

# CITY OF PITTSBURGH, PENNSYLVANIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2020



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

# CITY OF PITTSBURGH, PENNSYLVANIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2020

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## **INTRODUCTORY SECTION**



## **LETTER OF TRANSMITTAL**



MICHAEL E. LAMB

CITY CONTROLLER

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

April 28, 2021

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, Annual Report) of the City of Pittsburgh (hereinafter, City) for the year ended December 31, 2020. The City's charter mandates that only a general purpose financial statement be issued by May 1. This does not include component units, statements mandated under GASB 34, footnotes and the statistical section. This year we are issuing a full Annual Report on April 28, 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, 2020. 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 300,286. Although ranked as the 66th 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 5,422 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 in this letter 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 Annual Report.

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, which 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 2020 economic conditions were a global challenge. In early 2020, the COVID-19 pandemic reached American soil, and by early March, the virus was in Pittsburgh. This abrupt and drastic economic, social, and public health event had an incalculable impact on the city and region. There's no easy way to measure the overall impact the COVID-19 pandemic and looking at financials is not enough. Children were not in school, workers were laid off, and the elements of our social structure were completely altered. This report attempts to, however, offer a snapshot of how the virus impacted the fiscal health of the city and the regional economy.

The City entered 2020 in a strong position: running surpluses and managing our debt, including stabilizing our pension liability. Unemployment had been steady, and our economy was growing. The City of Pittsburgh started January 2020 with a \$20 million dollar surplus from the previous year, which brought the City's unrestricted fund balance (or "rainy day" fund) to more than \$130 million. In the year before the pandemic, the region's annual GDP estimate was \$145.5 billion, which made western Pennsylvania the 25th largest economy in the country.

Pittsburgh, like elsewhere around the world, experienced a pandemic-induced spike in unemployment in 2020. According to the Bureau of Labor Statistics, the City's seasonally adjusted unemployment spiked from April through August of 2020, exceeding 10% for the first time in more than 30 years. As the economy slowly rebounded, the unemployment rate fell to 7.1% by December 2020, still 2.4% higher than it was at the same point in 2019. The national unemployment rate for 2020 was 8.1% while Pittsburgh's rate was 9.1%. The employment-population ratio, which had hovered around 60% for the

last decade, plummeted by nearly 10% in April of 2020. It rebounded to 57% by the conclusion of the year. The employment-population ratio measures the portion of the adult population that is employed.

According to the Pennsylvania Economy League of Greater Pittsburgh, the region shed 89,300 jobs in 2020. In this instance, the region is the Pittsburgh Metropolitan Statistical Area; the seven-county MSA includes Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland Counties. While it's true all major industry groups lost employment during 2020, 33% of the annual employment loss came from leisure and hospitality, which represents the most significant job loss in the region. The Professional & Business Services industry saw 10,600 jobs disappear with Retail Trade suffering 8,400 job losses.

While the City continues to facilitate the revitalization of its downtown core, our Golden Triangle was a corridor significantly impacted by COVID-19. The Pittsburgh Downtown Partnership estimated that before March 2020, downtown served more than 117,000 people on a daily basis, and the pandemic dropped that number by 90%. An indicator of visits to downtown, parking garage capacity plummeted in early 2020, falling from 94% in February to 16% in April. Usage leveled off for the remainder of 2020, hovering around 35%. Downtown bus ridership was also down more than 70% during the pandemic, and non-essential visitors to Market Square and the Cultural District were down dramatically, too, with the Pittsburgh Cultural Trust estimating 4,000 events were canceled and 30 performance venues were closed.

The amusement tax is a major component of the City of Pittsburgh's tax base, but in 2020, VisitPITTSBURGH tallied the cancellation or postponement of 485 business and sports events. The David L. Lawrence Convention Center (DLCC) had 75% fewer programs when you compare 2020 to 2019 with 93 canceled events, which means there were approximately 360,000 fewer people attending conferences and conventions. At Heinz Field, the virus only allowed 18,114 fans to see Steeler games in person in the 2020-2021 season, compared with 593,953 the season prior. Similarly, at PPG Paints Arena saw a significant dwindling of attendance, and the Pittsburgh Pirates were unable to host any fans at PNC Park. Overall, the cancelled events cost the City nearly \$15 million from the amusement tax's revenue stream alone and represented more than 25% of the 2020 COVID-induced deficit. It's estimated that the missing events eliminated nearly \$350 million in direct visitor spending.

COVID also impacted the region's vibrant nonprofit community. According to research by Fourth Economy (with the cooperation of The Pittsburgh Foundation, The Community Foundation of Westmoreland County, The Forbes Funds, the Pennsylvania Association of Nonprofit Organizations, and the United Way of Southwestern Pennsylvania), the direct impact to Allegheny County nonprofits included a 13% reduction of the nonprofit workforce while 58% of the organizations surveyed actually needed to increase services due to demand. The total financial impact to Allegheny County nonprofits was -\$97,756,995, which accounts for CARES support from the federal budget, COVID-related expenses, and expected changes in revenue.

Travel to Pittsburgh was impacted by the virus as traffic at Pittsburgh International Airport (PIT) was down by more than 60% in the last three quarters of 2020. April was the worst month with traffic down

by 97%. This was felt elsewhere, too. On April 9, 2020, the U.S. Transportation Security Administration reported that 97,130 passengers were screened at American airports. The number on April 2, 2019 was more than 2.1 million, which demonstrates a significant and severe impact to global travel. PIT was fortunate to have cargo traffic serve as a bright spot as traffic only dropped by 6%, with FedEx increasing operations at PIT by 30% in 2020 and a weekly Qatar Airways cargo flight returning in December 2020.

The COVID impact of air travel was felt at our hotels. There were 2.4 million fewer rooms occupied in 2020 compared to 2019, and in total, our tourism industry lost \$3.6 billion in visitor spending in 2020 across the region. According to VisitPITTSBURGH, in 2020, hotel occupancy was down by about half compared to 2019, averaging 34% for the full year. Reaching its lowest point in April 2020 at 5% (down 91.9% compared to April 2019), hotel occupancy peaked in October 2020 at 28%. Because of the drastic and sudden changes with business travel, downtown had the most significant temporary hotel closures of any submarket, with a 20% decrease from 2019. May 2020 had nine downtown properties close temporarily, removing 42% of rooms from the market. As of December 2020, downtown Pittsburgh has 21 hotels with 5,461 hotel rooms.

Pittsburgh's real estate market remains strong. The housing price index grew at 6.33% from 2019 to 2020 and has risen by more than 40% in the last decade. According to the Realtors Association of Metropolitan Pittsburgh, sale prices of residential properties were up 10% from 2019 regionally, and real estate firm Redfin finds city home price sales outpacing regional sales with a double-digit increase over 2019. Point2, a national real estate research firm, highlighted that Pittsburgh was one of few major cities where you could save enough for a down payment in less than three years.

Pittsburgh Downtown Partnership was able to conduct and release its biennial State of Downtown Residential Report, which showed continued growth with Pittsburgh's downtown population. Population has increased by 36% over the last 10 years, which is an increase by 4,387 residents. As of June 2020, downtown was home to 16,490 people, more than half of whom relocated from outside the city (19%) or outside the state (33%).

Despite the COVID setbacks on the industry, the Pittsburgh restaurant scene is still winning national accolades. In 2020, Apartment Guide listed Pittsburgh as the third-best foodie scene in the United States. The James Beard Foundation Awards had three Pittsburgh semi-finalists in two different categories. For the second year in a row, Picklesburgh was voted the #1 Best Specialty Food Festival by USA Today. Pittsburgh was also invited to participate in the Food Matters Regional Initiative with the Natural Resources Defense Council, which will help the city become a leader in reducing food waste.

Pittsburgh Port District also continues to be an economic driver. It is the second-busiest inland port in the United States and moves 35 million tons of cargo every year. The port is a vital component of our country's waterways system. According to the Port of Pittsburgh Commission's Economic Impact Study, our port system is responsible for more than 15,000 jobs in the region and at least \$4.8 billion in total economic output in western Pennsylvania.

In spite of the pandemic, Pittsburgh's quality of life accolades continued to roll in. Forbes again listed Pittsburgh as one of the best places to retire, citing our universities, comfortable climate, and affordable home prices. Additionally, a 2020 ranking from U.S. News and World Report included Pittsburgh in their list of top 50 places to retire. Livability also named Pittsburgh one of the best places to live in a recent study. Their research discussed Pittsburgh's "fun, energetic vibe and its own distinct culture — once you get here, you won't want to leave."

The University of Pittsburgh's Institute for Entrepreneurial Excellence was named the best Small Business Development Center by the United States Small Business Administration in 2020. LinkedIn named Pittsburgh one of best cities to launch a career due to above average starting salaries and low rent prices. According to Glassdoor, Pittsburgh was ranked second on their 2020 Best Cities for Jobs list.

2020 saw dramatic swings in the region's investment trends, impacted by strategies influenced by the COVID-19 pandemic. In total, 171 companies attracted \$993 million to mark the second-best investment year in the past decade. Although a decrease from the record of almost \$3 billion raised in 2019, it was still nearly double the total raised in 2018.

Approximately 300 venture capital firms, angel groups, and strategic investors from around the world invested in Pittsburgh companies in the last five years, including 42 making their first investment in our region in 2020. Firms from outside the region are increasingly attracted by Pittsburgh's growing reputation as a technology hub, thereby further contributing to investments in our region in 2020. These firms were drawn by the City's regional strengths in artificial intelligence (AI), robotics, and life sciences, with autonomous vehicles and robotics continuing to draw the lion's share of investment dollars (55%) in 2020.

The total number of financing rounds increased in 2020 as the pandemic drove startups to raise insider rounds to extend their timelines. In addition, consistent with national trends, the average venture investment deal size over the last five years has increased 27% to \$7.9 million. In fact, the record for the largest venture capital financing round in Pittsburgh history has been set and broken three times in the past five years.

As global firms acquire local startups, it is often a catalyst for larger firms to establish permanent offices in Pittsburgh. IBM, Microsoft, NetApp, Smith & Nephew and UberATG are prime examples of large tech firms with a significant and growing local presence as a result of startup acquisitions.

More than 113 Pittsburgh companies exited during 2011–2020, generating over \$14.7 billion in disclosed exit values. Since the terms of many deals are never disclosed, the total value of exit proceeds is thus even larger. 2020 featured 19 exits with disclosed values of over \$4 billion. These represented an assortment of industries, including autonomous vehicles, robotics, drug development, medical devices and IT infrastructure. Highlights of such activity in 2020 included: UberATG acquired by Aurora; Voci Technologies acquired by Medallia; TrueCommerce acquired by Welsh Carson Ander & Stowe; and InvestEdge acquired by Featheringill Capital.

Exits typically occur in the form of an outright purchase, merger, or acquisition of a start-up by a larger company. Each successful exit strengthens the regional tech ecosystem by providing capital back to

venture capitalists, business angels, and overall investors, as a return on their original investment. With each exit, investors realize a positive return and are more likely to invest in the region again. Other investors learn of these successes and collectively consider Pittsburgh as a more attractive investment destination. Additionally, the founders and employees receive windfall gains and may become angel investors or mentors, along with being financially well-positioned to pursue other new ventures themselves. The volume of exits serves as a metric for the growth and vitality of the local investment environment, along with that of the startups contained therein. As a result, increased deal activity creates an ongoing cycle within the entrepreneurial community.

On a national level, Pittsburgh continues to compete very effectively. Relative to highly populated centers, Pittsburgh ranked 24th in population yet ranked 11th in deals per million residents in 2020, with 45 rounds/million residents. In terms of investment dollars per capita, Pittsburgh ranked 20th among the most populous metropolitan areas, up from its 21st place ranking in total dollars invested over the past 10 years.

2020 was also a record year for non-dilutive funding, i.e. grants which fund innovation without diluting founders or investors. Over \$1.3 billion was awarded in combined research budgets for local research universities in 2020, along with over \$10 billion in the past decade. In 2020 alone, local tech companies received over \$90 million in government and private grants.

Pittsburgh's local research universities experienced a 167% increase in the number of patents issued in the past ten years, with 2020 seeing a new record of newly issued patents. The number of spinoff companies has increased 75%, in addition to an 80% increase in the number of investment disclosures, which are widely considered as a leading indicator of patent and license activity. Such markedly ramped up activity at the front end of the commercialization pipeline is a very positive indicator for entrepreneurial efforts in future years.

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 2020, Pittsburgh Promise had administered its 13th class of high school graduates, thus totaling more than 10,116 graduates of the Pittsburgh Public Schools who were funded by the Pittsburgh Promise program. Over \$154.4 million in scholarships had been given to facilitate attendance at 140 post-secondary schools. This investment in education strengthens the City's regional workforce as well, as Promise alumni are currently adding value at over 650 companies.

The overall outlook for Pittsburgh continuing into the 21st century and beyond remains stable. The City's smart savings and spending priorities of the past several years allowed the city to "weather the storm" of 2020 and will also support stable future economic growth. The city's rebound will be aided by federal support. In 2020, the City received \$6,388,162.66 in federal aid through Allegheny County, as the City did not qualify for direct support from the Coronavirus Aid, Relief, and Economic Security Act (also known as the CARES Act). With substantial more direct financial support from the federal government expected in 2021, we anticipate being able to fully offset our financial losses. Around the city, the region, and the country, the long-term impact of the virus will not be easily addressed, but the city's well-positioned to adapt economically.



## 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 2020 were 8.06 mils on buildings and land. A mill is \$1 on each \$1,000 of assessed value or \$8.06 for every \$1,000 of assessed value. The 2020 total taxable assessed valuation for the City is \$20,904,326,000 vs. the 2019 total of \$20,518,989,000. Due to the pandemic, the City discontinued real estate delinquent billings and late fee charges.

**Earned Income Tax** - This tax is levied at the rate of 1% on the wages or net profits earned by residents of the City. In 2020, this collection deadline was extended to align with the extended Internal Revenue Service and the Pennsylvania Department of Revenue tax deadlines.

**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. As discussed, parking tax was significantly affected by the pandemic.

**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. As discussed, amusement tax was significantly affected by the pandemic.

**Deed Transfer Tax** - A tax of 3% 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. This fee was also significantly affected by the pandemic.

## **AWARDS**

The Government Finance Officers Association (GFOA) awarded a Certificate of achievement for Excellence in Financial Reporting to the City for its Annual Report for the fiscal year ended December 31, 2019. 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 Annual Report whose contents conform to program standards. Such an Annual Report 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 the last twenty-eight consecutive years (fiscal years ended 1992 - 2019). We believe that our current Annual Report 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,

A handwritten signature in cursive script that reads "Michael Lamb".

Michael E. Lamb  
City Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Pittsburgh  
Pennsylvania**

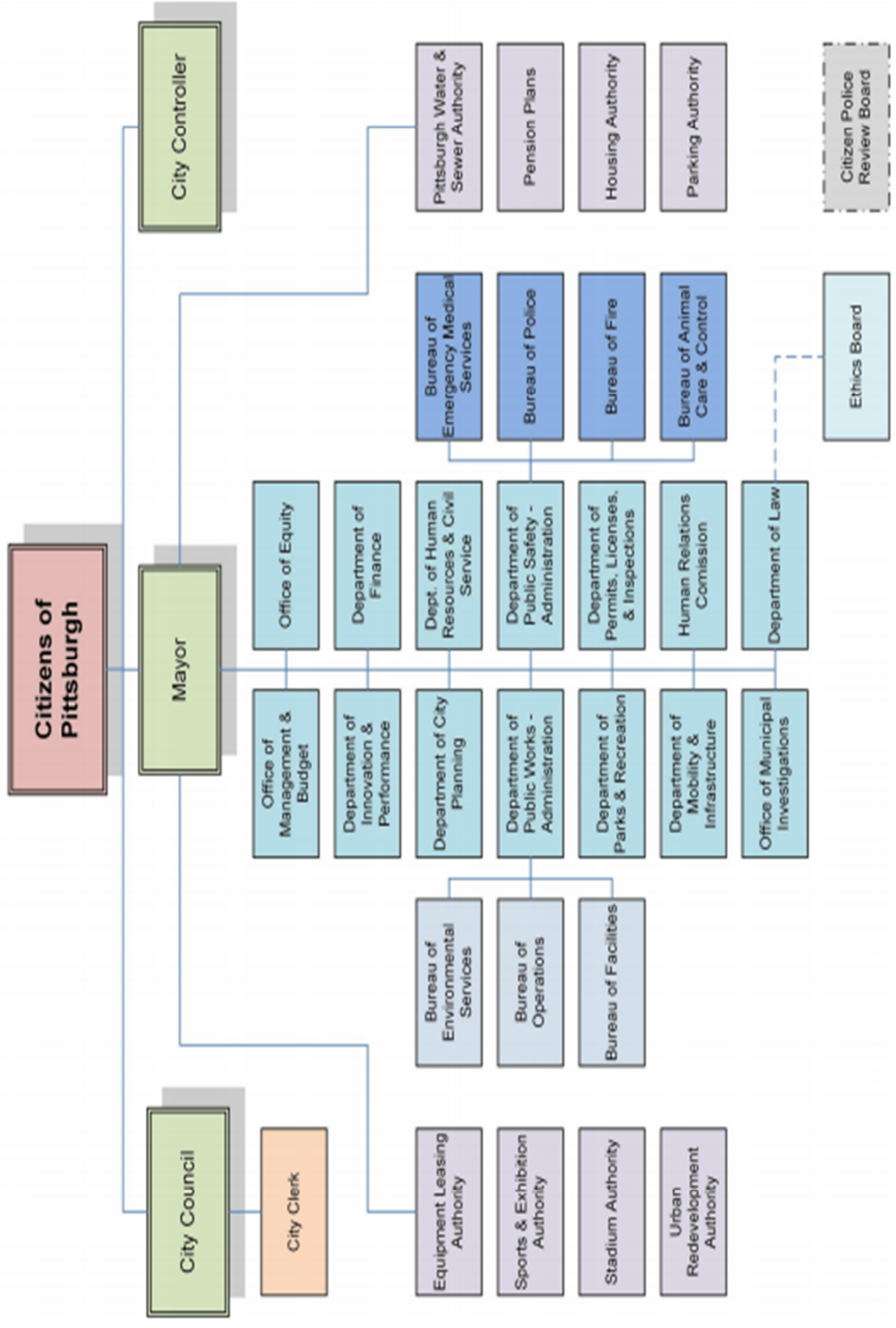
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# City of Pittsburgh Organization Chart



**CITY OF PITTSBURGH, PENNSYLVANIA**

**ELECTED CITY OFFICIALS**

**As of April 28, 2021**

**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**

## **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, 2020, 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 3.9%, 4.6%, and 1.6%, 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, 2020 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 136 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.

*Maher Duessel*

Pittsburgh, Pennsylvania  
April 28, 2021

## **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, 2020. 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 \$1.58 billion in 2020. The accumulated deficit results principally from the City's Net Pension Liability of \$776.4 million, Other Postemployment benefits liabilities of \$402.9 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 (\$101.3 million outstanding as of December 31, 2020), 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 2020 fiscal year, the City's governmental funds reported combined ending fund balances of \$260.0 million, a decrease of \$32.8 million from the previous year. Approximately 32.8% of this total amount or \$85.4 million is available for spending at the government's discretion (unassigned fund balance).
- At the end of the 2020 fiscal year, unassigned fund balance for the General Fund was \$85.4 million (compared to \$133.5 million in 2019) or 14.5% of total General Fund expenditures and debt service transfers for 2020, down from 23.49% in 2019.
- The City's outstanding general obligation bonds and notes including unamortized premium/discount amounted to \$458.6 million at the end of the fiscal year up from \$427.6 million in 2019.

### 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*

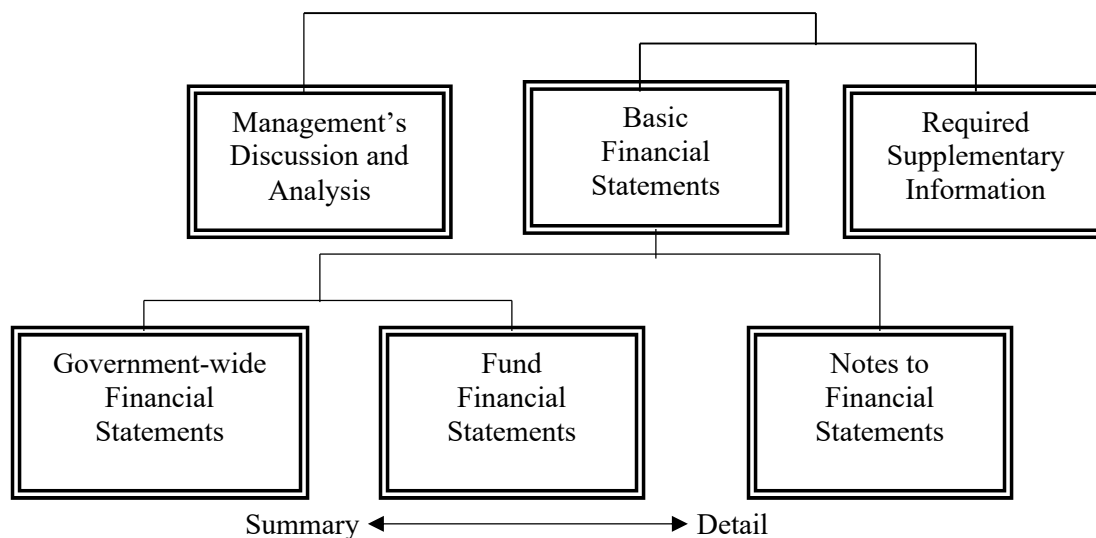


Figure A-2 summarizes the major features of the City's financial statements. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

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

	<b>Fund Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Combined statement of changes in fiduciary net position</li> </ul>
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.

