessions. *The Commission* also continued to coordinate Startup Alleghenies, 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 Alleghenies Marketplace, an e-commerce selling platform for entrepreneurs in the region who sell consumer goods. *The Commission* coordinated the Engage! program, a proactive business outreach effort to help businesses engage with the services that are available to them. One hundred and seventy-eight (178) businesses were visited, and 127 actions plans were developed for businesses during the fiscal year. Lastly, *The Commission* also coordinated the "*Organizing Pennsylvania Outdoor Industry to Empower the Commonwealth's Outdoor Economy*" project, which proposed an inclusive partnership-based approach to organize and empower Pennsylvania's outdoor industry to stimulate growth of Pennsylvania's outdoor economy. A survey was conducted during the project, which was completed by 243 respondents and partially completed by 209 respondents. Ten (10) business engagement workshops were held throughout Pennsylvania, and each event was well attended with 30-60 attendees per event. A final plan was developed, and the Pennsylvania Outdoor Business Alliance (OBA) is moving forward.

The Planning and Community Development Division worked throughout the region with projects related to regional planning, housing, infrastructure development, industrial parks, outdoor recreation, trails, transportation planning/programming, Keystone Opportunity Zones, healthcare, redevelopment, and the securing state and federal grants for a variety of community and economic development projects. Specifically, the Planning Division helped to secure \$9,787,183 in public funds, which leveraged \$5,866,847 in public funds and \$7,741,001 in private funds, and will create an estimated 422 new jobs.

In addition, SAP&DC staff continued to serve as the regional clearinghouse for projects requesting federal funds. To this end, staff reviewed a total of 25 applications for projects throughout the region and provided support. As the regional coordinator for Pennsylvania's Keystone Opportunity Zone (KOZ) Program, SAP&DC staff processed the necessary local approval for 11 applications requesting property owner and business tax abatement. Planning staff and the CEDS Committee updated *Advancing the Alleghenies*, the region's Comprehensive Economic Development Strategy (CEDS) for 2025-2029. Staff created a work program for a redevelopment plan for Breezewood. Finally, staff began work on preparing a new regional comprehensive plan (to replace *Alleghenies Ahead*, which will expire in 2028) and regional greenways and open space plan (to replace the existing 2007 plan).

The Employment, Advancement, and Retention Network (EARN) delivered a comprehensive array of workforce development and supportive services to 457 Temporary Assistance for Needy Families (TANF) recipients and 36 Supplemental Nutrition Assistance Program (SNAP) recipients. Services were administered by case managers and contracted providers using a hybrid service model that incorporated both onsite and virtual modalities.

Program instruction encompassed life skills development, job-readiness preparation, and job-retention strategies. Participants were also afforded opportunities to pursue high school equivalency preparation and skills training through in-person and remote learning formats. Intensive, family-centered case management services included robust assessments of social determinants of health, ensuring that barriers to employment and long-term stability were thoroughly identified and addressed. Additionally, community service and work experience placements were made available to participants with limited or no prior employment history.

Supplementary support included onsite evaluations conducted by a mental health professional or wellness coach, along with referrals to external mental health services when clinically indicated. A significant number of participants continued to report challenges associated with anxiety, depression, and substance use. Persistent shortages in accessible childcare further impeded efforts to secure full-time employment for many clients.

EARN remains committed to a holistic service approach, prioritizing the well-being and advancement of both participants and their families.

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 24, the SAWDB budget exceeded \$6,541,623. This included \$6,438,328 from a federal/state allocation of WIOA Title I and TANF funds and over \$253,295 in competitive grant funding. Roughly 61% of the budget was dedicated to direct service delivery to youth, jobseekers, and employers, 5% 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 CareerLink's® and two 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 \$235,000 was earmarked to support training for jobseekers; 34 individuals received assistance with the cost of pursuing post-secondary education and 26

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 includes:

- \$800,000 Youth Reentry Grant, in partnership with Goodwill of the Southern Alleghenies. This is targeted at young people who have been engaged in the juvenile justice system and includes opportunities for paid work experience, post-secondary education, and mentorship.
- \$150,000 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 \$4,307,740 with a leverage of \$10,621,320 in public and private funds; projected 30 jobs created 83 jobs retained in the region served. At June 30, 2025, *The Commission* had \$2,518,000 in loans approved, but not yet funded.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2025, *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.net

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION

JUNE 30, 2025

(With Comparative Totals at June 30, 2024)

