

Southwestern Pennsylvania Commission

Financial Statements
and Required Supplementary and
Supplementary Information

Year Ended June 30, 2021
with Independent Auditor's Report



MaherDuessel

SOUTHWESTERN PENNSYLVANIA COMMISSION

YEAR ENDED JUNE 30, 2021

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SOUTHWESTERN PENNSYLVANIA COMMISSION

YEAR ENDED JUNE 30, 2021

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Independent Auditor's Report

**Executive Committee and
Commissioners
Southwestern Pennsylvania
Commission**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Southwestern Pennsylvania Commission (Commission) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and*

Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Commission's financial statements for the year ended June 30, 2020, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements as a whole. The supplementary information listed in the table of contents for the year ended June 30, 2020 is presented for the purposes of additional analysis and is 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 supplementary information is fairly presented in all material respects in relation to the basic financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, on our consideration of the Commission's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Commission's 2020 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it was derived.

Mahe Duessel

Pittsburgh, Pennsylvania
March 29, 2022

Southwestern Pennsylvania Commission

Management Discussion and Analysis

Year Ended June 31, 2021

This Management Discussion and Analysis of the financial performance of the governmental activities of the Southwestern Pennsylvania Commission (SPC) is to provide a summary understanding and analysis of the basic financial statements for the fiscal year ending June 30, 2021. The following summary analysis should be used in conjunction with the included financial statements.

INTRODUCTION

SPC is the regional planning agency serving the 10-county Southwestern Pennsylvania (SWPA) region. As the official Metropolitan Planning Organization (MPO), Local Development District (LDD), and Economic Development District (EDD) for SWPA, SPC directs the use of state and federal transportation and economic development funds allocated to the region—approximately \$35 billion through 2045. SPC helps counties, cities, municipalities, and townships access state and federal transportation funds. SPC is charged with developing the region’s long-range transportation plan and the comprehensive economic development strategy; working with multiple planning partners at the federal, state, regional, and local levels on programs and projects that advance the Regional Vision, Major Goals, and Strategies of the Long-Range plan. SPC’s ten-county region includes the City of Pittsburgh and the counties of Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington, and Westmoreland. The Southwestern Pennsylvania Corporation, a non-profit 501(c)(3) organization, is the administrative arm of SPC.

FISCAL YEAR 2021 ANALYSIS

SPC uses the accrual basis of accounting to record revenues when earned and expenses when incurred. The following brief summary financial information serves as the basis for analysis of SPC’s financial position.

- **Statement of Net Position** summarizes the overall SPC capital structure as to whether company assets were financed by incurring debt or equity. Increases or decreases in net assets and/or liabilities can be a useful indicator as to whether the financial position of SPC is improving or deteriorating. This statement also reflects the overall financial strength of SPC compared to the previous year. Total assets increased \$398,561 mainly due to increased revolving loan funds cash on hand which resulted from pay down of loan receivables, the issuance of new loans, and the receipt of new EDA-RLF CARES Act loan funding and a decrease in accounts receivable due from funding agencies. Total Net Position for the years ending June 30, 2021 and 2020 was \$457,444.

<u>Governmental Activities</u>	<u>2021</u>	<u>2020</u>
Assets		
Total cash and cash equivalents	\$ 4,995,004	\$ 2,707,871
Accounts receivable	1,486,445	2,513,779
Prepaid expenses	187,146	220,596
Loans receivable	5,498,493	6,326,281
 Total Assets	 <u>12,167,088</u>	 <u>11,768,527</u>
Liabilities		
	<u>11,709,644</u>	<u>11,311,083</u>
Net Position		
	<u>\$ 457,444</u>	<u>\$ 457,444</u>

- **Statement of Activities** provides information on SPC's programs by functions and the revenues generated or used to support program-related activities. This statement generally is a balanced statement for the Governmental Activities. Total governmental activity expenses equal \$11,105,917 compared to \$10,523,217 as of June 30, 2020. The net increase of \$582,700 is due mainly to a net increase in the economic planning and development program activities related to CARES Act funding.

<u>Summary</u>	<u>Total Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>2020</u>
Total governmental activities	<u>\$ 11,105,917</u>	<u>\$ 9,149,309</u>	\$ (1,956,608)	\$ (2,201,250)
Total general revenues			<u>1,956,608</u>	<u>2,201,250</u>
Change in Net Position			-	-
Net position - beginning of year			<u>457,444</u>	<u>457,444</u>
Net position - end of year			<u>\$ 457,444</u>	<u>\$ 457,444</u>

- **Balance Sheet – Governmental Funds** reports information about SPC Governmental Funds activities and details changes in SPC’s financial position. This report includes all assets, liabilities, and unreserved fund balance as of June 30, 2021 and reports financial information for the Southwestern Pennsylvania Corporation General Fund as the administrative arm of SPC, and the Southwestern Pennsylvania Commission Special Revenue Fund, which receives federal and state grant funding to support its planning activities, and which are transferred out to the General Fund to pay expenditures. The Special Revenue Fund maintains the SPC program grant advances received and restricted for program expenses. Accounts receivable reflect program grant funds due relating to the various planning and economic development programs undertaken by SPC.
- **Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds** reports information using the current financial resources measurement focus and the modified accrual basis of accounting, which is most commonly found with a quasi-governmental entity. The overall financial health of SPC is a product of its ability to secure federal, state, local, and private financial assistance grants to move project studies forward. There was sufficient program funding to support program activities with an increase in federal and state grant revenues and expenditures of \$827,342 compared to the prior year. The increase is due mainly to a net increase in the economic planning and development program activities related to CARES Act funding.

<u>Governmental Funds</u>	<u>2021</u>	<u>2020</u>
Revenues:		
Federal Grants	\$ 7,615,454	\$ 6,811,648
State Grants	1,533,855	1,510,319
Member Contributions	761,608	825,061
In-Kind Contributions	782,392	614,443
Contributions	254,900	696,898
Fees and other	157,708	64,848
Total Revenues	<u>11,105,917</u>	<u>10,523,217</u>
Expenditures:	<u>11,105,917</u>	<u>10,523,217</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>

FISCAL YEAR 2022 AND THE FUTURE

SPC has embarked on an organizational assessment and revitalization with an overarching goal of transforming into a more effective, engaged, and modern MPO. With the support of Guidehouse, a management consulting firm, SPC is pursuing an *Evolution Strategy*, looking toward organizational change for improved internal processes and enhanced stakeholder engagement. The update strategic plan includes three central strategic themes: Reimagining and Fostering a Vibrant Internal Culture, Cultivating Our Communities, and Strengthening Partnerships. SPC will be implementing this strategic reimagining of the organization during fiscal year 2022.



Planning and Development

SPC is designated by the U.S. Appalachian Regional Commission (ARC) as the Local Development District and by the U.S. Department of Commerce, Economic Development Administration (EDA) as the Economic Development District for SWPA. SPC members play a lead role in identifying priority needs of local communities to foster economic development, to target and meet the most pressing needs, and to build community cohesion and leadership. This department is responsible for providing information to update portions of the CEDS plan and long-range plan known as Smart Moves.

The Planning & Development department at SPC provides grant technical assistance to applicants on EDA and ARC grants as well as serves as the regional entity to rank and move forward millions of dollars in ARC Area Development applicant projects for voting. These projects are reviewed with regional members, ranked to determine regional priority, and submits to DCED and ARC for application review. If selected, applicants will complete a full application to apply for ARC funding.

Not unlike the rest of the country, SPC and SWPA face fiscal year 2022 adapting to a new way of life as the business and economic landscape has been significantly altered in the aftermath of the COVID-19 Pandemic. SPC's Business Finance Assistance Program, established to assist small business owners with loans to help start or expand their business, was able to assist regional business owners with the small business loans that reopened businesses and put people back to work. Moving forward, the Planning and Development team will engage with regional leaders and economic development teams to secure available federal (EDA) American Rescue Act funding to support regional economic advances, employee training, and job growth.

SPC is the southwestern Pennsylvania regional coordinator for the Partnership for Regional Economic Performance (PREP) program. Our PREP program is designed to integrate the delivery system historically served by the following core service providers: Industrial Resource Centers (IRCs), Industrial Development Organizations (IDOs), Local Development Districts (LDDs), and Small Business Development Centers (SBDCs). This partnership has served over 2,000 clients in nearly 6,000 separate counseling sessions. This resulted in over \$100 million dollars in increased sales and over 4,500 jobs created or retained.

Under PREP, SPC's Planning and Development operations include the Business Finance, Export Development Program, and Procurement Technical Assistance Center (PTAC). Programs are developed to encourage business growth, increase regional competitiveness, and ultimately result in job creation and retention.

The Planning & Development Department also offers and participates in the Local Technical Assistance Program (LTAP). The LTAP mission is to share transportation knowledge, improve road maintenance and safety skills, and put research and new technology into practice at the local level. This is accomplished through free training and technical assistance. Trainings are offered either as half-day or full-day courses. Workshop topics include: Winter Maintenance, Roadside Vegetation, etc. Customized workshops can be provided at the request of a municipality or a group of municipalities.

Planning and Development also manages the Water Resource Center (WRC), which promotes regional collaboration on water topics, is a leader in facilitating coordination and education, and provides technical assistance to its member governments. SPC's member governments identified various water-related issues within the region. Currently, stormwater management and flooding were identified as the top regional priorities and will serve as the primary focus of the WRC. The

WRC's technical committee is comprised of the planning directors from the SPC member governments.

Transportation Planning

As the Metropolitan Planning Organization (MPO) for the region, SPC is required by federal law to develop and regularly update several transportation planning and programming documents, including a Long Range Plan (LRP), which establishes the long term vision, goals, and strategies for the region; the Transportation Improvement Program (TIP), which details the highest transportation project and program priorities of the region over a four-year period; and the Unified Planning Work Program (UPWP), which identifies the regional transportation planning activities to be conducted within each state fiscal year.

