

**REDEVELOPMENT AUTHORITY
OF ALLEGHENY COUNTY**

PITTSBURGH, PENNSYLVANIA

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the Board
Redevelopment Authority of Allegheny County
Pittsburgh, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY, 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 Opinions

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 REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY's 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 REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY's ability to continue as a going concern for one year after the date that the financial statements are issued.



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Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY'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 REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY'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 management's discussion and analysis on pages 4 through 15 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



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or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY's basic financial statements. The combining non-major special revenue fund financial statements on pages 41 through 42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major special revenue fund financial statements are the responsibility of management and were derived from and relates 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 non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Pittsburgh, Pennsylvania
May 18, 2022

Management's Discussion and Analysis December 31, 2021

The REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY, hereafter referred to as the "AUTHORITY", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments (hereafter "GASB 34"), and related standards. GASB 34 enhances information provided to the users of its financial statements. This section of the financial reporting package presents our discussion and analysis of the AUTHORITY's financial performance during the year that ended on December 31, 2021. We recommend that it be read in conjunction with the AUTHORITY's financial statements that follow this section in order to obtain a thorough understanding of the AUTHORITY's financial condition at December 31, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following two parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Other supplementary information

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the AUTHORITY's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. In addition to the required elements, an other supplementary information section is included with combining statements that provide particulars about non-major funds.

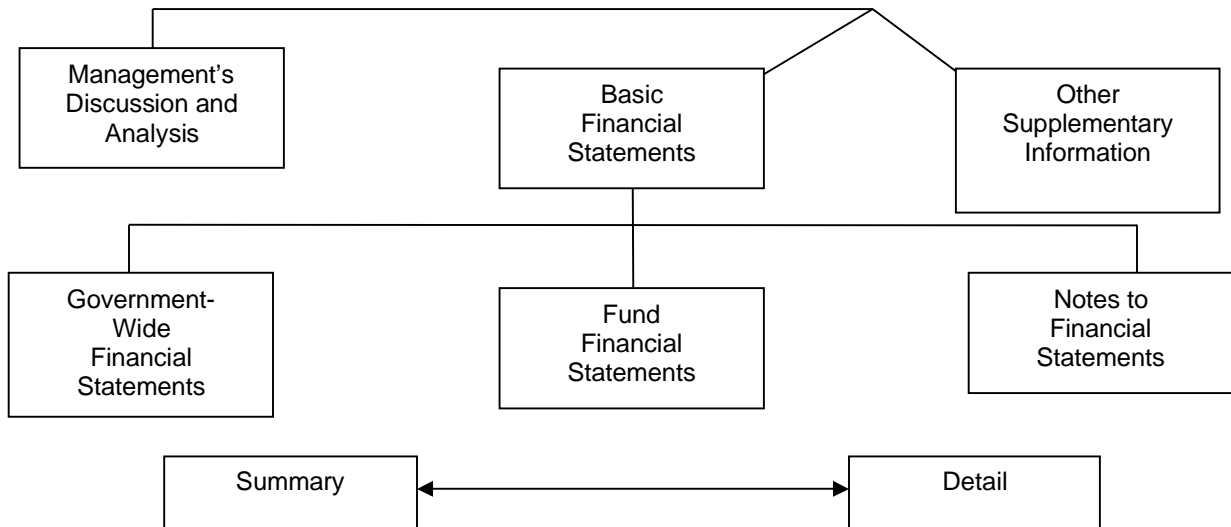
The basic financial statements present two different views of the AUTHORITY.

- *Government-wide financial statements*, the first two statements, provide information about the AUTHORITY's overall financial status.
- *Fund financial statements*, the remaining statements, focus on individual parts of the AUTHORITY's government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements, though two are presented for the AUTHORITY:
 - *Governmental funds statements* show how general government services are financed in the short term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the AUTHORITY operates like a business.

**Management's Discussion and Analysis
December 31, 2021**

Table A-1: Organization of the Authority's annual financial report

Required Components of the Annual Financial Statements



**Management's Discussion and Analysis
December 31, 2021**

Table A-2 summarizes the major features of the Authority's financial statements, including the area of the Authority's activities they cover and the types of information they contain.

Table A-2: Major features of the government-wide and fund financial statements

	Government-wide Statements	Fund Financial Statements	
		Governmental	Proprietary
Scope	Entire Entity	The day-to-day operating activities of the County, such as public safety and public works	The activities of the Authority, such as the Economic Development Fund
Required Financial Statements	-Statement of net position -Statement of activities	-Balance Sheet -Statement of revenues, expenditures and changes in fund balance	-Statement of net position -Statement of revenues, expenses, and changes in fund net position -Statement of cash flows
Accounting basis and measurement focus	Accrual	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital short-term and long-term
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid

Management's Discussion and Analysis December 31, 2021

The remainder of the overview explains the structure and contents of the government-wide and fund financial statements.

Government-wide financial statements

Government-wide financial statements report information about the AUTHORITY as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net position includes all the AUTHORITY's assets and liabilities with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the AUTHORITY's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on general revenues for funding.

All changes to net position are reported using the economic resources measurement focus and the accrual basis of accounting, which requires that revenues be reported when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

Net position is one way to measure the AUTHORITY's financial position. Over time, increases or decreases in the AUTHORITY's net position are one indicator of whether the AUTHORITY's financial position is improving or deteriorating. However, other non-financial factors such as changes in the AUTHORITY's general economic conditions must be considered to assess the overall position of the AUTHORITY.

The primary government is included in the government-wide financial statements. The AUTHORITY does not have any discretely presented component units that it reports in the financial statements.

There are two categories of activities for the primary government:

- *Governmental activities* include the AUTHORITY's basic services such as community development.
- *Business-type activities*, such as the 200 Industry Drive Fund, charge a fee to customers to help cover the costs of services.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets in the fund level statements are reported as expenditures when financial resources (money) are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Management's Discussion and Analysis December 31, 2021

Government-wide statements are reported on the accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets
- Report long-term debt as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Allocate net position balances as follows:
 - Net position invested in capital assets, net of related debt
 - Restricted net position is net position with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
 - Unrestricted net position is the net amount of the assets that do not meet any of the above restrictions

Fund Financial Statements

Fund financial statements provide more detailed information on the AUTHORITY's most significant funds, not the AUTHORITY as a whole. Funds are accounting devices, i.e., a group of related accounts, the AUTHORITY uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using the modified accrual basis of accounting.

The AUTHORITY has two kinds of funds:

- *Governmental funds* include most of the AUTHORITY's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

- *Proprietary funds* report business-type programs and activities that charge fees designed to recover the cost of providing services. The proprietary funds report using the accrual basis of accounting.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The AUTHORITY's total assets were \$87,419,272 at December 31, 2021. Of this amount, \$3,219,804 was capital assets.

GASB No. 34 required that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allowed infrastructure to be added over several years. The AUTHORITY adopted the provisions of GASB 34 related to infrastructure on the retroactive basis.