	Governmental Activities	Business-type Activities	Total	2024
Assets				
Cash and cash equivalents	\$ 1,687,955	\$ 2,557,131	\$ 4,245,086	\$ 4,587,644
Accounts receivable	3,275,183	-	3,275,183	2,713,236
Internal balances	(100,000)	100,000	-	-
Prepaid expenses	53,010	-	53,010	66,870
Notes receivable, current portion	-	2,912,436	2,912,436	2,678,708
Notes receivable, long-term portion, net	-	19,838,662	19,838,662	18,456,762
Right-of-use office space	497,788	-	497,788	115,297
Total Assets	5,413,936	25,408,229	30,822,165	28,618,517
Liabilities				
Accounts payable	1,794,030	395	1,794,425	1,064,760
Unearned revenue	2,071,435	-	2,071,435	2,043,575
Accrued liabilities	168,887	-	168,887	158,671
Due to other governments	-	11,162,343	11,162,343	10,573,149
Notes payable, current portion	-	19,564	19,564	39,510
Lease payable, current portion	86,546	-	86,546	99,168
Notes payable, long-term portion	-	75,637	75,637	95,432
Lease payable, long-term portion	413,639	-	413,639	25,456
Total Liabilities	4,534,537	11,257,939	15,792,476	14,099,721
Net Position				
Net investment in capital assets	(2,397)	-	(2,397)	(9,327)
Restricted	-	11,987,661	11,987,661	11,613,988
Unrestricted	881,796	2,162,629	3,044,425	2,914,135
Total Net Position	\$ 879,399	\$ 14,150,290	\$ 15,029,689	\$ 14,518,796

See accompanying notes to financial statements.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

(With Comparative Totals for Year Ended June 30, 2024)

Functions/Programs	Total Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Primary Government			2024
				Governmental Activities	Business-Type Activities	Total	
Governmental Activities:							
General	\$ 3,872,580	\$ -	\$ 3,869,677	\$ (2,903)	\$ -	\$ (2,903)	\$ (3,424)
Welfare	2,239,958	-	2,239,958	-	-	-	-
Workforce innovation and opportunity	4,925,011	-	4,925,011	-	-	-	-
Total governmental activities	11,037,549	-	11,034,646	(2,903)	-	(2,903)	(3,424)
Business-Type Activities:							
Small business and first industries	2,122	24,987	-	-	22,865	22,865	14,541
Economic development	17,138	135,091	-	-	117,953	117,953	101,249
Intermediary relending	1,343	64,492	-	-	63,149	63,149	36,350
CARES Act RLF	42,229	123,657	-	-	81,428	81,428	77,553
Other	-	75,773	-	-	75,773	75,773	66,182
Total business-type activities	62,832	424,000	-	-	361,168	361,168	295,875
	<u>\$ 11,100,381</u>	<u>\$ 424,000</u>	<u>\$ 11,034,646</u>	(2,903)	361,168	358,265	292,451
General revenues:							
Interest				64,202	88,426	152,628	147,584
Change in Net Position				61,299	449,594	510,893	440,035
Net position - beginning of year				818,100	13,700,696	14,518,796	14,078,761
Net position - end of year				\$ 879,399	\$ 14,150,290	\$ 15,029,689	\$ 14,518,796

See accompanying notes to financial statements.

**SOUTHERN ALLEGHENIES PLANNING
AND DEVELOPMENT COMMISSION**

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2025
(With Comparative Totals at June 30, 2024)

	Special Revenue Funds				
	General Fund	Welfare Grant Fund	Workforce Innovation and Opportunity Grant Fund	Total	2024
Assets					
Cash and cash equivalents	\$ 1,292,801	\$ 350,877	\$ 44,277	\$ 1,687,955	\$ 1,412,357
Accounts receivable	1,851,699	593,718	806,844	3,252,261	2,707,510
Due from other funds	-	937,918	-	937,918	842,083
Prepaid expenses	53,010	-	-	53,010	66,870
Total Assets	\$ 3,197,510	\$ 1,882,513	\$ 851,121	\$ 5,931,144	\$ 5,028,820
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 880,772	\$ 178,669	\$ 734,589	\$ 1,794,030	\$ 1,064,760
Due to other funds	911,114	-	103,882	1,014,996	934,387
Unearned revenue	354,941	1,703,844	12,650	2,071,435	2,043,575
Accrued liabilities	168,887	-	-	168,887	158,671
Total Liabilities	2,315,714	1,882,513	851,121	5,049,348	4,201,393
Fund Balance:					
Nonspendable:					
Prepaid items	53,010	-	-	53,010	66,870
Unassigned	828,786	-	-	828,786	760,557
Total Fund Balance	881,796	-	-	881,796	827,427
Total Liabilities and Fund Balance	\$ 3,197,510	\$ 1,882,513	\$ 851,121	\$ 5,931,144	\$ 5,028,820
Total Fund Balance - Governmental Funds				\$ 881,796	\$ 827,427
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.				497,788	115,297
Leases payable are not due and payable in the current period, and therefore, are not reported in the funds.				(500,185)	(124,624)
Total Net Position of Governmental Activities				\$ 879,399	\$ 818,100

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, 2025
(With Comparative Totals for Year Ended June 30, 2024)