SPC uses a continuing, cooperative, and comprehensive planning process to fulfill its transportation planning role for the region. Local transportation service providers, transit agencies, airport authorities, maritime operators, rail-freight operators, pedestrian and bicycle advocates, port operators, municipal officials, the business community, and the public are all partners in the development and implementation of the regional transportation plan. In addition, PennDOT, the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) are important partners in the design, funding, and implementation of the TIP for the region.

Recognizing that the transportation system not only provides for the mobility of people and goods, but also affects patterns of growth and economic activity through accessibility to land, the SPC transportation planning process works to identify strategies that advance the long-term transportation, community development, and economic goals of the region. The integration of transportation and economic development planning requires cooperation with local municipalities, member counties, and other MPOs and planning entities in adjoining regions.

In fiscal year 2022, SPC will continue its federally mandated MPO duties and providing technical assistance to members, local governments, and other stakeholders. It will continue its robust public engagement efforts and, in addition, it will serve as the regional leader in bringing discretionary funding into the region, and bringing innovative solutions to critical regional issues surrounding transportation, community and economic development, and broadband internet connectivity.

SOUTHWESTERN PENNSYLVANIA COMMISSION

STATEMENT OF NET POSITION

JUNE 30, 2021

(With Comparative Totals at June 30, 2020)

Assets	Governmental Activities	2020
Cash and cash equivalents:		
Operating	\$ 130,456	\$ 199,563
Restricted	2,911,319	1,545,473
Revolving loan funds:		
Uncommitted	1,953,229	843,055
Committed	-	119,780
Total cash and cash equivalents	4,995,004	2,707,871
Accounts receivable	1,486,445	2,513,779
Prepaid expenses	187,146	220,596
Loans receivable:		
Appalachian Regional Commission - RLF	1,120,405	1,889,819
Economic Development Administration - RLF	475,492	863,368
Economic Development Administration - RLF CARES Act	957,582	-
PIDA/SBF Loan Fund	2,945,014	3,573,094
Total Assets	12,167,088	11,768,527
Liabilities		
Accounts payable	725,288	1,214,187
Accrued salaries and fringe benefits	315,190	293,509
Grant advances	1,758,698	1,831,254
Unearned revenue	1,425,167	597,216
Notes payable - PIDA/SBF loan programs	2,945,014	3,573,094
Accrued liabilities	109,084	147,508
Unearned revenues of revolving loan funds	4,431,203	3,654,315
Total Liabilities	11,709,644	11,311,083
Net Position		
Unrestricted	457,444	457,444
Total Net Position	\$ 457,444	\$ 457,444

See accompanying notes to financial statements.

SOUTHWESTERN PENNSYLVANIA COMMISSION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

<u>Functions/Programs</u>	<u>Total Expenses</u>	Program Revenues		Net (Expense) Revenue and Changes in Net Position		<u>2020</u>
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Total	
Governmental Activities:						
General	\$ 72,483	\$ -	\$ -	\$ (72,483)	\$ (72,483)	\$ (89,829)
Highway, transit planning	7,203,375	-	6,299,726	(903,649)	(903,649)	(1,363,451)
Local government and other programs	112,862	-	901	(111,961)	(111,961)	(29,731)
Special projects	48,141	-	-	(48,141)	(48,141)	(135,575)
Economic development programs/prep	3,669,056	-	2,848,682	(820,374)	(820,374)	(582,664)
Total government activities	\$ 11,105,917	\$ -	\$ 9,149,309	(1,956,608)	(1,956,608)	(2,201,250)
General revenues:						
Commission member contributions				761,608	761,608	825,061
Loan program fees				70,679	70,679	64,848
Interest income and other				87,029	87,029	-
Contributions				254,900	254,900	696,898
In-kind contributions				782,392	782,392	614,443
Total general revenues				1,956,608	1,956,608	2,201,250
Change in Net Position				-	-	-
Net position - beginning of year				457,444	457,444	457,444
Net position - end of year				<u>\$ 457,444</u>	<u>\$ 457,444</u>	<u>\$ 457,444</u>

See accompanying notes to financial statements.

SOUTHWESTERN PENNSYLVANIA COMMISSION

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2021
(With Comparative Totals at June 30, 2020)

Assets	Southwestern Pennsylvania Corporation General Fund	Southwestern Pennsylvania Commission Special Revenue Fund	Total	2020
Cash and cash equivalents:				
Operating	\$ 130,456	\$ -	\$ 130,456	\$ 199,563
Restricted	47,396	2,863,923	2,911,319	1,545,473
Revolving loan funds:				
Uncommitted	1,953,229	-	1,953,229	843,055
Committed	-	-	-	119,780
Total cash and cash equivalents	2,131,081	2,863,923	4,995,004	2,707,871
Accounts receivable	1,000	1,485,445	1,486,445	2,513,779
Prepaid expenses	187,146	-	187,146	220,596
Loans receivable:				
Appalachian Regional Commission - RLF	1,120,405	-	1,120,405	1,889,819
Economic Development Administration - RLF	475,492	-	475,492	863,368
Economic Development Administration - RLF CARES Act	957,582	-	957,582	-
PIDA/SBF Loan Fund	2,945,014	-	2,945,014	3,573,094
Due from Commission	1,539,975	-	1,539,975	1,256,844
Total Assets	\$ 9,357,695	\$ 4,349,368	\$ 13,707,063	\$ 13,025,371
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 725,288	\$ -	\$ 725,288	\$ 1,214,187
Accrued salaries and fringe benefits	315,190	-	315,190	293,509
Grant advances	-	1,758,698	1,758,698	1,831,254
Unearned revenue	938,346	486,821	1,425,167	597,216
Notes payable - PIDA/SBF loan program	2,945,014	-	2,945,014	3,573,094
Accrued liabilities	-	109,084	109,084	147,508
Unearned revenues - revolving loan funds	4,431,203	-	4,431,203	3,654,315
Due to Corporation	-	1,539,975	1,539,975	1,256,844
Total Liabilities	9,355,041	3,894,578	13,249,619	12,567,927
Fund Balance:				
Nonspendable:				
Prepaid items	187,146	-	187,146	220,596
Unassigned	(184,492)	-	(184,492)	(217,942)
Assigned - Commission Projects	-	454,790	454,790	454,790
Total Fund Balance	2,654	454,790	457,444	457,444
Total Liabilities and Fund Balance	\$ 9,357,695	\$ 4,349,368	\$ 13,707,063	\$ 13,025,371

See accompanying notes to financial statements.

SOUTHWESTERN PENNSYLVANIA COMMISSION

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

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

	Southwestern Pennsylvania Corporation	Southwestern Pennsylvania Commission		
	General Fund	Special Revenue Fund	Total	2020
Revenues:				
Federal grants	\$ -	\$ 7,615,454	\$ 7,615,454	\$ 6,811,648
State grants	-	1,533,855	1,533,855	1,510,319
SPC member contributions	-	761,608	761,608	825,061
In-kind service contributions	-	782,392	782,392	614,443
Contributions	130,531	124,369	254,900	696,898
Loan program fees	70,679	-	70,679	64,848
Interest income and other	-	87,029	87,029	-
Total revenues	201,210	10,904,707	11,105,917	10,523,217
Expenditures:				
Salaries and employee benefits	5,321,968	-	5,321,968	5,174,029
Contractual	3,458,455	-	3,458,455	2,943,215
Printing and publications	19,566	-	19,566	26,640
Telephone	31,132	-	31,132	29,315
Postage	1,659	-	1,659	2,061
Supplies	124,332	-	124,332	164,053
In-kind services - match	782,392	-	782,392	614,443
Travel	28,666	-	28,666	71,424
Promotion, PR, and advertising	5,577	-	5,577	-
Equipment and computer services	176,724	-	176,724	181,101
Temporary personnel	19,893	-	19,893	17,601
Books, dues, and subscriptions	288,158	-	288,158	356,847
Legal/audit	120,756	-	120,756	76,572
Rent	639,791	-	639,791	624,234
Insurance	45,793	-	45,793	44,129
Meetings	26,405	-	26,405	50,609
Executive search	-	-	-	135,575
Training and development	14,650	-	14,650	11,369
Total expenditures	11,105,917	-	11,105,917	10,523,217
Excess (Deficiency) of Revenues Over Expenditures	(10,904,707)	10,904,707	-	-
Other Financing Sources (Uses):				
Transfers in	11,253,085	348,378	11,601,463	10,911,221
Transfers out	(348,378)	(11,253,085)	(11,601,463)	(10,911,221)
Total other financing sources (uses)	10,904,707	(10,904,707)	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance:				
Beginning of year	2,654	454,790	457,444	457,444
End of year	\$ 2,654	\$ 454,790	\$ 457,444	\$ 457,444

See accompanying notes to financial statements.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

1. Reporting Entity and Organization

Reporting Entity

The Southwestern Pennsylvania Commission (Commission) is a voluntary organization comprising the ten Counties of Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington, and Westmoreland, as well as the City of Pittsburgh. It was created under the Regional Planning Law, May 29, 1956, P.L. 1845, as amended, Section 3 of the Intergovernmental Cooperation Act, Number 180, July 12, 1972. The general purpose to be accomplished through the establishment of the Commission is to foster cooperative planning and coordinated effort among local government jurisdictions in southwestern Pennsylvania and to serve as a forum for the discussion of their common problems and aspirations. In keeping with this general purpose, the Commission maintains active programs of transportation planning and programming, economic development planning, and technical assistance to local governments.

The Commission consists of sixty-one voting individuals called Commissioners, which represent the Members of the Commission, the Pennsylvania Department of Transportation, the Governor's Office, the Pennsylvania Department of Community and Economic Development, the Port Authority of Allegheny County, and the Transit Operators Committee. The Commission is managed by Officers elected by the Board of Commissioners (Board).