Management's Discussion and Analysis
December 31, 2021

Condensed Statement of Net Position

	2021	2020	2021	2020	2021 Total	2020 Total
	Governmental	Governmental	Business-	Business-		
	Activities	Activities	Type	Type		
	Activities	Activities	Activities	Activities		
Capital assets	\$ -	\$ -	\$ 3,219,804	\$ 3,330,119	\$ 3,219,804	\$ 3,330,119
Other assets	59,666,707	50,131,957	24,532,761	25,144,427	84,199,468	75,276,384
Total assets	<u>\$ 59,666,707</u>	<u>\$ 50,131,957</u>	<u>\$ 27,752,565</u>	<u>\$ 28,474,546</u>	<u>\$ 87,419,272</u>	<u>\$ 78,606,503</u>
Current liabilities	\$ 32,647,068	\$ 17,966,864	\$ (7,938,945)	\$ (7,944,000)	\$ 24,708,123	\$ 10,022,864
Long-term liabilities	-	-	2,972,000	3,282,000	2,972,000	3,282,000
Total liabilities	<u>\$ 32,647,068</u>	<u>\$ 17,966,864</u>	<u>\$ (4,966,945)</u>	<u>\$ (4,662,000)</u>	<u>\$ 27,680,123</u>	<u>\$ 13,304,864</u>
Net position, net investment in capital assets	\$ -	\$ -	\$ 3,219,804	\$ 3,330,119	\$ 3,219,804	\$ 3,330,119
Restricted net position	14,231,597	19,412,602	35,632,939	35,669,278	49,864,536	55,081,880
Unrestricted net position (deficit)	12,788,042	12,752,491	(6,133,233)	(5,862,851)	6,654,809	6,889,640
Total net position	<u>\$ 27,019,639</u>	<u>\$ 32,165,093</u>	<u>\$ 32,719,510</u>	<u>\$ 33,136,546</u>	<u>\$ 59,739,149</u>	<u>\$ 65,301,639</u>

Management's Discussion and Analysis
December 31, 2021

Change in Net Position

The following statement of activities represents the change in net position for the years ended December 31, 2021 and 2020. It shows revenues by source and expenses by function for governmental activities, business-type activities, and the government as a whole.

Condensed Statement of Activities

	2021	2020	2021	2020	2021	2020
	Governmental	Governmental	Business-	Business-	2021	2020
	Activities	Activities	Type	Type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
Program Revenues:						
Charges for services	\$ 87,817	\$ 258,570	\$ 78,576	\$ 561,969	\$ 166,393	\$ 820,539
Grants and contributions	37,557,235	14,622,787	-	-	37,557,235	14,622,787
General Revenues:						
Investment earnings	25,076	89,699	1,554	18,415	26,630	108,114
Miscellaneous revenue	465,431	263,001	-	-	465,431	263,001
Total revenues	<u>38,135,559</u>	<u>15,234,057</u>	<u>80,130</u>	<u>580,384</u>	<u>38,215,689</u>	<u>15,814,441</u>
Expenses:						
General government administration	758,759	816,788	-	-	758,759	816,788
Community development	42,522,254	21,908,000	-	-	42,522,254	21,908,000
Lending program	-	-	78,960	860,453	78,960	860,453
Rental activity	-	-	418,206	650,313	418,206	650,313
Interest on long-term debt	-	-	-	6,873	-	6,873
Total expenses	<u>43,281,013</u>	<u>22,724,788</u>	<u>497,166</u>	<u>1,517,639</u>	<u>43,778,179</u>	<u>24,242,427</u>
Changes in net position	<u>(5,145,454)</u>	<u>(7,490,731)</u>	<u>(417,036)</u>	<u>(937,255)</u>	<u>(5,562,490)</u>	<u>(8,427,986)</u>
Net position, January 1	<u>\$ 32,165,093</u>	<u>\$ 39,655,824</u>	<u>\$33,136,546</u>	<u>\$34,073,801</u>	<u>\$65,301,639</u>	<u>\$73,729,625</u>
Net position, December 31	<u>\$ 27,019,639</u>	<u>\$ 32,165,093</u>	<u>\$32,719,510</u>	<u>\$33,136,546</u>	<u>\$59,739,149</u>	<u>\$65,301,639</u>

Management's Discussion and Analysis
December 31, 2021

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government.

Net Cost of Governmental and Business-type Activities

	<u>2021 Total Cost of Services</u>	<u>2020 Total Cost of Services</u>	<u>2021 Net Cost of Services</u>	<u>2020 Net Cost of Services</u>
Program:				
General government	\$ 758,759	\$ 816,788	\$ (758,759)	\$ (816,788)
Community development	42,522,254	21,908,000	(4,877,202)	(7,026,643)
Lending program	78,960	860,453	(37,893)	(807,386)
Rental activity	418,206	657,186	(380,697)	(148,284)
	<u>\$ 43,778,179</u>	<u>\$ 24,242,427</u>	<u>\$ (6,054,551)</u>	<u>\$ (8,799,101)</u>

Current year revenue for the AUTHORITY funded 87% of its governmental activities in 2021, with the remaining activities being funded by fund balance and general revenues. Revenue for the AUTHORITY funded 65.4% of its governmental activities in 2020 with the remaining activities being funded by fund balance and general revenues. Current year revenue for the AUTHORITY funded 15.8% of its business-type activities in 2021, while the remaining activities were funded with fund balance and general revenues. Prior year revenue for the AUTHORITY funded 37.0% of its business-type activities in 2020 while the remaining activities were funded with fund balance and general revenues.

Capital Assets

The AUTHORITY's investment in capital assets at December 31, 2021, net of accumulated depreciation, was \$3,219,804. Capital assets consist primarily of land, buildings, and improvements. The following is a summary of capital assets at December 31, 2021 and 2020:

	<u>2021 Business- Type Activities</u>	<u>2020 Business- Type Activities</u>
Land	\$ 1,528,300	\$ 1,528,300
Buildings and Improvements	5,489,223	5,489,223
Accumulated Depreciation	<u>(3,797,719)</u>	<u>(3,687,404)</u>
Total Net Capital Assets	<u>\$ 3,219,804</u>	<u>\$ 3,330,119</u>

Detailed information about the AUTHORITY's capital assets can be found in Note 4 to the Financial Statements.

Management's Discussion and Analysis
December 31, 2021

Debt Administration

At December 31, 2021, the AUTHORITY had \$3,282,000 of debt outstanding. Debt decreased 8% from the previous year. The following is a summary of debt obligations for the 2021 year:

	Outstanding Balance as of January 1, 2021	Additions	Deletions	Outstanding Balance as of December 31, 2021	Due Within 1 Year
Business-Type Activities:					
Section 108 Loans	\$ 3,580,000	\$ -	\$ (298,000)	\$ 3,282,000	\$ 310,000
Business-Type Activities					
Total Debt	<u>\$ 3,580,000</u>	<u>\$ -</u>	<u>\$ (298,000)</u>	<u>\$ 3,282,000</u>	<u>\$ 310,000</u>

Detailed information on long-term debt can be found at Note 6 to the financial statements.