	Special Revenue Funds				
	General Fund	Welfare Grant Grant Fund	Workforce Innovation and Opportunity Grant Fund	Total	2024
			Grant Fund		
Revenues:					
Federal and state grants	\$ 3,769,504	\$ 2,239,958	\$ 4,925,011	\$ 10,934,473	\$ 10,176,146
Local sources	100,173	-	-	100,173	91,700
Interest income	64,202	-	-	64,202	9,747
Total revenues	3,933,879	2,239,958	4,925,011	11,098,848	10,277,593
Expenditures:					
Planning and development:					
Administration	302,684	243,189	529,867	1,075,740	841,922
Program	3,576,826	1,996,769	4,395,144	9,968,739	9,432,159
Total expenditures	3,879,510	2,239,958	4,925,011	11,044,479	10,274,081
Net Change in Fund Balance	54,369	-	-	54,369	3,512
Fund Balance:					
Beginning of year	827,427	-	-	827,427	823,915
End of year	\$ 881,796	\$ -	\$ -	\$ 881,796	\$ 827,427
Net Change in Fund Balance - Governmental Funds				\$ 54,369	\$ 3,512
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)	(92,238)
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.					
				92,238	95,049
Change in Net Position of Governmental Activities				\$ 54,369	\$ 6,323

See accompanying notes to financial statements.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2025
(With Comparative Totals at June 30, 2024)

Assets	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	CARES Act RLF Fund	Other Enterprise Funds	Total	2024
Current Assets:							
Cash and cash equivalents	\$ 43,912	\$ 671,260	\$ 246,393	\$ 342,253	\$ 1,253,313	\$ 2,557,131	\$ 3,175,287
Due from other funds	-	99,088	-	68,074	263,395	430,557	299,057
Notes receivable, net	1,174,721	514,411	146,701	779,598	297,005	2,912,436	2,678,708
Total current assets	1,218,633	1,284,759	393,094	1,189,925	1,813,713	5,900,124	6,153,052
Non-current assets:							
Notes receivable, net	10,512,365	3,292,143	1,351,828	2,921,497	1,760,829	19,838,662	18,456,762
Total Assets	\$ 11,730,998	\$ 4,576,902	\$ 1,744,922	\$ 4,111,422	\$ 3,574,542	\$ 25,738,786	\$ 24,609,814
Liabilities and Net Position							
Liabilities:							
Current liabilities:							
Accounts payable	\$ 395	\$ -	\$ -	\$ -	\$ -	\$ 395	\$ -
Due to other funds	-	99,088	-	68,074	163,395	330,557	201,027
Due to other governments	11,162,343	-	-	-	-	11,162,343	10,573,149
Notes payable	-	-	19,564	-	-	19,564	39,510
Total current liabilities	11,162,738	99,088	19,564	68,074	163,395	11,512,859	10,813,686
Non-current liabilities:							
Notes payable	-	-	75,637	-	-	75,637	95,432
Total Liabilities	11,162,738	99,088	95,201	68,074	163,395	11,588,496	10,909,118
Net Position:							
Restricted	-	4,477,814	1,649,721	4,043,348	1,816,778	11,987,661	11,613,988
Unrestricted	568,260	-	-	-	1,594,369	2,162,629	2,086,708
Total Fund Balance	568,260	4,477,814	1,649,721	4,043,348	3,411,147	14,150,290	13,700,696
Total Liabilities and Fund Balance	\$ 11,730,998	\$ 4,576,902	\$ 1,744,922	\$ 4,111,422	\$ 3,574,542	\$ 25,738,786	\$ 24,609,814

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, 2025
(With Comparative Totals for Year Ended June 30, 2024)

	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	CARES Act RLF Fund	Other Enterprise Funds	Total	2024
Operating Revenues:							
Loan interest	\$ 13,587	\$ 130,771	\$ 59,308	\$ 105,422	\$ 68,289	\$ 377,377	\$ 290,436
Loan fees	11,400	4,320	5,184	18,235	7,484	46,623	30,661
Total operating revenues	24,987	135,091	64,492	123,657	75,773	424,000	321,097
Operating Expenditures:							
Administration	2,122	17,138	-	705	-	19,965	23,483
Provision for uncollectable loans	-	-	-	41,524	-	41,524	-
Interest expense	-	-	1,343	-	-	1,343	1,739
Total operating expenditures	2,122	17,138	1,343	42,229	-	62,832	25,222
Operating Income (Loss)	22,865	117,953	63,149	81,428	75,773	361,168	295,875
Non-Operating Revenues (Expenditures):							
Interest income	2,035	14,014	6,836	20,844	44,697	88,426	137,837
Change in Net Position	24,900	131,967	69,985	102,272	120,470	449,594	433,712
Net Position:							
Beginning of year	543,360	4,345,847	1,579,736	3,941,076	3,290,677	13,700,696	13,266,984
End of year	\$ 568,260	\$ 4,477,814	\$ 1,649,721	\$ 4,043,348	\$ 3,411,147	\$ 14,150,290	\$ 13,700,696

See accompanying notes to financial statements.