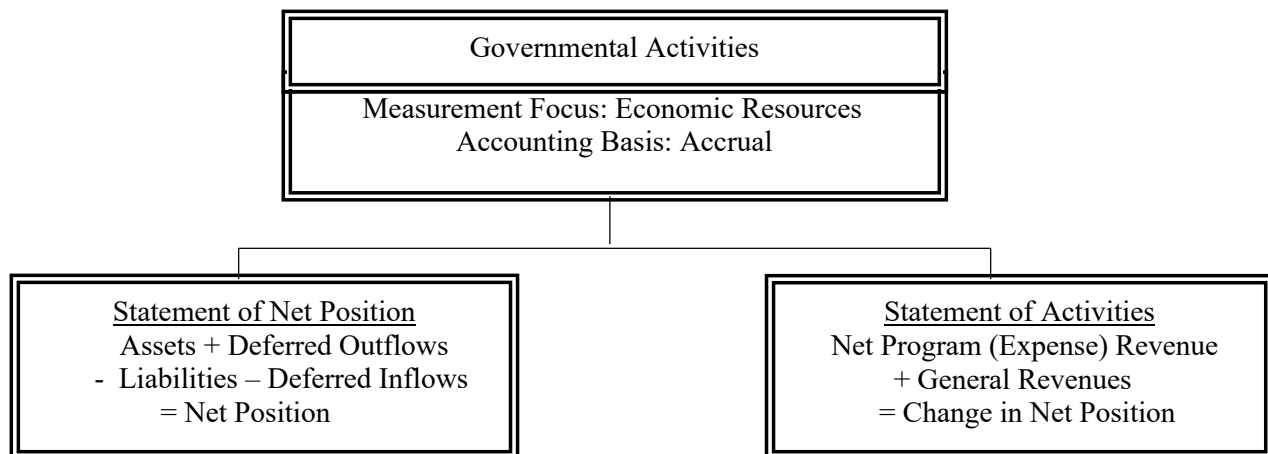
Although there are a number of government-wide financial statements, for the purposes of this report, only two will be highlighted since they are closely related: the statement of net position and the statement of activities.

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 Funds are 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 21-135 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 136-148 of this report.

### **Government-wide Financial Analysis**

The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1.40 billion at the close of the most recent fiscal year. Net Pension and Other Postemployment benefits liabilities totaled \$1.18 billion. By far, the largest portion of the City's deficit in net position is its unrestricted deficit of \$1.58 billion. This deficit is partially offset by investment in capital assets less any related debt still outstanding used to acquire those assets of \$158.7 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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.

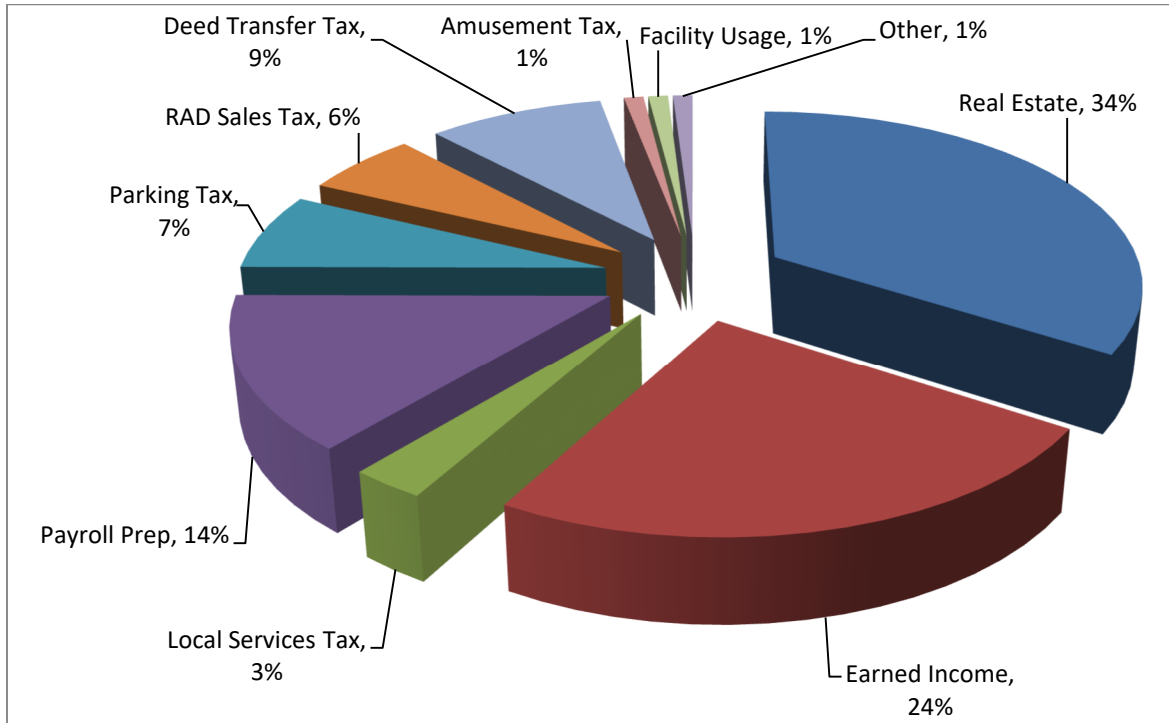
<b>Assets</b>	Governmental Activities (\$ millions)	
	2020	2019
Current assets	\$ 325	\$ 368
Non-current assets	18	20
Capital assets	197	185
Total Assets	540	573
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pension	16	27
Deferred outflows related to OPEB	30	34
Deferred change on refunding	9	1
Total Deferred Outflows of Resources	55	62
<b>Liabilities</b>		
Current liabilities	124	138
Long-term liabilities, outstanding	1,712	1,801
Total Liabilities	1,836	1,939
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	51	46
Deferred inflows related to OPEB	106	73
Total Deferred Inflows of Resources	157	119
<b>Net Position</b>		
Net investment in capital assets	159	165
Restricted	22	20
Unrestricted	(1,579)	(1,608)
	\$ (1,398)	\$ (1,423)

**Governmental activities** – Governmental activities increased the City's net position by \$25.2 million in 2020 as expenses under revenues. The following table shows the revenues and expenses of the primary government:

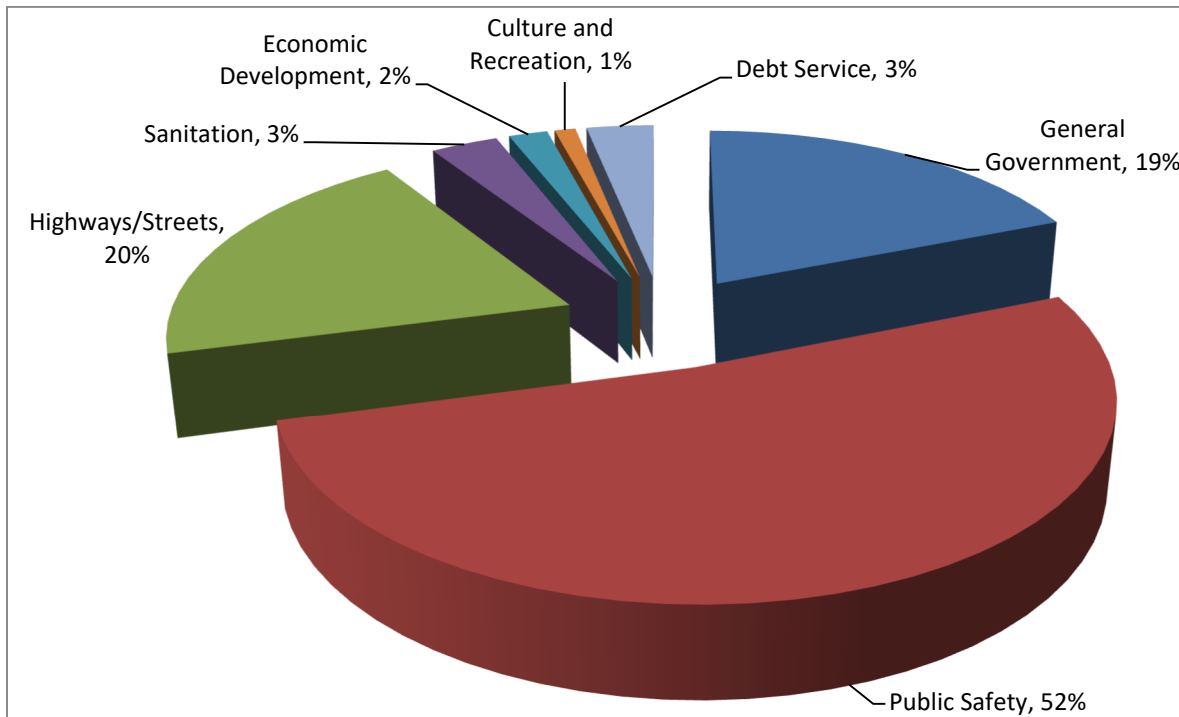
## City of Pittsburgh's Activities

(\$ millions)	Governmental Activities	
	2020	2019
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 51	\$ 73
Operating grants and contributions	65	62
Capital grants and contributions	37	19
Total program revenues	153	154
General revenues:		
Real estate property taxes	154	147
Earned income taxes	108	110
Local services taxes	13	14
Payroll preparation taxes	64	66
Parking taxes	31	61
RAD sales taxes	29	29
Deed transfer taxes	44	37
Amusement taxes	2	16
Payment in lieu of taxes	1	1
Facilities usage tax	3	5
Donations and endowments	2	2
Other	3	10
Total general revenues	454	498
Total revenues	607	652
<b>Expenses:</b>		
General government	111	105
Public safety	301	343
Highways/streets	117	109
Sanitation	18	19
Economic development	10	11
Culture and recreation	9	10
Interest on long-term debt plus amortz. of issuance cost and premium/discounts	16	20
Total expenses	582	617
<b>Change in Net Position</b>	<b>25</b>	<b>35</b>
<b>Net Position:</b>		
Beginning of year	(1,423)	(1,458)
End of year	\$ (1,398)	\$ (1,423)

General Fund tax revenues by type are presented below:



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



Governmental activity reflects the impacts of the coronavirus pandemic on the City's finances. Cash is down as cash reserves had to be tapped into to keep operations flowing. Parking tax, amusement tax and facilities usage tax were significantly reduced by the pandemic impact on the activities generating those taxes as discussed in more detail below.

## **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 \$536.3 million in 2020, a decrease of \$51.0 million or by 8.7% compared to 2019. The pandemic impacts caused the drop in revenue in 2020 as compared to 2019 and caused significant budget to actual fluctuations in revenue. The greatest variances from budget to actual (budgetary basis) in tax revenue came from decreases of \$25.5 million in parking taxes, \$14.4 million in amusement taxes, and \$7.3 million in payroll preparation taxes. This loss of tax revenue was caused by the shutdown of all non-essential business due to the COVID-19 pandemic and slowdown in receiving tax revenues. Negative pandemic impacts on citizen activities also caused a large negative variance of \$6.6 million in rentals and charges and \$4.1 million in fines and forfeits.

In addition to the above General Fund tax revenues, the City collected \$14.0 million in the Community Development Fund, \$24.0 million in Capital Projects, and \$31.5 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 \$260.0 million, a decrease of \$32.8 million from 2019. Approximately 32.8% of this total fund balance, or \$85.4 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 \$99.0 million, the amount committed to interfund advance and specific programs is \$22.6 million and the amount assigned for encumbrances and debt service is \$53 million.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$85.4 million, while total fund balance for the General Fund was \$105.5 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 14.5% of total General Fund expenditures and operating transfers.

The fund balance of the City's General Fund decreased by \$50.4 million during the 2020 fiscal year compared to an increase of \$20.7 million in 2019. This is primarily due to loss of revenue due to the COVID-19 pandemic as previously discussed.

Expenditures and other uses, including debt service payments/transfers for the General Fund in 2020 increased to \$588.7 million, compared to \$570.3 million in 2019, representing an increase of

3.2% or \$18.4 million overall. Increases in expenditures were budgeted increases in the cost of General Fund operations, curtailed as deemed necessary by revenue shortfalls.

Transfers to the Debt Service Fund of \$43.8 million, combined with debt subsidies of \$2.1 million, totaled \$45.9 million, compared to \$55.1 million in 2019. The decrease related to bond refunding activity that occurred during 2020. 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 7.0% of the total governmental expenditures, illustrating the magnitude of the City's annual debt service. The Debt Service Fund has a total fund balance of \$1.2 million, all of which is assigned for the payment of debt service.

The Community Development Fund had intergovernmental revenues of \$14.0 million and expenditures of \$14.0 million. The Capital Projects Fund had \$23.9 million of revenues, and \$65.5 million in maintenance and non-capital related expenses, \$43.5 million in new capital debt proceeds and \$8.5 million in net operating transfers. The Capital Projects Funds fund balance increased by \$17.7 million to \$116.7 in 2020 as compared to \$98.9 million as of December 31, 2019 due to the issuance of a new bond and refinancing of existing debt.

### **General Fund Budgetary Highlights**

Actual General Fund revenues were less than the budgeted revenues by \$56.6 million due to loss of revenue in parking tax, amusement tax, payroll preparation tax, rentals and charges and fines and forfeits amongst other revenue losses. The final budgeted General Fund expenditures were \$13.1 million higher than the original budget. Actual General Fund budgetary basis expenditures were \$28.0 million lower than the final budget.

During fiscal year 2020, 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, 2020 totaled \$13.1 million.

### **Capital Asset and Debt Administration**

**Capital assets** - The City's investment in capital assets for its governmental-type activities as of December 31, 2020 amounts to \$197.0 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 \$13.9 million construction in progress, purchase of \$11.5 million in vehicles, and the completion of multiple capital projects throughout the City resulting in a \$2.9 million in infrastructure additions.

## City of Pittsburgh's Changes in Capital Assets

(\$ millions)	Governmental Activities	
	2020	2019
Land and land improvements	\$ 46	\$ 46
Construction in progress	41	29
Buildings and building improvements	90	90
Capital lease	15	15
Infrastructure	230	227
Vehicles	94	87
Furniture and fixtures	5	5
Machinery and equipment	9	9
Total capital assets	530	508
Less accumulated depreciation for:		
Buildings	(89)	(88)
Infrastructure	(151)	(146)
Vehicles	(70)	(68)
Furniture and fixtures	(5)	(5)
Capital leases	(13)	(12)
Machinery and equipment	(5)	(4)
Total accumulated depreciation	(333)	(323)
Total capital net assets	\$ 197	\$ 185

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 \$459 million, which comprises debt backed by the full faith and credit of the government.

## City of Pittsburgh's Outstanding Debt

(\$ millions)	Governmental Activities	
	2020	2019
General obligation bonds:		
Beginning balance at January 1	\$ 428	\$ 401
Debt issued and other	44	60
Refinanced bonds	154	-
Principal payments and other	(167)	(33)
Ending balance at December 31	\$ 459	\$ 428

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 2020, the City continued efforts to control costs, maximize collections with the pandemic, and maintain solvency. The cash balance available for general operations of the City as of December 31, 2020 was \$70.1 million; this was enough to maintain normal function throughout the City in January 2021. As of December 31, 2020, the City had a general fund unassigned fund balance of \$85.4 million. For 2021, 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 \$1.40 billion at December 31, 2020. 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, including receipt of significant federal funding.

## **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 beginning in 2018 and will continue to contribute the same amount through 2041. For 2020, the City contributed \$99.1 million, \$47.6 million more than its actuarially determined contribution of \$51.5 million.

## **Cash Position**

During 2020, the City continued efforts to stabilize and improve the City’s financial condition, adapting as necessary to pandemic conditions. These efforts combined with remaining available fund balance produced benefits into 2020 by allowing the City to meet its beginning of the year obligations without executing a bank note at the beginning of 2021.

At the onset of 2021, 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 continue to have a negative effect on City tax revenues into 2021.

## **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.

## **BASIC FINANCIAL STATEMENTS**



# CITY OF PITTSBURGH, PENNSYLVANIA

## STATEMENT OF NET POSITION

DECEMBER 31, 2020

	Primary Governmental Activities	Component Units
<b>Assets</b>		
<b>Current assets:</b>		
Cash, cash equivalents, and investments	\$ 147,979,139	\$ 227,259,644
Restricted cash	87,098,949	18,938,615
Real estate taxes (net of allowance for uncollectible accounts of \$20,065,514)	15,415,372	-
Accounts receivable, net	-	26,335,812
Accrued interest receivable	26,417	453,838
Due from other governments	7,196,771	3,821,542
Due from primary government	-	218,625
Taxpayer - assessed taxes receivable	42,232,018	-
Inventory	-	2,075,000
Notes receivable	-	14,900
Other receivables	23,578,744	13,940,761
Loan receivable from other government	1,705,470	-
Prepaid expenses	-	1,779,417
Total current assets	325,232,880	294,838,154
<b>Noncurrent assets:</b>		
<b>Restricted assets:</b>		
Cash and cash equivalents	-	16,201,000
Investments	-	23,775,006
Deposit held for development fund	-	585,110
Accounts receivable - parking	-	2,269,500
Total restricted assets	-	42,830,616
Loan receivable from other government	9,041,530	-
Due from component unit	9,090,054	-
Investments - unrestricted	-	8,233,289
<b>Capital assets:</b>		
<b>Capital assets not being depreciated:</b>		
Land and land improvement	45,602,091	32,825,568
Construction-in-progress	41,197,714	158,065,487
<b>Capital assets being depreciated:</b>		
Buildings and building improvements	90,391,265	114,183,328
Parking facilities	-	181,754,187
Machinery and equipment	9,163,387	15,419,311
Utility plant	-	1,089,954,000
Non-utility plant	-	11,978,000
Furniture and fixtures	4,845,984	-
Vehicles	94,104,818	-
Infrastructure	229,415,976	2,241,369
Capital lease	15,434,653	-
Less accumulated depreciation	(333,186,798)	(480,414,411)
Total net capital assets	196,969,090	1,126,006,839
Leasehold improvements	-	7,477,450
Other assets	-	2,466,147
Loans/notes receivable	-	60,879,394
Net Pension Asset	-	5,017,653
Prepaid bond insurance	-	354,255
Property held for redevelopment	-	22,740,155
Total noncurrent assets	215,100,674	1,276,005,798
<b>Total Assets</b>	540,333,554	1,570,843,952
<b>Deferred Outflows of Resources</b>		
Accumulated decrease in fair value of hedging derivatives	-	33,863,000
Deferred outflows related to pension	16,080,121	235,745
Deferred outflows related to OPEB - Retiree	22,486,880	58,254
Deferred outflows related to OPEB - Disabled Firefighters	7,560,680	-
Deferred charge on refunding	9,227,423	95,899,264
<b>Total Deferred Outflows of Resources</b>	55,355,104	130,056,263

(Continued)

See accompanying notes to financial statements.

# CITY OF PITTSBURGH, PENNSYLVANIA

## STATEMENT OF NET POSITION

DECEMBER 31, 2020

(Continued)

	Primary Governmental Activities	Component Units
<b>Liabilities</b>		
Current liabilities:		
Accounts payable - wastewater treatment	-	18,705,000
Accounts and retainage payable	3,753,587	7,356,909
Accrued liabilities	27,031,836	37,133,251
Self-funded health insurance	2,090,000	-
Accrued interest payable	5,486,796	9,941,380
Accrued worker's compensation	12,329,031	-
Accrued compensated absences	20,410,835	-
Accrued claims and judgments	4,566,000	-
Unearned revenue	5,985,746	6,089,227
Other liabilities	-	4,217
Due to other governments	1,351,579	-
Due to component unit	218,625	-
Capital lease liability, current portion	2,005,699	-
Bonds and loans payable, current portion	39,115,000	31,713,169
Total current liabilities	124,344,734	110,943,153
Noncurrent liabilities:		
Unearned revenue	-	121,000
Other liabilities	-	4,419,806
Accrued payroll - related obligations	-	1,065,000
Swap liability	-	33,863,000
Bonds and loans payable, net of unamortized premiums/ discounts	419,479,820	1,118,843,707
Accrued workers' compensation	90,412,891	-
Net OPEB liability - Retiree	376,272,016	-
Net OPEB liability - Disabled Firefighters	26,621,498	-
Accrued compensated absences	5,917,299	-
Accrued claims and judgments	9,518,000	-
Capital lease liability	7,422,843	-
Net pension liability	776,368,485	-
Due to primary government	-	9,090,054
Advance from the City of Pittsburgh	-	22,775,168
Total noncurrent liabilities	1,712,012,852	1,190,177,735
<b>Total Liabilities</b>	<b>1,836,357,586</b>	<b>1,301,120,888</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pension	50,742,221	2,430,153
Deferred inflows related to OPEB - Retiree	101,665,478	43,194
Deferred inflows related to OPEB - Disabled Firefighters	4,957,212	-
<b>Total Deferred Inflows of Resources</b>	157,364,911	2,473,347
<b>Net Position</b>		
Net investment in capital assets	158,701,570	123,713,717
Restricted for:		
Capital projects	-	13,506,180
Debt service	-	5,243,907
Employee benefits	6,960,245	-
Endowment Earnings - expendable	1,659,459	-
State and Federal Purpose Grants	13,705,959	-
Indenture funds	-	25,309,457
Pension	-	2,815,563
Sustainability Initiatives	-	197,447
Operating reserve	-	19,461,000
Urban development	-	52,813,762
Lending programs	-	101,321,510
Housing Program	-	2,708,562
Unrestricted	(1,579,061,072)	50,214,875
<b>Total Net Position</b>	<b>\$ (1,398,033,839)</b>	<b>\$ 397,305,980</b>

(Concluded)

See accompanying notes to financial statements.