GOVERNMENTAL FUNDS

The AUTHORITY uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the AUTHORITY's financing requirements. In particular, unreserved/undesignated fund balance may serve as a useful measure of the AUTHORITY's net resources available for spending at the end of the year.

The AUTHORITY's governmental funds include the general fund and various special revenue funds. The general fund is the chief operating fund for the AUTHORITY. Special revenue funds are restricted to specific legislated use. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements.

Management's Discussion and Analysis
December 31, 2021

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Revenues:		
Intergovernmental revenues	\$ 37,557,235	\$ 14,622,787
Loan repayments	301,129	398,200
Fee income	87,817	101,070
Interest and other revenues	<u>490,507</u>	<u>510,200</u>
Total revenues	<u>\$ 38,436,688</u>	<u>\$ 15,632,257</u>

There are several factors relating to the increase of \$22,804,431 in revenues from 2020 to 2021. The most significant factors contributing to the intergovernmental revenue increase was the receipt of \$15,270,000 of COVID-19 Hospitality Industry Recovery Program ("CHIRP") funds during the year, that were distributed to eligible businesses. Increases were also seen in Gaming Economic Development Fund ("GEDF") grant funding.

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Expenditures:		
General government, administrative	\$ 752,990	\$ 797,550
Community development	42,351,844	21,035,306
Other	<u>5,769</u>	<u>19,238</u>
Total expenditures	<u>\$ 43,110,603</u>	<u>\$ 21,852,094</u>

Total expenditures increased by \$21,258,509. The increase in expenditures was largely due to the \$15,270,000 of community development expenses related to the CHIRP program as well as an increase in GEDF expenditures.

Management's Discussion and Analysis
December 31, 2021

PROPRIETARY FUND REVENUES

Proprietary fund revenues at December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Revenues:		
Loan interest	\$ 41,067	\$ 49,617
Rental income	31,482	441,913
Other revenue	6,027	70,439
Interest revenue	<u>1,554</u>	<u>18,415</u>
 Total revenues	 <u>\$ 80,130</u>	 <u>\$ 580,384</u>

Proprietary fund revenues decreased from 2020 to 2021 by \$500,254. This was primarily due to the decrease in rental income was due to the main tenant at 200 Industry Drive moving out in June 2020.

PROPRIETARY FUND EXPENSES

	<u>2021</u>	<u>2020</u>
Expenses:		
Building operations	\$ 307,891	\$ 425,819
Depreciation and amortization expense	110,315	152,796
Professional services	60,105	23,474
Miscellaneous expense	1,843	1,951
Bad debt expense	17,012	906,726
Interest expense	<u>-</u>	<u>6,873</u>
 Total expenses	 <u>\$ 497,166</u>	 <u>\$ 1,517,639</u>

Expenses decreased by \$1,020,483 from 2020 to 2021 due to a significant decrease in bad debt expense. This was mostly the result of the write off of an EDF loan in 2020. Building operations were reduced due to the main tenant moving out of 200 Industry Drive in June 2020. Interest expense was reduced to \$0 due to the prior year payoff of the general obligation bonds.

**Management's Discussion and Analysis
December 31, 2021**

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending fund balances for governmental funds and net position for proprietary funds at December 31, 2021 and 2020 were as follows:

<u>Fund</u>	<u>2021 Governmental Funds</u>	<u>2020 Governmental Funds</u>	<u>2021 Proprietary Funds</u>	<u>2020 Proprietary Funds</u>
General Fund	\$ 2,953,430	\$ 3,273,760	\$ -	\$ -
Home Improvement Loan Fund	3,909,139	3,750,283	-	-
Community Infrastructure Tourism Fund	8,943,010	13,455,380	-	-
COVID-19 Hospitality Industry Recovery Program	-	-	-	-
Non-Major Governmental Funds	57,435	57,506	-	-
Economic Development Fund	-	-	35,632,939	35,669,278
200 Industry Drive Fund	-	-	(2,913,429)	(2,532,732)
Section 108 Loan Fund	-	-	-	-
Total	<u>\$ 15,863,014</u>	<u>\$ 20,536,929</u>	<u>\$ 32,719,510</u>	<u>\$ 33,136,546</u>

The reasons for the changes in governmental fund balances and proprietary fund net position are explained above in the governmental funds revenues and expenditures and the proprietary fund revenues and expenses sections.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

Management expects that there will be a few changes in 2022. Current economic conditions have affected the Economic Development Fund as collectability of four outstanding loans is uncertain due to entities not being able to repay their loan obligations. Management does not anticipate any additional write-offs of EDF loans.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the AUTHORITY's finances and to demonstrate the AUTHORITY's accountability. Questions concerning this financial information or requests for additional information should be directed to:

Fiscal Manager
Allegheny County Economic Development
Chatham One, Suite 900
112 Washington Place
Pittsburgh, PA 15219

Phone: 412-350-1000

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 31,479,610	\$ 885,919	\$ 32,365,529
Investments	413,873	-	413,873
Intergovernmental receivables	14,496,998	-	14,496,998
Current portion of loans receivable	-	571,841	571,841
Miscellaneous receivables	626,320	-	626,320
Due from Primary Government	145,791	-	145,791
Land inventory	8,891,680	-	8,891,680
Restricted funds:			
Cash and cash equivalents	648,712	12,479,173	13,127,885
Investments	698,778	-	698,778
Capital assets: (Net)			
Non-depreciable	-	1,528,300	1,528,300
Depreciable	-	1,691,504	1,691,504
Loans receivable, net	<u>2,264,945</u>	<u>10,595,828</u>	<u>12,860,773</u>
 Total Assets	 <u>\$ 59,666,707</u>	 <u>\$ 27,752,565</u>	 <u>\$ 87,419,272</u>
<u>Liabilities</u>			
Current liabilities:			
Intergovernmental payables	\$ 306,615	\$ -	\$ 306,615
Accounts payable and accrued liabilities	7,925,521	88,505	8,014,026
Unearned revenues	16,074,858	2,624	16,077,482
Internal balances	8,340,074	(8,340,074)	-
Current portion of long-term debt	-	310,000	310,000
Noncurrent liabilities			
Long-term debt	<u>-</u>	<u>2,972,000</u>	<u>2,972,000</u>
 Total Liabilities	 <u>32,647,068</u>	 <u>(4,966,945)</u>	 <u>27,680,123</u>
<u>Net Position</u>			
Net investment in capital assets	-	3,219,804	3,219,804
Restricted net position			
Program purposes	14,231,597	35,632,939	49,864,536
Unrestricted (Deficit)	<u>12,788,042</u>	<u>(6,133,233)</u>	<u>6,654,809</u>
 Total Net Position	 <u>\$ 27,019,639</u>	 <u>\$ 32,719,510</u>	 <u>\$ 59,739,149</u>

