

**Allegheny County
Industrial Development Authority
(A Component Unit of Allegheny County, Pennsylvania)**

Financial Statements
and Required Supplementary Information
and Supplementary Information

Year Ended December 31, 2021
with Independent Auditor's Report

MaherDuessel

Pursuing the profession while promoting the public good©
www.md-cpas.com

ALLEGHENY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

Independent Auditor's Report

Required Supplementary Information:

Management's Discussion and Analysis	i
--------------------------------------	---

Financial Statements:

Statement of Net Position	1
Statement of Revenues, Expenses, and Changes in Net Position	2
Statement of Cash Flows	3
Notes to Financial Statements	4

Supplementary Information:

Other Enterprise Funds:	
Combining Statement of Net Position	11
Combining Statement of Revenues, Expenses, and Changes in Net Position	12
Combining Statement of Cash Flows	13

Independent Auditor's Report

**Board of Directors
Allegheny County Industrial Development Authority**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Allegheny County Industrial Development Authority (IDA), a component unit of Allegheny County, Pennsylvania (Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Authority, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
March 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Allegheny County Industrial Development Authority's (Authority) Management's Discussion and Analysis is designated to provide an overview of the Authority's financial activities for the year ended December 31, 2021 and should be read in conjunction with the Authority's financial statements, which begin on page 1.

Financial Highlights

- The Authority's net position increased by approximately \$542,324 during the current year.
- The Authority received approximately \$504,000 in grant revenue in the current year related to the CARES Act Revolving Loan Fund.
- The Authority has approximately \$4.2 million in restricted net position available to fund development throughout the County of Allegheny by issuing loans to eligible individuals and organizations.
- The Authority continues to provide access to capital markets through its conduit debt program.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of two components: 1) fund financial statements and 2) notes to financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Authority's funds are proprietary funds.

The Statement of Net Position, found on page 1, provides information about the Authority's financial position of the various enterprise funds using the accrual basis of accounting. It includes all of the Authority's assets and liabilities and indicates which assets, if any, are restricted as to use. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The Statement of Revenues, Expenses, and Changes in Net Position, on page 2, reports all of the Authority's earnings and expenses by business-type activity using the accrual basis of accounting.

The Statement of Cash Flows, on page 3, indicates how much cash was provided and used by operating activities as well as other cash sources and uses such as investing and financing activities.

Proprietary Funds

The Authority maintains one type of proprietary fund. Enterprise funds are used to report activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The Authority maintains nine individual enterprise funds. Information is presented separately in the proprietary funds' statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows for the Administrative Fund, Small Business Distressed Communities, Mon Valley Revolving Loan Program, Allegheny County UPARC Program, and Allegheny County EDA Program, which are considered to be major funds. Data from the other four enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report.

Notes to Financial Statements

The notes, which begin on page 4, provide additional information that is essential to a full understanding of data provided in the fund financial statements.

Other Information

The combining statements referred to earlier in connection with non-major proprietary funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements can be found on pages 11-13.

Analysis of Net Position

Net position is a useful indicator of a government's financial position. For the Authority, total assets were greater than liabilities by \$4,646,396 for the year ended December 31, 2021 and \$4,104,072 for the year ended December 31, 2020.

Condensed Statements of Net Position

The following is a summary of the Authority's Statements of Net Position as of December 31, 2021 and 2020:

	2021	2020	Change
Assets			
Cash	\$ 3,325,382	\$ 3,024,650	\$ 300,732
Loans receivable	1,436,552	1,083,233	353,319
Due from other funds	81,224	-	81,224
Other	47,113	66,754	(19,641)
	4,890,271	4,174,637	715,634
Liabilities			
Accounts payable/accrued expenses	162,651	70,565	92,086
Due to other funds	81,224	-	81,224
	243,875	70,565	173,310
Net Position			
Restricted	4,221,862	3,739,448	482,414
Unrestricted	424,534	364,624	59,910
	\$ 4,646,396	\$ 4,104,072	\$ 542,324

Approximately 91% of the Authority's net position is restricted by outside parties for specific purposes, primarily lending.