# CITY OF PITTSBURGH, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	
					Governmental Activities	Component Units
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 110,861,739	\$ 28,644,162	\$ 21,728,327	\$ 4,733,192	\$ (55,756,058)	\$ -
Public safety	301,337,720	17,623,237	30,203,156	11,285	(253,500,042)	-
Highway and streets	116,992,005	3,946,530	11,608,685	24,710,293	(76,726,497)	-
Sanitation	18,258,895	-	-	-	(18,258,895)	-
Economic development (includes debt subsidies to URA of \$2,136,358)	9,686,517	-	-	6,407,614	(3,278,903)	-
Culture and recreation	8,688,208	526,572	1,945,536	705,962	(5,510,138)	-
Interest on long-term debt and amortization of premiums and discounts	16,218,984	-	-	-	(16,218,984)	-
<b>Total primary government</b>	<b>\$ 582,044,068</b>	<b>\$ 50,740,501</b>	<b>\$ 65,485,704</b>	<b>\$ 36,568,346</b>	<b>(429,249,517)</b>	<b>-</b>
<b>Total component units</b>	<b>\$ 326,970,361</b>	<b>\$ 295,113,993</b>	<b>\$ 41,095,486</b>	<b>\$ 7,077,000</b>		<b>16,316,118</b>
General revenues:						
Real estate taxes					154,017,792	-
Earned income taxes					108,303,323	-
Local services tax					13,063,282	-
Payroll preparation tax					64,242,014	-
Parking tax					31,268,412	-
Sales taxes from the Regional Asset District					28,683,859	-
Deed transfer tax					43,985,432	-
Amusement tax					2,504,756	-
Facilities usage tax					2,789,914	-
Public service privilege					1,570,098	-
Nonprofit payment in lieu of taxes					325,309	-
Unrestricted investment earnings					1,669,623	1,289,565
Gain on sale of assets					108,032	869,986
Miscellaneous					211,346	78,054
Donations and endowments					1,681,066	-
Total general revenues and donations and endowments					454,424,258	2,237,605
Special Item:						
Private lead line replacement					-	(18,832,000)
Total special item					-	(18,832,000)
<b>Change in Net Position</b>					25,174,741	(278,277)
Net position - beginning					(1,423,208,580)	397,584,257
Net position - ending					<b>\$ (1,398,033,839)</b>	<b>\$ 397,305,980</b>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

# CITY OF PITTSBURGH, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2020

<b>Assets</b>	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Cash and cash equivalents	\$ 70,999,071	\$ 1,200,395	\$ 2,117,014	\$ 28,532,041	\$ 45,130,618	\$ 147,979,139
Cash and cash equivalents - restricted	349,843	-	-	86,749,106	-	87,098,949
Receivables:						
Real estate taxes (net of allowances for uncollectible accounts of \$20,065,514)	15,415,372	-	-	-	-	15,415,372
Taxpayer - assessed taxes receivable	42,232,018	-	-	-	-	42,232,018
Other receivables	20,217,179	-	-	-	3,361,565	23,578,744
Loan receivable from other government	1,705,470	-	-	-	-	1,705,470
Accrued interest	11,234	14,578	-	-	605	26,417
Advance to other fund	-	-	-	1,364,873	-	1,364,873
Due from other governments	-	-	1,520,914	5,675,857	-	7,196,771
Due from other funds	2,516,924	-	-	-	220,188	2,737,112
<b>Total Assets</b>	<b>\$ 153,447,111</b>	<b>\$ 1,214,973</b>	<b>\$ 3,637,928</b>	<b>\$ 122,321,877</b>	<b>\$ 48,712,976</b>	<b>\$ 329,334,865</b>

(Continued)

See accompanying notes to financial statements.

# CITY OF PITTSBURGH, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2020  
(Continued)

	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,803,285	\$ -	\$ 173,819	\$ -	\$ 1,776,483	\$ 3,753,587
Accrued liabilities	19,118,848	-	1,783,898	5,432,787	696,303	27,031,836
Self-funded health insurance	2,090,000	-	-	-	-	2,090,000
Advance from other fund	-	-	1,364,873	-	-	1,364,873
Due to other funds	30,386	-	230,721	-	2,476,005	2,737,112
Due to other governments	55,885	-	-	-	1,295,694	1,351,579
Due to component unit	-	-	-	218,625	-	218,625
Unearned revenue	-	-	-	-	5,985,746	5,985,746
Accrued claims and judgments	4,566,000	-	-	-	-	4,566,000
Total Liabilities	<u>27,664,404</u>	<u>-</u>	<u>3,553,311</u>	<u>5,651,412</u>	<u>12,230,231</u>	<u>49,099,358</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - intergovernmental	1,705,470	-	-	-	-	1,705,470
Unavailable revenue - taxes	18,569,753	-	-	-	-	18,569,753
Total Deferred Inflows of Resources	<u>20,275,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,275,223</u>
<b>Fund Balance:</b>						
<b>Restricted:</b>						
Capital Projects	-	-	-	76,663,321	-	76,663,321
Endowment earnings - expendable	1,659,459	-	-	-	-	1,659,459
Employee Benefits	6,960,245	-	-	-	-	6,960,245
State and Federal Purpose Grants	-	-	84,617	-	13,621,342	13,705,959
<b>Committed:</b>						
Interfund Advance	-	-	-	1,364,873	-	1,364,873
Specified Program Services	-	-	-	-	21,227,574	21,227,574
<b>Assigned:</b>						
General Government	11,529,075	-	-	-	-	11,529,075
Debt Service	-	1,214,973	-	-	-	1,214,973
Capital Projects	-	-	-	38,642,271	-	38,642,271
Public Safety	-	-	-	-	1,240,861	1,240,861
Community Recreation and Cultural	-	-	-	-	392,968	392,968
Unassigned	85,358,705	-	-	-	-	85,358,705
Total Fund Balance	<u>105,507,484</u>	<u>1,214,973</u>	<u>84,617</u>	<u>116,670,465</u>	<u>36,482,745</u>	<u>259,960,284</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 153,447,111</u>	<u>\$ 1,214,973</u>	<u>\$ 3,637,928</u>	<u>\$ 122,321,877</u>	<u>\$ 48,712,976</u>	<u>\$ 329,334,865</u>

(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, 2020

<b>Total Fund Balance - Governmental Funds</b>	\$	259,960,284
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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 \$528,114,660 and the accumulated depreciation is \$333,186,798.</p>		196,969,090
<p>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.</p>		20,275,223
<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.</p>		18,131,584
<p>The net pension liability, and deferred inflows and outflows of resources for pension are not recorded on the fund financial statements.</p>		(811,030,585)
<p>The net OPEB liabilities, and deferred inflows and outflows of resources for OPEBs are not recorded on the fund financial statements.</p>		(479,468,644)
<p>The deferred outflows related to long-term debt are not reported in the funds.</p>		9,227,423
<p>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:</p>		
Bonds payable, net of unamortized premiums/discounts	\$	(458,594,820)
Capital lease liability		(9,428,542)
Accrued workers' compensation		(102,741,922)
Accrued compensated absences		(26,328,134)
Accrued interest payable		(5,486,796)
Accrued claims and judgments		(9,518,000)
		(612,098,214)
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b>(1,398,033,839)</b>

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, 2020

	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes, including penalties and interest	\$ 441,927,344	\$ -	\$ -	\$ 765,377	\$ 6,216,872	\$ 448,909,593
Payment in lieu of taxes	325,309	-	-	-	-	325,309
Interest and dividends	1,015,115	588,947	-	-	65,561	1,669,623
Fines and forfeits	5,110,829	-	-	-	292,398	5,403,227
Intergovernmental revenues	49,457,127	-	13,966,593	22,996,973	16,028,576	102,449,269
Charges for user services	37,155,302	-	-	-	8,181,972	45,337,274
Miscellaneous	1,310,927	-	-	106,314	721,354	2,138,595
Total revenues	<u>536,301,953</u>	<u>588,947</u>	<u>13,966,593</u>	<u>23,868,664</u>	<u>31,506,733</u>	<u>606,232,890</u>
<b>Expenditures:</b>						
Current:						
General government	97,614,047	-	5,395,700	3,182,419	17,721,064	123,913,230
Public safety	345,715,184	-	11,285	1,051,302	6,997,176	353,774,947
Public works	53,295,965	-	1,710,792	58,898,283	15,344,350	129,249,390
Sanitation	20,731,400	-	-	-	-	20,731,400
Community, recreational, and cultural	5,830,203	-	756,037	-	2,597,487	9,183,727
Economic and physical development	-	-	6,092,779	1,457,379	-	7,550,158
Claims and judgments	2,824,961	-	-	-	-	2,824,961
Debt service:						
Principal retirement of bonds	-	27,730,000	-	-	-	27,730,000
Interest on bonds	-	17,505,568	-	-	-	17,505,568
Bond issuance costs	-	-	-	931,729	-	931,729
Urban Redevelopment Authority subsidy	2,136,358	-	-	-	-	2,136,358
Total expenditures	<u>528,148,118</u>	<u>45,235,568</u>	<u>13,966,593</u>	<u>65,521,112</u>	<u>42,660,077</u>	<u>695,531,468</u>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	8,153,835	(44,646,621)	-	(41,652,448)	(11,153,344)	(89,298,578)
<b>Other Financing Sources (Uses):</b>						
Bond proceeds	-	-	-	197,650,000	-	197,650,000
Bond premium	-	-	-	13,107,684	-	13,107,684
Payments to the escrow agent	-	-	-	(159,825,955)	-	(159,825,955)
Proceeds from capital lease	-	-	-	-	5,610,255	5,610,255
Transfers from other funds	2,000,000	43,845,006	-	14,625,000	9,307,866	69,777,872
Transfers to other funds	(60,545,006)	-	-	(6,161,895)	(3,070,971)	(69,777,872)
Total other financing sources (uses)	<u>(58,545,006)</u>	<u>43,845,006</u>	<u>-</u>	<u>59,394,834</u>	<u>11,847,150</u>	<u>56,541,984</u>
<b>Net Change in Fund Balances</b>	(50,391,171)	(801,615)	-	17,742,386	693,806	(32,756,594)
<b>Fund Balances:</b>						
Beginning of year	155,898,655	2,016,588	84,617	98,928,079	35,788,939	292,716,878
End of year	<u>\$ 105,507,484</u>	<u>\$ 1,214,973</u>	<u>\$ 84,617</u>	<u>\$ 116,670,465</u>	<u>\$ 36,482,745</u>	<u>\$ 259,960,284</u>

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, 2020**

**Net Change in Fund Balance - Governmental Funds** \$ (32,756,594)

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

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:

	Capital outlays	\$ 26,405,247	
	Less: net deletions	(132,146)	
	Less: depreciation expense	<u>(14,571,925)</u>	11,701,176

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. 3,218,804

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. (2,100,690)

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. 35,415,730

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. 21,838,084

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. (25,530,687)

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.

	<u>13,388,918</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 25,174,741</u></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, 2020

(Amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
<u>Taxes, net of refunds and banking fees:</u>				
Real estate	\$ 149,611	\$ 149,611	\$ 149,283	\$ (328)
Non-profit payment for services	531	531	493	(38)
Payroll preparation	70,672	70,672	63,324	(7,348)
Amusement	18,315	18,315	3,871	(14,444)
Earned income	106,637	106,637	109,399	2,762
Deed transfer	43,793	43,793	45,053	1,260
Parking	59,234	59,234	33,781	(25,453)
Occupation Privilege	-	-	(7)	(7)
Local Services Tax	14,793	14,793	13,913	(880)
Institution and service privilege	656	656	573	(83)
Facility usage fee	5,453	5,453	3,342	(2,111)
Public service	1,206	1,206	996	(210)
Penalties and interest	1,066	1,066	878	(188)
Act 77 - tax relief	23,497	23,497	21,384	(2,113)
Total taxes, net of refunds and banking fees	<u>495,464</u>	<u>495,464</u>	<u>446,283</u>	<u>(49,181)</u>
Interest earnings	2,586	2,586	1,419	(1,167)
Fines and forfeits	10,533	10,533	6,459	(4,074)
<u>Licenses and fees:</u>				
Liquor and malt beverage	447	447	368	(79)
General government	13,797	13,797	11,282	(2,515)
Rentals and charges	41,759	41,759	35,122	(6,637)
Total licenses and fees	<u>56,003</u>	<u>56,003</u>	<u>46,772</u>	<u>(9,231)</u>
Federal and state grants	5,151	5,151	10,121	4,970
Reimbursement, CDBG	141	141	181	40
Public Parking Authority	1,900	1,900	1,900	-
Housing Authority City of Pittsburgh	2,333	2,333	725	(1,608)
PWSA reimbursement	-	-	594	594
Urban Redevelopment Authority	523	523	1,075	552
State utility tax	438	438	438	-
Miscellaneous	56	56	158	102
State aid - pension	23,108	23,108	25,510	2,402
2% Local share of slots revenue	10,000	10,000	10,000	-
Total other revenues	<u>43,650</u>	<u>43,650</u>	<u>50,702</u>	<u>7,052</u>
Total budgeted revenues	<u>608,236</u>	<u>608,236</u>	<u>551,635</u>	<u>(56,601)</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, 2020  
(Amounts expressed in thousands)  
(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
<b>Expenditures:</b>							
Current Operating-General Government							
City Council and City Clerk's Office:							
City Council:							
Salaries/Employee Benefits	2,619	(3)	2,616	2,521	-	2,521	95
Non-salaries	40	-	40	10	-	10	30
Total City Council	2,659	(3)	2,656	2,531	-	2,531	125
City Clerk's Office:							
Salaries/Employee Benefits	1,134	-	1,134	960	-	960	174
Non-salaries	499	73	572	311	23	334	238
Total City Clerk's office	1,633	73	1,706	1,271	23	1,294	412
Total City Council and City Clerk's office	4,292	70	4,362	3,802	23	3,825	537
Mayor's Office:							
Office of the Mayor							
Salaries/Employee Benefits	1,401	-	1,401	1,307	-	1,307	94
Non-salaries	61	-	61	10	-	10	51
Total Office of the Mayor	1,462	-	1,462	1,317	-	1,317	145
Office of Equity							
Salaries/Employee Benefits	1,367	-	1,367	1,228	-	1,228	139
Non-salaries	391	131	522	184	115	299	223
Total Office of Neighborhood Empowerment	1,758	131	1,889	1,412	115	1,527	362
Office of Management and Budget							
Salaries/Employee Benefits	2,350	-	2,350	2,105	-	2,105	245
Non-salaries	14,844	418	15,262	13,069	165	13,234	2,028
Total Office of Management and Budget	17,194	418	17,612	15,174	165	15,339	2,273
Total Mayor's Office	20,414	549	20,963	17,903	280	18,183	2,780
Innovation & Performance:							
Salaries/Employee Benefits	6,675	-	6,675	6,124	-	6,124	551
Non-salaries	11,009	4,094	15,103	9,110	3,510	12,620	2,483
Total City Information Systems	17,684	4,094	21,778	15,234	3,510	18,744	3,034
Commission on Human Relations:							
Salaries/Employee Benefits	492	-	492	488	-	488	4
Non-salaries	45	17	62	45	-	45	17
Total Human Relations	537	17	554	533	-	533	21
Office of City Controller:							
Salaries/Employee Benefits	4,733	-	4,733	4,106	-	4,106	627
Non-salaries	208	38	246	94	42	136	110
Total Office of City Controller	4,941	38	4,979	4,200	42	4,242	737
Department of Finance:							
Salaries/Employee Benefits	7,958	-	7,958	5,892	-	5,892	2,066
Non-salaries	13,381	988	14,369	12,911	716	13,627	742
Pension	101,318	-	101,318	101,323	-	101,323	(5)
Debt service	56,080	-	56,080	43,845	-	43,845	12,235
Total Department of Finance	178,737	988	179,725	163,971	716	164,687	15,038
Department of Law							
Salaries/Employee Benefits	3,437	-	3,437	3,007	-	3,007	430
Non-salaries	4,181	363	4,544	3,796	336	4,132	412
Total Law	7,618	363	7,981	6,803	336	7,139	842

(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, 2020  
(Amounts expressed in thousands)  
(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
<b>Current Operating-General Government, cont:</b>							
<b>Department of Law - Ethics Board:</b>							
Salaries/Employee Benefits	104	-	104	86	-	86	18
Non-salaries	69	15	84	17	19	36	48
<b>Total Department of Law - Ethics Board</b>	<b>173</b>	<b>15</b>	<b>188</b>	<b>103</b>	<b>19</b>	<b>122</b>	<b>66</b>
<b>Total Department of Law</b>	<b>7,791</b>	<b>378</b>	<b>8,169</b>	<b>6,906</b>	<b>355</b>	<b>7,261</b>	<b>908</b>
<b>Department of Human Resources and Civil Service:</b>							
<b>Service Commission:</b>							
Salaries/Employee Benefits	37,430	323	37,753	31,681	-	31,681	6,072
Non-salaries	3,259	598	3,857	2,436	1,225	3,661	196
<b>Total Department of Human Resources and Civil Service</b>	<b>40,689</b>	<b>921</b>	<b>41,610</b>	<b>34,117</b>	<b>1,225</b>	<b>35,342</b>	<b>6,268</b>
<b>Department of City Planning:</b>							
Salaries/Employee Benefits	3,839	-	3,839	3,331	-	3,331	508
Non-salaries	301	654	955	308	627	935	20
<b>Total Department of City Planning</b>	<b>4,140</b>	<b>654</b>	<b>4,794</b>	<b>3,639</b>	<b>627</b>	<b>4,266</b>	<b>528</b>
<b>Department of Permits, Licenses, &amp; Inspection:</b>							
Salaries/Employee Benefits	6,336	-	6,336	5,994	-	5,994	342
Non-salaries	451	305	756	277	362	639	117
<b>Total Department of Permits, Licenses, &amp; Inspection</b>	<b>6,787</b>	<b>305</b>	<b>7,092</b>	<b>6,271</b>	<b>362</b>	<b>6,633</b>	<b>459</b>
<b>Total General Government</b>	<b>286,012</b>	<b>8,014</b>	<b>294,026</b>	<b>256,576</b>	<b>7,140</b>	<b>263,716</b>	<b>30,310</b>
<b>Public Safety - Department of Public Safety:</b>							
<b>Bureau of Administration:</b>							
Salaries/Employee Benefits	4,867	-	4,867	4,338	-	4,338	529
Non-salaries	6,954	1,215	8,169	7,464	385	7,849	320
<b>Total Bureau of Administration</b>	<b>11,821</b>	<b>1,215</b>	<b>13,036</b>	<b>11,802</b>	<b>385</b>	<b>12,187</b>	<b>849</b>
<b>Bureau of Emergency Medical Services:</b>							
Salaries/Employee Benefits	23,064	-	23,064	25,475	-	25,475	(2,411)
Non-salaries	1,031	57	1,088	726	80	806	282
<b>Total Bureau of Emergency Medical Services</b>	<b>24,095</b>	<b>57</b>	<b>24,152</b>	<b>26,201</b>	<b>80</b>	<b>26,281</b>	<b>(2,129)</b>
<b>Bureau of Police:</b>							
Salaries/Employee Benefits	107,281	(14)	107,267	119,143	-	119,143	(11,876)
Non-salaries	7,505	757	8,262	6,499	882	7,381	881
<b>Total Bureau of Police</b>	<b>114,786</b>	<b>743</b>	<b>115,529</b>	<b>125,642</b>	<b>882</b>	<b>126,524</b>	<b>(10,995)</b>
<b>Municipal Investigations:</b>							
Salaries/Employee Benefits	624	-	624	605	-	605	19
Non-salaries	92	-	92	38	-	38	54
<b>Total Municipal Investigations</b>	<b>716</b>	<b>-</b>	<b>716</b>	<b>643</b>	<b>-</b>	<b>643</b>	<b>73</b>
<b>Bureau of Fire:</b>							
Salaries/Employee Benefits	88,516	-	88,516	88,691	-	88,691	(175)
Non-salaries	2,329	728	3,057	2,412	186	2,598	459
<b>Total Bureau of Fire</b>	<b>90,845</b>	<b>728</b>	<b>91,573</b>	<b>91,103</b>	<b>186</b>	<b>91,289</b>	<b>284</b>
<b>Public Safety:</b>							
<b>Public Safety Animal Control</b>							
Salaries/Employee Benefits	1,105	-	1,105	1,053	-	1,053	52
Non-salaries	599	232	831	368	75	443	388
<b>Total Public Safety Animal Control</b>	<b>1,704</b>	<b>232</b>	<b>1,936</b>	<b>1,421</b>	<b>75</b>	<b>1,496</b>	<b>440</b>
<b>Total Public Safety - Department of Public Safety</b>	<b>243,967</b>	<b>2,975</b>	<b>246,942</b>	<b>256,812</b>	<b>1,608</b>	<b>258,420</b>	<b>(11,478)</b>