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
General government	\$ 758,759	\$ -	\$ -	\$ (758,759)	\$ -	\$ (758,759)
Community development	<u>42,522,254</u>	<u>87,817</u>	<u>37,557,235</u>	<u>(4,877,202)</u>	<u>-</u>	<u>(4,877,202)</u>
Total Governmental Activities	<u>43,281,013</u>	<u>87,817</u>	<u>37,557,235</u>	<u>(5,635,961)</u>	<u>-</u>	<u>(5,635,961)</u>
Business-Type Activities:						
Lending program	78,960	41,067	-	-	(37,893)	(37,893)
Rental activity	<u>418,206</u>	<u>37,509</u>	<u>-</u>	<u>-</u>	<u>(380,697)</u>	<u>(380,697)</u>
Total Business-Type Activities	<u>497,166</u>	<u>78,576</u>	<u>-</u>	<u>-</u>	<u>(418,590)</u>	<u>(418,590)</u>
Total Primary Government	<u>\$ 43,778,179</u>	<u>\$ 166,393</u>	<u>\$ 37,557,235</u>	<u>(5,635,961)</u>	<u>(418,590)</u>	<u>(6,054,551)</u>
General Revenues:						
Investment earnings				25,076	1,554	26,630
Miscellaneous				<u>465,431</u>	<u>-</u>	<u>465,431</u>
Total General Revenues				<u>490,507</u>	<u>1,554</u>	<u>492,061</u>
Change in Net Position				(5,145,454)	(417,036)	(5,562,490)
Net Position - Beginning				<u>32,165,093</u>	<u>33,136,546</u>	<u>65,301,639</u>
Net Position - Ending				<u>\$ 27,019,639</u>	<u>\$ 32,719,510</u>	<u>\$ 59,739,149</u>

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021

Assets	General Fund	The Allegheny County Home Improvement Loan Program	Community Infrastructure and Tourism Fund	COVID-19 Hospitality Industry Recovery Program	Non-Major Special Revenue Funds	Total Governmental Funds
Cash and cash equivalents	\$ 18,478,293	\$ 2,781,184	\$ 10,220,133	\$ -	\$ -	\$ 31,479,610
Investments	-	413,873	-	-	-	413,873
Restricted funds:						
Cash and cash equivalents	105,993	-	-	-	542,719	648,712
Investments	-	698,778	-	-	-	698,778
Receivables:						
Intergovernmental	14,496,998	-	-	-	-	14,496,998
Other	595,482	30,838	-	-	-	626,320
Loans	450,000	1,814,945	-	-	-	2,264,945
Due from Primary Government	145,791	-	-	-	-	145,791
Total assets	<u>\$ 34,272,557</u>	<u>\$ 5,739,618</u>	<u>\$ 10,220,133</u>	<u>\$ -</u>	<u>\$ 542,719</u>	<u>\$ 50,775,027</u>
Liabilities						
Intergovernmental payables	\$ -	\$ -	\$ -	\$ -	\$ 306,615	\$ 306,615
Accounts payable and accrued expenses	6,529,141	15,534	1,277,123	-	103,723	7,925,521
Unearned revenues	16,449,912	1,814,945	-	-	74,946	18,339,803
Due to other funds	8,340,074	-	-	-	-	8,340,074
Total liabilities	<u>31,319,127</u>	<u>1,830,479</u>	<u>1,277,123</u>	<u>-</u>	<u>485,284</u>	<u>34,912,013</u>
Fund Balances						
Restricted	2,267,395	698,778	8,943,010	-	57,469	11,966,652
Assigned	-	3,210,361	-	-	-	3,210,361
Unassigned	686,035	-	-	-	(34)	686,001
Total fund balances	<u>2,953,430</u>	<u>3,909,139</u>	<u>8,943,010</u>	<u>-</u>	<u>57,435</u>	<u>15,863,014</u>
Total liabilities and fund balances	<u>\$ 34,272,557</u>	<u>\$ 5,739,618</u>	<u>\$ 10,220,133</u>	<u>\$ -</u>	<u>\$ 542,719</u>	<u>\$ 50,775,027</u>

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2021

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

Total fund balances of governmental funds	\$	15,863,014
Land inventory is not recorded as an asset in the fund statements.		8,891,680
Difference in the accounting treatment related to loans. The issuance of loans is a current expenditure to the governmental funds, while it has no effect on the net position on the accrual basis. In addition, the repayment of loans is recognized as income when received, since loans are expensed when issued. On the statement of activities, only interest is reported as current revenue.		2,264,945
Total net position of governmental activities	\$	27,019,639

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>The Allegheny County Home Improvement Loan Program</u>	<u>Community Infrastructure and Tourism Fund</u>	<u>COVID-19 Hospitality Industry Recovery Program</u>	<u>Non-Major Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Intergovernmental revenue	\$ 22,287,235	\$ -	\$ -	\$ 15,270,000	\$ -	\$ 37,557,235
Loan repayments	-	301,129	-	-	-	301,129
Fee income	81,486	6,331	-	-	-	87,817
Interest and other revenue	<u>428,436</u>	<u>44,955</u>	<u>17,042</u>	<u>-</u>	<u>74</u>	<u>490,507</u>
 Total revenues	 <u>22,797,157</u>	 <u>352,415</u>	 <u>17,042</u>	 <u>15,270,000</u>	 <u>74</u>	 <u>38,436,688</u>
Expenditures						
Community Development:						
Administration	673,669	13,990	65,331	-	-	752,990
Project Costs	22,441,102	176,661	4,464,081	15,270,000	-	42,351,844
Other	<u>2,716</u>	<u>2,908</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>5,769</u>
 Total expenditures	 <u>23,117,487</u>	 <u>193,559</u>	 <u>4,529,412</u>	 <u>15,270,000</u>	 <u>145</u>	 <u>43,110,603</u>
 Excess of revenues over expenditures	 <u>(320,330)</u>	 <u>158,856</u>	 <u>(4,512,370)</u>	 <u>-</u>	 <u>(71)</u>	 <u>(4,673,915)</u>
Fund balances						
Beginning of year	<u>3,273,760</u>	<u>3,750,283</u>	<u>13,455,380</u>	<u>-</u>	<u>57,506</u>	<u>20,536,929</u>
 End of year	 <u>\$ 2,953,430</u>	 <u>\$ 3,909,139</u>	 <u>\$ 8,943,010</u>	 <u>\$ -</u>	 <u>\$ 57,435</u>	 <u>\$ 15,863,014</u>

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2021

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

Net change in fund balances - total governmental funds	\$ (4,673,915)
Gain on acquisition of land inventory	65,800
Principal paid on loans that was recorded as income on the fund statements	(301,129)
Amount of loans written off as uncollectable	(379,980)
New loans that had been expended in the fund statements	<u>143,770</u>
Changes in net position of governmental activities	<u>\$ (5,145,454)</u>