The Commission has retained the Southwestern Pennsylvania Corporation (Corporation), a blended component unit, to conduct studies and render services and to perform its administrative functions. All administrative costs and the costs associated with studies or services provided by the Corporation on behalf of the Commission are allocated directly or by an indirect cost allocation plan. The activities of the Corporation are discussed below.

The Commission maintains an ongoing program of assistance to local governments. It is intended to help local elected officials improve management techniques and fiscal practices which will result in more efficient municipal operations. These intentions are accomplished by producing practical reference manuals, conducting workshops, and furnishing services directly to community officials on a selective basis.

As the designated Metropolitan Planning Organization, the Commission develops a comprehensive transportation plan and a transportation improvement program for the southwestern Pennsylvania area. The scope of the planning and programming process includes highways, bridges, transit, and airport system elements. Projects must originate in the plan and be consistent with the program to qualify for federal funding. The Commission

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

receives the majority of its funding from the Pennsylvania Department of Transportation as pass-through funds from the U.S. Department of Transportation.

The Commission contributes to the ongoing economic development effort in the region by sponsoring transportation-related economic impact studies, when warranted, and by providing technical support services to existing economic development agencies so that they can perform their roles more effectively.

The Commission is exempt from federal income tax as a governmental entity defined in Section 115(2) of the Code.

In accordance with accounting principles generally accepted in the United States of America the Commission is defined as a primary government. Consistent with applicable guidance, the criteria used by the Commission to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the Commission reviews the applicability of the following criteria:

The Commission is financially accountable for:

1. Organizations that make up the legal entity.
 2. Legally separate organizations if the Commission appoints a voting majority of the organizations' governing body and the Commission is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commission.
 - a. Impose its Will - If the Commission can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden - Exists if the Commission (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
 3. Organizations that are fiscally dependent on the Commission. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, or set rates or charges, or issue bonded debt without approval by the Commission.
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SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

Following is a brief description of the component unit, the Southwestern Pennsylvania Corporation (Corporation), meeting the above criteria, which is included within the financial reporting entity as a blended presentation. The blended presentation is required when a component unit is so closely related to the primary government that it is, in substance, the same as the primary government, such as when the component unit's governing body is substantively the same as the governing body of the primary government or the component unit provides services entirely to, or almost entirely, or exclusively, or almost exclusively, indirectly benefits the primary government. The component unit of the Commission is reported as the General Fund and is presented as a blended component unit because the Commission appoints the voting majority of their Board, the Commission can impose its will on the component unit, and a financial benefit or burden exists.

The Corporation was incorporated on November 1, 2010, for civic, charitable, literary, and educational purposes. The Corporation provides services to the Commission, which includes conducting studies and performing administrative functions. The Corporation's members include the voting members of the Commission as described above. The Corporation is managed by directors elected by the members. These financial statements include the financial position and the results of operations of both the Commission and the Corporation, collectively referred to as SPC.

The Corporation is the administrator of the Local Development District serving the member counties. In that capacity, the Corporation offers an array of financial, marketing, and strategic support services directed toward businesses and municipalities including the Appalachian Regional Commission - Revolving Loan Fund (ARC/RLF), Economic Development Administration – Revolving Loan Fund (EDA/RLF), Economic Development Administration – Revolving Loan Fund CARES Act, and the Small Business First Loan Fund (SBF). ARC/RLF, EDA/RLF, and the SBF are programs to provide low-interest loans to small businesses to achieve economic benefits in the service area.

The Corporation has been determined to be exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (Code) and has further been classified as an organization which is not a private foundation in accordance with Section 509(a)(3) of the Code. Because the appointment of a controlling majority of the members of the Corporation's governing body consists of local government officials, the Corporation is considered a government organization for financial reporting purposes.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

2. Summary of Significant Accounting Policies

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of SPC. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. SPC has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of SPC as of year-end. All net position is considered unrestricted as of June 30, 2021, as there are no external restrictions on net position, or amounts invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

SOUTHWESTERN PENNSYLVANIA COMMISSION

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YEAR ENDED JUNE 30, 2021

Grants and member contributions associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of SPC 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, fund equity, revenues, and expenditures or expenses, as appropriate.

SPC reports the following major governmental funds:

The General Fund is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation. The Corporation is considered the administrative arm of the Commission and provides the Commission with personnel to work on Commission projects and pays bills on behalf of the Commission. The Commission in return reimburses the Corporation for the above services. This reimbursement is reflected as an operating transfer out on the Commission Special Revenue Fund and an operating transfer in on the Corporation General Fund.

The Commission Special Revenue Fund accounts for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Receivables

Loans receivable are recorded at the time amounts are disbursed to the borrower. A loan is written off at the time the Corporation determines that a loan is not collectible and upon approval from the sponsoring agency.

Prepaid

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Unearned Revenue

Unearned revenue consists of grant funds received prior to incurring eligible expenditures. In addition, interest earned and loan program fees on the revolving loan funds are unearned in accordance with grant provisions until needed.

SOUTHWESTERN PENNSYLVANIA COMMISSION

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YEAR ENDED JUNE 30, 2021

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed and depreciated using the straight-line method over their estimated useful lives. Donated capital assets are recorded at estimated fair market value at the date of donation.

Equipment purchased under programs where the grantor retains title to the fixed asset is not capitalized. Instead, the cost of the equipment is charged to the program when purchased.

Compensated Absences

It is SPC's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since SPC does not have a policy to pay any amounts when employees separate from service with the corporation. All vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds when earned.

Cash and Cash Equivalents

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

In-Kind Contributions

In-kind contributions include services provided by various organizations which are recorded at estimated value and board members' time which is recorded at predetermined rates applied on an hourly basis. The services are recognized when the in-kind support is characterized as integral to operations. Contributed support is recognized in the financial statements in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance

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

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid expenditures.
- 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 a board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a board resolution. SPC currently does not have any committed funds.
- Assigned – This category represents intentions of the board to use the funds for specific purposes. Such assignment is made by the Finance Director, but approval is obtained from the board for all such assignments.
- Unassigned – This category represents all other funds not otherwise defined.

SPC's policy is to use funds in the order of the most restrictive to the least restrictive.

Classification of Net Position

The government-wide and proprietary fund financial statements are required to classify net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted – This component of net position consists of constraints placed on assets through external restrictions, reduced by liabilities related to those assets.
- Unrestricted – This component of net position consists of assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Budgets and Budgetary Accounting

The General Fund and the Special Revenue Fund do not have legally adopted budgets that would require separate budgetary comparison schedules. Budgetary control for certain SPC programs is maintained through enforcement of the related grant provisions.

Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) statements were adopted for the financial statements:

GASB Statement No. 84, “*Fiduciary Activities*,” improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this statement have been adopted and incorporated into these financial statements.

GASB Statement No. 90, “*Majority Equity Interests*,” improves the consistency and comparability of reporting a majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

GASB Statement No. 93, “*Replacement of Interbank Offered Rates*,” provides guidance for the replacement of an interbank offered rate, most notably the London Interbank Offered Rate (LIBOR).

These statements did not affect the financial statements of the Commission.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 89 (Accounting for Interest Cost), 91 (Conduit Debt Obligations), 92

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(Omnibus 2020), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Cash and Cash Equivalents

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

The deposit and investment policy of SPC adheres to state statutes. Deposits are maintained in demand accounts. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of SPC.

As of year-end, SPC does not hold any investments; as such, the following is a description of SPC's deposit risk:

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, SPC's deposits may not be returned to it. SPC does not have a formal deposit policy for custodial credit risk. As of June 30, 2021, \$4,667,210 of SPC's bank balance of \$5,167,210 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of \$4,995,004 as of June 30, 2021, of which \$1,953,229 is reported as revolving loan funds in the statement of net position.

Committed revolving loan funds cash and cash equivalents represent amounts approved for loans under the ARC/RLF, EDA/RLF, or SBF but not yet disbursed to the borrower. There were no committed RLF funds as of June 30, 2021. Uncommitted cash and cash equivalents include approximately \$560,000 of net loan fees paid by borrowers and held for future administrative costs.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

Restricted cash for the Corporation represents amounts contributed for specific purposes. Restricted cash for the Commission represents contributed or grant funding that has been deferred because it has not yet been spent for its intended purpose.

4. Pension Plan

SPC has a noncontributory, defined contribution pension plan (Plan) for all employees eligible to participate in the Plan. The contribution for the year ended June 30, 2021 was \$200,846. The Plan Trustee administrative fees were \$38,608. The funding policy is to contribute 7% of the employees' salaries plus a supplemental amount for employees in the Plan prior to 1985. All employees are 100% vested once three years of service are completed.

5. Accounts Receivable

Accounts receivable consist of the following:

Pennsylvania Department of Transportation	\$	925,838
Pennsylvania Department of Community and Economic Development		360,903
Appalachian Regional Commission		133,697
Federal Transit Administration		31,573
Economic Development Administration		17,673
Other		16,761
		<u>16,761</u>
	\$	<u>1,486,445</u>

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

6. Loans Receivable

Following is a roll forward of loans outstanding under the ARC/RLF, EDA/RLF, EDA/RLF CARES Act, and PIDA/SBF for the year ended June 30, 2021:

	ARC/RLF	EDA/RLF CARES Act	EDA/RLF	PIDA/SBF
Balance at June 30, 2020	\$ 1,889,819	\$ -	\$ 863,368	\$ 3,573,094
Add back monies in escrow at June 30, 2020	-	-	-	-
Less monies in escrow at June 30, 2020	-	-	-	-
Loans issued	62,355	965,588	80,000	-
Payments received	(831,769)	(8,006)	(467,876)	-
Loans written off	-	-	-	(628,080)
Balance at June 30, 2021	\$ 1,120,405	\$ 957,582	\$ 475,492	\$ 2,945,014
Number of loans outstanding	14	24	7	29

The above loans bear interest at rates ranging from 0% to 4.0% per annum. The outstanding loan balances range in amounts from \$9,178 to \$265,373 and mature through 2032.