(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, 2020  
(Amounts expressed in thousands)  
(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
<b>Department of Public Works:</b>							
<b>Administration:</b>							
Salaries/Employee Benefits	1,098	-	1,098	1,153	-	1,153	(55)
Non-salaries	55	-	55	9	-	9	46
<b>Total Administration</b>	<b>1,153</b>	<b>-</b>	<b>1,153</b>	<b>1,162</b>	<b>-</b>	<b>1,162</b>	<b>(9)</b>
<b>Operations:</b>							
Salaries/Employee Benefits	20,371	-	20,371	18,826	-	18,826	1,545
Non-salaries	3,651	314	3,965	3,014	456	3,470	495
<b>Total Operations</b>	<b>24,022</b>	<b>314</b>	<b>24,336</b>	<b>21,840</b>	<b>456</b>	<b>22,296</b>	<b>2,040</b>
<b>Environmental Services:</b>							
Salaries/Employee Benefits	13,154	-	13,154	12,732	-	12,732	422
Non-salaries	5,215	105	5,320	4,784	479	5,263	57
<b>Total Environmental Services</b>	<b>18,369</b>	<b>105</b>	<b>18,474</b>	<b>17,516</b>	<b>479</b>	<b>17,995</b>	<b>479</b>
<b>General Services - Facilities:</b>							
Salaries/Employee Benefits	6,632	-	6,632	5,700	-	5,700	932
Non-salaries	13,975	1,444	15,419	10,537	1,697	12,234	3,185
<b>Total General Services - Facilities</b>	<b>20,607</b>	<b>1,444</b>	<b>22,051</b>	<b>16,237</b>	<b>1,697</b>	<b>17,934</b>	<b>4,117</b>
<b>Mobility &amp; Infrastructure:</b>							
Salaries/Employee Benefits	7,803	-	7,803	6,923	-	6,923	880
Non-salaries	732	126	858	594	102	696	162
<b>Total Mobility &amp; Infrastructure</b>	<b>8,535</b>	<b>126</b>	<b>8,661</b>	<b>7,517</b>	<b>102</b>	<b>7,619</b>	<b>1,042</b>
<b>Total Department of Public Works</b>	<b>72,686</b>	<b>1,989</b>	<b>74,675</b>	<b>64,272</b>	<b>2,734</b>	<b>67,006</b>	<b>7,669</b>
<b>Community, Recreational, and Cultural - Department of Parks and Recreation:</b>							
<b>Administration:</b>							
Salaries/Employee Benefits	4,200	-	4,200	3,204	-	3,204	996
Non-salaries	576	96	672	233	4	237	435
<b>Total Community, Recreational, and Cultural - Department of Parks and Recreation</b>	<b>4,776</b>	<b>96</b>	<b>4,872</b>	<b>3,437</b>	<b>4</b>	<b>3,441</b>	<b>1,431</b>
<b>Citizens Review Board:</b>							
Salaries/Employee Benefits	497	-	497	433	-	433	64
Non-salaries	162	43	205	141	43	184	21
<b>Total Citizens Review Board</b>	<b>659</b>	<b>43</b>	<b>702</b>	<b>574</b>	<b>43</b>	<b>617</b>	<b>85</b>
<b>Total Expenditures</b>	<b>608,100</b>	<b>13,117</b>	<b>621,217</b>	<b>581,671</b>	<b>11,529</b>	<b>593,200</b>	<b>28,017</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ 136</b>		<b>\$ (12,981)</b>			<b>\$ (41,565)</b>	<b>\$ (28,584)</b>
Beginning budget basis fund balance	\$ 120,307					\$ 120,307	
Non-departmental Operating transfer out - Capital Projects	-	-	-	14,625	-	14,625	(14,625)
<b>Total expenditures and transfers - budgetary basis</b>				<b>\$ 596,296</b>			<b>\$ (43,209)</b>
Ending budget basis fund balance	<u>\$ 120,443</u>					<u>\$ 64,117</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, 2020  
(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.	\$ 551,635
Actual amounts not included on budgetary basis.	1,107
Transfer in	2,000
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>(16,440)</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>\$ 538,302</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.	\$ 596,296
Actual amounts not included on budgetary basis.	1,696
Transfer out not included on budgetary basis.	2,075
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>(11,374)</u>
Total General Fund expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 588,693</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 44,025,176	\$ 44,025,176	\$ 12,644,964	\$ (31,380,212)
Total revenues	44,025,176	44,025,176	12,644,964	(31,380,212)
<b>Expenditures:</b>				
General government:				
Council and City Clerk's Office	4,556,447	4,556,447	940,948	3,615,499
Department of Personnel and Human Relations	1,120,736	1,120,736	406,400	714,336
Department of City Planning	789,698	789,698	30,662	759,036
Office of Management and Budget	4,200,750	4,200,750	1,586,716	2,614,034
Permits, Licenses & Inspections	3,301,712	3,301,712	371,496	2,930,216
Public safety	11,285	11,285	11,285	-
Public works:				
Public works	1,185,759	1,185,759	447,615	738,144
Facilities	4,294,824	4,294,824	547,625	3,747,199
Mobility and Infrastructure	3,402,511	3,402,511	753,366	2,649,145
Community, recreational, and cultural programs	765,993	765,993	705,962	60,031
Intergovernmental programs	20,395,461	20,395,461	6,802,834	13,592,627
Total expenditures	44,025,176	44,025,176	12,604,909	31,420,267
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,055</b>	<b>\$ 40,055</b>

(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, 2020  
(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.	\$ 12,645
Actual amounts not included on budgetary basis.	1,621
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>(299)</u>
Total Community Development Fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u><u>\$ 13,967</u></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.	\$ 12,605
Actual amounts not included on budgetary basis.	1,629
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>(267)</u>
Total Community Development Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	<u><u>\$ 13,967</u></u>

(Concluded)

See accompanying notes to financial statements.



## **FIDUCIARY FUND STATEMENTS**

# CITY OF PITTSBURGH, PENNSYLVANIA

## STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2020

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds	Custodial Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 33,775,287	\$ 42,598,594	\$ 4,438,860
Investments:			
Common stock	86,327,151	-	-
U.S. government and agency obligations	22,568,970	-	-
Corporate and other obligations	31,779,975	-	-
Mutual funds:			
U.S. equities	178,091,923	-	-
Non-U.S. equities	95,031,878	-	-
Fixed income	62,138,709	-	-
Hedge funds	63,388,609	-	-
Real estate funds	41,687,349	-	-
Alternative strategies	480,830	-	-
Private equity	13,594,158	-	-
Other assets	-	239,807	-
Other receivables	-	-	167,350
Accrued interest and dividend receivables	427,421	-	-
<b>Total Assets</b>	<b>629,292,260</b>	<b>42,838,401</b>	<b>4,606,210</b>
<b>Liabilities</b>			
Benefits and related withholdings payable	2,127,251	-	-
Pool participants	-	8,034,995	-
Accounts payable	225,915	-	7,500
Deposits held for others	-	-	1,520,967
Accrued liabilities and other payables	11,059	-	3,077,743
<b>Total Liabilities</b>	<b>2,364,225</b>	<b>8,034,995</b>	<b>4,606,210</b>
<b>Net Position</b>			
Restricted for Pension	595,457,524	-	-
Restricted for OPEB	31,470,511	-	-
Restricted for Other Benefits	-	34,803,406	-
<b>Total Net Position</b>	<b>\$ 626,928,035</b>	<b>\$ 34,803,406</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**CITY OF PITTSBURGH, PENNSYLVANIA**

STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	Pension and OPEB Trust Fund	Private-Purpose Trust Funds	Custodial Funds
<b>Additions:</b>			
<hr/>			
Contributions:			
Employer - pension benefits	\$ 73,677,522	\$ -	\$ -
Employer - other benefits	29,636,602	79,752,803	-
State Aid	25,421,751	-	-
Plan members	14,372,925	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total contributions	143,108,800	79,752,803	-
Investment income:			
Net increase (decrease) in fair value of investments	59,088,521	-	-
Interest and dividends	6,152,671	970,689	-
	<hr/>	<hr/>	<hr/>
Total investment income (loss)	65,241,192	970,689	-
Investment expense	(868,659)	-	-
	<hr/>	<hr/>	<hr/>
Net investment income (loss)	64,372,533	970,689	-
Miscellaneous:			
Collection of taxes for other entities	-	-	12,190,062
Other	109,774	1,622,696	1,613,031
	<hr/>	<hr/>	<hr/>
Total additions	207,591,107	82,346,188	13,803,093
<hr/>			
<b>Deductions:</b>			
Benefit payments - pension	96,788,279	-	-
Benefit payments - other benefits	28,967,432	78,441,533	-
Refund of employee contributions - pension	861,899	-	-
Administrative expense	1,339,662	2,534,185	-
Payment of taxes to other entites	-	-	12,190,062
Miscellaneous	-	2,020,484	1,613,031
	<hr/>	<hr/>	<hr/>
Total deductions	127,957,272	82,996,202	13,803,093
<b>Change in Net Position</b>	79,633,835	(650,014)	-
<hr/>			
<b>Net Position:</b>			
Beginning of year	547,294,200	35,453,420	-
	<hr/>	<hr/>	<hr/>
End of year	\$ 626,928,035	\$ 34,803,406	\$ -
	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

**COMBINING STATEMENTS OF  
DISCRETE COMPONENT UNITS**

# CITY OF PITTSBURGH, PENNSYLVANIA

## COMBINING STATEMENT OF NET POSITION

### COMPONENT UNITS

DECEMBER 31, 2020

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 93,822,046	\$ 60,210,000	\$ 66,535	\$ 462,084	\$ 154,560,665
Cash and cash equivalents - restricted	-	-	9,570,229	9,368,386	18,938,615
Investments - unrestricted	40,026,006	-	-	10,026,475	50,052,481
Investments - restricted	-	-	-	22,646,498	22,646,498
Accounts receivable, net	-	24,412,000	-	1,923,812	26,335,812
Due from other governments	3,821,542	-	-	-	3,821,542
Due from component unit	218,625	-	-	-	218,625
Notes receivable	-	-	-	14,900	14,900
Inventory	-	2,075,000	-	-	2,075,000
Accrued interest receivable and other assets	-	-	484	453,354	453,838
Other receivables	3,302,019	-	10,638,742	-	13,940,761
Prepays	-	1,737,000	42,417	-	1,779,417
<b>Total current assets</b>	<b>141,190,238</b>	<b>88,434,000</b>	<b>20,318,407</b>	<b>44,895,509</b>	<b>294,838,154</b>
<b>Noncurrent assets:</b>					
<b>Restricted assets:</b>					
Cash and cash equivalents	-	16,201,000	-	-	16,201,000
Investments	-	9,705,000	-	14,070,006	23,775,006
Deposits held for development fund	-	-	585,110	-	585,110
Reserve/loans escrow	-	-	2,269,500	-	2,269,500
<b>Total restricted assets</b>	<b>-</b>	<b>25,906,000</b>	<b>2,854,610</b>	<b>14,070,006</b>	<b>42,830,616</b>
Investments - unrestricted	-	-	-	8,233,289	8,233,289
<b>Capital assets:</b>					
Buildings and building improvements	60,288,381	-	53,894,947	-	114,183,328
Land and land improvements	6,581,726	-	-	26,243,842	32,825,568
Parking facilities	-	-	-	181,754,187	181,754,187
Machinery and equipment	-	-	43,588	15,375,723	15,419,311
Utility assets	-	1,089,954,000	-	-	1,089,954,000
Non-utility assets	-	11,978,000	-	-	11,978,000
Infrastructure	-	-	2,241,369	-	2,241,369
Construction-in-progress	402,551	155,050,000	431,803	2,181,133	158,065,487
Less: accumulated depreciation	(21,633,485)	(335,332,000)	(13,913,915)	(109,535,011)	(480,414,411)
<b>Total net capital assets</b>	<b>45,639,173</b>	<b>921,650,000</b>	<b>42,697,792</b>	<b>116,019,874</b>	<b>1,126,006,839</b>
Leasehold improvements, net	-	-	-	7,477,450	7,477,450
Other assets	2,466,147	-	-	-	2,466,147
Property held for redevelopment	22,740,155	-	-	-	22,740,155
Loans/notes receivable, net	57,763,477	-	-	3,115,917	60,879,394
Net pension asset	-	-	-	5,017,653	5,017,653
Prepaid bond insurance	-	-	-	354,255	354,255
<b>Total noncurrent assets</b>	<b>128,608,952</b>	<b>947,556,000</b>	<b>45,552,402</b>	<b>154,288,444</b>	<b>1,276,005,798</b>
<b>Total Assets</b>	<b>269,799,190</b>	<b>1,035,990,000</b>	<b>65,870,809</b>	<b>199,183,953</b>	<b>1,570,843,952</b>
<b>Deferred Outflows of Resources</b>					
Accumulated decrease in fair value of hedging derivatives	-	33,863,000	-	-	33,863,000
Deferred outflows related to OPEB plan	-	-	-	58,254	58,254
Deferred outflows related to pension plan	-	-	-	235,745	235,745
Deferred charge on refunding	-	91,827,000	-	4,072,264	95,899,264
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>125,690,000</b>	<b>-</b>	<b>4,366,263</b>	<b>130,056,263</b>

(Continued)

See accompanying notes to financial statements.

**CITY OF PITTSBURGH, PENNSYLVANIA**

COMBINING STATEMENT OF NET POSITION

COMPONENT UNITS

DECEMBER 31, 2020

(Continued)

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
<b>Liabilities</b>					
Current liabilities:					
Bonds and loans payable, current portion	1,096,007	28,376,000	846,162	1,395,000	31,713,169
Accrued payroll and related obligations	-	1,093,000	-	-	1,093,000
Accounts payable - City of Pittsburgh	-	-	-	7,356,909	7,356,909
Accounts payable - wastewater treatment	-	18,705,000	-	-	18,705,000
Unearned revenue	5,313,238	-	-	775,989	6,089,227
Other liabilities	-	-	-	4,217	4,217
Accounts payable and other accrued expenses	2,938,061	29,535,000	473,076	3,094,114	36,040,251
Accrued interest payable	-	9,798,000	1,018	142,362	9,941,380
<b>Total current liabilities</b>	<b>9,347,306</b>	<b>87,507,000</b>	<b>1,320,256</b>	<b>12,768,591</b>	<b>110,943,153</b>
Noncurrent liabilities:					
Unearned revenue	-	121,000	-	-	121,000
Other liabilities	475,925	-	-	3,943,881	4,419,806
Accrued payroll and related obligations	-	1,065,000	-	-	1,065,000
Swap liability	-	33,863,000	-	-	33,863,000
Bonds and loans payable, net of current portion	12,076,613	1,037,850,000	23,663,363	45,253,731	1,118,843,707
Due to primary government	9,090,054	-	-	-	9,090,054
Advances from the City of Pittsburgh	-	-	22,775,168	-	22,775,168
<b>Total noncurrent liabilities</b>	<b>21,642,592</b>	<b>1,072,899,000</b>	<b>46,438,531</b>	<b>49,197,612</b>	<b>1,190,177,735</b>
<b>Total Liabilities</b>	<b>30,989,898</b>	<b>1,160,406,000</b>	<b>47,758,787</b>	<b>61,966,203</b>	<b>1,301,120,888</b>
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to OPEB plan	-	-	-	43,194	43,194
Deferred inflows related to pension plan	-	-	-	2,430,153	2,430,153
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,473,347</b>	<b>2,473,347</b>
<b>Net Position</b>					
Net investment in capital assets	29,795,204	(15,188,000)	31,499,231	77,607,282	123,713,717
Restricted for:					
Capital projects	-	-	6,723,953	6,782,227	13,506,180
Debt service	-	-	-	5,243,907	5,243,907
Indenture funds	-	-	-	25,309,457	25,309,457
Pension	-	-	-	2,815,563	2,815,563
Sustainability Initiatives	-	-	-	197,447	197,447
Operating reserve	-	19,461,000	-	-	19,461,000
Urban development	52,813,762	-	-	-	52,813,762
Lending programs	101,321,510	-	-	-	101,321,510
Housing program	2,708,562	-	-	-	2,708,562
Unrestricted	52,170,254	(2,999,000)	(20,111,162)	21,154,783	50,214,875
<b>Total Net Position</b>	<b>\$ 238,809,292</b>	<b>\$ 1,274,000</b>	<b>\$ 18,112,022</b>	<b>\$ 139,110,666</b>	<b>\$ 397,305,980</b>

(Concluded)

See accompanying notes to financial statements.

**CITY OF PITTSBURGH, PENNSYLVANIA**

STATEMENT OF ACTIVITIES

COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2020

	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		
<b>Urban Redevelopment Authority:</b>													
Governmental activities:													
Urban development	\$ 34,299,423	\$ 4,036,002	\$ 37,489,816	\$ -	\$ 7,226,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,226,395
General government	11,395,002	3,204,519	3,143,809	-	(5,046,674)	-	-	-	-	-	-	-	(5,046,674)
Interest on long-term debt	291,024	-	-	-	(291,024)	-	-	-	-	-	-	-	(291,024)
Total governmental activities	45,985,449	7,240,521	40,633,625	-	1,888,697	-	-	-	-	-	-	-	1,888,697
Business-type activities:													
Lending programs	1,031,949	1,396,267	-	-	-	364,318	-	-	-	-	-	-	364,318
Property management	4,200,838	3,430,634	-	-	-	(770,204)	-	-	-	-	-	-	(770,204)
Total business-type activities	5,232,787	4,826,901	-	-	-	(405,886)	-	-	-	-	-	-	(405,886)
URA Component Unit	1,087,649	837,548	461,861	-	-	-	211,760	-	-	-	-	-	211,760
Total URA	52,305,885	12,904,970	41,095,486	-	1,888,697	(405,886)	211,760	-	-	-	-	-	1,694,571
<b>Pittsburgh Water and Sewer Authority</b>	230,704,000	241,997,000	-	7,077,000	-	-	-	18,370,000	-	-	-	-	18,370,000
<b>Stadium Authority</b>	4,727,524	5,249,747	-	-	-	-	-	-	522,223	-	-	-	522,223
<b>Public Parking Authority</b>	39,232,952	34,962,276	-	-	-	-	-	-	-	(4,270,676)	-	-	(4,270,676)
<b>Total Component Units</b>	<u>\$ 326,970,361</u>	<u>\$ 295,113,993</u>	<u>\$ 41,095,486</u>	<u>\$ 7,077,000</u>	<u>1,888,697</u>	<u>(405,886)</u>	<u>211,760</u>	<u>18,370,000</u>	<u>522,223</u>	<u>(4,270,676)</u>	<u>-</u>	<u>-</u>	<u>16,316,118</u>
General revenues:													
Investment income, net					229,484	412,490	-	201,000	67,722	378,869	-	-	1,289,565
Gain (loss) on sale of assets					-	869,986	-	-	-	-	-	-	869,986
Miscellaneous revenue (expense)					-	-	-	-	-	78,054	-	-	78,054
Transfer in (out)					79,390	(79,390)	-	-	-	-	-	-	-
Total general revenues					<u>308,874</u>	<u>1,203,086</u>	<u>-</u>	<u>201,000</u>	<u>67,722</u>	<u>456,923</u>	<u>-</u>	<u>-</u>	<u>2,237,605</u>
Special Item:													
Private lead line replacement					-	-	-	(18,832,000)	-	-	-	-	(18,832,000)
Total special item					<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,832,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,832,000)</u>
<b>Change in Net Position</b>					<u>2,197,571</u>	<u>797,200</u>	<u>211,760</u>	<u>(261,000)</u>	<u>589,945</u>	<u>(3,813,753)</u>	<u>-</u>	<u>-</u>	<u>(278,277)</u>
Net position - beginning					<u>130,387,855</u>	<u>102,718,104</u>	<u>2,496,802</u>	<u>1,535,000</u>	<u>17,522,077</u>	<u>142,924,419</u>	<u>-</u>	<u>-</u>	<u>397,584,257</u>
Net position - ending					<u>\$ 132,585,426</u>	<u>\$ 103,515,304</u>	<u>\$ 2,708,562</u>	<u>\$ 1,274,000</u>	<u>\$ 18,112,022</u>	<u>\$ 139,110,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,305,980</u>

See accompanying notes to financial statements.

**NOTES TO  
FINANCIAL STATEMENTS**



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 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, 2020

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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, 2020, the City had a general fund unassigned fund balance of \$85.4 million and a general fund cash balance of \$71.0 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, 2020.

