

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019



Michael E. Lamb, City Controller
CITY OF PITTSBURGH, PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	I-1
GFOA Certificate of Achievement	I-11
Organizational Chart	I-12
Elected City Officials	I-13

FINANCIAL SECTION

Independent Auditor's Report

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

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	1
Statement of Activities	3

Fund Financial Statements:

Balance Sheet – Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	7

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

(Continued)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Community Development Fund	14
Fiduciary Fund Statements:	
Statement of Net Position – Fiduciary Funds	16
Statement of Changes in Net Position – Fiduciary Funds	17
Combining Statements of Discrete Component Units:	
Combining Statement of Net Position – Component Units	18
Statement of Activities – Component Units	20
Notes to Financial Statements	21
 Required Supplementary Information:	
Pension Trust Fund Disclosures:	
Schedule of Changes in the City’s Net Pension Liability and Related Ratios – Pension Plan	131
Schedule of the City’s Contributions and Investment Returns	132

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

(Continued)

Notes to Required Supplementary Schedules	133
OPEB Plan Disclosures:	
Schedule of Changes in the City's Net OPEB Liability and Related Ratios for Its Retiree Plan	136
Schedule of the City's Contributions and Investment Returns For Its Retiree Plan	137
Schedule of Changes in the City's Net OPEB Liability and Related Ratios for Its Disabled Firefighters Plan	138
Schedule of the City's Contributions and Investment Returns For Its Disabled Firefighters Plan	139
Notes to Required Supplementary Schedules	140
Supplementary Information:	
Combining and Individual Other Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	145
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	146
Combining Statement of Net Position – Pension and OPEB Trust Funds	147
Combining Statement of Changes in Net Position – Pension and OPEB Trust Funds	148

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

(Continued)

Capital Projects Fund:

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	149
Budgetary Comparison Schedule	150

STATISTICAL SECTION

Net Position by Component – Last Ten Years	151
Changes in Net Position - Last Ten Years	152
Program Revenues by Function/Program - Last Ten Years	153
Fund Balances, Governmental Funds - Last Ten Years	154
Changes in Fund Balances, Governmental Funds - Last Ten Years	155
Governmental Fund Tax Revenues by Sources - Last Ten Years	157
Assessed Valuation and Estimated Actual Values of Taxable Property - Last Ten Years	158
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	159
Principal Property Taxpayers - Current Year and Nine Years Ago	160
Assessed Value, Tax Rate, Levy, and Collections - Last Ten Years	161
Ratios of Outstanding Debt by Type – Last Ten Years	162

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

(Continued)

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita - Last Ten Years	163
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures - Last Ten Years	164
Computation of Direct and Overlapping Debt	165
Net Debt and Remaining Debt Incurring Margin in Accordance with Act No. 52, Approved April 28, 1978 - Local Government Unit Debt Act	166
Legal Debt Margin Information - Last Ten Years	168
Revenue Bond Coverage - Pittsburgh Water and Sewer Authority - Last Ten Years	169
Revenue Bond Coverage - The Stadium Authority of the City of Pittsburgh - Last Ten Years	170
Demographic and Economic Statistics - Last Ten Years	171
Principal Employers - Current Year and Ten Years Ago	172
Property Value, Construction, and Bank Deposits - Last Ten Years	173
City Employment - Last Ten Years	174
Full-Time Equivalent Municipal Employees by Function/Program - Last Ten Years	175
Operating Indicators – Last Five Fiscal Years	176
Capital Assets Statistics by Function/Program	177

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

(Continued)

OTHER INFORMATION

Salaries and Surety Bonds of Principal Officials	178
Schedule of Bonds and Notes Payable	179

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL



MICHAEL E. LAMB

CITY CONTROLLER

First Floor City-County Building • 414 Grant Street • Pittsburgh, Pennsylvania 15219

April 29, 2020

To The Honorable Mayor, Members of City Council, and the Citizens of The City of Pittsburgh, Pennsylvania:

I am pleased to present The Comprehensive Annual Financial Report (hereinafter, CAFR) of the City of Pittsburgh (hereinafter, City) for the year ended December 31, 2019. The City's charter mandates that only a general purpose financial statement be issued by May 1st. This does not include component units, statements mandated under GASB 34, footnotes and the statistical section. This year we are issuing a full CAFR by April 29th, which meets the Government Finance Officers Association (GFOA) standards and allows the City to get an unmodified opinion from the City's independent auditors.

We believe that the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present both the financial position and the results of operations of the various funds of the City. This statement will enable the reader to gain an understanding of the City's financial activities. Responsibility for both the accuracy of data, and the completeness and fairness of the presentation, rests with the management of the City. This report contains all the funds of the City.

Maher Duessel, Certified Public Accountants, has issued an unmodified ('clean') opinion on the City of Pittsburgh's financial statements for the year ended December 31, 2019. The independent auditor's report is located in front of the Management's Discussion and Analysis (hereinafter, MD&A).

MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Pittsburgh, incorporated in 1816, is located in the southwestern part of the Commonwealth of Pennsylvania occupying 55.37 square miles with a current population of 301,048. Although ranked as the 62nd most populous city in the country, Pittsburgh is still considered more densely populated than five of the top ten populous cities, due to its population density of 5,436 people/square mile. This is due primarily to the fact that its city limits has remained virtually unchanged for over a century, as Pittsburgh last expanded its city boundaries in 1907. The City government is comprised of a strong elected mayor, a nine-member council elected by district and an elected controller. The mayor is the chief executive of the City who appoints the heads of various departments and the council has the legislative authority. The controller audits City government-related expenditures and conducts audits of all City departments and authorities. The mayor is elected to a four-year term and the council members are elected to a staggered four-year term. The even numbered districts are elected in one year and the odd numbered districts are elected two years later. Like the mayor, the controller is elected to a four-year term.

The City is empowered to levy a variety of taxes including: property taxes on real estate, earned income taxes on residents that live within the boundaries of the City, and other usage taxes are charged when using certain facilities within the City. In addition, the City levies taxes on employees that work within the City and on businesses that operate within the City. Please see the Revenue section, (*page I-8*) for a more detailed explanation of the taxes collected.

The City provides a full range of services, including police, fire, and emergency medical services, construction and maintenance of City property and infrastructure, sanitation services, and recreation and cultural activities. The Water and Sewer Authority, Urban Redevelopment Authority, Stadium Authority, and Parking Authority are component units of the City and are shown as such in the financial statements and the footnotes to the CAFR.

Council is required to adopt a final operating and capital budget for the next year by the last day of the fiscal year, which is December 31. The annual budget is the basis of the City's financial planning and control. The operating budget is prepared on a departmental basis. The department heads may spend within a budget classification (e.g., salaries, supplies, rentals, miscellaneous) as they see fit. However, any transfers between classifications or departments have to be approved by Council. The Mayor's Office also prepares a five-year plan annually. Most of the strategic and development planning is done by the Urban Redevelopment Authority.

FINANCIAL INFORMATION

The Financial Information is broken down into two categories: Internal Control and Budget Control, and are explained in further detail below.

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting information is compiled to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budget Control: Budget control is maintained at the line item level on a departmental basis. Activities of the General Fund, the Special Revenue Fund (Community Development Fund only), and the Capital Projects Fund are controlled by an annual legally appropriated budget. Capital Projects are also controlled on a multiyear basis.

ECONOMIC CONDITION

Located at the confluence of the Ohio, Monongahela, and Allegheny Rivers, the City serves as the seat for Allegheny County and is the largest of the County's 130 municipalities. Downtown Pittsburgh is commonly known as the Golden Triangle and serves as the regional center for Southwestern Pennsylvania, Eastern Ohio, and Northern West Virginia.

Economic Background

The City continues to build and strengthen its economy not only by expanding existing businesses, but also by working to attract new businesses and industries to the region. The primary goal is to assist businesses both small and large in developing and enhancing working relationships among economic development practitioners throughout the state. By supporting the growth of the existing business core and marketing its competitive advantages to attract new businesses, the City strives to modernize its economy. It ranked as the 26th largest economy among U.S. Metro areas, up from the 27th largest in 2018. Throughout 2019 Pittsburgh continued to see ongoing regional growth in key sectors, including the tech industry, financial business services, hospitality and food service, and healthcare, all of which contribute employment vitality of the city. As of December 31, 2019, the unemployment rate of the Pittsburgh Metropolitan Statistical Area (MSA) had increased to 4.6%, with all seven counties within the MSA experiencing over-the-year increases in unemployment. Allegheny County had increased to 4.2%, up .3% from 2018, compared to 4.7% for the state and 3.4% nationally.

Tax credits granted by both the federal government and the Commonwealth of Pennsylvania provide financial incentives for companies to hire new employees. The City's footprint covers multiple State Enterprise Zones which enable businesses located within those designated areas to enjoy more favorable interest rates, tax incentives, and regulatory relief, including exemptions from a majority of state and local taxes for an extended time. A principle component in facilitating economic sustainability is the Pittsburgh Central Keystone Innovation Zone (PCKIZ), a consortium of higher education institutions, businesses, government agencies, and community organizations. PCKIZ orchestrates a combination of tax incentives, entrepreneurial resources, internships & educational events to spur economic sustainability by incentivizing economic development in the more economically challenged areas of central Pittsburgh.

The City continues to facilitate the revitalization of its downtown core with ongoing initiatives helping to establish it as a regional destination point for entertainment and business, thereby facilitating continued growth in tourism over the past several years. 2019 heralded a national marketing campaign named "Pull Up a Chair – You Are Welcome Here", to increase awareness of the city across the country, thereby promoting it as a world class event host destination. The campaign has won 13 national and regional awards, and is credited with generating over \$2M in hotel room night revenues. Additionally, for the 2nd consecutive year, the city's tourism resources have worked with Expedia in developing a customized campaign to drive hotel room nights through typical slow seasons, resulting in increased 2019 hotel revenue of more than \$1.6M.

2019 was truly a stellar year for conventions, as 548 meetings and conventions alone were held, attracting over 442,062 attendees bringing an estimated \$242M in direct spending. This made 2019 the strongest convention year yet with over 353,882 hotel rooms being booked, exceeding even 2018's record. For the seventh consecutive year, booking goals were exceeded at the David Lawrence Convention Center (DLCC), with more than 253,000 new definite business event room nights booked for 2019 and beyond. A few of the largest future bookings along with their respective room nights booked include: Anthrocon 2020 Annual Convention with 7,596 room nights; NeighborWorks America 2021 Training Institute with 8,797 room nights; and Python Software Foundation 2021 PyCon with 5,753 room nights. Some of the largest single conventions held downtown in 2019 included the Anthrocon (Furries) 2019 Annual Convention which brought in \$9.92M in direct spending; AIS Tech 2019 Event which generated \$8.54M in direct spending; and PCMA Convening Leaders Conference which generated \$6.01M in direct spending with over 2,000 meeting planners in attendance that also directly resulted in 21 major future bookings with an estimated economic impact of over \$6M.

Heading the list of Pittsburgh's Top Ten Sports Events hosted in 2019 was the Pittsburgh Marathon which generated \$13.14M in direct spending; the NCAA 2019 Division 1 Men's Wrestling Championship with \$12.98M, and the Pittsburgh Vintage Grand Prix with \$12.71M.

A highlight of 2019 was the continued hosting of the 22 NCAA preliminary and championship events awarded to Pittsburgh for the years 2018-2022. Specific to 2019 was the NCAA Division 1 Men's Wrestling Championship which included over 330 wrestlers and over 60,000 attendees over a three-day span at both the PPG Paints Arena and the DLCC, which generated over \$12.98M in direct spending. In addition, the NCAA Division 1 Women's Volleyball Championship, along with the East Coast Volleyball 2019 Championship were hosted, collectively generating over \$10.64M in direct spending. In addition, the city secured 63 upcoming sports events as a result of its successful performance with the above cited 2019's Division 1 Championships. Overall, Pittsburgh anticipates hosting more NCAA events than any other city in the nation during the 2018-2022 time periods.

After the opening of a number of new hotels throughout the city, the current accommodation level includes 25 hotels located directly downtown with over 6900 rooms and suites, and 20 additional hotels located in the East End, Lawrenceville, Oakland, Shadyside and South Side areas, adding over 2600 additional hotel rooms and suites. New hotels which opened in 2019 in the downtown area included the 160-room Even Hotel Pittsburgh in the former Macy's building; the 167-room Oaklander Hotel, a Marriott 'autograph collection' hotel on the site of the Pittsburgh Athletic Association; and the 108-room Wyndham TRYP Hotel in the former Washington Education Center in Lawrenceville.

In addition to these openings, Downtown continues to renew through the redevelopment of the former Saks Fifth Ave site, whose original plan was revised by dropping the plans for construction of a boutique 174-room Moxy Hotel, in favor of building 84 condo units above a 582-space parking garage. The condos project, known as Lumiere, is believed to be an answer to the currently underserved market of condo housing downtown and is already substantially occupied.

Future construction plans for additional hotels slated to open in late 2020/early 2021 include the 219-room Rivers Casino Hotel at the Rivers Casino scheduled to open by year end, and the 124-room Industrialist, an 'autograph collection' hotel located downtown, slated for early 2021 completion.

Efforts continue to focus on making the City more ecological and pedestrian friendly as additional residential and commercial projects near completion. With its 24-mile Heritage Trail in addition to 42 miles of bike lanes throughout the city, Pittsburgh was ranked 'one of the most walk-able cities in the US' by TravelPulse, and named one of '2019's Top Best Places to Live' by Livability.com. By late 2019, Healthy Ride, the city's public bike-sharing system, had over 100+ stations throughout the city with over 650 bicycles. 2019 was also a record year for Healthy Ride, logging over 113,868 trips by 99,871 distinctive users, 21,000 of which had become new members in 2019.

For over 35 years, the City has been at the forefront of the green building movement. Pittsburgh is only one of two cities in the country with two fully certified Living Buildings. The 2030 District is an internationally recognized, locally driven initiative of the Green

Building Alliance that supports building owners and managers to strive toward a 50% reduction in energy use, water consumption and transportation emissions while improving indoor air quality.

As the largest 2030 District in the world, the Pittsburgh 2030 District has 506 buildings registered whose owners/managers commit to halving the energy use, water consumption and transportation emissions related to their buildings by 2030. The Green Building Alliance along with Sustainable Pittsburgh help to channel resources toward these goals. Pittsburgh strives to have all new technology and advanced manufacturing developments be certified LEED-ND Silver, WELL Community Silver, Living Community Challenge, or better.

Already, the region has 370 LEED-certified projects; 6,300 ENERGY STAR certified homes and buildings with Passive House, WELL Building and Green Gloves certifications.

Two groundbreaking projects, the Center for Sustainable Landscapes at Phipps Conservancy and the Frick Environmental Center have achieved the rigorous Living Building Challenge certification. In addition, the David Lawrence Convention Center, which uses natural light and reclaims its water, is double LEED-certified and is noted as the first green convention center. Other green firsts in the city include PPG Paints Arena, PNC Firstside Center, the Heinz History Center, the Fairmont Hotel and The Pittsburgh Glass Center.

Among the newest green building projects is Hazelwood Green, where high-tech factories are slated to be housed in redeveloped parts of a steel mill.

The City continues to experience increased residential and office space development, particularly in the Strip District and East Liberty. Most noteworthy is the urban migration of both tenants and the younger workforce towards the downtown area, along with the rise in demand by tech companies. In regards to commercial real estate, tech company demand is currently the primary driver of office space growth. As the tech community continues to produce successful start-ups, demand for office space increases as companies migrate to the urban core to gain proximity to the talent pool. As such, office leasing activity has been heavily focused on the urban core to facilitate recruitment of a growing concentration of millennial talent. With a median age of 30.4 year olds populating it's urban real estate submarkets, Pittsburgh has the fourth-highest concentration of Millennials in the country (% of population 20-35 years old). Technology is currently the fastest growing industry sector in the city and represents approx. 33% of square footage leased, as local tech companies continue to absorb lease space in the urban submarket with the increasing volume of startups and new-to-market tech companies.

Overall, Pittsburgh continued to be one of the nation's most celebrated cities, as 2019 marked yet another spectacular year of publicity. Countless positive story placements were generated worldwide, depicting the city as an excellent tourism destination. Pittsburgh consistently ranks as a 'first class city for livability, culture and economy', with research hospitals, educational institutions and cultural attractions creating a high quality of life. The presence of major business entities such as Google, Microsoft, Amazon, Uber and other high

tech giants attract recent grads in search of careers in robotics, bioscience, information technology, healthcare and finance. Travel+Leisure and Conde’Nast Traveler both named the Pittsburgh International Airport a “Top 10 Best Domestic Airport”, while AirTransport World Magazine named it “Airport of the Year”. On a slightly slower pace, the Monongahela Incline was listed among the “Worlds Coolest Public Transit Rides” in 2019 by Atlas Obscura.

Accolades for Pittsburgh abounded in 2019 for numerous categories, as Travel ranked Pittsburgh 4th among “The 10 Most Welcoming Cities in the US”. TravelPulse named the city as “Pennsylvania’s Best Travel Destination”, while Parade Magazine cited Pittsburgh as ‘one of the best cities for family vacations on a budget’. For the second consecutive year, we also topped the list of “Best Cities for Football Fans” by WalletHub, in addition to their ranking the city 5th among “Best City in the Nation for Beer Connoisseurs”. Named the “Best City for Singles in Pennsylvania” by Insurity, Pittsburgh was also ranked as ‘One of the Seven Best cities for Gen Xer’s in the Nation.’, and scored 5th place on the list of “Best Cities for STEM Professionals” compiled by WalletHub. Coming full circle, US News and World Report ranked Pittsburgh as one of the “Top 25 US Cities to Retire In”, while Realtor.com ranked the city as “One of the 10 Best Cities Where You Can Retire Early”.

In 2019, the BBC again named Pittsburgh among the ‘Top Destinations for Foodies’, as Pittsburgh restaurants claimed seven nominations in five separate categories as James Beard Award semi-finalists. Picklesburgh was voted “The #1 Specialty Food Festival” by readers of USA Today, and was recognized as a Signature Event for the State of Pennsylvania. It even received worldwide recognition as a UK foodie magazine spotlighted it as “one of the most interesting food festivals around the world”.

With a cost of living index that is below the national average, (12.5% below the national average), Pittsburgh continues to be recognized as one of the least costly places to do business, and one of the top cities for starting a new business. Accolades from investment firms continue to cite Pittsburgh as a ‘rare-find combination of expert talent in a low cost-of-living region’.

2019 represented another truly stellar year of investment in the Pittsburgh area, with 139 unique Pittsburgh area startups attracting close to a record \$3.0 billion in funding. This was nearly five times 2018’s total of \$550M and consisted of \$2.0B of corporate investment and \$928M of venture capital investment.

Approximately 270 firms from around the world invested in Pittsburgh companies in the last five years, including 39 making their first investment in our region in 2019. These firms were attracted by Pittsburgh’s regional strengths in AI, robotics, and life sciences, with autonomous vehicles and robotics continuing to draw the lion’s share of investment dollars (87%) in 2019. Multiple factors combine to make Pittsburgh an attractive destination for investors, including Pittsburgh’s leading class of technical capabilities and talent, the \$10B of university research over the past decade, and over \$10.7B of exit proceeds since 2010.

2019 featured six exits with disclosed values of more than \$387M. Companies that exited in 2019 represented an assortment of industries, including oncology, clean tech, big data, biotechnology, medical devices and IT infrastructure. Each successful exit strengthens the regional tech ecosystem, as investors realize a positive return and are thus more likely to invest in the region again. Other investors learn of the resulting success and consider Pittsburgh an even more attractive investment destination. The individual founders and employees receive windfall gains and may stimulate the ecosystem as angel investors or mentors, in addition to being financially well-positioned to pursue new ventures themselves.

The total number of financing rounds and number of unique companies funded decreased slightly compared with 2018. However, consistent with national trends, the average venture investment deal size increased vastly, from \$5.7M in 2018 to \$15.7M in 2019. A long-term trend is evident as the number of unique companies funded has risen steadily since 2010. The primary factor is that the largest rounds are growing ever larger; the record for the largest venture capital (VC) financing round in Pittsburgh history has been set and broken three times in the past five years. Significant venture capital financing rounds in 2019 included Complexa, Duolingo, Gecko Robotics, Idelic, Maven Machines and RoadBotics, while Argo AI, Aurora and Uber ATG represent the majority of the corporate investments.

The City continues to see success with the Pittsburgh Promise Program which provides scholarships of up to \$5,000 per year for qualified students for four years to approved accredited postsecondary institution within Pennsylvania. By the end of 2019, Pittsburgh Promise had administered its 12th class of high school graduates, thus totaling more than 9,528 graduates of the Pittsburgh Public Schools who were funded by the Pittsburgh Promise program. Over \$144.4M in scholarships had been given to facilitate attendance at 139 post-secondary schools. This investment in education strengthens the City's regional workforce as well, as Promise alumni are currently adding value at over 200 companies.

The overall outlook for Pittsburgh continuing into the 21st century and beyond remains stable. The City's investments and initiatives of the past several years continue to facilitate increased business development and expanded residential construction to benefit the full spectrum of the city's businesses, investors and residents alike.

Although we acknowledge the challenging conditions which every municipality and city throughout the nation is presently facing and the adverse financial impact that will result, we are confident that the city will rise to this challenge and remain optimistic about the city's future operations. Despite these challenges, our dedicated accounting staff worked really hard to ensure the charter mandated deadline for issuing this report is met.

REVENUES

Real Estate Tax - Real estate property in the City is assessed by the Allegheny County Board of Property Assessment, Appeals and Review at a rate of 100% of its fair market value. The rates for 2019 were 8.06 mills on buildings and on land. A mill is \$1 on each \$1,000 of assessed value, or \$8.06 for every \$1,000 of assessed value. The 2019 total taxable

assessed valuation for the City is \$20,518,989,514 vs. the 2018 total of \$20,014,535,000, an increase of approximately 2.5%.

Tax Payments - Real estate taxes are payable in three installments, but a 2% discount is granted if paid by February 10th. If the payment is not made on time, interest is charged at the rate of 10% per annum, and is added to the balance of the tax due for the year.

Earned Income Tax - This tax is levied at the rate of 1% on the wages or net profits earned by residents of the City.

Parking Tax - A tax equal to 37.5% of the consideration paid for each parking transaction is levied on the patrons of nonresidential parking places in the City; e.g. on a \$13.75 parking fee, \$3.75 is tax, or 37.5% of the \$10 underlying parking charge.

Amusement Tax - This tax is levied at a rate of 5% on the admission price paid by patrons of all manners and forms of for profit amusement within the City. Nonprofits are exempt from the amusement tax.

Deed Transfer Tax - A tax of 2.5% of the consideration paid for real property transfers is levied upon the transfer of an interest in real property situated in the City.

Institution Service Privilege Tax - Certain receipts of nonprofit, non-charitable organizations conducting or operating a service or service institution in the City are taxed on their gross income.

Local Services Tax - A \$52 tax levied upon each individual whose principal place of employment is located in the City, regardless of residency. If an employee's income is less than \$12,000, they are exempt from paying.

Payroll Preparation Tax - This tax is imposed on all for-profit employers at a rate of .55% of the total wages of all employees who work in the City. This tax is paid quarterly based on the payroll of the previous quarter. The installments are due February 28, May 31, August 31, and November 30.

Facility Usage Fee - A 3% tax imposed on wages earned by nonresident athletes and performers that work at certain facilities that have been subsidized with public money.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for over the last twenty-seven consecutive years (fiscal years ended 1992 - 2018). We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not be possible without the concerted effort of the entire staff of the Controller's Office. The continued efforts of the accounting department are gratefully appreciated. I would like to thank the employees of the various departments and authorities of the City for their assistance in providing the Controller's staff and the independent auditors with the necessary information to complete this report.

Respectfully submitted,



Michael E. Lamb
City Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Pittsburgh
Pennsylvania**

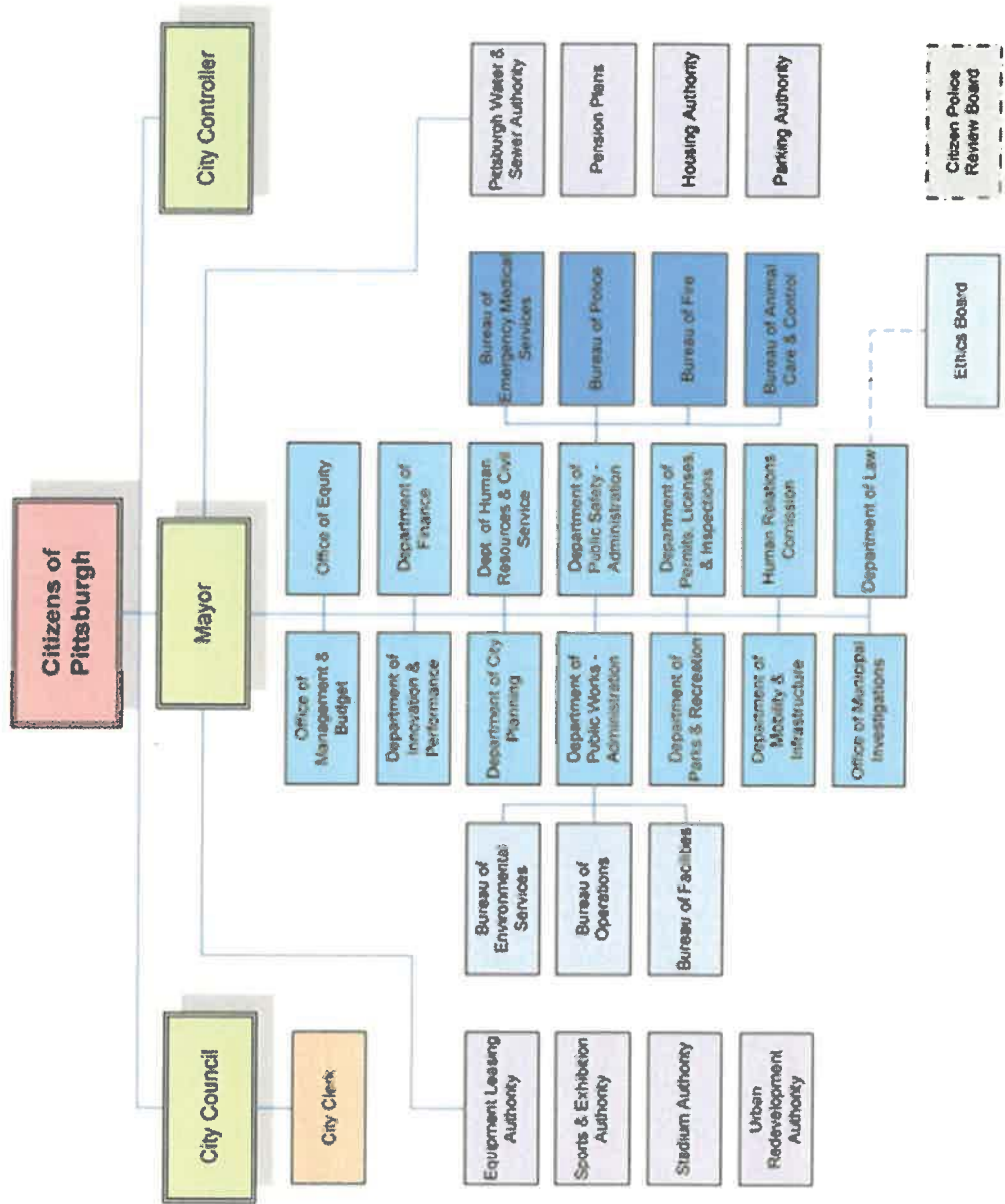
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

City of Pittsburgh Organization Chart



CITY OF PITTSBURGH, PENNSYLVANIA

ELECTED CITY OFFICIALS

As of April 29, 2020

MAYOR

William Peduto

CONTROLLER

Michael E. Lamb

MEMBERS OF COUNCIL

Theresa Kail-Smith, President, District 2

R. Daniel Lavelle, Finance Committee, District 6

Bobby Wilson, District 1

Bruce Kraus, District 3

Anthony Coghill, District 4

Corey O'Connor, District 5

Deborah Gross, District 7

Erika Strassburger, District 8

Rev. Ricky Burgess, District 9

CITY OF PITTSBURGH,
PENNSYLVANIA

FINANCIAL SECTION

Independent Auditor's Report

The Honorable
Members of Council
City of Pittsburgh,
Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pittsburgh, Pennsylvania (City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stadium Authority of the City of Pittsburgh (Stadium Authority), which represent 4.1%, 4.4%, and 2.7%, respectively of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as they relate to the amounts included for the Stadium Authority, is based solely upon the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019 and the respective changes in financial position, and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other postemployment benefits schedules on pages i through xiii and 131 through 144 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual other fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual other fund financial statements and the Capital Projects Fund budgetary comparison 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, based on our audit and the procedures performed as described above, the combining and individual other fund financial statements and the Capital Projects Fund budgetary comparison are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Mahe Duessel

Pittsburgh, Pennsylvania
April 29, 2020

CITY OF PITTSBURGH,
PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Pittsburgh (City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

Government-wide unrestricted net position showed a deficit of \$1.608 billion in 2019. The accumulated deficit results principally from the City's Net Pension Liability of \$827.5 million, Other Postemployment benefits liabilities of \$462.0 million, outstanding general obligation bonds being issued over the years to finance projects that do not result in recording assets; specifically, to fund the payments to the Pension Trust Fund (\$122.7 million outstanding as of December 31, 2019), the City's borrowings to finance economic development efforts (including projects to the City's Authorities, principally the URA), and maintenance expenditures on City infrastructure and equipment needs. The deficiency will have to be funded from resources generated in future years.

- As of the close of the 2019 fiscal year, the City's governmental funds reported combined ending fund balances of \$292.7 million, an increase of \$48.1 million from the previous year. Approximately 45.6% of this total amount or \$133.5 million is available for spending at the government's discretion (unassigned fund balance).
- At the end of the 2019 fiscal year, unassigned fund balance for the General Fund was \$133.5 million (compared to \$114 million in 2018) or 23.49% of total General Fund expenditures and debt service transfers for 2019, up from 20.8% in 2018.
- The City's outstanding general obligation bonds and notes including unamortized premium/discount amounted to \$427.6 million at the end of the fiscal year up from \$400 million in 2018.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements.

The financial section of this report consists of three parts: Management's Discussion and Analysis, the basic financial statements (including notes to the financial statements and detailed budgetary comparison schedules), and combining and individual fund statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements:

The first two statements (pages 1-3) are government-wide financial statements that provide short-term and long-term information about the City's overall financial status.

The remaining statements (pages 4 through 20) are fund financial statements that focus on individual parts of City government and report operations in more detail than the government-wide financial statements.

The governmental funds statements describe how general government services were financed such as public safety and sanitation.

Fiduciary fund statements provide information about pension, other post-employment benefit plans, private-purpose trust funds, and custodial funds for which the City acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources cannot be used to support City activities.

The financial statements include notes which provide an explanation for certain financial statement line items and also provide more details for this information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, a section with combining statements provides details about the non-major governmental funds that are presented in single columns in the basic financial statements. The following diagram, labeled A-1, shows how the required components of this comprehensive annual financial report are arranged and relate to one another.

Figure A-1
REQUIRED COMPONENTS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

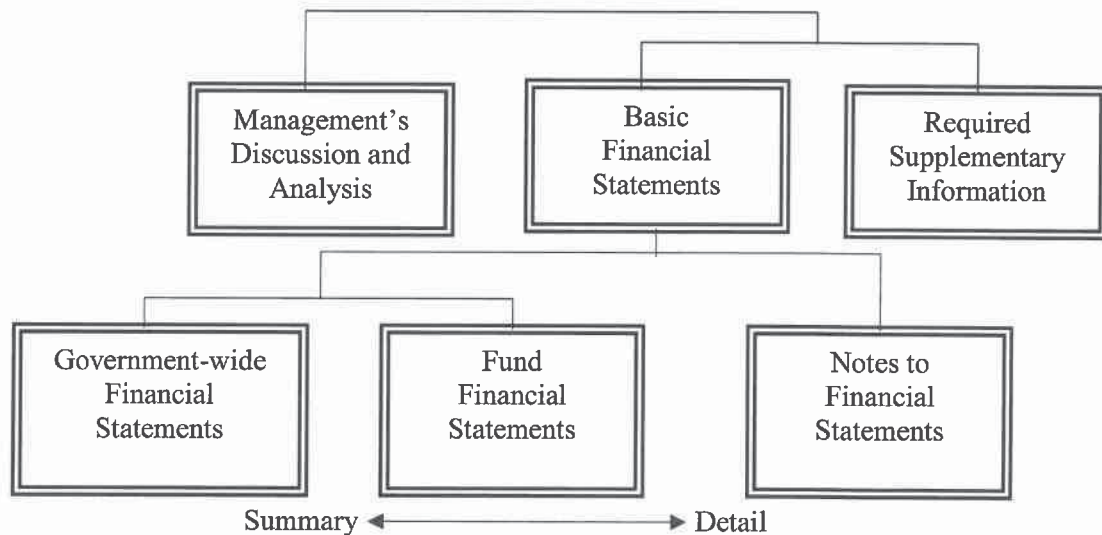


Figure A-2 summarizes the major features of the City’s financial statements. The remainder of this overview section of Management’s Discussion and Analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of City's Government-Wide and Fund Financial Statements**

	Fund Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and recreation	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plans for City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Combined statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid
	Deferred inflows and Outflows recognized	Deferred inflows recognized	

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate Urban Redevelopment Authority (URA), Pittsburgh Water and Sewer Authority, Public Parking Authority, and the Stadium Authority. Financial information for these component units reported separately from the financial information are presented for the primary government itself. The government-wide statements can be found in the financial section of this report.

Although there are a number of government-wide financial statements, for the purposes of this report, only two will be highlighted since they are closely related: the statement of net position and the statement of activities.

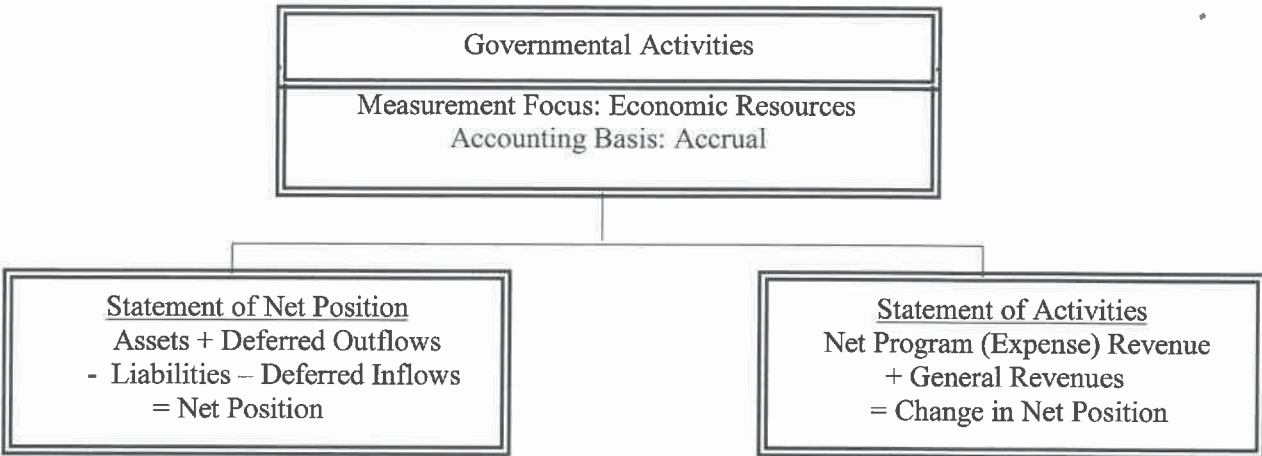
The statement of net position includes all of the City's assets, liabilities, deferred inflows, and outflows, except fiduciary funds. Net position - the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to

measure the City’s financial health, or position. Over time, increases or decreases in the City’s net position serve as a useful indicator of whether its financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event gives rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Additional non-financial factors such as changes in the City’s real property tax base and general economic conditions must be considered to assess the overall position of the City.

The primary features of government-wide financial statements are reflected in Figure A-3.

**Figure A-3
Government-wide Financial Statements**



- *Governmental activities* - Most of the City’s basic services are included here, such as the police, public works, recreation, and general administration. Property and earned income taxes, charges for services, and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant funds, not the City as a whole. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Funds are used to keep track of specific sources of funding and spending for particular purposes. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. However, not all funds are the result of city policy; some are required by state law. The funds of the City can be divided into two categories, governmental funds and fiduciary funds, and are explained in greater detail below:

- *Governmental Funds* - Most of the City’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near

future to finance the City's programs. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Capital Projects Fund, the Community Development Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other six governmental funds (non-major funds) are combined into a single, aggregated presentation (other governmental funds).

The City adopts an annual appropriated budget for its General Fund, Capital Projects Fund, and Community Development Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 4-15 of this report.

- *Fiduciary Funds - (Pension Trust Funds, OPEB Trust Funds, Private-Purpose Trust Funds and Custodial Funds)* – The Pension Trust Fund accounts for the operations of the City's pension plans for general municipal employees, police, and fire, covering essentially all full-time employees. The OPEB Trust Fund is used to report resources held in trust for post-employment benefits other than pension benefits. The City is responsible for ensuring that the assets reported in fiduciary funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The fiduciary fund financial statements can be found on pages 16-17 of this report.

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-130 of this report.

Required supplementary information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 131-144 of this report.

Government-wide Financial Analysis

The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1.42 billion at the close of the most recent fiscal year. Net Pension and Other Postemployment benefits liabilities totaled \$1.29 billion. By far the largest portion of the City's deficit in net position is its unrestricted deficit of \$1.608 billion. This deficit is partially offset by investment in capital assets less any related debt still outstanding used to acquire those assets of \$164.7 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and the assets have been financed with debt in an amount that exceeds the capital assets carrying value.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Condensed Net Position

The following table presents a condensed summary of net position:

City of Pittsburgh's Net Position

At the end of the current fiscal year, the City reported a \$1.4 billion net deficit for the governmental activities due in large part to GASB 68 and 75 reporting requirements of Net Pension Liability and Other Postemployment Benefits as well as the City's debt burden outstanding.