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2021

	Economic Development Fund	200 Industry Drive Fund	Section 108 Loan Fund	Total
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 63,013	\$ 822,906	\$ -	\$ 885,919
Current portion of loans receivable	261,841	-	310,000	571,841
Due from other funds	8,340,074	-	-	8,340,074
Total current assets	<u>8,664,928</u>	<u>822,906</u>	<u>310,000</u>	<u>9,797,834</u>
Trusted Funds:				
Cash and cash equivalents	12,479,173	-	-	12,479,173
Capital Assets:				
Nondepreciable	-	1,528,300	-	1,528,300
Depreciable, net of accumulated depreciation	-	1,691,504	-	1,691,504
Long-term interfund advance	6,945,313	-	-	6,945,313
Long-term notes receivable, net	7,623,828	-	2,972,000	10,595,828
Total noncurrent assets	<u>27,048,314</u>	<u>3,219,804</u>	<u>2,972,000</u>	<u>33,240,118</u>
Total assets	<u>\$ 35,713,242</u>	<u>\$ 4,042,710</u>	<u>\$ 3,282,000</u>	<u>\$ 43,037,952</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 80,303	\$ 8,202	\$ -	\$ 88,505
Unearned revenue	-	2,624	-	2,624
Current portion of long-term debt	-	-	310,000	310,000
Total current liabilities	<u>80,303</u>	<u>10,826</u>	<u>310,000</u>	<u>401,129</u>
Noncurrent liabilities:				
Long-term interfund advance	-	6,945,313	-	6,945,313
Long-term debt	-	-	2,972,000	2,972,000
Total noncurrent liabilities	<u>-</u>	<u>6,945,313</u>	<u>2,972,000</u>	<u>9,917,313</u>
Total liabilities	<u>80,303</u>	<u>6,956,139</u>	<u>3,282,000</u>	<u>10,318,442</u>
<u>Net Position</u>				
Net investment in capital assets	-	3,219,804	-	3,219,804
Restricted	35,632,939	-	-	35,632,939
Unrestricted	-	(6,133,233)	-	(6,133,233)
Total net position (deficit)	<u>35,632,939</u>	<u>(2,913,429)</u>	<u>-</u>	<u>32,719,510</u>
Total liabilities and net position	<u>\$ 35,713,242</u>	<u>\$ 4,042,710</u>	<u>\$ 3,282,000</u>	<u>\$ 43,037,952</u>

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Economic Development Fund	200 Industry Drive Fund	Section 108 Loan Fund	Total
Operating revenues				
Loan interest	\$ 41,067	\$ -	\$ -	\$ 41,067
Rental income	-	31,482	-	31,482
Other revenue	-	6,027	-	6,027
Total operating revenues	<u>41,067</u>	<u>37,509</u>	<u>-</u>	<u>78,576</u>
Operating expenses				
Building operations	-	307,891	-	307,891
Depreciation and amortization expense	-	110,315	-	110,315
Professional services	60,105	-	-	60,105
Bad debt expense	17,012	-	-	17,012
Miscellaneous expense	1,843	-	-	1,843
Total operating expenses	<u>78,960</u>	<u>418,206</u>	<u>-</u>	<u>497,166</u>
Operating income (loss)	(37,893)	(380,697)	-	(418,590)
Nonoperating revenues (expenses)				
Interest revenue	1,554	-	-	1,554
Total nonoperating revenues (expenses)	<u>1,554</u>	<u>-</u>	<u>-</u>	<u>1,554</u>
Changes in net position	(36,339)	(380,697)	-	(417,036)
Net position (deficit) - beginning of year	<u>35,669,278</u>	<u>(2,532,732)</u>	<u>-</u>	<u>33,136,546</u>
Net position (deficit) - end of year	<u>\$ 35,632,939</u>	<u>\$ (2,913,429)</u>	<u>\$ -</u>	<u>\$ 32,719,510</u>

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Economic Development Fund	200 Industry Drive Fund	Section 108 Loan Fund	Total
Cash flows from operating activities				
Cash received from customers	\$ 41,067	\$ 40,133	\$ -	\$ 81,200
Cash paid for goods and services	<u>(62,296)</u>	<u>(313,077)</u>	<u>-</u>	<u>(375,373)</u>
Net cash provided by operating activities	<u>(21,229)</u>	<u>(272,944)</u>	<u>-</u>	<u>(294,173)</u>
Cash flows from investing activities				
Interest income	1,554	-	-	1,554
Loans disbursed	(5,032,975)	-	-	(5,032,975)
Principal payments on loans, net	<u>5,170,761</u>	<u>-</u>	<u>-</u>	<u>5,170,761</u>
Net cash used in investing activities	<u>139,340</u>	<u>-</u>	<u>-</u>	<u>139,340</u>
Cash flows from capital and related financing activities				
Receipts from other funds	-	-	-	-
Interest paid	-	-	-	-
Repayment of loans/mortgage	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	118,111	(272,944)	-	(154,833)
Beginning cash and cash equivalents	<u>12,424,075</u>	<u>1,095,850</u>	<u>-</u>	<u>13,519,925</u>
Ending cash and cash equivalents	<u>\$ 12,542,186</u>	<u>\$ 822,906</u>	<u>\$ -</u>	<u>\$ 13,365,092</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ (37,893)	\$ (380,697)	\$ -	\$ (418,590)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	-	110,315	-	110,315
Bad debt expense	17,012	-	-	17,012
Decrease in liabilities:				
Accounts payable and accrued expenses	(348)	(5,186)	-	(5,534)
Unearned revenue	<u>-</u>	<u>2,624</u>	<u>-</u>	<u>2,624</u>
Net cash provided by operating activities	<u>\$ (21,229)</u>	<u>\$ (272,944)</u>	<u>\$ -</u>	<u>\$ (294,173)</u>

The accompanying notes are an integral part of the financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Redevelopment Authority's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

The Redevelopment Authority of Allegheny County (the "Authority") was incorporated in the Commonwealth of Pennsylvania in 1950 as a redevelopment authority under the provisions of Urban Redevelopment Law, Act No. 385. The Authority operates as a non-profit corporation and, accordingly, is not subject to income taxes. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB").

A) Reporting Entity

The Authority is considered a component unit of the County of Allegheny (the "County") under the criteria established in Governmental Accounting Standards Board (the "GASB") Statement No. 14, "*Financial Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*" and by GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus*", an amendment of GASB Statements No. 14 and 34. The County appoints a Board of Directors (the "Board") of the Authority and a financial benefit/burden relationship exists between the County and the Authority. The accompanying financial statements present only the financial position and results of operations of the Authority.

B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the governmental activities and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from the statements. *Governmental activities*, which normally are supported by intergovernmental grants, are separate from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are 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 the program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund 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.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 365 days of the end of the current fiscal period.

Major revenues that are susceptible to accrual in governmental funds are grants from other governments and interest on investments. Expenditures are recognized in governmental funds under the modified accrual basis of accounting when the related fund liability is incurred.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The accounts of the Authority are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Authority's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary fund operating revenues, and expenses, such as charges for services, and costs associated with operating the business type activities; result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues and expenses, such as subsidies, investment earnings, and interest expense, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

General Fund- The *General Fund* is the general operating fund of the Authority, and is considered a major fund for accounting purposes. It is used to account for grants and projects for which separate accounting records are not deemed practicable and to account for operations not included in other funds or projects. These projects are financed through state, county, and local grants, although the ultimate source of funds may be pass-through grants of federal funds.

