

Southwestern Pennsylvania Commission

Financial Statements
and Required Supplementary and
Supplementary Information

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



MaherDuessel

SOUTHWESTERN PENNSYLVANIA COMMISSION

YEAR ENDED JUNE 30, 2020

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SOUTHWESTERN PENNSYLVANIA COMMISSION

YEAR ENDED JUNE 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The supplementary information 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, 2019, 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, 2019 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 2019 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 2019 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 December 7, 2020, on our consideration of the Commission's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

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

Report on Summarized Comparative Information

We have previously audited the Commission's 2019 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it was derived.

Maher Duessel

Pittsburgh, Pennsylvania
December 7, 2020

Southwestern Pennsylvania Commission (SPC)

Management Discussion and Analysis (MD&A)

This Management Discussion and Analysis of the financial performance of the governmental activities is to provide a summary understanding and analysis of the basic financial statements for the fiscal year ending June 30, 2020. The following summary analysis should be used in conjunction with the included financial statements.

SPC is the designated Metropolitan Planning Organization (MPO), Local Development District (LDD), and Economic Development District (EDD) for Southwestern Pennsylvania. SPC is charged with developing the regional long range transportation plan and the comprehensive economic development strategy. SPC works with multiple planning partners at the federal, state, regional, and local levels on programs and projects that move the Regional Vision, Major Goals, and Strategies of the long range plan (LRP) forward. The region's current long range plan, *SmartMoves for Changing Region*, was adopted in June 2019. SPC's planning area encompasses the ten counties of Southwestern Pennsylvania. The planning process addresses surface transportation needs for roadways, bridges, and public transit; travel by automobile, truck, buses, trains, bicycle, or walking; issues with safety, accessibility, and mobility; and, access to work, school, shopping, recreation, and our homes.

This plan focuses on core transportation investments such as maintaining our current system; optimizing our system; investing in safety for all system users; and, providing equitable mobility options for all users through improvements in public transit and pedestrian/bicycle infrastructure. The plan describes the overall strategic Vision for the region's transportation system and also, as required by federal regulations, describes the specific projects and investments that can be advanced with revenues that are reasonably expected to be available during the life of the plan. This plan also includes a set of multimodal projects to modernize and expand our transportation system that are in various stages of the planning process.

The plan was developed through a robust and inclusive public process that included use of expert panels, commission members and community leaders in discussion of trends and forces of change affecting the region. SPC utilized expanded video production capabilities, online streaming and use of videos to support outreach and engagement and enhanced use of online surveys to gather input for various planning projects and studies. Ongoing improvements and enhancements of the agency's interactive web-based form provided additional access for the public to provide input to the transportation planning process. SPC used Planning and Environmental Linkage tools including its Regional Ecological Framework and a GIS-based Wetland Mitigation Tool to aid analysis of plans.

SPC continued LRP implementation through its support of committees, including Freight Forum, Active Transportation Forum, Regional Operations & Safety Forum, Transit Operators Committee and Transportation Technical Committee.

The federally mandated target setting process for the transportation performance measures, instituted in MAP-21, is being set in place by state DOTs and MPOs throughout the United States. SPC has been closely working with PennDOT and planning partners to comply with the target setting and performance measure implementation requirements.

SPC's Unified Planning Work Program (UPWP) identifies transportation planning priorities and activities that will be carried out each year, including the implementation of specific Strategies and Actions contained in this plan. Federal transportation legislation authorizes planning funds so that regional planning organizations are able to fulfill the federal planning requirements (23 U.S.C. 134 and 135, 49 U.S.C. 5303-5304, and 23 CFR part 450) and to conduct the regional transportation planning that advances local priorities set forth in the long range planning process. The tasks to update federally required planning and programming documents such as the TIP, the Congestion Management Process, the Human Services Coordinated Transportation Plan, and the region's Safety Action Plan and the Regional Operations Plan are identified. Also identified are the tasks to be undertaken and the partners needed to advance the implementation of specific Strategies and Actions depicted in previous sections of this plan. Example tasks to implement the Strategies could include initiatives such as creating holistic visions for corridors of regional significance; the development of a best practices resource center; development of a regional plan to tackle climate change; planning to revitalize communities throughout the region; conducting public outreach to raise awareness of the need for increased transportation funding and the public benefits therein; and the examination of how to increase coordination and linkages between regional transit providers. SPC continues broad collaboration and engagement conducted during this long range plan development process of the past year to develop the projects, programs, and initiatives that will be advanced across Southwestern Pennsylvania on an ongoing basis.

SmartMoves for a Changing Region contains Goals and Strategies for a wide breadth of community and economic development topics that are interrelated with the transportation system, as it directly supports and enables our communities and our economy to prosper. This plan continues to focus on core transportation investments such as maintaining our current system; optimizing our system through operational improvements; working toward Vision Zero by investing in safety for all system users; and providing equitable mobility options for all users through improvements in public transit and pedestrian and bicycle infrastructure.

SPC will begin to develop the region's next LRP, which is slated for adoption in June 2023. This plan will build on the strong foundation for performance based planning and programming and broad regional collaboration that was developed by *SmartMoves*. Plan implementation efforts will continue to advance the development of planning tools, data systems, and analytical and public processes that focus on transportation system performance, accessibility and mobility, equity, economic growth, community investment and sustainability for Southwestern Pennsylvania.

Planning Activities:

Research and Peer Review – The development of the update to *SmartMoves for a Changing Region* will begin by conducting a peer review of other MPO long range plans and other current best practices in transportation planning. The region's planning directors could be used as a sounding board to review the current long range plan development process, as well as to review research and recommend a preferred approach to the next long range plan.

- **Outreach and Engagement** – SPC will utilize a multifaceted *outreach and engagement approach that generates interest, informs, and educates stakeholders and the public using a mix of traditional and modern communication tools that reach diverse audiences and help the public*

understand and connect with the elements of the LRP. This includes taking advantage of engagement opportunities at existing public events across diverse geographies and demographic groups and providing greater issue and topic education throughout the planning process.

- **Performance Measurement, Target Setting and Reporting** – The LRP will build on the foundation of performance-based planning and programming established in *SmartMoves* and will focus on continuing the implementation of PM1, PM2, PM3, and Transit federal performance metrics as well as exploring how these methodologies may be useful beyond the original Interstate and NHS applications. Over time and with the consistent application of planning resources these improved processes might be expected to facilitate better management practices and system performance results covering all segments of the region’s intermodal transportation system.
- **Investment Analysis and Financial Strategies** - A primary goal for the *SmartMoves* Investment Plan – matching available transportation revenues to transportation system needs – has been met in the near-term in the constrained project list. The project list reflects an investment mix that is carefully balanced; it reasonably supported performance targets across the complete range of plan investment categories. In the longer-term, and in future LRP updates however, the goal of matching revenues with needs has potentially far-reaching effects because the Investment Plan also identified an enormous revenue gap where available revenues cover only about 30%-40% of total transportation needs.