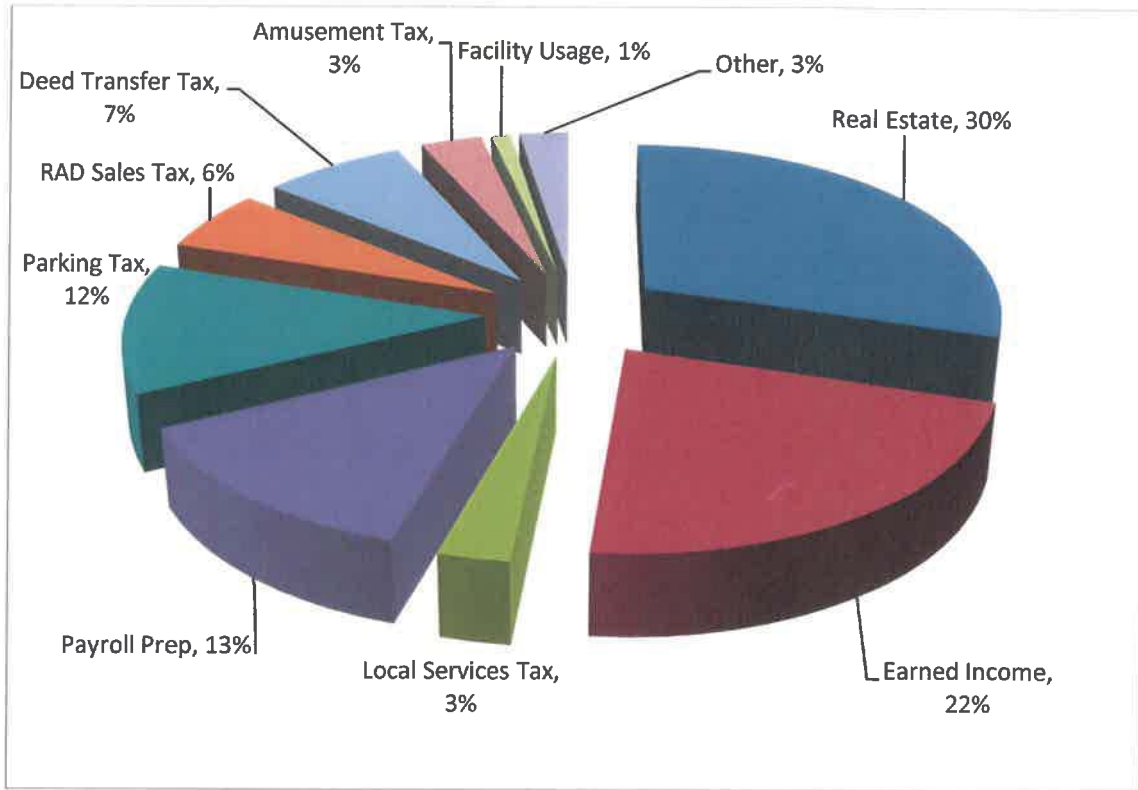
Assets	Governmental Activities (\$ millions)	
	2019	2018
Current assets	\$ 368	\$ 311
Non-current assets	20	18
Capital assets	185	186
Total Assets	573	515
Deferred Outflows of Resources		
Deferred outflows related to pension	27	87
Deferred outflows related to OPEB	34	2
Deferred change on refunding	1	1
Total Deferred Outflows of Resources	62	90
Liabilities		
Current liabilities	138	130
Long-term liabilities, outstanding	1,801	1,816
Total Liabilities	1,939	1,946
Deferred Inflows of Resources		
Deferred inflows related to pensions	46	29
Deferred inflows related to OPEB	73	89
Total Deferred Inflows of Resources	119	118
Net Position		
Net investment in capital assets	165	145
Restricted	20	22
Unrestricted	(1,608)	(1,625)
\$ (1,423)	\$ (1,458)	

Governmental activities – Governmental activities increased the City's net position by \$34.8 million in 2019 as the strength of revenue increases outpaced expenses. The following table shows the revenues and expenses of the primary government:

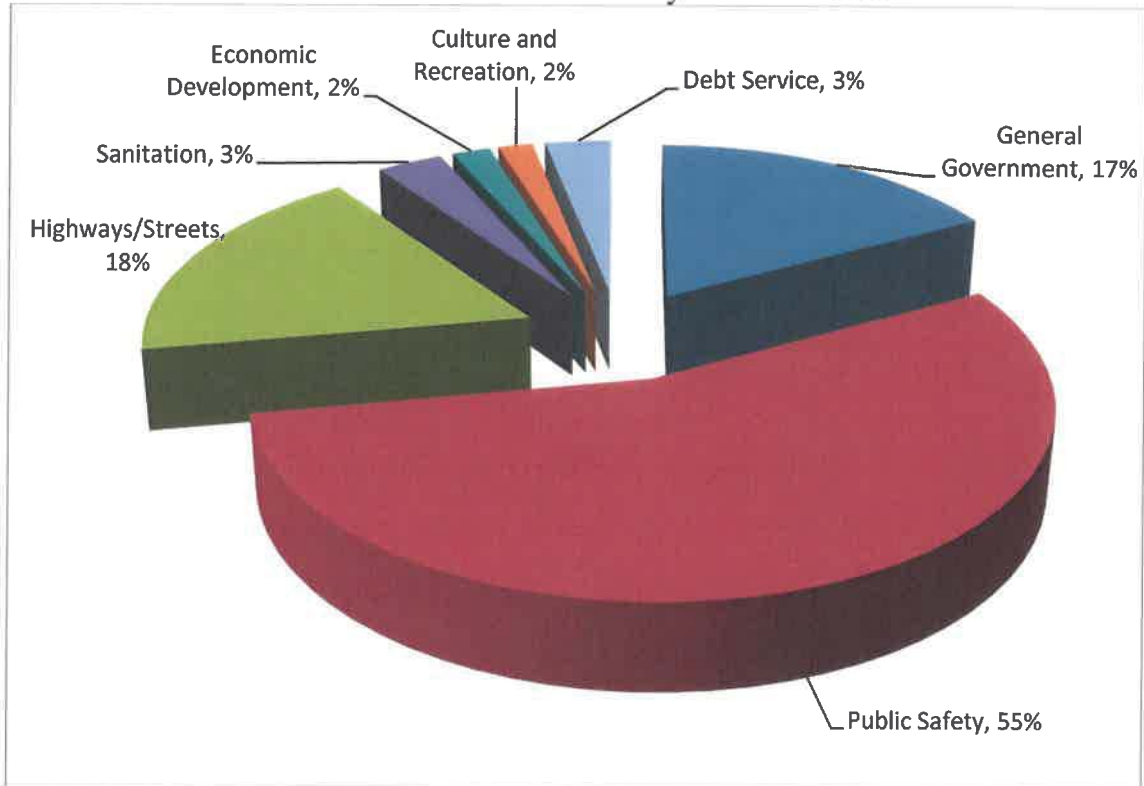
City of Pittsburgh's Activities

(\$ millions)	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 73	\$ 64
Operating grants and contributions	62	58
Capital grants and contributions	19	22
Total program revenues	154	144
General revenues:		
Real estate property taxes	147	147
Earned income taxes	110	100
Local services taxes	14	16
Payroll preparation taxes	66	67
Parking taxes	61	60
RAD sales taxes	29	30
Deed transfer taxes	37	37
Amusement taxes	16	17
Payment in lieu of taxes	1	1
Facilities usage tax	5	5
Donations and endowments	2	1
Other	10	8
Total general revenues	498	489
Total revenues	652	633
Expenses:		
General government	105	107
Public safety	343	304
Highways/streets	109	101
Sanitation	19	21
Economic development	11	15
Culture and recreation	10	13
Interest on long-term debt plus amortz. of issuance cost and premium/discounts	20	19
Total expenses	617	580
Change in Net Position	35	53
Net Position:		
Beginning of year	(1,458)	(1,510)
End of year	\$ (1,423)	\$ (1,458)

General revenues by type are presented below:



Expenses of the statement of activities are shown below by functional area:



Governmental Funds

Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City, with revenues and expenses that are connected to every aspect of the City. Revenues for the General Fund totaled \$587.1 million in 2019, an increase of \$12.9 million or by 2.25% compared to 2018. The greatest variances from budget to actual in tax revenue came from increases of \$5.2 million in earned income taxes, \$4.8 million in deed transfer taxes, offset somewhat by an unfavorable variance of \$3.3 in real estate taxes, \$2.5 in amusement taxes and \$5.9 in rentals and charges. All other taxes were relatively stable.

In addition to the above General Fund tax revenues, the City collected \$13.3 million in the Community Development Fund, \$3.5 million in Capital Projects, and \$46.1 million in Non-major Governmental Funds, mostly from pass-through of federal and state monies.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$292.7 million, an increase of \$48.0 million from 2018. Approximately 45.6% of this total fund balance, or \$133.5 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance that is restricted for endowments, employee benefits, State and Federal Purpose Grants, and capital projects is \$84 million, the amount committed to interfund advance and specific programs is \$25 million and the amount assigned for encumbrances and debt service is \$49 million.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$133.5 million, while total fund balance for the General Fund was \$155.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23.4% of total General Fund expenditures and operating transfers.

The fund balance of the City's General Fund increased by \$20.7 million during the 2019 fiscal year compared to an increase of \$3.39 million in 2018. This is primarily due to increase in earned income and deed transfer taxes.

Expenditures and other uses, including debt service payments/transfers for the General Fund in 2019 decreased to \$570 million, compared to \$575 million in 2018, representing a decrease of 0.87% or \$5 million overall.

Transfers to the Debt Service Fund of \$50.5 million, combined with debt subsidies of \$4.6 million, totaled \$55.1 million, compared to \$80 million in 2018. The debt subsidies are for the URA are commitments made by the City over the life of their bonds. Debt service and debt subsidies accounted for 7.4% of the total governmental expenditures and transfers, illustrating the magnitude of the City's annual debt service. The Debt Service Fund has a total fund balance of \$2.0 million, all of which is assigned for the payment of debt service.

The Community Development Fund had intergovernmental revenues of \$13.3 million and expenditures of \$13.3 million. The Capital Projects Fund had \$3.5 million of revenues, and \$50.5 million in maintenance and non-capital related expenses, \$55.4 million in debt proceeds and \$8.9 million in net operating transfers. The Capital Projects Funds fund balance increased by \$22.3 million to \$98.9 in 2019 as compared to \$76.6 million as of December 31, 2018.

General Fund Budgetary Highlights

Actual General Fund revenues were more than the budgeted revenues by \$10.3 million mainly due to an increase in earned income, deed transfer collections, state pension aid and economic development slots revenue. The final budgeted General Fund expenditures were \$9.8 million higher than the original budget. Actual General Fund budgetary basis expenditures were \$18.1 million lower than the final budget.

During fiscal year 2019, City Council amended the budget primarily for the following reason:

- To appropriate funds to pay prior year commitments in the form of encumbrances for General Fund purchase orders authorized and issued, but for which goods and services were not received nor paid for by December 31, 2019 totaled \$9.8 million.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental-type activities as of December 31, 2019 amounts to \$185.3 million, net of accumulated depreciation. This investment in capital assets includes building and building improvements, land, machinery and equipment, furniture and fixtures, vehicles, infrastructure, capital lease, and construction-in-progress.

Major increases in assets included \$6.9 million construction in progress, purchase of \$6.6 million in vehicles and the completion of multiple capital projects throughout the City resulting in a \$1.1 million in infrastructure additions.

City of Pittsburgh's Changes in Capital Assets

(\$ millions)	Governmental Activities	
	2019	2018
Land and land improvements	\$ 46	\$ 46
Construction in progress	29	23
Buildings and building improvements	90	90
Capital lease	15	15
Infrastructure	227	226
Vehicles	87	84
Furniture and fixtures	5	5
Machinery and equipment	9	9
Total capital assets	508	498
Less accumulated depreciation for:		
Buildings	(88)	(87)
Infrastructure	(146)	(141)
Vehicles	(68)	(63)
Furniture and fixtures	(5)	(5)
Capital leases	(12)	(12)
Machinery and equipment	(4)	(4)
Total accumulated depreciation	(323)	(312)
Total capital net assets	\$ 185	\$ 186

More detailed information about capital assets is provided in Note 6 to the financial statements.

Long-term debt - At the end of the current fiscal year, the City had total debt outstanding of \$428 million, which comprises debt backed by the full faith and credit of the government.

City of Pittsburgh's Outstanding Debt

(\$ millions)	Governmental Activities	
	2019	2018
General obligation bonds:		
Beginning balance at January 1	\$ 401	\$ 417
Debt issued and other	60	40
Refinanced bonds	-	-
Principal payments and other	(33)	(56)
Ending balance at December 31	\$ 428	\$ 401

More detailed information about long-term debt is provided in Note 9 of the financial statements.

Significant Events

Early in 2018, a resolution by the Commonwealth of Pennsylvania was adopted to allow the City to formally exit Act 47 oversight, thereby ending its designation as a “financially distressed municipality.” During 2019, the City continued efforts to control costs, improve collections, and maintain solvency. The cash balance available for general operations of the City as of December 31, 2019 was \$118.8 million; this was enough to maintain normal function throughout the City in January 2019. As of December 31, 2019, the City had a general fund unassigned fund balance of \$133.5 million. The City will continue to focus on strategies to fund long-term obligations, principally net pension obligations, net other post-employment obligations, general obligation debt and reduce its net deficit of \$1.42 billion in December 31, 2019. The City recognizes that the budgetary impact of the COVID-19 pandemic will be significant but remains optimistic that steps can be taken to manage city finances going forward.

Pension Funding

Commonwealth of Pennsylvania Act 47 of 2009 required the City’s aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City’s pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City met this requirement by transferring \$45 million to the Comprehensive Trust Fund (Fund) in 2010 and agreeing to dedicate parking tax revenues for the next 31 years per Council legislation. The City contributed \$13.4 million of the parking tax revenue to the Fund from 2011-2017 and contributed \$26.8 million for both 2018 and 2019 and will continue to contribute the same amount through 2041. For 2019, the City contributed \$95.2 million, \$44.2 million more than its actuarially determined contribution of \$51.0 million.

Cash Position

During 2019, the City continued efforts that had begun in the latter half of 2003 to control cost, improve collections, and maintain solvency. These efforts combined with remaining available fund balance produced benefits into 2019 by allowing the City to meet its beginning of the year obligations without executing a bank note at the beginning of 2020.

At the onset of 2020, the City expected cash flows to be sufficient enough to maintain a positive cash position. However, the COVID-19 pandemic and the resulting restrictions put in place to stop the spread of the virus will most certainly have a negative effect on City revenues.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller’s Office, First Floor, City County Building, 414 Grant Street Pittsburgh, PA 15219.

CITY OF PITTSBURGH,
PENNSYLVANIA

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2019

	Primary Governmental Activities	Component Units
Assets		
Current assets:		
Cash, cash equivalents, and investments	\$ 184,040,597	\$ 248,150,659
Restricted cash	85,772,725	20,556,086
Real estate taxes (net of allowance for uncollectible accounts of \$19,823,887)	12,967,427	-
Accounts receivable, net	-	25,116,573
Accrued interest receivable	523,424	503,809
Due from other governments	2,708,485	3,114,416
Due from primary government	-	2,472,995
Taxpayer - assessed taxes receivable	48,389,738	-
Inventory	-	1,597,000
Notes receivable	-	14,175
Other receivables	33,536,727	13,336,907
Prepaid expenses	-	742,041
Total current assets	367,939,123	315,604,661
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	-	16,360,000
Investments	-	19,121,845
Deposit held for development fund	-	584,195
Accounts receivable - parking	-	2,269,500
Total restricted assets	-	38,335,540
Loan receivable from other government	10,747,000	-
Due from component unit	9,485,274	-
Investments - unrestricted	-	11,574,192
Capital assets:		
Capital assets not being depreciated:		
Land and land improvement	45,602,091	32,825,568
Construction-in-progress	29,229,157	142,114,087
Capital assets being depreciated:		
Buildings and building improvements	90,391,265	124,354,036
Parking facilities	-	179,029,633
Machinery and equipment	9,163,387	15,371,699
Utility plant	-	998,895,000
Non-utility plant	-	12,181,000
Furniture and fixtures	4,845,984	-
Vehicles	87,279,140	-
Infrastructure	226,482,179	2,241,369
Capital lease	15,434,653	-
Less accumulated depreciation	(323,159,942)	(461,806,869)
Total net capital assets	185,267,914	1,045,205,523
Leasehold improvements	-	6,248,839
Other assets	-	2,466,147
Loans/notes receivable	-	52,656,026
Net Pension Asset	-	3,157,335
Prepaid bond insurance	-	161,907
Hedging Derivative - interest rate swap	-	-
Property held for redevelopment	-	21,876,232
Total noncurrent assets	205,500,188	1,181,681,741
Total Assets	573,439,311	1,497,286,402
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	-	13,351,000
Deferred outflows related to pension	27,288,351	372,806
Deferred outflows related to OPEB - Retiree	28,698,872	-
Deferred outflows related to OPEB - Disabled Firefighters	5,507,384	-
Deferred charge on refunding	486,941	102,465,877
Total Deferred Outflows of Resources	61,981,548	116,189,683

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2019

(Continued)

Liabilities	Primary Governmental Activities	Component Units
Current liabilities:		
Accounts payable - wastewater treatment	-	19,017,000
Accounts and retainage payable	7,916,262	14,546,997
Accrued liabilities	33,486,799	35,943,196
Self-funded health insurance	2,531,000	-
Accrued interest payable	6,759,913	9,793,551
Accrued worker's compensation	13,800,026	-
Accrued compensated absences	23,616,801	-
Accrued claims and judgments	4,698,046	-
Unearned revenue	5,203,629	995,257
Other liabilities	-	4,105
Due to other governments	1,857,095	-
Due to component unit	2,472,995	-
Capital lease liability, current portion	1,062,984	-
Bonds and loans payable, current portion	34,550,000	38,399,319
Total current liabilities	137,955,550	118,699,425
Noncurrent liabilities:		
Unearned revenue	-	121,000
Other liabilities	-	4,144,278
Accrued payroll - related obligations	-	621,000
Swap liability	-	13,351,000
Bonds and loans payable, net of unamortized premiums/ discounts	393,047,805	1,043,240,665
Accrued workers' compensation	101,200,198	-
Net OPEB liability - Retiree	437,666,111	-
Net OPEB liability - Disabled Firefighters	24,370,045	-
Accrued compensated absences	5,853,949	-
Accrued claims and judgments	7,506,000	-
Capital lease liability	3,818,287	-
Net pension liability	827,574,410	-
Due to primary government	-	9,485,274
Advance from the City of Pittsburgh	-	22,775,168
Total noncurrent liabilities	1,801,036,805	1,093,738,385
Total Liabilities	1,938,992,355	1,212,437,810
Deferred Inflows of Resources		
Deferred gain on refunding	-	1,945,351
Deferred inflows related to pension	46,160,256	1,508,667
Deferred inflows related to OPEB - Retiree	72,445,458	-
Deferred inflows related to OPEB - Disabled Firefighters	1,031,370	-
Total Deferred Inflows of Resources	119,637,084	3,454,018
Net Position		
Net investment in capital assets	164,681,719	125,868,862
Restricted for:		
Capital projects	-	15,885,850
Debt service	-	702,676
Employee benefits	7,764,039	-
Endowment Earnings - expendable	1,548,809	-
State and Federal Purpose Grants	11,047,850	-
Indenture funds	-	27,804,598
Pension	-	2,013,792
Sustainability Initiatives	-	149,271
Operating reserve	-	19,320,000
Urban development	-	57,982,279
Lending programs	-	92,440,446
Housing Program	-	2,496,802
Unrestricted	(1,608,250,997)	52,919,681
Total Net Position	\$ (1,423,208,580)	\$ 397,584,257

See accompanying notes to financial statements.

(Concluded)

CITY OF PITTSBURGH, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	
				Governmental Activities	Component Units
Primary government:					
Governmental activities:					
General government	\$ 104,814,151	\$ 41,656,914	\$ 16,744,983	\$ (40,917,848)	\$ -
Public safety	342,668,931	25,561,885	28,295,878	(288,729,870)	-
Highway and streets	109,108,492	4,179,885	14,707,513	(79,623,153)	-
Sanitation	18,633,881	-	378,679	(18,255,202)	-
Economic development (includes debt subsidies to URA of \$4,589,808)	11,310,505	-	-	(9,224,281)	-
Culture and recreation	10,056,293	1,186,695	1,374,776	(6,363,240)	-
Interest on long-term debt and amortization of premiums and discounts	19,984,134	-	-	(19,984,134)	-
Total primary government	\$ 616,576,387	\$ 72,585,379	\$ 61,501,829	(463,097,728)	-
Total component units	\$ 346,045,459	\$ 347,923,086	\$ 33,298,489	\$ 7,032,000	42,208,116
General revenues:					
Real estate taxes				147,859,058	-
Earned income taxes				109,821,901	-
Business privilege taxes				17,601	-
Local services tax				13,877,364	-
Payroll preparation tax				66,299,547	-
Parking tax				60,567,613	-
Sales taxes from the Regional Asset District				29,219,572	-
Deed transfer tax				36,861,527	-
Amusement tax				16,173,664	-
Facilities usage tax				5,323,088	-
Public service privilege				1,818,834	-
Nonprofit payment in lieu of taxes				738,735	-
Unrestricted investment earnings				6,195,062	(282,582)
Gain on sale of assets				-	6,704,573
Miscellaneous				928,273	(238,042)
Donations and endowments				2,164,106	-
Total general revenues and donations and endowments				497,862,945	6,183,949
Special Item:					
Private lead line replacement				-	(22,283,000)
Total special item				-	(22,283,000)
Change in Net Position				34,765,217	26,109,065
Net position - beginning				(1,457,973,797)	371,475,192
Net position - ending				\$ (1,423,208,580)	\$ 397,584,257

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2019

	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Cash and cash equivalents	\$ 118,487,057	\$ 1,738,531	\$ 2,151,970	\$ 18,393,918	\$ 43,269,121	\$ 184,040,597
Cash and cash equivalents - restricted	349,788	-	-	85,422,937	-	85,772,725
Receivables:						
Real estate taxes (net of allowances for uncollectible accounts of \$19,823,887)	12,967,427	-	-	-	-	12,967,427
Taxpayer - assessed taxes receivable	48,389,738	-	-	-	-	48,389,738
Other receivables	28,503,048	-	-	-	5,033,679	33,536,727
Accrued interest	233,848	278,057	-	-	11,519	523,424
Advance to other fund	-	-	-	1,364,873	-	1,364,873
Due from other governments	-	-	1,668,025	1,040,460	-	2,708,485
Due from other funds	713,486	-	-	-	67,561	781,047
Total Assets	\$ 209,644,392	\$ 2,016,588	\$ 3,819,995	\$ 106,222,188	\$ 48,381,880	\$ 370,085,043

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
(Continued)

	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ 7,096,192	\$ -	\$ 55,650	\$ -	\$ 764,420	\$ 7,916,262
Accrued liabilities	21,846,013	-	2,003,960	4,821,114	4,815,712	33,486,799
Self-funded health insurance	2,531,000	-	-	-	-	2,531,000
Advance from other fund	-	-	1,364,873	-	-	1,364,873
Due to other funds	23,663	-	310,895	-	446,489	781,047
Due to other governments	494,404	-	-	-	1,362,691	1,857,095
Due to component unit	-	-	-	2,472,995	-	2,472,995
Unearned revenue	-	-	-	-	5,203,629	5,203,629
Accrued claims and judgments	4,698,046	-	-	-	-	4,698,046
Total Liabilities	36,689,318	-	3,735,378	7,294,109	12,592,941	60,311,746
Deferred Inflows of Resources:						
Unavailable revenue - taxes	17,056,419	-	-	-	-	17,056,419
Total Deferred Inflows of Resources	17,056,419	-	-	-	-	17,056,419
Fund Balance:						
Restricted:						
Capital Projects	-	-	-	64,081,304	-	64,081,304
Endowment earnings - expendable	1,548,809	-	-	-	-	1,548,809
Employee Benefits	7,764,039	-	-	-	-	7,764,039
State and Federal Purpose Grants	-	-	84,617	-	10,963,233	11,047,850
Committed:						
Interfund Advance	-	-	-	1,364,873	-	1,364,873
Specified Program Services	-	-	-	-	23,968,720	23,968,720
Assigned:						
General Government	13,116,845	-	-	-	-	13,116,845
Debt Service	-	2,016,588	-	-	-	2,016,588
Capital Projects	-	-	-	33,481,902	-	33,481,902
Public Safety	-	-	-	-	421,701	421,701
Community Recreation and Cultural	-	-	-	-	435,285	435,285
Unassigned	133,468,962	-	-	-	-	133,468,962
Total Fund Balance	155,898,655	2,016,588	84,617	98,928,079	35,788,939	292,716,878
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 209,644,392	\$ 2,016,588	\$ 3,819,995	\$ 106,222,188	\$ 48,381,880	\$ 370,085,043

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2019

Total Fund Balance - Governmental Funds \$ 292,716,878

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

Capital assets including construction-in-progress used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$508,427,856 and the accumulated depreciation is \$323,159,942. 185,267,914

Property taxes receivable and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are treated as deferred inflows in the funds. Receivable amounts are shown net of allowances, but are not deferred inflows in the government-wide financial statements. 17,056,419

Long-term receivables, including loan receivable from other entity and due from component unit, are not due in the current period and, therefore, are not reported as receivable in the funds. 20,232,274

The net pension liability, and deferred inflows and outflows of resources for pension are not recorded on the fund financial statements. (846,446,315)

The net OPEB liabilities, and deferred inflows and outflows of resources for OPEBs are not recorded on the fund financial statements. (501,306,728)

The deferred outflows related to long-term debt are not reported in the funds. 486,941

Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable, net of unamortized premiums/discounts	\$	(427,597,805)	
Capital lease liability		(4,881,271)	
Accrued workers' compensation		(115,000,224)	
Accrued compensated absences		(29,470,750)	
Accrued interest payable		(6,759,913)	
Accrued claims and judgments		(7,506,000)	
		(591,215,963)	(591,215,963)

Total Net Position - Governmental Activities \$ (1,423,208,580)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2019

	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Revenues:						
Taxes, including penalties and interest	\$ 481,189,697	\$ -	\$ -	\$ 503,168	\$ 6,049,639	\$ 487,742,504
Payment in lieu of taxes	738,735	-	-	-	-	738,735
Interest and dividends	4,169,464	1,813,490	-	-	212,109	6,195,063
Fines and forfeits	9,989,903	-	-	-	896,675	10,886,578
Intergovernmental revenues	41,684,187	-	13,257,836	2,663,835	23,682,625	81,288,483
Charges for user services	47,758,882	-	-	-	13,939,937	61,698,819
Miscellaneous	1,543,466	-	-	289,701	1,363,438	3,196,605
Total revenues	587,074,334	1,813,490	13,257,836	3,456,704	46,144,423	651,746,787
Expenditures:						
Current:						
General government	90,033,780	-	5,339,595	2,784,856	13,821,226	111,979,457
Public safety	326,097,066	-	78,298	1,264,106	11,850,879	339,290,349
Public works	52,839,226	-	1,805,319	42,885,532	17,620,906	115,150,983
Sanitation	19,744,193	-	1,562,294	-	-	21,306,487
Community, recreational, and cultural	6,853,629	-	926,566	8,072	2,824,756	10,613,023
Economic and physical development	-	-	3,545,764	3,174,933	-	6,720,697
Claims and judgments	2,096,454	-	-	-	-	2,096,454
Debt service:						
Principal retirement of bonds	-	31,190,000	-	-	-	31,190,000
Interest on bonds	-	20,725,172	-	-	-	20,725,172
Bond issuance costs	-	-	-	340,489	-	340,489
Urban Redevelopment Authority subsidy	4,589,806	-	-	-	-	4,589,806
Total expenditures	502,254,154	51,915,172	13,257,836	50,457,988	46,117,767	664,002,917
Excess (Deficiency) of Revenues Over Expenditures	84,820,180	(50,101,682)	-	(47,001,284)	26,656	(12,256,130)
Other Financing Sources (Uses):						
Issuance of debt	-	-	-	55,420,000	-	55,420,000
Bond premium	-	-	-	4,920,489	-	4,920,489
Transfers from other funds	4,000,000	50,462,490	-	15,000,000	10,379,803	79,842,293
Transfers to other funds	(68,090,774)	-	-	(6,044,500)	(5,707,019)	(79,842,293)
Total other financing sources (uses)	(64,090,774)	50,462,490	-	69,295,989	4,672,784	60,340,489
Net Change in Fund Balances	20,729,406	360,808	-	22,294,705	4,699,440	48,084,359
Fund Balances:						
Beginning of year	135,169,249	1,655,780	84,617	76,633,374	31,089,499	244,632,519
End of year	\$ 155,898,655	\$ 2,016,588	\$ 84,617	\$ 98,928,079	\$ 35,788,939	\$ 292,716,878

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balance - Governmental Funds	\$	48,084,359
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays less net deletions in the current period:</p>		
Capital outlays	\$	13,687,637
Less: net deletions		(85,863)
Less: depreciation expense		<u>(13,889,768)</u>
		(287,994)
<p>Some levied taxes and other revenues will not be collected for several months after the City's year-end, they are not considered as "available" revenues in the governmental funds. Deferred inflows changed by this amount during the year.</p>		
		(9,963)
<p>Long-term receivables, including loan receivable from other entity and due from component unit, are not due in the current period and, therefore, are not reported as receivable in the funds. Long-term receivables changed by this amount during the year.</p>		
		2,077,774
<p>Changes in the net pension liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.</p>		
		13,734,148
<p>Changes in the net OPEB liabilities and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.</p>		
		(6,498,080)
<p>The issuance of long-term obligations (e.g., notes and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of activities. Also, governmental funds report the effect of premiums, discounts, interest, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.</p>		
		(27,067,734)
<p>In the statement of activities, certain expenses - workers' compensation, compensated absences, and claims and judgments are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount incurred versus the amount used.</p>		
		<u>4,732,707</u>
Change in Net Position of Governmental Activities	\$	<u>34,765,217</u>

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2019

(Amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
<u>Taxes, net of refunds and banking fees:</u>				
Real estate	\$ 146,796	\$ 146,796	\$ 143,483	\$ (3,313)
Non-profit payment for services	529	529	422	(107)
Payroll preparation	67,518	67,518	67,769	251
Amusement	18,109	18,109	15,570	(2,539)
Earned income	102,320	102,320	107,563	5,243
Deed transfer	31,189	31,189	36,030	4,841
Parking	60,100	60,100	60,970	870
Occupation Privilege	-	-	(91)	(91)
Local Services Tax	14,536	14,536	14,666	130
Institution and service privilege	527	527	648	121
Facility usage fee	5,467	5,467	5,172	(295)
Public service	1,081	1,081	1,212	131
Penalties and interest	1,388	1,388	1,304	(84)
Act 77 - tax relief	22,386	22,386	22,835	449
	<u>471,946</u>	<u>471,946</u>	<u>477,553</u>	<u>5,607</u>
Total taxes, net of refunds and banking fees				
Interest earnings	2,243	2,243	4,133	1,890
Fines and forfeits	9,902	9,902	8,885	(1,017)
<u>Licenses and fees:</u>				
Liquor and malt beverage	439	439	407	(32)
General government	13,109	13,109	13,634	525
Rentals and charges	44,392	44,392	38,440	(5,952)
	<u>57,940</u>	<u>57,940</u>	<u>52,481</u>	<u>(5,459)</u>
Total licenses and fees				
Federal and state grants	5,150	5,150	4,749	(401)
Reimbursement, CDBG	141	141	442	301
PWSA reimbursement	1,900	1,900	1,900	-
Housing Authority City of Pittsburgh	-	-	1,025	1,025
Urban Redevelopment Authority	614	614	-	(614)
State utility tax	434	434	398	(36)
Miscellaneous	59	59	140	81
Sale of public property	-	-	37	37
State aid - pension	22,014	22,014	26,420	4,406
Economic development slots revenue	-	-	4,500	4,500
2% Local share of slots revenue	10,000	10,000	10,000	-
	<u>40,312</u>	<u>40,312</u>	<u>49,611</u>	<u>9,299</u>
Total other revenues				
Total budgeted revenues	<u>582,343</u>	<u>582,343</u>	<u>592,663</u>	<u>10,320</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**

YEAR ENDED DECEMBER 31, 2019

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Expenditures:							
Current Operating-General Government							
City Council and City Clerk's Office:							
City Council:							
Salaries/Employee Benefits	2,358	27	2,385	2,219	-	2,219	166
Non-salaries	40	-	40	28	-	28	12
Total City Council	2,398	27	2,425	2,247	-	2,247	178
City Clerk's Office:							
Salaries/Employee Benefits	1,091	-	1,091	950	-	950	141
Non-salaries	538	20	558	244	70	314	244
Total City Clerk's office	1,629	20	1,649	1,194	70	1,264	385
Total City Council and City Clerk's office	4,027	47	4,074	3,441	70	3,511	563
Mayor's Office:							
Office of the Mayor							
Salaries/Employee Benefits	1,282	-	1,282	1,180	-	1,180	102
Non-salaries	67	-	67	31	-	31	36
Total Office of the Mayor	1,349	-	1,349	1,211	-	1,211	138
Office of Equity							
Salaries/Employee Benefits	1,310	-	1,310	1,005	-	1,005	305
Non-salaries	218	45	263	25	132	157	106
Total Office of Neighborhood Empowerment	1,528	45	1,573	1,030	132	1,162	411
Office of Management and Budget							
Salaries/Employee Benefits	2,289	(250)	2,039	1,948	-	1,948	91
Non-salaries	15,066	725	15,791	14,367	418	14,785	1,006
Total Office of Management and Budget	17,355	475	17,830	16,315	418	16,733	1,097
Total Mayor's Office	20,232	520	20,752	18,556	550	19,106	1,646
Innovation & Performance:							
Salaries/Employee Benefits	5,649	(350)	5,299	5,091	-	5,091	208
Non-salaries	9,446	2,810	12,256	7,855	4,094	11,949	307
Total City Information Systems	15,095	2,460	17,555	12,946	4,094	17,040	515
Commission on Human Relations:							
Salaries/Employee Benefits	407	-	407	352	-	352	55
Non-salaries	39	25	64	41	17	58	6
Total Human Relations	446	25	471	393	17	410	61
Office of City Controller:							
Salaries/Employee Benefits	4,522	-	4,522	4,080	-	4,080	442
Non-salaries	208	49	257	113	38	151	106
Total Office of City Controller	4,730	49	4,779	4,193	38	4,231	548
Department of Finance:							
Salaries/Employee Benefits	7,564	-	7,564	7,422	-	7,422	142
Non-salaries	13,098	650	13,748	12,482	988	13,470	278
Pension	96,552	-	96,552	97,408	-	97,408	(856)
Debt service	52,732	-	52,732	50,462	-	50,462	2,270
Total Department of Finance	169,946	650	170,596	167,774	988	168,762	1,834
Department of Law							
Salaries/Employee Benefits	2,954	(250)	2,704	2,664	-	2,664	40
Non-salaries	5,026	154	5,180	3,757	363	4,120	1,060
Total Law	7,980	(96)	7,884	6,421	363	6,784	1,100

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**

YEAR ENDED DECEMBER 31, 2019

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Current Operating-General Government, cont:							
Department of Law - Ethics Board:							
Salaries/Employee Benefits	111	-	111	96	-	96	15
Non-salaries	68	-	68	41	15	56	12
Total Department of Law - Ethics Board	179	-	179	137	15	152	27
Total Department of Law	8,159	(96)	8,063	6,558	378	6,936	1,127
Department of Human Resources and Civil Service:							
Service Commission:							
Salaries/Employee Benefits	51,416	(4,937)	46,479	40,574	323	40,897	5,582
Non-salaries	3,741	613	4,354	2,819	598	3,417	937
Total Department of Human Resources and Civil Service	55,157	(4,324)	50,833	43,393	921	44,314	6,519
Department of City Planning:							
Salaries/Employee Benefits	3,875	(400)	3,475	3,307	-	3,307	168
Non-salaries	688	611	1,299	550	654	1,204	95
Total Department of City Planning	4,563	211	4,774	3,857	654	4,511	263
Department of Permits, Licenses, & Inspection:							
Salaries/Employee Benefits	6,129	(400)	5,729	5,587	-	5,587	142
Non-salaries	570	124	694	388	305	693	1
Total Department of Permits, Licenses, & Inspection	6,699	(276)	6,423	5,975	305	6,280	143
Total General Government	289,054	(734)	288,320	267,086	8,015	275,101	13,219
Public Safety - Department of Public Safety:							
Bureau of Administration:							
Salaries/Employee Benefits	4,392	-	4,392	4,215	-	4,215	177
Non-salaries	5,110	643	5,753	4,164	1,225	5,389	364
Total Bureau of Administration	9,502	643	10,145	8,379	1,225	9,604	541
Bureau of Emergency Medical Services:							
Salaries/Employee Benefits	21,860	2,277	24,137	24,135	-	24,135	2
Non-salaries	1,050	16	1,066	978	57	1,035	31
Total Bureau of Emergency Medical Services	22,910	2,293	25,203	25,113	57	25,170	33
Bureau of Police:							
Salaries/Employee Benefits	98,194	2,520	100,714	99,944	-	99,944	770
Non-salaries	6,351	764	7,115	5,935	757	6,692	423
Total Bureau of Police	104,545	3,284	107,829	105,879	757	106,636	1,193
Municipal Investigations:							
Salaries/Employee Benefits	641	-	641	571	-	571	70
Non-salaries	100	-	100	66	-	66	34
Total Municipal Investigations	741	-	741	637	-	637	104
Bureau of Fire:							
Salaries/Employee Benefits	73,944	3,098	77,042	76,504	-	76,504	538
Non-salaries	2,148	2,143	4,291	3,511	728	4,239	52
Total Bureau of Fire	76,092	5,241	81,333	80,015	728	80,743	590
Public Safety:							
Public Safety Animal Control							
Salaries/Employee Benefits	1,088	-	1,088	1,055	-	1,055	33
Non-salaries	600	175	775	419	233	652	123
Total Public Safety Animal Control	1,688	175	1,863	1,474	233	1,707	156
Total Public Safety - Department of Public Safety	215,478	11,636	227,114	221,497	3,000	224,497	2,617

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**

YEAR ENDED DECEMBER 31, 2019

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Department of Public Works:							
Administration:							
Salaries/Employee Benefits	977	22	999	990	-	990	9
Non-salaries	56	-	56	20	-	20	36
Total Administration	<u>1,033</u>	<u>22</u>	<u>1,055</u>	<u>1,010</u>	<u>-</u>	<u>1,010</u>	<u>45</u>
Operations:							
Salaries/Employee Benefits	18,431	130	18,561	18,444	-	18,444	117
Non-salaries	3,660	159	3,819	3,366	314	3,680	139
Total Operations	<u>22,091</u>	<u>289</u>	<u>22,380</u>	<u>21,810</u>	<u>314</u>	<u>22,124</u>	<u>256</u>
Environmental Services:							
Salaries/Employee Benefits	11,974	(500)	11,474	11,430	-	11,430	44
Non-salaries	4,664	1	4,665	4,179	105	4,284	381
Total Environmental Services	<u>16,638</u>	<u>(499)</u>	<u>16,139</u>	<u>15,609</u>	<u>105</u>	<u>15,714</u>	<u>425</u>
General Services - Facilities:							
Salaries/Employee Benefits	6,326	(450)	5,876	5,841	-	5,841	35
Non-salaries	11,039	67	11,106	8,802	1,443	10,245	861
Total General Services - Facilities	<u>17,365</u>	<u>(383)</u>	<u>16,982</u>	<u>14,643</u>	<u>1,443</u>	<u>16,086</u>	<u>896</u>
Mobility & Infrastructure:							
Salaries/Employee Benefits	7,254	(700)	6,554	6,478	-	6,478	76
Non-salaries	707	94	801	653	126	779	22
Total Mobility & Infrastructure	<u>7,961</u>	<u>(606)</u>	<u>7,355</u>	<u>7,131</u>	<u>126</u>	<u>7,257</u>	<u>98</u>
Total Department of Public Works	<u>65,088</u>	<u>(1,177)</u>	<u>63,911</u>	<u>60,203</u>	<u>1,988</u>	<u>62,191</u>	<u>1,720</u>
Community, Recreational, and Cultural -							
Department of Parks and Recreation:							
Administration:							
Salaries/Employee Benefits	4,070	-	4,070	3,684	-	3,684	386
Non-salaries	696	54	750	498	96	594	156
Total Community, Recreational, and Cultural - Department of Parks and Recreation	<u>4,766</u>	<u>54</u>	<u>4,820</u>	<u>4,182</u>	<u>96</u>	<u>4,278</u>	<u>542</u>
Citizens Review Board:							
Salaries/Employee Benefits	483	-	483	400	-	400	83
Non-salaries	161	7	168	137	18	155	13
Total Citizens Review Board	<u>644</u>	<u>7</u>	<u>651</u>	<u>537</u>	<u>18</u>	<u>555</u>	<u>96</u>
Total Expenditures	<u>575,030</u>	<u>9,786</u>	<u>584,816</u>	<u>553,505</u>	<u>13,117</u>	<u>566,622</u>	<u>18,194</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 7,313</u>		<u>\$ (2,473)</u>			<u>\$ 26,041</u>	<u>\$ 28,514</u>
Beginning budget basis fund balance	\$ 96,147					\$ 96,147	
Non-departmental Operating transfer - Capital Projects	15,000	-	15,000	15,000	-	15,000	-
Total expenditures and transfers - budgetary basis				<u>\$ 568,505</u>			<u>\$ 28,514</u>
Ending budget basis fund balance	<u>\$ 88,460</u>					<u>\$ 107,188</u>	

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND

YEAR ENDED DECEMBER 31, 2019
(Amounts expressed in thousands)
(Continued)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 592,663
Actual amounts not included on budgetary basis.	1,081
Transfer in	4,000
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>(6,670)</u>
Total General Fund revenue and other financing sources on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 591,074</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total expenditures" and budgeted transfers from the statement of revenues, expenditures, and changes in fund balance - budget and actual.	\$ 568,505
Actual amounts not included on budgetary basis.	1,606
Transfer out not included on budgetary basis.	2,478
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>(2,244)</u>
Total General Fund expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 570,345</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 28,777,254	\$ 28,777,254	\$ 13,764,007	\$ (15,013,247)
Total revenues	28,777,254	28,777,254	13,764,007	(15,013,247)
Expenditures:				
General government:				
Council and City Clerk's Office	3,033,640	3,033,640	994,535	2,039,105
Department of Personnel and Human Relations	1,023,911	1,023,911	303,176	720,735
Department of City Planning	913,805	913,805	574,107	339,698
Office of Management and Budget	3,678,488	3,678,488	1,407,737	2,270,751
Public safety	11,285	11,285	-	11,285
Permits, Licenses & Inspections	1,112,612	1,112,612	649,100	463,512
Public works:				
Public works	2,911,826	2,911,826	1,723,787	1,188,039
Facilities	2,363,474	2,363,474	148,650	2,214,824
Mobility and Infrastructure	4,400,425	4,400,425	1,537,125	2,863,300
Community, recreational, and cultural programs	1,188,768	1,188,768	1,172,775	15,993
Intergovernmental programs	8,139,020	8,139,020	1,657,222	6,481,798
Total expenditures	28,777,254	28,777,254	10,168,214	18,609,040
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ 3,595,793	\$ 3,595,793

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2019
(Amounts expressed in thousands)
(Continued)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 13,764
Actual amounts not included on budgetary basis.	2,583
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>(3,089)</u>
Total Community Development Fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 13,258</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 10,168
Actual amounts not included on budgetary basis.	2,614
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>476</u>
Total Community Development Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 13,258</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH,
PENNSYLVANIA

FIDUCIARY FUND STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2019

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Assets			
Cash and cash equivalents	\$ 15,968,972	\$ 41,277,725	\$ 4,427,719
Investments:			
Common stock	73,198,701	-	-
U.S. government and agency obligations	29,681,541	-	-
Corporate and other obligations	23,004,281	-	-
Mutual funds:			
U.S. equities	150,383,402	-	-
Non-U.S. equities	85,821,781	-	-
Fixed income	53,518,413	-	-
Hedge funds	59,844,114	-	-
Real estate funds	46,246,111	-	-
Alternative strategies	728,631	-	-
Private equity	10,815,511	-	-
Other assets	-	37,364	-
Other receivables	-	-	219,939
Accrued interest and dividend receivables	454,364	-	-
Total Assets	549,665,822	41,315,089	4,647,658
Liabilities			
Benefits and related withholdings payable	2,151,025	-	-
Pool participants	-	5,861,669	-
Accounts payable	209,538	-	7,500
Deposits held for others	-	-	1,487,922
Accrued liabilities and other payables	11,059	-	3,152,236
Total Liabilities	2,371,622	5,861,669	4,647,658
Net Position			
Restricted for Pension, OPEB and Other Benefits	\$ 547,294,200	\$ 35,453,420	\$ -