**SOUTHERN ALLEGHENIES PLANNING
AND DEVELOPMENT COMMISSION**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2025
(With Comparative Totals for Year Ended June 30, 2024)

	Small Business and First Industries Fund	Economic Development Loan Fund	Intermediary Relending Programs Fund	CARES Act RLF Fund	Other Enterprise Funds	Total	2024
Cash Flows From Operating Activities:							
Net receipts (disbursements) from (to) borrowers	\$ (45,025)	\$ 354,668	\$ (180,732)	\$ (517,716)	\$ (255,153)	\$ (643,958)	\$ (112,272)
Payments for services	(1,727)	(17,138)	-	(705)	-	(19,570)	(23,757)
Payments for other operating expenses	-	-	(1,343)	-	-	(1,343)	(1,739)
Net cash provided by (used in) operating activities	(46,752)	337,530	(182,075)	(518,421)	(255,153)	(664,871)	(137,768)
Cash Flows From Noncapital Financing Activities:							
Principal payments on debt	-	-	(39,741)	-	-	(39,741)	(39,391)
Transfers from (to) other funds, net	395	(1,970)	-	-	(395)	(1,970)	2,626
Net cash provided by (used in) noncapital financing activities	395	(1,970)	(39,741)	-	(395)	(41,711)	(36,765)
Cash Flows From Investing Activities:							
Interest income	2,035	14,014	6,836	20,844	44,697	88,426	137,837
Net Increase (Decrease) in Cash and Cash Equivalents	(44,322)	349,574	(214,980)	(497,577)	(210,851)	(618,156)	(36,696)
Cash and Cash Equivalents:							
Beginning of year	88,234	321,686	461,373	839,830	1,464,164	3,175,287	3,211,983
End of year	\$ 43,912	\$ 671,260	\$ 246,393	\$ 342,253	\$ 1,253,313	\$ 2,557,131	\$ 3,175,287
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ 22,865	\$ 117,953	\$ 63,149	\$ 81,428	\$ 75,773	\$ 361,168	\$ 295,875
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Provision for uncollectable loans	-	-	-	41,524	-	41,524	-
Change in:							
Notes receivable	(659,206)	219,577	(245,224)	(641,373)	(330,926)	(1,657,152)	(1,468,574)
Due to other governments	589,194	-	-	-	-	589,194	1,035,205
Accounts payable	395	-	-	-	-	395	(274)
Total adjustments	(69,617)	219,577	(245,224)	(599,849)	(330,926)	(1,026,039)	(433,643)
Net cash provided by (used in) operating activities	\$ (46,752)	\$ 337,530	\$ (182,075)	\$ (518,421)	\$ (255,153)	\$ (664,871)	\$ (137,768)

See accompanying notes to financial statements.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION FIDUCIARY FUND

JUNE 30, 2025
(With Comparative Totals at June 30, 2024)

	Custodial Funds	
	2025	2024
Assets		
Accounts receivable	\$ 181,604	\$ 141,884
Total Assets	<u>\$ 181,604</u>	<u>\$ 141,884</u>
Liabilities and Net Position		
Liabilities:		
Accounts payable	\$ 181,604	\$ 141,884
Net Position:		
Unrestricted	-	-
Total Liabilities and Net Position	<u>\$ 181,604</u>	<u>\$ 141,884</u>

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, 2025
(With Comparative Totals at June 30, 2024)

	Custodial Funds	
	2025	2024
Additions:		
Local sources	\$ 958,337	\$ 847,004
Deductions:		
Planning and development: Program	958,337	847,004
Change in Net Position	-	-
Net Position:		
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, 2025

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).

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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.

The fiduciary fund statements also report using the same focus and basis of accounting, although internal activity is not eliminated in these financial statements.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Commission as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Commission that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Commission at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Commission's governmental activities and for the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Commission, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Commission.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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 special revenue 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 and the Pennsylvania Department of Labor and Industry through cost reimbursement contracts.

Workforce Innovative and Opportunity Grant Fund - This special revenue 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.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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. 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.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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.

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

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

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

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

- Increases/decreases in actual grant awards from those estimated;
- Changes in grant periods;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards, which fail to materialize.
- The Board of Directors formally approves the annual budget, but greater emphasis is placed on complying with the individual grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

Cash and Cash Equivalents

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

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Interfund Activity

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

Accumulated Compensated Absences

It is the Commission's policy to permit employees to carry over into the next calendar year no more than seventy (70) hours (ten (10) days). Upon separation from Commission employment and regardless of reason, employees will be reimbursed no more than thirty-five (35) accrued PTO hours. However, if two (2) weeks' notice is not provided by any employee when leaving the Commission's employment, 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. A liability for the estimated time off of the reimbursement and the amount expected to be used in a future period is included in the liability for compensated absences and is included within accrued liabilities as presented on the statement of net position.