Changes in Net Position

The Authority's net position increased by \$542,324 for the year ended December 31, 2021 and increased by \$6,512 for the year ended December 31, 2020. During the current year, 95.2% of the Authority's operating revenue came from administrative fees, 3.0% from loan interest, and 1.8% from other sources. During the prior year, 88.0% of the Authority's operating revenue came from administrative fees, 11.4% from loan interest, and 0.6% from other sources.

The following summarizes the Authority's Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2021 and 2020.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2021	2020	Change
Operating Revenues:			
Administrative fees	\$ 200,039	\$ 126,189	\$ 73,850
Loan interest	6,395	16,281	(9,886)
Other operating revenues	3,750	795	2,955
Total operating revenues	<u>210,184</u>	<u>143,265</u>	<u>66,919</u>
Operating Expenses:			
Program expense	5,042	4,250	792
Professional fees	34,479	33,467	1,012
Other operating costs	33,042	6,633	26,409
Payment to Allegheny County	100,000	100,000	-
Total operating expenses	<u>172,563</u>	<u>144,350</u>	<u>28,213</u>
Operating Income (Loss)	<u>37,621</u>	<u>(1,085)</u>	<u>38,706</u>
Non-operating Revenues:			
Grant revenue and other	504,365	2,528	501,837
Interest revenue	338	5,069	(4,731)
Total non-operating revenues	<u>504,703</u>	<u>7,597</u>	<u>497,106</u>
Net Income (Loss)	542,324	6,512	535,812
Net Position:			
Beginning of year	<u>4,104,072</u>	<u>4,097,560</u>	<u>6,512</u>
End of year	<u>\$ 4,646,396</u>	<u>\$ 4,104,072</u>	<u>\$ 542,324</u>

Financial Analysis of Individual Funds

The following discussion focuses on the Authority's major funds.

The Administrative Fund reported a fund balance of \$424,534, an increase of \$59,910 from the prior year. Administrative fees increased from \$126,051 to \$200,039 as conduit debt was issued in the current year.

The Small Business Distressed Communities Fund reported a fund balance of \$721,160, an increase of \$5,234 from the prior year, primarily due to interest earned on outstanding loans.

The Mon Valley Revolving Loan Program reported a fund balance of \$797,807 an increase of \$100 from the prior year, primarily due to interest earned on the fund's cash deposits.

The Allegheny County UPARC Program reported a fund balance of \$703,979, an increase of \$75 from the prior year, primarily due to interest earned on the fund's cash deposits.

The Allegheny County EDA Program reported a fund balance of \$1,432,328, an increase of \$477,161 from the prior year, primarily due to grant revenue related to the CARES Act Revolving Loan Fund.

Requests for Information

The financial report is designed to provide an overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Fiscal Manager of Operations; One Chatham Center, Suite 900; 112 Washington Place; Pittsburgh, PA 15219.

**ALLEGHENY COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

STATEMENT OF NET POSITION

DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds						Total
	Administrative Fund	Small Business Distressed Communities	Mon Valley Revolving Loan Program	Allegheny County UPARC Program	Allegheny County EDA Program	Other Enterprise Funds	
Assets							
Current assets:							
Cash and cash equivalents	\$ 438,686	\$ 287,202	\$ 867,807	\$ 703,979	\$ 612,502	\$ 415,206	\$ 3,325,382
Current portion of loans receivable	-	43,675	-	-	199,925	18,048	261,648
Fees receivable	42,843	-	-	-	-	-	42,843
Due from other funds	9,300	1,924	-	-	-	70,000	81,224
Total current assets	490,829	332,801	867,807	703,979	812,427	503,254	3,711,097
Noncurrent assets:							
Loans receivable, net of allowance for loan losses	-	388,359	-	-	643,911	142,634	1,174,904
Restricted cash and cash equivalents	4,270	-	-	-	-	-	4,270
Total noncurrent assets	4,270	388,359	-	-	643,911	142,634	1,179,174
Total Assets	\$ 495,099	\$ 721,160	\$ 867,807	\$ 703,979	\$ 1,456,338	\$ 645,888	\$ 4,890,271
Liabilities and Net Position							
Liabilities:							
Accounts payable and accrued expenses	\$ 70,565	\$ -	\$ -	\$ -	\$ 22,086	\$ 70,000	\$ 162,651
Due to other funds	-	-	70,000	-	1,924	9,300	81,224
Total Liabilities	70,565	-	70,000	-	24,010	79,300	243,875
Net Position:							
Restricted	-	721,160	797,807	703,979	1,432,328	566,588	4,221,862
Unrestricted	424,534	-	-	-	-	-	424,534
Total Net Position	424,534	721,160	797,807	703,979	1,432,328	566,588	4,646,396
Total Liabilities and Net Position	\$ 495,099	\$ 721,160	\$ 867,807	\$ 703,979	\$ 1,456,338	\$ 645,888	\$ 4,890,271

See accompanying notes to financial statements.