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	Pension and OPEB Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Additions:			
<hr/>			
Contributions:			
Employer - pension benefits	\$ 68,869,393	\$ -	\$ -
Employer - other benefits	30,640,763	83,036,746	-
State Aid	26,320,034	-	-
Plan members	12,415,212	-	-
Other	-	653,161	-
	<hr/>	<hr/>	<hr/>
Total contributions	138,245,402	83,689,907	-
Investment income:			
Net increase (decrease) in fair value of investments	79,388,375	-	-
Interest and dividends	7,295,739	836,006	-
	<hr/>	<hr/>	<hr/>
Total investment income (loss)	86,684,114	836,006	-
Investment expense	(881,565)	-	-
	<hr/>	<hr/>	<hr/>
Net investment income (loss)	85,802,549	836,006	-
Miscellaneous:			
Collection of taxes for other entities	-	-	19,863,205
Other	240,065	1,680,500	1,277,018
	<hr/>	<hr/>	<hr/>
Total additions	224,288,016	86,206,413	21,140,223
<hr/>			
Deductions:			
<hr/>			
Benefit payments - pension	95,473,278	-	-
Benefit payments - other benefits	28,112,218	75,234,443	-
Refund of employee contributions - pension	1,417,579	-	-
Administrative expense	1,404,508	4,088,048	-
Payment of taxes to other entities	-	-	19,863,205
Miscellaneous	-	1,563,975	1,277,018
	<hr/>	<hr/>	<hr/>
Total deductions	126,407,583	80,886,466	21,140,223
	<hr/>	<hr/>	<hr/>
Change in Net Position	97,880,433	5,319,947	-
<hr/>			
Net Position:			
<hr/>			
Beginning of year, as restated for private-purpose trust funds	449,413,767	30,133,473	-
	<hr/>	<hr/>	<hr/>
End of year	\$ 547,294,200	\$ 35,453,420	\$ -
	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

**COMBINING STATEMENTS OF
DISCRETE COMPONENT UNITS**

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION COMPONENT UNITS

DECEMBER 31, 2019

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 87,956,587	\$ 64,680,000	\$ 2,747,855	\$ 524,619	\$ 155,909,061
Cash and cash equivalents - restricted	-	-	7,541,998	13,014,088	20,556,086
Investments - unrestricted	50,867,016	-	-	12,442,946	63,309,962
Investments - restricted	-	-	-	28,931,636	28,931,636
Accounts receivable, net	-	24,408,000	-	708,573	25,116,573
Due from other governments	3,114,416	-	-	-	3,114,416
due from component unit	2,472,995	-	-	-	2,472,995
Notes receivable	-	-	-	14,175	14,175
Inventory	-	1,597,000	-	-	1,597,000
Accrued interest receivable and other assets	-	-	12,554	491,255	503,809
Other receivables	4,104,721	-	9,232,186	-	13,336,907
Prepays	-	707,000	35,041	-	742,041
Total current assets	148,515,735	91,392,000	19,569,634	56,127,292	315,604,661
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	-	16,360,000	-	-	16,360,000
Investments	-	9,604,000	-	9,517,845	19,121,845
Deposits held for development fund	-	-	584,195	-	584,195
Reserve/loans escrow	-	-	2,269,500	-	2,269,500
Total restricted assets	-	25,964,000	2,853,695	9,517,845	38,335,540
Investments - unrestricted	-	-	-	11,574,192	11,574,192
Capital assets:					
Buildings and building improvements	70,563,671	-	53,790,365	-	124,354,036
Land and land improvements	6,581,726	-	-	26,243,842	32,825,568
Parking facilities	-	-	-	179,029,633	179,029,633
Machinery and equipment	-	-	43,588	15,328,111	15,371,699
Utility assets	-	998,895,000	-	-	998,895,000
Non-utility assets	-	12,181,000	-	-	12,181,000
Infrastructure	-	-	2,241,369	-	2,241,369
Construction-in-progress	-	135,287,000	-	6,827,087	142,114,087
Less: accumulated depreciation	(28,923,896)	(315,785,000)	(12,392,665)	(104,705,308)	(461,806,869)
Total net capital assets	48,221,501	830,578,000	43,682,657	122,723,365	1,045,205,523
Leasehold improvements, net	-	-	-	6,248,839	6,248,839
Other assets	2,466,147	-	-	-	2,466,147
Property held for redevelopment	21,876,232	-	-	-	21,876,232
Loans/notes receivable, net	49,523,882	-	-	3,132,144	52,656,026
Net pension asset	-	-	-	3,157,335	3,157,335
Prepaid bond insurance	-	-	-	161,907	161,907
Total noncurrent assets	122,087,762	856,542,000	46,536,352	156,515,627	1,181,681,741
Total Assets	270,603,497	947,934,000	66,105,986	212,642,919	1,497,286,402
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	-	13,351,000	-	-	13,351,000
Deferred outflows related to pension	-	-	-	372,806	372,806
Deferred charge on refunding	-	99,012,000	-	3,453,877	102,465,877
Total Deferred Outflows of Resources	-	112,363,000	-	3,826,683	116,189,683

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS

DECEMBER 31, 2019
(Continued)

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Liabilities					
Current liabilities:					
Bonds and loans payable, current portion	5,197,552	27,022,000	819,767	5,360,000	38,399,319
Accrued payroll and related obligations	-	989,000	-	-	989,000
Accounts payable - City of Pittsburgh	-	-	-	14,546,997	14,546,997
Accounts payable - wastewater treatment	-	19,017,000	-	-	19,017,000
Unearned revenue	98,049	-	-	897,208	995,257
Other liabilities	-	-	-	4,105	4,105
Accounts payable and other accrued expenses	6,343,477	22,720,000	705,634	5,185,085	34,954,196
Accrued interest payable	-	9,618,000	1,134	174,417	9,793,551
Total current liabilities	11,639,078	79,366,000	1,526,535	26,167,812	118,699,425
Noncurrent liabilities:					
Unearned revenue	-	121,000	-	-	121,000
Other liabilities	-	-	-	4,144,278	4,144,278
Accrued payroll and related obligations	-	621,000	-	-	621,000
Swap liability	-	13,351,000	-	-	13,351,000
Bonds and loans payable, net of current portion	13,876,384	965,303,000	24,282,206	39,779,075	1,043,240,665
Due to primary government	9,485,274	-	-	-	9,485,274
Advances from the City of Pittsburgh	-	-	22,775,168	-	22,775,168
Total noncurrent liabilities	23,361,658	979,396,000	47,057,374	43,923,353	1,093,738,385
Total Liabilities	35,000,736	1,058,762,000	48,583,909	70,091,165	1,212,437,810
Deferred Inflows of Resources					
Deferred gain on refunding	-	-	-	1,945,351	1,945,351
Deferred inflows related to pension	-	-	-	1,508,667	1,508,667
Total Deferred Inflows of Resources	-	-	-	3,454,018	3,454,018
Net Position					
Net investment in capital assets	29,707,858	(15,365,000)	29,802,768	81,723,236	125,868,862
Restricted for:					
Capital projects	-	-	7,202,059	8,683,791	15,885,850
Debt service	-	-	-	702,676	702,676
Indenture funds	-	-	-	27,804,598	27,804,598
Pension	-	-	-	2,013,792	2,013,792
Sustainability Initiatives	-	-	-	149,271	149,271
Operating reserve	-	19,320,000	-	-	19,320,000
Urban development	57,982,279	-	-	-	57,982,279
Lending programs	92,440,446	-	-	-	92,440,446
Housing program	2,496,802	-	-	-	2,496,802
Unrestricted	52,975,376	(2,420,000)	(19,482,750)	21,847,055	52,919,681
Total Net Position	\$ 235,602,761	\$ 1,535,000	\$ 17,522,077	\$ 142,924,419	\$ 397,584,257

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2019

	Program Revenues				Urban Redevelopment Authority				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	URA Component Unit	Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total	
Urban Redevelopment Authority:												
Governmental activities:												
Urban development	\$ 32,545,179	\$ 8,116,806	\$ 30,440,051	\$ -	\$ 6,011,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,011,678	
General government	11,860,435	4,693,096	2,480,866	-	(4,686,473)	-	-	-	-	-	(4,686,473)	
Interest on long-term debt	217,290	-	-	-	(217,290)	-	-	-	-	-	(217,290)	
Total governmental activities	44,622,904	12,809,902	32,920,917	-	1,107,915	-	-	-	-	-	1,107,915	
Business-type activities:												
Lending programs	2,140,064	1,165,246	-	-	-	(974,818)	-	-	-	-	(974,818)	
Property management	5,430,565	4,737,908	-	-	-	(692,657)	-	-	-	-	(692,657)	
Total business-type activities	7,570,629	5,903,154	-	-	-	(1,667,475)	-	-	-	-	(1,667,475)	
URA Component Unit	1,036,942	735,927	377,572	-	-	-	76,557	-	-	-	76,557	
Total URA	53,230,475	19,448,983	33,298,489	-	1,107,915	(1,667,475)	76,557	-	-	-	(483,003)	
Pittsburgh Water and Sewer Authority	224,443,000	249,049,000	-	7,032,000	-	-	-	31,638,000	-	-	31,638,000	
Stadium Authority	6,925,765	10,719,137	-	-	-	-	-	-	3,793,372	-	3,793,372	
Public Parking Authority	61,446,219	68,705,966	-	-	-	-	-	-	-	7,259,747	7,259,747	
Total Component Units	\$ 346,045,459	\$ 347,923,086	\$ 33,298,489	\$ 7,032,000	1,107,915	(1,667,475)	76,557	31,638,000	3,793,372	7,259,747	42,208,116	
General revenues:												
Investment income, net					1,002,313	620,301	(100)	(3,461,000)	237,309	1,318,595	(282,582)	
Gain (loss) on sale of assets					1,400,000	5,304,573	-	-	-	-	6,704,573	
Miscellaneous revenue (expense)					-	-	-	-	(293,000)	54,958	(238,042)	
Transfer in (out)					6,471,712	(6,471,712)	-	-	-	-	-	
Total general revenues					8,874,025	(546,838)	(100)	(3,461,000)	(55,691)	1,373,553	6,183,949	
Special item:												
Private lead line replacement					-	-	-	(22,283,000)	-	-	(22,283,000)	
Total special item					-	-	-	(22,283,000)	-	-	(22,283,000)	
Change in Net Position					9,981,940	(2,214,313)	76,457	5,894,000	3,737,681	8,633,300	26,109,065	
Net position - beginning					120,405,915	104,932,417	2,420,345	(4,359,000)	13,784,396	134,291,119	371,475,192	
Net position - ending					\$ 130,387,855	\$ 102,718,104	\$ 2,496,802	\$ 1,535,000	\$ 17,522,077	\$ 142,924,419	\$ 397,584,257	

See accompanying notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

1. Summary of Significant Accounting Policies

Primary Government Disclosures:

Description of City

The City of Pittsburgh, Pennsylvania (City or primary government) was incorporated on July 20, 1816 and chartered as a home rule municipality on January 5, 1976. The City operates under a strong mayor form of government and provides the following services as authorized by its charter: public safety (police, fire, and emergency medical services), highways and streets, sanitation, economic development, cultural and recreational, public improvements, planning and zoning, and general administrative services.

The major accounting principles and practices followed by the City are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

(A) The Financial Reporting Entity

The criteria used by the City to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) outside of the legal City entity within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the City reviews the applicability of the following criteria:

The City is financially accountable for:

1. Legally separate organizations if City officials appoint a voting majority of the organization's governing body and the City is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
 - a. Impose its Will – If the City can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – Exists if the City (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

2. Legally separate organizations that are fiscally dependent on the City and a financial benefit or burden relationship are present. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges or issue bonded debt without approval by the City.

Based on the foregoing criteria, the reporting entity has been defined to include all the legally separate-government entities for which the City is financially accountable or for which there is a significant relationship (component units). Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such organizations in the City's financial statements are provided in the following paragraphs. Audited financial statements for all of the component units are available for public inspection in the City Controller's office.

(B) Net Position Deficit and Liquidity

As of December 31, 2019, the City had a general fund unassigned fund balance of \$133.5 million and a general fund cash balance of \$118.5 million. The City will continue to focus on strategies to fund long-term obligations, principally net pension obligations, net other post-employment obligations, general obligation debt and reduce its net position deficit of \$1.40 billion at December 31, 2019.

(C) Individual Component Unit Disclosures

Blended Component Units

Some component units, despite being legally separate from the City government, are so intertwined with the City government, whether through sharing common governing boards with the City or through providing services solely to the City that they are, in substance, the same as the City government and are reported as part of the City government. The blended component units reported in this way are the following:

City of Pittsburgh Equipment Leasing Authority
City Pension Trust

City of Pittsburgh Equipment Leasing Authority (ELA)

The ELA was incorporated in 1980 to serve as a financing vehicle for the acquisition of equipment. The Board consists of the Director of Finance of the Pittsburgh Water and

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Sewer Authority, the City's Chief Operations Officer, the President of Pittsburgh City Council, the Budget Director for City Council and the City's Director of the Department of Public Safety.

Although it is legally separate from the City, the ELA is reported as if it were part of the City government, because its sole purpose is to finance the City equipment needs. Its operations are included within other government funds. It operates on a December 31 fiscal year.

City Pension Trust

As described in Note 7, the City has a comprehensive pension trust for financial reporting purposes that is comprised of three defined benefit pension plans: the Municipal Pension Plan (Municipal); the Policemen's Relief and Pension Plan (Police); and the Firemen's Relief and Pension Plan (Fire), which together cover substantially all City employees. As required by Pennsylvania Law, a comprehensive Board oversees funding and investing activities. This Board consists of seven members, four of whom are appointed by the Mayor.

Plan benefit matters are administered by separate boards which include, for all plans, the president of the City Council and the City Controller and additionally, in the case of the Municipal and Fire plans, the Mayor.

The pension plans operate on a fiscal year ending December 31. Their operations are included in the Pension Trust Fund, as a fiduciary fund.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the primary government but the omission of which would cause the primary government's financial statements to be misleading or incomplete. As these component units do not meet the criteria for blended presentation, they are reported separately from the primary government. The component units presented in this manner are the following:

Pittsburgh Water and Sewer Authority
Stadium Authority of the City of Pittsburgh
Public Parking Authority of Pittsburgh
Urban Redevelopment Authority of Pittsburgh

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Pittsburgh Water and Sewer Authority (PWSA)

PWSA was incorporated in February 1984 under the Municipality Authorities Act of 1945 to assume responsibility for the operation and improvement of the City's water distribution and wastewater collection systems. In 1984, pursuant to a Lease and Management Agreement, PWSA leased the entire City water supply, distribution, and wastewater collection system (System) from the City and assumed responsibility for establishing and collecting user fees and charges and for maintaining and improving the System. The Lease and Management Agreement provided for the City to operate and maintain the System for PWSA subject to the general supervision of PWSA.

The City and PWSA agreed to terminate the 1984 Lease and Management Agreement in July 1995 and concurrently entered into a Cooperation Agreement and a Capital Lease Agreement (collectively referred to as the Agreements). The effect of these Agreements was to substantially transfer financial and management responsibility for the System to PWSA. During 2019, the Cooperation Agreement was renegotiated by the PWSA Board of Directors and the City Mayor's Office, as more fully described in Note 4.

PWSA is legally separate from the City and is reported as a component unit. The PWSA Board's maximum number of members consists of one City Council member, the City Treasurer, the City Finance Director, and four members chosen by the Mayor, and the City can impose its will on PWSA. Currently, there are six board members. PWSA operates on a fiscal year ending December 31.

Prior to April 1, 2018, the PWSA had the right to establish user fees and charges without being subject to the approval of any department, board, or agency of Pennsylvania or the City. Effective April 1, 2018, the Public Utility Commission (PUC) began oversight of PWSA. PUC oversight requires compliance and conformity with their established regulations regarding administration, finances, operations, reporting, capital expenditures, and customer service for water and wastewater utilities. The PUC now approves all Authority rates and fees through tariff filings.

Stadium Authority of the City of Pittsburgh (Stadium Authority)

The Stadium Authority was organized on March 9, 1964 to provide increased commerce and prosperity and to promote educational, cultural, physical, civic, social, and moral welfare to the general public.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The Stadium Authority was responsible for the management of the former Three Rivers Stadium (Stadium) located in the City. The Stadium was home to the Pittsburgh Pirates (Pirates) and Pittsburgh Steelers (Steelers) professional sports teams and was also utilized for various concerts and other events until it was razed in February 2001. Subsequent to the razing of the Stadium, the Stadium Authority is responsible for development of the land between Heinz Field and PNC Park.

The Board of Directors (Board) of the Stadium Authority, a five-member group, is appointed by the Mayor of the City. The Board is responsible for all the activities and operations of the Stadium Authority. The City is the guarantor of the Authority's debt. The Stadium Authority operates on a fiscal year ending December 31.

Public Parking Authority of Pittsburgh (Parking Authority)

The Parking Authority was created for the purpose of conducting the necessary activity to plan, acquire, construct, improve, maintain and operate, and own and lease land and facilities devoted to the parking of vehicles. In addition, the Parking Authority is responsible for the enforcement of city and state parking codes throughout the City, including the responsibility for the operations of parking court. The Parking Authority is administered by a five-member Board, all of whom are appointed by the Mayor. The Parking Authority obtains its revenue from user charges and from street parking meter revenues. As discussed further in Note 13, the City and the Parking Authority are governed by the 2015 Governmental Cooperation Agreement. Payments made to the City under this agreement during 2019 totaled approximately \$19.7 million. This agreement expires January 31, 2050. Accordingly, the City derives a financial benefit from the Parking Authority. Note 13 describes related transactions between the Parking Authority and the City.

Urban Redevelopment Authority of Pittsburgh (URA)

The URA was established in 1946 under the Pennsylvania Urban Redevelopment Law. The URA acquires and clears blighted property; initiates rebuilding with the private sector; negotiates with the federal, state, county, and local governments for public funds and facilities; and works to maintain and improve the City's neighborhoods and business districts. Funding for the URA projects and programs is obtained primarily through revenue bonds and intergovernmental grants.

The URA is considered to be a component unit of the City as the Mayor of Pittsburgh appoints the Board of Directors of the URA, and a financial benefit/burden relationship exists between the City and the URA.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The reporting entity of the URA includes the accounts of all URA operations as well as two entities that qualify as component units of the URA. The component units of the URA are the Pittsburgh Housing Development Corporation (PHDC) and Pittsburgh Urban Initiatives (PUI).

The URA and its component units operate on a fiscal year ending December 31. Separate financial statements for the component units can be obtained through the Finance Department of the URA.

Administrative Offices

City of Pittsburgh Leasing Authority City-County Building, 5 th Floor 414 Grant Street Pittsburgh, PA 15219	Pittsburgh Water and Sewer Authority Equipment Penn Liberty Plaza I 1200 Penn Avenue Pittsburgh, PA 15222
--	--

City of Pittsburgh Finance Department Combined Pension Trust Funds City-County Building 414 Grant Street Pittsburgh, PA 15219	Public Parking Authority of Pittsburgh 232 Boulevard of the Allies Pittsburgh, PA 15219
---	---

Stadium Authority of the City of Pittsburgh 171 10 th Street, 2 nd Floor Pittsburgh, PA 15222	Urban Redevelopment Authority of Pittsburgh 412 Boulevard of the Allies Pittsburgh, PA 15219
--	---

Joint Venture

The Sports and Exhibition Authority of Pittsburgh and Allegheny County (formerly the Public Auditorium Authority)

The Public Auditorium Authority of Pittsburgh and Allegheny County (Authority) was incorporated on February 3, 1954 pursuant to the Public Auditorium Law Act of July 29, 1953 as a joint authority organized by the City and Allegheny County to provide educational, cultural, physical, civic, and social events for the benefit of the general public. Effective November 1999, the Public Auditorium Authority legally changed its name to the Sports and Exhibition Authority of Pittsburgh and Allegheny County (SEA). SEA is currently

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

responsible for the management of the David L. Lawrence Convention Center (Convention Center) and leases the PPG Paints Arena, the Benedum Center and the John Heinz History Center to other entities located in the City. SEA was also responsible for the construction of the Pittsburgh Steelers Sports, Inc. (Pittsburgh Steelers) football stadium (Heinz Field), the Pittsburgh Associates' (Pittsburgh Pirates) baseball park (PNC Park), the Convention Center expansion project, PPG Paints Arena, and various associated infrastructure improvements referred to collectively as the Regional Destination Financing Plan. For the year ended December 31, 2019, SEA's operating loss was \$36.0 million, and the change in net position was a decrease of \$28.2 million. SEA had total net position of \$333 million.

The Board of Directors (Board) of SEA, a seven-member group, is appointed by the City and Allegheny County. Each executive appoints three members and the Mayor and County Executive jointly appoint the seventh member. The Board is responsible for the overall activities and operations of SEA. The Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In 2004, SEA borrowed \$20 million from local banks to be used for both operating and capital needs. These borrowing were refinanced with the 2010 Bank Loans. The following revenues are pledged for repayment of this loan: parking revenues generated at the Convention Center and North Shore parking garages and two North Shore lots, gaming revenues, and residual/discretionary hotel tax receipts. Additionally, as part of the transaction, the City and Allegheny County reaffirmed their responsibilities under a 1978 Cooperation Agreement to finance the Convention Center's operating deficits. The 2010 Bank Loans were refinanced on May 1, 2017, then again on November 30, 2017 with the SEA and Allegheny County Parking System Revenue Bonds, Series of 2017.

SEA has suffered operating deficits and has indicated that it may require funding from the City and Allegheny County in the future. No liability has yet been recorded for any such payments as the City does not anticipate payment during 2019 and no future payments are currently deemed more likely than not.

SEA operates on a fiscal year ending December 31. Complete financial statements for SEA can be obtained from its administrative office at 171 10th Street, 2nd Floor, Pittsburgh, PA 15222.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Related Organizations

Housing Authority of the City of Pittsburgh (HACP)

HACP was established to acquire and maintain properties for the purpose of providing low-income housing for residents of the City. Rental charges and subsidies from Federal Housing and Urban Development grants are the principal revenue sources.

HACP is administered by a seven-member Board, all of whom are appointed by the Mayor. City Council approves five of the seven appointments. The City does not subsidize the operations of the HACP and does not guarantee its debt service.

HACP operates on a fiscal year ended December 31.

Pittsburgh Land Bank (Land Bank)

The Land Bank is a separate legal entity created for the purpose of acting as a land bank under the Land Bank Act (Pennsylvania Act 153-2012). The Land Bank is administered by a nine-member Board, three appointed by the Mayor, three appointed by the City Councilperson representing the districts with the most distressed and vacant parcels, and three community members elected by the first six. There was minimal operational activity during 2019. There were no land transactions made during the year ended December 31, 2019. The City will not have ownership interest in real property owned by the Land Bank.

Jointly Governed Organizations

The Allegheny County Sanitary Authority (ALCOSAN) was organized under the Municipal Authorities Act of 1945 to collect, transport, and treat wastewater for the City and seventy-seven (77) other Allegheny County municipalities. ALCOSAN'S Board has seven members: three are appointed by the City, three are appointed by Allegheny County, and one is appointed jointly by Allegheny County and the City. The City has no direct ongoing financial interest or responsibility for ALCOSAN.

East Liberty Transit Revitalization Investment District Revitalization Authority (ELTRIDRA) is a governmental authority which was formed to manage the East Liberty Revitalization Investment District. ELTRIDRA's five-member Board of Directors includes one representative each from the URA, the City, Pittsburgh Public Schools, Port Authority of Allegheny County, and Allegheny County. The URA provides administrative support to

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

ELTRIDRA. ELTRIDRA is considered a related entity of the representative entities. Financial information is available for ELTRIDRA at the URA's offices.

(D) Financial Statement Presentation

Government-Wide Financial Statements – Financial statements prepared using the economic resources measurement focus and full accrual basis of accounting for all the government's activities are required. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses of the primary government and its component units, excluding fiduciary activities.

The effect of City inter-fund activity has been eliminated from these statements. The City does not allocate indirect expenses. The government-wide statements segregate governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, if any, which rely on user fees and charges for support. Component units, which are legally separate and discretely presented, are also segregated.

Statement of Net Position – presents both governmental and business-type activities, if any, on the full accrual, economic resource basis, which incorporates long-term assets and receivables; deferred outflows of resources; long-term debt and obligations; and deferred inflows of resources.

Statement of Activities – presents the net cost of each individual function. Program revenues are presented as a reduction of the total cost of providing program services. Program revenues include charges for services, operating grants and contributions and capital grants that are directly associated with a specific function. Taxes and other revenue sources not reported as program revenue are included as general revenue.

Fund Financial Statements – The City's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate.

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 various funds are grouped in the basic financial statements in this report into two broad fund categories as follows:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Governmental Funds account for expendable financial resources. Governmental fund types use the flow of current financial resources measurement focus. The major governmental funds are:

General Fund – The General Fund is the general operating fund of the City. It finances the regular day-to-day operations of the City. It is used to account for all financial revenues and expenditures, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Special Revenue Community Development Block Grant Fund – Community Development Block Grant Fund is used to account for the cost of neighborhood development and improvement projects. These programs are financed primarily by the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG) program. A substantive portion of the funds received under the program have been allocated to the Urban Redevelopment Authority of Pittsburgh.

Capital Projects Fund – A Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Nonmajor Governmental Funds – These funds include all other non-major governmental funds.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals and other governmental units. The fiduciary funds are:

Pension Trust Fund – The Comprehensive Fund accounts for the operations of the City's pension plans as described in Note 7. This is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net position and financial position.

OPEB Trust Fund - Used to report resources held in trust for post-employment benefits other than pension benefit for both the OPEB retiree plan and disabled firefighters plan. There was limited 2019 activity for the disabled firefighters plan as described in Note 8 and there were no trust assets for that plan during 2019 or at December 31, 2019.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Private-purpose Trust Fund - Accounts for assets held in trust for healthcare and worker's compensation benefits.

Custodial Funds – Accounts for assets held for, and due to, deposits collected for others. These funds are custodial in nature and do not involve measurement of results of operations.

The basic financial statements also include the statement of net position and statement of activities of the following component units:

Pittsburgh Water and Sewer Authority
Stadium Authority of the City of Pittsburgh
Public Parking Authority of Pittsburgh
Urban Redevelopment Authority of Pittsburgh

Budgetary Comparison Statements – The statements are presented to demonstrate whether resources were obtained and used in accordance with the government's legally adopted budget for the General Fund and the Community Development Fund. The City revises the original budget over the course of the year for various reasons. Under the current reporting model, budgetary information continues to be provided and includes a comparison of the government's original adopted budget to the current comparison of final budget and actual results. The City's budget is prepared on a non-GAAP basis as described in Note 2.

(E) Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental activities in the government-wide statement are presented using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recognized when earned, and expenses are recognized when a liability has been incurred, regardless of the timing of related cash flows.

Governmental funds are accounted for using the current resource measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

measurable and available. General Fund tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to accrual, the real estate taxes must be collected within the City's period of availability of sixty (60) days. The portion of uncollected real estate taxes that are deemed to be collectible at the end of this period are reported as deferred inflows of resources. Interest income and intergovernmental receivables (state and federal grants to the extent of allowable expenditures) are considered susceptible to accrual. The City considers all non-real estate taxes and other revenues reported in the governmental fund to be available if the revenues are collected within sixty (60) days. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures and other long-term liabilities, such as workers' compensation, accrued claims and judgments, and both short- and long-term compensated absences are recorded only when payment is due and payable.

The City generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific situation.

Non-exchange transactions, in which the City receives value without directly giving value in return, include real estate and other taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

(F) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments, including trust and restricted assets, with an original maturity of three months or less. Note 3, Deposits and Investments, provides a detailed disclosure regarding cash, cash equivalents, and investments held by the City.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(G) Investments

Investments in all funds are carried at fair value or amortized cost, as applicable. Investments consist of a variety of investments including direct obligations of the U.S. government, money market funds, corporate and other obligations, guaranteed investments, money market trust funds, and repurchase agreements. Note 3, Deposits and Investments, provides a detailed disclosure regarding cash, cash equivalents, and investments.

The City 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.

(H) Due To/From Other Governments

Outstanding balances between the City and other governments are reported as due to/from other governments.

(I) Taxpayer Assessed Taxes Receivable

Local wage taxes, payroll preparation tax, parking tax and other miscellaneous City taxes are recorded in the City's accounts as taxpayer assessed receivables and revenue at the time of the underlying transactions. In the governmental fund statements, taxes for which there is an enforceable legal claim as of December 31, 2019 which were levied to finance fiscal year 2019 operations have been recorded as deferred inflows of resources until such time as the taxes become available on a modified accrual basis. Local wage taxes are collected by a third party in accordance with PA Act 32.

(J) Other Receivables

Other City accounts receivable, primarily charges for services, are recorded in the City's accounts as other receivables when earned, less an allowance for uncollectible accounts.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(K) Capital Assets

Capital assets acquired or constructed by the City are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost. Capital assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year. Gifts or contributions are recorded at acquisition value when received. Depreciation is recorded on a straight-line basis over the estimated useful life of each capital asset. No depreciation expense is recorded for land and construction-in-progress. The value of the City's art collection is indeterminable and would not be material to capital assets as a whole. The estimated useful lives for capital assets are as follows:

Furniture and fixtures	3-5 years
Building and structures	25-50 years
Equipment	2-10 years
Infrastructure	20-50 years
Vehicles	2-10 years

(L) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City and component units have four items that qualify for reporting in this category:

- The accumulated decrease in fair value of hedging derivatives.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- In conjunction with pension accounting requirements, the changes of assumptions are recorded as a deferred outflow of resources related to pensions. These amounts are determined based on the actuarial valuation performed for the plan as described further in Note 7. In addition, the difference between expected and actual experience related to the Firemen's pension fund and Municipal pension fund is recorded as a deferred outflow of resources

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

related to pensions. This amount is determined based on the actuarial valuation performed for the plan as described further in Note 7.

- In conjunction with OPEB accounting requirements, changes of assumptions are recorded as a deferred outflow of resources related to OPEB. These amounts are determined based on the actuarial valuation performed for the plans as described further in Note 8.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, payroll preparation taxes and other taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the full accrual basis, the City and component units can have items that qualify for reporting in this category:

- A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- In conjunction with pension accounting requirements, the difference between expected and actual experience for the pension plan and the net differences between projected and actual earnings on pension investments related to the Municipal, Police, and Fire Pension funds are recorded as a deferred inflow of resources related to pensions. These amounts are determined based on the actuarial valuation performed for the plan as described further in Note 7.
- In conjunction with OPEB accounting requirements, the difference between expected and actual experience for the OPEB plans, changes in assumptions, and the net difference between projected and actual earnings on OPEB plan investments are recorded as a deferred inflow of resources related to OPEB. These amounts are determined based on the actuarial valuation performed for the plan as described further in Note 8.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(M) Workers' Compensation and Other Risk Management

The City is self-insured for purposes of workers' compensation benefits. Both short-and-long-term amounts payable are reported within the government-wide financial statements only.

In order to qualify for and maintain self-insurance status, the City must comply with certain Commonwealth requirements. The requirements for 2019 are as follows:

- Maintain an irrevocable trust fund. The City's contribution to the fund is determined annually in negotiations with the Commonwealth Department of Labor.
- Satisfy the financial responsibility requirements of the Commonwealth of Pennsylvania.
- Establish liability reserves based upon expected future payments for all claims outstanding one year or more at the end of any fiscal year.

Presently, the irrevocable trust may be used by the State of Pennsylvania only in the event of default by the City under the self-insurance regulations. No risk financing activity is currently being recorded in this trust fund.

The City is self-insured for purposes of health insurance coverage. An estimate of incurred but not reported liability is reported within the general fund.

Component Unit:

PWSA is also self-insured for general liability coverage and has established a Self-Insured Escrow Fund (general liability) to cover potential liability claims.

(N) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered, and employees have earned the right to receive compensation for such services.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the fund financial statements for governmental funds, no expenditure is reported for compensated absences

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

until they are due and payable. Current and non-current portions of compensated absences totaling \$29,470,750 are recorded in the government-wide financial statements and represent a reconciling item between the government-wide and fund presentations.

(O) Pensions and Other Post-Employment Benefits

In the government-wide financial statements, the City recognizes pension and other post-employment expenses in accordance with applicable standards. These expenditures are recognized under the modified accrual basis within governmental funds to the extent of the City contributions. Contributions made to the Pension Plan represent 100% of the PA Act 205 minimum municipal obligation plus, starting in 2010, additional contributions to increase the funding level of the Plan. See Note 7 for pension and Note 8 for other post-employment benefits for further disclosures.

(P) Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in governmental activities in the statement of net position in the government-wide financial statements. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method that approximates the effective interest method or the effective interest method itself. Bond premiums and discounts are recorded as current period costs in the governmental funds.

(Q) Interfund Transactions

On fund financial statements, receivables and payables resulting from outstanding balances are classified as "Interfund receivables/payables." These amounts are eliminated in the governmental column of the statement of net position. Flow of cash or goods from one fund to another without a requirement for repayment is reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

(R) Encumbrances

The City uses encumbrance accounting for budgetary reporting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Funding for all encumbrances lapses at year-end and re-appropriation is required by the City Council with the exception of capital fund project encumbrances.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(S) Net Position

Net position represents the difference between assets, deferred outflows and inflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and related debt used in the acquisition or construction of capital assets. Net position is reported as restricted when there are limitations imposed on its use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Unrestricted net position is available for use in the current period. The City may defer the use of restricted assets based on a review of the specific situation.

(T) Use of Estimates

Management of the City has made a number of estimates and assumptions relating to the reporting of assets, liabilities, deferred inflows and outflows, revenues, expenses, and the disclosure of contingent assets and liabilities to prepare their financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(U) Fund Balance

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

- **Nonspendable** – This category represents funds that are not in spendable form.
- **Restricted** – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are legally restricted for endowment earnings, employee benefits, state and federal specific grants purposes, and for capital projects.
- **Committed** – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by City Council. Such commitment is made via a Council resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires an equal action

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

by Council. Committed funds include funds for specified program services as defined by the creation of the fund and interfund advance.

- Assigned – This category represents intentions of the City to use the funds for specific purposes. This category includes encumbrances and funds remaining for debt service. The City's Charter requires City Council to approve a Resolution to set up encumbrances. The encumbrances are then submitted to individual department Directors for execution.
- Unassigned – This category represents all other funds not otherwise defined for the General Fund.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(V) Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on the City's financial statements:

GASB Statement No. 87, "*Leases*," is effective for fiscal years beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, "*Accounting for Interest Costs Incurred Before the End of a Construction Period*," is effective for fiscal years beginning after December 15, 2019. This

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred.

GASB Statement No. 91, *"Conduit Debt Obligations,"* is effective for fiscal years beginning after December 15, 2020. This statement provides a single method of reporting conduit debt obligations by issuers by clarifying the definition of a conduit debt obligations and improving required note disclosures.

GASB Statement No. 92, *"Omnibus 2020,"* is effective for fiscal years beginning after June 15, 2020, except requirements related to GASB 87 and Implementation Guide 2019-3 which are effective upon issuance. This statement includes additional guidance related to intra-entity transfers, GASB Statement 84 and measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition.

GASB Statement No. 93, *"Replacement of Interbank Offered Rates (IBOR),"* is effective for fiscal years beginning after June 15, 2020, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for reporting periods ending after December 31, 2021. This statement addresses derivative instruments, leases and other accounting and financial reporting implications that result from the replacement of an IBOR.

(W) Adoption of Pronouncement

GASB Statement No. 83 *"Certain Asset Retirement Obligations,"* addresses accounting and financial reporting for certain asset retirement obligations (AROs). There was no impact to these financial statements as a result of implementing this standard.

GASB Statement No. 84, *"Fiduciary Activities,"* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this statement have been adopted and incorporated into these financial statements. As a result, the beginning net position on the fiduciary funds statement of changes in net position was restated by adding \$30,133,473 related to private-purpose trust funds.

GASB Statement No, 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,"* to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement have been adopted and incorporated into these financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

GASB Statement No, 90, *“Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61,”* improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. There was no impact to these financial statements as a result of implementing this standard.

Component Unit Disclosures:

Property Held for Redevelopment

Property held for redevelopment relates mainly to land and buildings held by the URA that is available for redevelopment. Depending on the nature of the redevelopment activity, the transfer of this property may consist of many forms: grant, subsidized or below-market sale, or an independent, market-based sale. This property is held at cost or estimated net realizable value, if less than cost. Estimated net realizable value is calculated once plans or disposition agreements are in place to dispose of property at less than cost. When assets are sold, the proceeds are either returned to the program to further its purposes or returned to the grantor agency that funded the original purchase.

Subsequent to year-end, the URA conveyed parcels of Pittsburgh Technology Center land totaling approximately \$1 million and Lexington Technology Center totaling approximately \$4.0 million.

Loans Receivable

URA loans receivable are recognized when the loan is established for loans with terms of thirty years or less. Loans with amortization terms greater than thirty years or which are repayable on a contingent basis, such as the sale of the property or completion of development, are treated as grants for accounting purposes and are recorded as expenditures when disbursed or are fully reserved.

It is the URA’s policy to provide for future losses on loans based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the URA’s judgment, may impact collectability. As of December 31, 2019, the total allowance for uncollectible loans, including those only repayable on a contingent basis and fully reserved at the time of issuance, was \$174 million.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Other Long-term Liabilities

An Agreement of Sale in Lieu of Condemnation (Agreement) was executed on April 14, 2004 between the Public Parking Authority and Greyhound Lines, Inc. (Greyhound). As stipulated in the Agreement, the Public Parking Authority purchased from Greyhound the property located at the corner of Liberty Avenue and 11th street for the purchase price of \$6,242,000, which was immediately remitted to the Public Parking Authority for the construction of the bus terminal. Greyhound leases the bus terminal from the Public Parking Authority for an annual base rent of \$1 for an initial term of 30 years. There are three consecutive 10-year extension terms, each with an annual base rent of \$100,000. The \$6,242,000 is being recognized as revenue over the term of the lease, which commenced on October 1, 2008. The balance of unearned rent/revenue at December 31, 2019 is \$3,901,249.

Special Item

The PWSA has recorded a special item for private line lead replacements. In accordance with GASB No. 34, a special item is defined as an expenditure within control of management and either unusual or infrequent in occurrence. The PWSA has determined that private lead line replacements qualify as a special item.

2. Budgets and Budgetary Accounting

1. General Budget Policies – As required by the Home Rule Charter, the City follows these procedures in establishing the budgetary data reflected in the financial statement:

- a. On the second Monday of November preceding the fiscal year, the Mayor presents to City Council a General Fund and Community Development Fund operating budget and a capital budget for the succeeding fiscal year.
- b. Public hearings are conducted to obtain the advice of other officials and citizens as part of the preparation of these budgets.
- c. Before the beginning of the fiscal year, City Council adopts, by resolution, these budgets.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

- d. The adoption of the operating and capital budgets constitutes an appropriation or setting apart of funds from general resources of the City for purposes set forth in the budgets.
- e. City Council may amend, by resolution, the operating budget within five weeks after the beginning of the fiscal year, but not thereafter except with the approval of the Mayor. The capital budget may, by resolution, be amended by City Council at any time.
- f. City Council at all times may, by resolution, transfer funds from one account to another if the total operating budget amount is not exceeded. No revision to the budget may be made without City Council approval. The operating budget shall in any event, remain balanced at all times.
- g. The capital budget is generally based on a proposed six-year capital program, which must be updated each year and submitted to City Council by the Mayor at least 30 days prior to the day the operating budget is submitted. The capital budget also includes appropriations for the Community Development Fund. Budget and actual data for the Community Development Fund is reflected in the Community Development Fund. The remainder of the capital budget is reflected in the Capital Projects Fund.
- h. Formal budgetary integration is employed as management control device for the General, the Community Development, and the Capital Projects Funds. Formal budgetary integration is not employed for the debt service fund since effective budgetary control is alternatively achieved through general obligation bond indenture provisions, nor for the other governmental funds since control is prepared on a project basis. The General, Community Development, and Capital Projects Funds have legally adopted annual budgets.
- i. All budgets are prepared and controlled at the department level by subclass. The Budget Office reviewed all budget deficits and monitored budget to actual by subclass during the year. Further refinement of the budget control matters is expected to be addressed in a future year. Due to the voluminous number of projects, separately issued line item capital budget reports are available from the City Controller's Office.
- j. Operating appropriations lapse at year-end. City Council can, however, authorize, by resolution, the carryover of appropriations to the following year. The Community Development and Capital Projects Funds appropriations carry over to subsequent years without formal re-appropriation.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

k. Operation budget figures are amended by City Council with Mayoral approval. These budget amendments represent line item transfers between expenditures accounts and carryover of appropriations from the previous year. The approved original General Fund budget includes revenues of \$582.3 million and expenditures of approximately \$575.0 million in 2019. The budgetary expenditures, as amended, include carryover appropriation and other changes approved by City Council during 2019 of \$9.8 million; budgeted revenues were not amended during 2019 and remained as adopted.

2. Budgetary Basis of Accounting - The General Fund budget is adopted on a cash basis. Budgeted encumbrances for purchase commitments are treated as restrictions of available cash and as expenditures. Budgets in Capital Projects Funds are also adopted on a cash basis, except that budgets for each project are adopted on a project basis, which may encompass a period longer than one year. Accordingly, budget figures, as amended, for Community Development and Capital Projects Funds reflect current year appropriations and unexpended prior year's appropriations.

3. Excess Expenditures over Appropriations - The City had negative variances for one department's pension expenditures in the General Fund where the amount spent exceeded the budget.

The excess expenditures were covered primarily by expenditures under appropriations in other line items and fund balance. In this case, the City decided to show the variance rather than amend the budget.

3. Deposits and Investments

Both Pennsylvania statutes and City code provide guidelines for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, short term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. Both allow the pooling of funds for investment purposes. Neither the statutes, nor City code prescribe regulations related to demand deposits; however, all depositories of City funds must meet qualifying criteria set forth in Section 223 of the City code.

The investment policy of the City compliments state statutes and adheres to prudent business practice. There were no investment transactions during the year that were in violation of either the state statutes or the policy of the City.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(A) Primary Government Funds and Custodial Funds

Cash balances available for investment by most City funds are maintained in pooled bank and investment accounts to improve investment opportunities. Income from investment of pooled cash is recorded in the General Fund. Certain unrestricted and restricted cash and short-term investment balances in the accompanying balance sheet represent the undivided interest of each respective fund in the pooled accounts.