Major Program Funds- The Authority currently reports the following major governmental programs: The *Allegheny County Home Improvement Loan Program*, the *Community Infrastructure and Tourism Fund* and the *COVID-19 Hospitality Industry Recovery Program Fund*.

The *Allegheny County Home Improvement Loan Program* ("AHILP") accounts for the activities of the issuance of loans to finance the rehabilitation of residential housing for persons and families of low to middle income throughout the County.

The *Community Infrastructure Tourism Fund* ("CITF Fund") dispenses grants and manages loans for economic and infrastructure development projects to municipalities within the County. Such development projects are to be funded through the Pennsylvania Department of Community and Economic Development ("DCED") over a span of 12 years, as apportioned to the County under Act 53 of 2007. Act 53 of 2007 provides funding for economic development from State taxes on gaming transactions.

The *COVID-19 Hospitality Industry Recovery Program Fund* ("CHIRP") dispenses grants to aid hospitality industry businesses adversely affected by the COVID-19 pandemic.

Program funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Authority operates projects that are financed by grants from state, county, or local governmental units or a combination thereof. Operations must be conducted in accordance with the terms and conditions of a specific grant and a contract between the grantor(s) and the Authority.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Authority currently reports the following major proprietary funds:

The *Economic Development Fund* ("EDF") is a revolving loan fund of the Authority. The purpose of the EDF is to positively impact the regional economy by promoting economic development and providing employment opportunities in the County.

The *200 Industry Drive Fund* accounts for all operations of a building owned by the Authority.

The *Section 108 Loan Fund* accounts for loans made to a single borrower for specific economic development projects.

D) Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Fund Balance

1. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits as well as short-term certificates of deposits with a maturity date within three months of the date acquired by the Authority. For purposes of the statement of cash flows, the Authority considers all highly liquid investments, including investment agreements, to be cash equivalents.

2. Investments

The Authority invests in various mutual funds.

3. Interfund Transactions

Intergovernmental revenue is recognized when the related expenditure is incurred. Unearned revenues arise when the Authority receives resources prior to incurring qualifying expenditures. Any amounts not collected, for which related expenditures have been incurred prior to December 31, 2021, are reflected as intergovernmental receivables.

Interfund accounts receivable are considered to be available expendable resources and are reported as assets in the "due from other funds" account. Interfund accounts payable are considered to be committed expendable resources, and are reported as liabilities in the "due to other funds" accounts. Interfund accounts between governmental funds are eliminated on the government-wide financial statements.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Fund Balance (Continued)

4. Loans Receivable

Loans receivable in the governmental funds are recognized when the loan is established. On the fund statements, the loan balances are fully offset by unearned revenue, as loans receivable are not considered to be available as current resources. Program expense is recognized upon establishment. Loans receivable on the entity-wide statements are recorded at their principal balance due less an allowance for uncollectible accounts.

The Authority has residential rehabilitation loans, which are presented at a net zero value, as they are only repayable out of available sale proceeds. These loans are fully reserved at the time of issue. The reserve is reversed and income is recognized when the loans are repaid, or when the amount of repayment is determinable and reasonably assured.

It is the Authority's policy to provide for future losses on loans based on an evaluation that, in the Authority's judgment, require consideration in estimating loan losses of the various programs.

In the proprietary funds, loans receivable are recorded at their principal balance due, less an allowance for uncollectable loans. Interest income on loans is recognized at the loans' stated interest rates.

5. Loan Fees

Loan fees for the proprietary funds consist of a \$750 application fee, a 1% loan origination fee, and an annual administrative fee of 0.1% of the loan.

6. Capital Assets

Real estate acquired in conjunction with the Authority's various programs is recognized as an expenditure when purchased and is not capitalized in the fund statements because (1) the property is not used in Authority operations and (2) the ultimate amount to be realized by the Authority upon disposition of the property does not generally accrue to the benefit of the Authority. Land inventory is recorded as an asset at the lower of cost or market value on the government-wide statement of net position until released to a developer for development program activities.

Capital assets, which include land, buildings, and building improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical costs. Donated capital assets are recorded at the estimated fair market value at the time of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives are not capitalized.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Fund Balance (Continued)

6. Capital Assets (Continued)

Building and building improvements are depreciated using the straight-line method. Buildings are assigned a useful life of 30 years and tenant improvements are amortized over the life of the lease.

7. Long-Term Obligations

In the government-wide financial statements, long-term debts are reported as liabilities in the statement of net position and bond discounts and premiums are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

8. Unearned Revenues

Unearned revenues are reported in the government-wide, governmental fund, and enterprise fund financial statements. Those amounts represent revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues. The Authority deems revenues received within 365 days of year end to be available.

9. Net Position/Fund Balances

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable:* This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority had no fund balances under this classification at year end.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Fund Balance (Continued)

9. Net Position/Fund Balances (Continued)

- *Restricted:* This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. At year end, the General Fund had \$2,267,395 of restricted fund balance that is to be used as matching funds for other projects. The AHILP had \$698,778 of restricted fund balance to be used for home improvement loans. The CITF had \$8,943,010 of restricted fund balance that is to be used for economic development and infrastructure projects, all of which has already been allocated to specific projects. The restricted classification also includes a residual fund balance of \$57,469 in the Non-Major Special Revenue Funds, which are restricted for various projects.

- *Committed:* This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Authority did not have any committed resources as of December 31, 2021.

- *Assigned:* This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Authority's management. At year end, the AHILP had \$3,210,361 of assigned fund balance to be used for home improvement loans.

- *Unassigned:* This classification includes the residual fund balance for the General Fund.

The Authority would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The government-wide financial statements utilize a net position presentation. Net positions are categorized as net investment in capital assets, restricted, and unrestricted.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Fund Balance (Continued)

9. Net Position/Fund Balances (Continued)

- *Net investment in capital assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted net position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This category represents net position of the Authority, not restricted for any project or other purpose.

10. CITF Fund Grant Accounting

Grants are approved on a reimbursement basis. The recipients cannot qualify for the grants without first incurring allowable costs. Until allowable costs are incurred, the fund does not accrue a liability and, in turn, the recipient does not accrue a receivable.

11. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

12. Adoption of Governmental Accounting Standards Board Statements

The Authority adopted certain provisions of GASB Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*". The adoption of this statement had no effect on the Authority's financial statements.

The Authority Adopted GASB Statement No. 98 "The Annual Comprehensive Financial Report". The Authority was required to adopt statement No. 98 for its fiscal year 2021 financial statements. The adoption of this standard had no effect on the Authority's financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Fund Balance (Continued)

12. Adoption of Governmental Accounting Standards Board Statements (Continued)

The Authority Adopted GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*". The Authority was required to adopt Statement No. 89 for its calendar year 2021 financial statements. The adoption of this standard had no effect on the Authority's financial statements.