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, 2025

- 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, 2025, the allowance for doubtful accounts is \$426,189.

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.

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

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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, 2025.
- **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, 2025.
- **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.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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. Additionally, this component includes right-to-use assets reduced by the outstanding lease liability.

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
\$ 4,477,814	Economic Development Loans
1,649,721	Intermediary Relending Programs
4,043,348	CARES ACT Revolving Loan Programs
472,676	Health and Human Services Programs
271,348	EDA Flood Programs
1,072,754	ARC/PCLF Programs
<u>\$ 11,987,661</u>	

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.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Adopted Pronouncements

The following GASB Statements were adopted for the year ended June 30, 2025: Statement Nos. 101 (Compensated Absences) and 102 (Certain Risk Disclosures). These statements had no significant impact on the Commission's financial statements for the year ended June 30, 2025.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements) and 104 (Disclosure of Certain Capital Assets). 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.

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, 2025, \$250,000 of the Commission's \$4,449,981 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). These deposits have carrying amounts of \$4,245,086 as of June 30, 2025.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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, 2025 was as follows:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Economic Development				
Services Revolving Loan Fund	\$ 145,642	\$ -	\$ (16,521)	\$ 129,121
Economic Development Administration	4,026,131	277,220	(496,796)	3,806,555
Health and Human Services	222,929	179,250	(57,102)	345,077
Small Business and Industries				
First Fund	11,027,880	1,661,250	(1,002,043)	11,687,087
Local Economic Development	727,569	100,000	(99,899)	727,670
Intermediary Relending Program	1,268,463	387,500	(142,480)	1,513,483
Appalachian Regional Commission/ PA Capital Loan Fund	628,669	365,800	(138,503)	855,966
CARES ACT Revolving Loan Fund	3,472,852	1,336,720	(697,244)	4,112,328
	<u>\$ 21,520,135</u>	<u>\$ 4,307,740</u>	<u>\$ (2,650,588)</u>	23,177,287
			Allowance for Doubtful Accounts:	(426,189)
				<u>\$22,751,098</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, 2025

4. Notes Payable

As of June 30, 2025, 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 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 March 23, 1998, with any remaining balance due and payable on March 23, 2035. Interest only was paid annually for the first two (2) years. Interest will accrue on the unpaid principal balance at a rate of 1% per annum. The loan is collateralized by the notes receivable. During the year ended June 30, 2025, the loan was paid in full.

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 interest in twenty-eight (28) equal, annual amortized installments commencing March 23, 2003, with any remaining balance due and payable on March 23, 2030. Interest only was paid annually for the first two (2) years. Interest will accrue on the unpaid principal balance at a rate of 1% per annum. The loan is collateralized by the notes receivable. The outstanding balance of the note payable as of June 30, 2025 is \$95,201.

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

Long-term liability activity for proprietary activities for the year ended June 30, 2025 was as follows:

Business-Type Activities	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025	Amount Due Within One Year
Loans Payable - Direct Borrowings:					
Intermediary relending program #2	\$ 20,139	\$ -	\$ (20,139)	\$ -	\$ -
Intermediary relending program #3	114,803	-	(19,602)	95,201	19,564
	<u>\$ 134,942</u>	<u>\$ -</u>	<u>\$ (39,741)</u>	<u>\$ 95,201</u>	<u>\$ 19,564</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Debt Maturity

Principal and interest payments due to the Commission's Loans payable outstanding at June 30, 2025 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2026	\$ 19,564	\$ 998
2027	19,759	802
2028	19,957	605
2029	20,157	405
2030	15,764	204
	<u>\$ 95,201</u>	<u>\$ 3,014</u>

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. During May 2025 the lease was extended for an additional five-year period. For the period October 1, 2025, to September 30, 2030, monthly principal and interest payments are \$9,400. The lease has an interest rate of 4.25%. The value of the right-of-use asset, net of accumulated amortization as of June 30, 2025, was \$497,788.

Lease payable activity for governmental activities for the year ended June 30, 2025 was as follows:

Governmental Activities	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025	Amount Due Within One Year
Lease Payable	<u>\$ 124,624</u>	<u>\$ 474,728</u>	<u>\$ (99,167)</u>	<u>\$ 500,185</u>	<u>\$ 99,168</u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 86,546	\$ 23,692
2027	86,591	26,212
2028	92,850	19,952
2029	99,562	13,240
2030	106,760	6,042
2031	27,876	326
	<u>\$ 500,185</u>	<u>\$ 89,464</u>

6. Line of Credit

The Commission has a line of credit in the amount of \$500,000. The line of credit is secured by the Commission's real property, personal property, and promissory notes, and bears interest at 7.00%. As of June 30, 2025, there was no outstanding balance.