In the next LRP update, a comparison of alternative means to maximize mobility, livability, quality of life, and the movement of people and goods throughout the region will be used to maximize the region’s effectiveness in adapting to change. Through Strategies identified in *SmartMoves*, and work undertaken during this Work Program, staff will research and explore best practices that examine sustainable funding strategies - including an assessment of transportation needs, ongoing performance results, and a financial planning framework that provides a multifaceted and increasingly detailed view of the overall needs of the transportation system.

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

Single Audit Report Overview

- The Independent Auditor’s Report expresses an unmodified opinion on the accompanying financial statements.
- There were no identified deficiencies in internal control over financial reporting that were considered to be material weaknesses.
- SPC has complied in all material respects with the compliance requirements under OMB Uniform Guidance 2 CFR Part 200 that could have a direct and material effect on each of SPC’s major programs for the year ended June 30, 2020.
- There were no identified deficiencies in internal control over compliance as required under Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- No matters were reported related to the financial statements which are required to be reported in accordance with GAGAS.
- No matters were reported relating to findings and questioned costs for federal awards.
- Statement of Net Position – Total assets decreased \$571,871 mainly due to decreased revolving loan funds cash on hand which resulted from pay down of loan receivables and the issuance of new loans and an increase in accounts receivable due from funding agencies. Total Net Position for the years ending June 30, 2020 and 2019 was \$457,444.
- Statement of Activities - Total governmental activities expenses equal \$10,523,217 compared to \$11,256,729 as of June 30, 2019. The net decrease of \$733,512 is due mainly to an increase in the highway and transit planning activities and decrease in the economic planning and development program activities.
- Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds reports a decrease in federal and state grant revenues and expenditures of \$748,121 compared to the prior year. The decrease is due mainly to an increase in the highway and transit planning activities and a decrease in the economic planning and development program activities.

Basic Financial Statements – 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 – this financial statement 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.

<u>Governmental Activities</u>	<u>2020</u>	<u>2019</u>
Assets		
Total cash and cash equivalents	\$ 2,707,871	\$ 3,589,368
Accounts receivable	2,513,779	2,098,374
Prepaid expenses	220,596	199,887
Loans receivable	6,326,281	6,452,769
 Total Assets	 <u>11,768,527</u>	 <u>12,340,398</u>
Liabilities		
	<u>11,311,083</u>	<u>11,882,954</u>
Net Position		
	<u>\$ 457,444</u>	<u>\$ 457,444</u>

- **Statement of Activities** – this financial statement 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.

<u>Summary</u>	<u>Total Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>2019</u>
Total governmental activities	<u>\$ 10,523,217</u>	<u>\$ 8,321,967</u>	\$ (2,201,250)	\$ (2,186,641)
Total general revenues			<u>2,201,250</u>	<u>2,186,641</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 - the balance sheet 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, 2020 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 on the 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.

<u>Governmental Funds</u>	<u>2020</u>	<u>2019</u>
Revenues:		
Federal Grants	\$ 6,811,648	\$ 7,098,343
State Grants	1,510,319	1,971,745
Member Contributions	825,061	723,850
In-Kind Contributions	614,443	1,101,721
Contributions	696,898	319,483
Fees	64,848	41,587
Total Revenues	<u>10,523,217</u>	<u>11,256,729</u>
Expenditures:		
	<u>10,523,217</u>	<u>11,256,729</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>

SOUTHWESTERN PENNSYLVANIA COMMISSION

STATEMENT OF NET POSITION

JUNE 30, 2020

(With Comparative Totals at June 30, 2019)

Assets	Governmental Activities	2019
Cash and cash equivalents:		
Operating	\$ 199,563	\$ 108,865
Restricted	1,545,473	2,429,173
Revolving loan funds:		
Uncommitted	843,055	1,051,330
Committed	119,780	-
Total cash and cash equivalents	2,707,871	3,589,368
Accounts receivable	2,513,779	2,098,374
Prepaid expenses	220,596	199,887
Loans receivable:		
Appalachian Regional Commission - RLF	1,889,819	1,966,495
Economic Development Administration - RLF	863,368	647,249
PIDA/SBF Loan Fund	3,573,094	3,839,025
Total Assets	11,768,527	12,340,398
Liabilities		
Accounts payable	1,214,187	1,286,260
Accrued salaries and fringe benefits	293,509	197,903
Grant advances	1,831,254	1,774,368
Unearned revenue	597,216	988,336
Notes payable - PIDA/SBF loan programs	3,573,094	3,839,025
Accrued liabilities	147,508	178,836
Unearned revenues of revolving loan funds	3,654,315	3,618,226
Total Liabilities	11,311,083	11,882,954
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, 2020

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

<u>Functions/Programs</u>	<u>Total Expenses</u>	Program Revenues		Net (Expense) Revenue and Changes in Net Position		<u>2019</u>
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Total	
Governmental Activities:						
General	\$ 89,829	\$ -	\$ -	\$ (89,829)	\$ (89,829)	\$ (76,054)
Highway, transit planning	8,239,955	-	6,876,504	(1,363,451)	(1,363,451)	(1,106,724)
Local government and other programs	29,731	-	-	(29,731)	(29,731)	(121,431)
Special projects	135,575	-	-	(135,575)	(135,575)	-
Economic development programs/prep	2,028,127	-	1,445,463	(582,664)	(582,664)	(882,432)
Total government activities	<u>\$ 10,523,217</u>	<u>\$ -</u>	<u>\$ 8,321,967</u>	<u>(2,201,250)</u>	<u>(2,201,250)</u>	<u>(2,186,641)</u>
General revenues:						
Commission member contributions				825,061	825,061	723,850
Loan program fees				64,848	64,848	41,587
Contributions				696,898	696,898	319,483
In-kind contributions				614,443	614,443	1,101,721
Total general revenues				<u>2,201,250</u>	<u>2,201,250</u>	<u>2,186,641</u>
Change in Net Position				-	-	-
Net position - beginning of year				<u>457,444</u>	<u>457,444</u>	<u>457,444</u>
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, 2020
(With Comparative Totals at June 30, 2019)

Assets	Southwestern Pennsylvania Corporation General Fund	Southwestern Pennsylvania Commission Special Revenue Fund	Total	2019
Cash and cash equivalents:				
Operating	\$ 199,563	\$ -	\$ 199,563	\$ 108,865
Restricted	49,660	1,495,813	1,545,473	2,429,173
Revolving loan funds:				
Uncommitted	843,055	-	843,055	1,051,330
Committed	119,780	-	119,780	-
Total cash and cash equivalents	1,212,058	1,495,813	2,707,871	3,589,368
Accounts receivable	1,075	2,512,704	2,513,779	2,098,374
Prepaid expenses	220,596	-	220,596	199,887
Loans receivable:				
Appalachian Regional Commission - RLF	1,889,819	-	1,889,819	1,966,495
Economic Development Administration - RLF	863,368	-	863,368	647,249
PIDA/SBF Loan Fund	3,573,094	-	3,573,094	3,839,025
Due from Commission	1,256,844	-	1,256,844	1,329,670
Total Assets	\$ 9,016,854	\$ 4,008,517	\$ 13,025,371	\$ 13,670,068
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 1,214,187	\$ -	\$ 1,214,187	\$ 1,286,260
Accrued salaries and fringe benefits	293,509	-	293,509	197,903
Grant advances	125,000	1,706,254	1,831,254	1,774,368
Unearned revenue	154,095	443,121	597,216	988,336
Notes payable - PIDA/SBF loan program	3,573,094	-	3,573,094	3,839,025
Accrued liabilities	-	147,508	147,508	178,836
Unearned revenues - revolving loan funds	3,654,315	-	3,654,315	3,618,226
Due to Corporation	-	1,256,844	1,256,844	1,329,670
Total Liabilities	9,014,200	3,553,727	12,567,927	13,212,624
Fund Balance:				
Nonspendable:				
Prepaid items	220,596	-	220,596	199,887
Unassigned	(217,942)	-	(217,942)	(197,233)
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	\$ 9,016,854	\$ 4,008,517	\$ 13,025,371	\$ 13,670,068

See accompanying notes to financial statements.