Loans receivable - ARC/RLF consist of the outstanding balance of notes assigned to the Corporation via a Novation of the Pennsylvania Enterprise Development Revolving Loan Fund grant (ARC Contract No. 80-232), which was entered into between and among the Corporation, the Commonwealth of Pennsylvania, and the Appalachian Regional Commission on October 1, 1992, plus amounts disbursed for subsequent loans. The Corporation's obligation under these loans is to issue the loans under ARC/RLF guidelines, process payments, and employ valid collection efforts. If ARC/RLF loans are administered under the above guidelines, the Corporation will be relieved of any liability from delinquent loans by ARC.

Loans receivable - EDA/RLF CARES Act consist of outstanding loan balances awarded to borrowers via a federal grant from the U.S. Department of Commerce – Economic Development Administration to the Corporation via grant award number 01-79-15002. The purpose of the grant is to capitalize a revolving loan fund to alleviate sudden and severe economic dislocation caused by the coronavirus (COVID-19) pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic adjustment

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

objectives of the region served by this award. The Corporation's obligation under this grant award is to issue loans in accordance with EDA/RLF guidelines, process payments, and employ valid loan collection efforts. If the EDA/RLF loans are administered under the above guidelines, the Corporation will be relieved of any obligation for delinquent loans.

Loans receivable - EDA/RLF consist of outstanding loan balances awarded to borrowers via a federal grant from the U.S. Department of Commerce – Economic Development Administration to the Corporation via grant award number 01-39-03634, amended, the purpose of which is to provide a revolving loan fund to assist in the retention, expansion, and inception of small business in the southwestern Pennsylvania region. The Corporation's obligation under this grant award is to issue loans in accordance with EDA/RLF guidelines, process payments, and employ valid loan collection efforts. If the EDA/RLF loans are administered under the above guidelines, the Corporation will be relieved of any obligation for delinquent loans. The recently enacted Reinvigorating Lending for the Future Act (the Act) authorizes EDA to release its federal interest in certain Revolving Loan Fund (RLF) awards that have operated satisfactorily for seven years beyond disbursement of grant funds. By authorizing EDA to release its federal interest in certain RLF awards, the Act will reduce RLF recipient administrative burden and allow RLF award funds to be used for broader economic development purposes. In a letter dated March 29, 2021, the Commission requested that EDA release its federal interest in Investment Number 01-39-03634. The EDA approved the Commission's request and, as such, this RLF is no longer subject to the Uniform Guidance.

Loans receivable – PIDA/SBF consist of the outstanding balance of notes assigned to the Corporation on July 1, 1992, via an assignment of notes receivable agreement plus disbursements for subsequent loans less repayments. A new Master Loan Agreement for PIDA/SBF was entered into between SPC and Commonwealth of Pennsylvania Department of Community and Economic Development. This agreement is effective July 1, 2005. The Corporation's obligations under these loans are limited to administering the loans and to the assignment of collateral from the borrower. Principal and interest payments for the loans are made by the borrowers, on behalf of the Corporation, directly to the Commonwealth of Pennsylvania Department of Community and Economic Development.

7. Notes Payable – PIDA/SBF Loan Program

Notes payable – PIDA/SBF Loan Program consists of promissory notes between the Corporation and the Commonwealth of Pennsylvania Department of Community and Economic Development. This balance includes an assignment of notes receivable agreement plus notes for subsequent loans less repayments. Any difference between the loans

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

receivable and notes payable arise due to cash on hand for loans approved but not yet disbursed at June 30, 2021.

8. Contingencies

SPC receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of such funds generally requires compliance with contract requirements and is subject to audit. Any disallowed costs that may arise, resulting from such audits, could become a liability of SPC. Management expects no disallowed costs at this time.

SPC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. SPC maintains insurance through an independent insurance carrier for these types of business losses. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant changes in insurance coverage since the prior fiscal year. Management believes the insurance coverage is sufficient to cover SPC against potential losses.

9. Operating Leases

SPC currently leases approximately 28,392 square feet of office space.

The following is a schedule, by years, of future minimum rental payments required under this operating lease that has initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2021:

Year Ending June 30,	Amount
2022	\$ 613,386
2023	360,221
Total minimum payments required	<u>\$ 973,607</u>

Lease payments for the year ended June 30, 2021 were \$629,104.

SUPPLEMENTARY INFORMATION

SOUTHWESTERN PENNSYLVANIA COMMISSION

STATEMENT OF CHANGES IN UNEARNED REVENUES OF REVOLVING LOAN FUNDS

JUNE 30, 2021

(With Comparative Totals at June 30, 2020)

	Revolving Loan Funds					2021 Total	2020
	Appalachian Regional Commission	Small Business First Loan Fund	Economic Development Administration	EDA/RLF CARES Act	Other		
Increases:							
Interest income	\$ 110	\$ -	\$ 101	\$ -	\$ -	\$ 211	\$ 92
Loan interest	41,406	-	20,519	-	-	61,925	71,738
Incentive payment	-	5,611	-	-	-	5,611	4,118
Excess funds returned by ARC	-	-	-	-	-	-	-
Fees	17,245	7,938	7,513	1,202	-	33,898	25,489
Funds transferred from PIDA/SBF	-	-	100,000	-	-	100,000	-
Funds transferred from SPC	-	125,000	-	-	-	125,000	-
Other	1,392	-	-	-	-	1,392	-
Total increases	60,153	138,549	128,133	1,202	-	328,037	101,437
Decreases:							
ARC/RLF loans write-off	-	-	-	-	-	-	-
Excess funds returned	344,058	-	-	-	-	344,058	-
Refund application/admin fees	1,000	-	1,000	-	-	2,000	500
Fee sharing	-	-	-	-	-	-	-
Loan fees used	6,361	62,198	2,120	-	-	70,679	64,848
Funds transferred to EDA/RLF	-	100,000	-	-	-	100,000	-
Total decreases	351,419	162,198	3,120	-	-	516,737	65,348
Net Increase (Decrease)	(291,266)	(23,649)	125,013	1,202	-	(188,700)	36,089
Transfers in (out)	-	-	-	965,588	-	965,588	-
Unearned Revenues:							
Beginning of year	2,309,812	295,456	1,049,047	-	-	3,654,315	3,618,226
End of year	<u>\$ 2,018,546</u>	<u>\$ 271,807</u>	<u>\$ 1,174,060</u>	<u>\$ 966,790</u>	<u>\$ -</u>	<u>\$ 4,431,203</u>	<u>\$ 3,654,315</u>

SOUTHWESTERN PENNSYLVANIA COMMISSION

DETAILS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GENERAL FUNDS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for Year Ended June 30, 2020)

	Corporation General Expenses	Commission General Expenses	2021	2020
Revenues:				
Commission member contributions	\$ -	\$ 1,292	\$ 1,292	\$ 21,758
Contributions	71,191	-	71,191	67,021
Loan Fees	-	-	-	1,050
Total revenues	71,191	1,292	72,483	89,829
Expenditures:				
Staff and employee benefits	-	-	-	-
Contractual	60,968	-	60,968	60,821
Printing and reproduction	-	-	-	-
Postage	-	-	-	-
Supplies	-	-	-	-
Travel	-	-	-	-
Meetings	9,781	1,292	11,073	27,958
Communications	-	-	-	-
Books/dues/subscriptions	142	-	142	-
Legal/audit	300	-	300	1,050
Unallocated indirect expenses	-	-	-	-
Indirect	-	-	-	-
Total expenditures	71,191	1,292	72,483	89,829
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - Beginning of Year	2,654	454,790	457,444	457,444
Fund Balance - End of Year	\$ 2,654	\$ 454,790	\$ 457,444	\$ 457,444

SOUTHWESTERN PENNSYLVANIA COMMISSION

UNIFIED PLANNING WORK PROGRAM 2020 - 2022 PROGRAM YEAR

DETAILS OF EXPENDITURES BY ACTIVITY CLASSIFICATION

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for Year Ended June 30, 2020)