7. Due To Other Governments

Due to other governments relates to various loans from the Pennsylvania Small Business and First Industries Fund obtained under a master loan agreement, dated January 27, 1983 and subsequently amended July 1, 2005, between the Pennsylvania Department of Commerce and the Commission. The Commission uses these funds to finance loans to various businesses. Interest rates range from 3% to 5%. The balance outstanding at June 30, 2025 is \$11,162,343.

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.

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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, 2025 amounted to \$94,653.

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, 2025.

SUPPLEMENTARY INFORMATION

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

COMBINING STATEMENT OF NET POSITION OTHER ENTERPRISE FUNDS

JUNE 30, 2025
(With Comparative Totals at June 30, 2024)

Assets	Health and Human Services Fund	EDA Flood Fund	Local Economic Development Fund	ARC/PCLF Fund	Total	2024
Current assets:						
Cash	\$ 127,599	\$ 142,226	\$ 766,699	\$ 216,789	\$ 1,253,313	\$ 1,464,164
Due from other funds	-	-	131,895	131,500	263,395	131,500
Notes receivable	58,025	16,969	121,377	100,634	297,005	308,101
Total current assets	<u>185,624</u>	<u>159,195</u>	<u>1,019,971</u>	<u>448,923</u>	<u>1,813,713</u>	<u>1,903,765</u>
Non-current assets:						
Notes receivable	287,052	112,153	606,293	755,331	1,760,829	1,418,807
Total Assets	<u><u>\$ 472,676</u></u>	<u><u>\$ 271,348</u></u>	<u><u>\$ 1,626,264</u></u>	<u><u>\$ 1,204,254</u></u>	<u><u>\$ 3,574,542</u></u>	<u><u>\$ 3,322,572</u></u>
Liabilities and Net Position						
Current liabilities:						
Due to other funds	\$ -	\$ -	\$ 31,895	\$ 131,500	\$ 163,395	\$ 31,895
Total Liabilities	<u>-</u>	<u>-</u>	<u>31,895</u>	<u>131,500</u>	<u>163,395</u>	<u>31,895</u>
Net Position:						
Restricted	472,676	271,348	-	1,072,754	1,816,778	1,747,329
Unrestricted	<u>-</u>	<u>-</u>	<u>1,594,369</u>	<u>-</u>	<u>1,594,369</u>	<u>1,543,348</u>
Total Fund Balance	<u>472,676</u>	<u>271,348</u>	<u>1,594,369</u>	<u>1,072,754</u>	<u>3,411,147</u>	<u>3,290,677</u>
Total Liabilities and Fund Balance	<u><u>\$ 472,676</u></u>	<u><u>\$ 271,348</u></u>	<u><u>\$ 1,626,264</u></u>	<u><u>\$ 1,204,254</u></u>	<u><u>\$ 3,574,542</u></u>	<u><u>\$ 3,322,572</u></u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

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

YEAR ENDED JUNE 30, 2025
(With Comparative Totals for Year Ended June 30, 2024)

	Health and Human Services Fund	EDA Flood Fund	Local Economic Development Fund	ARC/PCLF Fund	Total	2024
Operating Revenues:						
Loan interest	\$ 13,737	\$ 4,353	\$ 23,556	\$ 26,643	\$ 68,289	\$ 65,249
Loan fees	2,094	-	1,000	4,390	7,484	1,209
Total operating revenues	15,831	4,353	24,556	31,033	75,773	66,458
Operating Expenditures:						
Administration	-	-	-	-	-	276
Total operating expenditures	-	-	-	-	-	276
Operating Income (Loss)	15,831	4,353	24,556	31,033	75,773	66,182
Non-Operating Revenues (Expenditures):						
Interest income	3,596	4,666	26,465	9,970	44,697	52,490
Change in Net Position	19,427	9,019	51,021	41,003	120,470	118,672
Net Position:						
Beginning of year	453,249	262,329	1,543,348	1,031,751	3,290,677	3,172,005
End of year	\$ 472,676	\$ 271,348	\$ 1,594,369	\$ 1,072,754	\$ 3,411,147	\$ 3,290,677