SOUTHWESTERN PENNSYLVANIA COMMISSION

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

YEAR ENDED JUNE 30, 2020

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

	Southwestern Pennsylvania Corporation	Southwestern Pennsylvania Commission	Total	2019
	General Fund	Special Revenue Fund		
Revenues:				
Federal grants	\$ -	\$ 6,811,648	\$ 6,811,648	\$ 7,098,343
State grants	-	1,510,319	1,510,319	1,971,745
SPC member contributions	-	825,061	825,061	723,850
In-kind service contributions	-	614,443	614,443	1,101,721
Contributions	212,676	484,222	696,898	319,483
Loan program fees	64,848	-	64,848	41,587
Total revenues	277,524	10,245,693	10,523,217	11,256,729
Expenditures:				
Salaries and employee benefits	5,174,029	-	5,174,029	4,980,811
Contractual	2,943,215	-	2,943,215	3,474,172
Printing and publications	26,640	-	26,640	30,282
Telephone	29,315	-	29,315	35,841
Postage	2,061	-	2,061	3,236
Supplies	164,053	-	164,053	150,749
In-kind services - match	614,443	-	614,443	1,101,721
Travel	71,424	-	71,424	102,664
Equipment and computer services	181,101	-	181,101	168,851
Temporary personnel	17,601	-	17,601	31,901
Books, dues, and subscriptions	356,847	-	356,847	300,589
Legal/audit	76,572	-	76,572	125,149
Rent	624,234	-	624,234	616,302
Insurance	44,129	-	44,129	42,932
Meetings	50,609	-	50,609	80,186
Executive search	135,575	-	135,575	-
Training and development	11,369	-	11,369	11,343
Total expenditures	10,523,217	-	10,523,217	11,256,729
Excess (Deficiency) of Revenues Over Expenditures	(10,245,693)	10,245,693	-	-
Other Financing Sources (Uses):				
Transfers in	10,578,457	332,764	10,911,221	11,838,822
Transfers out	(332,764)	(10,578,457)	(10,911,221)	(11,838,822)
Total other financing sources (uses)	10,245,693	(10,245,693)	-	-
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, 2020

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

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

the plan and be consistent with the program to qualify for federal funding. The Commission 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.

SOUTHWESTERN PENNSYLVANIA COMMISSION

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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.

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), 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, 2020

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, 2020, 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

SOUTHWESTERN PENNSYLVANIA COMMISSION

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pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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.

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*

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 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.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 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) statement was adopted for the financial statements:

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

This statement 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. 84 (Fiduciary Activities), 87 (Leases), 89 (Accounting for Interest Cost), 90 (Majority Equity Interests), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Interbank Offered

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

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, 2020, \$2,657,076 of SPC's bank balance of \$3,157,076 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 \$2,707,871 as of June 30, 2020, of which \$962,835 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 was \$119,780 of committed funds as of June 30, 2020. Uncommitted cash and cash

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

equivalents include approximately \$481,146 of net loan fees paid by borrowers and held for future administrative costs.

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, 2020 was \$209,899. The Plan Trustee administrative fees were \$32,769. 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	\$ 1,941,710
Pennsylvania Department of Community and Economic Development	492,688
Appalachian Regional Commission	37,865
Federal Transit Administration	19,399
Economic Development Administration	8,250
Indiana University of Pennsylvania	144
Other	13,723
	<hr/>
	\$ 2,513,779

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

6. Loans Receivable

Following is a roll forward of loans outstanding under the ARC/RLF, EDA/RLF, and PIDA/SBF for the year ended June 30, 2020:

	ARC/RLF	EDA/RLF	PIDA/SBF
Balance at June 30, 2019	\$ 1,966,495	\$ 647,249	\$ 3,839,025
Add back monies in escrow at June 30, 2019	-	-	-
Less monies in escrow at June 30, 2020	-	-	-
Loans issued	201,780	500,000	200,000
Payments received	(278,456)	(283,881)	(465,931)
Loans written off	-	-	-
Balance at June 30, 2020	<u>\$ 1,889,819</u>	<u>\$ 863,368</u>	<u>\$ 3,573,094</u>
Number of loans outstanding	<u>19</u>	<u>11</u>	<u>32</u>

The above loans bear interest at rates ranging from 2.75% to 4.0% per annum. The outstanding loan balances range in amounts from \$6,302 to \$244,824 and mature through 2030.

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 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.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 receivable and notes payable arise due to cash on hand for loans approved but not yet disbursed at June 30, 2020.

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.

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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, 2020:

Year Ending June 30,	Amount
2021	\$ 606,288
2022	613,386
2023	<u>360,221</u>
Total minimum payments required	<u>\$ 1,579,895</u>

Lease payments for the year ended June 30, 2020 were \$616,121.

10. COVID-19

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

SUPPLEMENTARY INFORMATION

SOUTHWESTERN PENNSYLVANIA COMMISSION

STATEMENT OF CHANGES IN UNEARNED REVENUES OF REVOLVING LOAN FUNDS

JUNE 30, 2020

(With Comparative Totals at June 30, 2019)

	Revolving Loan Funds					2019
	Appalachian Regional Commission	Small Business First Loan Fund	Economic Development Administration	Other	Total	
Increases:						
Interest income	\$ 51	\$ -	\$ 41	\$ -	\$ 92	\$ 97
Loan interest	46,456	-	25,282	-	71,738	61,101
Incentive payment	-	4,118	-	-	4,118	3,311
Excess funds returned by ARC	-	-	-	-	-	233,073
Fees	7,207	9,862	8,420	-	25,489	35,986
Total increases	53,714	13,980	33,743	-	101,437	333,568
Decreases:						
Refund application/admin fees	-	500	-	-	500	4,251
Fee sharing	-	-	-	-	-	3,250
Loan fees used	5,742	57,192	1,914	-	64,848	38,337
Total decreases	5,742	57,692	1,914	-	65,348	45,838
Net Increase (Decrease)	47,972	(43,712)	31,829	-	36,089	287,730
Transfers in (out)	-	-	-	-	-	-
Unearned Revenues:						
Beginning of year	2,261,840	339,168	1,017,218	-	3,618,226	3,330,496
End of year	\$ 2,309,812	\$ 295,456	\$ 1,049,047	\$ -	\$ 3,654,315	\$ 3,618,226