	Funding Source					Cash Match	2021	2020	TOTAL
	FHWA	FTA	PennDot	Local	Other (In-Kind)				
Transportation Program Development:									
Long Range Plan Implementation	\$ 392,972	\$ 99,154	\$ 39,300	\$ 26,315	\$ 57,416	\$ -	\$ 615,157	\$ 768,177	\$ 1,383,334
TIP Development & Management	396,510	-	29,663	9,888	59,577	-	495,638	506,078	1,001,716
Total transportation program development	789,482	99,154	68,963	36,203	116,993	-	1,110,795	1,274,255	2,385,050
Multimodal Transportation Planning:									
Multimodal Transportation Planning - yr1	211,951	524,481	21,533	92,847	69,939	-	920,751	917,016	1,837,767
Multimodal Transportation Planning - yr2	-	-	-	-	-	-	-	-	-
Regional Freight Planning	139,989	-	17,499	8,355	9,144	-	174,987	141,770	316,757
Port Authority planning program	-	184,000	-	-	46,000	-	230,000	230,000	460,000
Regional TDM Strategic Action Plan	-	-	-	-	-	-	-	53,690	53,690
SR 885/Second Ave Multimodal	-	-	-	-	-	-	-	113,378	113,378
SmartMoves Regional Mobility Plan - carryover FY19-20	-	68,584	8,573	8,573	-	-	85,730	148,144	233,874
Hyperloop Planning Activities	-	-	-	-	-	-	-	72,213	72,213
Total multimodal transportation planning	351,940	777,065	47,605	109,775	125,083	-	1,411,468	1,676,211	3,087,679
Transportation Operations and Safety:									
Transportation Operations and Congestion management	271,496	-	25,548	8,516	33,811	-	339,371	270,824	610,195
Transportation Safety Planning	225,174	-	29,108	9,703	17,482	-	281,467	-	281,467
Transportation Safety Planning - carryover FY19-20	33,885	-	3,984	1,329	3,158	-	42,356	265,192	307,548
Regional Roundabout Screening Study	3,951	-	988	-	-	-	4,939	96,234	101,173
Brodhead Road Corridor Planning Study	141,417	-	-	-	-	35,354	176,771	249,911	426,682
Regional Traffic Signal Program	99,446	-	17,417	5,806	1,638	-	124,307	151,103	275,410
Total transportation operations and safety	775,369	-	77,045	25,354	56,089	35,354	969,211	1,033,264	2,002,475
Data Systems and Modeling:									
Geographic Information Systems	253,323	63,331	31,665	47,498	-	-	395,817	411,910	807,727
Regional Data and Graphics Clearinghouse	245,773	-	30,722	30,722	-	-	307,217	383,385	690,602
Air Quality Modeling	251,845	-	47,221	15,740	-	-	314,806	274,203	589,009
Land use models and regional forecasts	173,847	43,462	32,596	21,731	-	-	271,636	259,447	531,083
Transportation models	244,709	61,177	45,883	30,589	-	-	382,358	286,179	668,537
Traffic Forecasts and Needs Reports	-	-	70,685	-	-	-	70,685	76,015	146,700
Highway performance monitoring - traffic count program	181,816	-	70,261	-	-	-	252,077	234,917	486,994
Highway performance monitoring - inventory	107,278	-	43,084	-	-	-	150,362	133,102	283,464
Highway performance monitoring - Lawrence County	15,000	-	-	-	3,750	-	18,750	18,750	37,500
Transportation Model Updates/Enhancements	-	-	-	-	-	-	-	-	-
Total data systems and modeling	1,473,591	167,970	372,117	146,280	3,750	-	2,163,708	2,077,908	4,241,616
Outreach and Coordination:									
UPWP administration	95,879	-	17,977	5,992	-	-	119,848	129,244	249,092
General support services	240,181	-	30,023	30,023	-	-	300,227	299,236	599,463
Member planning agency participation	197,308	-	-	-	49,328	-	246,636	249,358	495,994
Public participation / communications program	170,842	-	21,355	2,560	18,795	-	213,552	194,081	407,633
Public participation / Plan Update	19,923	19,923	2,366	7,594	-	-	49,806	-	49,806
Local Technical Assistance Program	41,970	-	-	-	-	-	41,970	56,070	98,040
Total outreach and coordination	766,103	19,923	71,721	46,169	68,123	-	972,039	927,989	1,900,028
sub-total	4,156,485	1,064,112	637,451	363,781	370,038	35,354	6,627,221	6,989,627	13,616,848

(Continued)

SOUTHWESTERN PENNSYLVANIA COMMISSION

UNIFIED PLANNING WORK PROGRAM 2020 - 2022 PROGRAM YEAR

DETAILS OF EXPENDITURES BY ACTIVITY CLASSIFICATION

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for Year Ended June 30, 2020)

	Funding Source					2021	2020	TOTAL	
	FHWA	FTA	PennDot	Local	Other (In-Kind)				Cash Match
Regional Traffic Signal Program: Cycle 3 Projects									
Worthington Boro/West Franklin SR 422	6,547	-	-	-	-	1,637	8,184	145,195	153,379
Slippery Rock Borough SINC UP	-	-	-	-	-	-	-	15,175	15,175
Cranberry SINC	-	-	-	-	-	-	-	3	3
Cranberry Twp/Adams Twp/Seven Fields SINC UP	-	-	-	-	-	-	-	47,030	47,030
Cranberry Twp/Marshall SINC	-	-	-	-	-	-	-	13,592	13,592
Ellwood City SINC UP	-	-	-	-	-	-	-	36,243	36,243
Ambridge Borough SINC UP	-	-	-	-	-	-	-	27,620	27,620
Brentwood Borough SINC UP	-	-	-	-	-	-	-	41,033	41,033
Greentree Borough SINC UP	-	-	-	-	-	-	-	115,333	115,333
Bethel Park/USC McMurray Road SINC UP	-	-	-	-	-	-	-	3,851	3,851
McKeesport SR 148 SINC UP	-	-	-	-	-	-	-	22,988	22,988
Midland Borough SR 68/168 SINC UP	-	-	-	-	-	-	-	85,363	85,363
City of Pittsburgh Liberty Ave	20,531	-	-	-	-	82,681	103,212	28,918	132,130
North Huntington Township SR 30	6,751	-	-	-	-	1,688	8,439	-	8,439
Penn Township SR 130	12,039	-	-	-	-	3,010	15,049	-	15,049
Total regional traffic signal program: Cycle 3 projects	45,868	-	-	-	-	89,016	134,884	582,344	717,228
Total UPWP program	\$ 4,202,353	\$ 1,064,112	\$ 637,451	\$ 363,781	\$ 370,038	\$ 124,370	\$ 6,762,105	\$ 7,571,971	\$ 14,334,076

(Concluded)

SOUTHWESTERN PENNSYLVANIA COMMISSION

PENNSYLVANIA TURNPIKE COMMISSION

CUMULATIVE REVENUES, EXPENDITURES, AND COMPUTATION OF PROJECT GRANTS ON CURRENT PROJECTS

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

	Turnpike			Southern Beltway		June 30, 2021		June 30, 2020	
	Contract No. 6105-86-019, 00-28-0019, 8130-28-019, 6114-89-125, and 89-014-G125 1986-2014	Contract No. 00-28-0019 and 89-014-G125 2014-2016	Project Total	Contract No. 8130-29-019, 6114-89-125, 00-29-0019, 89-014-G125 and 4400001154 Total	Current Year Total	Cumulative Total	Total	Cumulative Total	
Revenues:									
State grants	\$ 1,327,848	\$ -	\$ 1,327,848	\$ 244,507	\$ -	\$ 1,572,355	\$ -	\$ 1,572,355	
Expenditures:									
Salaries and employee benefits	\$ 797,559	\$ -	\$ 797,559	\$ 129,634	\$ -	\$ 927,193	\$ -	\$ 927,193	
Consultants	65,724	-	65,724	54,054	-	119,778	-	119,778	
Printing and publications	5,617	-	5,617	2,746	-	8,363	-	8,363	
Telephone	5	-	5	-	-	5	-	5	
Postage	389	-	389	25	-	414	-	414	
Supplies	379	-	379	260	-	639	-	639	
Travel and meetings	8,471	-	8,471	1,351	-	9,822	-	9,822	
Equipment and computer services	103,459	-	103,459	-	-	103,459	-	103,459	
Temporary personnel	2,616	-	2,616	-	-	2,616	-	2,616	
Books, dues, and subscriptions	16	-	16	11	-	27	-	27	
Legal/audit	63	-	63	-	-	63	-	63	
Indirect costs	343,550	-	343,550	56,426	-	399,976	-	399,976	
Total expenditures	\$ 1,327,848	\$ -	\$ 1,327,848	\$ 244,507	\$ -	\$ 1,572,355	\$ -	\$ 1,572,355	
			State participation in project costs		100%	\$ 1,700,000	100%	\$ 1,700,000	
			State grant allowed is 100% of expenditures		\$ -	\$ 1,572,355	\$ -	\$ 1,572,355	
			Less grant payments		-	(1,572,355)	-	(1,572,355)	
			Receivable at June 30		\$ -	\$ -	\$ -	\$ -	

SOUTHWESTERN PENNSYLVANIA COMMISSION

ECONOMIC DEVELOPMENT PROGRAMS

COMBINING STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

	<u>Appalachian Regional Commission</u>				<u>U.S. DoD - Defense Logistics Agency</u>			2021 Page Subtotal
	Planning and Administration 302 (a)				IUP Research Subaward			
	PA-0708E-C28-R1-20				PA-0708E-C29-R1-21			
	Jan 1, 2020 to June 30, 2020	3101 July 1, 2020 to Dec 31, 2020	Total	5101 Jan 1, 2021 to June 30, 2021	3901 Sept 1, 2019 to June 30, 2020	3901 July 1, 2020 to August 31, 2020	Total	
Revenues:								
Federal grants	\$ 44,698	\$ 45,788	\$ 90,486	\$ 48,302	\$ 55,765	\$ -	\$ 55,765	\$ 94,090
State grants	-	-	-	-	-	-	-	-
SPC member contributions	29,684	35,454	65,138	34,702	-	-	-	70,156
In-kind contributions	1,594	13,670	15,264	8,034	-	-	-	21,704
Contributions	5,600	5,600	11,200	5,600	-	-	-	11,200
Loan program fees	-	-	-	-	-	-	-	-
Interest income and other	-	-	-	-	-	396	396	396
Total revenues	81,576	100,512	182,088	96,638	55,765	396	56,161	197,546
Expenditures:								
Salaries and employee benefits	46,130	49,916	96,046	54,546	28,234	-	28,234	104,462
Contractual	-	-	-	-	-	-	-	-
Printing and publications	-	8	8	-	28	-	28	8
Telephone	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-
Supplies	-	173	173	-	123	-	123	173
In-kind services - match	1,594	13,670	15,264	8,034	-	-	-	21,704
Travel	1,778	300	2,078	150	2,855	-	2,855	450
Meetings	-	-	-	-	150	-	150	-
Communications	-	-	-	-	-	-	-	-
Promotion, PR, and advertising	-	-	-	-	-	-	-	-
Equipment and computer services	-	-	-	-	-	-	-	-
Books, dues, and subscriptions	7,875	7,875	15,750	7,875	10,020	396	10,416	16,146
Temp personnel	-	-	-	-	-	-	-	-
Legal/audit	-	-	-	-	864	-	864	-
Education	-	-	-	-	-	-	-	-
Indirect costs	24,199	28,570	52,769	26,033	13,491	-	13,491	54,603
Total expenditures	81,576	100,512	182,088	96,638	55,765	396	56,161	197,546
Excess (Deficiency) Revenues Over Expenditures	-	-	-	-	-	-	-	-
Other Financing Source:								
Operating transfer in	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

SOUTHWESTERN PENNSYLVANIA COMMISSION

ECONOMIC DEVELOPMENT PROGRAMS

COMBINING STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

(Continued)