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

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 Commerce</u>				
Economic Development Support for Planning Organizations	11.302	ED22PHI3020072	\$ 70,000	\$ -
COVID-19 - Economic Development Cluster - Economic Adjustment Assistance	11.307	01-79-14974	4,454,581	-
Total U.S. Department of Commerce			4,524,581	-
<u>U.S. Department of Defense</u>				
Procurement Technical Assistance for Business Firms	12.002	W56KGU2420084-P00005	274,922	274,922
Procurement Technical Assistance for Business Firms	12.002	W56KGU2520062	30,218	30,218
Total ALN 12.002			305,140	305,140
Total U.S. Department of Defense			305,140	305,140
<u>U.S. Department of Labor</u>				
Passed-Through the Commonwealth of Pennsylvania Department of Labor and Industry:				
WIOA Adult Program Formula Grants	17.258	100223132	158,368	158,368
WIOA Adult Program Formula Grants	17.258	100243001	264,033	264,033
WIOA Adult Program Formula Grants	17.258	100233011	291,490	291,490
WIOA Adult Program Formula Grants	17.258	100233032	8,511	8,511
WIOA Adult Program Formula Grants	17.258	100243011	657,025	657,025
Total ALN 17.258			1,379,427	1,379,427
WIOA Youth Activities	17.259	100223301	910,048	910,048
WIOA Youth Activities	17.259	100233301	366,074	366,074
Total ALN 17.259			1,276,122	1,276,122
WIOA Dislocated Workers Formula Grants	17.278	100234011	493,526	493,526
WIOA Dislocated Workers Formula Grants	17.278	100234001	317,472	317,472
WIOA Dislocated Workers Formula Grants	17.278	100224011	410,941	410,941
WIOA Dislocated Workers Formula Grants	17.278	100233013	150,000	150,000
WIOA Dislocated Workers Statewide BEP	17.278	100214132	59,721	59,721
WIOA Dislocated Workers Statewide BEP	17.278	100224132	12,318	12,318
Total ALN 17.278			1,443,978	1,443,978
Total WIOA Cluster			4,099,527	4,099,527
WIOA Trade On the Job Training	17.245	100221001	10,093	10,093
WIOA Trade On the Job Training	17.245	100211001	14,700	14,700
Total ALN 17.245			24,793	24,793
WIOA Opioid Activities	17.277	100232301	22,348	22,348
Total U.S. Department of Labor			4,146,668	4,146,668

(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, 2025
(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	20.205	CP20001382	307,487	-
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants	20.941	0348-0004	1,293,102	-
<u>Appalachian Regional Commission</u>				
Appalachian Development Highway System	23.002	PA-21003-23/PA-21003-R1-25	112,303	-
Appalachian Development Highway System	23.002	PA-21584-24	95,262	-
Appalachian Development Highway System	23.002	PW-20054-IM-20/PW-20559-22	40,319	-
Total ALN 23.002			247,884	-
Appalachian Local Development District Assistance	23.009	PA-708-F-C53-25	54,754	-
Appalachian Local Development District Assistance	23.009	PA-708-F-C52-24	40,450	-
Total ALN 23.009			95,204	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PW-20582-IM-22	104,511	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	PA-8304-C43-24	442,824	-
Total ALN 23.011			547,335	-
Total Appalachian Regional Commission			890,423	-
<u>U.S. Department of Agriculture</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	14,371	12,292
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Commonwealth of Pennsylvania Department of Human Services: Temporary Assistance for Needy Families	93.558	4100077221	2,210,621	1,447,255
Temporary Assistance for Needy Families	93.558	4100060659	595	595
Total Commonwealth of Pennsylvania Department of Human Services			2,211,216	1,447,850
Passed Through the Commonwealth of Pennsylvania Department of Labor and Industry: Temporary Assistance for Needy Families	93.558	100233361	266,077	266,077
Temporary Assistance for Needy Families	93.558	100243361	512,265	512,265
Total Pennsylvania Department of Labor and Industry			778,342	778,342
Total ALN 93.558			2,989,558	2,226,192
Total U.S. Department of Health and Human Services			2,989,558	2,226,192
Total expenditures of federal awards			\$ 14,471,330	\$ 6,690,292

(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, 2025

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, 2025

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

	<u>#01-79-14974</u>
Balance of the RLF at June 30, 2025	\$ 4,112,328
Plus:	
Cash balance in the RLF at June 30, 2025	<u>342,253</u>
Total	<u>4,454,581</u>
The federal share of the RLF	<u>100%</u>
Total RLF federal expenditures	<u><u>\$ 4,454,581</u></u>

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES, EXPENSES, AND COMPARISON WITH BUDGET

YEAR ENDED JUNE 30, 2025

EARN GRANT AGREEMENT CONTRACT NUMBER 4100077221

	Budget	Actual	Variance
Revenues:			
Pennsylvania Department of Human Services	\$ 2,708,187	\$ 2,239,363	\$ (468,824)
Total revenues	2,708,187	2,239,363	(468,824)
Expenses:			
Administration costs:			
Personnel:			
Staff salaries	155,391	154,892	499
Staff fringe benefits	59,890	58,097	1,793
Total personnel	215,281	212,989	2,292
Equipment and supplies	4,408	762	3,646
Operating expenses	35,494	29,483	6,011
Total administration costs	255,183	243,234	11,949
Direct training costs:			
Personnel:			
Staff salaries	271,923	264,319	7,604
Staff fringe benefits	224,442	217,731	6,711
Total personnel	496,365	482,050	14,315
Equipment and supplies	9,039	3,153	5,886
Operating expenses	42,850	38,748	4,102
Other program expenses	334,237	340	333,897
Total direct training costs	882,491	524,291	358,200
Subcontracted expenses	1,570,513	1,471,838	98,675
Total expenses	2,708,187	2,239,363	468,824
Excess (Deficiency) of Revenues over Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTHERN ALLEGHENIES PLANNING
AND DEVELOPMENT COMMISSION**