**ALLEGHENY COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds						Total
	Administrative Fund	Small Business Distressed Communities	Mon Valley Revolving Loan Program	Allegheny County UPARC Program	Allegheny County EDA Program	Other Enterprise Funds	
Operating Revenues:							
Administrative fees:							
Closing	\$ 58,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,925
Annual	119,114	-	-	-	-	-	119,114
Legal	20,000	-	-	-	-	-	20,000
Other	2,000	-	-	-	-	-	2,000
Loan interest	-	5,367	-	-	1,028	-	6,395
Other operating revenues	3,000	-	-	-	750	-	3,750
Total operating revenues	203,039	5,367	-	-	1,778	-	210,184
Operating Expenses:							
Program expense	5,042	-	-	-	-	-	5,042
Professional fees	34,479	-	-	-	-	-	34,479
Other operating costs	3,655	133	72	12	28,982	188	33,042
Payments to Allegheny County	100,000	-	-	-	-	-	100,000
Total operating expenses	143,176	133	72	12	28,982	188	172,563
Operating Income (Loss)	59,863	5,234	(72)	(12)	(27,204)	(188)	37,621
Non-Operating Revenues (Expenses):							
Investment interest revenue	47	-	172	87	-	32	338
Grant revenue	-	-	-	-	504,365	-	504,365
Total non-operating revenues (expenses)	47	-	172	87	504,365	32	504,703
Net Income (Loss)	59,910	5,234	100	75	477,161	(156)	542,324
Net Position:							
Beginning of year	364,624	715,926	797,707	703,904	955,167	566,744	4,104,072
End of year	\$ 424,534	\$ 721,160	\$ 797,807	\$ 703,979	\$ 1,432,328	\$ 566,588	\$ 4,646,396

See accompanying notes to financial statements.

ALLEGHENY COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds						Total
	Administrative Fund	Small Business Distressed Communities	Mon Valley Revolving Loan Program	Allegheny County UPARC Program	Allegheny County EDA Program	Other Enterprise Funds	
Cash Flows From Operating Activities:							
Receipts from customers	\$ 205,280	\$ -	\$ -	\$ -	\$ 750	\$ -	\$ 206,030
Payments for goods and services	(138,134)	-	-	-	-	-	(138,134)
Payroll and related taxes	(5,042)	-	-	-	-	-	(5,042)
Loan disbursed	-	-	-	-	(479,221)	-	(479,221)
Loan principal payments received	-	25,315	-	-	87,108	16,537	128,960
Loan interest received	-	5,367	-	-	1,028	-	6,395
Other operating costs	-	(2,057)	69,928	(12)	(4,972)	9,112	71,999
Net cash provided by (used in) operating activities	62,104	28,625	69,928	(12)	(395,307)	25,649	(209,013)
Cash Flows From Noncapital and Related Financing Activities:							
Receipts from grantors	-	-	-	-	504,365	-	504,365
Cash Flows From Investing Activities:							
Interest on investments	47	-	172	87	-	32	338
Net Increase (Decrease) in Cash and Cash Equivalents	62,151	28,625	70,100	75	109,058	25,681	295,690
Cash and Cash Equivalents:							
Beginning of year	380,805	258,577	797,707	703,904	503,444	389,525	3,033,962
End of year	\$ 442,956	\$ 287,202	\$ 867,807	\$ 703,979	\$ 612,502	\$ 415,206	\$ 3,329,652
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:							
Operating income (loss)	\$ 59,863	\$ 5,234	\$ (72)	\$ (12)	\$ (27,204)	\$ (188)	\$ 37,621
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Change in:							
Fees receivable	11,541	-	-	-	3,058	-	14,599
Accounts payable and accrued expenses	-	-	-	-	22,086	70,000	92,086
Due from other funds	(9,300)	(1,924)	-	-	-	(70,000)	(81,224)
Due to other funds	-	-	70,000	-	1,924	9,300	81,224
Loans receivable	-	25,315	-	-	(395,171)	16,537	(353,319)
Net cash provided by (used in) operating activities	\$ 62,104	\$ 28,625	\$ 69,928	\$ (12)	\$ (395,307)	\$ 25,649	\$ (209,013)

See accompanying notes to financial statements.