	PA DCED	PA DCED	EDA_RLF	EDA	CHIRP	ARC Shale POWER Initiative			2021 Page Subtotal
	Regional Export Network	ENGAGE! Program	CARES Act	CARES Act Recovery	Program Assistance	3225			
	C000073827 July 1, 2020 to June 30, 2021	C000068411 July 1, 2020 to June 30, 2021	01-79-15002 July 1, 2020 to June 30, 2021	ED20PHI3070055 July 1, 2020 to June 30, 2021	July 1, 2020 to June 30, 2021	PW-19708-IM-19			
						Oct 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021	Total	
Revenues:									
Federal grants	\$ -	\$ -	\$ 1,000,345	\$ 43,654	\$ -	\$ 69,445	\$ 366,297	\$ 435,742	\$ 1,410,296
State grants	119,722	257,103	-	-	-	-	-	-	376,825
SPC member contributions	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	64,784	324,372	389,156	324,372
Contributions	-	-	-	-	-	-	-	-	-
Loan program fees	-	-	-	-	-	-	-	-	-
Interest income and other	6,109	3,830	-	-	15,135	2,271	3,261	5,532	28,335
Total revenues	125,831	260,933	1,000,345	43,654	15,135	136,500	693,930	830,430	2,139,828
Expenditures:									
Salaries and employee benefits	64,142	8,884	23,604	29,811	459	4,637	7,023	11,660	133,923
Contractual	-	248,219	965,588	-	-	64,808	359,274	424,082	1,573,081
Printing and publications	3	-	-	-	-	-	-	-	3
Telephone	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-
Supplies	2,680	-	246	123	-	-	-	-	3,049
In-kind services - match	-	-	-	-	-	64,784	324,372	389,156	324,372
Travel	-	-	-	-	-	-	-	-	-
Meetings	14,000	-	-	-	-	-	-	-	14,000
Communications	4,912	-	-	-	-	-	-	-	4,912
Promotion, PR, and advertising	-	-	-	-	-	-	-	-	-
Equipment and computer services	-	-	-	-	-	-	-	-	-
Books, dues, and subscriptions	-	-	-	-	-	-	-	-	-
Temp personnel	-	-	-	-	-	-	-	-	-
Legal/audit	3,000	-	78	-	14,356	-	-	-	17,434
Education	-	-	-	-	-	-	-	-	-
Indirect costs	37,094	3,830	10,829	13,720	320	2,271	3,261	5,532	69,054
Total expenditures	125,831	260,933	1,000,345	43,654	15,135	136,500	693,930	830,430	2,139,828
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
Other Financing Source:									
Operating transfer in	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

(Continued)

SOUTHWESTERN PENNSYLVANIA COMMISSION

ECONOMIC DEVELOPMENT PROGRAMS

COMBINING STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

(Continued)

		Partnerships for Regional Economic Performance (PREP) Program								
		ARC 302 (b) PREP	PADCED PREP	Local Match	Loan Program Fees	Total				
JARI PTAC Program SP4800-20-2-2032 July 1, 2020 to June 30, 2021	Economic Development Administration 301(b) EDA ED19PHI3020068(Yr2) July 1, 2020 to June 30, 2021	PA-11055-C28-302-20 July 1, 2020 to June 30, 2021	C000072664 July 1, 2020 to June 30, 2021	July 1, 2020 to June 30, 2021	July 1, 2020 to June 30, 2021	Total	2021 Page Subtotal	2021 Total	2020 Total	
Revenues:										
Federal grants	\$ -	\$ 61,123	\$ 387,672	\$ -	\$ -	\$ -	\$ 387,672	\$ 448,795	\$ 1,953,181	\$ 677,850
State grants	-	-	-	518,676	-	-	518,676	518,676	895,501	767,613
SPC member contributions	-	40,603	-	-	7,396	-	7,396	47,999	118,155	95,166
In-kind contributions	-	20,815	-	-	-	-	-	20,815	366,891	101,082
Contributions	-	-	-	-	-	-	-	-	11,200	10,080
Loan program fees	-	-	-	-	-	70,679	70,679	70,679	70,679	63,798
Interest income and other	58,298	-	-	-	-	-	-	58,298	87,029	2,271
Total revenues	58,298	122,541	387,672	518,676	7,396	70,679	984,423	1,165,262	3,502,636	1,717,860
Expenditures:										
Salaries and employee benefits	37,077	66,595	222,049	192,970	4,659	36,276	455,954	559,626	798,011	726,461
Contractual	-	-	-	187,896	-	-	187,896	187,896	1,760,977	362,915
Printing and publications	-	10	1,111	695	-	277	2,083	2,093	2,104	1,910
Telephone	-	-	776	707	49	48	1,580	1,580	1,580	2,804
Postage	-	-	47	32	-	11	90	90	90	527
Supplies	2,200	-	234	1,252	-	60	1,546	3,746	6,968	1,168
In-kind services - match	-	20,815	-	-	-	-	-	20,815	366,891	101,082
Travel	417	25	1,113	949	-	294	2,356	2,798	3,248	15,593
Meetings	-	-	-	-	-	-	-	-	14,000	7,185
Communications	-	-	30,298	24,050	379	4,159	58,886	58,886	63,798	60,934
Promotion, PR, and advertising	-	-	-	500	-	-	500	500	500	-
Equipment and computer services	-	-	1,713	965	-	519	3,197	3,197	3,197	4,095
Books, dues, and subscriptions	869	-	4,018	3,268	-	1,058	8,344	9,213	25,359	36,857
Temp personnel	-	-	-	-	-	-	-	-	-	-
Legal/audit	-	-	10,717	6,470	-	8,672	25,859	25,859	43,293	21,463
Education	-	-	474	286	-	125	885	885	885	1,498
Indirect costs	17,735	35,096	115,122	98,636	2,309	19,180	235,247	288,078	411,735	373,368
Total expenditures	58,298	122,541	387,672	518,676	7,396	70,679	984,423	1,165,262	3,502,636	1,717,860
Excess (Deficiency) Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Other Financing Source:										
Operating transfer in	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Concluded)

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF OTHER PROGRAMS AND GRANTS

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

	SPC Communications	Water Resource Planning	Natural Heritage Data Update	Executive Search	Broadband Connectivity	Evolution Strategy	2021 Total	2020
Revenues:								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	901	-	-	-	901	-
SPC member contributions	-	166,420	-	-	-	111,961	278,381	310,267
In-kind contributions	-	-	-	-	-	-	-	1,320
Contributions	-	-	-	2,446	45,694	-	48,140	135,575
Other	-	-	-	-	-	-	-	28,411
Total revenues	-	166,420	901	2,446	45,694	111,961	327,422	475,573
Expenditures:								
Salaries and employee benefits	219,254	101,296	-	-	-	-	320,550	388,444
Contractual	-	-	901	-	45,694	105,369	151,964	44,787
Printing and publications	425	13	-	-	-	-	438	1,197
Telephone	2,017	-	-	-	-	-	2,017	-
Postage	-	-	-	-	-	-	-	2
Supplies	4,593	695	-	-	-	-	5,288	6,397
In-kind services match	-	-	-	-	-	-	-	1,320
Travel	326	192	-	-	-	-	518	5,862
Meetings	-	500	-	-	-	-	500	1,897
Communications allocation	-	9,803	-	-	-	-	9,803	9,374
Promotion, PR, and advertising	-	-	-	-	-	-	-	-
Equipment and computer services	-	131	-	-	-	-	131	225
Books, dues, and subscriptions	6,949	262	-	-	-	-	7,211	11,126
Temporary personnel	-	-	-	-	-	-	-	-
Legal/audit	421	-	-	2,446	-	6,592	9,459	137,045
Training and development	-	450	-	-	-	-	450	1,535
Indirect costs	114,393	53,078	-	-	-	-	167,471	199,126
Total expenditures	348,378	166,420	901	2,446	45,694	111,961	675,800	808,337
Excess (Deficiency) of Revenues Over Expenditures	(348,378)	-	-	-	-	-	(348,378)	(332,764)
Other Financing Source:								
Operating transfers in	348,378	-	-	-	-	-	348,378	332,764
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF FEDERAL TRANSIT ADMINISTRATION GRANTS

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

	<u>FTA-CommuterInfo Programs (2601-2604-2606)</u>			<u>FTA-CommuterInfo Programs (2601)</u>			<u>FTA-CMAQ Planning Program (2605,2609)</u>			Page Subtotal
	<u>PA-90-X471-01-02</u>			<u>PA-90-X672-01...05 closed</u>			<u>PA-95-X007-00-03-06-07</u>			
	March 10, 2003 to June 30, 2020	July 1, 2020 to June 30, 2021	Total	July 1, 2008 to June 30, 2020	July 1, 2020 to June 30, 2021	Total	July 1, 2007 to June 30, 2020	July 1, 2020 to June 30, 2021	Total	
Revenues:										
Federal grants	\$ 3,220,629	\$ 39,526	\$ 3,260,155	\$ 1,787,076	\$ -	\$ 1,787,076	\$ 2,675,716	\$ 107,188	\$ 2,782,904	\$ 146,714
State grants	100,000	-	100,000	50,000	-	50,000	-	-	-	-
SPC member contributions	-	-	-	1,340	-	1,340	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Other local match	50,774	-	50,774	-	-	-	9,000	-	9,000	-
In-kind contributions	668,390	9,882	678,272	396,770	-	396,770	671,014	26,797	697,811	36,679
Contributions	-	-	-	-	-	-	-	-	-	-
Regional Enterprise Tower	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	4,039,793	49,408	4,089,201	2,235,186	-	2,235,186	3,355,730	133,985	3,489,715	183,393
Expenditures:										
Salaries and employee benefits	539,303	17,715	557,018	21,947	-	21,947	556,915	54,942	611,857	72,657
Contractual	2,293,550	-	2,293,550	1,802,036	-	1,802,036	1,727,341	10,440	1,737,781	10,440
Printing and publications	30,610	4	30,614	-	-	-	26,110	19	26,129	23
Telephone	1,673	-	1,673	-	-	-	-	-	-	-
Postage	541	-	541	-	-	-	5	-	5	-
Supplies	58,332	9,860	68,192	395	-	395	6,961	-	6,961	9,860
In-kind services match	668,390	9,882	678,272	396,770	-	396,770	671,014	26,797	697,811	36,679
Travel	31,129	-	31,129	2,543	-	2,543	8,785	-	8,785	-
Meetings	33,648	-	33,648	-	-	-	-	-	-	-
Rent	18,800	1,400	20,200	-	-	-	-	-	-	1,400
Equipment and computer services	29,908	-	29,908	-	-	-	-	261	261	261
Books, dues, and subscriptions	2,164	281	2,445	-	-	-	74	-	74	281
Communications	49,329	-	49,329	-	-	-	72,192	4,912	77,104	4,912
Promotion, PR and advertising	-	-	-	-	-	-	-	5,077	5,077	5,077
Legal/audit	11,979	-	11,979	58	-	58	16,158	2,896	19,054	2,896
Education	5,127	-	5,127	1,200	-	1,200	589	-	589	-
Indirect costs	265,310	10,266	275,576	10,237	-	10,237	269,586	28,641	298,227	38,907
Total expenditures	4,039,793	49,408	4,089,201	2,235,186	-	2,235,186	3,355,730	133,985	3,489,715	183,393
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Other Financing Source:										
Operating transfers in	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF FEDERAL TRANSIT ADMINISTRATION GRANTS