SOUTHWESTERN PENNSYLVANIA COMMISSION

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

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

	Corporation General Expenses	Commission General Expenses	2020	2019
Revenues:				
Commission member contributions	\$ -	\$ 21,758	\$ 21,758	\$ 11,380
Contributions	67,021	-	67,021	64,674
Loan Fees	1,050	-	1,050	-
Total revenues	68,071	21,758	89,829	76,054
Expenditures:				
Staff and employee benefits	-	-	-	-
Contractual	60,821	-	60,821	60,932
Printing and reproduction	-	-	-	-
Postage	-	-	-	-
Supplies	-	-	-	-
Travel	-	-	-	230
Meetings	6,200	21,758	27,958	11,635
Communications	-	-	-	2,957
Books/dues/subscriptions	-	-	-	-
Legal/audit	1,050	-	1,050	300
Unallocated indirect expenses	-	-	-	-
Indirect	-	-	-	-
Total expenditures	68,071	21,758	89,829	76,054
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 2018 - 2020 PROGRAM YEAR

DETAILS OF EXPENDITURES BY ACTIVITY CLASSIFICATION

YEAR ENDED JUNE 30, 2020

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

	Funding Source						2020	2019	TOTAL
	FHWA	FTA	PennDot	Local	Other (In-Kind)	Cash Match			
Transportation Program Development:									
Long Range Plan Implementation	\$ 493,627	\$ 120,914	\$ 56,017	\$ 36,721	\$ 60,898	\$ -	\$ 768,177	\$ 755,693	\$ 1,523,870
TIP Development & Management	404,863	-	23,866	7,954	69,395	-	506,078	414,966	921,044
Total transportation program development	898,490	120,914	79,883	44,675	130,293	-	1,274,255	1,170,659	2,444,914
Multimodal Transportation Planning:									
Multimodal Transportation Planning	247,416	486,197	23,314	102,469	57,620	-	917,016	927,967	1,844,983
Regional Freight Planning	113,416	-	14,177	6,539	7,638	-	141,770	155,425	297,195
Port Authority planning program	-	184,000	-	-	46,000	-	230,000	230,000	460,000
Regional TDM Strategic Action Plan	53,690	-	-	-	-	-	53,690	137,300	190,990
SR 885/Second Ave Multimodal	90,703	-	22,675	-	-	-	113,378	168,508	281,886
SmartMoves Regional Mobility Plan	-	118,516	14,814	14,814	-	-	148,144	-	148,144
Hyperloop Planning Activities	57,770	-	-	14,443	-	-	72,213	-	72,213
Total multimodal transportation planning	562,995	788,713	74,980	138,265	111,258	-	1,676,211	1,619,200	3,295,411
Transportation Operations and Safety:									
Transportation Operations and Congestion management	216,659	-	14,190	4,731	35,244	-	270,824	266,443	537,267
Transportation Safety Planning	212,153	-	24,946	8,316	19,777	-	265,192	282,444	547,636
ITS planning and implementation	76,987	-	11,964	3,988	3,295	-	96,234	89,346	185,580
SR 28 to I-80 Regional Corridor Study	199,929	-	49,982	-	-	-	249,911	-	249,911
Regional Traffic Signal Program	120,882	-	16,701	5,568	7,952	-	151,103	132,377	283,480
Total transportation operations and safety	826,610	-	117,783	22,603	66,268	-	1,033,264	770,610	1,803,874
Data Systems and Modeling:									
Geographic Information Systems	263,622	65,906	32,953	49,429	-	-	411,910	341,727	753,637
Regional Data and Graphics Clearinghouse	306,708	-	38,338	38,339	-	-	383,385	229,884	613,269
Air Quality Modeling	219,362	-	41,130	13,711	-	-	274,203	260,812	535,015
Land use models and regional forecasts	166,047	41,511	31,134	20,755	-	-	259,447	256,783	516,230
Transportation models	183,156	45,788	34,342	22,893	-	-	286,179	282,780	568,959
Traffic Forecasts and Needs Reports	-	-	76,015	-	-	-	76,015	54,646	130,661
Highway performance monitoring - traffic count program	139,201	-	95,716	-	-	-	234,917	219,207	454,124
Highway performance monitoring - inventory	72,796	-	60,306	-	-	-	133,102	120,228	253,330
Highway performance monitoring - Lawrence County	15,000	-	-	-	3,750	-	18,750	18,750	37,500
Total data systems and modeling	1,365,892	153,205	409,934	145,127	3,750	-	2,077,908	1,784,817	3,862,725
Outreach and Coordination:									
UPWP administration	103,393	-	19,388	6,463	-	-	129,244	126,111	255,355
General support services	239,389	-	29,924	29,923	-	-	299,236	320,730	619,966
Member planning agency participation	199,486	-	-	-	49,872	-	249,358	250,450	499,808
Public participation / communications program	155,264	-	10,814	10,815	17,188	-	194,081	178,731	372,812
Local Technical Assistance Program	56,070	-	-	-	-	-	56,070	41,607	97,677
Total outreach and coordination	753,602	-	60,126	47,201	67,060	-	927,989	917,629	1,845,618
sub-total	4,407,589	1,062,832	742,706	397,871	378,629	-	6,989,627	6,262,915	13,252,542

(Continued)

SOUTHWESTERN PENNSYLVANIA COMMISSION

UNIFIED PLANNING WORK PROGRAM 2018 - 2020 PROGRAM YEAR

DETAILS OF EXPENDITURES BY ACTIVITY CLASSIFICATION

YEAR ENDED JUNE 30, 2020

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

	Funding Source						2020	2019	TOTAL
	FHWA	FTA	PennDot	Local	Other (In-Kind)	Cash Match			
Regional Traffic Signal Program: Cycle 3 Projects									
City of Butler/Butler Twp SINC UP	14,122	-	-	-	-	131,073	145,195	30,129	175,324
Slippery Rock Borough SINC UP	255	-	-	-	-	14,920	15,175	11,536	26,711
Cranberry SINC	2	-	-	-	-	1	3	-	3
Cranberry Twp/Adams Twp/Seven Fields SINC UP	11,073	-	-	-	-	35,957	47,030	36,461	83,491
Cranberry Twp/Marshall SINC	5,768	-	-	-	-	7,824	13,592	13,938	27,530
Ellwood City SINC UP	11,661	-	-	-	-	24,582	36,243	15,525	51,768
Ambridge Borough SINC UP	2,254	-	-	-	-	25,366	27,620	2,930	30,550
Brentwood Borough SINC UP	423	-	-	-	-	40,610	41,033	2,563	43,596
Greentree Borough SINC UP	39,635	-	-	-	-	75,698	115,333	4,710	120,043
Bethel Park/USC McMurray Road SINC UP	2,522	-	-	-	-	1,329	3,851	8,033	11,884
McKeesport SR 148 SINC UP	5,437	-	-	-	-	17,551	22,988	12,016	35,004
Midland Borough SR 68/168 SINC UP	12,567	-	-	-	-	72,796	85,363	12,280	97,643
City of Pittsburgh Liberty Ave	23,135	-	-	-	-	5,783	28,918	80,478	109,396
City of Washington SINC UP	-	-	-	-	-	-	-	18,407	18,407
North Huntingdon Township SINC UP	-	-	-	-	-	-	-	122,235	122,235
Total regional traffic signal program: Cycle 3 projects	128,854	-	-	-	-	453,490	582,344	371,241	953,585
Total UPWP program	\$ 4,536,443	\$ 1,062,832	\$ 742,706	\$ 397,871	\$ 378,629	\$ 453,490	\$ 7,571,971	\$ 6,634,156	\$ 14,206,127