### **(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

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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, 2020

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### **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. The renegotiated Cooperation Agreement is 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.

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

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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(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 2020 totaled approximately \$9.4 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, 2020

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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<sup>th</sup> 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<sup>th</sup> Street, 2<sup>nd</sup> 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

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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, 2020, SEA's operating loss was \$45.0 million, and the change in net position was a decrease of \$16.8 million. SEA had total net position of \$316 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 2021 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 10<sup>th</sup> Street, 2<sup>nd</sup> Floor, Pittsburgh, PA 15222.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **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 2020. There were no land transactions made during the year ended December 31, 2020. 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, 2020

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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, 2020

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**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.

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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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**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 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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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.

### **(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

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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, 2020 which were levied to finance fiscal year 2020 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.

### **(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-

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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 Municipal pension fund is recorded as a deferred outflow of resources 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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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 have items that qualify for reporting in these categories:

- 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 inflows 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 plans as described further in Note 8.

### **(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 2020 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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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- 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 until they are due and payable. Current and non-current portions of compensated absences totaling \$26,328,134 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



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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.

### **(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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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 may differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

### **(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 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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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- 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,"* as delayed, is effective for fiscal years beginning after June 15, 2021. 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,"* as delayed, is effective for fiscal years beginning after December 15, 2020. This 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,"* as delayed, is effective for fiscal years beginning after December 15, 2021. 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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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GASB Statement No. 92, *"Omnibus 2020,"* as delayed, is effective for fiscal years beginning after June 15, 2021, 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.

GASB Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements,"* is effective for fiscal years beginning after June 15, 2022. This statement addresses issues related to public-private and public-public partnership arrangements and provides guidance on accounting and reporting for availability payment arrangements.

GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements,"* is effective for fiscal years beginning after June 15, 2022. This statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

GASB Statement No. 97, *"Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,"* is effective for fiscal years beginning after June 15, 2021. This statement provides guidance on accounting and financial reporting for Section 457 plans and determining whether a primary government is financially accountable for a potential component unit when there is absence of a governing board.

### **(W) Adoption of Pronouncements**

GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance,"* to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The provisions of this statement have been adopted.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **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.

#### **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, 2020, the total allowance for uncollectible loans, including those only repayable on a contingent basis and fully reserved at the time of issuance, was \$178 million.

#### **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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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, 2020 is \$3,693,182.

### **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.
- 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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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.
- 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 \$608.2 million and expenditures of approximately \$608.1 million in 2020. The budgetary expenditures, as amended, include carryover appropriation and other changes approved by City Council during 2020 of \$13.1 million; budgeted revenues were not amended during 2020 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

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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 and three public safety departments' and one public works department's salaries/employee benefits 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.

#### (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.



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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.

As of December 31, 2020, 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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **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, 2020, \$239,779,173 of the City’s combined bank balances of \$242,029,173 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, 2020, the City’s exposure to interest rate risk was limited to \$58,904,481, 26% of deposit and investment funds available, with a weighted average maturity period of 106 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, 2020, \$48,757,647 of the City Private-Purpose and Custodial Funds’ combined bank balances of \$49,507,647 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 meeting cash flow requirements. As of December 31, 2020, 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. \$7,800,000 of the City’s Private-Purpose Trust and Custodial Funds cash and

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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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, 2020, \$766,987 of the City’s pension cash account deposits of the \$3,996,973 combined bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance 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. \$3,646,090 of cash and cash equivalents were held at December 31, 2020 in the separate pension funds.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **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, 2020, 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, 2020:

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds	\$ 29,424,892	\$ 29,424,892	\$ -	\$ -
Debt securities:				
Corporate and other obligations:				
Corporate	28,886,828	-	28,886,828	-
Other	2,893,147	-	2,893,147	-
Total corporate and other obligations	31,779,975	-	31,779,975	-
U.S. government and agency obligations:				
U.S. Treasury Notes	7,476,291	7,476,291	-	-
Agency (GNMA, FNMA, FHLM)	15,092,679	-	15,092,679	-
Total U.S. government and agency obligations	22,568,970	7,476,291	15,092,679	-
Total debt securities	54,348,945	7,476,291	46,872,654	-
Mutual funds:				
U.S. equities - large-cap core	160,598,342	160,598,342	-	-
Non-U.S. equities:				
Large-cap core	85,198,313	85,198,313	-	-
Emerging markets	9,833,565	9,833,565	-	-
Total Non-U.S. equities	95,031,878	95,031,878	-	-
Fixed income:				
Core fixed income	35,359,744	35,359,744	-	-
Short-term	15,558,224	15,558,224	-	-
Total Fixed Income	50,917,968	50,917,968	-	-
Total mutual funds	306,548,188	306,548,188	-	-
Common stocks:				
Industrials	18,317,993	18,317,993	-	-
Consumer Discretionary	9,029,059	9,029,059	-	-
Consumer Staples	2,238,208	2,238,208	-	-
Energy	1,184,881	1,184,881	-	-
Financials	5,713,868	5,713,868	-	-
Materials	15,521,707	15,521,707	-	-
Information Technology	18,146,339	18,146,339	-	-
Real Estate	2,444,896	2,444,896	-	-
Utilities	228,638	228,638	-	-
Health Care	10,533,885	10,533,885	-	-
Telecommunications	2,755,070	2,755,070	-	-
Unclassified	212,607	212,607	-	-
Total common stocks	86,327,151	86,327,151	-	-
Private equity - partnerships	13,594,158	-	-	13,594,158
Total investments by fair value level	490,243,334	\$ 429,776,522	\$ 46,872,654	\$ 13,594,158
Investments measured at NAV:				
Hedge funds	63,388,609			
Real estate funds	40,116,295			
	103,504,904			
Total investments measured at fair value	\$ 593,748,238			

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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	\$ 11,990,006	None	Monthly	45 days
ABS Offshore SPC Global	16,383,288	None	Monthly	45 days
Entrust Three Rivers Partnership	22,310,076	None	Quarterly	90 days
Parametric Defensive Equity Fund	12,705,239	None	Monthly	1 to 2 weeks
RREEF America REIT II	17,897,007	None	Quarterly	45 days
Barings Core Property Fund	<u>22,219,288</u>	None	Quarterly	45 days
Total	<u>\$ 103,504,904</u>			

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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.

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

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.

*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, 2020, the Comprehensive Trust is in compliance with these limits.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

*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, 2020			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government and agency obligations	\$ 22,568,970	\$ -	\$ 6,323,464	\$ 2,247,760	\$ 13,997,746
Corporate debt	28,886,828	846,390	9,289,089	9,996,330	8,755,019
Other	2,893,147	384,842	202,450	471,608	1,834,247
<b>Total debt securities</b>	<b>\$ 54,348,945</b>	<b>\$ 1,231,232</b>	<b>\$ 15,815,003</b>	<b>\$ 12,715,698</b>	<b>\$ 24,587,012</b>

*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, 2020 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
\$ 5,521,881	Aaa	10.16%
979,966	Aa1	1.80%
239,944	Aa2	0.44%
669,712	Aa3	1.23%
1,323,337	A1	2.43%
2,373,729	A2	4.37%
4,797,073	A3	8.83%
16,726,951	Baa1 - Baa3	30.78%
244,673	Ba1 - Ba3	0.45%
21,471,679	Unrated	39.51%
<b>\$ 54,348,945</b>		<b>100.0%</b>

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, 2020

### 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, 2020 are estimated as follows:

	Amount Committed	Amount Drawn	Amount Distributed	Remaining Capital Commitment
Birchmere Ventures III	\$ 1,000,000	\$ 1,047,694	\$ 893,418	\$ -
Siguler Guff Small Buyout Opportunities Fund IV, LP	15,000,000	3,480,000	45,841	11,520,000
Draper Triangle Ventures II	1,000,000	1,112,121	1,283,732	-
Draper Triangle Ventures III	2,000,000	2,045,687	82,133	-
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	2,666,827	518,640 **
Crescent Mezz Partners VI	10,000,000	10,922,141	11,278,301	- **
Crescent Mezz Partners VII	10,000,000	8,389,853	3,081,147	1,610,147 **
	<u>\$ 59,000,000</u>	<u>\$ 45,488,246</u>	<u>\$ 42,837,121</u>	<u>\$ 14,629,302</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, 2020

### (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, 2020, 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	\$ 10,147,970	\$ 10,147,970	\$ -	\$ -
Equity mutual funds	17,493,581	17,493,581	-	-
U.S. Treasury Notes	1,072,771	1,072,771	-	-
Real Estate ETF	1,571,054	1,571,054	-	-
Alternative Fund	480,830	480,830	-	-
Total investments	30,766,206	<u>\$ 30,766,206</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	704,305			
Total OPEB Trust	<u>\$ 31,470,511</u>			

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 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.

*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 1-9 years.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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, 2020, 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 2020. Throughout the year ended December 31, 2020, 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, 2020, \$67,512,000 of PWSA's bank balance of \$67,762,000 was exposed to custodial credit risk. \$67,512,000 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 \$60,210,000 as of December 31, 2020, 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, 2020

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At December 31, 2020, PWSA held the following investment balances (in 000s):

		<u>Maturity in years</u>
	<u>Carrying value</u>	<u>Less</u>
		<u>than 1 year</u>
PA INVEST	\$ 9,096	\$ 9,096
Money market	16,201	16,201
U.S. Treasury bills	609	609
Total Investments	<u>\$ 25,906</u>	<u>\$ 25,906</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, 2020 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, 2020, 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, 2020 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, 2020.

### **(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, 2020.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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*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, 2020, 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, 2020, the Parking Authority had a bank and book balance of \$9,517,026 and \$9,830,470 (including \$9,368,386 of restricted cash), respectively.

#### **Investments**

As of December 31, 2020, the Parking Authority had the following investments, of which \$36,716,504 is restricted as to their use.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Investment	Amount	Percentage of Total Investment	Maturity	December 31, 2020 Rating	
				Standard & Poor's	Moody's Investors Service
Blackrock Treasury Trust Fund	\$ 18,259,764	33.2%	n/a	AAAm	Aaa-mf
Blackrock FedFund	31,330,235	57.0%	n/a	AAAm	AAA-mf
Morgan Stanley Liquid Trust Fund	5,386,269	9.8%	n/a	AAAm	Aaa-mf
Total	\$ 54,976,268	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, 2020

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, 2020, \$82,140,942 of the URA’s bank balance of \$93,805,356 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, 2020, the carrying amounts of the URA’s deposits were \$93,651,868.

As of December 31, 2020, none of the component unit’s bank balance was exposed to custodial credit risk. As of December 31, 2020, the carrying amounts of the component unit’s deposits were \$170,178.

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	\$ 37,195,594	\$ 37,195,594	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bonds	1,461,803	100,881	1,360,922	-	-	-
Freddie Mac	333,087	-	-	-	-	333,087
GNMA	942,990	348	-	-	742,293	200,349
FNMA	92,532	-	35,326	-	30,693	26,513
Total	<u>\$ 40,026,006</u>	<u>\$ 37,296,823</u>	<u>\$ 1,396,248</u>	<u>\$ -</u>	<u>\$ 772,986</u>	<u>\$ 559,949</u>

*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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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consideration non-routine repayments on principal as it is not possible to forecast these 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, 2020, 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, 2020.

*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 original 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, 2020

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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. On July 23, 2020, Pennsylvania Act 70 (Act 70) was signed into law. Act 70 provides that the Cooperation Agreement shall have the force and effect of law until January 1, 2025, or an earlier termination date to which the City and the PWSA mutually agree.

### **(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 \$5.6 million for the PWSA's share of the City's current pension costs for the year-ended December 31, 2020. The PWSA's payment was calculated based on the percentage of its covered payroll to the total covered payroll, which approximates 20.9%.

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, 2020

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### 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 2020 was \$20,904,326,000.

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 2020, 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, 2020

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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, 2020);
- 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.

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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During 2020, real estate tax abatements were as follows:

Act 42	\$	39,349
Act 42 Enhanced		710,350
Commercial LERTA		147,501
Residential LERTA		3,054,841
Residential Enhanced LERTA		372,566
Local Economic Stimulus		<u>1,240,681</u>
Total tax abatements	\$	<u><u>5,565,288</u></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 2020, other real estate tax arrangements as defined above resulted in the following forgone tax amounts:

Homestead Exemption	\$	6,232,050
Tax Increment Financing		1,948,111
Act 77 Exemption		<u>1,305,092</u>
Total tax other arrangements	\$	<u><u>9,485,253</u></u>

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### 6. Capital Assets

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Governmental activities:				
Non-depreciable assets:				
Land	\$ 45,602,091	\$ -	\$ -	\$ 45,602,091
Construction-in-progress	29,229,157	13,921,630	(1,953,073)	41,197,714
Total	<u>74,831,248</u>	<u>13,921,630</u>	<u>(1,953,073)</u>	<u>86,799,805</u>
Depreciable assets:				
Buildings and systems	90,391,265	-	-	90,391,265
Accumulated depreciation	(88,060,421)	(736,554)	-	(88,796,975)
Net	<u>2,330,844</u>	<u>(736,554)</u>	<u>-</u>	<u>1,594,290</u>
Furniture and fixtures	4,845,984	-	-	4,845,984
Accumulated depreciation	(4,845,984)	-	-	(4,845,984)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Machinery and equipment	9,163,387	-	-	9,163,387
Accumulated depreciation	(4,069,299)	(1,166,935)	-	(5,236,234)
Net	<u>5,094,088</u>	<u>(1,166,935)</u>	<u>-</u>	<u>3,927,153</u>
Vehicles	87,279,140	11,502,893	(4,677,215)	94,104,818
Accumulated depreciation	(67,804,591)	(7,310,086)	4,545,069	(70,569,608)
Net	<u>19,474,549</u>	<u>4,192,807</u>	<u>(132,146)</u>	<u>23,535,210</u>
Infrastructure	226,482,179	2,933,797	-	229,415,976
Accumulated depreciation	(146,160,060)	(4,586,617)	-	(150,746,677)
Net	<u>80,322,119</u>	<u>(1,652,820)</u>	<u>-</u>	<u>78,669,299</u>
Capitalized leases	15,434,653	-	-	15,434,653
Accumulated depreciation	(12,219,587)	(771,733)	-	(12,991,320)
Net	<u>3,215,066</u>	<u>(771,733)</u>	<u>-</u>	<u>2,443,333</u>
Total depreciable assets	433,596,608	14,436,690	(4,677,215)	443,356,083
Total accumulated depreciation	<u>(323,159,942)</u>	<u>(14,571,925)</u>	<u>4,545,069</u>	<u>(333,186,798)</u>
Net	<u>110,436,666</u>	<u>(135,235)</u>	<u>(132,146)</u>	<u>110,169,285</u>
Governmental activities, capital assets, net	<u>\$ 185,267,914</u>	<u>\$ 13,786,395</u>	<u>\$ (2,085,219)</u>	<u>\$ 196,969,090</u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

General government	\$ 156,021
Public safety	6,071,718
Highways, streets, and other capital improvements	6,974,802
Sanitation	1,188,681
Public works	85,675
Culture and recreation	63,143
Mobility and infrastructure	31,885
	<u>\$ 14,571,925</u>

Component unit's capital asset activity as presented for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Transfers/ Deletions	Balance December 31, 2020
<b>Component Units:</b>				
<b>Non-depreciable assets:</b>				
Land	\$ 32,825,568	\$ -	\$ -	\$ 32,825,568
Construction-in-progress	142,114,087	115,930,786	99,979,386	158,065,487
Total	174,939,655	115,930,786	99,979,386	190,891,055
<b>Depreciable assets:</b>				
Building and building improvements	124,354,036	1,061,369	11,232,077	114,183,328
Parking facilities	179,029,633	-	(2,724,554)	181,754,187
Machinery and equipment	15,371,699	-	(47,612)	15,419,311
Utility assets	998,895,000	92,968,000	1,909,000	1,089,954,000
Non-utility assets	12,181,000	-	203,000	11,978,000
Infrastructure	2,241,369	-	-	2,241,369
Total	1,332,072,737	94,029,369	10,571,911	1,415,530,195
Less: accumulated depreciation	(461,806,869)	(31,388,445)	(12,780,903)	(480,414,411)
Net	\$ 1,045,205,523	\$ 178,571,710	\$ 97,770,394	\$ 1,126,006,839

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 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, 2020

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### **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. Participation in the Municipal Plan is closed to non-union PWSA employees hired after March 1, 2019. 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. Contributions are calculated based on the Cooperation Agreement. As of the date of these financial statements, no separate allocations of Plan assets or Plan liabilities have been allocated to the employees of PWSA, nor have any separate and distinct comprehensive actuarial determinations been made. An actuarial study will be performed during 2021 to allocate the PWSA's portion of the net pension liability.

As discussed in Note 4, 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 requiring 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 \$5.6 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, 2020. The PWSA's payment was calculated based on the percentage of its covered payroll to the total covered payroll, which approximates 20.9%.

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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 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, 2020

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### **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 date of the most recent actuarial valuation, 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, 2020

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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 date of the most recent actuarial valuation, the Fund has 1,767 total members, of which 666 are active members; 1,097 are inactive plan members or beneficiaries currently receiving benefits; and 4 are 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.

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

MMOs for each of the three plans for December 31, 2020 were \$15,053,215 Municipal, \$14,868,348 Policemen, and \$21,597,824 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 from 2018 through 2020. The City will continue to contribute \$26.8 million per year from 2021 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, 2020, on an accrual basis, the City did contribute \$102.4 million to the Pension Trust Fund. Contributions made to the Plan represent 100% of the Act 205 MMO of \$51.5 million plus additional contributions of \$50.9 million including \$26.8 million of dedicated parking tax revenue, \$20.8 million in gaming funds, and \$3.3 million related to other benefits.

### **Net Pension Liability (NPL)**

The components of the net pension liability of the City at December 31, 2020, were as follows:

	Municipal	Policemen	Firemen	Total
Total pension liability	\$ 405,259,490	\$ 499,002,077	\$ 467,564,442	\$ 1,371,826,009
Plan fiduciary net position (allocated)	(209,879,757)	(181,407,881)	(204,169,886)	(595,457,524)
Net pension liability	\$ 195,379,733	\$ 317,594,196	\$ 263,394,556	\$ 776,368,485
Plan fiduciary net position as a percentage of the total pension liability	51.79%	36.35%	43.67%	43.41%

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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.

Changes in the net pension liability of the City for the year ended December 31, 2020, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/19	\$ 1,347,594,965	\$ 520,020,555	\$ 827,574,410
Changes for the year:			
Service cost	25,786,609	-	25,786,609
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Interest	96,094,613	-	96,094,613
Contributions - employer	-	73,677,522	(73,677,522)
Contributions - member	-	14,372,925	(14,372,925)
Contributions - state aid	-	25,421,751	(25,421,751)
Net investment income (loss)	-	60,841,066	(60,841,066)
Benefit payments, including refunds of member contributions	(97,650,178)	(97,650,178)	-
Administrative expense	-	(1,335,891)	1,335,891
Other Changes	-	109,774	(109,774)
Balances at 12/31/20	\$ 1,371,826,009	\$ 595,457,524	\$ 776,368,485

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

*Actuarial assumptions* - The total pension liability was determined by an actuarial valuation on January 1, 2019 and rolled forward to December 31, 2020 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
<i>Actuarial assumptions:</i>			
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

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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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, 2020:

<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, 2020, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 11.70%.

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



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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*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	\$ 256,154,524	\$ 195,379,733	\$ 142,012,616
Policemen	392,607,287	317,594,196	251,726,950
Firemen	334,047,724	263,394,556	201,357,416
Total	<u>\$ 982,809,535</u>	<u>\$ 776,368,485</u>	<u>\$ 595,096,982</u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

For the year ended December 31, 2020, the City recognized pension expense of \$63,683,541. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Municipal	Policemen	Firemen	Total
Deferred outflows of resources:				
Changes of assumptions	\$ 1,870,456	\$ 4,861,747	\$ 8,626,781	\$ 15,358,984
Difference between expected and actual experience	721,137	-	-	721,137
Total deferred outflows of resources	\$ 2,591,593	\$ 4,861,747	\$ 8,626,781	\$ 16,080,121
Deferred inflows of resources:				
Net difference between projected and actual earnings on pension plan investments	\$ (11,794,930)	\$ (10,170,355)	\$ (11,274,495)	\$ (33,239,780)
Difference between expected and actual experience	(489,802)	(11,845,914)	(5,166,725)	(17,502,441)
Total deferred inflows of resources	\$ (12,284,732)	\$ (22,016,269)	\$ (16,441,220)	\$ (50,742,221)

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

	Municipal	Policemen	Firemen	Total
2021	\$ (1,943,852)	\$ (3,641,064)	\$ (1,062,346)	\$ (6,647,262)
2022	(1,016,115)	(4,260,607)	1,104,531	(4,172,191)
2023	(5,132,353)	(7,865,185)	(5,618,260)	(18,615,798)
2024	(1,600,819)	(1,387,666)	(2,238,364)	(5,226,849)
2025	-	-	-	-
Thereafter	-	-	-	-
	\$ (9,693,139)	\$ (17,154,522)	\$ (7,814,439)	\$ (34,662,100)

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### **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 12/31/19	\$ 14,981,432	\$ 18,138,767	\$ (3,157,335)
Changes for the year:			
Service cost	481,928	-	481,928
Interest	971,648	-	971,648
Experience (gain) loss	(86,382)	-	(86,382)
Assumption (gain) loss	-	-	-
Employer contributions	-	140,422	(140,422)
Member contributions	-	165,995	(165,995)
Net investment income	-	2,922,845	(2,922,845)
Benefit payments	(547,940)	(547,940)	-
Other	-	(1,750)	1,750
Balances at 12/31/20	\$ 15,800,686	\$ 20,818,339	\$ (5,017,653)

#### **Multiple-Employer Defined Benefit Plan – Parking Authority**

The Parking Authority had 46 facility employees in the year ended December 31, 2020, 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 \$269,068 to this plan for the year ended December 31, 2020.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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, 2020 were \$292,426 and employee contributions were \$177,446.