YEAR ENDED JUNE 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

(Continued)

	<u>FTA - JARC Program (2650)</u>			<u>FTA - JARC Program (2650)</u>			<u>FTA - JARC Program (2650)</u>			Page Subtotal
	<u>PA-37-X048-00 closed</u>			<u>PA-37-X037-00-01 closed</u>			<u>PA-37-X046-00 (2650) closed</u>			
	July 1, 2011 to June 30, 2020	July 1, 2020 to June 30, 2021	Total	July 1, 2009 to June 30, 2020	July 1, 2020 to June 30, 2021	Total	July 1, 2011 to June 30, 2020	July 1, 2020 to June 30, 2021	Total	
Revenues:										
Federal grants	\$ 2,586,137	\$ -	\$ 2,586,137	\$ 1,658,273	\$ -	\$ 1,658,273	\$ 1,335,404	\$ -	\$ 1,335,404	\$ -
State grants	2,068,336	-	2,068,336	1,349,244	-	1,349,244	1,241,078	-	1,241,078	-
SPC member contributions	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Other local match	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Regional Enterprise Tower	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	4,654,473	-	4,654,473	3,007,517	-	3,007,517	2,576,482	-	2,576,482	-
Expenditures:										
Salaries and employee benefits	67,481	-	67,481	242,598	-	242,598	55,118	-	55,118	-
Contractual	4,554,572	-	4,554,572	2,645,490	-	2,645,490	2,493,192	-	2,493,192	-
Printing and publications	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
In-kind services match	-	-	-	-	-	-	-	-	-	-
Travel	180	-	180	1,014	-	1,014	552	-	552	-
Meetings	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-
Equipment and computer services	-	-	-	-	-	-	-	-	-	-
Books, dues, and subscriptions	45	-	45	1,022	-	1,022	100	-	100	-
Communications	-	-	-	-	-	-	-	-	-	-
Promotion, PR and advertising	-	-	-	-	-	-	-	-	-	-
Legal/audit	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	1,169	-	1,169	-	-	-	-
Indirect costs	32,195	-	32,195	116,224	-	116,224	27,520	-	27,520	-
Total expenditures	4,654,473	-	4,654,473	3,007,517	-	3,007,517	2,576,482	-	2,576,482	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Other Financing Source:										
Operating transfers in	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF FEDERAL TRANSIT ADMINISTRATION GRANTS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for Year Ended June 30, 2020)
(Continued)

	FTA - CARES Act (2611)			FTA-NFI Program (2651)			FTA-CommuterInfo Programs (2601)			2021	2020
	PA-90-X959			PA-57-X016-00 (2651)			PA-90-X749 (2601)				
	June 30, 2020	July 1, 2020 to June 30, 2021	Total	July 1, 2011 to June 30, 2020	July 1, 2020 to June 30, 2021	Total	July 1, 2011 to June 30, 2020	July 1, 2020 to June 30, 2021	Total		
Revenues:											
Federal grants	\$ -	\$ 213,967	\$ 213,967	\$ 2,458,310	\$ -	\$ 2,458,310	\$ 1,707,024	\$ 35,128	\$ 1,742,152	\$ 395,809	\$ 534,522
State grants	-	-	-	1,898,658	-	1,898,658	-	-	-	-	-
SPC member contributions	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Other local match	-	-	-	-	-	-	-	-	-	-	47
In-kind contributions	-	-	-	-	-	-	426,756	8,782	435,538	45,461	133,412
Contributions	-	-	-	-	-	-	-	-	-	-	-
Regional Enterprise Tower	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	213,967	213,967	4,356,968	-	4,356,968	2,133,780	43,910	2,177,690	441,270	667,981
Expenditures:											
Salaries and employee benefits	-	33,871	33,871	54,556	-	54,556	223,709	21,326	245,035	127,854	128,072
Contractual	-	164,406	164,406	4,276,035	-	4,276,035	1,294,750	3,295	1,298,045	178,141	318,235
Printing and publications	-	-	-	-	-	-	17	-	17	23	41
Telephone	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	27,898	-	27,898	9,860	13,323
In-kind services match	-	-	-	-	-	-	426,756	8,782	435,538	45,461	133,412
Travel	-	-	-	56	-	56	15,753	-	15,753	-	704
Meetings	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	1,400	2,400
Equipment and computer services	-	-	-	-	-	-	-	-	-	261	-
Books, dues, and subscriptions	-	-	-	120	-	120	60	174	234	455	82
Communications	-	-	-	-	-	-	-	-	-	4,912	4,692
Promotion, PR and advertising	-	-	-	-	-	-	-	-	-	5,077	-
Legal/audit	-	500	500	-	-	-	34,088	-	34,088	3,396	-
Education	-	-	-	14	-	14	195	-	195	-	745
Indirect costs	-	15,190	15,190	26,187	-	26,187	110,554	10,333	120,887	64,430	66,275
Total expenditures	-	213,967	213,967	4,356,968	-	4,356,968	2,133,780	43,910	2,177,690	441,270	667,981
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-	-
Other Financing Source:											
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Concluded)

SOUTHWESTERN PENNSYLVANIA COMMISSION

ACTUAL OVERHEAD COSTS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for Year Ended June 30, 2020)

	Actual 2021	2020
Overhead Costs:		
Salaries and fringe benefits	\$ 1,004,169	\$ 959,445
Contractual	247,538	233,111
Printing	14,062	12,303
Telephone	21,913	19,574
Postage	1,462	1,427
Supplies	59,700	81,975
Travel	1,451	3,622
Meeting	19	40
Equipment purchase/lease/maintenance	126,776	122,752
Dues and subscriptions	21,179	24,947
Insurance	45,793	44,129
Legal/audit	53,317	45,476
Rent	637,250	620,694
Training and development	-	1,029
	2,234,629	2,170,524
Overhead incurred	2,234,629	2,170,524
Total overhead applied	2,234,629	2,170,524
Fringe Costs:		
FICA employer taxes	292,592	275,615
Health insurance	849,523	773,144
Life/disability insurance	38,185	37,577
Unemployment compensation	16,565	19,016
Workmen's compensation insurance	5	(418)
Pension	239,453	242,668
Financial planning, tuition, etc.	900	400
Flex benefits/fees	31,275	32,543
Transit deduct	12,357	23,744
Leave time	523,599	550,972
	2,004,454	1,955,261
Fringe costs incurred	2,004,454	1,955,261
Total fringe costs applied	2,004,454	1,955,261
Total Overhead and Fringe Costs Applied	\$ 4,239,083	\$ 4,125,785

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grantor's and Pass-Through Numbers	Program or Award Amount	Cumulative Award Expenditures Through June 30, 2020	Amounts Passed through to Subrecipients	2021 Direct Expenditures	2021 Total Expenditures	Cumulative Award Expenditures Through June 30, 2021
U.S. Department of Transportation								
Passed through the Pennsylvania Department of Transportation and the Southwestern Pennsylvania Commission:								
Highway Planning and Construction Cluster:								
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	521165	\$ 8,940,000	\$ 8,399,102	\$ -	\$ 33,885	\$ 33,885	\$ 8,432,987
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	521165	2,157,000	1,990,661	-	68,584	68,584	2,059,245
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	521165	9,519,000	-	-	4,122,600	4,122,600	4,122,600
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	521165	2,066,000	-	184,000	811,528	995,528	995,528
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	101020086	465,452	-	-	6,547	6,547	6,547
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	119111	2,502,880	421,795	-	20,531	20,531	442,326
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	M125585000	668,800	-	-	18,790	18,790	18,790
Total Highway Planning and Construction Cluster				10,811,558	184,000	5,082,465	5,266,465	16,078,023
Direct Programs:								
Federal Transit Cluster:								
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	PA-90-X471-00-01-02	3,287,952	3,220,629	-	39,526	39,526	3,260,155
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	PA-90-X749-00-01	2,000,000	1,707,024	-	35,128	35,128	1,742,152
COVID 19 - Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	PA-2020-032-01-00/PA-90-X959	2,468,965	-	-	213,967	213,967	213,967
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	PA-95-X007-00-01-02-03-06-07	3,085,000	2,675,716	-	107,188	107,188	2,782,904
Total Federal Transit Cluster				7,603,369	-	395,809	395,809	7,999,178
Total U.S. Department of Transportation				18,414,927	184,000	5,478,274	5,662,274	24,077,201
Appalachian Regional Commission								
Direct Programs:								
Appalachian Regional Development:								
ARC 302(a) 2020	23.001	PA-0708E-C28-R1-302-20	103,000	44,698	-	45,788	45,788	90,486
ARC 302(a) 2021	23.001	PA-0708E-C29-R1-302-21	101,900	-	-	48,302	48,302	48,302
Total Appalachian Regional Development				44,698	-	94,090	94,090	138,788
Appalachian Area Development:								
ARC Shale POWER Grant 10/2019 to 9/2022	23.002	PW-19708-IM-302-19	1,423,497	69,445	359,274	7,023	366,297	435,742
ARC 302(b) 07/2020 - 06/2021	23.002	PA-11055-C28-302-20	400,000	-	-	387,672	387,672	387,672
Total Appalachian Area Development				69,445	359,274	394,695	753,969	823,414
Total Direct Programs				114,143	359,274	488,785	848,059	962,202