(Concluded)

SOUTHWESTERN PENNSYLVANIA COMMISSION

PENNSYLVANIA TURNPIKE COMMISSION

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

YEAR ENDED JUNE 30, 2020

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

	Turnpike			Southern Beltway	June 30, 2020		June 30, 2019	
	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, 2020

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

	<u>Appalachian Regional Commission</u>				<u>U.S. DoD - Defense Logistics Agency</u> <u>IUP Research Subaward</u>				2020 Page Subtotal
	Planning and Administration 302 (a)				Procurement Technical Assistance				
	PA-0708E-C27-R1-19			PA-0708E-C28-R1-20	SP4800-18-2-1835			SP4800-19-2-1935	
	Jan 1, 2019 to June 30, 2019	5101 July 1, 2019 to Dec 31, 2019	Total	3101 Jan 1, 2020 to June 30, 2020	5901 Sept 1, 2018 to June 30, 2019	5901 July 1, 2019 to August 31, 2019	Total	3901 Sept 1, 2019 to June 30, 2020	
Revenues:									
Federal grants	\$ 54,164	\$ 38,374	\$ 92,537	\$ 44,698	\$ 64,229	\$ 13,200	\$ 77,429	\$ 55,765	\$ 152,037
State grants	-	-	-	-	-	-	-	-	-
SPC member contributions	37,072	24,755	61,828	29,684	-	-	-	-	54,439
In-kind contributions	13,617	11,383	25,000	1,594	-	-	-	-	12,977
Contributions	4,480	4,480	8,960	5,600	-	-	-	-	10,080
Loan program fees	-	-	-	-	-	-	-	-	-
Interest income and other	-	-	-	-	-	-	-	-	-
Total revenues	109,333	78,992	188,325	81,576	64,229	13,200	77,429	55,765	229,533
Expenditures:									
Salaries and employee benefits	54,849	39,379	94,228	46,130	34,950	7,898	42,848	28,234	121,641
Contractual	-	-	-	-	-	-	-	-	-
Printing and publications	10	16	26	-	66	5	71	28	49
Telephone	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-
Supplies	-	213	213	-	-	-	-	123	336
In-kind services - match	13,617	11,383	25,000	1,594	-	-	-	-	12,977
Travel	4,024	1,513	5,537	1,778	3,376	209	3,585	2,855	6,355
Meetings	-	200	200	-	-	-	-	150	350
Communications	-	-	-	-	-	-	-	-	-
Equipment and computer services	-	-	-	-	-	-	-	-	-
Books, dues, and subscriptions	6,225	6,475	12,700	7,875	7,294	1,289	8,583	10,020	25,659
Temp personnel	-	-	-	-	-	-	-	-	-
Legal/audit	-	1,783	1,783	-	626	-	626	864	2,647
Education	-	-	-	-	-	-	-	-	-
Indirect costs	30,608	18,030	48,638	24,199	17,917	3,799	21,716	13,491	59,519
Total expenditures	109,333	78,992	188,325	81,576	64,229	13,200	77,429	55,765	229,533
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, 2020

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

(Continued)

	PA DCED Regional Export Network C000070926 July 1, 2019 to June 30, 2020	PA DCED ENGAGE! Program C000068411 July 1, 2019 to June 30, 2020	PA DCED Keystone Communities Phase I C000065637 July 1, 2019 to June 30, 2020	PA DCED Keystone Communities Phase II C000065639 July 1, 2019 to June 30, 2020	Appalachian Regional Planning 3221			2020 Page Subtotal
					PW-18714-IM-17			
					Oct 1, 2016 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	
Revenues:								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 645,957	\$ 69,445	\$ 715,402	\$ 69,445
State grants	106,421	116,582	16,995	39,940	-	-	-	279,938
SPC member contributions	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	1,086,108	64,784	1,150,892	64,784
Contributions	-	-	-	-	-	-	-	-
Loan program fees	-	-	-	-	-	-	-	-
Interest income and other	-	-	-	-	-	2,271	2,271	2,271
Total revenues	106,421	116,582	16,995	39,940	1,732,065	136,500	1,868,565	416,438
Expenditures:								
Salaries and employee benefits	61,465	10,840	-	4,186	58,193	4,637	62,830	81,128
Contractual	-	100,342	13,245	31,492	550,000	64,808	614,808	209,887
Printing and publications	22	-	-	-	-	-	-	22
Telephone	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
In-kind services - match	-	-	-	-	1,086,108	64,784	1,150,892	64,784
Travel	1,799	-	-	-	2,524	-	2,524	1,799
Meetings	5,796	20	-	72	-	-	-	5,888
Communications	4,692	-	-	-	2,840	-	2,840	4,692
Equipment and computer services	-	-	-	-	-	-	-	-
Books, dues, and subscriptions	-	-	-	-	-	-	-	-
Temp personnel	-	-	-	-	-	-	-	-
Legal/audit	-	-	3,750	2,150	-	-	-	5,900
Education	-	-	-	-	500	-	500	-
Indirect costs	32,647	5,380	-	2,040	31,900	2,271	34,171	42,338
Total expenditures	106,421	116,582	16,995	39,940	1,732,065	136,500	1,868,565	416,438
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, 2020

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

(Continued)