Investment policies permit the City to invest in the following:

1. U.S. Treasury Securities (bills, notes, bonds).
2. Obligations of specific agencies of the federal government where principal and interest are guaranteed by the U.S. government.
3. Fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations accepted as depository institutions under the Pittsburgh City Code.
4. Money market mutual funds authorized by City Council whose portfolio consists of government securities issued by the U.S. government and that are fully guaranteed as to principal and interest.
5. Local government investment pools and or trusts as approved by the state legislature or City Council from time to time.
6. Repurchase agreements collateralized by the U.S. Treasury securities and marked to market. In order to participate in the repurchase agreement market, a depository must execute a master repurchase agreement contract with the City.

To ensure adequate liquidity, at least 10% but no more than 40% of the portfolio shall be in overnight repurchase agreements, money market funds, or other secure and liquid forms of acceptable investments. Unless specifically matched to a cash flow, at least 20% of the portfolio shall mature within 91 days with the maximum maturity of any investment to be no longer than one year from the date of purchase unless specifically approved in writing by the Director of Finance.

The City maintains compensating balances with some of its depository banks to offset specific charges for check clearing and other services.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

As of December 31, 2019, cash and cash equivalents include PLGIT, PA INVEST, and money market funds for presentation on the statement of net position and governmental funds balance sheet. PLGIT and PA INVEST are reported at amortized cost, which approximates market. The City can withdraw PLGIT and PA INVEST funds without limitations or fees.

Governmental Funds

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank or counterparty failure, the City’s funds may not be returned to it. The City policy does not specifically address custodial credit risk. As of December 31, 2019, \$265,890,886 of the City’s combined bank balances of \$268,140,886 subject to custodial credit risk were 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.

Interest Rate Risk – The City’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; the City investments must have maturities no greater than ten years within the constraint of meeting cash flow requirements. As of December 31, 2019, the City’s exposure to interest rate risk was limited to \$69,443,189, 33% of deposit and investment funds available, with a weighted average maturity period of 152 days.

Credit Risk – The City’s investment policy limits its investment choices based on government backed instruments and credit ratings by nationally recognized statistical rating organizations.

Private-Purpose Trust and Custodial Funds

Custodial Credit Risk – As of December 31, 2019, \$53,179,445 of the City Private-Purpose and Custodial Funds’ combined bank balances of \$53,929,445 were 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.

Interest Rate Risk – The City’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; the City’s investments must have maturities no greater than ten years within the constraint of

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

meeting cash flow requirements. As of December 31, 2019, the City's Private-Purpose Trust and Custodial Funds had no exposure to interest rate risk.

Credit Risk – The City's investment policy limits its investment choices based on government backed instruments and credit ratings by nationally recognized statistical rating organizations. \$9,800,000 of the City's Private-Purpose Trust and Custodial Funds cash and cash equivalents are held in U.S. Treasuries and are therefore not exposed to this type of risk.

(B) Pension Trust

Deposits are maintained by all entities within the Funds. The Comprehensive Municipal Pension Trust Fund (CMPTF) holds all investment vehicles on behalf of the Funds. The CMPTF was established on January 1, 1988 by combining the assets and liabilities of the three prior investment plans representing the City of Pittsburgh Police and Fire Departments and Non-uniformed Municipal workers in order to provide a consolidated investment strategy to support the City of Pittsburgh pension obligation.

The CMPTF is governed by a formal investment policy established by its Board of Directors (Board). The policy dictates that investments must be managed in a manner consistent with the Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act (Act 205) and the Pennsylvania Fiduciaries Code. The policy covers the two components of the CMPTF: 1) the Operating Fund and 2) the Long-Term Assets. The Operating Fund is a liquidity pool to accept employee, employer and supplemental state contributions and to make benefit disbursements. As such, the Operating Fund investments are restricted to high quality, very short duration fixed income instruments whose average maturity must not exceed six months and whose quality is restricted to investment grade and above securities. The Long-Term Asset component includes restrictions on both fixed income and equity investments as discussed below.

Deposits

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the combined deposits of the City's pension funds may not be returned to it. There are no formal deposit policies specifically addressing custodial credit risk.

As of December 31, 2019, \$993,531 of the City's pension cash account deposits of the \$3,653,384 combined bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance was exposed to custodial credit risk, which is

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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. \$3,592,883 of cash and cash equivalents were held at December 31, 2019 in the separate pension funds.

Investments

Long-term investments are all held by the CMPTF and are stated at fair value. These investments are assigned to professional asset managers that specialize in certain types of investments with oversight by an outside investment consultant and the Board in order to achieve an appropriate, diversified and balanced asset class mix to minimize portfolio risk.

The Investment Policy of the CMPTF dictates an allocation of 60% equity, 40% fixed income with a variation of 10% above or below these targets for each classification. At December 31, 2019, the CMPTF had been in compliance with this policy. Within each investment category there are specific policies to further address various types of risk compared to return. The investment advisors monitor compliance with the City's investment policy on a granular level that is different from the table below.

The CMPTF's pension trust fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The pension trust funds have the following recurring fair value measurements at December 31, 2019:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds	\$ 11,491,804	\$ 11,491,804	\$ -	\$ -
Debt securities:				
Corporate and other obligations:				
Corporate	19,198,578	-	19,198,578	-
Other	3,805,703	-	3,805,703	-
Total corporate and other obligations	23,004,281	-	23,004,281	-
U.S. government and agency obligations:				
U.S. Treasury Notes	16,044,063	16,044,063	-	-
Agency (GNMA, FNMA, FHLM)	13,637,478	-	13,637,478	-
Total U.S. government and agency obligations	29,681,541	16,044,063	13,637,478	-
Total debt securities	52,685,822	16,044,063	36,641,759	-
Mutual funds:				
U.S. equities - large-cap core	135,981,811	135,981,811	-	-
Non-U.S. equities:				
Large-cap core	76,682,732	76,682,732	-	-
Emerging markets	9,139,049	9,139,049	-	-
Total Non-U.S. equities	85,821,781	85,821,781	-	-
Core fixed income	43,608,518	43,608,518	-	-
Total mutual funds	265,412,110	265,412,110	-	-
Common stocks:				
Industrials	18,978,652	18,978,652	-	-
Consumer Discretionary	6,621,500	6,621,500	-	-
Consumer Staples	1,742,541	1,742,541	-	-
Energy	2,881,437	2,881,437	-	-
Financials	3,934,044	3,934,044	-	-
Materials	11,748,681	11,748,681	-	-
Information Technology	11,245,440	11,245,440	-	-
Real Estate	9,537,938	9,537,938	-	-
Utilities	2,494,169	2,494,169	-	-
Health Care	3,563,508	3,563,508	-	-
Telecommunications	222,359	222,359	-	-
Unclassified	228,432	228,432	-	-
Total common stocks	73,198,701	73,198,701	-	-
Private equity - partnerships	10,815,511	-	-	10,815,511
Total investments by fair value level	413,603,948	\$ 366,146,678	\$ 36,641,759	\$ 10,815,511
Investments measured at NAV:				
Hedge funds	59,844,114			
Real estate funds	44,896,868			
	104,740,982			
Total investments measured at fair value	\$ 518,344,930			

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Money market funds, mutual funds, U.S. treasury notes, and common stocks are valued using prices quoted in active markets for those securities and are included in the Level 1 fair value hierarchy. Corporate debt is valued using a matrix pricing model and are included in the Level 2 fair value hierarchy. The fair values of FNMA, GNMA, and FHLM securities are priced by third party pricing services using observable market data and are included in the Level 2 fair value hierarchy. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values are included in the Level 2 fair value hierarchy.

For Level 3 items, the CMPTF's valuation is determined in good faith from information provided by the General Partner of the limited partnerships. Fair value for the limited partnerships is based on the best information available and is determined using information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public or private transactions, valuations for publicly-traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. Quantitative unobservable inputs of Level 3 items are not developed by the CMPTF for measuring fair value.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient:

<u>Instrument</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
ABS Emerging Markets	\$ 10,039,767	None	Quarterly	45 days
ABS Offshore SPC Global	14,645,659	None	Quarterly	45 days
Entrust Three Rivers Partnership	22,886,630	None	Quarterly	90 days
Parametric Defensive Equity Fund	12,272,058	None	Monthly	5 days
RREEF America REIT II	23,062,279	None	Quarterly	45 days
Barings Core Property Fund	21,834,589	None	Quarterly	30 days
Total	<u>\$ 104,740,982</u>			

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

These investments have the following strategies:

The *ABS Emerging Markets Fund* is an exclusive emerging markets fund of hedge funds.

The *ABS Offshore SPC Global Fund* is a portfolio of several direct hedge fund investments, all in long/short equity strategies.

The *Parametric Defensive Equity Fund* seeks to outperform S&P 500 index, reduce volatility versus the S&P 500 Index, and reduce magnitude of drawdowns and recover faster from stress events.

RREEF America REIT II is a real estate investment trust launched and managed by RREEF America L.L.C. The fund invests in the real estate markets of the United States.

Entrust Three Rivers Partnership is a multi-strategy hedge fund of funds.

Barings Core Property Fund is a real estate fund that specializes in property investments in United States.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the trust fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Concentration of Credit Risk – The Comprehensive Trust investment guidelines address this risk by requiring diversity and investment percentage limits. With the exception of Federal Government and Agency obligations, no one issue will comprise more than 10% of the aggregate fixed-income portfolio without the Board’s prior approval. In addition, equity investment concentration in any single industry and in any company shall not exceed 25% and 5%, respectively, of the market value of the plan assets. To further reduce risk, diversification will also be achieved by using multiple managers whose styles and strategies are sufficiently distinctive. International managers may be allocated up to 30% of the plan’s equity assets, and up to 50% of this allocation may be allocated to emerging markets investments. As of December 31, 2019, the Comprehensive Trust is in compliance with these limits.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Interest Rate Risk - The Comprehensive Trust has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The schedule below details maturity by investment type.

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2019			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government and agency obligations	\$ 29,681,541	\$ 9,048	\$ 9,326,180	\$ 5,060,931	\$ 15,285,382
Corporate debt	19,198,578	1,019,395	6,961,376	5,097,262	6,120,545
Other	3,805,703	400,707	187,379	78,347	3,139,270
Total debt securities	\$ 52,685,822	\$ 1,429,150	\$ 16,474,935	\$ 10,236,540	\$ 24,545,197

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The policy guidelines of the Comprehensive Trust limit investments to Federal Government and Agency issues and corporate issues having a Moody's rating of Aaa to Baa, with the exception that up to 20% of the fixed income assets may be allocated to high yield fixed-income securities. The Pension Trust Fund's December 31, 2019 investments in fixed income securities have received the following ratings from Moody's; the City's remaining investments were unrated:

Fair Value	Moody's Credit Rating	% of Fixed Income Investments
\$ 14,282,056	Aaa	27.11%
511,666	Aa1	0.97%
1,064,939	Aa2	2.02%
950,834	Aa3	1.80%
304,415	A1	0.58%
2,086,903	A2	3.96%
3,896,178	A3	7.40%
10,807,508	Baa1 - Baa3	20.51%
434,995	Ba1 - Ba3	0.83%
18,346,328	Unrated	34.82%
\$ 52,685,822		100.0%

The City's investment in mutual funds and U.S. Government agencies implicitly guaranteed by the U.S. Government were unrated.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Private Equity Capital Commitments

The CMPTF has entered into agreements to commit capital into various private equity funds. The callable capital can be requested at any time by the fund. The remaining capital commitments as of December 31, 2019 are estimated as follows:

	Amount Committed	Amount Drawn	Amount Distributed	Remaining Capital Commitment
Birchmere Ventures III	\$ 2,000,000	\$ 1,047,694	\$ 893,272	\$ 154,422
Draper Triangle Ventures II	1,000,000	1,112,121	1,272,598	-
Draper Triangle Ventures III	2,000,000	1,574,147	28,929	425,853
Novitas Capital Partners III	1,000,000	989,905	425,899	- *
Hirtle Callaghan PEP III	8,000,000	7,600,835	12,277,293	399,165 **
Hirtle Callaghan PEP IV	8,000,000	7,418,650	10,802,530	581,350 **
Hirtle Callaghan PEP V	3,000,000	2,481,360	2,117,184	518,640 **
Crescent Mezz Partners VI	10,000,000	8,952,898	7,216,097	1,047,102 **
Crescent Mezz Partners VII	10,000,000	3,024,768	605,140	6,975,232 **
	<u>\$ 45,000,000</u>	<u>\$ 34,202,378</u>	<u>\$ 35,638,942</u>	<u>\$ 10,101,764</u>

* The investment period of this fund has ended. As such, no further capital can be called.

** A portion of this fund's distributions can be recalled.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(C) OPEB Trust

The City's OPEB trust fund (all assets are related to the Retiree OPEB plan discussed in Note 8) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of December 31, 2019, the OPEB trust fund had the following recurring fair value measurements:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Bond mutual funds	\$ 8,106,719	\$ 8,106,719	\$ -	\$ -
Equity mutual funds	14,401,591	10,099,186	-	-
U.S. Treasury Notes	1,768,188	1,768,188	-	-
U.S. Government Agency	34,988	-	34,988	-
Real Estate ETF	1,349,243	843,561	-	-
Alternative Fund	728,631	680,754	-	-
Total investments	26,389,360	\$ 21,498,408	\$ 34,988	\$ -
Cash and cash equivalents	884,285			
Total OPEB Trust	\$ 27,273,645			

Mutual funds, U.S. Treasury Notes, real estate exchange traded funds and money market funds are classified in Level 1 are valued using prices quoted in active markets for those securities. The fair values of U.S. government agency securities are priced by third party pricing services using observable market data and are included in the Level 2 fair value hierarchy.

The following is a description of the OPEB Trust Fund deposit and investment risks:

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The OPEB Trust Fund's investment policy dictates that investments shall include Federal Government and Agency issues and corporate issues having a Standard and Poor's rating of BBB to AAA or a Moody's rating of Baa to Aaa with the exception that up to 20% of fixed income assets may be allocated to high yield fixed-income securities. The target S&P credit rating of the aggregate portfolio shall be A or better. At December 31, 2019, the OPEB Trust Fund's U.S. Government Agency funds were unrated.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of investments. Through its investment policy, the OPEB Trust Fund manages its exposure to interest rate risk by utilizing certain criteria in selecting particular investment funds. U.S. government and agency funds mature in 1-5 years.

The asset allocation policies shall seek to produce a net, inflation adjusted, positive total return. The asset allocation policy shall be consistent with the investment objectives of the plan and based on the capital market assumptions.

The Investment Policy of the OPEB Trust Fund dictates an allocation for the Long-Term Assets of 60% equity, 40% fixed income with a variation of 10% above or below these targets for each classification. At December 31, 2019, the OPEB Trust Fund had been in compliance with this policy. Within each investment category there are specific policies to further address various types of risk compared to return.

The OPEB Trust's investment in mutual funds was unrated.

(D) Pittsburgh Water and Sewer Authority (PWSA)

PWSA is authorized to invest in obligations of the U.S. government and government-sponsored agencies and instrumentalities; fully insured or collateralized certificates of deposit; commercial paper of the highest rating; repurchase agreements collateralized by government obligations or securities and highly rated bank promissory notes or investment funds or trusts; and, as to trustee assets, as otherwise permitted by the trust indenture as supplemented and amended in 2019. Throughout the year ended December 31, 2019, PWSA invested its funds in such authorized investments. PWSA has a formal investment policy that addresses custodial credit risk, interest rate risk, credit risk, or concentration of credit risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, PWSA's deposits may not be returned to it. As of December 31, 2019, \$73,827,000 of PWSA's bank balance of \$74,077,000 was exposed to custodial credit risk. \$73,827,000 of these amounts are collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of \$64,680,000 as of December 31, 2019, all of which is reported as current assets in the statement of net position.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

At December 31, 2019, PWSA held the following investment balances (in 000s):

	Carrying value	<u>Maturity in years</u> Less than 1 year
PA INVEST	\$ 8,997	\$ 8,997
Money market	16,360	16,360
U.S. Treasury bills	607	607
Total Investments	<u>\$ 25,964</u>	<u>\$ 25,964</u>

The carrying value of PWSA's investments is the same as their fair value amount. U.S. Treasury bills are valued using quoted market prices (Level 1 inputs).

PWSA's investments in money markets and PA INVEST (external investment pool) are the same as the value of the pool shares and are reported at amortized cost, which approximates market. All investments in an external investment pool that are not SEC-registered are subject to oversight by the Commonwealth. The Authority can withdraw funds from INVEST without limitations or fees.

Interest Rate Risk – Interest rate risk, the risk that changes in the interest rates will adversely affect the fair value of the PWSA's investments. PWSA is not subject to interest rate risk, as all of its investments at December 31, 2019 had maturities of less than one year.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2019, PWSA's investments in PA INVEST were rated AAAM by Standard & Poor's. The PWSA's investments in U.S. Treasury bills at December 31, 2019 were rated AA+ by Standard & Poor's.

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PWSA places limits on the amount it may invest in any one issuer. PWSA was in compliance with the established limits at December 31, 2019.

(E) The Stadium Authority of the City of Pittsburgh (Stadium Authority)

The carrying amounts of the Stadium Authority included cash deposits and money market pooled investments held with banks as of December 31, 2019.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Interest Rate Risk – Although the Stadium Authority does not have a formal investment policy, it limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All the Stadium Authority’s investments have short-term maturities.

Credit Risk – The Stadium Authority is subject to credit risk on investments. The maximum amount of loss the Stadium Authority would incur, if any, if the parties failed to perform on their obligation is limited to the amount recorded in the financial statements. The Stadium Authority does not hold any type of collateral on these investments.

Concentration of Credit Risk – The Stadium Authority places no limit on the amount that may be invested in any one institution. The Stadium Authority maintains its cash and cash equivalent balances at three financial institutions. At December 31, 2019, all of the Stadium Authority’s cash and cash equivalent deposits were either insured under federal insurance programs or collateralized.

(F) Public Parking Authority of Pittsburgh (Parking Authority)

Cash and Deposits

The Parking Authority’s cash deposits are insured by the Federal Deposit Insurance Corporation or were not insured or collateralized in the Parking Authority’s name, but were 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. At December 31, 2019, the Parking Authority had a bank and book balance of \$13,151,933 and \$13,538,707 (including \$13,014,088 of restricted cash), respectively.

Investments

As of December 31, 2019, the Parking Authority had the following investments, of which \$38,449,481 is restricted as to their use.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Investment	Amount	Percentage of Total Investment	Maturity	December 31, 2019 Rating	
				Standard & Poor's	Moody's Investors Service
Blackrock Treasury Trust Fund	\$ 37,572,388	60.1%	n/a	AAAm	Aaa-mf
Blackrock FedFund	24,017,138	38.4%	n/a	AAAm	AAA-mf
Morgan Stanley Liquid Trust Fund	877,093	1.4%	n/a	AAAm	Aaa-mf
Total	\$ 62,466,619	100%			

Mutual funds are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – The Parking 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.

Credit Risk – The Parking Authority has no investment policy that limits its investment choices. The deposit and investment strategy of the Parking Authority adheres to State statutes, related trust indentures, and prudent business practice.

Concentration of Credit Risk – The Parking Authority places no limit on the amount the Parking Authority may invest in any one issuer.

(G) Urban Redevelopment Authority (URA)

The URA is authorized to make investments of the following types pursuant to the Redevelopment Act which requires investments meet a “reasonable man” standard. Under the URA’s policy, authorized investments include (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 that company meet the criteria of (1) through (4) above.

The deposit and investment practices of the URA and its component unit adhere to statutory and contractual requirements and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, and

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the trust indentures.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the URA’s deposits may not be returned to it. The URA does not have a formal policy for custodial credit risk. As of December 31, 2019, \$77,806,976 of the URA’s bank balance of \$89,108,043 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, 2019, the carrying amounts of the URA’s deposits were \$87,926,182.

As of December 31, 2019, none of the component unit’s bank balance was exposed to custodial credit risk. As of December 31, 2019, the carrying amounts of the component unit’s deposits were \$30,405.

In addition to the deposits noted above, included in the investments were the following:

	Fair market value	Maturity in years				
		Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years
Money Market Funds	\$ 46,614,305	\$ 46,614,305	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bonds	2,480,959	-	2,480,959	-	-	-
Freddie Mac	350,574	-	-	-	-	350,574
GNMA	1,274,737	-	5,564	-	-	1,269,173
FNMA	146,441	-	-	55,874	-	90,567
Total	\$ 50,867,016	\$ 46,614,305	\$ 2,486,523	\$ 55,874	\$ -	\$ 1,710,314

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the URA’s investments. The URA’s policy is to attempt to match its investments with anticipated cash flow requirements. Unless matched to specific cash flow requirements, the URA will not directly invest in securities maturing more than five years from the date of purchase or in accordance with state and local statutes and ordinances.

Freddie Mac, FNMA, and GNMA investments are comprised of assets securitized in the secondary market from loans issued from the loan programs. The maturities noted in the table above reflect the final maturity of the respective security and does not take into consideration non-routine repayments on principal as it is not possible to forecast these

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

repayments. It is management's intention to hold these securities until maturity. Interest rates on these investments are fixed and principal and interest repayments from these investments will be used to repay the related debt service.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The URA has an investment policy that limits its investment choices based on credit qualifications by investment type. As of December 31, 2019, the URA's investments in U.S. Government Money Market Funds and U.S. Treasury Bond Funds were rated Aaa by Moody's. The URA's remaining investments were not rated as of as of December 31, 2019.

Concentration of Credit Risk – There is no limit on the amount that may be invested in any one issuer. None of the URA's investments are more than 5% with the same issuer.

Money Market Funds and U.S. Treasury Bond Funds are valued using quoted market prices (Level 1 inputs). The fair values of Freddie Mac, GNMA, and FNMA securities are priced by third party pricing services using observable market data and are included in the Level 2 fair value hierarchy.

4. Transactions with the Pittsburgh Water and Sewer Authority (PWSA)

In July 1995, the City entered into a Cooperation Agreement and a Capital Lease Agreement (collectively referred to as the Agreements with PWSA). The Cooperation Agreement was renegotiated by the PWSA Board of Directors and the City Mayor's Office.

(A) Cooperation Agreement

Under the terms of the previous Cooperation Agreement, City Water Department employees became employees of the PWSA. As a result, the PWSA assumed various obligations from the City. The City and the PWSA provided various services to each other in accordance with the Cooperation Agreement, and the PWSA reimbursed the City for direct and indirect costs attributed by the City to the operation and maintenance of the System.

Under the previous Agreement, PWSA provided up to 600 million gallons of water annually for the City's use without charge. Also, the PWSA assumed the City's obligation for the cost of subsidizing water service to those residents of the City situated beyond PWSA's service area so that those water users pay charges that mirror the rates of PWSA.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

On February 4, 2019, PWSA's Board issued a resolution that the existing Cooperation Agreement shall be terminated in accordance with the terms of the agreement, 90 days after the approval of the resolution. City and PWSA officials have collaborated on a New Cooperation Agreement to further implement efficiencies and improvements, including: permitting PWSA to reimburse the City for pension costs for PWSA employees covered by the City's pension plans, allowing the City to charge the PWSA the usual rates that other utilities pay for permit fees, and charging the City for water, wastewater, and ALCOSAN usage, with a five-year phase-in starting in 2020. The PWSA board implemented the new Cooperation Agreement as of October 3, 2019. This agreement has been filed with the Pennsylvania Public Utility Commission (Commission) according to Title 66, §507 of the Public Utility Code, and can be modified by order of the Commission.

(B) System Lease

The City and PWSA entered into a Capital Lease Agreement (Capital Lease), effective July 27, 1995, with a term of thirty years, commencing as of July 15, 1995 and ending on September 1, 2025. The Capital Lease stipulates minimum lease payments of approximately \$101,000,000, including interest, all of which were satisfied during the initial three years of the capital lease. PWSA has the option to purchase the System in 2025 for \$1.

(C) Pension

As of December 31, 2003, the City has retained the pension obligation for PWSA's employees who participate in the City's Municipal Pension Plan. The extent of PWSA's participation in such obligation with respect to these employees whose membership continued upon becoming employees of PWSA is determined by the shared interpretation of the City and the PWSA of the intent of the Cooperation Agreement.

The City and PWSA determined upon a payment of approximately \$3.6 million for the PWSA's share of the City's current pension costs for the year-ended December 31, 2019. The PWSA's payment was calculated based on the percentage of its covered payroll to the total covered payroll, which approximates 15.4%.

See additional related party transaction disclosures for the URA, Stadium Authority, and Parking Authority in Note 13.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

5. Real Estate Taxes

Real Estate Taxes

The City has the power to levy and collect ad valorem taxes on all taxable real estate within its boundaries. Real estate is assessed by Allegheny County Office of Property Assessment pursuant to the terms of the General County Assessment Law and the Second Class County Assessment Law, which require property to be assessed at actual market value. Property is assessed by the Board at 100% of fair market value. The taxable assessed value for 2019 was \$20,518,989,514.

A unified tax levy for land and buildings is made annually on January 1 and collected by the City. Taxes are payable annually or in three installments, at the taxpayers' option, normally due the last day of February, April 30, and July 31. A 2% discount is allowed on either the first installment or the full year tax payment, normally if paid by February 10. If no payment is received by the last day of February, the installment payment privilege is forfeited, and the entire tax for the year is considered delinquent. Penalty and interest are imposed on the property at time of lien.

Property Tax Reassessments

The City taxes land and building at the same unified rate and plans to maintain a unified rate unless land values are reassessed in the future. A court-ordered reassessment for Allegheny County, including the City of Pittsburgh, occurred during 2012. These reassessed values will continue to be used until the next reassessment. No "windfall" to the municipality can occur due to state law.

City and School Real Estate Taxes (property taxes) are based on the assessed value of the property as determined by the Allegheny County Board of Assessors. The assessed value of a property is broken down by land value and building value. For 2019, the City's tax rate was 8.06 mills on the assessed value of the property. The School District of Pittsburgh's tax rate was 9.84 mills on the assessed value. A mill is 1/10 of a cent. For example, on a property assessed at \$1,000, the City Real Estate tax would be \$8.06. The School District of Pittsburgh Real Estate Tax would be \$9.84.

Taxes are billed on a calendar year.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The City has accrued for tax refunds and tax credits within accounts payable on the statement of net position and governmental funds balance sheet (General Fund) for payments received that are subject to refund.

Tax Abatements

The City's tax abatements are authorized by City Council ordinance. Recipients are eligible for tax abatement for various reasons such as development costs, property location, or renovations that would otherwise result in increased property assessment. All tax abatements are a set dollar amount and are received as tax credits with the exception of Act 42 abatements which reduce the assessed value. The following are City's tax abatement programs:

- 3-year Act 42 - available Citywide for residential properties for sale or rental;
- 10-year Act 42 Enhanced - available in 28 defined Targeted Growth zones for residential properties for sale or rental;
- 5-year Commercial LERTA - available Citywide for commercial properties or industrial properties for sale or rental;
- 10-year Residential LERTA - available in 4 defined areas for residential properties rental or hotels;
- 10-year Residential Enhanced LERTA - available in 4 defined areas for residential properties separately assessed units;
- 5-year Visitability Credit (Disability Access) - available Citywide for residential properties single family, duplex, triplex, adaptive reuse (none at December 31, 2019);
- 10-year Local Economic Stimulus - available citywide for large developments - residential properties, commercial properties or industrial properties.

The City's tax abatement agreements do not contain recapture provisions for non-compliance. There were no amounts received or receivable from other governments in association with the forgone taxes. The City did not make other commitments other than to reduce taxes as part of the tax abatement agreements.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

During 2019, real estate tax abatements were as follows:

Act 42	\$	37,252
Act 42 Enhanced		669,720
Commercial LERTA		98,598
Residential LERTA		3,086,754
Residential Enhanced LERTA		364,465
Local Economic Stimulus		<u>1,433,382</u>
Total tax abatements	\$	<u>5,690,171</u>

Other Tax Arrangements

Other tax arrangements include the following:

- Homestead – Exemption for first \$15,000 of assessed value for residential property that is owner occupied. The Homestead application must be filed at the Allegheny County office of Property Assessment.
- Tax Increment Financing – Real estate tax revenue is diverted to another entity to cover bond payments for debt used for redevelopment and other community improvement projects.
- Act 77 – Senior Tax Relief - The City offers a senior tax relief program for eligible owner occupants. Current qualifications are: (A) at least 60 years of age; (B) must have owned and occupied a home in Allegheny County for ten consecutive years preceding application; (C) total household income cannot exceed \$30,000 (using 50% of your SS benefits); (D) owner must be a natural person.

During 2019, other real estate tax arrangements as defined above resulted in the following forgone tax amounts:

Homestead Exemption	\$	6,375,472
Tax Increment Financing		2,692,363
Act 77 Exemption		<u>2,032,867</u>
Total tax other arrangements	\$	<u>11,100,702</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

6. Capital Assets

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Governmental activities:				
Non-depreciable assets:				
Land	\$ 45,602,091	\$ -	\$ -	\$ 45,602,091
Construction-in-progress	23,168,152	6,949,269	(888,264)	29,229,157
Total	68,770,243	6,949,269	(888,264)	74,831,248
Depreciable assets:				
Buildings and systems	90,391,265	-	-	90,391,265
Accumulated depreciation	(87,172,545)	(887,876)	-	(88,060,421)
Net	3,218,720	(887,876)	-	2,330,844
Furniture and fixtures	4,845,984	-	-	4,845,984
Accumulated depreciation	(4,874,579)	28,595	-	(4,845,984)
Net	(28,595)	28,595	-	-
Machinery and equipment	9,163,387	-	-	9,163,387
Accumulated depreciation	(4,022,660)	(46,639)	-	(4,069,299)
Net	5,140,727	(46,639)	-	5,094,088
Vehicles	83,612,021	6,580,707	(2,913,588)	87,279,140
Accumulated depreciation	(63,273,414)	(7,358,902)	2,827,725	(67,804,591)
Net	20,338,607	(778,195)	(85,863)	19,474,549
Infrastructure	225,436,254	1,045,925	-	226,482,179
Accumulated depreciation	(141,307,674)	(4,852,386)	-	(146,160,060)
Net	84,128,580	(3,806,461)	-	80,322,119
Capitalized leases	15,434,653	-	-	15,434,653
Accumulated depreciation	(11,447,027)	(772,560)	-	(12,219,587)
Net	3,987,626	(772,560)	-	3,215,066
Total depreciable assets	428,883,564	7,626,632	(2,913,588)	433,596,608
Total accumulated depreciation	(312,097,899)	(13,889,768)	2,827,725	(323,159,942)
Net	116,785,665	(6,263,136)	(85,863)	110,436,666
Governmental activities, capital assets, net	\$ 185,555,908	\$ 686,133	\$ (974,127)	\$ 185,267,914

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$98,613
Public safety	5,506,723
Highways, streets, and other capital improvements	7,046,925
Sanitation	920,915
Public works	230,172
Culture and recreation	72,788
Mobility and infrastructure	13,632
	\$ 13,889,768

Component unit's capital asset activity as presented for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Transfers/ Deletions	Balance December 31, 2019
Component Units:				
Non-depreciable assets:				
Land	\$ 32,911,141	\$ 1,600,000	\$ 1,685,573	\$ 32,825,568
Construction-in-progress	148,223,474	102,183,930	108,293,317	142,114,087
Total	181,134,615	103,783,930	109,978,890	174,939,655
Depreciable assets:				
Building and building improvements	116,401,540	10,866,668	2,914,172	124,354,036
Parking facilities	185,001,245	135	5,971,747	179,029,633
Machinery and equipment	14,801,388	130,598	(439,713)	15,371,699
Utility assets	919,999,000	95,211,000	16,315,000	998,895,000
Non-utility assets	23,819,000	52,000	11,690,000	12,181,000
Infrastructure	2,241,369	-	-	2,241,369
Total	1,262,263,542	106,260,401	36,451,206	1,332,072,737
Less: accumulated depreciation	(470,102,681)	(27,981,193)	(36,277,005)	(461,806,869)
Net	\$ 973,295,476	\$ 182,063,138	\$ 110,153,091	\$ 1,045,205,523

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

7. Pension Plans

(A) Organization and Description of Plans

The City is responsible for the funding of retirement benefits for the three pension plans described below. Investments of the plans are held by the Comprehensive Municipal Pension Trust Fund (Comprehensive Trust), in accordance with the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205) and are administered under the direction of that fund's Board.

In accordance with Act 205 and the Acts under which the Municipal Pension Plan of the City of Pittsburgh, the Policemen's Relief and Pension Plan of the City of Pittsburgh, and the Firemen's Relief and Pension Plan of the City of Pittsburgh were established; a separate accounting for the activities of these three plans is maintained including the employees' contributions, allocation of state aid and the City's annual contribution and a calculation of each Plan's undivided interest in the investments held by the Comprehensive Trust. Additionally, separate actuarial valuations are performed annually for each plan. However, the individual plans do not record the undivided interest in the investments in their individual plans since the assets of the Comprehensive Trust are available for the payments of benefits and expenses of any of the three pension plans without limitations. Therefore, in accordance with Governmental Accounting Standards, the City is considered to be administering a single plan for financial reporting purposes. The three pension plans plus the Comprehensive Trust constitute the City's Pension Plan.

The retirement plans issue a publicly available combined financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the following:

City of Pittsburgh
Combined Pension Fund
C/O Department of Finance
City/County Building
Pittsburgh, PA 15219

Key provisions of the Municipal Pension Fund, the Policemen's Fund, and the Firemen's Fund are summarized below. The actual plan provisions should be reviewed to capture all the details.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The Municipal Pension Plan

The Municipal Pension Plan of the City of Pittsburgh (Municipal Plan) was established by Act 259 of May 28, 1915, P.L. 596. Every full-time employee of the City and the PWSA who is not covered by the Policemen's Plan or the Firemen's Plan is required to join the Municipal Plan after serving a 90-day probationary period. The Municipal Plan is a single employer defined benefit plan, and its purpose is to provide retirement, disability, and other benefits to its members. The City and members of the Municipal Plan are required to make contributions to the Municipal Plan for the purpose of paying benefits and administrative expenses. At January 1, 2019, the date of the most recent actuarial valuation, the Municipal Fund has 3,534 total members, of which 1,767 are active members; 1,708 are inactive plan members or beneficiaries currently receiving benefits; and 59 are inactive plan members entitled to but not yet receiving benefits.

Effective January 1, 1995, the City terminated employment of the 255 employees of its Water Department. As part of a Cooperation Agreement with PWSA, the 255 terminated employees became employees of PWSA. The PWSA employees' membership in the Municipal Plan continued with no break in service, as provided for by the Municipal Pension Act, because PWSA has no retirement plan. The City considers PWSA a part of the reporting entity and thus the plan continues to be a single employer plan. As of the date of these financial statements, no separate allocations of contributions to the Plan, Plan assets, or Plan liabilities have been allocated to the employees of PWSA, nor have any separate and distinct comprehensive actuarial determinations been made.

On February 4, 2019, the PWSA's Board issued a resolution that the existing Cooperation Agreement shall be terminated in accordance with the terms of the agreement, 90 days after the approval of the resolution. City and PWSA officials have collaborated on a New Cooperation Agreement to further implement efficiencies and improvements, including permitting the PWSA to reimburse the City for pension costs for PWSA employees covered by the City's pension plan, with a five-year-phase-in starting in 2020. The PWSA Board implemented the new Cooperation Agreement as of October 3, 2019. The City and PWSA determined upon a payment of approximately \$3.6 million for the PWSA's share of the City's pension costs, prior to adjustment for the PWSA's portion of the state aid received by the City for pension costs, for the year-ended December 31, 2019. The PWSA's payment was calculated based on the percentage of its covered payroll to the total covered payroll, which approximates 15.4%.

Retirement benefits are available, for all employees other than Emergency Medical Services, at the employee's option upon the later of attainment of age 60 or completion of 8

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

years of service, normal retirement. For Emergency Medical Service employees, normal retirement is available at the later of attainment of age 55 or 8 years of service. A plan member is eligible for early retirement upon attainment of age 50 and completion of eight years of service. For early retirees, benefit payments may be deferred until 60 years of age, or paid immediately at reduced amounts, as defined by the Plan. Upon completion of eight years of service and attainment of age 40, an employee may terminate and remain eligible to receive benefits by continuing to make contributions to age 50. An employee who was a member prior to January 1, 1975 may terminate at any age after 15 years of service and be vested by continuing contributions to age 50.

Employees who become permanently disabled during the performance of their duties and who are unable to continue to perform those duties are eligible to receive a disability pension. Employees who become otherwise disabled are eligible for a disability pension if eight years of service have been completed.

Normal monthly retirement benefit is equal to 50% of average compensation (as defined) and service increment, if any. The service increment is an additional monthly benefit of 1 percent of average compensation for each completed year of service in excess of 20 years to a maximum of \$100 per month. The monthly benefit is prorated for service less than 20 years. On a limited basis, reductions could apply for certain plan members related to social security benefits received after reaching 65 years of age and certain other benefit provisions could apply for members hired prior to January 1, 1975.

A survivor benefit is available to the surviving spouse upon the death of an active member eligible for early retirement. The benefit amount is equal to 50% of the member's pension had the member retired at the date of death. A survivor benefit equal to the excess of the member's contributions over the retirement benefits paid is provided to the beneficiary of a member whose death occurs after the retirement date. The member's contributions are returned to the beneficiary of a member whose death occurs prior to eligibility for early retirement.

Prior to January 1, 2002, upon termination and prior to vesting, a member's contributions were refundable without interest to the member. Beginning January 1, 2002, contributions were refundable with 5% interest for certain classes of employees. Employee contributions to the Plan are 5% of pre-tax pay for employees hired prior to January 1, 1988 and 4% of pre-tax pay for those hired thereafter.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The Policemen's Relief and Pension Plan

The Policemen's Relief and Pension Plan of the City of Pittsburgh (Policemen Plan) was established by Act 99 of May 25, 1935, P.L. 233. The Policemen Plan is a single employer defined benefit plan and its purpose is to provide retirement, disability, and other benefits to its members. P.L. 233 requires the City and members of the Policemen Plan to make contributions to the Policemen Plan for the purpose of paying benefits and administrative expenses.

All employees of the Bureau of Police, including substitute uniformed employees, are eligible for membership in the Plan. At January 1, 2019, the Policemen's Fund has 2,445 total members, of which 955 are active members; 1,466 are inactive plan members or beneficiaries currently receiving benefits; and 24 are inactive plan members entitled to but not yet receiving benefits.

Retirement benefits are available at the employee's option upon completion of the later of 20 years of service or attainment of age 50. Employees who become permanently disabled in the line of duty, and who are unable to perform the duties of their position, are eligible to receive a disability pension. Employees who become permanently disabled other than in the line of duty become eligible to receive a disability pension if they have completed ten years of service.

The normal monthly retirement benefit is equal to 50% of average compensation (as defined) plus service increment, if any.

Service increments of \$20 per month for each year of service between 20 and 25 years and \$25 per month for each year in excess of 25 years are included in the retirement benefit. If so elected, a death benefit is available for the survivors, as defined by the plan, of any member who dies in the performance of his duties. A surviving spouse benefit, which is applicable to deaths not in the line of duty, may also be elected by plan participants.

An employee, who terminates employment after 20 years of service, and before age 50, may collect the normal retirement benefit based on average compensation at termination, providing the terminated member continues contributions at the rate in effect at termination. The benefit is deferred until age 50. If contributions continue at the same rate in effect at termination and continue to age 50, member may receive monthly benefit based on rate of pay in effect had the officer worked until the age of 50. If a member terminates employment before completing 20 years of service, accumulated employee contributions are refundable.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Employee contributions to the Policemen Fund are 6% of pay plus \$1 per month, until age 65. Those electing the surviving spouse benefit contribute an additional 1/2% of pay.

The Firemen's Relief and Pension Plan

The Firemen's Relief and Pension Plan of the City of Pittsburgh (Firemen Plan) was established by Act of May 25, 1933, P.L. 1050. The Firemen Plan is a single employer defined benefit plan. Its purpose is to provide retirement, disability, and other benefits to its members. P.L. 1050 requires the City and members of the Firemen Plan to make contributions to the Firemen Plan for the purpose of paying benefits and administrative expenses.

Any uniformed employee of City of Pittsburgh Bureau of Fire is eligible for membership in the Firemen Plan. At January 1, 2019, the Fund has 1,763 total members, of which 666 are active members; 1,097 are inactive plan members or beneficiaries currently receiving benefits; and there are no inactive plan members entitled to but not yet receiving benefits.

Normal retirement benefits are available at the employee's option upon completion of 20 years of service for any participant employed before January 1, 1976, or for those years employed thereafter, the later of completion of 20 years of service or attainment of age 50. Employees who become permanently disabled in the line of duty and who are unable to perform the duties of their position are eligible to receive a disability pension. Employees who become permanently disabled other than in the line of duty become eligible to receive a disability pension if they have completed 10 years of service.

The regular pension benefit is equal to 50% of the average compensation (as defined). A service increment of \$20 per month for each year of service in excess of 20, excluding years of service after age 65, is also payable for those members hired before January 1, 2005. For those hired on or after January 1, 2005, the service increment is \$10 per month for each completed year of service in excess of 20 years, excluding years of service after age 65. The service increment is only payable after age 50. A surviving spouse benefit may also be elected by plan participants. A lump-sum death benefit of \$1,200 is paid to the beneficiary of any deceased member.

Normal vesting occurs upon attainment of 20 years of service. If a retiree is under the age of 50, they must make contributions to the plan until the age of 50 to qualify for a monthly pension at age 50. Upon termination of employment, a member's contributions, without accumulation of interest, are refundable.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Employee contributions to the Firemen Plan are 6.5% of pay plus \$1 per month until age 65. Those electing the surviving spouse benefit contribute an additional 1/2% of pay.

(B) Funding Status and Progress

In accordance with the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205), the City established the Comprehensive Municipal Pension Trust Fund Board (Comprehensive Trust) in August 1987. The Board's purpose is to oversee the activities of the City's pension plans and to receive and invest the City's pension assets.