ALLEGHENY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. Organization and Purpose

The Allegheny County Industrial Development Authority (Authority) was incorporated in 1969, pursuant to a resolution of the Board of Commissioners of the County of Allegheny (County) under the Economic Development Financing Law. The Authority's purpose is to aid in alleviating unemployment and to maintain levels of existing employment through promotion the construction of industrial, manufacturing, research, and development facilities. The Authority has a legal life through 2045.

The Authority issues revenue bonds and notes for eligible projects in the County. Each issue is payable from receipts derived by the Authority from the entity on whose behalf the debt was issued; and each issue is secured separately and distinctly. All debt instruments are supported by the credit of the respective institution involved in each individual project. The interest rate, terms of the repayment, and dollar amount of the bonds are matters of direct negotiation between the institution and the bond underwriters.

In 1996, the Authority entered into an agreement with the County, whereby the County transferred the administration of certain programs to the Authority. The Small Business Distressed Communities, Development Action Assistance Program, Port of Pittsburgh Loan Program and Allegheny County Economic Development Administration programs are all revolving loan programs that the Authority also administers, whereby the Authority is fully exposed to the risk that the borrower will not repay the full balance of the loans outstanding. The Port of Pittsburgh Loan Program loans were all paid off in 1999.

In addition, the Authority administers the proceeds of the University of Pittsburgh Applied Research Center (UPARC) grant repayments on behalf of the County. During 2002, the MEC Loans Program was transferred to the Authority and the Sanders SELF Loan Program was funded.

The governing body of the Authority consists of a Board of Directors (Board). Members of the Board are appointed by the County Executive. The Authority is included as a component unit of the County.

ALLEGHENY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

2. Summary of Significant Accounting Policies

Basis of Accounting

The Authority has various programs that are reported as separate Enterprise Funds. The Authority accounts for its programs on the accrual basis of accounting in accordance with the provisions of the Government Accounting Standards Board (GASB) Statements. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of fees and interest on loans receivable. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions, such as capital contributions, grants, or ancillary activities.

When an expense is incurred, for purposes in which there are both restricted and unrestricted resources available, it is the Authority's policy to apply those expenses first to restricted resources, to the extent that such are available; and then to unrestricted resources.

The Authority reports the following major proprietary funds:

- The Administrative Fund is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except for those required to be accounted for in another fund.
- The Small Business Distressed Communities (SBDC) Fund is a revolving loan program which uses Community Development Funds for the promotion of industrial and economic development in the County.
- The Mon Valley Revolving Loan Program (MON) is a revolving loan program to assist small businesses with the purchase of equipment and machinery in the promotion of industrial and economic development in the County.

ALLEGHENY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

- The Allegheny County UPARC Program (UPARC) is a revolving loan program to assist small businesses with the purchase of equipment and machinery in the promotion of industrial and economic development in the County.
- The Allegheny County EDA Program (EDA) is a revolving loan program which uses Economic Development Administration funds for the promotion of industrial and economic development in the County.

Administrative Fees

The Administrative Fund charges those entities on whose behalf the debt is issued a closing fee at the inception of each issue, and annual fees due on each anniversary of the issue for as long as the issue is outstanding. Borrowers must pay the first annual fee at closing, and then on each anniversary of the issue for as long as the issue is outstanding. Administrative fees are nonrefundable and are recognized as revenue at the time they are due.

Cash and Cash Equivalents

For the purposes of presentation, the Authority considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Restricted Cash

Restricted cash represents cash and cash equivalents set aside for Local Economic Development Assistance programs (LEDA).

Allowance for Uncollectible Accounts

The Authority uses the allowance method in providing for loan losses. Accordingly, potential loan losses are recorded to the allowance and provided for as bad debt expense when the collection is doubtful. Conversely, when management is of opinion that previously reserved loans are collectible, the current year's provision is reduced.