SCHEDULE OF CUMULATIVE EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Title	ALN	Contract Number	Contract Period	Authorized Budget	Actual Expenditures			(Over) Under Budget
					Prior to 7/1/24	7/1/24-6/30/25	Cumulative	
WIOA ADULT - YTH REENTRY	17.258	100-22-3132	07/01/23-06/30/26	\$ 702,400	\$ 88,188	\$ 158,368	246,556	455,844
WIOA DW - BEP	17.278	100-22-4132	06/01/23-12/31/24	113,092	53,371	59,721	113,092	-
TRADE OJT	17.245	100-22-1001	10/01/23-09/30/24	29,863	19,770	10,093	29,863	-
Total				<u>\$ 845,355</u>	<u>\$ 161,329</u>	<u>\$ 228,182</u>	<u>\$ 389,511</u>	<u>\$ -</u>
WIOA AD	17.258	100-23-3011	10/01/23-06/30/25	\$ 966,773	\$ 675,283	\$ 291,490	\$ 966,773	\$ -
WIOA DW - TRANSFER TO ADULT	17.278	100-23-3013	10/01/23-06/30/25	150,000	-	150,000	150,000	-
WIOA DW	17.278	100-23-4011	10/01/23-06/30/25	1,013,170	519,644	493,526	1,013,170	-
WIOA YTH	17.259	100-23-3301	04/01/22-06/30/24	1,153,936	787,862	366,074	1,153,936	-
TANF	93.558	100-23-3361	07/01/22-06/30/24	861,642	595,565	266,077	861,642	-
WIOA DW - YTH REENTRY	17.258	100-23-4032	07/01/23-06/30/25	97,600	-	-	-	97,600
WIOA OPIOID	17.278	100-23-2301	06/01/23-12/31/24	32,984	-	22,348	22,348	10,636
WIOA CAREERLINK AWARENESS	17.277	100-23-3032	10/01/23-09/30/24	8,511	-	8,511	8,511	-
TRADE OJT	17.245	100-23-1001	10/01/24-09/30/25	14,700	-	14,700	14,700	-
Total				<u>\$ 4,299,316</u>	<u>\$ 2,578,354</u>	<u>\$ 1,612,726</u>	<u>\$ 4,191,080</u>	<u>\$ 108,236</u>
WIOA AD	17.258	100-24-3001	07/01/24-06/30/25	\$ 264,033	\$ -	\$ 264,033	\$ 264,033	\$ -
WIOA AD	17.258	100-24-3011	10/01/24-06/30/26	1,079,020	-	657,025	657,025	421,995
WIOA DW	17.278	100-24-4001	07/01/24-06/30/25	317,472	-	317,472	317,472	-
WIOA DW	17.278	100-24-4011	10/01/24-06/30/26	1,155,258	-	410,941	410,941	744,317
WIOA YTH	17.259	100-24-3301	04/01/25-06/30/26	1,153,936	-	910,048	910,048	243,888
TANF	93.558	100-24-3361	07/01/24-06/30/26	789,712	-	512,265	512,265	277,447
WIOA DW - BEP	17.278	100-24-4031	09/01/24-06/30/26	51,450	-	12,318	12,318	39,132
WIOA DW - BEP	17.278	100-24-4132	10/01/24-06/30/26	98,550	-	-	-	98,550
Total				<u>\$ 4,909,431</u>	<u>\$ -</u>	<u>\$ 3,084,102</u>	<u>\$ 3,084,102</u>	<u>\$ 1,825,329</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, 2025. 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 engagement, 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.

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

Maher Duessel

Pittsburgh, Pennsylvania
January 5, 2026

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, 2025

Program Title	Federal ALN	Federal Expenditures per the SEFA	Federal Awards Received per the Audit Confirmation Reply from Pennsylvania	Difference	% Difference	Detailed Explanation of the Differences
Temporary Assistance for Needy Families	93.558	\$ 2,211,216	\$ 2,341,177	\$ (129,961)	-6%	1
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 14,371	\$ 36,992	\$ (22,621)	-61%	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, 2025

**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 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, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 5, 2026.

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.

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

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.

Maher Duessel

Pittsburgh, Pennsylvania
January 5, 2026

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, 2025. 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, 2025.

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.

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.

Board of Directors
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.

Maher Duessel

Pittsburgh, Pennsylvania
January 5, 2026

SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

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)

93.558

20.941

Name of Federal Program or Cluster

Temporary Assistance for Needy Families

Strengthening Mobility and Revolutionizing
Transportation (SMART) Grants

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, 2025

NONE