The City has three defined benefit pension plans (Municipal, Policemen, and Firemen), which are administered by respective pension boards, the majority of whose members are elected by the employees. The Policemen and Firemen Plans cover all employees of the Bureau of Police and the Bureau of Fire, respectively. Each full-time employee not covered under either the Policemen's or Firemen's Plan is required to join the Municipal Plan after serving a 90-day probationary period.

Act 205 contains both mandatory and optional remedies for municipalities to design a program for dealing with unfunded pension liabilities. The mandatory remedies implemented by the City were the development and adoption of an administrative improvement plan for its pension fund, the establishment of lower cost pension plans for new hires, and the aggregation of all the City's pension assets for investment purposes under the guidance of a new oversight board (the Comprehensive Municipal Pension Trust Fund Board). The Comprehensive Trust, which is comprised of seven members, four appointed by the Mayor and approved by Council and one elected from each plan, manages the investments of all pension assets and provides funds for each plan's monthly payment of benefits and administrative expenses from plan net position. The optional remedies initially selected by the City were: 40-year amortization of the unfunded liability, level percent amortization, and a 15-year phase-in allowing the City to gradually increase its pension contributions.

The Plans are funded by the City on an annual basis pursuant to the provisions of Act 205. Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). Employees are not required to contribute under Act 205; such contributions are subject to collective bargaining and can be reduced or eliminated each year by Ordinance or Resolution subject to the Plans meeting certain financial conditions. The Commonwealth of Pennsylvania (Commonwealth) allocates certain funds to assist in pension funding. Any financial requirement established by the MMO which exceeds the Commonwealth of Pennsylvania allocation must be funded by the City. The

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

MMOs for each of the three plans for December 31, 2019 were \$14,570,133 Municipal, \$16,122,726 Policemen, and \$20,318,940 Firemen.

Commonwealth of Pennsylvania Act 44 of 2009 required the City's aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City's pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City's plan to meet this level of funding included transferring approximately \$45 million to the Comprehensive Trust Fund which was in the Debt Service Reserve Fund in 2010 and dedicating parking tax revenues for the next 31 years per Council legislation, the City contributed parking tax revenues of \$13.4 million per year from 2011 through 2017 and \$26.8 million for 2018 and 2019. The City will continue to contribute \$26.8 million per year from 2020 through 2041. While the present value of the dedicated future parking tax revenues for future pension contributions did not meet the criteria for recognition as an asset in the City's financial statements or those of the Comprehensive Trust Fund, it was treated as an actuarial asset for purposes of funding levels under Commonwealth of Pennsylvania Act 44 of 2009 and the City was determined to have met the required funding level to avoid takeover of the City pensions by the Pennsylvania Municipal Retirement System and the parking revenue stream continues to be treated as an actuarial asset for funding purposes.

For the year ended December 31, 2019, on an accrual basis, the City did contribute \$98.6 million to the Pension Trust Fund; contributions made to the Plan represent 100% of the Act 205 MMO plus additional contributions of \$47.6 million including \$26.8 million of dedicated parking tax revenue, \$16.6 million in gaming funds, \$3.4 million related to other benefits, and \$0.8 million that was received from the Commonwealth of Pennsylvania related to an underpayment of 2018 state aid.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Net Pension Liability (NPL)

The components of the net pension liability of the City at December 31, 2019, were as follows:

	<u>Municipal</u>	<u>Policemen</u>	<u>Firemen</u>	<u>Total</u>
Total pension liability	\$ 396,690,897	\$ 490,173,393	\$ 460,730,675	\$ 1,347,594,965
Plan fiduciary net position (allocated)	(184,596,416)	(160,556,803)	(174,867,336)	(520,020,555)
Net pension liability	<u>\$ 212,094,481</u>	<u>\$ 329,616,590</u>	<u>\$ 285,863,339</u>	<u>\$ 827,574,410</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>46.53%</u>	<u>32.76%</u>	<u>37.95%</u>	<u>38.59%</u>

The plan fiduciary net position allocations are based on the method provided in Act 205.

Changes in the NPL

As indicated earlier in this footnote, in accordance with Governmental Accounting Standards, the City is considered to be administering a single plan for financial reporting purposes.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Changes in the net pension liability of the City for the year ended December 31, 2019, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/18	\$ 1,347,037,362	\$ 428,591,665	\$ 918,445,697
Changes for the year:			
Service cost	25,786,609	-	25,786,609
Differences between expected and actual experience	(22,766,475)	-	(22,766,475)
Changes in assumptions	-	-	-
Interest	94,428,326	-	94,428,326
Contributions - employer	-	68,869,393	(68,869,393)
Contributions - member	-	12,415,212	(12,415,212)
Contributions - state aid	-	26,320,034	(26,320,034)
Net investment income (loss)	-	82,119,356	(82,119,356)
Benefit payments, including refunds of member contributions	(96,890,857)	(96,890,857)	-
Administrative expense	-	(1,404,248)	1,404,248
Other Changes	-	-	-
Balances at 12/31/19	\$ 1,347,594,965	\$ 520,020,555	\$ 827,574,410

Actuarial assumptions - The total pension liability was determined by an actuarial valuation on January 1, 2019 and rolled forward to December 31, 2019 using the following actuarial assumptions, applied to all periods in the measurement:

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2019	1/1/2019	1/1/2019
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Projected salary increases	4.00%	4.50%	5.50%
Underlying inflation rate	2.75%	2.75%	2.75%
Underlying merit and longevity rate	1.25%	1.75%	2.75%

Actuarial assumptions based on the January 1, 2017 actuarial experience study

RP-2000 Healthy Annuitant Mortality Table, with adjustment to reflect Pension Plan mortality experience as confirmed by experience studies

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

There were no changes to benefits or actuarial assumptions made in connection with the 1/1/2019 actuarial valuations.

Long-Term Expected Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	40.00%	4.5-5.4%
International equity	20.00%	5.0-5.4%
Real estate/Alternative	5.00%	4.8-8.5%
Fixed income	30.00%	0.3-2.3%
Cash	5.00%	0.0-0.5%
	<u>100.00%</u>	

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2019, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 19.34%.

Discount rate - The discount rate used to measure the total pension liability for the Municipal, Policemen, and Firemen funds was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, parking tax revenue will be deposited in accordance with Ordinances 42 and 44 of 2010, and that the City's contributions will be made equal to the yearly MMO calculation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

investments was applied to all periods of projected benefit payments to determine the total pension liability (i.e. no depletion is projected to occur).

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City calculated using the discount rates described above, as well as what the City’s net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Municipal	\$ 271,633,467	\$ 212,094,481	\$ 159,817,324
Policemen	403,410,406	329,616,590	264,820,192
Firemen	355,486,214	285,863,339	224,731,403
Total	<u>\$1,030,530,087</u>	<u>\$ 827,574,410</u>	<u>\$ 649,368,919</u>

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the City recognized pension expense of \$81,455,427. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

	<u>Municipal</u>	<u>Policemen</u>	<u>Firemen</u>	<u>Total</u>
Deferred outflows of resources:				
Changes of assumptions	\$ 4,542,534	\$ 8,913,205	\$ 12,734,771	\$ 26,190,510
Difference between expected and actual experience	<u>1,034,674</u>	<u>-</u>	<u>63,167</u>	<u>1,097,841</u>
Total deferred outflows of resources	<u>\$ 5,577,208</u>	<u>\$ 8,913,205</u>	<u>\$ 12,797,938</u>	<u>\$ 27,288,351</u>
Deferred inflows of resources:				
Net difference between projected and actual earnings on pension plan investments	\$ (7,720,000)	\$ (6,656,880)	\$ (7,336,179)	\$ (21,713,059)
Difference between expected and actual experience	<u>(1,189,521)</u>	<u>(16,391,628)</u>	<u>(6,866,048)</u>	<u>(24,447,197)</u>
Total deferred inflows of resources	<u>\$ (8,909,521)</u>	<u>\$ (23,048,508)</u>	<u>\$ (14,202,227)</u>	<u>\$ (46,160,256)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Municipal</u>	<u>Policemen</u>	<u>Firemen</u>	<u>Total</u>
2020	(42,444)	(2,531,439)	253,444	(2,320,439)
2021	(343,035)	(2,253,400)	476,831	(2,119,604)
2022	584,702	(2,872,943)	2,643,708	355,467
2023	(3,531,536)	(6,477,521)	(4,079,083)	(14,088,140)
2024	-	-	(699,189)	(699,189)
Thereafter	-	-	-	-
	<u>\$ (3,332,313)</u>	<u>\$ (14,135,303)</u>	<u>\$ (1,404,289)</u>	<u>\$ (18,871,905)</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Component Units:

Single-Employer Defined Benefit Plan – Parking Authority

General Information. The Parking Authority established the Public Parking Authority of Pittsburgh Pension Plan (PPA Plan) effective January 1, 1980. The PPA Plan is a defined benefit plan covering substantially all employees not covered by another plan and is funded by employer and employee contributions.

Changes in Net Pension Asset. Changes in the Parking Authority’s net pension asset are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 12/31/18	\$ 14,098,453	\$ 15,165,587	\$ (1,067,134)
Changes for the year:			
Service cost	452,515	-	452,515
Interest	915,347	-	915,347
Experience (gain) loss	-	-	-
Assumption (gain) loss	-	-	-
Employer contributions	-	125,172	(125,172)
Member contributions	-	168,311	(168,311)
Net investment income	-	3,166,030	(3,166,030)
Benefit payments	(484,883)	(484,883)	-
Other	-	(1,450)	1,450
Balances at 12/31/19	\$ 14,981,432	\$ 18,138,767	\$ (3,157,335)

Multiple-Employer Defined Benefit Plan – Parking Authority

The Parking Authority had 48 facility employees in the year ended December 31, 2019, who are participants in a cost-sharing multiple-employer defined benefit plan administered through the Western Pennsylvania Teamsters and Employers Pension Fund that is not a state or local governmental pension plan; provides defined benefit pensions both to employees of local governments and to employees of employers that are not governmental employers; and the plan has no predominant local governmental employer. The Parking Authority contributed \$274,217 to this plan for the year ended December 31, 2019.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Additional pension information, deemed to be immaterial for City reporting purposes, can be found in the Parking Authority's separate financial statements.

Urban Redevelopment Authority

Defined Contribution Plan - The URA provides a defined contribution retirement plan, the Urban Redevelopment Authority of Pittsburgh Retirement Savings Plan (Plan), covering all employees who have completed one year of service. The Plan is administered by ICMA Retirement Corporation. All plan provisions were approved by the URA Board of Directors and any significant changes to those provisions will be made via Board approval and Resolution. This plan was amended effective March 14, 2013. The total contribution for any plan participant is 10% of their base salary. Participants who were employed on or after January 1, 1985 and were not participants in the URA Employee's Pension Trust on December 31, 1997, contribute 5% of their base salary and receive a matching contribution by the URA. Participants hired before January 1, 1985 or were participants in the URA Employees' Pension Trust on December 31, 1997 and became participants in this plan on January 1, 1998, make no contribution to the plan as the URA funds the entire 10% contribution. Employer contributions for the year ended December 31, 2019 were \$307,430 and employee contributions were \$236,213.

Under the defined contribution plan, the participants become vested at 25% per year in the second year of service. Upon termination of employment, the non-vested portion of a participant's account is returned to the URA and credited against current expenses. Upon attainment of age 65, the participants become 100% vested regardless of the number of years of service.

Pittsburgh Water and Sewer Authority

During 2019, the PWSA established a 401(a) profit-sharing plan available to all full-time employees (part-time employees with over 1,000 hours of service) who do not participate in the City's Plan. As part of its fiduciary role, the PWSA has an obligation of due care in selecting the third-party administrator. The PWSA does not control the assets of the 401(a) profit-sharing plan and thus the plan is not considered a fiduciary fund of the PWSA.

Benefit terms are established and amended by the PWSA. Employee contributions are made after-tax and the PWSA offers a single match rate up to 5%. Employees become vested after three years. For the year ended December 31, 2019, the PWSA contributed \$11,000 to the 401(a) profit-sharing plan.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

8. Other Postemployment Benefits

The City maintains two separate single-employer defined benefit plans that are used to provide postemployment benefits other than pensions (OPEB): (a) the retiree OPEB plan (retiree plan) and (b) the disabled firefighters plan (fire plan). The plans are described below and are administered in accordance with the terms of their applicable employment contracts. Management of the OPEB plans is vested with City Council.

Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The City reported a net OPEB liability at December 31, 2019 composed of the following:

Retiree plan	\$ 437,666,111
Fire plan	24,370,045
Total net OPEB Liability (Asset)	<u>\$ 462,036,156</u>

The components of the net OPEB liability at December 31, 2019 were as follows:

	<u>Retiree Plan</u>	<u>Fire Plan</u>
Total OPEB liability	\$ 464,939,755	\$ 24,370,045
Plan Fiduciary Net Position	27,273,644	-
Net OPEB Liability (Asset)	<u>\$ 437,666,111</u>	<u>\$ 24,370,045</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>5.87%</u>	<u>0.00%</u>

The net OPEB liabilities were measured as of December 31, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of January 1, 2018, rolled forward to December 31, 2019.

For the year ended December 31, 2019 the City recognized OPEB expense as follows:

Retiree plan	\$ 13,653,857
Fire plan	19,894,031
Total OPEB expense	<u>\$ 33,547,888</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions:		
Retiree plan	\$ 28,698,872	\$ (62,376,938)
Fire plan	5,507,384	-
Net difference between projected and actual earnings on OPEB plan investments:		
Retiree plan	-	(515,201)
Fire plan	-	-
Changes in assumptions:		
Retiree plan	-	-
Fire plan	-	-
Differences between expected and actual experience:		
Retiree plan	-	(9,553,319)
Fire plan	-	(1,031,370)
Total	\$ 34,206,256	\$ (73,476,828)

Amounts reported as deferred outflows and deferred inflows of resources related to OPEBs will be recognized in expense as follows:

	Retiree Plan	Fire Plan	Total
2020	\$ (16,353,842)	\$ 298,401	\$ (16,055,441)
2021	(16,353,842)	298,401	(16,055,441)
2022	(16,353,845)	298,401	(16,055,444)
2023	5,314,943	298,401	5,613,344
2024	-	298,401	298,401
Thereafter	-	2,984,009	2,984,009
	\$ (43,746,586)	\$ 4,476,014	\$ (39,270,572)

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Additional Required Disclosures for the City's Retiree Plan

Plan Description

The City administers a single-employer defined benefit healthcare plan to provide additional postemployment benefits to all eligible retirees not covered by another plan. Benefits are paid on a pay-as-you-go basis. Those hired prior to January 1, 2005 are eligible for this benefit.

Plan Benefits

In addition to the pension benefits disclosed in Note 7, resolutions of City Council, State statutes, and labor agreements have provided for certain postemployment benefits, other than pension benefits, known as ("OPEB") to be provided to retirees or their beneficiaries. Such benefits are primarily funded through annual appropriations from the City's General Fund and trusts designated for those purposes. Post-retirement benefits consist of health care benefits, Medicare reimbursements and life insurance for firefighters and police officers and life insurance for certain municipal employees. Benefit provisions for the retiree plan are established and amended through negotiations between the City and the respective unions. Separate financial statements are not available.

Plan Membership

At January 1, 2018, that date of the most recent actuarial valuation, the OPEB retiree plan membership consisted of the following:

	Health Insurance	Life Insurance
Active participants	1,556	1,556
Vested former participants	-	-
Retired participants	1,599	2,170
Total	<u>3,155</u>	<u>3,726</u>

Changes in the Net OPEB Liability

As indicated earlier in this footnote, in accordance with Governmental Accounting Standards, the City is considered to be administering a single plan for financial reporting

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

purposes for all eligible retiree groups other than the recently negotiated fire disability plan discussed later in this note.

Changes in the net OPEB liability for the retiree plan for the year ended December 31, 2019, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at 12/31/18	\$ 428,955,595	\$ 20,822,102	408,133,493
Changes for the year:			
Service cost	3,326,808	-	3,326,808
Differences between expected and actual experience	(6,849,751)	-	(6,849,751)
Changes in assumptions	35,873,590	-	35,873,590
Interest	28,154,776	-	28,154,776
Contributions - employer	-	27,049,808	(27,049,808)
Contributions - member	-	-	-
Contributions - state aid	-	-	-
Net investment income (loss)	-	3,938,049	(3,938,049)
Benefit payments, including refunds of member contributions	(24,521,263)	(24,521,263)	-
Administrative expense	-	(15,052)	15,052
Changes of benefit terms	-	-	-
Other Changes	-	-	-
Balances at 12/31/19	\$ 464,939,755	\$ 27,273,644	\$ 437,666,111

Actuarial Assumptions

The total OPEB retiree plan liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Actuarial valuation date	1/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 year closed period
Actuarial assumptions:	
Investment rate of return	6.00%
Inflation rate	2.75%
Mortality table	RP-2000 Healthy Annuitant, With Adjustments to Reflect Plan Mortality Experience

Healthcare cost trend rates:

Medical/Rx Costs:

<u>Year</u>	<u>Annual Trend Rate</u>
2019	5.40%
2020	5.30%
2025 - 2040	5.19%
2050	4.83%
2060	4.63%
2070	4.18%
2075+	3.84%

Medicare Part B Premiums:

<u>Year</u>	<u>Annual Trend Rate</u>
2019	5.00%
2020	4.70%
2021 - 2023	5.80%
2024	6.10%
2025	5.80%
2026	4.60%
2027+	5.10%

There were no changes to benefits made in connection with the 1/1/18 actuarial valuations.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Changes in Actuarial Assumptions

Certain assumptions were updated from the January 1, 2018 valuation for the 2019 OPEB retiree plan valuation. The initial trend rate applicable to per capita claims costs has been updated from 5.50% to the actual premium rates change from January 1, 2018 to 2019. This change caused a decrease in liability during the year. The initial trend rate applicable to the City subsidy for Police and Paramedics expected to retire in 2019 has been updated from 5.50% to 15.00% for Police and 6.80% for Paramedics. This change caused an increase in liability during the year. Based on an updated capital market assumption as well as historical returns in the past five years, the discount rate has been lowered from 6.70% to 6.00%. This change caused an increase in liability during the year.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB retiree plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of December 31, 2019 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Equity	55.00%	2.9%
Fixed income	32.00%	2.1%
Cash	3.00%	1.8%
Real Assets	5.00%	5.9%
Alternative Strategies	5.00%	2.1%
	<u>100.00%</u>	

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 2.70% percent. The money-weighted rate of

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total OPEB retiree plan liability was 6.00% percent for 2019. This is the equivalent single rate determined by applying the long-term expected rate of return on investments to future benefit payments for current plan members expected to be funded by plan assets, and applying a tax-exempt, high quality municipal bond rate to benefit payments thereafter. Assets were projected to be available to make one year of projected benefit payments, if all payments are made directly from the Trust. The forward looking assumption (and current funding policy) is for ongoing costs to be paid out of the General Fund.

Sensitivity of the Net OPEB Retiree Plan Liability to Changes in the Discount Rate

The following presents the net OPEB retiree plan liability (asset) of the City, as well as what City's net OPEB retiree plan liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability (Asset) - Retiree	\$ 498,774,312	\$ 437,666,111	\$ 388,105,311

Sensitivity of the Net OPEB Retiree Plan Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB retiree plan liability (asset) of the City, as well as what City's net OPEB retiree plan liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rates	1% Increase
Net OPEB Liability (Asset) - Retiree	\$ 382,267,724	\$ 437,666,111	\$ 505,566,451

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Funding Policy

The City's contribution is based on projected pay-as-you-go financing requirements and is funded through the General Fund. For fiscal year 2019, the City contributed \$24,521,263 to the plan directly to pay benefits. During the year ended December 31, 2019, the City contributed an additional \$2,528,545 into the OPEB retiree plan irrevocable trust above the need for benefits.

Contributions

OPEB retiree plan contribution rates are based on an actuarially determined rate. Employees are not required to make contributions for basic life insurance. Employees contribute to health care costs at a flat rate based on wages and family size.

Investments

Through its investment policy, the OPEB Retiree Plan Trust Fund manages its exposure to risk by utilizing certain criteria in selecting particular investment funds. The asset allocation policies seek to produce a net, inflation adjusted, positive total return. The asset allocation policy is consistent with the investment objectives of the plan and based on the capital market assumptions.

Additional Required Disclosures for the City's Fire Plan

Plan Description

The City administers a single-employer defined benefit medical and prescription drug plan to provide additional postemployment benefits to eligible disabled firefighters. Benefits are paid on a pay-as-you-go basis. Eligible disabled firefighters and their dependents may continue health care coverage through the City for life. The plan covers eligible disabled firefighters and their dependents who elect to participate and pay any required contributions.

Plan Benefits

In addition to the pension benefits disclosed in Note 7, resolutions of City Council, State statutes, and labor agreements have provided for certain postemployment benefits, other than pension benefits, known as ("OPEB") to be provided to retirees or their beneficiaries. Such benefits are primarily funded through annual appropriations from the City's General

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Fund and trusts designated for those purposes. Firefighters hired on or after January 1, 2005 who become disabled in the line of duty are eligible for lifetime retiree health benefits. There is no age or service requirement for this benefit. Coverage continues to surviving spouses of disabled retirees upon the member's death. Surviving spouse coverage is non-contributory. Benefit provisions for the plan are established and amended through negotiations between the City and the respective unions. Separate financial statements are not available.

Plan Membership

At January 1, 2018, that date of the most recent actuarial valuation, the OPEB fire plan membership consisted of the following:

Active members	409
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Inactive Members or Beneficiaries Currently Receiving Benefits	<u>7</u>
Total	<u><u>416</u></u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Changes in the Net OPEB Fire Plan Liability

Changes in the net OPEB liability for the fire plan for the year ended December 31, 2019, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 12/31/18	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	2,476,316	-	2,476,316
Differences between expected and actual experience	(1,100,128)	-	(1,100,128)
Changes in assumptions	5,874,543	-	5,874,543
Interest	776,991	-	776,991
Contributions - employer	-	170,806	(170,806)
Contributions - member	-	-	-
Net investment income (loss)	-	-	-
Benefit payments	(170,806)	(170,806)	-
Administrative expense	-	-	-
Changes of benefit terms	16,513,129	-	16,513,129
Other Changes	-	-	-
Balance at 12/31/19	\$ 24,370,045	\$ -	\$ 24,370,045

Actuarial Assumptions

The total OPEB fire plan liability was determined by an actuarial valuation as of January 1, 2018 and rolled forward to a measurement date of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Actuarial valuation date	1/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Asset valuation method	Tabular Smoothing
Actuarial assumptions:	
Investment rate of return	6.00%
Discount rate	2.74%
Salary increases	2.75%
Inflation rate	2.75%
Mortality table	Active: RP-2000 Mortality Tables; Fire Retirees: RP-2000 Mortality for Healthy Annuitants adjusted by blue collar ratios set forward 3 years for disabled retiree All mortality tables are projected using SSA 2015 mortality improvement scale
Healthcare cost trend rates:	
Medical/Rx Costs:	
<u>Year</u>	<u>Annual Trend Rate</u>
2019	5.40%
2020	5.30%
2025 - 2040	5.19%
2050	4.83%
2060	4.63%
2070	4.18%
2075+	3.84%
Medicare Part B Premiums:	
<u>Year</u>	<u>Annual Trend Rate</u>
2019	5.00%
2020	4.70%
2021 - 2023	5.80%
2024	6.10%
2025	5.80%
2026	4.60%
2027+	5.10%

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Changes in Benefits

Changes in benefits relate to this being a new plan.

Changes in Actuarial Assumptions

Certain assumptions were updated from the January 1, 2018 valuation for the 2019 OPEB valuation. The initial trend rate applicable to per capita claims costs has been updated from 5.50% to the actual premium rates change from January 1, 2018 to 2019. This change caused a decrease in liability during the year.

Long-Term Expected Rate of Return

Starting in 2020, long-term expected rate of return on OPEB fire plan investments will be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class are projected to be included in the target asset allocation are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Equity	55.00%	2.9%
Fixed income	32.00%	2.1%
Cash	3.00%	1.8%
Real Assets	5.00%	5.9%
Alternative Strategies	5.00%	2.1%
	<u>100.00%</u>	

Discount Rate

This is the equivalent single rate determined by applying the long-term expected rate of return on investments to future benefit payments for current plan members expected to be funded by plan assets, and applying a tax-exempt, high quality municipal bond rate to benefit payments thereafter.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The discount rate used to measure the total OPEB liability was 2.74% with the expectation that the City will continue to fund the full pay-go cost plus an additional discretionary contribution in the future. This rate represents the municipal bond index as of the current measurement date.

Sensitivity of the Net OPEB Fire Plan Liability to Changes in the Discount Rate

The following presents the net OPEB fire plan liability (asset) of the City, as well as what City's net OPEB fire plan liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Net OPEB Liability (Asset) - Disabled Firefighters	\$ 30,217,947	\$ 24,370,045	\$ 19,889,623

Sensitivity of the Net OPEB Fire Plan Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB fire plan liability (asset) of the City, as well as what City's net OPEB fire plan liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rates	1% Increase
Net OPEB Liability (Asset) - Disabled Firefighters	\$ 18,846,579	\$ 24,370,045	\$ 32,297,982

Funding Policy

The City's contribution is based on projected pay-as-you-go financing requirements and is funded through the General Fund. For fiscal year 2019, the City contributed \$170,806 to the plan directly to pay benefits. No additional contributions were made into the OPEB fire plan irrevocable trust during the year ended December 31, 2019.

Contributions

OPEB fire plan contributions rates are based on an actuarially determined rate.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Investments

Through its investment policy starting in 2020, the Fire Plan OPEB Trust Fund manages its exposure to risk by utilizing certain criteria in selecting particular investment funds. The asset allocation policies seek to produce a net, inflation adjusted, positive total return. The asset allocation policy is be consistent with the investment objectives of the plan and based on the capital market assumptions.

Component Unit:

Parking Authority

The Public Parking Authority of Pittsburgh Post-Employment Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Parking Authority. There is no separate audit requirement. The Parking Authority has not accumulated assets for the Plan in a trust. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. Benefits are provided according to retirees' date of retirement and the benefits allotted as of the plan benefits at that date. The retiree is responsible for any premium cost in excess of the provided benefit. Payments to retirees are made on a reimbursement basis.

At December 31, 2019, participants in the Plan were as follows:

Active - Medical	3
Active - Life Only	62
Retirees and spouses - pre 95 with medical	3
Retirees - post 95 with medical	5
Retirees - life insurance only	4

Benefits Provided

Retirees as of December 31, 1994 – Continue medical and dental coverage received under prior Plan which includes both pre-Medicare and Medicare coverage for retiree and spouse. Medicare coverage consists of Medicare Part B plus the participant elects either Security 65 Plan B or Security Blue HMO.

Active Participants as of December 31, 1994 – Entitled to the single active premium at retirement date. This amount shall be frozen at retirement date and provided until age 65. Retirees age 65 and over shall receive the 65 Special Premium and Medicare Part B

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

premium at retirement date, such amount also being frozen at date of retirement. No medical coverage shall be provided to a participant who elects a lump sum option under the Pension Plan. The Authority pays up to \$1,750 of the deductible for each retiree entitled to post-retirement medical insurance prior to age 65.

Life Insurance – For all employees of the Authority retiring on or after age 60, the Authority pays for half the cost of a \$6,000 life insurance policy provided the employee pays for the other half.

Total OPEB Liability

The components of the total OPEB liability of the Plan at December 31, 2019 were as follows:

Total OPEB liability	\$ 444,002
Plan fiduciary net position	<u>-</u>
Net OPEB liability	<u>\$ 444,002</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0%</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Changes in the Total OPEB Liability

The changes in the total OPEB liability of the Authority for the year ended December 31, 2019 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2018	\$ 468,976	\$ -	\$ 468,976
Changes for the year:			
Service cost	2,432	-	2,432
Interest	15,594	-	15,594
Contributions - employer	-	43,000	(43,000)
Benefits paid	(43,000)	(43,000)	-
Net changes	(24,974)	-	(24,974)
Balances at December 31, 2019	\$ 444,002	\$ -	\$ 444,002

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation performed on December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement:

- Actuarial cost method – Entry Age Normal, level percentage of pay;
- Retirement rates – 100% upon attaining retirement eligibility of age 65
- Plan participation – Life Insurance 20%; Pre 65 Medical Benefit 100%; Post 65 Medical Benefit 100%
- Mortality – RP-2014 Fully Generational Blue Collar Mortality Table with MP-2018 mortality improvement from 2006
- Salary increase – 4.50% per annum;
- Discount rate: 3.64% per annum;
- Healthcare cost trend rate – Medical: 7.5% in 2018 graded to 6.75% uniformly over four years, and then following the Getzen model thereafter; Dental 5%

Changes in Actuarial Assumptions – The discount rate is 3.64% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018, compared to the prior Statement No. 45 discount rate of 6.00%, the mortality assumption was updated to the RP-

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

2014 Fully Generational Blue Collar Mortality Table with MP-2018 mortality improvement from 2006, trend was updated to health care cost trend rate is assumed to be 7.5% in 2018, grading down to 6.75% uniformly over four years, salary increases were set at 4.5%, and then following the Getzen Model thereafter, and retirement and termination assumptions were revised based on a recent experience study.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.64%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following represents the total OPEB liability calculated using the stated discount rate, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease (2.64%)</u>	<u>Current Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
<u>\$ 482,990</u>	<u>\$ 444,002</u>	<u>\$ 410,214</u>

Sensitivity of the Total OPEB Liability to Changes in the medical trend rate – The following presents the total OPEB liability calculated using the stated medical trend assumption, as well as what the total OPEB liability would be if it was calculated using a medical trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease in Getzen Model</u>	<u>Current Getzen Model</u>	<u>1% Increase Getzen Model</u>
<u>\$ 435,396</u>	<u>\$ 444,002</u>	<u>\$ 447,251</u>

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2019, the recognized OPEB expense is \$(11,639). At December 31, 2019, the Authority reported no deferred outflows of resources and no deferred inflows of resources in relation to the OPEBs.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

9. Long-Term Liabilities

The maximum amount payable for future maturities of bond and interest on general long-term debt at December 31, 2019 and changes in bond principal for the year then ended are summarized below:

	Principal				
	Outstanding at December 31, 2018	Bonds and Notes paid or defeased and discount amortized during 2019	Bonds and notes issued during 2019	Outstanding at December 31, 2019	Interest
Council and Public Election General Obligation Bonds and Notes:					
Seven general obligation bond issues and notes with rates ranging from 2.00% to 6.60%. The bonds are payable from general revenues.					
2019	\$ 31,190,000	\$ 31,190,000	\$ -	\$ -	\$ -
2020	32,810,000	-	1,740,000	34,550,000	20,279,739
2021	34,770,000	-	1,810,000	36,580,000	18,254,071
2022	36,775,000	-	1,880,000	38,655,000	16,159,845
2023	39,030,000	-	1,975,000	41,005,000	13,822,489
2024	146,485,000	-	2,075,000	148,560,000	11,328,448
2025-2029	49,445,000	-	12,030,000	61,475,000	31,364,416
2030-2034	12,340,000	-	15,265,000	27,605,000	12,525,605
2035-2039	-	-	18,645,000	18,645,000	2,753,451
Subtotal	382,845,000	31,190,000	55,420,000	407,075,000	126,488,064
Less:					
Unamortized bond discounts/premiums	17,432,135	1,829,819	4,920,489	20,522,805	-
	\$ 400,277,135	\$ 33,019,819	\$ 60,340,489	\$ 427,597,805	\$ 126,488,064

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Discretely Presented Component Units

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2019:

	Balance at December 31, 2019	Additions	Retirements	Balance at December 31, 2019
URA:				
Mortgage Revenue Bond Program	\$ 6,225,000	\$ -	\$ 1,685,000	\$ 4,540,000
Bank loan	9,254,744	-	226,375	9,028,369
Total proprietary fund debt	<u>15,479,744</u>	<u>-</u>	<u>1,911,375</u>	<u>13,568,369</u>
HUD Section 108 loans	3,143,000	-	308,000	2,835,000
Compensated absences	654,663	1,293,902	-	1,948,565
Total debt and other long-term obligations	<u>19,277,407</u>	<u>1,293,902</u>	<u>2,219,375</u>	<u>18,351,934</u>
URA Component Units:				
Pittsburgh Housing Development Corporation:				
Loans payable to				
Schenley Heights Collaborative	30,754	-	-	30,754
Bank construction loans	243,949	691,248	243,949	691,248
Total Component Unit Debt	<u>274,703</u>	<u>691,248</u>	<u>243,949</u>	<u>722,002</u>
Total debt and other long-term obligations - reporting entity	<u>\$ 19,552,110</u>	<u>\$ 1,985,150</u>	<u>\$ 2,463,324</u>	<u>\$ 19,073,936</u>

The 2019 additions to the employee benefits accrual noted above include \$1.27 million related to an early retirement offer program.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Parking Authority Debt

Future maturities of bond and note principal on Parking Authority indebtedness at December 31, 2019 are as follows:

	Principal				Interest
	Outstanding at December 31, 2018	Bonds paid or defeased and discount amortized during 2019	Bonds and notes issued during 2019	Outstanding at December 31, 2019	
Parking Authority Revenue Bonds and Notes:					
One revenue bond issue with interest rates ranging from 3.0% to 5.0%. These bonds are payable from revenue from Parking Authority operations.					
2019	\$ 5,105,000	\$ 5,105,000	\$ -	\$ -	\$ -
2020	5,360,000	-	-	5,360,000	2,093,000
2021	5,520,000	-	-	5,520,000	1,825,000
2022	5,730,000	-	-	5,730,000	1,549,000
2023	5,950,000	-	-	5,950,000	1,262,500
2024	6,185,000	-	-	6,185,000	965,000
2025 - 2026	13,115,000	-	-	13,115,000	990,000
	46,965,000	5,105,000	-	41,860,000	8,684,500
Plus: Bond premium	4,329,758	(1,050,683)	-	3,279,075	-
Total	\$ 51,294,758	\$ (6,155,683)	\$ -	\$ 45,139,075	\$ 8,684,500

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Pittsburgh Water and Sewer Authority Debt

Future maturities of bond and note principal on PWSA indebtedness at December 31, 2019 are as follows:

	Principal				
	Outstanding at December 31, 2018	Bonds paid or defeased and discount amortized during 2019	Bonds and notes issued during 2019	Outstanding at December 31, 2019	Interest
Pittsburgh Water and Sewer Authority					
Revenue Bonds:					
Four revenue refunding bonds with interest rates ranging from 1.891% to 5.310%, Seventeen state loans, revolving line of credit, and two swap borrowings with variable interest rates. The bonds are payable from revenue from Water and Sewer operations.					
2019	\$ 27,125,000	\$ 27,125,000	\$ -	\$ -	\$ -
2020	141,335,000	131,671,000	83,155,000	27,022,000	33,632,000
2021	29,337,000	481,000	2,902,000	97,555,000	32,316,000
2022	30,517,000	491,000	3,020,000	33,046,000	30,947,000
2023	31,213,000	502,000	3,648,000	34,359,000	29,518,000
2024	31,697,000	513,000	3,691,000	34,875,000	28,044,000
2025-2029	96,998,000	2,736,000	40,676,000	134,938,000	184,138,000
2030-2034	149,372,000	72,181,000	119,622,000	196,813,000	104,971,000
2035-2039	249,405,000	33,395,000	26,638,000	242,648,000	47,388,000
2040-2044	53,299,000	-	27,058,000	80,357,000	7,081,000
	<u>840,298,000</u>	<u>269,095,000</u>	<u>310,410,000</u>	<u>881,613,000</u>	<u>498,035,000</u>
Net bond discount (premium)	29,049,000	4,153,000	45,090,000	69,986,000	-
Accretion on 1998 bonds	37,679,000	-	3,047,000	40,726,000	-
Total	<u>\$ 907,026,000</u>	<u>\$273,248,000</u>	<u>\$358,547,000</u>	<u>\$ 992,325,000</u>	<u>\$ 498,035,000</u>

(A) Council and Public Election General Obligation Bonds and Notes

General Obligation Note – Series of 2019

On February 14, 2019, the City issued \$55,420,000 of General Obligation Bonds, Series 2019 with an interest rate of 4.5%. These consisted of serial bonds all bearing a fixed rate from 4.0% to 5.0% % with maturities commencing on September 1, 2019 and continuing annually

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

through September 2039. Net proceeds of \$60,000,000 (including a premium of \$4,920,489 and bond issuance costs of \$340,489) will be used to fund the acquisition and/or construction of various capital projects.

General Obligation Note – Series of 2018

On September 20, 2018 the City issued \$40,000,000 of General Obligation Notes, Series 2018 with an interest rate of 3.63%. These Notes all bear a fixed rate 3.63% with maturities commencing on September 1, 2019 and continuing annually through September 2033. Net proceeds of \$39,862,000 (including bond issuance costs of \$138,000) will be used to fund the purchase of a building and renovation costs. The URA and HACP have agreed to fund a portion of the Note debt service. See Note 13 for further discussion.

General Obligation Bonds – Series of 2017

On April 27, 2017, the City issued \$54,635,000 of General Obligation Bonds, Series 2017 with an average interest rate of 4.5%. These consisted of serial bonds all bearing a fixed rate from 3.0% to 5.0% with maturities commencing on September 1, 2018 and continuing annually through September 2036. Net proceeds of \$60,000,000 (including a premium of \$6,603,677, bond issuance costs of \$371,504, and capitalized interest of \$867,173) were used to fund capital projects budgeted in 2017 and 2018.

General Obligation Bonds – Series of 2014

On August 28, 2014, the City issued \$44,470,000 of General Obligation Bonds, Series 2014 with an average interest rate of 2.454%. These consisted of serial bonds all bearing a fixed rate from 2.0% to 5.0% with maturities commencing on September 1, 2017 and continuing annually through September 2032. Net proceeds of \$50,000,000 (including a premium of \$5,915,402 and bond issuance costs of \$385,402) were used to fund capital projects budgeted in 2015 and 2016.

General Obligation Refunding Bonds – Series of 2014 B

On November 25, 2014, the City issued \$46,525,000 of General Obligation Refunding Bonds, Series 2014B with an average interest rate of 1.0%. These consisted of serial bonds all bearing a fixed rate from .443% to 5.0% with maturities commencing on September 1, 2015 and continued annually through September 2018. Net proceeds of the Series B Bonds of \$52,559,680 were used to advance refund the General Obligation Bonds, Series 2006C with a remaining amount due of \$47,800,000.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

General Obligation Bonds – Series of 2012 A & B

On February 28, 2012, the City issued \$43,220,000 of General Obligation Bonds, Series 2012A with an average interest rate of 4.266% and \$71,275,000 of General Obligation Bonds, Series 2012B with an average interest rate of 5.0%. These consisted of serial bonds all bearing a fixed rate from 2.0% to 5.0% with maturities commencing on September 1, 2012 and continuing annually through September 2026. Net proceeds of the Series A Bonds of \$47,724,946 (including a premium of \$4,638,645 and bond issuance cost of \$133,699) were used to advance refund the General Obligation Bonds, Series 2002A with a remaining amount due of \$46,455,000, with an average interest rate of 5.3%.

The net proceeds of the Series B Bonds of \$80,025,056 (including a bond premium of \$8,974,227 and bond issuance costs of \$224,171) were used to fund capital projects from 2012 to 2014.

The 1998 Series ABC bonds were issued to fund the City's Pension Fund.

Below is a schedule of the City's General Obligation Bonds and Notes as of December 31, 2019:

Serial Bonds	Coupon or Ceiling Rate of Interest	Amount Outstanding	Amount due within one year
1998A, B, C	6.50% - 6.60%	\$ 122,655,000	\$ 21,400,000
2012 A	2.13%-5.00%	25,335,000	4,695,000
2012 B	5.00%	71,275,000	-
2014	5.00%	41,830,000	2,495,000
2017	3.00%-5.00%	52,615,000	2,095,000
2018	3.63%	37,945,000	2,125,000
2019	3.00%-5.00%	55,420,000	1,740,000
Subtotal		407,075,000	\$ 34,550,000
Add: Unamortized bond discounts/premiums		20,522,805	
Total general obligation bonds and notes payable		\$ 427,597,805	

The City's Bond Debt ratings are Moody's A1 and Standard & Poor's AA- as of December 31, 2019.

From 1998 through 2012, the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

bonds. Accordingly, neither the assets held in trust nor the refunded bonds appear in the accompanying financial statements. The outstanding balance of defeased bonds at December 31, 2019 is \$78,125,000.

Subsequent to year-end, the City expects to issue \$50 million in general obligation bonds for various capital projects and to pay the costs and expenses of issuing the bonds.

(B) Stadium Authority

During March 2006, the Stadium Authority obtained three long-term loans to finance the West General Robinson Street Garage. The balance at December 31, 2019 of the remaining loan (from PA DCED) is \$680,548. Payments are due through December 1, 2028. The other two loans were refinanced in 2012.

In April 2016, the Stadium Authority closed on a \$15 million loan for construction of the Gold 1 garage.

The Stadium Authority 2012 and 2016 loans, along with a 2010 SEA loan came due May 1, 2017. At that time, the SEA refinanced the SEA loans with a \$16,650,400 PNC Bank variable rate note and an \$8,965,600 Dollar Bank variable rate note. The Stadium Authority refinanced its notes with a \$17,299,100 PNC Bank variable rate note and a \$9,314,900 Dollar Bank variable rate note (together, the 2017 Notes). Both the SEA and Stadium Authority 2017 Notes had a stated maturity date of May 1, 2018 but were pre-payable at any time. The 2017 Notes were secured by a joint pledge of certain SEA and Stadium Authority parking revenues similar to the pledge for prior notes (except that the Convention Center Garage revenue was removed and the Authority Gold 1 garage was added as collateral). The 2017 Notes bore interest at a fluctuating rate equal to 70% of Daily LIBOR plus 105 basis points (1.05%).