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, 2020, the PWSA contributed \$95,000 to the 401(a) profit-sharing plan.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 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, 2020 composed of the following:

Retiree plan	\$ 376,272,016
Fire plan	<u>26,621,498</u>
Total net OPEB Liability (Asset)	<u>\$ 402,893,514</u>

The components of the net OPEB liability at December 31, 2020 were as follows:

	<u>Retiree Plan</u>	<u>Fire Plan</u>
Total OPEB liability	\$ 407,655,899	\$ 26,708,126
Plan Fiduciary Net Position	<u>31,383,883</u>	<u>86,628</u>
Net OPEB Liability (Asset)	<u>\$ 376,272,016</u>	<u>\$ 26,621,498</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>7.70%</u>	<u>0.32%</u>

The net OPEB liabilities were measured as of December 31, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of January 1, 2020, rolled forward to December 31, 2020.

For the year ended December 31, 2020 the City recognized OPEB expense as follows:

Retiree plan	\$ 85,006
Fire plan	<u>4,403,964</u>
Total OPEB expense	<u>\$ 4,488,970</u>

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

At December 31, 2020, 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	\$ 21,524,154	\$ (50,817,679)
Fire plan	7,560,680	-
Net difference between projected and actual earnings on OPEB plan investments:		
Retiree plan	962,726	(2,970,174)
Fire plan	-	(9,842)
Differences between expected and actual experience:		
Retiree plan	-	(47,877,625)
Fire plan	-	(4,947,370)
Total	\$ 30,047,560	\$ (106,622,690)

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
2021	\$ (29,300,306)	\$ 191,653	\$ (29,108,653)
2022	(29,300,309)	191,653	(29,108,656)
2023	(7,631,521)	191,653	(7,439,868)
2024	(12,946,462)	191,655	(12,754,807)
2025	-	194,114	194,114
Thereafter	-	1,642,740	1,642,740
	\$ (79,178,598)	\$ 2,603,468	\$ (76,575,130)

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 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, 2020, that date of the most recent actuarial valuation, the OPEB retiree plan membership consisted of the following:

	Health Insurance	Life Insurance
Active participants	1,615	1,615
Vested former participants	-	-
Retired participants	1,478	2,154
Total	<u>3,093</u>	<u>3,769</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

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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, 2020, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at 12/31/19	\$ 464,939,755	\$ 27,273,644	437,666,111
Changes for the year:			
Service cost	3,659,948	-	3,659,948
Differences between expected and actual experience	(51,315,119)	-	(51,315,119)
Changes in assumptions	(11,541,316)	-	(11,541,316)
Interest	27,363,576	-	27,363,576
Contributions - employer	-	26,076,181	(26,076,181)
Contributions - member	-	-	-
Contributions - state aid	-	-	-
Net investment income (loss)	-	3,529,471	(3,529,471)
Benefit payments, including refunds of member contributions	(25,450,945)	(25,450,945)	-
Administrative expense	-	(15,376)	15,376
Changes of benefit terms	-	-	-
Other Changes	-	(29,092)	29,092
Balances at 12/31/20	\$ 407,655,899	\$ 31,383,883	\$ 376,272,016



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### Actuarial Assumptions

The total OPEB retiree plan liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	1/1/2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	28 year closed period
Actuarial assumptions:	
Investment rate of return	6.00%
Inflation rate	2.75%

#### Mortality tables:

Active: RP-2000 Mortality Tables

Municipal Retirees: RP-2000 Mortality for Healthy Annuitants adjusted by blue collar ratios set forward 1 year for healthy retirees and 6 years for disabled retirees.

Police and Fire Retirees: RP-2000 Mortality for Healthy Annuitants adjusted by blue collar ratios set forward 3 years for disabled retirees.

#### Healthcare cost trend rates:

<u>Year</u>	<u>Medical/Rx Costs</u>	<u>Medicare Part B Premiums</u>
	<u>Annual Trend Rate</u>	<u>Annual Trend Rate</u>
2020	5.70%	6.02%
2021	5.40%	2.87%
2022	5.10%	5.71%
2025	5.19%	5.66%
2030-2050	5.18%	5.18%
2060	4.84%	4.84%
2070	4.38%	4.38%
2075+	4.04%	4.04%

There were no changes to benefits made in connection with the 1/1/20 actuarial valuations.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### Changes in Actuarial Assumptions

Health care trend rates have been updated which caused a decrease in the City's OPEB liability.

### 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, 2020 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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.70% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount Rate

The final equivalent single discount rate used to measure the total OPEB retiree plan liability was 6.00% percent for 2020 with the expectation that the City will continue to fund the full

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

pay-go costs. 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	\$ 428,325,338	\$ 376,272,016	\$ 333,400,800

### 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	\$ 333,508,554	\$ 376,272,016	\$ 427,970,615

### 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 2020, the City contributed \$25,450,945 to the plan directly to pay benefits. During the year ended December 31, 2020, the City contributed an additional \$625,236 into the OPEB retiree plan irrevocable trust above the need for benefits. After first quarter 2020, the City ceased additional payments into the OPEB Retiree Plan Trust Fund.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### Contribution

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 to be consistent with the investment objectives of the plan and based on the capital market assumptions.

### Financial Statements

Retiree Plan OPEB Trust Fund Statement of Net Position and Statement of Changes in Net Position for the year-ended December 31, 2020.

Assets	Statement of Net Position
Cash and short-term investments	\$ 698,425
Mutual funds:	
U.S. equities	17,474,339
Fixed income	11,169,317
Real estate funds	1,564,411
Alternative strategies	477,391
Total Assets	<u>31,383,883</u>
Net Position Restricted for OPEB	<u>\$ 31,383,883</u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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	Statement of Changes in Net Position
<u>Additions:</u>	
Contributions - Employer	\$ 26,076,181
Investment income:	
Net increase in fair value of investments	2,794,160
Interest and dividends	735,311
Total investment income (loss)	3,529,471
Investment expense	(11,606)
Net investment income	3,517,865
Total additions	29,594,046
<u>Deductions:</u>	
Benefit payments	25,450,945
Transfer out	29,092
Administrative expenses	3,771
Total deductions	25,483,808
Net Increase (Decrease) in Net Position	4,110,238
<u>Net Position:</u>	
Beginning of year	27,273,645
End of year	\$ 31,383,883

### **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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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. 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, 2020, that date of the most recent actuarial valuation, the OPEB fire plan membership consisted of the following:

Active members	472
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Inactive Members or Beneficiaries Currently Receiving Benefits	<u>7</u>
Total	<u><u>479</u></u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### Changes in the Net OPEB Fire Plan Liability

Changes in the net OPEB liability for the fire plan for the year ended December 31, 2020, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 12/31/19	\$ 24,370,045	\$ -	\$ 24,370,045
Changes for the year:			
Service cost	3,454,046	-	3,454,046
Differences between expected and actual experience	(4,250,409)	-	(4,250,409)
Changes in assumptions	2,581,819	-	2,581,819
Interest	759,564	13,602	745,962
Contributions - employer	-	250,873	(250,873)
Contributions - member	-	-	-
Net investment income (loss)	-	-	-
Benefit payments	(206,939)	(206,939)	-
Administrative expense	-	-	-
Changes of benefit terms	-	-	-
Other Changes	-	29,092	(29,092)
Balance at 12/31/20	\$ 26,708,126	\$ 86,628	\$ 26,621,498

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### Actuarial Assumptions

The total OPEB fire plan liability was determined by an actuarial valuation as of January 1, 2020 and rolled forward to a measurement date of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	1/1/2020	
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	2.12%	
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 retirees All mortality tables are projected using SSA 2015 mortality improvement scale	
Healthcare cost trend rates:		
	Medical/Rx Costs	Medicare Part B Premiums
<u>Year</u>	<u>Annual Trend Rate</u>	<u>Annual Trend Rate</u>
2020	5.70%	6.02%
2021	5.40%	2.87%
2022	5.10%	5.71%
2025	5.19%	5.66%
2030-2050	5.18%	5.18%
2060	4.84%	4.84%
2070	4.38%	4.38%
2075+	4.04%	4.04%

There were no changes to benefits made in connection with the 1/1/20 actuarial valuations.



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### Changes in Actuarial Assumptions

Health care trend rates were updated and there was a decrease in the discount rate from 2.74% to 2.12%. These changes caused an increase in liability during the year.

### Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.70% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### 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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
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%
	100.00%	

### Discount Rate

The final equivalent single discount rate used to measure the total OPEB liability was 2.12% with the expectation that the City will continue to fund the full pay-go cost plus an additional discretionary contribution in the future.

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 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 (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Net OPEB Liability (Asset) - Disabled Firefighters	\$ 27,215,167	\$ 26,621,498	\$ 17,878,005

### 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	\$ 16,996,053	\$ 26,621,498	\$ 29,026,836

### 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 2020, the City contributed \$250,873 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, 2020.

### Contribution

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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 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 consistent with the investment objectives of the plan and based on the capital market assumptions.

### Financial Statements

Fire Plan OPEB Trust Fund Statement of Net Position and Statement of Changes in Net Position for the year-ended December 31, 2020.

Assets	Statement of Net Position
Cash and short-term investments	\$ 5,880
Mutual funds:	
U.S. equities	19,242
Fixed income	51,424
Real estate funds	6,643
Alternative strategies	3,439
Total Assets	86,628
Net Position Restricted for OPEB	\$ 86,628

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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	Statement of Changes in Net Position
<u>Additions:</u>	
Contributions - Employer	\$ 250,873
Investment income:	
Net increase in fair value of investments	11,617
Interest and dividends	1,985
Total investment income (loss)	13,602
Investment expense	-
Net investment income	13,602
Transfer in	29,092
Total additions	293,567
<u>Deductions:</u>	
Benefit payments	206,939
Total deductions	206,939
Net Increase (Decrease) in Net Position	86,628
<u>Net Position:</u>	
Beginning of year	-
End of year	\$ 86,628

### **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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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At December 31, 2020, participants in the Plan were as follows:

Active - Medical	3
Active - Life Only	53
Retirees and spouses - pre 95 with medical	2
Retirees - post 95 with medical	4
Retirees - life insurance only	9

### **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 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, 2020 were as follows:

Total OPEB liability	\$ 455,889
Plan fiduciary net position	<u>-</u>
Net OPEB liability	<u>\$ 455,889</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0%</u>

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### **Changes in the Total OPEB Liability**

The changes in the total OPEB liability of the Authority for the year ended December 31, 2020 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2019	\$ 444,002	\$ -	\$ 444,002
Changes for the year:			
Service cost	2,554	-	2,554
Interest	15,350	-	15,350
Experience losses (gains)	(53,993)	-	(53,993)
Changes of assumptions	72,817	-	72,817
Contributions - employer	-	24,841	(24,841)
Benefits paid	(24,841)	(24,841)	-
Net changes	11,887	-	11,887
Balances at December 31, 2020	\$ 455,889	\$ -	\$ 455,889

### **Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation performed on December 31, 2020 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 – Healthy Annuitant: SOA PubG-2010 Headcount Weighted Healthy Mortality Table with MP-2020 mortality improvement; Contingent Survivor: SOA PubG-2010 Headcount Weighted Contingent Survivor Mortality Table with MP-2020 mortality improvement; Disabled Lives: SOA PubG-2010 Headcount Weighted Disabled Mortality Table with MP-2020 mortality improvement;
- Salary increase – 4.50% per annum;
- Discount rate: 1.93% per annum;

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

- Healthcare cost trend rate – Medical: 6.25% to 5.75% over two years, and then following the Getzen model thereafter; Dental 5%

*Changes in Actuarial Assumptions* – The discount rate is 1.93% based on the S&P 500 High Grade 20 Year Municipal Bond Index as of December 31, 2020, compared to the prior discount rate of 3.64% based on the S&P Municipal Bond 20 Year High Grade Rate Index, the mortality assumption was updated to the SOA PubG-2010 Headcount Weighted Mortality Table for Health, Contingent Survivor and Disabled Lives with MP-2020 mortality improvement from the RP-2014 Fully Generational Blue Collar Mortality Table with MP-2018 mortality improvement, and trend was updated to health care cost trend rate to be 6.25% in 2020, grading down to 5.75% uniformly over two years, and then following the Getzen model thereafter. The prior trend was the healthcare cost trend rate assumed to be 7.5% in 2018, grading down to 6.75% uniformly over four years, and then following the Getzen model thereafter.

*Discount Rate* - The discount rate used to measure the total OPEB liability was 1.93%.

*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:

1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
\$ 503,153	\$ 455,889	\$ 415,648

*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:

1% Decrease in Getzen Model	Current Getzen Model	1% Increase Getzen Model
\$ 454,264	\$ 455,889	\$ 457,585

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2020, the recognized OPEB expense is \$21,668. At December 31, 2020, the Authority reported \$58,254 in deferred outflows of resources and (\$43,194) in deferred inflows of resources in relation to the OPEBs. Amounts reported as deferred outflows and deferred inflows of resources related to OPEBs will be recognized in OPEB expense of approximately \$3,800 each year 2021-2024.

## 9. Long-Term Liabilities

The maximum amount payable for future maturities of bond and interest on general long-term debt at December 31, 2020 and changes in bond principal for the year then ended are summarized below:

	Principal				
	Outstanding at December 31, 2019	Bonds and Notes paid or deceased and premiums amortized during 2020	Bonds and notes issued during 2020	Outstanding at December 31, 2020	Interest
<b>Council and Public Election General Obligation Bonds and Notes:</b>					
Eight general obligation bond issues and notes with rates ranging from 0.50% to 6.60%. The bonds are payable from general revenues.					
2020	\$ 34,550,000	\$ 34,550,000	\$ -	\$ -	\$ -
2021	36,580,000	2,205,000	4,740,000	39,115,000	16,460,388
2022	38,655,000	2,285,000	6,240,000	42,610,000	13,154,946
2023	41,005,000	7,680,000	11,970,000	45,295,000	11,942,977
2024	43,340,000	8,030,000	12,235,000	47,545,000	9,611,572
2025	44,430,000	37,195,000	42,045,000	49,280,000	8,094,565
2026-2030	95,845,000	61,890,000	75,245,000	109,200,000	28,421,067
2031-2035	53,155,000	18,335,000	30,575,000	65,395,000	13,935,698
2036-2040	19,515,000	-	14,600,000	34,115,000	3,423,625
Subtotal	407,075,000	172,170,000	197,650,000	432,555,000	105,044,838
Less:					
Unamortized bond discounts/premiums	20,522,805	7,590,669	13,107,684	26,039,820	-
	<u>\$ 427,597,805</u>	<u>\$ 179,760,669</u>	<u>\$ 210,757,684</u>	<u>\$ 458,594,820</u>	<u>\$ 105,044,838</u>



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### Discretely Presented Component Units

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Retirements	Balance at December 31, 2020
<b>URA:</b>				
Mortgage Revenue Bond Program	\$ 4,540,000	\$ -	\$ 1,325,000	\$ 3,215,000
Bank loan	9,028,369	-	2,274,454	6,753,915
Total proprietary fund debt	13,568,369	-	3,599,454	9,968,915
HUD Section 108 loans	2,835,000	-	330,000	2,505,000
Compensated absences	1,948,565	101,245	1,351,105	698,705
Total debt and other long-term obligations	18,351,934	101,245	5,280,559	13,172,620
<b>URA Component Units:</b>				
Pittsburgh Housing Development Corporation:				
Loans payable to				
Schenley Heights Collaborative	30,754	-	-	30,754
Bank construction loans	691,248	173,789	419,866	445,171
Total Component Unit Debt	722,002	173,789	419,866	475,925
Total debt and other long-term obligations - reporting entity	\$ 19,073,936	\$ 275,034	\$ 5,700,425	\$ 13,648,545

The 2020 deletions 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, 2020

### Parking Authority Debt

Future maturities of bond and note principal on Parking Authority indebtedness at December 31, 2020 are as follows:

	Principal				
	Outstanding at December 31, 2019	Bonds paid or defeased and discount amortized during 2020	Bonds and notes issued during 2020	Outstanding at December 31, 2020	Interest
<b>Parking Authority Revenue Bonds and Notes:</b>					
Two revenue bond issues with interest rates ranging from 3.0% to 5.0%. These bonds are payable from revenue from Parking Authority operations.					
2020	\$ 5,360,000	\$ 5,360,000	\$ -	\$ -	\$ -
2021	5,520,000	4,125,000	-	1,395,000	1,605,970
2022	5,730,000	1,960,000	-	3,770,000	1,526,913
2023	5,950,000	2,130,000	-	3,820,000	1,338,413
2024	6,185,000	2,315,000	-	3,870,000	1,147,413
2025	6,430,000	2,505,000	-	3,925,000	953,913
2026-2030	6,685,000	2,700,000	15,855,000	19,840,000	2,480,047
2031-2032	-	-	7,635,000	7,635,000	2,280,797
	<u>41,860,000</u>	<u>21,095,000</u>	<u>23,490,000</u>	<u>44,255,000</u>	<u>11,333,466</u>
Plus: Bond premium	3,279,075	(885,344)	-	2,393,731	-
Total	<u>\$ 45,139,075</u>	<u>\$ (21,980,344)</u>	<u>\$ 23,490,000</u>	<u>\$ 46,648,731</u>	<u>\$ 11,333,466</u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### Pittsburgh Water and Sewer Authority Debt

Future maturities of bond and note principal on PWSA indebtedness at December 31, 2020 are as follows:

	Principal				
	Outstanding at December 31, 2019	Bonds paid or deceased and discount amortized during 2020	Bonds and notes issued during 2020	Outstanding at December 31, 2020	Interest
<b>Pittsburgh Water and Sewer Authority</b>					
<b>Revenue Bonds:</b>					
Five revenue refunding bonds with interest rates ranging from .700% to 5.310%, Sixteen state loans, revolving line of credit, and three swap borrowings with variable interest rates. The bonds are payable from revenue from Water and Sewer operations.					
2020	\$ 27,022,000	\$ 134,022,000	\$ 107,000,000	\$ -	\$ -
2021	97,555,000	62,500,000	226,000	35,281,000	35,503,000
2022	33,046,000	-	1,894,000	34,940,000	35,076,000
2023	34,359,000	-	25,249,000	59,608,000	33,613,000
2024	34,875,000	-	2,017,000	36,892,000	32,070,000
2025	-	-	38,644,000	38,644,000	30,468,000
2026-2030	134,938,000	-	6,313,000	141,251,000	209,462,000
2031-2035	196,813,000	-	42,656,000	239,469,000	99,622,000
2036-2040	242,648,000	-	34,241,000	276,889,000	48,920,000
2041-2045	80,357,000	46,808,000	20,050,000	53,599,000	10,977,000
2046-2050	-	-	24,395,000	24,395,000	3,003,000
	<u>881,613,000</u>	<u>243,330,000</u>	<u>302,685,000</u>	<u>940,968,000</u>	<u>538,714,000</u>
Net bond discount (premium)	69,986,000	5,327,000	16,665,000	81,324,000	-
Accretion on 1998 bonds	40,726,000	-	3,208,000	43,934,000	-
Total	<u>\$ 992,325,000</u>	<u>\$ 248,657,000</u>	<u>\$ 322,558,000</u>	<u>\$ 1,066,226,000</u>	<u>\$ 538,714,000</u>

Included in the maturity schedule above is \$157,999,000 of debt issued as direct borrowings.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

#### **General Obligation Refunding Bonds – Series of 2020 A&B**

On August 5, 2020, the City issued \$32,580,000 of General Obligation Bonds, Series 2020A and \$121,515,000 of General Obligation Bonds, Series 2020B. Series A consisted of serial bonds all bearing a fixed rate from 3.0% to 5.0% with maturities commencing on September 1, 2021 and continuing annually through September 2033. Net proceeds of the Series 2020A Bonds of \$38,938,604 (including a premium of \$6,58,604 and bond issuance cost of \$141,107) were used to advance refund the General Obligation Note, Series 2018.

Series 2020B consisted of serial bonds all bearing a fixed rate from 0.5% to 1.9% with maturities commencing on September 1, 2021 and continuing annually through September 2032. The net proceeds of the Series B Bonds of \$121,515,000 (including bond issuance costs of \$486,542) were used to advance refund all of the General Obligation Bonds, Series 2012B and advance refund a portion of the General Obligation Bonds, Series 2012A and Series 2014.