	Partnerships for Regional Economic Performance (PREP) Program						Partnerships for Regional Economic Performance (PREP) Program						2020 Page Subtotal	2020 Total	2019 Total	
	Economic Development Administration 301(b) EDA	PADCED	Local	Loan Program	Fees	Total	PADCED	Local	Loan Program	Fees	Total					
		ARC 302 (b) PREP	PREP	Match			ARC 302 (b) PREP	PREP	Match							
ED19PHI3020068(Yr1) July 1, 2019 to June 30, 2020	PA-11055-C27-302-19 July 1, 2019 to June 30, 2020	C000072664 July 1, 2019 to June 30, 2020	July 1, 2019 to June 30, 2020	July 1, 2019 to June 30, 2020		PA-11055-C26-302-18 July 1, 2018 to June 30, 2019	C000070279 July 1, 2018 to June 30, 2019	July 1, 2018 to June 30, 2019	July 1, 2018 to June 30, 2019							
Revenues:																
Federal grants	\$ 60,748	\$ 395,620	\$ -	\$ -	\$ -	\$ 395,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 456,368	\$ 677,850	\$ 880,054
State grants	-	-	487,675	-	-	487,675	-	-	-	-	-	-	-	487,675	767,613	1,312,690
SPC member contributions	40,354	-	-	373	-	373	-	-	-	-	-	-	-	40,727	95,166	111,644
In-kind contributions	23,321	-	-	-	-	-	-	-	-	-	-	-	-	23,321	101,082	477,523
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,080	8,960
Loan program fees	-	-	-	-	63,798	63,798	-	-	-	-	-	-	-	63,798	63,798	41,587
Interest income and other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,271	5,000
Total revenues	124,423	395,620	487,675	373	63,798	947,466	-	-	-	-	-	-	-	1,071,889	1,717,860	2,837,458
Expenditures:																
Salaries and employee benefits	66,580	228,935	191,320	373	36,484	457,112	-	-	-	-	-	-	-	523,692	726,461	785,452
Contractual	-	-	153,028	-	-	153,028	-	-	-	-	-	-	-	153,028	362,915	1,008,854
Printing and publications	7	998	614	-	220	1,832	-	-	-	-	-	-	-	1,839	1,910	3,203
Telephone	-	1,429	1,304	-	71	2,804	-	-	-	-	-	-	-	2,804	2,804	2,570
Postage	-	284	198	-	45	527	-	-	-	-	-	-	-	527	527	556
Supplies	-	408	361	-	63	832	-	-	-	-	-	-	-	832	1,168	1,806
In-kind services - match	23,321	-	-	-	-	-	-	-	-	-	-	-	-	23,321	101,082	477,523
Travel	-	2,682	4,059	-	698	7,439	-	-	-	-	-	-	-	7,439	15,593	45,244
Meetings	-	449	446	-	52	947	-	-	-	-	-	-	-	947	7,185	-
Communications	-	29,692	22,383	-	4,167	56,242	-	-	-	-	-	-	-	56,242	60,934	59,990
Equipment and computer services	-	2,360	1,135	-	600	4,095	-	-	-	-	-	-	-	4,095	4,095	3,995
Books, dues, and subscriptions	-	1,736	9,072	-	390	11,198	-	-	-	-	-	-	-	11,198	36,857	41,194
Temp personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal/audit	-	6,790	4,292	-	1,834	12,916	-	-	-	-	-	-	-	12,916	21,463	18,462
Education	-	825	451	-	222	1,498	-	-	-	-	-	-	-	1,498	1,498	1,047
Indirect costs	34,515	119,032	99,012	-	18,952	236,996	-	-	-	-	-	-	-	271,511	373,368	387,562
Total expenditures	124,423	395,620	487,675	373	63,798	947,466	-	-	-	-	-	-	-	1,071,889	1,717,860	2,837,458
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, 2020

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

	SPC Communications	Water Resource Planning	Outside Projects	Executive Search	Natural Heritage Data Update	ALCO Traffic Counts Project	2020 Total	2019
Revenues:								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-	-	-	-
SPC member contributions	-	310,267	-	-	-	-	310,267	237,718
In-kind contributions	-	-	-	-	1,320	-	1,320	50,129
Contributions	-	-	-	135,575	-	-	135,575	-
Other	-	-	1,061	-	9,709	17,641	28,411	71,302
Total revenues	-	310,267	1,061	135,575	11,029	17,641	475,573	359,149
Expenditures:								
Salaries and employee benefits	209,896	166,865	649	-	-	11,034	388,444	375,230
Contractual	-	35,078	-	-	9,709	-	44,787	51,090
Printing and publications	364	833	-	-	-	-	1,197	1,742
Telephone	-	-	-	-	-	-	-	-
Postage	-	2	-	-	-	-	2	143
Supplies	3,447	2,950	-	-	-	-	6,397	9,509
In-kind services match	-	-	-	-	1,320	-	1,320	50,129
Travel	140	4,434	-	-	-	1,288	5,862	6,403
Meetings	70	1,827	-	-	-	-	1,897	4,699
Communications	-	9,374	-	-	-	-	9,374	10,000
Equipment and computer services	-	225	-	-	-	-	225	-
Books, dues, and subscriptions	9,343	1,783	-	-	-	-	11,126	10,389
Temporary personnel	-	-	-	-	-	-	-	-
Legal/audit	1,470	-	-	135,575	-	-	137,045	2,877
Training and development	-	1,535	-	-	-	-	1,535	1,731
Indirect costs	108,034	85,361	412	-	-	5,319	199,126	183,864
Total expenditures	332,764	310,267	1,061	135,575	11,029	17,641	808,337	707,806
Excess (Deficiency) of Revenues Over Expenditures	(332,764)	-	-	-	-	-	(332,764)	(348,657)
Other Financing Source:								
Operating transfers in	332,764	-	-	-	-	-	332,764	348,657
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF FEDERAL TRANSIT ADMINISTRATION GRANTS

YEAR ENDED JUNE 30, 2020

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

	<u>FTA-CommuteInfo Programs (2601-2604-2606)</u>			<u>FTA-CommuteInfo 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</u>			<u>PA-95-X007-00-03-06-07</u>			
	March 10, 2003 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	July 1, 2008 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	July 1, 2007 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	
Revenues:										
Federal grants	\$ 3,148,211	\$ 72,418	\$ 3,220,629	\$ 1,787,076	\$ -	\$ 1,787,076	\$ 2,367,140	\$ 308,576	\$ 2,675,716	\$ 380,994
State grants	100,000	-	100,000	50,000	-	50,000	-	-	-	-
SPC member contributions	-	-	-	1,340	-	1,340	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Other local match	50,727	47	50,774	-	-	-	9,000	-	9,000	47
In-kind contributions	650,333	18,057	668,390	396,770	-	396,770	593,870	77,144	671,014	95,201
Contributions	-	-	-	-	-	-	-	-	-	-
Regional Enterprise Tower	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	3,949,271	90,522	4,039,793	2,235,186	-	2,235,186	2,970,010	385,720	3,355,730	476,242
Expenditures:										
Salaries and employee benefits	508,034	31,269	539,303	21,947	-	21,947	492,290	64,625	556,915	95,894
Contractual	2,279,801	13,749	2,293,550	1,802,036	-	1,802,036	1,521,655	205,686	1,727,341	219,435
Printing and publications	30,586	24	30,610	-	-	-	26,110	-	26,110	24
Telephone	1,673	-	1,673	-	-	-	-	-	-	-
Postage	541	-	541	-	-	-	5	-	5	-
Supplies	48,894	9,438	58,332	395	-	395	6,961	-	6,961	9,438
In-kind services match	650,333	18,057	668,390	396,770	-	396,770	593,870	77,144	671,014	95,201
Travel	31,129	-	31,129	2,543	-	2,543	8,449	336	8,785	336
Meetings	33,648	-	33,648	-	-	-	-	-	-	-
Rent	16,400	2,400	18,800	-	-	-	-	-	-	2,400
Equipment and computer services	29,908	-	29,908	-	-	-	-	-	-	-
Books, dues, and subscriptions	2,082	82	2,164	-	-	-	74	-	74	82
Communications	49,329	-	49,329	-	-	-	67,500	4,692	72,192	4,692
Legal/audit	11,979	-	11,979	58	-	58	16,158	-	16,158	-
Education	5,068	59	5,127	1,200	-	1,200	589	-	589	59
Indirect costs	249,866	15,444	265,310	10,237	-	10,237	236,349	33,237	269,586	48,681
Total expenditures	3,949,271	90,522	4,039,793	2,235,186	-	2,235,186	2,970,010	385,720	3,355,730	476,242
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, 2020