The objective of both the SEA and Stadium Authority was to refinance the short-term bank loans with long term, fixed rate, investment grade debt. On November 30, 2017, the SEA issued the Sports & Exhibition Authority of Pittsburgh and Allegheny County Parking System Revenue Bonds, Series of 2017 (Parking Bonds). The Parking Bonds are payable from, and are secured solely by, net revenues of a "Parking System". The Parking System is made up of specified parking facilities of the SEA and specified parking facilities of the Stadium Authority. Pursuant to the Collateral Assignment Agreement, (the Collateral Assignment Agreement) and a Joinder Agreement (the Joinder Agreement), each dated as of November 1, 2017 and each between the Stadium Authority and Zions Bank, as bond trustee, the Stadium Authority has agreed to pledge the net revenues of its parking facilities and abide

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

by all of the obligations and duties imposed upon the Stadium Authority by the bond trust. The proceeds of the Parking Bonds were used to refund the 2017 Notes and fund a reserve fund and pay costs of issuing the Parking Bonds. While the SEA issued the Parking Bonds, the Stadium Authority has certain obligations as provided for in the Collateral Assignment Agreement and the Joinder Agreement. Pursuant thereto, the Stadium Authority has recorded a note payable to the SEA. The funding source is Net Revenues of the Parking System. The balance of the note payable at December 31, 2019 is \$20,680,000.

(C) Pittsburgh Water and Sewer Authority

Series 1998

In March 1998, the PWSA issued \$36,440,000 Series B First Lien Revenue Bonds ("1998 Series B Bonds"), the proceeds of which are dedicated to a capital improvements program.

The 1998 Series B Bonds are capital appreciation bonds with an original issuance amount of \$36,440,000. During 2017, \$12,406,000 (par) of the 1998 Series B Bonds with an accreted value of \$34,625,000 were refunded with the Series 2017 A bonds. The remaining 1998 Series B Bonds have maturity values ranging from \$26.93 million to \$14.66 million from 2027 to 2030. The bonds were issued to yield rates from 5.18% to 5.3%. The 1998 Series B Bonds accrue and compound interest on a semi-annual basis and are carried at cost plus accrued interest. Total maturity value of the 1998 Series B Bonds is \$95,450,000.

The 1998B Bonds at December 31, 2019 have carrying amounts of \$59,900,000.

Series 2008

During June 2008, the PWSA issued \$320,515,000 Series 2008 Water and Sewer System First Lien Revenue Bonds ("2008 Variable Rate Demand Bonds"): \$145,495,000 Series B of 2008 (variable rate demand), \$51,910,000 Series C-1 of 2008 (variable rate demand), \$51,885,000 Series C-2 of 2008 (variable rate demand), and \$71,225,000 Series D-2 of 2008 (variable rate demand). The purpose of this bond issue was to currently refund the Series 1998A and Series 1998C, to currently refund certain maturities of the Series 2007 B-1 and Series 2007 B-2 Bonds, to advance refund certain maturities of the Series 1998B Bonds, to fund approximately \$98 million of certain capital additions, to fund the premium for the Bond Insurance Policy securing payments on 2008 Variable Rate Demand Bonds, and to fund termination payments on certain interest rate swaps. During 2019, the Series C-1 and C-2 Bonds were currently refunded with the Series 2019B Bonds. As part of the Series 2019B refunding, the related 2008 Series C swaps were terminated.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

In connection with these advance refundings, portions of the proceeds of the 2008 Bonds were deposited into irrevocable trusts with an escrow agent to provide for certain debt service payments on the refunded bonds.

The maturity value of defeased 1998B compound interest bonds outstanding at December 31, 2019 was \$19,300,000.

Series 2013

During December 2013, the PWSA issued \$130,215,000 Series A First Lien Revenue Refunding Bonds ("2013 Series A Bonds"), the proceeds of which were used to defease through current refunding the entire balance of the Series 2003, Series 2007 B-1, and Series 2007 B-2 and pay certain amounts in respect of termination of certain interest rate swap agreement related to the Series 2007 B-1 and B-2 bonds; \$86,695,000 Series B First Lien Revenue Bonds ("2013 Series B Bonds"), the proceeds of which are to fund certain water and sewer system capital improvement projects and reimburse the PWSA for certain capital expenditures paid for by the PWSA.

The 2013 Bonds were issued at a bond premium of \$14,828,000, which is being amortized as an adjustment to interest expense over the life of the bonds.

During 2017, \$42,340,000 of Series 2013 B bonds outstanding were currently refunded with Series 2017 A bonds.

The 2013 Bonds at December 31, 2019 have carrying amounts of \$114,190,000.

Series 2017

During December 2017, the PWSA issued \$165,390,000 First Lien Revenue Refunding Bonds composed of Series A (159,795,000) and Series B (taxable) (\$5,595,000). The proceeds of the bonds were used to fund the costs of the refunding of all or a portion of the PWSA's outstanding Series of 1998B, 2008A, 2008D-1, and 2013B water and sewer system revenue bonds.

The 2017 A and B Bonds were issued at a bond premium of \$23,374,000, which is being amortized as an adjustment to interest expense over the life of the bonds.

The 2017 A Bonds at December 31, 2019 has a carrying amount of \$142,605,000. The 2017 B Bonds were paid off during 2018.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

During December 2017, the PWSA issued \$218,805,000 Series C First Lien Revenue Refunding Bonds, the proceeds of which were used to fund the costs of refunding the PWSA's outstanding Series 2008 B-1, B-2, and D-2 Water and Sewer System Revenue Bonds. The Bonds bear interest at the LIBOR index rate. Upon phase out of LIBOR in 2021, the interest rate will be replaced by the Federal Funds rate if not renegotiated prior to the phase out.

The 2017 C Bonds at December 31, 2019 have a carrying amount of \$218,805,000.

Series 2019

During June 2019, the PWSA issued \$109,855,000 Series A First Lien Revenue Bonds, the proceeds of which were used to refund interim debt incurred by the PWSA to fund costs of capital projects; and \$104,290,000 Series B Subordinate Revenue Refunding Bonds, the proceeds of which were used to currently refund all of the PWSA's outstanding Series of 2008 C-1 and C-2 bonds, including swap termination payments on interest rate swaps associated with the refunded bonds. The refunding was completed to reduce the PWSA's volatility due to the nature of the related swaps and to obtain cash flows savings of \$1,882,000. After consideration of the PWSA's contribution of \$5,700,000, the net cash outlay and economic loss were \$4,000,000.

The 2019 A and B Bonds were issued at a bond premium of \$45,090,000, which is being amortized as an adjustment to interest expense over the life of the bonds.

The 2019 A and B Bonds at December 31, 2019 have carrying amounts of \$109,855,000 and 104,290,000, respectively.

Capital Revolving Line of Credit – Direct Borrowing

In July 2016, PWSA obtained an \$80 million revolving line of credit to finance certain capital projects. In October 2018, the capital revolving line of credit was amended to increase the maximum amount that can be drawn and outstanding at any one time to \$150 million. The capital revolving line of credit is secured by the revenues of PWSA. PWSA has until July 1, 2020 to request revolving advances on the line of credit, at which time PWSA has the option to convert the unpaid principal amount of the outstanding revolving advances to a term loan advance. The term loan advance base interest rate would be the greater of; prime plus 1.5%, the Federal effective rate plus 1.5% or 8.50%. The capital revolving line of credit contains a provision that in the event of a default, the outstanding amounts under this line of credit become immediately due; and the commitment amount be reduced to \$0. Each

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

revolving advance bears interest at the LIBOR Index Rate, which ranged from 2.85% to 3.429% for the year ended December 31, 2019. At December 31, 2019, the interest rate was 2.85%. At December 31, 2019, PWSA had \$62,500,000 in outstanding revolving advances.

Operating Line of Credit – Direct Borrowing

In August 2018, the Authority obtained a \$20 million revolving line of credit for operating expenses. The operating line of credit was secured by the revenues of the Authority. Amounts outstanding under the operating line of credit bore interest at a rate per annum equal to the daily LIBOR rate plus 0.65%. No draws were made on the operating line of credit during 2019. The operating line of credit expired on August 30, 2019 and was not renewed.

State Loans – Direct Borrowing

The PWSA has several loans outstanding from PENNVEST for various capital projects and water and sewer improvement projects, with carrying amounts of approximately \$39,948,000 at December 31, 2019. Interest rates vary from 1.00% to 3.25%. The State Loans are secured by the project collateral related to each loan. In an event of default on the State Loans, the entire unpaid principal, plus accrued interest, plus all other amounts due and payable to PENNVEST shall at the option of PENNVEST become due and payable immediately upon request.

Capital Lease

During 2015, the PWSA entered into a lease agreement as lessee for financing the acquisition of a utility assets valued at \$7,445,000. The utility assets have a ten-year estimated useful life. Depreciation on the utility assets began in 2016, with accumulated depreciation totaling \$2,979,000 for the year ended December 31, 2019. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the value of future minimum lease payments as of the inception date. At December 31, 2019, the outstanding balance of the capital lease was \$5,439,000.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Swap Borrowing – Direct Borrowing

During November 2014, the PWSA terminated the original 2008 Series 2008 C-1A, C-1B, C-1C, and C-2 swaps and reissued and restructured the swaps to bear interest based upon 70% of one-month LIBOR. At termination, those derivative instruments had an aggregate fair value of (\$9,471,000), which is considered a swap borrowing from the counterparty. The swap borrowing was terminated during the year ended December 31, 2019 with the issuance of the 2019 Series B Bonds.

During December 2017, the PWSA terminated the original 2008 Series B-1, B-2, and D swaps and reissued and restructured the swaps to bear interest based upon 70% of one-month LIBOR. Upon the phase out of LIBOR in 2021, the interest rate will be replaced by the Federal Funds Rate if not renegotiated prior to the phase out. At termination, those derivative instruments had an aggregate fair value of (\$70,869,000), which is considered a swap borrowing from the counterparty. The swap borrowing is being amortized over the remaining life of the bond. At December 31, 2019, the unamortized balance is \$64,837,000.

Swap Transactions

Current Notional Amount	Effective Date	Maturity Date	Interest Rate Paid	Interest Rate Received	Counterparty Credit Rating	Underlying Bonds	12/31/2019 Fair Value *
Hedging derivatives, Cash flow hedges, Receive variable - pay fixed, Interest rate swaps:							
\$ 72,747,500	12/28/2017	9/1/2039	1.732%	70% 1mo LIBOR	A-	Series 2017 C	\$ (4,375,365) **
72,747,500	12/28/2017	9/1/2039	1.732%	70% 1mo LIBOR	A+	Series 2017 C	(4,375,365) **
71,225,000	12/28/2017	9/1/2040	1.735%	70% 1mo LIBOR	A+	Series 2017 C	(4,600,631) **
Total							(13,351,361)

* - The fair value is an estimated net present value of the expected cash flows calculated using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation.

** - Reported as swap liability on the Statement of Net Position.

Description of 2017 C Swaps

During fiscal year 2017, the PWSA restructured three pay-fixed, receive-variable interest rate swap contracts. The original interest rate swaps were effective June 12, 2008. Beginning December 28, 2017, the PWSA will make semi-annual interest payments on the 1st of each March and September through September 1, 2039 (two swaps); and, September 1, 2040 (for one swap), respectively. The Counterparties make monthly interest payments

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

on the 1st of each calendar month, which begin February 2018 through September 1, 2039 for two of the swaps; and, September 1, 2040 for one swap.

The intention of the 2017 swaps restructuring is to effectively change the PWSA's variable interest rate on the \$216,720,000, Water and Sewer System First Lien Revenue Refunding Bonds Series C of 2017 with notional amounts of \$71,225,000, \$72,747,500, and \$72,747,500 to fixed rates of 3.8255%, 3.770%, and 3.7835%, respectively.

The bonds will accrue interest at a weekly rate that is determined by a remarketing agent on each effective rate date. The interest rate on the bonds may not exceed 12%. Per the interest rate swap agreements, the PWSA will receive 70% of one-month LIBOR.

The interest payments on the interest rate swaps are calculated based on notional amounts, all of which reduce beginning on September 2032, so that the notional amounts approximate the principal outstanding on the respective bonds. The interest rate swaps expire consistent with the final maturity of the respective bonds.

Accounting and Risk Disclosures

During the year ended December 31, 2019, the PWSA paid \$8,243,000 fixed and received \$4,464,000 variable related to their outstanding swap agreements.

As noted in the tables above, current period changes in fair value for the interest rate swaps that are accounted for as hedges are recorded on the statements of net position as an adjustment to hedging derivative – interest rate swap, deferred outflows or deferred inflows. Additionally, current period changes in fair value for the interest rate swap accounted for as an investment is recorded on the statements of revenues, expenses, and changes in net position as a component of investment income. The fair value of the outstanding interest rate swaps as of December 31, 2019 is reported on the statements of net position as a swap liability. The swaps are valued using significant other observable inputs (Level 2 inputs).

The PWSA has the ability to early terminate the interest rate swaps and to cash settle the transaction on any business day by providing at least two business days' written notice to the counterparty. Evidence that the PWSA has sufficient funds available to pay any amount payable to the counterparty must be provided at the time notice is given. At early termination, the PWSA will be required to pay or receive a settlement amount which is comprised of the fair value of the terminated transaction(s) based on market quotations and any amounts accrued under the contract(s).

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Through the use of derivative instruments such as interest rate swaps, the PWSA is exposed to a variety of risks, including credit risk, interest rate risk, termination risk, basis risk, and rollover risk.

- Credit risk is the risk that a counterparty will not fulfill its obligations. The credit ratings by Moody's Investors Service, Inc., a nationally recognized statistical rating organization for the respective counterparties are listed in the table above. If a counterparty failed to perform according to the terms of the interest rate swap agreement, there is some risk of loss to the PWSA, up to the fair value of the swaps.

The PWSA currently does not enter into master netting arrangements with its counterparties. As such, each derivative instrument should be evaluated on an individual basis for credit risk. As of December 31, 2019, the Series 2017 C derivative instruments currently have a negative fair value position to PWSA; therefore, PWSA is not exposed to credit risk.

Concentration of credit risk: The PWSA's outstanding market value as of December 31, 2019 is \$(8,974,996) with one counterparty and \$(4,375,365) with the second counterparty. Both counterparties operate in the same markets and could be similarly impacted by changes in economic or other conditions.

It is the PWSA's policy to require counterparty collateral posting provisions in its non-exchange traded derivative instruments. Their terms require collateral to be posted if the respective counterparty's credit rating falls below BBB- by Standard & Poor's and the swap insurer becomes bankrupt. The amount of collateral to be posted is calculated based on derivatives in asset positions to the PWSA. As of year-end, the counterparties had not and were not required to post collateral for these transactions.

- Termination risk is the risk that a derivative's unscheduled end will affect the PWSA's asset/liability strategy or will present the PWSA with potentially significant unscheduled termination payments to the counterparty. The counterparties to the interest rate swaps do not have the ability to voluntarily terminate the interest rate swap; however, the PWSA is exposed to termination risk in the event that one or more of the counterparties defaults. The PWSA has the ability to voluntarily terminate the swaps with prior written consent of the insurer by providing between 2 and 20 business days notice to the counterparty. The PWSA must demonstrate the ability to pay all amounts due to the counterparty on the termination date. During 2019, then 2008C swaps were terminated through the Series 2019B bond issuance.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of a government's financial instruments or cash flows. The interest rate swap that is accounted for as an investment exposes the PWSA to interest rate risk. The interest rate swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair value. The interest rate swap was to terminate on September 4, 2035. The interest rate swap was terminated during 2019.
- Basis risk is the risk that arises when variable interest rates on a derivative and an associated bond or other interest-paying financial instrument are based on different indexes. The PWSA is subject to basis risk on the 2008 C swaps as the interest index on the variable rate arm of the swaps is based on the 70% of one-month LIBOR and the variable interest rate on the bonds is based on a different index, a weekly rate that is determined by a remarketing agent. Although expected to correlate, the relationships between different indexes vary and that variance could adversely affect the PWSA's calculated payments, and as a result cost savings or synthetic interest rates may not be realized.

The PWSA is further subject to basis risk in the event that the underlying bonds become fixed rate Bank Bonds or that the maturity of the underlying bonds is accelerated.

Upon the phase out of LIBOR in 2021, the interest rate will be replaced by the Federal Funds Rate if not renegotiated prior to the phase out.

- Rollover risk is the risk that a derivative associated with the PWSA's debt does not extend to the maturity of that debt. When the derivative terminates, the associated debt will no longer have the benefit of the derivative. The PWSA is not exposed to rollover risk as the swap agreements terminate on the same day the last payment is due on the respective bonds.

Contingencies

All of the PWSA's derivative instruments include provisions that require the PWSA to post collateral in the event that the credit ratings of its credit support provider's senior long term, unsecured debt credit rating falls below BBB- by Standard & Poor's and FSA, the swap insurer, becomes bankrupt. The collateral is to be posted in the form of cash, U.S. Treasuries or other approved securities. As of year-end, the PWSA was not required to post collateral for these transactions.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(D) Debt Related to Urban Redevelopment Authority of Pittsburgh (URA) supported by the City

Urban Redevelopment Authority of Pittsburgh (URA) Tax Increment Financing Bonds and Notes - Noncommitment Debt (Debt not recorded in the separate URA financial statements)

Tax Increment financing bonds are used to finance economic development within the City. The Bond proceeds are used to fund various construction projects within the City. Real estate value is thus increased and will provide increased future tax revenue to the City. Under a Tax Increment Financing Cooperative Agreement (the TIF Agreement) with the City, County, and the School District of Pittsburgh, each entity agrees to assign its respective rights to the incremental taxes derived from the TIF project to the URA for the term of the Bonds. The difference in the amount of real estate taxes attributable to the TIF property prior to and subsequent to the development of the property constitutes the "increment" that is available to pay debt service on the Bonds.

The Bonds are not guaranteed by the full faith and credit of the City, and as a result of being jointly funded are not recorded in the City's financial statements.

In the event that real estate tax revenues generated under the TIF Agreements are insufficient at any time to pay debt service on the Bonds, the respective parties under the Minimum Payment Agreements have agreed to make payments sufficient to remedy such shortfalls. Amounts payable under the Minimum Payment Agreements correspond to debt service requirements on the respective Bonds. Pursuant to the Tenant Agreement, each tenant has agreed to guarantee the full and punctual payment when due of all obligations. During 2019, the City's share of the TIF revenue was \$2,525,452, whereas the City's share of the principal and interest paid on the TIF Bonds and Note were \$2,191,414. As of December 31, 2019, the balance of TIF Bonds and Notes outstanding was \$ 29.1 million of which the City portion approximated \$8.7 million.

(E) Urban Redevelopment Authority of Pittsburgh (URA) Debt Recorded by URA and not Supported by the City

The URA has various Bonds and Loans, which are the obligation of the URA and are not guaranteed or financed by the City. The proceeds of these Bonds and Loans are used to provide mortgages, loans, or grants to individuals or companies within the City to be used for urban redevelopment. The Bonds and Loans are payable from repayment of mortgages

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

and loans and from other revenue and grants received by the URA. Debt issued for the URA as of December 31, 2019 is as follows:

Mortgage Revenue Bonds

The Mortgage Revenue Bond Program was created to provide below market rate mortgages for the purchase and rehabilitation of residential property within the City. The 2006 A, B, & C Series bonds, including various serial and term bonds, bear interest at rates from 4.40% to 4.80% and mature through 2028. At December 31, 2019, \$4,540,000 is outstanding. \$595,000 is due on these bonds in 2020.

Bank Loan

The URA received a loan to finance renovations to the Lexington Technology Park buildings. The loan is fixed at an interest rate of 4.57%. At December 31, 2019, \$2,039,975 is outstanding. The loan originally had a maturity in February 2019; however, the loan maturity was extended to provide for interest-only payments through the sale of the property, which is anticipated to occur during 2020. Proceeds from the sale will be used to repay the loan balance.

During 2014, the URA received a bank loan totaling \$8,005,000. The proceeds of the loan were used to partially consolidate and refinance the debt on the South Side Works garages' loans and to provide financing for the Open-Hearth Garage in the South Side Works. The loan is fixed at an interest rate of 3.83%. At December 31, 2019, \$6,988,394 is outstanding. Final maturity is January 1, 2025. Monthly payments are based on a 10-year amortization with a balloon payment due at maturity. \$239,665 is due on this loan in 2020.

HUD Section 108 Loans

During 2008, the URA received two HUD Section 108 loans to provide funding for the Pittsburgh Technology Center. The first loan, in the original principal amount of \$3 million is for site improvements and streets and utilities relocation. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2018, \$1,701,000 is outstanding. \$198,000 is due in 2020.

The second loan, in the original principal amount of \$2 million is for the construction of a 160-space parking condominium. The loan bears interest at 4.8% with semiannual principal

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2019, \$1,134,000 is outstanding. \$132,000 is due in 2020.

The 2008 loans are secured by future Community Development Block Grant grants, the pledged increment for the Pittsburgh Technology Center Tax Increment Financing District, and payments under the minimum payment agreement.

Annual debt service requirements on outstanding bonds and loans of the URA's enterprise funds are as follows:

Years	Bonds		Bank Loans	
	Principal	Interest	Principal	Interest
2020	\$ 595,000	\$ 208,511	\$ 2,279,640	\$ 284,876
2021	605,000	181,250	249,007	252,711
2022	635,000	152,760	258,713	243,005
2023	640,000	122,160	268,798	232,920
2024	640,000	91,440	279,275	222,442
2025 - 2028	1,425,000	128,880	5,692,936	18,051
	<u>\$ 4,540,000</u>	<u>\$ 885,001</u>	<u>\$ 9,028,369</u>	<u>\$ 1,254,005</u>

Annual debt service requirements on outstanding bonds and loans of the URA's governmental funds are as follows:

Years	HUD 108 Loans		
	Principal	Interest	Total
2020	\$ 330,000	\$ 147,156	\$ 477,156
2021	352,000	130,786	482,786
2022	375,000	113,010	488,010
2023	401,000	93,776	494,776
2024	428,000	72,964	500,964
2025 - 2026	949,000	76,762	1,025,762
	<u>\$ 2,835,000</u>	<u>\$ 634,454</u>	<u>\$ 3,469,454</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

URA Component Unit Debt consists of the following:

PHDC-Bank Construction Loans

The PHDC had outstanding construction loans payable to banks of \$691,248. Interest accrues on the loans at 4.75%. Loans are due on demand.

PHDC-Schenley Heights Collaborative Construction Loans

The PHDC had outstanding construction loans payable to Schenley Heights Collaborative of \$30,754. Interest accrues on the loans at 0.00%. Loans are due when units are sold or August 2019, whichever occurs first. The loan is secured by the mortgage on the property.

Future Maturities

Loans receivable to the URA from PHDC are \$1,732,061. The loans are non-interest bearing. The loans are due upon the sale of related project units but are not scheduled to mature past 2019. The loans are secured by a third lien position on real property and improvements. For reporting purposes, this activity is netted on the Combining Statement of Net Position – Component Units.

PHDC had outstanding construction loans payable to the URA of \$1,732,061. The loans are non-interest bearing. The loans are due upon the sale of related project units but are not scheduled to mature past 2020. The loans are secured by a third lien position on real property and improvements.

All interest expense on loans of the URA and its component units is reported as program expense as the borrowings are essential to the programs and the financial statements would be misleading to exclude these charges as direct expenses.

(F) Pittsburgh Parking Authority

On October 29, 2015, the Parking Authority issued \$67,395,000 in Parking System Revenue Refunding Bonds, Series A of 2015 and \$2,490,000 in Parking System Revenue Refunding Bonds, Taxable Series B of 2015.

Proceeds from the Series A of 2015 was used to (1) refund on a current refunding basis a portion of the Parking Authority's outstanding Parking System Revenue Bonds, Series A of 2005, (2) refund on a current refunding basis a portion of the Parking Authority's

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

outstanding Parking System Revenue Bonds, Series B of 2005, (3) refund on an advance refunding basis a portion of the 2005B Bonds, (4) refund on a current refunding basis all of the Parking Authority's outstanding Parking System Revenue Bonds, Refunding Series A of 2005 and Parking System Revenue Bonds, Refunding Series B of 2005, (5) fund a Debt Service Reserve Fund Requirement relating to the 2015 Refunding Bonds by paying a premium on a Municipal Bond Debt Service Reserve Policy, and (6) pay a portion of costs of issuance of the 2015 Refunding bonds.

Net proceeds from the Taxable Series B of 2015 were used to (1) refund on an advance refunding basis a portion of the 2005A Bonds, and (2) pay a portion of the costs of issuance of the 2015 Refunding bonds.

The Parking Authority's refundings through the 2015 Series A and B issues decreased the total debt service over the next 11 years by approximately \$8.5 million. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately \$7 million. The principal amount of defeased 2005A and 2005B bonds outstanding, without consideration of accreted interest, at December 31, 2019 is \$0.

(G) Other Long-Term Obligations

The following is a summary of transactions affecting other long-term obligations of the City during 2019:

	Accrued Workers' Compensation	Accrued Compensated Absences	Accrued Claims and Judgments	Capital Lease Obligation
Balance, January 1, 2019	\$ 118,039,020	\$ 32,589,661	\$ 11,536,000	\$ 5,882,500
Additions	10,761,230	14,178,660	3,448,046	-
Reductions/payments	<u>(13,800,026)</u>	<u>(17,297,571)</u>	<u>(2,780,000)</u>	<u>(1,001,229)</u>
Balance, December 31, 2019	115,000,224	29,470,750	12,204,046	4,881,271
Less amounts accrued within short-term	<u>(13,800,026)</u>	<u>(23,616,801)</u>	<u>(4,698,046)</u>	<u>(1,062,984)</u>
Long-term portion, December 31, 2019	<u>\$ 101,200,198</u>	<u>\$ 5,853,949</u>	<u>\$ 7,506,000</u>	<u>\$ 3,818,287</u>

1. The General Fund is used to liquidate the workers' compensation, compensated absences, claims and judgments, and capital lease obligations.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

2. Commencing on July 3, 2002, the City entered into a twenty year, noncancelable (unless there is a default of the terms by either party) lease for office space to be used by the Department of Public Safety, Police Bureau. The lease includes additional renewal options to extend the lease for four consecutive terms of five years each. The terms of the lease did not start until the Police Bureau took possession of the property in March 2004. The first lease payment was made for March 2004. \$15,434,653 is included in capital assets as capital leases.
3. The minimum future rental payments required by the lease are as follows:

	Year Ended December 31,
2020	\$ 1,524,600
2021	1,524,600
2022	1,524,600
2023	1,524,600
Total	6,098,400
Less interest:	(1,217,129)
Present value	<u>\$ 4,881,271</u>

10. Due From/To Other Governments

(A) Due From Other Governments

The City receives funds from various government agencies as reimbursements for their share of City projects and as grants for City programs. The following amounts, as described below, are due from other governments at December 31, 2019:

Special Revenue CDBG:	
Housing and Urban Development	<u>\$ 1,668,025</u>
Capital Projects:	
Regional Asset District	68,052
Commonwealth of Pennsylvania - Highway Fund	90,793
Federal Government - Highway Fund	<u>881,615</u>
	<u>1,040,460</u>
Total due from other governments - governmental funds	<u>\$ 2,708,485</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(B) Due To Other Governments

Funds are collected by the City on behalf of other governments. The following amounts, as described below, are due to other governments at December 31, 2019:

General Fund:		
Carnegie Library	\$	17,380
Pittsburgh Board of Education		477,024
		494,404
Other Governmental Funds:		
Commonwealth of Pennsylvania		1,362,691
		1,362,691
Total due to other governments - governmental funds	\$	1,857,095

11. Interfund Receivable and Payable Balances

	Due From			Total
	General	Other Governmental	Special Revenue CDBG	
Due To:				
General	\$ -	\$ 446,489	\$ 266,997	\$ 713,486
Other Governmental	23,663	-	43,898	67,561
Capital Projects	-	-	1,364,873	1,364,873
	\$ 23,663	\$ 446,489	\$ 1,675,768	\$ 2,145,920

Except as described below, interfund balances represent timing differences resulting from the difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments are made.

The Capital Projects Fund advanced funds to the CDBG Special Revenue Fund in the amount of \$1.3 million, which is included in the total above.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

12. Transfers

Transfers between primary government funds:

	Transfer From			Total
	General	Capital Projects	Other Governmental	
Transfer To:				
General Fund	\$ -	\$ -	\$ 4,000,000	\$ 4,000,000
Debt Service	50,462,490	-	-	50,462,490
Capital Projects	15,000,000	-	-	15,000,000
Other Governmental	2,628,284	6,044,500	1,707,019	10,379,803
Total	<u>\$ 68,090,774</u>	<u>\$ 6,044,500</u>	<u>\$ 5,707,019</u>	<u>\$ 79,842,293</u>

Transfers are used (1) to move revenues from the funds that are required by statute or budget to collect them to the funds that are required by statute or budget to spend them, (2) to move receipts restricted for debt service from the funds collecting them to the Debt Service Fund as debt service payments become due and (3) to move unrestricted revenues collected in the General Fund, which finance various programs accounted for in other funds in accordance with budgetary authorizations.

13. Related Party Transactions

(A) Under the terms of agreements dated July 1, 1965 and amended on various dates through June 17, 1992, the City of Pittsburgh made total grants of \$22,775,168 to the Stadium Authority to cover the excess of the aggregate cost of operation and maintenance of the stadium and debt service on the stadium bonds over the total funds available to the Stadium Authority for those purposes, to be repaid if funds are available. The Stadium Authority has this reflected as a long-term note due to the City. However, the City does not have a corresponding receivable recorded due to the unlikelihood of collection.

(B) On January 1, 2015, the City and the Parking Authority entered into the 2015 Governmental Cooperation Agreement. Under the terms of the agreement, the Parking Authority will receive the first \$4.6 million of on-street meter revenue, as well as the operating expenses associated with the on-street multi-space parking meters including credit card fees. The City will receive 100% of the net revenues of the Pittsburgh Parking Court (net of all expenses).

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Under the terms of the Agreement, the Parking Authority makes an annual payment in lieu of real estate taxes to the City of \$1.9 million. The payment is due no later than March 15th of each year.

The City and the Parking Authority have also agreed, in the event that total amounts of all payments from the Parking Authority to the City (excluding parking tax payments), exceeds \$18.5 million with respect to any fiscal year of the Parking Authority, any such excess amounts will be split equally by the City and the Parking Authority. The City's share of the excess was \$1,265,943 for the year ended December 31, 2019.

(C) During 2018, the City, HACP (a related entity) and the URA (a component unit) agreed to enter into a joint ownership of a new facility. As part of this joint transaction, the City issued \$40 million in notes to fund the purchase and renovation of a building for HACP, the URA, and City departments currently located in the Civic Building. HACP and the URA have each entered into a legally binding agreement with the City to fund their portion of the debt related to the building purchase and renovations. An amount due from HACP of \$10.747 million and the URA of \$9.485 million has been recognized in the financial statements for related proceeds drawn as of December 31, 2019. The repayment schedules for the amounts receivable coincide with the City's debt payment schedule. The new building was purchased during 2018 for approximately \$27.5 million and renovations will be ongoing through 2020. The URA's portion of the debt related to the build out approximated \$2.6 million, which is included in the outstanding amount due from the URA. At December 31, 2019, \$2.5 million is due to the URA from the City for build out costs. No debt payments nor requests for reimbursement of build out costs have been made by the HACP as of December 31, 2019.

(D) In December 2017, the City committed \$10 million per year for 12 years to source a Housing Opportunity Fund (HOF). The Mayor appointed a 17-person Advisory Board to administer the fund in June 2018 and entered into a cooperation agreement with the URA to hold and manage the fund. The URA created a new department, the Housing Opportunity Fund Department, to staff this initiative. The HOF staff and Advisory Board created an allocation plan for the 2018 funding and new programs and program guidelines. The new HOF programs established are:

- Down Payment and Closing Cost Assistance (DPCCAP) provides financing to first-time homebuyers in the City to help make the purchase of a home affordable. This program is designed to help stimulate housing investment in the City by providing financial assistance to potential homebuyers for the purpose of purchasing an existing or newly constructed residential unit.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

- Homeowner Assistance Program (HAP) provides financial and technical assistance to eligible homeowners for rehabilitating and improving residential owner-occupied properties citywide.
- Rental Gap Program (RGP) will be used to help fund the creation of new affordable housing and/or preserve existing affordable housing in the City. The HOF RGP provides loans to developers for the creation and/or preservation of affordable units.
- Housing Stabilization Program (HSP) provides one-time or short-term (no more than 12 months) funding to help with emergency housing expenses such as rent and utilities. It is designed to assist participants to stabilize their current housing, or facilitate access to appropriate housing, and prevent homelessness. The program will also allow for legal eviction prevention services, including legal consultation and representation for eviction defense and/or related supportive services.
- For-Sale Development Program (FSDP) provides construction financing to developers with non-profit applicants for the substantial rehabilitation or new construction of for-sale housing.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

14. Construction and Commitments

As of December 31, 2019, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Commitment</u>
I-579 Cap Project	\$ 26,656,679
2nd Ave Bridge	1,709,389
Wrightman Playground	1,290,577
Fire Station #8	649,820
Townsend Playground	394,529
Streets Run Channel	316,358
South Side Neighborhood Street Construction	311,358
Police Zone #4 Roof	305,671
Schenley Park Skating Rink	291,380
Grandview Platforms Reconstruction	236,814
City County Bldg. Elevators	214,248
420 Blvd of Allies Elevator Modernization	199,367
Medic #10 Roof	198,820
Magee Field Lighting	188,662
Fire Station #7 Roof	152,765
Medic #10 Exterior Repairs	150,597
13 other projects	948,177
	<u>\$ 34,215,211</u>

Subsequent to year-end, the City entered into a lease agreement for fire trucks with total payments of approximately \$6 million between 2021 and 2027.

Encumbrances

As of December 31, 2019, the City had the following encumbered amounts:

<u>Fund</u>	<u>Encumbrances</u>
General	\$ 13,116,845
Capital Projects	33,481,902
Public Safety	421,701
Community Recreation and Cultural	435,285
	<u>\$ 47,455,733</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Component Units:

PWSA is proceeding with a capital improvement program which the PWSA's independent engineer has estimated will entail expenditure of the existing construction funds and potential future bond issues.

15. Regional Asset District Revenues

In December 1993, the Commonwealth legislature approved Act 77 of 1993 authorizing the creation of RAD by Allegheny County. RAD is a special purpose district whose primary purpose is to provide support and financing for regional community assets that were historically funded by the City, Allegheny County, or local municipalities. The City does not include RAD within its reporting entity since the City is not financially accountable for RAD's operations. These community assets include regional parks of the City and Allegheny County, municipal libraries, the Pittsburgh Zoo, the National Aviary, Phipps Conservatory, the old Three Rivers Stadium debt, PNC Park, Heinz Field, and community cultural facilities.

RAD revenue allocated to the City totaled approximately \$29.2 million in 2019. The City allocated approximately \$1.2 million to park operations.

16. Contingencies

The City has been named as a defendant in a number of lawsuits arising in the ordinary course of its operations against which the City is not insured. In the opinion of the City Solicitor, adequate accrual has been made in the financial statements for such lawsuits.

There are currently a number of real estate appeals in process for which the outcome and possible further reduction in the real estate tax levy cannot be determined at this time. The City has accrued an estimate for tax refunds within accounts payable on the statement of net position and governmental funds (general) balance sheet.

The City receives federal and state grants under a number of programs. The expenditures of the City under such programs are subject to audit and possible disallowance. Historically, such audits have not resulted in significant disallowances of program costs, and City management believes that audits of existing programs will not result in significant liability to the City. Any contingent liability accrual deemed appropriate has been reflected in the financial statements as presented.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Component Units:

Consent Order - PWSA

The PWSA is subject to federal regulation under the Clean Water Act (1977) and regulations adopted under that Act. Among the specific requirements applicable to the PWSA's system are those imposed by the United States Environmental Protection Agency's Combined Sewer Overflow (CSO) Policy (1994). On January 29, 2004, the PWSA and the City of Pittsburgh executed a Consent Order and Agreement (Order) regarding wet weather sewer overflows within the City. The other signatories to the Order are the Pennsylvania Department of Environmental Protection (DEP) and the Allegheny County Health Department (ACHD).

Generally, the Order requires the PWSA and the City to assess the City sewers in order to develop a plan with ALCOSAN to address wet weather sewer overflows within the City. The Order is part of a sewer assessment program for all municipalities served by ALCOSAN. To date, assessment activities have been completed for all accessible critical sewers and separate sanitary sewers with the exception of any additional sewers discovered through continued research and investigation. Ongoing pipe and manhole repairs are being completed in order to provide CCTV access to remaining inaccessible critical/sanitary sewer pipes. Assessment activities for non-critical sewers are to be completed on a longer schedule, including completing CCTV at an annual average rate that was utilized to complete the critical/sanitary televising. The majority of accessible non-critical manholes have been inspected with ongoing efforts to complete any remaining or newly identified. The required Wet Weather Feasibility Study (WWFS) was submitted to the DEP and ACHD on time in July of 2013. This long-term control plan outlined system-wide improvements, including Green Infrastructure (GI) that PWSA would implement over the next 20 years.

As this Order with the DEP expired in March 2015, the U.S. Environmental Protection Agency (USEPA) became the main regulatory body to which the PWSA is responsible. On January 21, 2016, the USEPA issued a Clean Water Act Section 308 Information Request to the PWSA. The nature of the request is to provide a jurisdictional basis for USEPA to engage the PWSA/City in an enforcement action by consent, or a Consent Decree (CD). PWSA intends that through such an action, it can more fully participate in the implementation of interim regional wet weather activities, controls, and improvements. The PWSA further understand that such an action will also permit the PWSA/City to participate more fully in the identification and implementation of any final wet weather control measures for the region. The USEPA 308 request required the PWSA to submit detailed information on past

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

CSO performance and activities. It also required the PWSA to conduct a source reduction analysis for the entire service area, followed by GI demonstration projects.

PWSA hired two engineering firms to assess and model the sewer system, fulfilling the first phase of responding to the USEPA 308 request, which was due by March 31, 2016. The second phase of responding to the request was fulfilled by the completion of a source reduction study, which was submitted by the due date of December 1, 2016, and the construction of GI Demonstration Projects and submission of project performance evaluations, which were completed prior to the due date of December 1, 2017. An additional 308 request from the USEPA was received in October 2016 seeking more detailed information and further actions regarding the assessment of the Authority's sewer system. The response to the October 2016 was delivered, on time, in January 2017.

In addition to the assessment, the USEPA 308 request also requires the PWSA and the City to implement the Nine Minimum Controls to reduce combined sewer overflows, and to perform repairs and maintenance of deficiencies revealed by the assessment. The PWSA maintains an expedited response to significant structural failures of the sewer system where imminent structural failures are determined by a professional engineer and prioritized for repair. Ongoing sewer line replacement, point repair, lining, point lining, and Gunite projects have been implemented to address structural deficiencies. The USEPA 308 request also requires the submission of monthly reports updating the progress of the evaluations and improvements, as well as water quality impacts. These reports are submitted monthly.

PWSA, along with the other impacted local municipalities, is waiting for a response from the USEPA and the DEP on its proposed regional plan. Given the scope of a potential CD, the size of the City sewer system, and the various conditions and/or deficiencies that may be discovered by the assessment, it is difficult to predict the total cost of compliance with the CD. Moreover, it is difficult to predict what, if any, large-scale and/or regional capital improvements may be required after the completion of the assessment to address wet weather sewer overflows in the City and in the ALCOSAN service area. Costs associated with CD and COA compliance will be reflected in the capital improvement program and funded by proceeds of potential future bond issuances.

Lead Mitigation - PWSA

PWSA has implemented a number of critical initiatives to comply with the lead service line replacement consent order, and other requirements mandated by the Pennsylvania Department of Environmental Protection (PADEP). These initiatives include: (1) a lead

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

service line identification program to be completed by 2020 for residential properties and 2022 for commercial properties, (2) a water treatment program to mitigate lead corrosion so as to comply with current water quality standards, and (3) a lead service line replacement program. These requirements are stipulated in the PADEP consent order with PWSA dated November 2017.

In March 2019 PWSA started work on the 2019 Neighborhood LSLR project with \$49.1 million in funding through PENNVEST, of which \$35.4 million is a loan and \$13.7 million is a grant. As of the date of this report PWSA has replaced the initial planned number of lead service lines (3,400) and estimates that over 4,300 public lead service lines will be replaced with the available funding. Moving forward, PWSA will begin replacing lead service lines in concert with a water main replacement program. In this manner, PWSA can minimize the overall cost for water main and service line replacements. Most of the remaining lead service lines are connected to the oldest water mains in the system, most subject to breakage and failure. PWSA is implementing a small diameter water main program throughout the city to replace the oldest pipes and services at the same time, with construction bids received in February 2020 for the current program of 15 miles of water main replacement. PWSA will strive to implement this program at the lowest possible cost to PWSA, while addressing those water mains that have the highest likelihood of failure. PWSA's investment in water main replacement will continue unabated to ensure that PWSA can mitigate the amount of annual pipe breaks and minimize the risk of service disruption to its customers. The PWSA's program intends to achieve an average water main life more in line with national standards.

Attorney General Criminal Complaint - PWSA

On September 6, 2017, PWSA self-reported violations of the Safe Drinking Water Act, dating back to July of 2016, to the Pennsylvania Department of Environmental Protection (PADEP). PWSA failed to provide at least 45-day notice prior to commencing partial water line replacements to affected residents and failed to collect representative water samples from residences within 72 hours of completion of the partial water line replacements.

On November 17, 2017, PWSA and the PADEP entered into a voluntary Consent Order and Agreement in full satisfaction of these violations whereby PWSA paid the PADEP a fine of \$2,400,000, with \$1,800,000 of the fine designated for the Authority to perform a Community Environmental Project acceptable to the PADEP. The fine was paid, and the Community Environmental Project was designated and approved by the PADEP as a grant to assist low income homeowners in PWSA's service system in their replacement of privately-owned lead service lines on their property.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

At some point after PWSA self-reported these violations to the PADEP, the PADEP referred the matter to the PA Attorney General's Office for investigation of potential criminal liability. After investigation, the PA Attorney General's Office concluded that no individuals were criminally liable for any of the violations of the Safe Drinking Water Act.