ALLEGHENY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Classification of Net Position

Net position is classified 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 these assets. There were no net investments in capital assets at year-end.

Restricted - This component of net position consists of constraints placed on net position use through external restrictions imposed by creditors, grantors, contributors, or regulation.

Unrestricted - This component of net position consists of assets that do not meet the definition of "restricted" or "net investments in capital assets."

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Replacement of Interbank Offered Rates), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans).

Management has not yet determined the impact of these statements on the financial statements.

3. Administrative Services

The Authority contracts with the Allegheny County Department of Economic Development (ACED) for various administrative support services, including space and personnel. The Authority was required to pay \$100,000 for the year ended December 31, 2021.

ALLEGHENY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

4. Deposits and Investments

GASB Statement No. 40, *“Deposits and Investment Risk Disclosures,”* requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the Authority’s deposit and investment risks:

The Authority is authorized to make investments of the following types: (1) United States Treasury bills, (2) short-term obligations of the United States government or its agencies or instrumentalities, (3) deposits in savings accounts or time deposits or share accounts of institutions which are insured, (4) obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision thereof, and (5) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the investments of the company meet the criteria in (1) through (4) above.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2021, \$2,237,409 of the Authority’s bank balance of \$2,487,409 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 carrying amounts of \$2,487,386 as of December 31, 2021 and are classified as cash and cash equivalents on the statement of net position.

The Authority also has deposits managed by the Pennsylvania Local Government Investment Trust (PLGIT). These funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical form. The Authority’s investment in PLGIT (an external investment pool) is the same as the value of the pool shares and is reported at amortized cost which approximates fair value. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Authority can withdraw funds from the external investment pool without limitations or fees. As of December 31, 2021, the bank and book balances of the

ALLEGHENY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

investments in PLGIT are \$842,266 and are classified as cash and cash equivalents on the statement of net position. As of December 31, 2021, the Authority's investments in PLGIT are rated AAAM by Standard & Poor's.

5. Conduit Debt

The Authority issues tax-exempt and taxable limited-obligation debt through various lending and financial institutions to provide below-market interest rate financing to private-sector entities for eligible projects. The debt is secured by the property financed, and is payable solely from the payments received on the underlying loans. Neither the Authority, the Commonwealth of Pennsylvania, nor any political subdivision thereof, is obligated in any matter for the repayment of the debt. Accordingly, the debt is not reported as a liability in the accompanying financial statements.

The principal amount outstanding for the debt issued, as of December 31, 2021, is approximately \$367 million.

6. Receivables

The Authority receives an annual administrative fee for each bond series that is outstanding. The fees are recorded in the Administrative Fund. As of December 31, 2021, the fees receivable in the Administrative Fund are \$42,843.

7. Loan Receivable

As previously discussed, the Authority administers certain programs on behalf of other entities. Under this arrangement, the Authority collects certain loans from third parties. These loans receivable are recorded in the various proprietary funds.

ALLEGHENY COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

The following is a summary of commercial loans outstanding, not including deferred loans that are recorded at a net zero value, at December 31, 2021:

Program	Number of Loans	Receivable Balance	Allowance for Loan Losses	Net Receivable Balance
Small Business Distressed Communities	3	\$ 432,034	-	\$ 432,034
Development Action Assistance Program	2	360,682	200,000	160,682
Allegheny County EDA	16	843,836	-	843,836
Total	21	\$ 1,636,552	\$ 200,000	\$ 1,436,552

The above loans bear interest at rates ranging from 0% to 9% per annum. These loans range in amounts from \$1,000 to \$500,000 and mature through 2029.

8. Economic Dependence

The Authority receives significant financial assistance from governmental agencies in the form of contracts, grants, and other entitlements. The disbursement of funds received under such programs generally requires compliance with terms and conditions specified in the contract/grant agreements and is subject to audit by grantor agencies. Any disallowed costs resulting from such audits could become a liability of the Authority. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. Management expects such amount, if any, to be immaterial.