13. Pending Changes in Accounting Principles

In June 2017, the GASB issued Statement No. 87, "*Leases*". The Authority is required to adopt Statement No. 87 for its calendar year 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, "*Conduit Debt Obligations*". The Authority is required to adopt Statement No. 91 for its calendar year 2022 financial statements.

In January 2020, the GASB issued Statement No. 92, "*Omnibus 2020*". The Authority is required to adopt Statement No. 92 for its calendar year 2022 financial statements.

In March 2020, the GASB issued Statement No. 93, "*Replacement of Interbank Offered Rates*". The Authority is required to adopt Statement No. 93 for its calendar year 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, "*Public-Private and Public-Public Partnership and Availability Payment Arrangements*". The Authority is required to adopt Statement No. 94 for its calendar year 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, "*Subscription-Based Information Technology Arrangements*". The Authority is required to adopt Statement No. 96 for its calendar year 2023 financial statements.

In June 2020, the GASB issued Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*". The Authority is required to adopt Statement No. 97 for its calendar year 2022 financial statements.

The Authority has not completed the various analysis required to estimate the financial statement impact of these new pronouncements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk- Custodial credit risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The amount of FDIC insurance is \$250,000. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2021, \$44,958,766 of the Authority's bank balance of \$45,958,766 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. As of December 31, 2021, the carrying amounts of the Authority's deposits were \$45,493,414.

Investments

In addition to the deposits noted above, the Authority holds short-term investments of mutual funds totaling \$1,112,651.

Interest Rate Risk- the Authority does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All of the Authority's investments have a maturity of less than one year.

Credit Risk- The Authority does not have a formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of December 31, 2021:

Description	12/31/2021	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Governmental Funds:				
Mutual Funds	\$ 1,112,651	\$ 1,112,651	\$ -	\$ -
Total Governmental Funds	\$ 1,112,651	\$ 1,112,651	\$ -	\$ -

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 3: LOANS RECEIVABLE

The AHILP is a comprehensive program of the County for the financing of rehabilitation of residential properties occupied by persons of low to middle income within designated areas throughout the County. Under AHILP, loans and grants are provided under several different plans based on income eligibility and geographic restrictions. The loans bear interest at rates from 0% to 5%, with terms from one to twenty years. The carrying value of AHILP loans receivable, as of December 31, 2021, is \$1,920,289 and is reported net of an allowance for loan losses of \$105,344.

EDF Loans receivable consist of loans with rates ranging from 0% to 5.5% and with terms ranging from 10 years to 20 years. The loan amounts range from approximately \$100,000 to approximately \$3,500,000. Total EDF loans receivable outstanding at December 31, 2021 are \$8,418,293 and are reported on the statement of net position - proprietary funds, net of an allowance for loan losses of \$532,624.

The Section 108 Loan fund has six loans outstanding to a single borrower. These loans earn variable rate interest of 3-month LIBOR plus 50 basis points. As of December 31, 2021, 3-month LIBOR was .21%. The Section 108 loans receivable outstanding at December 31, 2021 are \$3,282,000.

The Authority also has \$450,000 of loans receivable in other loan programs.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

Business-type activities:

	<u>Balance at 1/1/2021</u>	<u>Prior Period Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2021</u>
Non depreciable:					
Land	\$ 1,528,300	\$ -	\$ -	\$ -	\$ 1,528,300
Depreciable:					
Building and tenant improvements	5,489,223	-	-	-	5,489,223
Less: accumulated depreciation	<u>(4,242,281)</u>	<u>554,877</u>	<u>(110,315)</u>	<u>-</u>	<u>(3,797,719)</u>
Total	<u>\$ 2,775,242</u>	<u>\$ 554,877</u>	<u>\$ (110,315)</u>	<u>\$ -</u>	<u>\$ 3,219,804</u>

Depreciation expense was \$110,315 for the year ended December 31, 2021. Refer to Note 17 for information on the restatement of the opening balance of capital assets due to an error in the depreciation calculation.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 5: GRANTS

The Authority 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 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. Authority management expects such amounts, if any, to be immaterial.

NOTE 6: LONG-TERM OBLIGATIONS

During 2005, the Authority and the County entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to receive Section 108 loans for \$6 million (see Note 13).

	<u>Outstanding Balance as of January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding Balance as of December 31, 2021</u>	<u>Due Within 1 Year</u>
Business-Type Activities:					
Section 108 Loans	\$ 3,580,000	\$ -	\$ (298,000)	\$ 3,282,000	\$ 310,000
Total Debt	<u>\$ 3,580,000</u>	<u>\$ -</u>	<u>\$ (298,000)</u>	<u>\$ 3,282,000</u>	<u>\$ 310,000</u>

Future principal and interest for the loans are as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2022	\$ 310,000	\$ 105,652	\$ 415,652
2023	323,000	95,325	418,325
2024	335,000	84,576	419,576
2025	<u>2,314,000</u>	<u>57,219</u>	<u>2,371,219</u>
Total	<u>\$ 3,282,000</u>	<u>\$ 342,772</u>	<u>\$ 3,624,772</u>

NOTE 7: COMMITMENTS

As of December 31, 2021, the Authority's proprietary funds had outstanding commitments of \$5,189,205 related to loans that have not yet been fully drawn upon. This amount includes commitments to related parties as further discussed in Note 8.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

NOTE 8: RELATED PARTIES

The County provides administrative services to the Authority. Administrative costs for 2021 were approximately \$693,900. The County also provides administrative services to the Authority's CITF.

As discussed in Footnote 13 - Section 108 Loan Fund, the Authority has entered into an agreement with the Regional Industrial Development Corporation of Southwestern Pennsylvania ("RIDC") (who employs an Authority Board member) to provide certain loan and grant funds. This agreement was entered into prior to the Board member being employed by RIDC.

The Authority approved the issuance of an EDF loan to RIDC to provide funding for the creation of a business park. The loan bears an annual interest rate of 4%. As of December 31, 2021 the loan has an outstanding balance of \$3,510,031.

NOTE 9: TAX INCREMENT FINANCING

The Authority issued Tax Increment Bonds ("TIF Bonds") to provide funds to finance public infrastructure improvements within the County. The outstanding balance of these TIF Bonds at December 31, 2021 was \$29,967,854 as follows:

Westport	\$ 70,222
Mt. Nebo	1,030,000
Clinton Industrial Park	1,566,718
Clinton Industrial Park Phase 2	5,161,699
Pittsburgh Mills	19,185,000
Northfield	<u>2,954,215</u>
Total	<u>\$ 29,967,854</u>

The TIF Bonds are a limited obligation of the Authority payable solely from the tax increment revenues from the taxing bodies within the TIF District. The Authority is not obligated to pay the principal of, premium, interest, or other costs associated with the TIF Bonds. Accordingly, the Authority is substantively a conduit facilitator and the TIF Bonds are not included in the Authority's financial statements.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payables as of December 31, 2021 consisted of:

Fund	Interfund Receivable	Interfund Payable
Major Funds:		
General	\$ -	\$ 8,340,074
Enterprise Funds:		
Economic Development Fund	15,285,387	-
200 Industry Drive	<u>-</u>	<u>6,945,313</u>
Total	<u>\$ 15,285,387</u>	<u>\$ 15,285,387</u>

The above table shows transactions between funds when repayment is expected within the next fiscal year or upon receipt of earned grant funds, with the exception of the interfund payable from 200 Industry Drive Fund, which is considered to be a long-term advance from the EDF. These transactions are accounted for through various due from and due to accounts. The balance due to the EDF from the General Fund represents amounts expected to be repaid when the General Fund receives state grant funds. The Authority has met the matching requirements and the grant funds should be released to repay EDF. The balance due to EDF from the 200 Industry Drive Fund represents amounts expected to be repaid either when 200 Industry Drive Fund operates at profit or from the sale of real property.