However, on February 1, 2019, the PA Attorney General's Office filed a criminal complaint against the PWSA as a corporation. The complaint alleged the same self-reported violations, the same type of monetary penalties, and the same suggested type of Community Environmental Project as PWSA already paid under the voluntary Consent Order and Agreement dated November 17, 2017.

The PWSA is contesting these duplicative charges and penalties.

Environmental Protection Agency - PWSA

PWSA has been cooperating with the Environmental Protection Agency ("EPA") in an investigation related to The Authority's Aspinwall Water Treatment Plant. The investigation is ongoing and involves potential violations of the Clean Water Act, Sections 1319(c)(2) and (4) in 2016 and prior years, which may result in penalties.

Arena Land Agreement - URA

On September 11, 2014, the URA entered into a Comprehensive Option Agreement (the "Agreement") with the Sports & Exhibition Authority of Pittsburgh and Allegheny County (the "SEA") and Pittsburgh Arena Real Estate Redevelopment LP (the "Redeveloper") that replaced previous agreements regarding the redevelopment of the approximately 28-acre site comprised of the former Civic Arena and surrounding parking lots. Approximately 9 acres of the site are owned by the URA. On June 20, 2018, the parties to the Agreement executed an amended and restated Option Agreement which amends and replaces the Agreement. Pursuant to the "Amended Agreement", the URA and the SEA have certain joint development Obligations. If those obligations are not met, the URA and SEA have a maximum joint liability of \$6,000,000

17. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The risk of loss to which the City is exposed for the above-mentioned items is handled through various insurance

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

coverages. As of December 31, 2019, there were no settlements exceeding coverage for the past three years. The City also covers certain claim settlements and judgments from its General and Capital Projects Fund resources due to the prohibitive cost of carrying certain commercial insurance. The City currently reports all risk management activities out of its General Fund. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Provisions are recorded within current liabilities for amounts payable within one year. Amounts not payable within one year are reported within long-term liabilities.

Changes in the accrued claims and judgments liability during the year ended December 31, 2019 are as follows:

Accrued claims and judgments, January 1	\$ 11,536,000
Current year claims	3,448,046
Claim payments/Reduction in estimate	<u>(2,780,000)</u>
Accrued claims and judgments, December 31	<u>\$ 12,204,046</u>

These accruals are subject to potential losses in excess of the amount recorded at year-end; it is unlikely that the amount for such potential losses would be material.

Also, the City is fully self-insured for workers' compensation benefits. The City monitors its liability through periodic actuarial studies. A self-insurance reserve fund in the amount of \$349,788 (classified as restricted within the General Fund) is maintained, due to a legal requirement under self-insurance regulations of the State of Pennsylvania, in the General Fund.

Changes in the accrued workers' compensation liability during the year ended December 31, 2019 are as follows:

Accrued worker's compensation, January 1	\$ 118,039,020
Current year claims	10,761,230
Claim payments	<u>(13,800,026)</u>
Accrued worker's compensation, December 31	<u>\$ 115,000,224</u>

The City is self-insured for losses and liabilities related to health insurance claims. Losses are accrued based upon the City's estimate of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on the

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

City's experience. Specific and aggregate stop-loss insurance policies limit the City's exposure to large claims. Incurred but not reported costs are estimated to be \$2.6 million at December 31, 2019.

18.Subsequent Event

In early 2020, an outbreak of a novel strain of coronavirus was identified and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on supply chains, travel, employee productivity and other economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the impact of the coronavirus on the City's operational and financial performance is currently uncertain and cannot be predicted.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET
PENSION LIABILITY AND RELATED RATIOS

PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service cost	\$ 25,786,609	\$ 24,416,693	\$ 24,416,693	\$ 22,585,569	\$ 21,696,487	\$ 22,015,630
Interest	94,428,326	94,327,979	92,674,935	90,581,077	88,838,894	87,049,771
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(22,766,475)	-	(11,650,203)	-	2,283,418	-
Changes of assumptions	-	-	58,685,088	-	-	-
Benefit payments, including refunds of member contributions	(96,890,857)	(95,069,031)	(93,539,764)	(89,489,804)	(86,946,857)	(87,394,443)
Net Changes in Total Pension Liability	557,603	23,675,641	70,586,749	23,676,842	25,871,942	21,670,958
Total Pension Liability - Beginning	1,347,037,362	1,323,361,721	1,252,774,972	1,229,098,130	1,203,226,188	1,181,555,230
Total Pension Liability - Ending (a)	\$ 1,347,594,965	\$ 1,347,037,362	\$ 1,323,361,721	\$ 1,252,774,972	\$ 1,229,098,130	\$ 1,203,226,188
Plan Fiduciary Net Position:						
Contributions - employer	\$ 95,189,427	\$ 86,414,394	\$ 70,487,381	\$ 73,149,762	\$ 63,758,477	\$ 51,914,297
Contributions - member	12,415,212	11,915,736	11,372,391	10,907,326	10,900,701	10,909,251
Net investment income (loss)	82,119,356	(21,783,037)	59,629,520	30,739,535	(680,514)	24,302,368
Benefit payments, including refunds of member contributions	(96,890,857)	(95,069,031)	(93,539,764)	(89,489,804)	(86,946,857)	(87,394,443)
Administrative expense	(1,404,248)	(1,359,120)	(1,299,205)	(1,287,145)	(1,294,544)	(1,271,604)
Other	-	-	-	-	-	3,263,901
Net Change in Plan Fiduciary Net Position	91,428,890	(19,881,058)	46,650,323	24,019,674	(14,262,737)	1,723,770
Plan Fiduciary Net Position - Beginning	428,591,665	448,472,723	401,822,400	377,802,726	392,065,463	390,341,693
Plan Fiduciary Net Position - Ending (b)	\$ 520,020,555	\$ 428,591,665	\$ 448,472,723	\$ 401,822,400	\$ 377,802,726	\$ 392,065,463
Net Pension Liability - Ending (a-b)	\$ 827,574,410	\$ 918,445,697	\$ 874,888,998	\$ 850,952,572	\$ 851,295,404	\$ 811,160,725
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	38.59%	31.82%	33.89%	32.07%	30.74%	32.58%
Covered Payroll						
Net Pension Liability as a Percentage of Covered Payroll	\$ 198,814,274	\$ 204,883,102	\$ 184,625,860	\$ 215,018,989	\$ 211,962,778	\$ 202,853,143
	416.26%	448.28%	473.87%	395.76%	401.62%	399.88%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS
AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2019	2018	2017	2016	2015	2014
Schedule of City's Contributions						
Actuarially determined contribution	\$ 51,011,799	\$ 49,662,394	\$ 49,202,651	\$ 43,073,288	\$ 42,860,296	\$ 31,438,297
Contributions in relation to the actuarially determined contribution	95,189,427	86,414,394	70,487,381	73,149,762	63,758,477	51,914,297
Contribution deficiency (excess)	\$ (44,177,628)	\$ (36,752,000)	\$ (21,284,730)	\$ (30,076,474)	\$ (20,898,181)	\$ (20,476,000)
Covered payroll	\$ 198,814,274	\$ 204,883,102	\$ 184,625,860	\$ 215,018,989	\$ 211,962,778	\$ 202,853,143
Contributions as a percentage of covered payroll	47.88%	42.18%	38.18%	34.02%	30.08%	25.59%
Investment Returns						
Annual money-weighted rate of return, net of investment expense	19.34%	-5.03%	14.96%	8.43%	0.04%	6.48%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

In accordance with Act 205 and the Acts under which the Municipal Pension Plan of the City of Pittsburgh, the Policemen's Relief and Pension Plan of the City of Pittsburgh, and the Firemen's Relief and Pension Plan of the City of Pittsburgh were established; a separate accounting for the activities of these three plans is maintained including the employees' contributions, allocation of state aid and the City's annual contribution and a calculation of each Plan's undivided interest in the investments held by the Comprehensive Trust. Additionally, separate actuarial valuations are performed annually for each plan. However, the individual plans do not record the undivided interest in the investments in their individual plans since the assets of the Comprehensive Trust are available for the payment of benefits and expenses of any of the three pension plans without limitations. Therefore, in accordance with Governmental Accounting Standards, the City is considered to be administering a single plan for financial reporting purposes. The three pension plans plus the Comprehensive Trust constitute the City's Pension Plan.

Actuarial Methods and Assumptions Used in Calculation of Actuarially Determined Contribution

The latest valuations available are dated January 1, 2019; however, the 2019 contribution and contribution rate information presented in the required supplementary schedules was determined as part of the January 1, 2017 actuarial valuations. Additional information as of the January 1, 2017 valuation follows:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

	<u>Municipal</u>	<u>Policemen</u>	<u>Firemen</u>
Actuarial valuation date	1/1/2017	1/1/2017	1/1/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	20 years (aggregate)	22 years (aggregate)	20 years (aggregate)
Asset valuation method	Tabular Smoothing	Tabular Smoothing	Tabular Smoothing
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Projected salary increases	4.00%	4.50%	5.50%
Underlying inflation rate	2.75%	2.75%	2.75%
Merit and longevity	1.25%	1.75%	2.75%
Mortality table	RP-2000 Healthy Annuitant, With Adjustments to Reflect Plan Mortality Experience	RP-2000 Healthy Annuitant, With Adjustments to Reflect Plan Mortality Experience	RP-2000 Healthy Annuitant, With Adjustments to Reflect Plan Mortality Experience

There have been no benefit changes made since the 1/1/2013 actuarial valuation.

Changes in Actuarial Assumptions – In 2017, the investment rate of return was lowered from 7.50% to 7.25% for all funds to provide a more conservative assumption. The rates of employee turnover (increased by 20% for the first five years of employment), disability (reduced by 20% at all ages), and retirement and mortality improvement assumptions for the Municipal fund were changed. The mortality, rates of employee turnover (increased by 25%), rates of disability (decreased at most ages) and retirement (increased at ages 60, 62, and 64) assumptions were changed for the Policemen's fund. The salary increase (lowered from 5.75% to 5.50% per year), retirement and mortality assumptions were changed for the

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

Firemen's fund. There have been no other changes in actuarial assumptions made since the 1/1/2013 actuarial valuation.

The actuarially determined contributions are based on the City's actuarially prepared Minimum Municipal Obligation under PA Act 205, as amended. The contribution excess for each year includes payments originating from (in millions):

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Dedicated parking tax revenue	\$26.8	\$26.8	\$13.4	\$13.4	\$13.4	\$13.4
Gaming revenue	\$16.6	\$10.0	\$7.9	\$11.2	\$2.9	\$7.1

As permitted by GASB Statement No. 82, covered payroll was not restated for prior years as it was not deemed practical due to the complex nature of the City's payroll structure.

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS FOR ITS RETIREE PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2019	2018	2017
Total OPEB Liability:			
Service cost	\$ 3,326,808	\$ 7,460,587	\$ 7,792,888
Interest	28,154,776	22,449,821	22,199,364
Changes of benefit terms	-	1,393,658	-
Differences between expected and actual experience	(6,849,751)	(6,789,196)	-
Changes of assumptions	35,873,590	(103,961,562)	-
Benefit payments	(24,521,263)	(24,481,663)	(23,066,786)
Net Change in Total OPEB Liability	35,984,160	(103,928,355)	6,925,466
Total OPEB Liability - Beginning	428,955,595	532,883,950	525,958,484
Total OPEB Liability - Ending (a)	\$ 464,939,755	\$ 428,955,595	\$ 532,883,950
Plan Fiduciary Net Position:			
Contributions - employer	\$ 27,049,808	\$ 26,981,663	\$ 25,566,786
Net investment income (loss)	3,938,049	(1,017,618)	2,240,768
Benefit payments	(24,521,263)	(24,481,663)	(23,066,786)
Administrative expense	(15,052)	(22,401)	(49,551)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	6,451,542	1,459,981	4,691,217
Plan Fiduciary Net Position - Beginning	20,822,102	19,362,121	14,670,904
Plan Fiduciary Net Position - Ending (b)	\$ 27,273,644	\$ 20,822,102	\$ 19,362,121
Net OPEB Liability - Ending (a-b)	\$ 437,666,111	\$ 408,133,493	\$ 513,521,829
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.87%	4.85%	3.63%
Covered Employee Payroll	\$ 100,838,441	\$ 98,139,602	\$ 96,139,602
Net OPEB Liability as a Percentage of Covered Employee Payroll	434.03%	415.87%	534.14%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS AND INVESTMENT RETURNS - OPEB FOR ITS RETIREE PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2019	2018	2017
Schedule of City's Contributions			
Actuarially determined contribution	\$ 35,788,786	\$ 35,106,521	\$ 38,115,212
Contributions in relation to the actuarially determined contribution	27,049,808	26,981,663	25,566,786
Contribution deficiency (excess)	\$ 8,738,978	\$ 8,124,858	\$ 12,548,426
Covered employee payroll	\$ 100,838,441	\$ 98,139,602	\$ 96,139,602
Contributions as a percentage of covered employee payroll	26.82%	27.49%	26.59%

Investment Returns

Annual money-weighted rate of return, net of investment expense	2.70%	4.87%	14.35%
---	-------	-------	--------

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS FOR ITS DISABLED FIREFIGHTERS PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2019
Total OPEB Liability:	
Service cost	\$ 2,476,316
Interest	776,991
Changes of benefit terms	16,513,129
Differences between expected and actual experience	(1,100,128)
Changes of assumptions	5,874,543
Benefit payments	(170,806)
Net Change in Total OPEB Liability	24,370,045
Total OPEB Liability - Beginning	-
Total OPEB Liability - Ending (a)	\$ 24,370,045
Plan Fiduciary Net Position:	
Contributions - employer	\$ 170,806
Net investment income (loss)	-
Benefit payments	(170,806)
Administrative expense	-
Other	-
Net Change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending (b)	\$ -
Net OPEB Liability - Ending (a-b)	\$ 24,370,045
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered Employee Payroll	
Net OPEB Liability as a Percentage of Covered Employee Payroll	\$ 25,173,632 96.81%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available. There is no activity for this Plan prior to 2019, as it is a new Plan.

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS AND INVESTMENT RETURNS - OPEB FOR ITS DISABLED FIREFIGHTERS PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

<u>Schedule of City's Contributions</u>	<u>2019</u>
Actuarially determined contribution	\$ 2,253,230
Contributions in relation to the actuarially determined contribution	<u>170,806</u>
Contribution deficiency (excess)	<u>\$ 2,082,424</u>
Covered employee payroll	<u>\$ 25,173,632</u>
Contributions as a percentage of covered employee payroll	0.68%

Investment Returns

Annual money-weighted rate of return, net of investment expense 2.70%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available. There is no activity for this Plan prior to 2019, as it is a new Plan.

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2019

Actuarial Methods and Assumptions for the Retiree OPEB Plan

The methods and assumptions used to determine contribution rates for the retiree plan are based on the 1/1/2018 valuation and are as follows:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2019

RETIREE OPEB PLAN

Actuarial valuation date	1/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 year closed period
Actuarial assumptions:	
Investment rate of return	6.75%
Inflation rate	2.75%
Mortality table	RP-2000 Healthy Annuitant, With Adjustments to Reflect Plan Mortality Experience

Healthcare cost trend rates:

Medical/Rx Costs:

<u>Year</u>	<u>Annual Trend Rate</u>
2019	5.40%
2020	5.30%
2025 - 2040	5.19%
2050	4.83%
2060	4.63%
2070	4.18%
2075+	3.84%

Medicare Part B Premiums:

<u>Year</u>	<u>Annual Trend Rate</u>
2019	5.00%
2020	4.70%
2021 - 2023	5.80%
2024	6.10%
2025	5.80%
2026	4.60%
2027+	5.10%

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2019

There have been no benefit changes made since the 1/1/2016 actuarial valuation.

Changes in Actuarial Assumptions

Based upon actuarial valuations performed as of January 1, 2018, the discount rate of return was increased from 4.25% to 6.75% based on the updated employer contribution assumption. Mortality assumption was updated for all groups as a result of the 2017 experience study. Termination (Police and Paramedics), disability (Police), and retirement (all groups) rates were updated as a result of the 2017 experience study. Health care trend rates were updated from an initial rate of 6.00% decreasing to an ultimate rate of 5.00% in 6 years to an initial rate of 5.50% decreasing to an ultimate rate of 3.84% in 2075.

Certain assumptions were updated from the January 1, 2018 valuation for the December 31, 2019 OPEB valuation. The initial trend rate applicable to per capita claims costs was updated from 5.50% to the actual premium rates change from January 1, 2018 to 2019. The initial trend rate applicable to the City subsidy for Police and Paramedics expected to retire in 2019 was updated from 5.50% to 15.00% for Police and 6.80% for Paramedics. Based on an updated capital market assumption as well as historical returns in the past five years, the discount rate was lowered from 6.70% to 6.00%. This change caused an increase in liability during the year.

Actuarial Methods and Assumptions for the Disabled Firefighter OPEB Plan

The methods and assumptions used to determine contribution rates for the Fire plan are based on the 1/1/2018 valuation and are as follows:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2019

DISABLED FIREFIGHTERS OPEB PLAN

Actuarial valuation date	1/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Actuarial assumptions:	
Investment rate of return	6.00%
Discount rate	2.74%
Salary increases	2.75%
Inflation rate	2.75%
Mortality table	RP-2000 Healthy Annuitant, With Adjustments to Reflect Plan Mortality Experience

Healthcare cost trend rates:

Medical/Rx Costs:

<u>Year</u>	<u>Annual Trend Rate</u>
2019	5.40%
2020	5.30%
2025 - 2040	5.19%
2050	4.83%
2060	4.63%
2070	4.18%
2075+	3.84%

Medicare Part B Premiums:

<u>Year</u>	<u>Annual Trend Rate</u>
2019	5.00%
2020	4.70%
2021 - 2023	5.80%
2024	6.10%
2025	5.80%
2026	4.60%
2027+	5.10%

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2019

Changes in benefits relate to this being a new plan.

Changes in Actuarial Assumptions

Certain assumptions were updated from the January 1, 2018 valuation for the December 31, 2019 OPEB valuation. The initial trend rate applicable to per capita claims costs has been updated from 5.50% to the actual premium rates change from January 1, 2018 to 2019.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL OTHER FUND STATEMENTS
AND SCHEDULES**

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA
COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2019

	Equipment Leasing Authority	Liquid Fuels Tax	EARN	Public Safety	Civic and Cultural	Grants and Donations	Total
Assets							
Cash and cash equivalents	\$ 1,334,536	\$ 7,520,525	\$ 5,485,659	\$ 10,451,738	\$ 12,816,086	\$ 5,660,577	\$ 43,269,121
Other receivables	-	-	268,530	943,214	668,089	3,153,846	5,033,679
Accrued interest	-	11,519	-	-	-	-	11,519
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	43,892	23,669	-	-	67,561
Total Assets	\$ 1,334,536	\$ 7,532,044	\$ 5,798,081	\$ 11,418,621	\$ 13,484,175	\$ 8,814,423	\$ 48,381,880
Liabilities and Fund Balance							
Liabilities:							
Account payable	\$ -	\$ -	\$ 311,778	\$ 59,207	\$ 393,435	\$ -	\$ 764,420
Accrued liabilities	199,892	283,249	56,190	664,558	356,369	3,255,454	4,815,712
Unearned revenue	-	-	5,203,629	-	-	-	5,203,629
Due to other funds	-	-	201,914	100,000	125,700	18,875	446,489
Due to other governments	-	-	-	1,362,691	-	-	1,362,691
Total Liabilities	199,892	283,249	5,773,511	2,186,456	875,504	3,274,329	12,592,941
Fund Balance:							
Restricted - State and Federal Purpose Grants	-	7,248,795	24,570	1,962,462	1,727,406	-	10,963,233
Committed - Specified Program Services Assigned:	1,134,644	-	-	6,848,002	10,445,980	5,540,094	23,968,720
Public Safety	-	-	-	421,701	-	-	421,701
Community Recreation and Cultural	-	-	-	-	435,285	-	435,285
Total Fund Balance	1,134,644	7,248,795	24,570	9,232,165	12,608,671	5,540,094	35,788,939
Total Liabilities and Fund Balance	\$ 1,334,536	\$ 7,532,044	\$ 5,798,081	\$ 11,418,621	\$ 13,484,175	\$ 8,814,423	\$ 48,381,880

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2019

	Equipment Leasing Authority	Liquid Fuels Tax	EARN	Public Safety	Civic and Cultural	Grants and Donations	Total
Revenues:							
Taxes, including penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ 6,049,639	\$ -	\$ 6,049,639
Interest and dividends	-	212,109	-	-	-	-	212,109
Fines and forfeits	-	-	-	896,675	-	-	896,675
Intergovernmental revenues	-	8,969,835	2,499,699	172,017	1,455,176	10,585,898	23,682,625
Charges for user services	-	-	-	11,447,200	2,492,737	-	13,939,937
Miscellaneous	270,280	-	-	210,062	100,035	783,061	1,363,438
Total revenues	270,280	9,181,944	2,499,699	12,725,954	10,097,587	11,368,959	46,144,423
Expenditures:							
General government	10,048,157	-	2,499,699	-	762,606	510,764	13,821,226
Public safety	-	-	-	11,479,306	-	371,573	11,850,879
Public works	-	4,039,271	-	-	6,313,928	7,267,707	17,620,906
Community, recreational, and cultural	-	-	-	-	2,757,846	66,910	2,824,756
Total expenditures	10,048,157	4,039,271	2,499,699	11,479,306	9,834,380	8,216,954	46,117,767
Excess (Deficiency) of Revenues Over Expenditures	(9,777,877)	5,142,673	-	1,246,648	263,207	3,152,005	26,656
Other Financing Sources (Uses):							
Transfers in	10,229,803	-	-	-	150,000	-	10,379,803
Transfers out	-	(4,270,600)	-	(1,074,418)	(50,232)	(311,769)	(5,707,019)
Total other financing sources (uses)	10,229,803	(4,270,600)	-	(1,074,418)	99,768	(311,769)	4,672,784
Net Change in Fund Balance	451,926	872,073	-	172,230	362,975	2,840,236	4,699,440
Fund Balance:							
Beginning of year	682,718	6,376,722	24,570	9,059,935	12,245,696	2,699,858	31,089,499
End of year	\$ 1,134,644	\$ 7,248,795	\$ 24,570	\$ 9,232,165	\$ 12,608,671	\$ 5,540,094	\$ 35,788,939

CITY OF PITTSBURGH, PENNSYLVANIA
COMBINING STATEMENT OF NET POSITION
PENSION AND OPEB TRUST FUNDS

DECEMBER 31, 2019

	Pension Trust Funds						Total
	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total Pension Trust Fund	OPEB Trust Fund	
Assets							
Cash and short-term investments, at cost, which approximates fair value	\$ 11,491,804	\$ 145,242	\$ 3,411,626	\$ 36,015	\$ 15,084,687	\$ 884,285	\$ 15,968,972
Investments:							
Common stock	73,198,701	-	-	-	73,198,701	-	73,198,701
U.S. government and agency obligations	29,681,541	-	-	-	29,681,541	-	29,681,541
Corporate and other obligations	23,004,281	-	-	-	23,004,281	-	23,004,281
Mutual funds:							
U.S. equities	135,981,811	-	-	-	135,981,811	14,401,591	150,383,402
Non-U.S. equities	85,821,781	-	-	-	85,821,781	-	85,821,781
Fixed income	43,608,518	-	-	-	43,608,518	9,909,895	53,518,413
Hedge funds	59,844,114	-	-	-	59,844,114	-	59,844,114
Real estate funds	44,896,868	-	-	-	44,896,868	1,349,243	46,246,111
Alternative strategies	-	-	-	-	-	728,631	728,631
Private equity	10,815,511	-	-	-	10,815,511	-	10,815,511
Due from (to) City of Pittsburgh	-	-	-	-	-	-	-
Due from (to) other fund	(435,784)	-	435,784	-	-	-	-
Accrued interest and dividend receivables	454,364	-	-	-	454,364	-	454,364
Total Assets	518,363,510	145,242	3,847,410	36,015	522,392,177	27,273,645	549,665,822
Liabilities							
Benefits and related withholdings payable	-	-	2,151,025	-	2,151,025	-	2,151,025
Accrued liabilities and other payables	175,039	34,499	-	-	209,538	-	209,538
Due to City of Pittsburgh Trust Fund	-	-	6,640	4,419	11,059	-	11,059
Total Liabilities	175,039	34,499	2,157,665	4,419	2,371,622	-	2,371,622
Net Position							
Restricted for Pension	518,188,471	110,743	1,689,745	31,596	520,020,555	-	520,020,555
Restricted for OPEB	-	-	-	-	-	27,273,645	27,273,645
Total Net Pension	\$ 518,188,471	\$ 110,743	\$ 1,689,745	\$ 31,596	\$ 520,020,555	\$ 27,273,645	\$ 547,294,200

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OPEB TRUST FUNDS

YEAR ENDED DECEMBER 31, 2019

	Pension Trust Funds					Total
	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total Pension Trust Fund	
Additions:						
Contributions:						
Employer - pension benefits	\$ 68,869,393	-	\$ -	-	\$ 68,869,393	\$ -
Employer - other benefits	2,218,552	-	1,201,597	-	3,420,149	27,220,614
State Aid	26,320,034	-	-	-	26,320,034	-
Plan members	12,415,212	-	-	-	12,415,212	-
Total contributions	109,823,191	-	1,201,597	-	111,024,788	27,220,614
Investment income:						
Net increase in fair value of investments	76,183,464	-	-	-	76,183,464	3,204,911
Interest and dividends	6,551,816	-	-	10,785	6,562,601	733,138
Total investment income (loss)	82,735,280	-	-	10,785	82,746,065	3,938,049
Investment expense	(866,774)	-	-	-	(866,774)	(14,791)
Net investment income	81,868,506	-	-	10,785	81,879,291	3,923,258
Miscellaneous:						
Transfer in	-	29,169,893	35,925,243	35,053,000	100,148,136	-
Other	228,223	2,233	-	9,609	240,065	-
Total additions	191,919,920	29,172,126	37,126,840	35,073,394	293,292,280	31,143,872
Deductions:						
Benefit payments	-	26,119,282	34,792,899	34,561,097	95,473,278	-
Benefit payments - other benefits	-	1,776,108	1,502,262	141,779	3,420,149	24,692,069
Refund of employee contributions	-	1,012,299	344,538	60,742	1,417,579	-
Transfer out	100,148,136	-	-	-	100,148,136	-
Administrative expenses	346,730	367,838	380,944	308,736	1,404,248	260
Total deductions	100,494,866	29,275,527	37,020,643	35,072,354	201,863,390	24,692,329
Net Increase (Decrease) in Net Position	91,425,054	(103,401)	106,197	1,040	91,428,890	6,451,543
Net Position:						
Beginning of year	426,763,417	214,144	1,583,548	30,556	428,591,665	20,822,102
End of year	\$ 518,188,471	\$ 110,743	\$ 1,689,745	\$ 31,596	\$ 520,020,555	\$ 27,273,645
						\$ 547,294,200

CITY OF PITTSBURGH, PENNSYLVANIA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 CAPITAL PROJECTS FUND
 YEAR ENDED DECEMBER 31, 2019

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 3,648,602	\$ 3,648,602	\$ -
Total revenues	3,648,602	3,648,602	-
Expenditures:			
Capital projects:			
General Government	7,239,904	2,659,214	4,580,690
Public Safety	2,379,284	1,214,374	1,164,910
Public Works:			
Public Works	47,560,713	6,499,548	41,061,165
Public Works-Facilities	33,393,795	4,713,556	28,680,239
Mobility and Infrastructure	73,817,980	27,654,273	46,163,707
Community, Recreation, and Culture:			
Parks and Recreation	179,734	121,583	58,151
Intergovernmental	19,560,636	9,219,432	10,341,204
Total expenditures	184,132,046	52,081,980	132,050,066
Excess (Deficiency) of Revenues Over Expenditures	(180,483,444)	(48,433,378)	132,050,066
Other Financing Sources (Uses):			
Debt Proceeds	60,000,000	60,000,000	-
Transfers in	15,000,000	15,000,000	-
Total other financing sources (uses)	75,000,000	75,000,000	-
Net Change in Fund Balance	\$ (105,483,444)	\$ 26,566,622	\$ 132,050,066

CITY OF PITTSBURGH, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2019

(Amounts expressed in thousands)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues, debt proceeds and transfers in from the budgetary comparison statement.	\$ 78,649
The adjustments to convert to GAAP basis, recording of receivables, and revenues not included in budget.	<u>148</u>
Total Capital Projects Fund revenue and other financing sources on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 78,797</u>

Uses/Outflows of Revenues:

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement.	\$ 52,082
The adjustments to convert to GAAP basis, recording of expenditures, liabilities, and transfers out not included in budget.	<u>4,420</u>
Total Capital Projects Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 56,502</u>

CITY OF PITTSBURGH,
PENNSYLVANIA

STATISTICAL SECTION

Statistical Section

This section of the City of Pittsburgh (City) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	151
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the earned income tax.	157
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	162
Demographic and Economic Information	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	171
Operating Information	
This schedule contains service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	174

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

Table 1
CITY OF PITTSBURGH, PENNSYLVANIA

NET POSITION BY COMPONENT
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Primary Governmental Activities:										
Net Investment in Capital Assets	\$ 164,681,719	\$ 144,771,633	\$ 153,629,477	\$ 102,439,691	\$ 91,521,494	\$ 48,597,817	\$ 40,908,517	\$ 30,418,047	\$ 43,879,623	\$ 36,763,941
Restricted	20,360,698	21,651,925	85,878,921	48,307,064	42,816,766	83,524,440	35,528,918	80,232,094	18,207,346	5,325,151
Unrestricted	(1,608,250,997)	(1,624,997,355)	(1,379,305,726)	(1,365,984,973)	(1,425,259,836)	(554,343,879)	(500,286,687)	(535,252,684)	(544,694,171)	(603,655,738)
Total Primary Government Net Position	\$ (1,423,208,580)	\$ (1,457,973,797)	\$ (1,199,797,428)	\$ (1,215,238,218)	\$ (1,290,921,576)	\$ (471,821,622)	\$ (423,849,252)	\$ (424,612,543)	\$ (482,607,202)	\$ (561,566,646)

Note: 2015 is the first year of GASB No. 68 implementation.
Note: 2018 is the first year of GASB No. 75 implementation.

CITY OF PITTSBURGH, PENNSYLVANIA
CHANGES IN NET POSITION
LAST TEN YEARS
ACCURAL BASIS OF ACCOUNTING

Table 2

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental Activities:										
General government	\$ 104,814,151	\$ 107,097,053	\$ 79,890,619	\$ 90,146,429	\$ 92,461,452	\$ 74,786,585	\$ 84,139,729	\$ 76,848,176	\$ 72,151,719	\$ 71,614,406
Public safety	342,668,931	303,944,132	310,299,262	317,747,418	307,202,644	300,400,845	283,064,565	247,872,443	256,878,936	265,453,864
Highways and streets	109,108,492	101,336,377	81,409,654	79,833,995	79,508,977	76,957,600	84,122,828	70,901,338	60,616,098	65,405,264
Sanitation	18,633,881	20,981,178	23,206,671	17,484,337	18,213,380	15,237,555	15,934,785	15,570,885	15,570,885	16,830,263
Economic development	11,310,505	15,251,094	14,510,872	13,236,871	12,630,440	23,201,566	25,125,815	29,335,059	29,713,751	40,566,038
Cultural and recreation	10,056,293	12,520,755	9,181,844	11,052,602	11,889,380	16,047,636	14,061,771	12,102,441	12,900,170	13,104,511
Interest on long-term debt and debt subsidies	19,984,134	19,366,707	18,747,955	20,913,636	23,075,567	33,349,395	29,031,125	33,561,747	34,804,447	36,743,860
Total primary government expenses	\$ 616,576,337	\$ 580,497,296	\$ 537,246,877	\$ 550,415,288	\$ 545,021,840	\$ 539,881,122	\$ 535,725,587	\$ 478,575,970	\$ 482,036,006	\$ 509,722,206
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 41,656,914	\$ 36,067,403	\$ 40,462,204	\$ 41,875,773	\$ 42,874,193	\$ 19,717,129	\$ 23,756,687	\$ 22,041,417	\$ 22,147,599	\$ 22,366,390
Public safety	25,561,885	22,757,420	22,811,937	19,740,506	13,341,178	27,234,697	21,042,591	20,474,148	16,993,800	17,203,765
Highway and streets	4,179,885	3,892,263	3,694,774	3,817,125	3,194,577	2,743,102	2,943,398	3,271,768	2,780,705	2,190,565
Sanitation	-	-	107,400	124,725	96,652	132,200	96,425	77,555	84,718	102,560
Culture and recreation	1,186,695	1,223,382	2,037,664	1,385,204	1,039,706	1,477,166	1,511,920	2,058,061	1,679,201	2,322,421
Operating grants and contributions	61,501,829	58,326,721	56,121,298	73,533,483	48,060,084	53,690,940	59,058,978	67,020,105	94,414,438	65,673,104
Capital grants and contributions	19,391,451	21,713,899	22,904,318	32,621,061	24,605,003	24,519,082	32,275,773	25,776,563	31,865,907	32,006,053
Total primary government program revenues	\$ 153,478,659	\$ 143,981,088	\$ 148,139,595	\$ 173,097,877	\$ 133,211,393	\$ 129,514,316	\$ 140,685,772	\$ 140,719,617	\$ 169,866,368	\$ 141,864,858
Net (Expense) Revenue:	\$ (463,097,728)	\$ (436,516,208)	\$ (389,107,282)	\$ (377,317,411)	\$ (411,810,447)	\$ (410,466,806)	\$ (395,039,815)	\$ (337,856,353)	\$ (312,069,638)	\$ (367,857,348)
Governmental Activities:										
General Revenues and Other Changes in Net Position:										
Taxes:										
Real estate	\$ 147,859,058	\$ 147,825,494	\$ 143,161,069	\$ 142,546,732	\$ 137,884,011	\$ 129,818,499	\$ 125,749,849	\$ 139,203,730	\$ 135,744,044	\$ 131,832,591
Earned income	109,821,901	99,881,265	96,635,845	92,272,255	88,904,431	86,925,234	82,711,518	75,358,073	74,537,388	70,217,088
Business privileges	17,601	1,334	4,253	4,517	2,751	17,851	39,539	103,906	231,821	833,142
Local services	13,877,364	15,540,585	14,017,903	14,238,005	13,984,697	14,022,784	13,901,193	14,227,654	16,592,287	13,963,285
Payroll preparation	66,299,547	66,870,167	63,274,223	61,157,691	73,930,205	56,416,555	54,386,168	53,833,425	51,057,843	46,620,284
Parking	60,567,613	60,364,178	58,758,563	58,419,897	55,065,134	53,248,377	51,986,310	50,920,051	48,242,776	46,655,098
Sales tax from Regional Asset District	29,219,572	29,659,664	27,346,010	28,313,592	26,227,370	27,018,069	24,608,395	26,032,524	20,857,014	20,440,182
Deed transfer	36,861,527	37,028,657	29,763,117	27,976,052	22,331,381	20,114,616	20,739,834	15,575,701	18,729,805	14,108,533
Amusement	16,173,664	17,392,207	17,341,213	16,656,474	16,168,807	14,348,201	13,716,588	11,282,494	13,132,370	10,847,981
Nonprofit payment for municipal services	738,735	503,416	391,491	433,714	378,932	2,267,059	2,010,873	4,894,760	3,553,369	294,266
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Other	7,141,922	7,117,527	6,788,191	6,712,484	8,416,329	6,026,456	5,801,064	4,960,016	2,403,662	10,051
Unrestricted investment earnings	6,195,062	3,892,727	1,795,367	640,854	292,395	182,305	97,006	204,587	72,903	4,922,118
Donations and endowments	2,161,106	1,445,614	4,745,585	2,443,318	777,080	829,298	1,731,297	53,282	4,209,467	244,691
Gain(loss) on sale of assets	-	-	(124,887)	-	-	-	-	-	-	287,500
Miscellaneous	928,273	1,704,577	650,129	1,185,186	730,099	1,159,132	1,597,830	1,200,809	1,661,003	2,467,021
Total primary government	\$ 497,862,945	\$ 489,227,412	\$ 464,548,072	\$ 453,000,771	\$ 445,093,622	\$ 412,494,436	\$ 399,057,464	\$ 395,851,012	\$ 391,029,082	\$ 363,743,833
Change in Net Position:										
Primary government- governmental activities	\$ 34,765,217	\$ 53,711,204	\$ 75,440,790	\$ 75,683,960	\$ 33,283,175	\$ 2,027,630	\$ 4,017,649	\$ 57,994,659	\$ 78,959,444	\$ (4,113,515)

Table 3
CITY OF PITTSBURGH, PENNSYLVANIA
 PROGRAM REVENUES BY FUNCTION/PROGRAM
 LAST TEN YEARS
 ACCRUAL BASIS OF ACCOUNTING

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
General government	\$ 63,896,303	\$ 50,707,579	\$ 56,529,600	\$ 52,908,014	\$ 73,670,656	\$ 55,325,989	\$ 64,910,815	\$ 73,130,821	\$ 85,450,651	\$ 68,630,131
Public safety	53,939,061	55,574,960	58,558,543	69,917,263	29,014,391	43,029,190	40,131,320	36,962,644	40,436,474	34,577,088
Highways and streets	29,485,339	25,938,432	23,080,841	41,166,791	23,762,756	20,902,347	25,098,423	19,951,205	32,381,395	22,453,872
Sanitation	378,679	1,160,005	1,280,753	3,036,512	424,350	983,805	529,956	452,759	657,406	588,240
Economic development	2,086,224	5,977,925	5,239,068	2,408,059	3,704,451	6,350,537	6,556,494	6,614,201	6,017,455	10,426,726
Cultural and recreation	3,693,053	4,622,187	3,450,790	3,661,238	2,634,789	2,922,448	3,458,764	3,607,987	5,022,987	5,188,801
Total primary government	\$ 153,478,659	\$ 143,981,088	\$ 148,139,595	\$ 173,097,877	\$ 133,211,393	\$ 129,514,316	\$ 140,685,772	\$ 140,719,617	\$ 169,966,368	\$ 141,864,858

Table 4
CITY OF PITTSBURGH, PENNSYLVANIA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2019	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010
General Fund:										
Restricted	\$ 9,312,848	\$ 11,183,194	\$ 13,163,423	\$ 13,059,755	\$ 5,868,149	\$ 5,600,297	\$ 10,022,616	\$ 7,696,849	\$ 6,269,674	\$ -
Assigned	13,116,845	9,916,168	8,189,298	2,626,144	2,316,420	3,774,771	3,646,559	3,004,873	4,569,061	-
Unassigned	133,468,962	114,069,887	110,422,643	98,793,635	69,121,488	53,754,570	82,030,086	81,410,445	58,449,103	-
Reserved	-	-	-	-	-	-	-	-	-	6,320,807
Unreserved	-	-	-	-	-	-	-	-	-	42,610,199
Total General Fund	155,898,655	135,169,249	131,775,364	114,479,534	77,306,057	63,129,638	95,699,261	92,112,167	69,281,838	48,951,006
All Other Governmental Funds:										
Restricted	75,129,154	66,771,282	72,715,398	35,247,309	36,948,617	76,637,391	25,506,302	72,535,265	11,937,672	-
Committed	25,333,593	21,411,913	18,839,789	17,383,882	16,336,309	13,751,375	12,799,191	9,768,475	20,693,629	-
Assigned	36,355,476	21,280,075	19,288,370	23,756,536	39,805,850	29,454,428	26,317,580	16,151,126	16,349,228	-
Reserved and designated for subsequent (1)	-	-	-	-	-	-	-	-	-	-
Years expenditures, Reported in:										
Debt service funds	-	-	-	-	-	-	-	-	-	3,567,405
Capital project funds	-	-	-	-	-	-	-	-	-	31,713,615
Other governmental funds - Special Revenue	-	-	-	-	-	-	-	-	-	604,075
Unreserved, Undesignated, Reported in:										
Community development funds	-	-	-	-	-	-	-	-	-	84,617
Capital project fund	-	-	-	-	-	-	-	-	-	-
Other governmental funds - Special Revenue	-	-	-	-	-	-	-	-	-	11,759,863
Total All Other Governmental Funds	136,818,223	109,465,270	110,843,557	76,387,727	93,090,776	119,843,194	64,623,073	98,454,866	48,980,529	47,729,575
Total Governmental Funds	\$ 292,716,878	\$ 244,632,519	\$ 242,618,921	\$ 190,867,261	\$ 170,396,833	\$ 182,972,832	\$ 160,322,334	\$ 190,567,033	\$ 118,262,367	\$ 96,660,581

(1) The City implemented GASB 54 beginning in 2011.