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

(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</u>			<u>PA-37-X037-00-01</u>			<u>PA-37-X046-00 (2650) closed</u>			
	July 1, 2011 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	July 1, 2009 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	July 1, 2011 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	
Revenues:										
Federal grants	\$ 2,586,137	\$ -	\$ 2,586,137	\$ 1,657,587	\$ 686	\$ 1,658,273	\$ 1,335,404	\$ -	\$ 1,335,404	\$ 686
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	3,006,831	686	3,007,517	2,576,482	-	2,576,482	686
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	-	-	-	-	-	-	-	-	-	-
Legal/audit	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	483	686	1,169	-	-	-	686
Indirect costs	32,195	-	32,195	116,224	-	116,224	27,520	-	27,520	-
Total expenditures	4,654,473	-	4,654,473	3,006,831	686	3,007,517	2,576,482	-	2,576,482	686
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, 2020
(With Comparative Totals for Year Ended June 30, 2019)
(Continued)

	FTA-NFI Program (2651)			FTA-NFI Program (2651)			FTA-CommuterInfo Programs (2601)			2020	2019
	PA-57-X009-00-01			PA-57-X016-00 (2651)			PA-90-X749 (2601)				
	July 1, 2009 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	July 1, 2011 to June 30, 2019	July 1, 2019 to June 30, 2020	Total	July 1, 2011 to June 30, 2019	July 1, 2019 to June 30, 2020	Total		
Revenues:											
Federal grants	\$ 885,379	\$ -	\$ 885,379	\$ 2,458,310	\$ -	\$ 2,458,310	\$ 1,554,182	\$ 152,842	\$ 1,707,024	\$ 534,522	\$ 766,486
State grants	439,473	-	439,473	1,898,658	-	1,898,658	-	-	-	-	-
SPC member contributions	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Other local match	-	-	-	-	-	-	-	-	-	47	88
In-kind contributions	-	-	-	-	-	-	388,545	38,211	426,756	133,412	191,397
Contributions	-	-	-	-	-	-	-	-	-	-	-
Regional Enterprise Tower	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1,324,852	-	1,324,852	4,356,968	-	4,356,968	1,942,727	191,053	2,133,780	667,981	957,971
Expenditures:											
Salaries and employee benefits	196,398	-	196,398	54,556	-	54,556	191,531	32,178	223,709	128,072	120,886
Contractual	1,030,785	-	1,030,785	4,276,035	-	4,276,035	1,195,950	98,800	1,294,750	318,235	544,174
Printing and publications	-	-	-	-	-	-	-	17	17	41	51
Telephone	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	24,013	3,885	27,898	13,323	-
In-kind services match	-	-	-	-	-	-	388,545	38,211	426,756	133,412	191,397
Travel	1,622	-	1,622	56	-	56	15,385	368	15,753	704	3,200
Meetings	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	2,400	-
Equipment and computer services	-	-	-	-	-	-	-	-	-	-	-
Books, dues, and subscriptions	388	-	388	120	-	120	60	-	60	82	630
Communications	-	-	-	-	-	-	-	-	-	4,692	-
Legal/audit	3,589	-	3,589	-	-	-	34,088	-	34,088	-	38,256
Education	-	-	-	14	-	14	195	-	195	745	-
Indirect costs	92,070	-	92,070	26,187	-	26,187	92,960	17,594	110,554	66,275	59,377
Total expenditures	1,324,852	-	1,324,852	4,356,968	-	4,356,968	1,942,727	191,053	2,133,780	667,981	957,971
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, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	Actual 2020	2019
Overhead Costs:		
Salaries and fringe benefits	\$ 959,445	\$ 886,037
Contractual	233,111	194,480
Printing	12,303	5,370
Telephone	19,574	28,018
Postage	1,427	2,192
Supplies	81,975	66,795
Travel	3,622	5,203
Meeting	40	40
Equipment purchase/lease/maintenance	122,752	117,875
Dues and subscriptions	24,947	12,685
Insurance	44,129	42,932
Legal/audit	45,476	45,790
Rent	620,694	612,762
Training and development	1,029	-
	2,170,524	2,020,179
Overhead incurred	2,170,524	2,020,179
Total overhead applied	2,170,524	2,020,179
Fringe Costs:		
FICA employer taxes	275,615	269,511
Health insurance	773,144	731,447
Life/disability insurance	37,577	39,088
Unemployment compensation	19,016	18,343
Workmen's compensation insurance	(418)	(325)
Pension	242,668	256,116
Financial planning, tuition, etc.	400	800
Flex benefits/fees	32,543	32,463
Transit deduct	23,744	27,136
Leave time	550,972	550,512
	1,955,261	1,925,091
Fringe costs incurred	1,955,261	1,925,091
Total fringe costs applied	1,955,261	1,925,091
Total Overhead and Fringe Costs Applied	\$ 4,125,785	\$ 3,945,270