SUPPLEMENTARY INFORMATION

**ALLEGHENY COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

COMBINING STATEMENT OF NET POSITION - OTHER ENTERPRISE FUNDS

DECEMBER 31, 2021

	Development Action Assistance Program	Port of Pittsburgh Loan Program	MEC	Sanders SELF Loan Program	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 155,151	\$ 145,576	\$ 56,009	\$ 58,470	\$ 415,206
Current portion of loans receivable	18,048	-	-	-	18,048
Due from other funds	70,000	-	-	-	70,000
Total current assets	<u>243,199</u>	<u>145,576</u>	<u>56,009</u>	<u>58,470</u>	<u>503,254</u>
Noncurrent assets:					
Loans receivable, net of allowance for loan losses	142,634	-	-	-	142,634
Total Assets	<u><u>\$ 385,833</u></u>	<u><u>\$ 145,576</u></u>	<u><u>\$ 56,009</u></u>	<u><u>\$ 58,470</u></u>	<u><u>\$ 645,888</u></u>
Liabilities and Net Position					
Liabilities:					
Accounts payable and accrued expenses	\$ 70,000	\$ -	\$ -	\$ -	\$ 70,000
Due to other funds	-	9,300	-	-	9,300
Total Liabilities	<u>70,000</u>	<u>9,300</u>	<u>-</u>	<u>-</u>	<u>79,300</u>
Net Position:					
Restricted	315,833	136,276	56,009	58,470	566,588
Total Net Position	<u>315,833</u>	<u>136,276</u>	<u>56,009</u>	<u>58,470</u>	<u>566,588</u>
Total Liabilities and Net Position	<u><u>\$ 385,833</u></u>	<u><u>\$ 145,576</u></u>	<u><u>\$ 56,009</u></u>	<u><u>\$ 58,470</u></u>	<u><u>\$ 645,888</u></u>

**ALLEGHENY COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

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

YEAR ENDED DECEMBER 31, 2021

	Development Action Assistance Program	Port of Pittsburgh Loan Program	MEC	Sanders SELF Loan Program	Total
Operating Revenues:					
Other operating revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Total operating revenues	-	-	-	-	-
Operating Expenses:					
Other operating costs	56	72	24	36	188
Total operating expenses	56	72	24	36	188
Operating Income (Loss)	(56)	(72)	(24)	(36)	(188)
Non-Operating Revenues (Expenses):					
Investment interest revenue	-	32	-	-	32
Total non-operating revenues (expenses)	-	32	-	-	32
Net Income (Loss)	(56)	(40)	(24)	(36)	(156)
Net Position:					
Beginning of year	315,889	136,316	56,033	58,506	566,744
End of year	<u>\$ 315,833</u>	<u>\$ 136,276</u>	<u>\$ 56,009</u>	<u>\$ 58,470</u>	<u>\$ 566,588</u>

**ALLEGHENY COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

COMBINING STATEMENT OF CASH FLOWS - OTHER ENTERPRISE FUNDS

YEAR ENDED DECEMBER 31, 2021

	Development Action Assistance Program	Port of Pittsburgh Loan Program	MEC	Sanders SELF Loan Program	Total
Cash Flows From Operating Activities:					
Loan principal repayments	\$ 16,537	\$ -	\$ -	\$ -	\$ 16,537
Other operating costs	(56)	9,228	(24)	(36)	9,112
Net cash provided by (used in) operating activities	16,481	9,228	(24)	(36)	25,649
Cash Flows From Investing Activities:					
Interest on investments	-	32	-	-	32
Net cash provided by (used in) investing activities	-	32	-	-	32
Net Increase (Decrease) in Cash and Cash Equivalents	16,481	9,260	(24)	(36)	25,681
Cash and Cash Equivalents:					
Beginning of year	138,670	136,316	56,033	58,506	389,525
End of year	\$ 155,151	\$ 145,576	\$ 56,009	\$ 58,470	\$ 415,206
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:					
Operating income (loss)	\$ (56)	\$ (72)	\$ (24)	\$ (36)	\$ (188)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Loans receivable	16,537	-	-	-	16,537
Due from other funds	(70,000)	-	-	-	(70,000)
Accounts payable and accrued expenses	70,000	-	-	-	70,000
Due to other funds	-	9,300	-	-	9,300
Net cash provided by (used in) operating activities	\$ 16,481	\$ 9,228	\$ (24)	\$ (36)	\$ 25,649