Table 5

CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)
(\$'s in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes	\$ 487,743	\$ 485,000	\$ 452,752	\$ 451,757	\$ 435,520	\$ 406,059	\$ 397,548	\$ 388,218	\$ 380,769	\$ 360,761
Payment in lieu of taxes	739	504	391	434	379	2,267	2,011	4,894	3,555	294
Interest earnings	6,195	3,893	1,795	641	292	182	97	205	73	245
Fines and forfeits	10,886	9,386	9,177	10,586	12,293	7,646	9,699	11,491	8,374	9,225
Intergovernmental	54,868	58,308	57,109	86,366	54,033	59,946	73,308	75,897	99,372	84,614
Charges for user services	61,699	54,414	59,486	55,655	50,905	41,383	39,652	36,432	35,312	34,961
Pension state aid	26,420	21,905	22,129	20,491	18,255	18,264	18,027	16,900	26,908	15,595
Miscellaneous	3,197	2,237	5,634	3,700	1,719	2,237	1,885	1,268	6,079	921
Total revenues	651,747	635,647	608,473	629,630	573,396	537,984	542,227	535,305	560,442	506,616
Expenditures:										
General government	111,979	133,190	87,827	92,108	99,861	79,622	82,485	82,947	68,743	66,253
Public safety	339,290	319,799	300,472	295,499	274,235	270,581	268,116	258,272	256,416	289,149
Public works	115,151	96,916	96,185	90,665	79,841	68,324	77,625	67,664	55,730	62,416
Sanitation	21,307	19,364	18,643	17,247	17,145	16,193	16,014	15,181	15,501	17,059
Community, recreational, and cultural	10,613	15,741	9,376	9,746	11,589	15,499	13,524	12,510	12,077	13,866
Claims and judgments	2,097	2,991	2,612	1,984	1,381	4,644	2,443	568	1,245	539
Miscellaneous	-	-	-	-	-	-	-	-	6,576	5,893
Economic and physical development	6,721	4,628	8,796	7,769	5,596	8,946	11,621	8,786	14,370	26,465
Capital outlay	-	-	-	-	-	-	-	-	5,462	6,046
Bond issue costs	340	138	372	99	-	758	-	358	-	-
Debt service/authorities:										
Interest	20,725	21,310	21,662	24,568	27,889	30,296	33,062	32,981	36,257	37,765
Principal	31,190	53,000	66,173	63,835	61,135	56,705	53,805	49,280	51,845	49,410
Debt subsidies to component units	4,590	6,556	5,842	5,738	7,300	14,524	13,776	14,836	14,618	14,142
Total expenditures	664,003	673,633	617,960	609,258	585,972	566,092	572,471	543,383	538,840	589,003
Excess (Deficiency) of Revenues Over Expenditures	(12,256)	(37,986)	(9,487)	20,372	(12,576)	(28,108)	(30,244)	(8,078)	21,602	(82,387)

(Continued)

Table 5

CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)(\$'s in Thousands)
(Continued)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Other Financing Sources (Uses):										
Bond issuance	55,420	40,000	54,635	-	-	44,470	-	114,495	-	-
Refunding bond issuance	-	-	-	23,723	-	62,920	-	-	-	-
Bond premium	4,920	-	6,604	-	-	12,226	-	13,613	-	-
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Transfers from other funds	79,842	111,391	111,145	108,729	114,740	115,579	110,369	92,654	106,713	1,872
Payments to escrow agents	-	-	-	(23,624)	-	(68,858)	-	(47,725)	-	138,023
Transfers to other funds	(79,842)	(111,391)	(111,145)	(108,729)	(114,740)	(115,579)	(110,369)	(92,654)	(106,713)	(138,023)
Total other financing sources (uses)	60,340	40,000	61,239	99	-	50,758	-	80,383	-	1,872
Net Change in Fund Balance	\$ 48,084	\$ 2,014	\$ 51,752	\$ 20,471	\$ (12,576)	\$ 22,650	\$ (30,244)	\$ 72,305	\$ 21,602	\$ (80,515)
Debt service (principal and interest) as a percentage of noncapital expenditures	8.0%	11.3%	15.2%	15.1%	15.8%	15.6%	15.4%	15.2%	16.5%	14.9%

Notes:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(Concluded)

Table 6

CITY OF PITTSBURGH, PENNSYLVANIA

GOVERNMENTAL FUND TAX REVENUES BY SOURCES

LAST TEN YEARS

(\$'s in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Real estate tax	\$ 147,340	\$ 147,239	\$ 143,238	\$ 141,102	\$ 137,316	\$ 127,354	\$ 127,606	\$ 137,411	\$ 134,558	\$ 131,625
Mercantile tax	-	-	-	-	-	-	6	-	2	5
Amusement tax	16,125	17,360	17,285	16,624	16,160	14,338	13,714	11,280	13,128	10,845
Payroll preparation tax	65,788	69,459	57,779	65,025	66,130	55,972	54,151	51,553	50,641	46,346
Earned income tax	109,713	99,874	96,627	92,241	88,853	86,860	84,103	75,228	74,146	69,674
Facilities usage fee	5,311	5,396	5,234	5,090	5,893	4,688	4,287	3,333	3,909	3,375
Deed transfer tax	36,862	37,029	29,763	27,976	22,332	20,115	20,740	15,576	18,730	14,109
Parking tax	60,552	60,353	58,663	57,747	55,001	53,233	51,977	50,911	48,217	46,651
Local/Emergency services tax	13,761	15,444	13,912	14,155	13,873	13,907	13,831	14,128	13,138	13,962
Business privilege tax	16	-	2	-	-	3	20	57	143	612
Institution/service tax	643	522	587	559	586	480	494	457	455	457
Penalties and interest	1,238	1,469	1,361	1,924	1,237	1,273	1,023	2,250	1,515	1,328
Public service privilege	1,174	1,195	955	1,000	1,911	818	989	1,165	1,330	1,332
Regional Asset District	29,220	29,660	27,346	28,314	26,228	27,018	24,608	24,869	20,857	20,440
Total tax revenues	\$ 487,743	\$ 485,000	\$ 452,752	\$ 451,757	\$ 435,520	\$ 406,059	\$ 397,549	\$ 388,218	\$ 380,769	\$ 360,761

Note: In 2005, the occupation privilege tax was replaced by the local service tax. The business privilege tax was reduced.

Two additional revenues were the payroll preparation tax and the facility usage tax. The mercantile tax was eliminated.

Table 7

CITY OF PITTSBURGH, PENNSYLVANIA

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY LAST TEN YEARS

(\$'s in Thousands)

Year	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Taxable Value	Assessed Value as a Percentage of Estimated Actual Value (1)	Taxable Rate (mills)	Taxable Value
2010	21,549,437	8,108,433	13,441,004	15,720,473	85.50%	10.800	\$ 145,163
2011	21,980,818	8,494,384	13,486,434	15,773,607	85.50%	10.800	145,653
2012	22,380,149	8,737,987	13,642,162	15,955,745	85.50%	10.800	147,335
2013	32,939,892	12,707,501	20,232,391	22,282,369	90.80%	7.560	152,957
2014	31,120,498	12,457,503	18,662,995	20,285,864	92.00%	7.560	141,092
2015	31,189,789	12,503,501	18,686,288	21,453,832	87.10%	8.060	150,611
2016	31,490,413	12,233,050	19,257,363	22,134,900	87.00%	8.060	155,214
2017	31,056,787	11,480,853	19,575,934	22,316,565	87.72%	8.060	157,782
2018	31,486,950	11,472,414	20,014,536	22,873,755	87.50%	8.060	161,317
2019	32,039,380	11,536,260	20,518,990	23,785,522	86.27%	8.060	165,255

Note: Information by major component of assessed value is not available.

(1) - Pennsylvania State Tax Equalization Board - Common Level Ratio

Table 8
CITY OF PITTSBURGH, PENNSYLVANIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN YEARS

Fiscal Year	City of Pittsburgh			School district millage	County millage (2)	Total Millage
	Land millage	Building millage	Average (1)			
2010	10.800	10.800	10.800	13.920	4.690	29.410
2011	10.800	10.800	10.800	13.920	4.690	29.410
2012	10.800	10.800	10.800	13.920	4.690	29.410
2013	7.560	7.560	7.560	9.650	4.730	21.940
2014	7.560	7.560	7.560	9.650	4.730	21.940
2015	8.060	8.060	8.060	9.840	4.730	22.630
2016	8.060	8.060	8.060	9.840	4.730	22.630
2017	8.060	8.060	8.060	9.840	4.730	22.630
2018	8.060	8.060	8.060	9.840	4.730	22.630
2019	8.060	8.060	8.060	9.840	4.730	22.630

Notes:

- (1) Determined by multiplying the respective assessed valuation by the millage rate and dividing by the total assessed valuation.
- (2) As of January 1, 1998, the Instituion District was dissolved and it's 3.5 tax rate (millage) was included in Allegheny Couty Millage

The basis for the property tax rates is per each \$1,000 of assessed valuation.

Table 9
CITY OF PITTSBURGH, PENNSYLVANIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2019				2010			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
PNC	\$ 428,789,900	1	2.09%	\$ 192,480,800	3	1.43%		
500 Grant St. Assoc/Mellon Bank	318,444,600	2	1.55%	349,940,300	1	2.60%		
Buncher Company	298,504,500	3	1.45%	192,367,374	4	1.43%		
Holding Acquiirion Co LP	250,876,000	4	1.22%	203,091,800	2	1.51%		
600 GS Prop LP	233,211,300	5	1.14%	175,000,000	6	1.30%		
HRLP Fourth Avenue LLC	179,400,000	6	0.87%	-				
Pittsburgh CBD LLC	132,075,350	7	0.64%	-				
IX Liberty Center Owner LP	120,000,000	8	0.58%	-				
Hertz Gateway Center LP	91,750,000	9	0.45%	-				
Liberty Avenue Holdings LLC	79,000,000	10	0.39%	49,210,000	10	0.37%		
Market Assoc. Limited	-			185,000,000	5	1.38%		
Oxford Development	-			115,000,000	7	0.86%		
Grant Liberty Dev. Group	-			110,000,000	8	0.82%		
North Shore Decelopers	-			64,297,550	9	0.48%		
	<u>\$ 2,132,051,650</u>		<u>10.39%</u>	<u>\$ 1,636,387,824</u>		<u>12.17%</u>		
Total Taxable Assessed Valuation	<u>\$ 20,518,989,514</u>			<u>\$ 13,441,003,778</u>				

Note: Information obtained from Real Estate Department assessments.

Table 10
CITY OF PITTSBURGH, PENNSYLVANIA

ASSESSED VALUE, TAX RATE, LEVY, AND COLLECTIONS

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Taxable Assessed valuation of land and buildings	Land millage	Building millage	Original net levy	Adjusted net levy (1)	Budgeted	Receipts (2)	Year of original levy		Delinquent taxes			
								Percent of original net levy collected	Percent of adjusted net levy collected	Percent of budget collected	Budget	Collection	Receipts
2010	13,441,004	10.80	10.80	145,163	134,998	127,118	124,250	85.6	92.0	97.7	6,454	3,672	56.9
2011	13,486,434	10.80	10.80	145,653	139,547	128,790	129,924	89.2	93.1	100.9	3,830	3,928	102.6
2012	13,642,162	10.80	10.80	147,579	131,841	130,578	126,821	85.9	96.2	97.1	3,525	5,551	157.5
2013	7,553,463	7.56	7.56	153,382	123,150	130,578	122,632	80.0	99.6	93.9	3,406	5,144	151.0
2014	18,616,498	7.56	7.56	141,411	121,775	128,770	120,087	84.9	98.6	93.3	4,673	5,114	109.4
2015	18,686,288	8.06	8.06	150,679	131,834	133,355	130,470	86.6	99.0	97.8	4,597	4,714	102.5
2016	19,257,363	8.06	8.06	155,214	136,149	134,126	136,210	87.8	100.0	101.6	3,500	4,424	126.4
2017	19,575,934	8.06	8.06	158,050	137,657	140,082	136,840	86.6	99.4	97.7	3,371	4,694	139.2
2018	20,014,536	8.06	8.06	161,322	139,945	143,845	140,924	87.4	100.7	98.0	3,668	6,162	168.0
2019	20,518,989	8.06	8.06	165,383	143,390	147,533	142,448	86.1	99.3	96.6	5,264	5,021	95.4

Notes:

- (1) Represents net levy as of December 31 of the tax year (i.e., net of exonerations, discounts, and additions granted in that year).
- (2) Receipts are net of refunds.

Table 11

CITY OF PITTSBURGH, PENNSYLVANIA

RATIOS OF OUTSTANDING DEBT - BY TYPE

LAST TEN YEARS

Fiscal Year	Obligation Bonds (1)	Capital Leases	Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt per Capita
<u>Governmental Activities:</u>						
2010	\$ 633,338,316	\$ 12,074,466	\$ 645,412,782	4.58%	305,704	\$ 2,111
2011	581,007,897	11,454,180	592,462,077	4.10%	305,704	1,938
2012	612,114,556	10,780,033	622,894,589	4.25%	305,704	2,038
2013	565,180,727	10,080,874	575,261,601	4.00%	305,704	1,882
2014	558,081,184	9,338,590	567,419,774	3.88%	305,704	1,856
2015	492,843,748	8,550,523	501,394,271	3.42%	305,704	1,640
2016	425,637,037	7,713,856	433,350,893	2.95%	305,704	1,418
2017	416,627,243	6,825,565	423,452,808	2.87%	305,704	1,385
2018	400,277,135	5,882,500	406,159,635	2.80%	305,704	1,329
2019	427,597,805	4,881,271	432,479,076	2.90%	305,704	1,415

1. Presented net of original issuance discounts and premiums
2. Personal income is disclosed on Table 19
3. United States Census Bureau

Table 12

CITY OF PITTSBURGH, PENNSYLVANIA

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Population	Assessed value	General bonded debt	Less debt service funds	Net general bonded debt	Ratio of net general bonded debt to assessed value	Net general bonded debt per capita
2010	306	\$ 13,441,004	\$ 633,338	\$ -	\$ 633,338	4.71%	\$ 2,058
2011	306	13,486,434	581,008	-	581,008	4.31%	1,895
2012	306	13,642,162	612,115	-	612,115	4.49%	2,000
2013	306	20,232,391	565,181	-	565,181	2.79%	1,847
2014	306	18,662,995	558,081	-	558,081	2.99%	1,824
2015	306	18,686,289	492,844	-	492,844	2.64%	1,611
2016	306	19,257,363	425,637	-	425,637	2.21%	1,391
2017	306	19,575,934	416,627	-	416,627	2.13%	1,362
2018	306	20,014,536	400,277	-	400,277	2.00%	1,308
2019	306	20,518,989	427,598	-	427,598	2.08%	1,397

Table 13

CITY OF PITTSBURGH, PENNSYLVANIA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Principal	Interest (2)	Total debt service	Total general governmental expenditures	Ratio of debt to general governmental expenditures
2010	\$ 49,410	\$ 37,765	\$ 87,175	\$ 589,003	14.80%
2011	51,845	36,257	88,102	538,840	16.35%
2012	49,280	32,981	82,261	543,383	15.14%
2013	53,805	33,061	86,866	572,471	15.17%
2014	56,705	30,295	87,000	566,092	15.37%
2015	61,135	27,889	89,024	585,972	15.19%
2016	63,835	24,569	88,404	609,258	14.51%
2017	66,173	20,795	86,968	617,960	14.07%
2018	53,000	21,310	74,310	673,633	11.03%
2019	31,190	20,725	51,915	664,003	7.82%

Notes:

(1) City of Pittsburgh bonds only.

(2) Excludes bond issuance and other costs.

Table 14
CITY OF PITTSBURGH, PENNSYLVANIA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2019

(\$s in Thousands)

Jurisdiction	Debt outstanding	Percentage applicable to City	Amount applicable to City
Direct debt:			
City of Pittsburgh:			
General obligation	\$ 427,598	100%	\$ 427,598
Capital lease	4,881	100%	4,881
Total direct debt	<u>432,479</u>		<u>432,479</u>
Overlapping debt:			
Pittsburgh Water and Sewer Authority	992,325	0%	(1) -
Parking Authority	45,139	100%	45,139
The School District of Pittsburgh	291,628	100%	291,628
Allegheny County	896,483	25%	(2) <u>224,121</u>
Total overlapping	<u>2,225,575</u>		<u>560,888</u>
Total direct and overlapping debt	<u>\$ 2,658,054</u>		<u>\$ 993,367</u>

(1) - Direct obligations of the Pittsburgh Water and Sewer Authority are not considered debt of the City of Pittsburgh.

(2) - Based on percent of population of the City of Pittsburgh compared to Allegheny County

Table 15

CITY OF PITTSBURGH, PENNSYLVANIA

NET DEBT AND REMAINING DEBT INCURRING MARGIN IN ACCORDANCE WITH ACT NO. 52, APPROVED APRIL 28, 1978

LOCAL GOVERNMENT UNIT DEBT ACT

DECEMBER 31, 2019

	<u>Nonelectoral debt</u>	<u>Lease rental debt</u>
Gross debt (1):		
Principal amount of bonds issued and outstanding:		
General obligation	\$ 407,075,000	\$ -
Capital Leases	-	4,881,271
Total gross debt	<u>407,075,000</u>	<u>4,881,271</u>
Items deductible from gross debt:		
Cash and legal investments held in sinking fund for payment of bonds and notes	1,738,531	-
Delinquent real estate taxes	9,750,606	-
Self-liquidating and subsidized debt:		
Taxable General Obligation Pension Bonds, 1998ABC	<u>122,655,000</u>	-
Total deductions	<u>134,144,137</u>	-
Net debt	<u>\$ 272,930,863</u>	<u>\$ 4,881,271</u>

(Continued)

- (1) Direct obligations of the Pittsburgh Water and Sewer Authority in the amount of \$992,325,000 are not considered debt of the City of Pittsburgh for purposes of this calculation.

Table 15

CITY OF PITTSBURGH, PENNSYLVANIA

NET DEBT AND REMAINING DEBT INCURRING MARGIN IN ACCORDANCE WITH ACT NO. 52, APPROVED APRIL 28, 1978

LOCAL GOVERNMENT UNIT DEBT ACT

DECEMBER 31, 2019

(Continued)

Allocation of Total Net Debt	
Net nonelectoral debt	\$ 272,930,863
Net lease rental debt	<u>4,881,271</u>
Net nonelectoral and lease rental debt	<u><u>\$ 277,812,134</u></u>

Debt Incurring Margin			
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total net revenue of the City	<u>\$ 517,460,570</u>	<u>\$ 540,451,792</u>	<u>\$ 562,124,042</u>
Borrowing base (arithmetic average of total net revenue for said three fiscal years)			<u><u>\$ 540,012,135</u></u>

	<u>Net nonelectoral debt (borrowing base x 250%)</u>	<u>Net nonelectoral and lease rental debt (borrowing base x 350%)</u>
Debt limitations	\$ 1,350,030,337	\$ 1,890,042,471
Less existing net debt	<u>(272,930,863)</u>	<u>(277,812,134)</u>
Remaining debt incurring margin	<u><u>\$ 1,077,099,474</u></u>	<u><u>\$ 1,612,230,337</u></u>

(Concluded)

Table 16
CITY OF PITTSBURGH, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION
 LAST TEN YEARS
 (dollars in thousands)

	<u>Debt limit</u>	<u>Total Net Debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Legal debt margin %</u>
2019	\$ 1,350,030	\$ (272,931)	\$ 1,077,099	79.78%
2018	1,305,292	(229,387)	1,075,905	82.43%
2017	1,253,251	(229,025)	1,024,226	81.73%
2016	1,200,164	(218,682)	981,482	81.78%
2015	1,152,411	(267,452)	884,959	76.79%
2014	1,121,402	(341,154)	780,248	69.58%
2013	1,108,747	(338,265)	770,482	69.49%
2012	1,092,625	(372,206)	720,419	65.93%
2011	1,075,235	(332,419)	742,816	69.08%
2010	1,073,609	(373,994)	699,615	65.16%

Note: The State of Pennsylvania's Local Government Unit Debt Act determines the calculation of the Legal Debt Margin. See Table 15.

Table 17
CITY OF PITTSBURGH, PENNSYLVANIA

REVENUE BOND COVERAGE
 PITTSBURGH WATER AND SEWER AUTHORITY

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Gross revenues	(1) Operating expenses	Net revenue available for debt service	Principal	Interest	Total	Coverage
2010	\$ 139,753	\$ 93,157	\$ 46,596	\$ 16,435	\$ 39,202	\$ 55,637	0.84
2011	140,552	92,227	48,325	14,885	36,747	51,632	0.72
2012	144,138	93,305	50,833	15,064	37,243	52,307	0.97
2013	142,657	95,823	46,834	144,184	33,053	177,237	0.26
2014	164,255	111,454	52,801	19,249	37,146	56,395	0.94
2015	174,164	116,908	57,256	21,201	36,865	58,066	0.99
2016	180,727	131,936	48,791	22,004	36,966	58,970	0.83
2017	202,996	157,220	45,776	22,481	34,913	57,394	0.80
2018	231,734	153,180	78,554	24,603	34,365	58,968	1.33
2019	249,049	165,230	83,819	23,140	38,740	61,880	1.35

(1) Total operating expenses exclusive of depreciation and amortization.

Table 18
CITY OF PITTSBURGH, PENNSYLVANIA

REVENUE BOND COVERAGE
THE STADIUM AUTHORITY OF THE CITY OF PITTSBURGH (1)

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Gross revenues (2)	Operating expenses (3)	Net revenue available for debt service	Debt service requirements (4)			Coverage (5)
				Principal	Interest	Total	
2010	\$ 4,113	\$ 1,636	\$ 2,477	\$ 2,600	\$ 1,539	\$ 4,139	0.60
2011	4,302	1,712	2,590	241	1,387	1,628	1.59
2012	4,750	2,262	2,488	841	1,238	2,079	1.20
2014	6,366	2,237	4,129	757	643	1,400	2.95
2015	6,632	2,285	4,347	780	616	1,396	3.11
2016	7,532	2,407	5,125	3,189	570	3,759	1.36
2017	7,591	2,621	4,970	678	564	1,242	1.36
2018	10,474	3,981	6,493	973	940	1,913	3.39
2019	10,956	4,281	6,675	1,040	875	1,915	3.49

(1) Figures presented are for the fiscal year end of March 31 (2010-2017) and fiscal year end December 31 (2018-2019).

(2) Total revenues including interest.

(3) Total operating expenses exclusive of depreciation, interest, baseball lease credit adjustments, and loss on disposal of turf.

(4) Debt service payments on notes are excluded.

(5) The City of Pittsburgh guarantees the payment of Stadium Authority debt service and/or operating losses.

Table 19

CITY OF PITTSBURGH, PENNSYLVANIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

Fiscal Year	(1) Population	(2) Per capita income	(5) Personal income	(1) Median age	(3) School enrollment	(4) Unemployment rate percentage
2010	305,704	\$ 44,191	\$ 46,126	35.5	25,326	6.5%
2011	305,704	43,787	47,254	35.3	24,997	6.6%
2012	305,704	42,787	47,969	35.6	24,997	8.1%
2013	305,704	49,700	47,063	33.2	24,525	6.7%
2014	305,704	51,798	47,880	33.2	24,103	4.6%
2015	305,704	49,349	47,986	33.4	23,639	4.3%
2016	305,704	50,756	48,092	33.2	23,286	5.2%
2017	305,704	51,187	48,199	33.5	22,362	4.5%
2018	305,704	58,521	48,305	32.9	23,331	3.8%
2019	305,704	58,383	48,411	34	23,152	4.6%

Data Sources:

- (1) Census Bureau
- (2) U.S. Bureau of Economic Analysis
- (3) School District of Pittsburgh
- (4) U.S. Department of Labor, Bureau of Labor Statistics
- (5) www.opendatane트워크.com

Table 20

CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2019			2010		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
University of Pittsburgh Medical Center	53,000	1	19.67 %	36,755	1	11.94 %
Highmark Health	27,279	2	10.13	-	-	-
U.S. Government	18,473	3	6.86	18,738	2	6.09
Commonwealth of Pennsylvania	15,972	4	5.93	13,805	3	4.49
PNC Financial Services Group, Inc.	13,000	6	4.83	9,150	8	2.97
University of Pittsburgh	12,338	5	4.58	11,328	4	3.68
Giant Eagle	10,394	7	3.86	10,440	6	3.39
Wal-Mart Stores, Inc.	9,000	8	3.34	10,030	7	3.26
Allegheny County	7,164	9	2.66	-	-	-
BNY Mellon	7,000	10	2.60	-	-	-
West Penn Allegheny Health System	-	-	-	10,616	5	3.45
Mellon Financial Group	-	-	-	7,017	10	2.28
Westinghouse Electric	-	-	-	8,000	9	2.60
Total	173,620		64.44 %	135,879		44.15 %
Total Employees	269,412			307,764		

Source: Pittsburgh Business Times

Table 21

CITY OF PITTSBURGH, PENNSYLVANIA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

LAST TEN YEARS

(\$'s in Thousands)

<u>Fiscal Year</u>	<u>Property value (1)</u>	<u>Number of permits issued (2)</u>	<u>Dollar value (3)</u>	<u>Bank deposits (4)</u>
2009	\$ 13,348,821	2,222	\$ 624,954	\$ 100,194,959
2010	13,441,004	2,893	325,449	110,870,210
2011	13,486,424	2,518	402,186	81,120,698
2012	13,642,162	2,488	394,669	129,951,213
2013	20,232,391	3,044	593,153	73,876,193
2014	18,662,995	3,485	567,714	77,659,293
2015	18,686,289	7,046	903,678	115,371,109
2016	19,257,363	12,721	1,398,555	119,405,732
2017	19,575,934	12,645	1,077,385	100,669,655
2018	20,014,536	10,659	1,087,786	102,570,651
2019	20,518,990	10,888	1,292,202	127,346,163

Notes:

(1) Assessed value from Table 7

Data Sources:

(2) Bureau of Permits, Licensing and Inspection (City of Pittsburgh)

(3) Value of Construction Project and Permits from Department of Permits, Licenses, and Inspection

(4) FDIC, Reports and Analysis (As of June 30th)

Table 22
CITY OF PITTSBURGH, PENNSYLVANIA

CITY EMPLOYMENT

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Regular budgeted positions</u>	<u>Actual subsequent January payroll</u>
2010	3,326	3157
2011	3,303	3131
2012	3,303	3128
2013	3,301	3077
2014	3,303	3067
2015	3,250	3134
2016	3,255	3106
2017	3,281	3233
2018	3,309	3369
2019	3,373	3298

Table 23
CITY OF PITTSBURGH, PENNSYLVANIA

FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/program</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government:										
City Council-City Clerk	41	40	40	41	41	41	39	39	39	39
Mayor's Office	14	14	14	15	16	16	16	16	15	14
Innovation & Performance (C.I.S.)	72	66	63	62	62	61	60	59	55	58
Human Relations Commission	7	8	8	5	5	5	8	8	8	8
City Controller	57	54	55	56	56	56	53	58	58	58
Finance Department	52	57	59	75	75	83	99	98	98	103
Finance-Fleet & General Services	0	0	0	0	0	0	20	20	21	22
Law	41	40	39	42	42	42	42	44	43	45
Human Resources & Civil Service	56	56	55	62	62	64	68	80	83	83
City Planning	61	57	57	41	40	52	49	47	48	49
Bureau of Neighborhood Empowerment	14	13	12	10	10	10	0	0	0	0
Bureau of Management & Budget	24	25	25	23	24	24	0	0	0	0
Permits, Licenses, and Inspections	89	84	79	74	72	0	0	0	0	0
Public Safety:										
Administration	62	60	49	24	23	23	17	17	17	17
Police	1065	1057	1056	1070	1073	1091	1092	1090	1090	1116
Emergency Medical Services	206	199	199	180	180	180	180	180	180	181
Fire	670	659	659	664	664	674	674	674	676	660
Bureau of Building Inspection	0	0	0	0	0	76	76	75	75	75
Animal Control	15	15	15	17	17	16	16	16	16	16
Public Works:										
Administration	13	16	13	14	14	14	13	13	12	12
Operations	336	334	419	351	348	346	327	320	312	317
Environmental Services	196	196	198	200	200	201	201	196	196	196
Engineering	0	0	62	65	61	61	37	37	36	35
Facilities	93	91	0	0	0	0	39	42	50	48
Mobility and Infrastructure	95	74	4	0	0	0	0	0	0	0
Parks and Recreation	88	88	95	158	159	160	168	167	168	167
Non-Departmental										
Citizens Review Board	6	6	6	6	6	7	7	7	7	7
Totals:	<u>3373</u>	<u>3309</u>	<u>3281</u>	<u>3255</u>	<u>3250</u>	<u>3303</u>	<u>3301</u>	<u>3303</u>	<u>3303</u>	<u>3326</u>

Note:

In 2015, Bureau of Building Inspection was moved to General Government and renamed Permits, Licenses, and Inspections.

In 2018, Engineering was moved to Mobility and Infrastructure.

Source:

Payroll Department

Table 24
CITY OF PITTSBURGH, PENNSYLVANIA

OPERATING INDICATORS

LAST SEVEN FISCAL YEARS

Function/Program	2019	2018	2017	2016	2015	2014	2013
Public Safety							
Police							
Traffic Stops	NA	23,818	29,196	17,517	19,086	24,396	28,894
Arrests	14,205	12,499	13,517	12,520	12,481	15,672	18,541
Calls for services	247,267	NA	244,525	230,000	268,403	262,912	230,497
EMS							
Total # of Dispatches	65,096	72,592	73,323	73,415	70,591	67,911	66,755
On-Scene Response	54,079	56,301	57,537	57,688	56,446	50,356	54,828
Transports for all Units	41,719	41,101	42,120	42,405	41,998	41,290	41,401
Average Unit Hour Utilization	0.58	0.41	0.46	0.46	0.46	0.46	0.46
<i>Total Ambulance Billings Receipts</i>	\$ 13,055,377	\$ 11,682,761	\$ 7,528,152	\$ 8,651,606	\$ 11,913,016	\$ 11,801,149	\$ 10,924,412
Fire							
Total # of Incidents	49,660	50,009	50,192	49,475	48,001	46,005	44,901
Total # of Arson Investigations	487	419	413	478	529	514	568
Public Works							
Environmental Services							
Residential Refuse Collection-Tonnage	88,490	86,257	89,218	86,664	86,837	88,940	86,257
Recycling Tonnage	14,401	15,769	16,171	16,047	16,250	16,218	16,078
<i>Recycling Revenue</i>	NA	\$ 8,363	\$ 7,750	\$ 13,777	\$ 10,138	\$ 11,038	\$ 331,292
Parks and Recreation							
Skating Rink-Attendance	NA(1)	NA	14,884	18,741	10,344	18,324	17,120
Public Pools-Attendance	166,496	179,132	183,778	218,010	235,924	181,561	207,394
Recreation-Attendance	107,667	120,821	139,691	152,160	173,161	161,594	166,968
<i>Tennis Fees</i>	\$ 446,130	\$ 440,919	\$ 365,066	\$ 367,720	\$ 388,172	\$ 379,678	\$ 365,512

Source: City Departments
 NA - not available for CAFR issuance
 NA(1) - closed for renovation

Table 25

CITY OF PITTSBURGH, PENNSYLVANIA

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

LAST SIX FISCAL YEARS

<u>Function/Program</u>	2019	2018	2017	2016	2015	2014
Public Safety						
Police Vehicles	299	219	338	329	300	310
Fire Trucks	38	37	39	39	39	39
Fire Stations	36	36	36	36	36	36
Environmental Services						
Tractors	35	31	38	26	36	36
Mowers	31	31	31	21	31	33
Recycling Trucks	8	8	8	8	8	8
Parks and Recreation						
Recreation Centers	10	10	10	10	10	10
Senior Community Centers	13	13	13	13	13	13
Tennis Courts	87	87	87	87	87	87
Swimming Pools	18	18	18	18	18	18
Playgrounds	128	128	128	128	128	128

Source: City Departments

CITY OF PITTSBURGH,
PENNSYLVANIA

OTHER INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

YEAR ENDED DECEMBER 31, 2019

<u>Official</u>	<u>Budgeted Annual Salary</u>	<u>Amount of Surety Bond</u>
Mayor	\$ 114,080	\$ 10,000
Chief Financial Officer	108,819	200,000
Director of Finance	91,915	200,000
Controller	75,395	25,000
Members of City Council (9)	68,066	-

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2019

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2020 Maximum Debt	
						Interest	Service Requirements
General Obligation Bonds, 1998 Series ABC	3/01/1998	\$ 255,865,000	\$ 122,655,000	\$21,400,000 in 2020 \$22,860,000 in 2021 \$24,425,000 in 2022 \$26,095,000 in 2023 \$27,875,000 in 2024	6.60 6.60 6.60 6.60	\$ 7,389,030	\$ 21,400,000
General Obligation Bonds, 2012 Series A	2/07/2012	39,235,000	25,335,000	\$4,695,000 in 2020 \$4,190,000 in 2021 \$750,000 in 2021 \$4,060,000 in 2022 \$1,000,000 in 2022 \$5,310,000 in 2023 \$5,330,000 in 2024	5.00 2.70 4.00 5.00 4.00 5.00	1,152,880	4,695,000
General Obligation Bonds, 2012 Series B	2/07/2012	71,275,000	71,275,000	\$ 245,000 in 2024 \$ 34,650,000 in 2025 \$ 36,380,000 in 2026	5.00 5.00 5.00	3,563,750	-
Carry forward			219,265,000			12,105,660	26,095,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2019
(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2020 Maximum Debt Service Requirements	
						Interest	Principal
General Obligation Bonds, 2014	08/28/14	44,470,000	41,830,000	\$2,495,000 in 2020 \$2,590,000 in 2021 \$2,720,000 in 2022 \$2,855,000 in 2023 \$2,840,000 in 2024 \$2,410,000 in 2025 \$2,545,000 in 2026 \$3,490,000 in 2027 \$3,600,000 in 2028 \$3,780,000 in 2029 \$3,965,000 in 2030 \$4,165,000 in 2031 \$4,375,000 in 2032	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00	12,105,660	26,095,000
General Obligation Bonds, 2017	04/27/17	54,635,000	52,615,000	\$2,095,000 in 2020 \$2,175,000 in 2021 \$2,285,000 in 2022 \$2,400,000 in 2023 \$2,520,000 in 2024 \$2,645,000 in 2025 \$2,780,000 in 2026 \$2,915,000 in 2027 \$3,065,000 in 2028 \$3,215,000 in 2029 \$3,315,000 in 2030 \$3,480,000 in 2031 \$3,620,000 in 2032 \$3,765,000 in 2033 \$3,915,000 in 2034 \$4,110,000 in 2035 \$4,315,000 in 2036	4.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 3.00 5.00 4.00 4.00 4.00 5.00 5.00	2,436,850	2,095,000
Carry forward			313,710,000			16,488,360	30,685,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2019
(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2020 Maximum Debt Service Requirements	
						Interest	Principal
General Obligation Note, 2018	09/20/18	40,000,000	37,945,000	\$2,125,000 in 2020 \$2,205,000 in 2021 \$2,285,000 in 2022 \$2,370,000 in 2023 \$2,455,000 in 2024 \$2,545,000 in 2025 \$2,635,000 in 2026 \$2,730,000 in 2027 \$2,830,000 in 2028 \$2,930,000 in 2029 \$3,040,000 in 2030 \$3,150,000 in 2031 \$3,265,000 in 2032 \$3,380,000 in 2033	3.63 3.63 3.63 3.63 3.63 3.63 3.63 3.63 3.63 3.63 3.63 3.63 3.63	16,488,360	30,685,000
General Obligation Note, 2019	02/14/19	55,420,000	55,420,000	\$1,740,000 in 2020 \$1,810,000 in 2021 \$1,880,000 in 2022 \$1,975,000 in 2023 \$2,075,000 in 2024 \$2,180,000 in 2025 \$2,285,000 in 2026 \$2,400,000 in 2027 \$2,520,000 in 2028 \$2,645,000 in 2029 \$2,780,000 in 2030 \$2,920,000 in 2031 \$3,065,000 in 2032 \$3,185,000 in 2033 \$3,315,000 in 2034 \$3,445,000 in 2035 \$3,585,000 in 2036 \$3,730,000 in 2037 \$3,875,000 in 2038 \$4,010,000 in 2039	4.00 4.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00	2,413,975	1,740,000
Subtotal			407,075,000			20,279,739	34,550,000
Plus: Net bond premiums/discounts			20,527,805				
Total: General obligation bonds payable			\$ 427,597,805			\$ 20,279,739	\$ 34,550,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2019
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2020 Maximum Debt Service Requirements Interest	2020 Maximum Debt Service Requirements Principal
Parking Authority Refunding Bonds, Series 2015 A	10/15/15	\$ 67,395,000	\$ 41,860,000	\$5,360,000 in 2020 \$5,520,000 in 2021 \$5,730,000 in 2022 \$5,950,000 in 2023 \$6,185,000 in 2024 \$6,430,000 in 2025 \$6,685,000 in 2026	5.00 5.00 5.00 5.00 5.00 5.00	\$ 2,093,000	\$ 5,360,000
Subtotal			41,860,000			2,093,000	5,360,000
Plus: Bond premium			3,279,075			-	-
Total Public Parking Authority Bonds and Notes Payable			\$ 45,139,075			\$ 2,093,000	\$ 5,360,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2019
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2020 Maximum Debt Service Requirements	
						Interest	Principal
<u>Water and Sewer Authority Bonds</u>							
First Lien Revenue Bonds, 1998 Series B (zero coupon bonds)	3/1/1998	\$ 36,440,070	\$ 59,870,000	\$26,930,000 in 2027 \$26,930,000 in 2028 \$26,930,000 in 2029 \$14,660,000 in 2030	5.31 5.28 5.30 5.23	-	-
First Lien Revenue Refunding Bonds, 2013 Series A	12/12/13	130,215,000	75,430,000	\$8,010,000 in 2020 \$8,190,000 in 2021 \$8,530,000 in 2022 \$8,885,000 in 2023 \$7,390,000 in 2024 \$7,840,000 in 2025 \$350,000 in 2026 \$375,000 in 2027 \$360,000 in 2028 \$385,000 in 2029 \$9,535,000 in 2030 \$9,765,000 in 2031 \$2,860,000 in 2032 \$2,955,000 in 2033	5.00 5.00 5.00 5.00 5.00 5.00 3.88 4.00 4.13 4.25 5.00 5.00 5.00 4.50 4.50	3,628,575	8,010,000
First Lien Revenue Bonds, 2013 Series B	12/12/13	86,695,000	38,760,000	\$4,025,000 in 2033 \$4,235,000 in 2034 \$4,455,000 in 2035 \$4,690,000 in 2036 \$4,935,000 in 2037 \$5,195,000 in 2038 \$5,470,000 in 2039 \$5,755,000 in 2040	5.25 5.25 5.25 5.25 5.25 5.25 5.25 5.25	2,034,900	-
Carry forward			174,060,000			5,663,475	8,010,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2019
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2020 Maximum Debt	
						Service Requirements Interest	Principal
First Lien Revenue Refunding Bonds, 2017 Series A	12/21/17	159,795,000	174,060,000	\$12,995,000 in 2020 \$13,650,000 in 2021 \$14,360,000 in 2022 \$15,225,000 in 2023 \$17,180,000 in 2024 \$18,540,000 in 2025 \$28,535,000 in 2026 \$3,060,000 in 2027 \$3,210,000 in 2028 \$3,375,000 in 2029 \$3,545,000 in 2030 \$5,105,000 in 2031 \$3,825,000 in 2032	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 3.00 3.00	5,663,475 6,951,650	8,010,000 12,995,000
First Lien Revenue Refunding Bonds, 2017 Series C	12/28/17	218,805,000	218,805,000	\$750,000 in 2032 \$915,000 in 2033 \$4,000,000 in 2034 \$27,400,000 in 2035 \$34,020,000 in 2036 \$35,520,000 in 2037 \$37,085,000 in 2038 \$38,675,000 in 2039 \$40,440,000 in 2040	4.25 5.25 5.25 5.25 5.25 5.25 5.25 5.25 5.25	8,271,820	-
Pennvest Revolving Loan	Various	84,711,526	39,948,000	\$3,668,000 in 2020 \$4,064,000 in 2021 \$4,087,000 in 2022 \$3,963,000 in 2023 \$3,789,000 in 2024 \$3,384,000 in 2025 \$3,131,000 in 2026 \$3,183,000 in 2027 \$3,236,000 in 2028 \$3,290,000 in 2029 \$2,040,000 in 2030 \$932,000 in 2031 \$353,000 in 2032 \$357,000 in 2033 \$360,000 in 2034 \$11,000 in 2035	Variable	615,000	3,668,000
Carry forward			575,418,000			21,501,945	24,673,000

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2019
(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2020 Maximum Debt Service Requirements	
						Interest	Principal
First Lien Revenue Bonds, 2019 Series A	06/18/19	109,855,000	109,855,000	\$2,295,000 in 2020	5.00	27,961,848	2,295,000
				\$2,415,000 in 2021	5.00		
				\$2,540,000 in 2022	5.00		
				\$2,665,000 in 2023	5.00		
				\$2,800,000 in 2024	5.00		
				\$2,940,000 in 2025	5.00		
				\$3,085,000 in 2026	5.00		
				\$3,240,000 in 2027	5.00		
				\$3,400,000 in 2028	5.00		
				\$3,570,000 in 2029	5.00		
				\$3,750,000 in 2030	5.00		
				\$3,935,000 in 2031	5.00		
				\$4,135,000 in 2032	5.00		
				\$4,340,000 in 2033	5.00		
				\$4,560,000 in 2034	5.00		
				\$4,785,000 in 2035	5.00		
				\$5,025,000 in 2036	5.00		
				\$5,275,000 in 2037	5.00		
				\$5,540,000 in 2038	5.00		
				\$5,815,000 in 2039	5.00		
\$6,105,000 in 2040	5.00						
\$6,410,000 in 2041	5.00						
\$6,735,000 in 2042	5.00						
\$7,070,000 in 2043	5.00						
\$7,425,000 in 2044	5.00						
Capital Lease, 2015	01/01/15	7,445,050	5,439,000	\$469,000 in 2020	3.40	177,686	469,000
				\$485,000 in 2021	3.40		
				\$502,000 in 2022	3.40		
				\$520,000 in 2023	3.40		
				\$538,000 in 2024	3.40		
				\$556,000 in 2025	3.40		
				\$575,000 in 2026	3.40		
				\$595,000 in 2027	3.40		
				\$616,000 in 2028	3.40		
				\$583,000 in 2029	3.40		
Revolving Line of Credit	10/31/18		62,500,000	\$62,500,000 in 2020	LIBOR		62,500,000
Gross Water and Sewer Authority Revenue Bonds and other borrowings			92,339,000			33,632,284	92,819,000
Plus: Net bond premium			69,986,000				
Net Water and Sewer Authority Revenue Bonds and other borrowings			\$ 992,325,000			\$ 33,632,284	\$ 92,819,000

(Concluded)

CITY OF PITTSBURGH,
PENNSYLVANIA