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor's and Pass-Through Numbers</u>	<u>Program or Award Amount</u>	<u>Cumulative Award Expenditures Through June 30, 2020</u>	<u>Amounts Passed through to Subrecipients</u>	<u>2021 Direct Expenditures</u>	<u>2021 Total Expenditures</u>	<u>Cumulative Award Expenditures Through June 30, 2021</u>
<u>Appalachian Regional Commission (continued)</u>								
Revolving Loan Program:								
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	ARC93-67	1,451,274	2,174,017	-	1,958,535	1,958,535	1,958,535
Total Appalachian Regional Commission				2,288,160	359,274	2,447,320	2,806,594	2,920,737
<u>U.S. Department of Defense</u>								
Passed Through Johnstown Area Regional Industries (JARI):								
Procurement Technical Assistance for Business Firms - 9/1/2020 to 7/31/2021	12.002	SP4800-20-2-2032	82,894	-	-	58,298	58,298	58,298
Passed Through Indiana University of Pennsylvania:								
Procurement Technical Assistance for Business Firms - 9/1/2019 to 8/31/2020	12.002	SP4800-19-2-1935	101,690	55,765	-	396	396	56,161
Total Procurement Technical Assistance for Business Firms				55,765	-	58,694	58,694	114,459
Total U.S. Department of Defense				55,765	-	58,694	58,694	114,459
<u>U.S. Department of Commerce</u>								
Direct Programs:								
Economic Development Support for Planning Organizations - 7/20 - 6/21	11.302	ED19PHI3020068 Year 2	70,000	-	-	61,123	61,123	61,123
Economic Development Cluster:								
Revolving Loan Fund (RLF):								
COVID 19 - Economic Adjustment Assistance Administration of the RLF:	11.307	01-79-15002/URI:115174	1,000,000	-	-	970,877	970,877	970,877
COVID 19 - Economic Adjustment Assistance	11.307	01-79-15002/URI:115174	100,855	-	-	34,757	34,757	34,757
COVID 19 - Economic Adjustment Assistance	11.307	ED20PHI3070055	400,000	-	-	43,654	43,654	43,654
Total Economic Development Cluster and 11.307				-	-	1,049,288	1,049,288	1,049,288
Total U.S. Department of Commerce				-	-	1,110,411	1,110,411	1,110,411
Total Expenditures of Federal Awards				\$ 20,758,852	\$ 543,274	\$ 9,094,699	\$ 9,637,973	\$ 28,222,808

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Southwestern Pennsylvania Commission (SPC) under programs of the federal government for the year ended June 30, 2021. 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 SPC, it is not intended to and does not present the financial statements of SPC.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the 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.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

3. Revolving Loan Funds

SPC administers the Economic Development Administration (EDA) Revolving Loan Fund (RLF) and the EDA CARES Act RLF. The EDA CARES Act RLF was capitalized during the year ended June 30, 2021, through a federal grant from the EDA. This EDA CARES Act RLF is reported on the Schedule as the COVID-19 EDA RLF. In a letter dated March 29, 2021, SPC requested that the EDA release its federal interest in the EDA RLF. The EDA approved SPC's request and, as a result, this EDA RLF is no longer subject to Uniform Guidance and is no longer required to be reported on the Schedule.

Federal expenditures for the COVID-19 EDA and the Appalachian Regional Commission (ARC) RLF were calculated as follows:

	COVID-19 EDA
Balance of the RLF at June 30, 2021	\$ 957,582
Plus:	
Cash and investment balance in the RLF at June 30, 2021	13,295
Administrative expenses paid out of the RLF during the fiscal year	-
The unpaid principal of all loans written off during the fiscal year	-
	<u>970,877</u>
Multiplied by:	
The federal share of the RLF	<u>100%</u>
Total RLF federal expenditures	<u><u>\$ 970,877</u></u>

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

	ARC
Balance of the RLF at July 1, 2020	\$ 1,889,819
Plus:	
Current year new loans	62,355
RLF income earned and expended	6,361
	1,958,535
Multiplied by:	
The federal share of the RLF	100%
Total RLF federal expenditures	\$ 1,958,535

Loans outstanding at the beginning of the year, loans made during the year, and loans outstanding at June 30, 2021 consist of:

	COVID-19 EDA	ARC
Revolving Loan Fund Program		
Balance of the RLF at July 1, 2020	\$ -	\$ 1,889,819
Plus: Loans issued	965,588	62,355
Less: Loans paid off	(8,006)	(831,769)
Less: Writeoffs	-	-
Balance of the RLF at June 30, 2021	\$ 957,582	\$ 1,120,405

4. Indirect Cost Rate

SPC did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Southwestern Pennsylvania Commission

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2021



**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***

**Executive Committee and
Commissioners
Southwestern Pennsylvania
Commission**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Southwestern Pennsylvania Commission (Commission) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated March 29, 2022.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we

Executive Committee and Commissioners
Southwestern Pennsylvania Commission
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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
March 29, 2022

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**Executive Committee and Commissioners
Southwestern Pennsylvania Commission**

Report on Compliance for Each Major Federal Program

We have audited the Southwestern Pennsylvania Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission’s major federal programs for the year ended June 30, 2021. 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.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

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

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

Executive Committee and Commissioners
Southwestern Pennsylvania Commission
Independent Auditor's Report on Compliance
for Each Major Program

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001, Subrecipient Monitoring and Reporting. Our opinion on each major federal program is not modified with respect to this matter.

The Commission's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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

Executive Committee and Commissioners
Southwestern Pennsylvania Commission
Independent Auditor's Report on Compliance
for Each Major Program

prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

The Commission's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
March 29, 2022

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

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:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
23.002	Appalachian Area Development
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects
11.307	Economic Development Cluster

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

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

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

No matters were reported.

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

III. Findings and questioned costs for federal awards.

Finding 2021-001: Subrecipient Monitoring and Reporting

Program Name: Appalachian Regional Commission, Appalachian Area Development, AL Number: 23.002 (Grant No. PW-19708-IM-302-19)

Criteria of Specific Requirement: In accordance with 2 CFR 200.332, a pass-through entity's (PTE) subrecipient monitoring activities must include verifying that subrecipients are audited as required by 2 CFR Subpart F when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR 200. The PTE must also follow up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the PTE, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward. The Federal Funding Accountability and Transparency Act (FFATA) (as codified in 2 CFR 170) requires direct recipients of grants or cooperative agreements to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) no later than the end of the month following the month in which the obligation was made.

Condition: The Commission has one subrecipient under this award and the total subaward is \$1,340,450. The subaward was not reported to the FSRS and no documentation existed to show whether the Commission verified that the subrecipient was audited.

Questioned Costs: None

Cause: The Southwestern Pennsylvania Commission (Commission) has established formal subrecipient monitoring policies. However, policies regarding single audit report review and compliance issues resolution were not followed. The Commission does not have formal policies in place to identify subawards that require reporting in the FSRS.

Effect: A failure to review single audit results for subrecipients could result in noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward, as well as adjustments to the Commission's own records. Lack of controls surrounding FSRS reporting could result in required subaward information not being reported in FSRS or not being reported correctly.

Identification as a Repeat Finding: This is not a repeat finding from the prior audit.

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Recommendation: The Commission should adopt formal policies and procedures for identifying and reporting subawards under FFATA and provide training on its internal control system surrounding subrecipient awards to ensure that monitoring is performed in accordance with the Commission's internal policies and uniform guidance.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding. See separate corrective action plan.

SOUTHWESTERN PENNSYLVANIA COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2021

NONE



SOUTHWESTERN PENNSYLVANIA COMMISSION

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Vincent Valdes

CORRECTIVE ACTION PLAN

March 29, 2022

Southwestern Pennsylvania Commission submits the following corrective action plan for year ending June 30, 2021

Name and Address of Independent Public Accounting Firm:

Maher Duessel
503 Martindale Street
Suite 600
Pittsburgh, PA 15212

Audit Period: July 1, 2020 – June 30, 2021

The finding from the June 30, 2021 Schedule of Findings and Questioned Costs is discussed below:

Finding 2021-001: Subrecipient Monitoring and Reporting

Condition: The Commission has one subrecipient under this award and the total subaward is \$1,340,450. The subaward was not reported to the FSRS and no documentation existed to show whether the Commission verified that the subrecipient was audited.

Questioned Costs: None

Action Taken: The Commission's Finance & Accounting Department has updated Subrecipient Monitoring policies to include the FDP's Checklist to Determine Subrecipient or Contractor Classification and a Subrecipient Risk Assessment Checklist. Staff in the Sponsored Programs Management Office under the Finance and Accounting Department have been trained in use of the checklists and details of the policy.

Completion Date: Policies and Procedures updated March 16, 2022; staff training will be completed by March 31, 2022.

Please contact Margaret Fonner, Deputy Executive Director for Finance and Operations at 412-391-5590, ext. 322 or mfonner@spcregion.org with any questions.

Best regards,

Vincent Valdes
Executive Director