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's and Pass-Through Numbers	Program or Award Amount	Cumulative Award Expenditures Through June 30, 2019	Amounts Passed through to Subrecipients	2020 Direct Expenditures	2020 Total Expenditures	Cumulative Award Expenditures Through June 30, 2020
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	20.205	118455	\$ 2,099,837	\$ 685,403	\$ -	\$ -	\$ -	\$ 685,403
Highway Planning and Construction	20.205	521165	8,252,000	7,893,976	-	-	-	7,893,976
Highway Planning and Construction	20.205	521165	2,246,000	2,190,376	-	-	-	2,190,376
Highway Planning and Construction	20.205	521165	8,940,000	3,991,513	-	4,407,589	4,407,589	8,399,102
Highway Planning and Construction	20.205	521165	2,157,000	927,828	184,000	878,833	1,062,833	1,990,661
Highway Planning and Construction	20.205	520906-5	3,444,124	3,341,046	-	-	-	3,341,046
Highway Planning and Construction	20.205	520906-6	7,976,000	7,440,868	-	-	-	7,440,868
Highway Planning and Construction	20.205	520906-6	2,216,000	1,942,868	-	-	-	1,942,868
Highway Planning and Construction	20.205	1000017	1,281,037	369,013	-	31,220	31,220	400,233
Highway Planning and Construction	20.205	119111	2,502,880	324,161	-	97,634	97,634	421,795
Highway Planning and Construction	20.205	M125558000	616,131	166,694	-	-	-	166,694
Total Highway Planning and Construction Cluster				29,273,746	184,000	5,415,276	5,599,276	34,873,022
Direct Programs:								
Federal Transit Cluster:								
Federal Transit Formula Grants - Section 5307	20.507	PA-90-X471-00-01-02	3,287,952	3,148,211	-	72,418	72,418	3,220,629
Federal Transit Formula Grants - Section 5307	20.507	PA-90-X749-00-01	2,000,000	1,554,182	-	152,842	152,842	1,707,024
Federal Transit Formula Grants - Section 5307	20.507	PA-95-X007-00-01-02-03-06-07	3,085,000	2,367,140	-	308,576	308,576	2,675,716
Federal Transit Formula Grants - Section 5307	20.507	PA-90-X672-00-01-02-03-04-05	1,787,076	1,787,076	-	-	-	1,787,076
Total Federal Transit Cluster				8,856,609	-	533,836	533,836	9,390,445
Transit Services Programs Cluster:								
Job Access and Reverse Commute Program - Section 5316	20.516	PA-37-X037-00-01	1,658,273	1,657,587	-	686	686	1,658,273
Job Access and Reverse Commute Program - Section 5316	20.516	PA-37-X048-00	2,586,137	2,586,137	-	-	-	2,586,137
New Freedom Program - Section 5317	20.521	PA-57-X009-00-01	885,378	885,379	-	-	-	885,379
New Freedom Program - Section 5317	20.521	PA-57-X016-00	2,458,308	2,458,310	-	-	-	2,458,310
Total Transit Services Programs Cluster				7,587,413	-	686	686	7,588,099
Total U.S. Department of Transportation				45,717,768	184,000	5,949,798	6,133,798	51,851,566
Appalachian Regional Commission								
Direct Programs:								
Appalachian Regional Development:								
ARC 302(a) 2019	23.001	PA-0708E-C27-R1-302-19	101,000	97,497	-	38,374	38,374	135,871
ARC 302(a) 2020	23.001	PA-0708E-C28-R1-302-20	103,000	-	-	44,698	44,698	44,698
Total Appalachian Regional Development				97,497	-	83,072	83,072	180,569
Appalachian Area Development:								
ARC Shale POWER Grant 10/2019 to 9/2022	23.002	PW-19708-IM-302-19	1,423,497	-	64,808	4,637	69,445	69,445
ARC 302(b) 07/2018 - 06/2019	23.002	PA-11055-C26-302-18	400,000	396,555	-	-	-	396,555
ARC 302(b) 07/2019 - 06/2020	23.002	PA-11055-C27-302-19	400,000	-	-	395,620	395,620	395,620
Total Appalachian Area Development				396,555	64,808	400,257	465,065	861,620
Total Direct Programs				494,052	64,808	483,329	548,137	1,042,189

(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, 2020

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's and Pass-Through Numbers	Program or Award Amount	Cumulative Award Expenditures Through June 30, 2019	Amounts Passed through to Subrecipients	2020 Direct Expenditures	2020 Total Expenditures	Cumulative Award Expenditures Through June 30, 2020
Appalachian Regional Commission (continued)								
Revolving Loan Program:								
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	ARC93-67	1,451,274	2,271,049	-	2,174,017	2,174,017	2,174,017
Total Appalachian Regional Commission				2,765,101	64,808	2,657,346	2,722,154	3,216,206
U.S. Department of Defense								
Passed Through Indiana University of Pennsylvania:								
Procurement Technical Assistance for Business Firms - 9/1/2018 to 8/31/2019	12.002	SP4800-18-2-1835	114,398	64,229	-	13,200	13,200	77,429
Procurement Technical Assistance for Business Firms - 9/1/2019 to 8/31/2020	12.002	SP4800-19-2-1935	101,690	-	-	55,765	55,765	55,765
Total U.S. Department of Defense				64,229	-	68,965	68,965	133,194
U.S. Department of Commerce								
Direct Programs:								
Economic Development Support for Planning Organizations - 7/19 - 6/20	11.302	ED19PHI3020068 Year 1	70,000	-	-	60,748	60,748	60,748
Economic Development Support for Planning Organizations - 7/20 - 6/21	11.302	ED19PHI3020068 Year 2	70,000	-	-	-	-	-
Economic Development Support for Planning Organizations - 7/21 - 6/22	11.302	ED19PHI3020068 Year 3	70,000	-	-	-	-	-
Total Direct Programs				-	-	60,748	60,748	60,748
Economic Development Cluster:								
Revolving Loan Program:								
Economic Adjustment Assistance	11.307	01-39-03634	475,000	721,356	-	824,584	824,584	824,584
Total U.S. Department of Commerce				721,356	-	885,332	885,332	885,332
Total Expenditures of Federal Awards				\$ 49,268,454	\$ 248,808	\$ 9,561,441	\$ 9,810,249	\$ 56,086,298

(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, 2020

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, 2020. 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, 2020

3. Revolving Loan Funds

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

	<u>EDA</u>
Balance of the RLF at June 30, 2020	\$ 863,368
Plus:	
Cash and investment balance in the RLF at June 30, 2020	234,163
Administrative expenses paid out of the RLF during the fiscal year	1,914
The unpaid principal of all loans written off during the fiscal year	<u>-</u>
	1,099,445
Multiplied by:	
The federal share of the RLF	<u>75%</u>
Total RLF federal expenditures	<u><u>\$ 824,584</u></u>
	<u>ARC</u>
Balance of the RLF at July 1, 2019	\$ 1,966,495
Plus:	
Current year new loans	201,780
RLF income earned and expended	<u>5,742</u>
	2,174,017
Multiplied by:	
The federal share of the RLF	<u>100%</u>
Total RLF federal expenditures	<u><u>\$ 2,174,017</u></u>

SOUTHWESTERN PENNSYLVANIA COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

The federal revolving loan fund programs subsequently are administered directly by SPC, and balances and transactions relating to these programs are included in SPC's financial statements. Loans outstanding at the beginning of the year, loans made during the year, and balance of loans outstanding at June 30, 2020 consist of:

Revolving Loan Fund Program	EDA	ARC
Balance of the RLF at July 1, 2019	\$ 647,249	\$ 1,966,495
Plus: Loans issued	500,000	201,780
Less: Loans paid off	(283,881)	(278,456)
Less: Writeoffs	-	-
Balance of the RLF at June 30, 2020	<u>\$ 863,368</u>	<u>\$ 1,889,819</u>
CFDA #	11.307	23.011

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, 2020



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

**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, 2020, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated December 7, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing 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
December 7, 2020

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

**Executive Committee and
Commissioners
Southwestern Pennsylvania
Commission**

Report on Compliance for the 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 the Commission's major federal program for the year ended June 30, 2020. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on the Major Federal Program

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

Report on Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maker Duessel

Pittsburgh, Pennsylvania
December 7, 2020

SOUTHWESTERN PENNSYLVANIA COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

I. Summary of Audit Results

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

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

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

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

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

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

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

7. Major Programs:

CFDA Number(s)

20.205

Name of Federal Program or Cluster

Highway Planning and Construction 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, 2020

III. Findings and questioned costs for federal awards.

No matters were reported.

SOUTHWESTERN PENNSYLVANIA COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2020

NONE