The City's advance refunding decreased the total debt service over the next 13 years by \$15.7 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 \$12.0 million.

#### **General Obligation Bonds – Series of 2020**

On April 13, 2020, the City issued \$43,555,000 of General Obligation Bonds, Series 2020. These consisted of serial bonds all bearing a fixed rate from 3.0% to 5.0% with maturities commencing on September 1, 2021 and continuing annually through September 2040. Net proceeds of \$50,304,080 (including a premium of \$6,749,080 and bond issuance costs of \$304,080) will be used to fund the acquisition and/or construction of various capital projects.

#### **General Obligation Bonds – Series of 2019**

On February 14, 2019, the City issued \$55,420,000 of General Obligation Bonds, Series 2019 with an average interest rate of 4.5%. These consisted of serial bonds all bearing a fixed rate from 3.5% to 5.0% with maturities commencing on September 1, 2019 and continuing annually 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.

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **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. These Notes have been fully refunded by General Obligation Bonds, Series 2020A.

### **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. These consisted of serial bonds all bearing a fixed rate from 3.0% 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. A portion of Series 2014 was refunded by Series 2020B.

### **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%. A portion of Series 2012A was refunded by Series 2020B.

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

The net proceeds of the 2012 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. Series 2012B Bonds have been fully refunded by Series 2020B.

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, 2020:

<u>Serial Bonds</u>	<u>Coupon or Ceiling Rate of Interest</u>	<u>Amount Outstanding</u>	<u>Amount due within one year</u>
1998A, B, C	6.50% - 6.60%	\$ 101,255,000	\$ 22,860,000
2012 A	2.00%-5.00%	10,000,000	4,940,000
2014	3.00%-5.00%	19,450,000	2,590,000
2017	3.00%-5.00%	50,520,000	2,175,000
2019	3.50%-5.00%	53,680,000	1,810,000
2020	3.00%-5.00%	43,555,000	1,415,000
2020 A	3.00%-5.00%	32,580,000	195,000
2020 B	0.50%-1.90%	121,515,000	3,130,000
Subtotal		<u>432,555,000</u>	<u>\$ 39,115,000</u>
Add: Unamortized bond discounts/premiums		<u>26,039,820</u>	
Total general obligation bonds and notes payable		<u>\$ 458,594,820</u>	

The City's Bond Debt ratings are Fitch's AA- and Standard & Poor's AA- as of December 31, 2020.

From 1998 through 2020, 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 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, 2020 is \$205,170,000.

Subsequent to year-end, the City expects to issue \$65 million in general obligation bonds for various capital projects and to pay the costs and expenses of issuing the bonds.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **(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, 2020 of the remaining loan (from PA DCED) is \$610,781. 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 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, 2020 is \$19,930,000.

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **(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, 2020 have carrying amounts of \$63,078,000.

#### **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, 2020 have carrying amounts of \$106,180,000.



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### **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, 2020 has a carrying amount of \$129,610,000. The 2017 B Bonds were paid off during 2018.

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. As noted below, the 2017 C Bonds were remarketed with the issuance of the 2020 A Bonds to convert the cash flows of the PWSA's outstanding fixed payer swap portfolio from 70% 1-month LIBOR to the Weekly SIFMA Index (plus a third payment leg that includes a fixed rate component of the PWSA paying 0.118%) between the Overlay Swap's effective date of December 1, 2020 and termination date of December 1, 2023. When LIBOR is no longer published, the interest rate will be replaced by the Federal Funds Rate if not renegotiated.

The 2017 C Bonds at December 31, 2020 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 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.

# CITY OF PITTSBURGH, PENNSYLVANIA

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The 2019 A and B Bonds at December 31, 2020 have carrying amounts of \$107,560,000 and \$104,290,000, respectively.

### **Series 2020**

During December 2020, the PWSA issued \$890,000 Series A First Lien Revenue Bonds (Federally Taxable), the proceeds of which were used to remarket the 2017 C Bonds; and \$91,520,000 Series B First Lien Revenue Bonds, the proceeds of which were used to refinance the capital revolving line of credit described below.

The 2020 B Bonds were issued at a bond premium of \$16,665,000, which is being amortized as an adjustment to interest expense over the life of the bonds.

The 2020 A and B Bonds have carrying amounts of \$890,000 and \$91,520,000 at December 31, 2020, 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 revolving advance bears interest at the LIBOR Index Rate, which ranged from 0.45% to 2.85% during the year ended December 31, 2020. At December 31, 2020, the Authority had \$0 in outstanding revolving advances. The balance was paid off during 2020 and the line of credit was closed.

In June 2020, the PWSA obtained a \$150 million revolving line of credit to finance certain capital projects. The capital revolving line of credit is secured by the receipts and revenues of the PWSA's water and sewer system on a subordinate basis. The PWSA has until June 23, 2023 to request revolving advances on the line of credit, at which time the PWSA has the option to convert the unpaid principal balance to a term loan. The capital revolving line of credit contains a provision that in the event of default, the lender shall be under no further

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# CITY OF PITTSBURGH, PENNSYLVANIA

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obligation to make loans to the PWSA and the outstanding amount under this line of credit becomes immediately due. Each revolving advance bears interest per annum equal to the sum of 79% of the daily LIBOR rate plus the applicable margin (1.61% to 1.78%). The agreement includes a LIBOR replacement rider for determining an alternative rate of interest in the event LIBOR is no longer available. At December 31, 2020, the interest rate was 2.005%. At December 31, 2020, the PWSA had \$26,665,000 in outstanding revolving advances.

### **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 \$69,379,000 at December 31, 2020. 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 \$3,724,000 for the year ended December 31, 2020. 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, 2020, the outstanding balance of the capital lease was \$4,970,000.

### **Swap Borrowing – Direct Borrowing**

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, 2020, the unamortized balance is \$61,955,000.

# CITY OF PITTSBURGH, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2020

### Swap Transactions

Current Notional Amount	Effective Date	Maturity Date	Interest Rate Paid	Interest Rate Received	Counterparty Credit Rating	Underlying Bonds	12/31/2020 Fair Value *
<b>Hedging derivatives, Cash flow hedges, Receive variable - Pay fixed, Interest rate swaps:</b>							
\$ 72,747,500	12/28/2017	9/1/2039	1.732%	70% 1mo LIBOR	A-	Series 2017 C	\$ (10,927,945) **
72,747,500	12/28/2017	9/1/2039	1.732%	70% 1mo LIBOR	A+	Series 2017 C	(10,927,945) **
71,225,000	12/28/2017	9/1/2040	1.735%	70% 1mo LIBOR	A+	Series 2017 C	(11,549,929) **
<b>Hedging derivatives, Cash flow hedge, Receive variable - pay variable, Interest rate swap (Overlay Swap):</b>							
			70% 1mo LIBOR				
216,720,000	12/1/2020	12/1/2023	& 0.118%	SIFMA	A-	Series 2017 C	(457,111) **
Total							<u>(33,862,930)</u>

\* - 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 hedging derivative - interest rate swap and swap liability on the Statement of Net Position.

When LIBOR is no longer published, the interest rate will be replaced by the Federal Funds Rate if not renegotiated.

### 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 1<sup>st</sup> 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 on the 1<sup>st</sup> 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.

# CITY OF PITTSBURGH, PENNSYLVANIA

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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.

On November 12, 2020, the PWSA entered into a new swap transaction (the "Overlay Swap") associated with the 2017 Series C variable rate bonds (the "Bonds" or the "2017C Bonds"). The Overlay Swap's purpose was to convert the cash flows of the PWSA's outstanding fixed payer swap portfolio from 70% one-month LIBOR to the Weekly SIFMA Index (plus a third payment leg that includes a fixed rate component of the PWSA paying 0.118%) between the Overlay Swap's effective date of December 1, 2020 and termination date of December 1, 2023. The notional amount of the Overlay Swap is \$216,720,000 matching 100% of the aggregate notional amount of the PWSA's outstanding fixed payer swap portfolio. The Overlay Swap was entered into in alignment with the PWSA's successful remarketing of the Bonds on December 1, 2020 from a 70% one-month LIBOR mode into a Weekly SIFMA Index mode.

### **Accounting and Risk Disclosures**

During the year ended December 31, 2020, the PWSA paid \$6,808,000 fixed and received \$1,134,000 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, 2020 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

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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).

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, 2020 is \$(22,478,000) with one counterparty and \$(11,385,000) 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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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.

- 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 swaps are highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair value.
- 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 overlay swap to the extent SIFMA differs from 70% of one-month LIBOR or the federal funds rate. 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.

- 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, 2020

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### **(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. As of December 31, 2020, the balance of TIF Bonds and Notes outstanding was \$31.0 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 and loans and from other revenue and grants received by the URA. Debt issued for the URA as of December 31, 2020 is as follows:



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **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 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, 2020, \$3,215,000 is outstanding. \$495,000 is due on these bonds in 2021.

### **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%. The loan was repaid in full during 2020 upon sale of the property.

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, 2020, \$6,753,915 is outstanding. Final maturity is January 1, 2025. Monthly payments are based on a 10-year amortization with a balloon payment due at maturity. \$249,007 is due on this loan in 2021. In the event of default, outstanding amounts become due immediately.

### **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, 2020, \$1,503,000 is outstanding. \$211,000 is due in 2021.

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 and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2020, \$1,002,000 is outstanding. \$141,000 is due in 2021.

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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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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
2021	\$ 495,000	\$ 147,695	\$ 249,007	\$ 252,711
2022	515,000	124,440	258,713	243,005
2023	520,000	99,600	268,798	232,920
2024	520,000	74,640	279,275	222,442
2025	385,000	50,880	5,698,122	18,051
2026-2028	780,000	54,000	-	-
	<u>\$ 3,215,000</u>	<u>\$ 551,255</u>	<u>\$ 6,753,915</u>	<u>\$ 969,129</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
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	457,000	50,492	507,492
2026	492,000	26,270	518,270
	<u>\$ 2,505,000</u>	<u>\$ 487,298</u>	<u>\$ 2,992,298</u>

In August of 2020, the URA entered into a Non-Revolving Line Note (Note) with The PNC Foundation in the amount of \$10 million. The Note bears interest at 0%. The proceeds of the Note are to be used for the Emergency Recovery Loan Fund, Invest PGH, Inc. and Catapult: Start-up to Storefront Program. Non-repayable Funds in the Note include Administrative, Invest PGH, and Catapult expenses as well as funds invested into projects, programs, and loans where a return on investment is not anticipated or loan repayments are not received. At December 31, 2020, \$6.5 million of Note proceeds were received by the URA and as of December 31, 2020, \$5.2 million of this amount is recorded as unearned revenue.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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URA Component Unit Debt consists of the following:

### **PHDC-Bank Construction Loans**

The PHDC had outstanding construction loans payable to banks of \$445,171. 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 2021, whichever occurs first. The loan is secured by the mortgage on the property.

### **Future Maturities**

Loans receivable to the URA from PHDC are \$2,501,801. The loans are non-interest bearing. The loans are due upon the sale of related project units. 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 \$2,501,801. The loans are non-interest bearing. The loans are due upon the sale of related project units but are not scheduled to mature past 2022. 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 outstanding Parking System Revenue Bonds, Series B of 2005, (3) refund on an advance

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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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.

### **2020 Series Bonds**

In November 2020, the Parking Authority issued \$23,490,000 in Federally Taxable Parking System Revenue Refunding Bonds, Series of 2020. Proceeds from the Series of 2020 were used to (1) advance refund a portion (\$15,735,000) of the outstanding Series A of 2015 Bonds, (2) current refund a portion (\$4,370,000) of the outstanding Series A of 2015 Bonds, (3) fund the Debt Service Reserve Fund requirement relating to the 2020 Bonds, and (4) pay the costs of issuing and insuring the 2020 Bonds. The Authority will make interest only payments on the Series 2020 bonds until 2026. The Series 2020 bonds will fully mature in 2032.

### **(G) Other Long-term Obligations**

The following is a summary of transactions affecting other long-term obligations of the City during 2020:

	Accrued Workers' Compensation	Accrued Compensated Absences	Accrued Claims and Judgments	Capital Lease Obligation
Balance, January 1, 2020	\$ 115,000,224	\$ 29,470,750	\$ 12,204,046	\$ 4,881,271
Additions	2,365,578	31,917,127	4,704,915	5,610,255
Reductions/payments	(14,623,880)	(35,059,743)	(2,824,961)	(1,062,984)
Balance, December 31, 2020	102,741,922	26,328,134	14,084,000	9,428,542
Less amounts accrued within short-term	(12,329,031)	(20,410,835)	(4,566,000)	(2,005,699)
Long-term portion, December 31, 2020	<u>\$ 90,412,891</u>	<u>\$ 5,917,299</u>	<u>\$ 9,518,000</u>	<u>\$ 7,422,843</u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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1. The General Fund is used to liquidate the workers' compensation, compensated absences, claims and judgments, and capital lease obligations.
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. During 2020, the City entered into a lease agreement for nine fire trucks with annual payments of \$977,240 for the first five years and \$546,888 for the last two years. The first lease payment is due in February 2021, then annually thereafter through 2027. \$6 million in included in capital assets as capital leases.
4. The minimum future rental payments required by capital leases are as follows:

Year Ended December 31	
2021	\$ 2,401,753
2022	2,417,402
2023	2,433,329
2024	924,941
2025	941,442
Thereafter	<u>1,065,188</u>
Total	10,184,055
Less interest:	<u>(755,513)</u>
Present value	<u>\$ 9,428,542</u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 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, 2020:

Special Revenue CDBG:	
Housing and Urban Development	\$ 1,520,914
Capital Projects:	
Regional Asset District	241,784
Commonwealth of Pennsylvania - Highway Fund	858,583
Federal Government - Highway Fund	4,575,490
	<u>5,675,857</u>
Total due from other governments - governmental funds	<u>\$ 7,196,771</u>

#### (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, 2020:

General Fund:	
Carnegie Library	\$ 13,715
Pittsburgh Board of Education	42,170
	<u>55,885</u>
Other Governmental Funds:	
Commonwealth of Pennsylvania	1,295,694
	<u>1,295,694</u>
Total due to other governments - governmental funds	<u>\$ 1,351,579</u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

### 11. Interfund Receivable and Payable Balances

Due To:	Due From			
	General	Other Governmental	Special Revenue CDBG	Total
	General	\$ -	\$ 2,476,005	\$ 40,919
Other Governmental	30,386	-	189,802	220,188
Capital Projects	-	-	1,364,873	1,364,873
	\$ 30,386	\$ 2,476,005	\$ 1,595,594	\$ 4,101,985

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.

### 12. Transfers

Transfers between primary government funds:

Transfer To:	Transfer From			Total
	General	Capital Projects	Other Governmental	
General Fund	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Debt Service	43,845,006	-	-	43,845,006
Capital Projects	14,625,000	-	-	14,625,000
Other Governmental	2,075,000	6,161,895	1,070,971	9,307,866
Total	\$ 60,545,006	\$ 6,161,895	\$ 3,070,971	\$ 69,777,872

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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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 December 14, 2020, the Stadium Authority Board approved a funding agreement with the SEA for \$10 million in support of SEA 2021 operating costs.
- (C) 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).

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 \$0 for the year ended December 31, 2020.

- (D) 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



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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. As of December 31, 2020, the outstanding amount due from HACP of \$10.747 million (of which \$1.7 million has already become due and will be released to the City once HUD approves use of funds in 2021) and the amount due from the URA of \$9.090 million for related proceeds drawn are reflected in the financial statements. 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 2021. 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, 2020, \$218,000 is due to the URA from the City for build out costs. No debt payments nor requests for reimbursement of build out costs have yet been made by the HACP as of December 31, 2020.

(E) 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.
- 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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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.

### 14. Construction and Commitments

As of December 31, 2020, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Commitment</u>
I-579 Cap Project	\$ 8,516,064
West Ohio/Ridge Ave Bridges	4,099,191
Smallman St. Construction #2	1,797,153
CBD Signals Phase 3	1,746,678
Wentzell-Carnahan Rehab	1,303,738
Williams St. Landslide	528,114
Fire Station #8	363,158
Gap to the Point Bike Way	331,238
Streets Run Channel	316,358
Vista St. Steps	276,028
Lowrie St. Bridge	275,028
Second Ave. Wall	260,936
McFarren St. Bridge	176,321
Washington Blvd. Multi-Modal Path	163,662
Wrightman Playground	158,435
20 other projects	1,215,771
	<u>\$ 21,527,873</u>

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### Encumbrances

As of December 31, 2020, the City had the following encumbered amounts:

<u>Fund</u>	<u>Encumbrances</u>
General	\$ 11,529,075
Capital Projects	38,642,271
Liquid Fuels	432,426
Public Safety	808,435
Community Recreation and Cultural	392,968
	<u>\$ 51,805,175</u>

### **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.

The URA had outstanding contract commitments of approximately \$6.6 million at December 31, 2020.

### **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 \$28.7 million in 2020. The City allocated approximately \$1.2 million to park operations.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **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.

#### **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

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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 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 USEPA 308 request 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 Guniting projects have been implemented to address structural deficiencies. The USEPA 308 request also requires the submission of monthly reports updating the progress of the

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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. The PWSA has begun negotiations with EPA, the U.S. Department of Justice (DOJ), and DEP over the terms of a consent decree (CD) that will address the control of sanitary and combined sewer overflows within the City of Pittsburgh. Such a decree will likely set out an enforceable framework for bringing the PWSA's sanitary and combined sewer systems into compliance with applicable requirements of the federal Clean Water Act and Pennsylvania Clean Streams Law.

Given the broad 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, largescale 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 continued its critical initiatives to comply with the Consent Order and Agreement, and other requirements mandated by the Pennsylvania Department of Environmental Protection (PADEP). These initiatives include: (1) a lead 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.

Chemical treatment testing of orthophosphate application to the Authority's finished water demonstrated rapid mitigation of lead and copper corrosion to levels well below any current federal drinking water standard. The Authority fully implemented the introduction of orthophosphate to the drinking water system in April 2019, and since then has had two consecutive 6-month rounds of lead monitoring results below Federal action level of 15.0 parts per billion (ppb). [Action levels are the EPA's established standard for water system compliance with the Federal Lead and Copper Rule.] The results were 10.0 ppb in the monitoring that ended in December 2019 and 5.1 ppb for the monitoring that ended in June 2020. These levels put the Authority's lead program in compliance with the Lead and

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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Copper Rule for the first time since 2016. The second round of results below the action level removed the mandated requirement to replace lead service lines.

In October 2020, the PWSA completed 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. This program replaced over 4,738 public and 3,008 private lead service lines (as of March 18, 2021), well above the anticipated amounts of 3,400 public and 2,800 private replacements. In June 2020, the PWSA transitioned into the next phase of the LSLR program by replacing lead service lines in concert with a water main replacement program. In this manner, the PWSA minimizes 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. The PWSA will strive to implement this program at the lowest possible cost to the PWSA, while addressing those water mains that have the highest likelihood of failure. The PWSA's investment in water main replacement will continue unabated to ensure that the 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. In summary, as of March 18, 2021, the PWSA has replaced a total of 8,400 public and 5,462 private lead service lines under all programs involving the removal of lead service lines, including the Lead Service Line Replacement Program (2016 through 2019 Contracts) and the 2020 Water Main Replacement Program.

The 2020 water main replacement program is well underway, with over 70% of the 15 miles of water main constructed. This \$56 million program, inclusive of design and construction costs, is scheduled to be complete in the fall of 2021. The 2021 water main replacement program is currently in the bidding phase, with contracts for another 11 miles of water main replacement to be awarded in March and May 2021.

The lead service line identification program determines the materials of manufacture for each existing water service line in the Authority's system. The first phase of that program was completed with the digitization of existing records. The second phase, which has evolved since the signing of the consent order, consists of a combination of video inspection of accessible residential service lines to evaluate the materials of manufacture, identification of private service lines while replacing meters, the development of a machine-learning predictive model in conjunction with the University of Pittsburgh, and further records-mining with the Authority, City of Pittsburgh, and Allegheny County Plumbing Department. This phase was completed in December 2020 and submitted to the PADEP, in compliance with the Consent Order and Agreement. The third phase includes identifying

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# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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service line materials for non-residential customers. This effort is due to PADEP in December 2022.

### **Attorney General Criminal Complaint - PWSA**

In June 2016, the PWSA exceeded the drinking water lead action level established under the Pennsylvania Safe Drinking Water Act. As the PWSA attempted to meet federal Environmental Protection Agency (EPA) and Pennsylvania Department of Environmental Protection (DEP) service line replacement requirements, the PWSA violated the Safe Water Drinking Act in 2016 and 2017 by failing to provide 45-day advanced notice of partial service lead line replacement to customers at some homes and failing to provide post-construction test kits. In November 2017, the PWSA entered into a Consent Order and Agreement with DEP related to these violations that included a civil penalty of \$2.4 million. The portion of the Attorney General misdemeanor counts described in the subsequent paragraph that relate to partial lead line replacements and lack of customer notices are duplicative to the violations that resulted in the aforementioned Consent Order and Agreement with the DEP.