NOTE 11: LIENS RECEIVABLE

During December of 2008, the Authority purchased County real estate liens from an outside party for approximately \$1.7 million. Total face value of the liens outstanding is in excess of \$56 Million. The Authority paid approximately 3 cents per dollar for the liens. These liens were originally sold to the outside party by the County in the 1990s and primarily were issued during the period of 1960 – 1990. As of year-end, the remaining liens are fully reserved, as management determined the receivable to be uncollectable.

NOTE 12: CONTINGENCIES

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; breach of contract; and natural disasters, for which the Authority carries commercial insurance. There have been no claims resulting from these risks in the current year.

NOTE 13: SECTION 108 LOAN FUND

The Authority and the County entered into an agreement in fiscal year 2005 with the U.S. Department of Housing and Urban Development (HUD) to receive Section 108 loans for \$6 million. These funds were to be made available for loans to RIDC for specific economic development projects. As of December 31, 2021 the full \$6,000,000 of loans had been made from these proceeds, and \$3,282,000 of loans remains outstanding at year end.

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 13: SECTION 108 LOAN FUND (CONTINUED)

RIDC is currently required to make interest payments on the outstanding loan balance at a rate of 3-month LIBOR plus 50 basis points. As of December 31, 2021, 3-month LIBOR was .21%. The Authority is permitted to retain 30 basis points as income along with a \$60,000 origination fee paid by the borrower. RIDC began making principal payments in 2012 to correspond with the Authority's obligation to HUD. The required principal payments schedule was established by HUD and includes a final balloon payment of \$2,314,000 due on August 1, 2025. The debt service on the Section 108 Loan is included in the debt service schedule at footnote 6.

NOTE 14: ECONOMIC DEPENDENCY

The Authority relies on grants from governmental agencies to fund a significant portion of the operations of the Authority's Governmental Funds. During 2021 grants represented \$37,557,235 or 97.7% of total revenues in the Governmental Funds. If these grants were to cease the Authority would not be able to sustain its current level of operations.

NOTE 15: DEFICIT NET POSITION

The 200 Industry Drive Fund has a net deficit of \$(2,913,429). The deficit is due primarily to the long-term interfund loan that is owed to the Economic Development Fund.

NOTE 16: RISK AND UNCERTAINTIES

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the Authority's operations and financial results are uncertain at this time.

NOTE 17: RESTATEMENT OF NET POSITION

Business-type activities net position was restated for the following reasons and amounts:

	<u>Business-Type Activities</u>	<u>200 Industry Drive Fund</u>
Net Position/Fund Balance at January 1, 2021 as previously reported	\$ 32,581,669	\$ (3,087,609)
Understatement of Capital Assets due to improper depreciation calculation	<u>554,877</u>	<u>554,877</u>
Net Position/Fund Balance at January 1, 2021 as restated	<u>\$ 33,136,546</u>	<u>\$ (2,532,732)</u>

OTHER
SUPPLEMENTARY
INFORMATION

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2021

	Project Planning	International Business	Steel Valley Redevelopment Planning	Vacant Property Program	Hurricane Ivan	Homestead Escrow	Total
<hr/> Assets <hr/>							
Cash and cash equivalents:							
Restricted Funds	\$ 66,577	\$ 11,778	\$ 59,840	\$ 89,424	\$ 311,812	\$ 3,288	\$ 542,719
 Total assets	<u>\$ 66,577</u>	<u>\$ 11,778</u>	<u>\$ 59,840</u>	<u>\$ 89,424</u>	<u>\$ 311,812</u>	<u>\$ 3,288</u>	<u>\$ 542,719</u>
<hr/> Liabilities <hr/>							
Intergovernmental payables	\$ -	\$ -	\$ -	\$ -	\$ 306,615	\$ -	\$ 306,615
Accounts payable and accrued expenses	63,237	4,284	29,386	6,816	-	-	103,723
Unearned revenues	-	7,528	27,500	39,918	-	-	74,946
 Total liabilities	<u>63,237</u>	<u>11,812</u>	<u>56,886</u>	<u>46,734</u>	<u>306,615</u>	<u>-</u>	<u>485,284</u>
<hr/> Fund Balance <hr/>							
Fund balance:							
Restricted	3,340	-	2,954	42,690	5,197	3,288	57,469
Unassigned	-	(34)	-	-	-	-	(34)
 Total fund balance	<u>3,340</u>	<u>(34)</u>	<u>2,954</u>	<u>42,690</u>	<u>5,197</u>	<u>3,288</u>	<u>57,435</u>
 Total liabilities and fund balance	<u>\$ 66,577</u>	<u>\$ 11,778</u>	<u>\$ 59,840</u>	<u>\$ 89,424</u>	<u>\$ 311,812</u>	<u>\$ 3,288</u>	<u>\$ 542,719</u>

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Project Planning	International Business	Steel Valley Redevelopment Planning	Vacant Property Program	Hurricane Ivan	Homestead Escrow	Total
Revenues							
Interest income and other	\$ 10	\$ 2	\$ 8	\$ 13	\$ 41	\$ -	\$ 74
Total Revenues	<u>10</u>	<u>2</u>	<u>8</u>	<u>13</u>	<u>41</u>	<u>-</u>	<u>74</u>
Expenditures							
Community development:							
Other	<u>36</u>	<u>36</u>	<u>37</u>	<u>-</u>	<u>12</u>	<u>24</u>	<u>145</u>
Total Expenditures	<u>36</u>	<u>36</u>	<u>37</u>	<u>-</u>	<u>12</u>	<u>24</u>	<u>145</u>
Excess (deficiency) of revenues over expenditures	<u>(26)</u>	<u>(34)</u>	<u>(29)</u>	<u>13</u>	<u>29</u>	<u>(24)</u>	<u>(71)</u>
Fund balance, beginning of year	<u>3,366</u>	<u>-</u>	<u>2,983</u>	<u>42,677</u>	<u>5,168</u>	<u>3,312</u>	<u>57,506</u>
Fund balance, end of year	<u>\$ 3,340</u>	<u>\$ (34)</u>	<u>\$ 2,954</u>	<u>\$ 42,690</u>	<u>\$ 5,197</u>	<u>\$ 3,288</u>	<u>\$ 57,435</u>