On April 17, 2019, the Pennsylvania Office of the Attorney General completed a filing in the Allegheny County Court of Common Pleas, Docket CP-02-CR-0002636-2019, alleging 161 third-degree misdemeanor counts under the Pennsylvania Safe Drinking Water Act, which were later reduced to 152 counts. The misdemeanors addressed the PWSA's violations relating to the PWSA's unauthorized changes to its corrosion control treatment and its public water system by substituting corrosion control treatment chemicals without first obtaining the appropriate permit from the Pennsylvania Department of Environmental Protection. Also, the PWSA performed partial lead service line replacements, which can result in an increase in lead contamination for residences, without providing its customers with the advance notice and follow-up sampling required under the state and federal safe drinking water regulations.

The PWSA entered into a form of probation agreement, a Pre-Disposition Remediation Agreement ("PDR") with the Office of the Attorney General, which was approved by the Court on July 16, 2020. The PDR provides a 24-month probationary period, and further requires: (1) appointment of a Compliance Monitor during the probationary period with comprehensive compliance oversight and reporting responsibilities, (2) a donation of \$500 to organizations and programs that protect Pittsburgh residents from lead contamination, and (3) public apology from the PWSA.



# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### **Environmental Protection Agency - PWSA**

PWSA has been cooperating with the Environmental Protection Agency (“EPA”) in an investigation related to The PWSA’s Aspinwall Water Treatment Plant for nearly three years. The PWSA and EPA have negotiated a resolution that addresses the violations alleged by EPA. On January 15, 2021, pursuant to a plea agreement, the Court entered the PWSA’s plea of guilty to two counts of violations of the Clean Water Act. The terms of the settlement are contained in a plea letter dated December 30, 2020 and executed by the PWSA on January 12, 2021. The sentencing is scheduled for July 8, 2021.

If approved by the Court, the PWSA will create a Compliance Fund of \$500,000, which will be used to fund an environmental compliance program at the Water Treatment Plant. The environmental compliance program will be subject to the review and approval of the United States Attorney’s Office, in consultation with EPA. PWSA will also identify an Environmental Compliance Manager, who will be based at the Water Treatment Plant and report to the Executive Director. PWSA will also be placed on a three-year probation term.

Based on representations from EPA’s Suspension and Debarment Division, PWSA anticipates that upon the entry of its plea, PWSA will be placed on and then promptly removed from the Suspension and Debarment list on the same day, or within days. In the meantime, the Authority has redoubled its training and operations monitoring under the auspices of the PADEP and USEPA to provide greater assurance of full regulatory compliance.

### **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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 17. Risk Management and Uncertainties

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 coverages. As of December 31, 2020, 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, 2020 are as follows:

Accrued claims and judgments, January 1	\$ 12,204,046
Current year claims	4,704,915
Claim payments/Reduction in estimate	<u>(2,824,961)</u>
Accrued claims and judgments, December 31	<u>\$ 14,084,000</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 \$349,843 (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.

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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Changes in the accrued workers' compensation liability during the year ended December 31, 2020 are as follows:

Accrued worker's compensation, January 1	\$ 115,000,224
Current year claims	2,365,578
Claim payments	<u>(14,623,880)</u>
Accrued worker's compensation, December 31	<u>\$ 102,741,922</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'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 \$2.1 million at December 31, 2020.

### 18.Risks and Uncertainties

The coronavirus pandemic remains a rapidly evolving situation. The extent of the impact of the coronavirus on our operations and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the City operates, the related impact on the federal budget, and the state of Pennsylvania's budget, all of which are highly uncertain. Subsequent to year-end, the City was awarded significant funding through the American Rescue Plan Act.

## **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\*

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>							
Service cost	\$ 25,786,609	\$ 25,786,609	\$ 24,416,693	\$ 24,416,693	\$ 22,585,569	\$ 21,696,487	\$ 22,015,630
Interest	96,094,613	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	(97,650,178)	(96,890,857)	(95,069,031)	(93,539,764)	(89,489,804)	(86,946,857)	(87,394,443)
<b>Net Changes in Total Pension Liability</b>	24,231,044	557,603	23,675,641	70,586,749	23,676,842	25,871,942	21,670,958
<b>Total Pension Liability - Beginning</b>	1,347,594,965	1,347,037,362	1,323,361,721	1,252,774,972	1,229,098,130	1,203,226,188	1,181,555,230
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 1,371,826,009</u>	<u>\$ 1,347,594,965</u>	<u>\$ 1,347,037,362</u>	<u>\$ 1,323,361,721</u>	<u>\$ 1,252,774,972</u>	<u>\$ 1,229,098,130</u>	<u>\$ 1,203,226,188</u>
<b>Plan Fiduciary Net Position:</b>							
Contributions - employer	\$ 99,099,273	\$ 95,189,427	\$ 86,414,394	\$ 70,487,381	\$ 73,149,762	\$ 63,758,477	\$ 51,914,297
Contributions - member	14,372,925	12,415,212	11,915,736	11,372,391	10,907,326	10,900,701	10,909,251
Net investment income (loss)	60,841,066	82,119,356	(21,783,037)	59,629,520	30,739,535	(680,514)	24,302,368
Benefit payments, including refunds of member contributions	(97,650,178)	(96,890,857)	(95,069,031)	(93,539,764)	(89,489,804)	(86,946,857)	(87,394,443)
Administrative expense	(1,335,891)	(1,404,248)	(1,359,120)	(1,299,205)	(1,287,145)	(1,294,544)	(1,271,604)
Other	109,774	-	-	-	-	-	3,263,901
<b>Net Change in Plan Fiduciary Net Position</b>	75,436,969	91,428,890	(19,881,058)	46,650,323	24,019,674	(14,262,737)	1,723,770
<b>Plan Fiduciary Net Position - Beginning</b>	520,020,555	428,591,665	448,472,723	401,822,400	377,802,726	392,065,463	390,341,693
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 595,457,524</u>	<u>\$ 520,020,555</u>	<u>\$ 428,591,665</u>	<u>\$ 448,472,723</u>	<u>\$ 401,822,400</u>	<u>\$ 377,802,726</u>	<u>\$ 392,065,463</u>
<b>Net Pension Liability - Ending (a-b)</b>	<u>\$ 776,368,485</u>	<u>\$ 827,574,410</u>	<u>\$ 918,445,697</u>	<u>\$ 874,888,998</u>	<u>\$ 850,952,572</u>	<u>\$ 851,295,404</u>	<u>\$ 811,160,725</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>43.41%</u>	<u>38.59%</u>	<u>31.82%</u>	<u>33.89%</u>	<u>32.07%</u>	<u>30.74%</u>	<u>32.58%</u>
<b>Covered Payroll</b>	<u>\$ 207,900,314</u>	<u>\$ 198,814,274</u>	<u>\$ 204,883,102</u>	<u>\$ 184,625,860</u>	<u>\$ 215,018,989</u>	<u>\$ 211,962,778</u>	<u>\$ 202,853,143</u>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	373.43%	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\*

	2020	2019	2018	2017	2016	2015	2014
<b>Schedule of City's Contributions</b>							
Actuarially determined contribution	\$ 51,519,387	\$ 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	99,099,273	95,189,427	86,414,394	70,487,381	73,149,762	63,758,477	51,914,297
Contribution deficiency (excess)	<u>\$ (47,579,886)</u>	<u>\$ (44,177,628)</u>	<u>\$ (36,752,000)</u>	<u>\$ (21,284,730)</u>	<u>\$ (30,076,474)</u>	<u>\$ (20,898,181)</u>	<u>\$ (20,476,000)</u>
Covered payroll	<u>\$ 207,900,314</u>	<u>\$ 198,814,274</u>	<u>\$ 204,883,102</u>	<u>\$ 184,625,860</u>	<u>\$ 215,018,989</u>	<u>\$ 211,962,778</u>	<u>\$ 202,853,143</u>
Contributions as a percentage of covered payroll	47.67%	47.88%	42.18%	38.18%	34.02%	30.08%	25.59%
<b>Investment Returns</b>							
Annual money-weighted rate of return, net of investment expense	11.70%	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, 2020

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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 2020 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, 2020

	<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, 2020

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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):

	Dedicated parking tax revenue	Gaming revenue
2020	\$26.8	\$20.8
2019	\$26.8	\$16.6
2018	\$26.8	\$10.0
2017	\$13.4	\$7.9
2016	\$13.4	\$11.2
2015	\$13.4	\$2.9
2014	\$13.4	\$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\*

	2020	2019	2018	2017
<b>Total OPEB Liability:</b>				
Service cost	\$ 3,659,948	\$ 3,326,808	\$ 7,460,587	\$ 7,792,888
Interest	27,363,576	28,154,776	22,449,821	22,199,364
Changes of benefit terms	-	-	1,393,658	-
Differences between expected and actual experience	(51,315,119)	(6,849,751)	(6,789,196)	-
Changes of assumptions	(11,541,316)	35,873,590	(103,961,562)	-
Benefit payments	(25,450,945)	(24,521,263)	(24,481,663)	(23,066,786)
<b>Net Change in Total OPEB Liability</b>	(57,283,856)	35,984,160	(103,928,355)	6,925,466
<b>Total OPEB Liability - Beginning</b>	464,939,755	428,955,595	532,883,950	525,958,484
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 407,655,899</u>	<u>\$ 464,939,755</u>	<u>\$ 428,955,595</u>	<u>\$ 532,883,950</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 26,076,181	\$ 27,049,808	\$ 26,981,663	\$ 25,566,786
Net investment income (loss)	3,529,471	3,938,049	(1,017,618)	2,240,768
Benefit payments	(25,450,945)	(24,521,263)	(24,481,663)	(23,066,786)
Administrative expense	(15,376)	(15,052)	(22,401)	(49,551)
Other	(29,092)	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	4,110,239	6,451,542	1,459,981	4,691,217
<b>Plan Fiduciary Net Position - Beginning</b>	27,273,644	20,822,102	19,362,121	14,670,904
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 31,383,883</u>	<u>\$ 27,273,644</u>	<u>\$ 20,822,102</u>	<u>\$ 19,362,121</u>
<b>Net OPEB Liability - Ending (a-b)</b>	<u>\$ 376,272,016</u>	<u>\$ 437,666,111</u>	<u>\$ 408,133,493</u>	<u>\$ 513,521,829</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<u>7.70%</u>	<u>5.87%</u>	<u>4.85%</u>	<u>3.63%</u>
<b>Covered Employee Payroll</b>	<u>\$ 110,225,944</u>	<u>\$ 100,838,441</u>	<u>\$ 98,139,602</u>	<u>\$ 96,139,602</u>
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	341.36%	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\*

	2020	2019	2018	2017
<b>Schedule of City's Contributions</b>				
Actuarially determined contribution	\$ 36,526,177	\$ 35,788,786	\$ 35,106,521	\$ 38,115,212
Contributions in relation to the actuarially determined contribution	<u>26,076,181</u>	<u>27,049,808</u>	<u>26,981,663</u>	<u>25,566,786</u>
Contribution deficiency (excess)	<u>\$ 10,449,996</u>	<u>\$ 8,738,978</u>	<u>\$ 8,124,858</u>	<u>\$ 12,548,426</u>
Covered employee payroll	<u>\$ 110,225,944</u>	<u>\$ 100,838,441</u>	<u>\$ 98,139,602</u>	<u>\$ 96,139,602</u>
Contributions as a percentage of covered employee payroll	23.66%	26.82%	27.49%	26.59%
<b>Investment Returns</b>				
Annual money-weighted rate of return, net of investment expense	2.70%	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\*

	2020	2019
<b>Total OPEB Liability:</b>		
Service cost	\$ 3,454,046	\$ 2,476,316
Interest	759,564	776,991
Changes of benefit terms	-	16,513,129
Differences between expected and actual experience	(4,250,409)	(1,100,128)
Changes of assumptions	2,581,819	5,874,543
Benefit payments	(206,939)	(170,806)
<b>Net Change in Total OPEB Liability</b>	2,338,081	24,370,045
<b>Total OPEB Liability - Beginning</b>	24,370,045	-
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 26,708,126</u>	<u>\$ 24,370,045</u>
<b>Plan Fiduciary Net Position:</b>		
Contributions - employer	\$ 250,873	\$ 170,806
Net investment income (loss)	13,602	-
Benefit payments	(206,939)	(170,806)
Administrative expense	-	-
Other	29,092	-
<b>Net Change in Plan Fiduciary Net Position</b>	86,628	-
<b>Plan Fiduciary Net Position - Beginning</b>	-	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 86,628</u>	<u>\$ -</u>
<b>Net OPEB Liability - Ending (a-b)</b>	<u>\$ 26,621,498</u>	<u>\$ 24,370,045</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<u>0.32%</u>	<u>0.00%</u>
<b>Covered Employee Payroll</b>	<u>\$ 31,459,781</u>	<u>\$ 25,173,632</u>
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	84.62%	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\*

	2020	2019
<b>Schedule of City's Contributions</b>		
Actuarially determined contribution	\$ 2,639,562	\$ 2,253,230
Contributions in relation to the actuarially determined contribution	250,873	170,806
Contribution deficiency (excess)	\$ 2,388,689	\$ 2,082,424
Covered employee payroll	\$ 31,459,781	\$ 25,173,632
Contributions as a percentage of covered employee payroll	0.80%	0.68%
<b>Investment Returns</b>		
Annual money-weighted rate of return, net of investment expense	2.70%	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, 2020

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### 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 1/1/2020 valuation and are as follows:

Actuarial valuation date	1/1/2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	28 year closed period
Actuarial assumptions:	
Investment rate of return	6.00%
Inflation rate	2.75%

Mortality tables:

Active: RP-2000 Mortality Tables

Municipal Retirees: RP-2000 Mortality for Healthy Annuitants adjusted by blue collar ratios set forward 1 year for healthy retirees and 6 years for disabled retirees.

Police and Fire Retirees: RP-2000 Mortality for Healthy Annuitants adjusted by blue collar ratios set forward 3 years for disabled retirees.

Healthcare cost trend rates:

<u>Year</u>	<u>Medical/Rx Costs</u> <u>Annual Trend Rate</u>	<u>Medicare Part B Premiums</u> <u>Annual Trend Rate</u>
2020	5.70%	6.02%
2021	5.40%	2.87%
2022	5.10%	5.71%
2025	5.19%	5.66%
2030-2050	5.18%	5.18%
2060	4.84%	4.84%
2070	4.38%	4.38%
2075+	4.04%	4.04%

# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2020

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There have been no benefit changes made since the 1/1/2020 actuarial valuation.

### **Changes in Actuarial Assumptions**

Based upon actuarial valuations performed as of January 1, 2020, the Health care trend rates have been updated which caused a decrease in the City's OPEB liability.

### 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 1/1/2020 valuation and are as follows:





# CITY OF PITTSBURGH, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2020

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### **Changes in Actuarial Assumptions**

Certain assumptions were updated from the January 1, 2020 valuation, health care trend rates were updated and there was a decrease in the discount rate from 2.74% to 2.12%. These changes caused an increase in liability during the year.

## **SUPPLEMENTARY INFORMATION**

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

# CITY OF PITTSBURGH, PENNSYLVANIA

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Equipment Leasing Authority	Liquid Fuels Tax	EARN	Public Safety	Civic and Cultural	Grants and Donations	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 1,404,673	\$ 12,025,777	\$ 5,653,566	\$ 11,104,616	\$ 13,165,761	\$ 1,776,225	\$ 45,130,618
Other receivables	-	-	567,900	658,343	1,084,580	1,050,742	3,361,565
Accrued interest	-	605	-	-	-	-	605
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	121	139,727	30,266	50,074	-	220,188
<b>Total Assets</b>	<b>\$ 1,404,673</b>	<b>\$ 12,026,503</b>	<b>\$ 6,361,193</b>	<b>\$ 11,793,225</b>	<b>\$ 14,300,415</b>	<b>\$ 2,826,967</b>	<b>\$ 48,712,976</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Account payable	\$ -	\$ -	\$ 111,028	\$ 33,454	\$ 505,244	\$ 1,126,757	\$ 1,776,483
Accrued liabilities	77,293	262,002	37,933	114,544	191,218	13,313	696,303
Unearned revenue	-	-	5,985,746	-	-	-	5,985,746
Due to other funds	-	2,000,000	201,916	100,000	174,089	-	2,476,005
Due to other governments	-	-	-	1,295,694	-	-	1,295,694
<b>Total Liabilities</b>	<b>77,293</b>	<b>2,262,002</b>	<b>6,336,623</b>	<b>1,543,692</b>	<b>870,551</b>	<b>1,140,070</b>	<b>12,230,231</b>
<b>Fund Balance:</b>							
Restricted - State and Federal Purpose Grants	-	9,332,075	24,570	2,530,293	1,734,404	-	13,621,342
Committed - Specified Program Services	1,327,380	-	-	6,910,805	11,302,492	1,686,897	21,227,574
Assigned:	-	-	-	-	-	-	-
Public Safety	-	432,426	-	808,435	-	-	1,240,861
Community Recreation and Cultural	-	-	-	-	392,968	-	392,968
<b>Total Fund Balance</b>	<b>1,327,380</b>	<b>9,764,501</b>	<b>24,570</b>	<b>10,249,533</b>	<b>13,429,864</b>	<b>1,686,897</b>	<b>36,482,745</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,404,673</b>	<b>\$ 12,026,503</b>	<b>\$ 6,361,193</b>	<b>\$ 11,793,225</b>	<b>\$ 14,300,415</b>	<b>\$ 2,826,967</b>	<b>\$ 48,712,976</b>

# CITY OF PITTSBURGH, PENNSYLVANIA

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

### NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Equipment Leasing Authority	Liquid Fuels Tax	EARN	Public Safety	Civic and Cultural	Grants and Donations	Total
<b>Revenues:</b>							
Taxes, including penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ 6,216,872	\$ -	\$ 6,216,872
Interest and dividends	-	65,561	-	-	-	-	65,561
Fines and forfeits	-	-	-	292,398	-	-	292,398
Intergovernmental revenues	83,813	8,724,667	1,944,208	1,212,970	1,945,536	2,117,382	16,028,576
Charges for user services	-	-	-	6,090,723	2,091,249	-	8,181,972
Miscellaneous	236,832	-	-	209,422	-	275,100	721,354
Total revenues	<u>320,645</u>	<u>8,790,228</u>	<u>1,944,208</u>	<u>7,805,513</u>	<u>10,253,657</u>	<u>2,392,482</u>	<u>31,506,733</u>
<b>Expenditures:</b>							
General government	14,796,030	-	1,944,208	-	727,718	253,108	17,721,064
Public safety	-	-	-	6,192,174	-	805,002	6,997,176
Public works	-	4,274,522	-	-	5,892,510	5,177,318	15,344,350
Community, recreational, and cultural	-	-	-	-	2,587,236	10,251	2,597,487
Total expenditures	<u>14,796,030</u>	<u>4,274,522</u>	<u>1,944,208</u>	<u>6,192,174</u>	<u>9,207,464</u>	<u>6,245,679</u>	<u>42,660,077</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(14,475,385)</u>	<u>4,515,706</u>	<u>-</u>	<u>1,613,339</u>	<u>1,046,193</u>	<u>(3,853,197)</u>	<u>(11,153,344)</u>
<b>Other Financing Sources (Uses):</b>							
Proceeds from capital lease	5,610,255	-	-	-	-	-	5,610,255
Transfers in	9,057,866	-	-	250,000	-	-	9,307,866
Transfers out	-	(2,000,000)	-	(845,971)	(225,000)	-	(3,070,971)
Total other financing sources (uses)	<u>14,668,121</u>	<u>(2,000,000)</u>	<u>-</u>	<u>(595,971)</u>	<u>(225,000)</u>	<u>-</u>	<u>11,847,150</u>
<b>Net Change in Fund Balance</b>	192,736	2,515,706	-	1,017,368	821,193	(3,853,197)	693,806
<b>Fund Balance:</b>							
Beginning of year	1,134,644	7,248,795	24,570	9,232,165	12,608,671	5,540,094	35,788,939
End of year	<u>\$ 1,327,380</u>	<u>\$ 9,764,501</u>	<u>\$ 24,570</u>	<u>\$ 10,249,533</u>	<u>\$ 13,429,864</u>	<u>\$ 1,686,897</u>	<u>\$ 36,482,745</u>

**CITY OF PITTSBURGH, PENNSYLVANIA**

COMBINING STATEMENT OF NET POSITION

PENSION AND OPEB TRUST FUNDS

DECEMBER 31, 2020

	Pension Trust Fund				OPEB Trust Funds				Total
	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total Pension Trust Fund	Retiree Trust Fund	Firefighter Trust Fund	Total OPEB Trust Funds	
<b>Assets</b>									
Cash and short-term investments, at cost, which approximates fair value	\$ 29,424,892	\$ 218,579	\$ 3,391,654	\$ 35,857	\$ 33,070,982	\$ 698,425	\$ 5,880	\$ 704,305	\$ 33,775,287
Investments, at fair value:									
Common stock	86,327,151	-	-	-	86,327,151	-	-	-	86,327,151
U.S. government and agency obligations	22,568,970	-	-	-	22,568,970	-	-	-	22,568,970
Corporate and other obligations	31,779,975	-	-	-	31,779,975	-	-	-	31,779,975
Mutual funds:									
U.S. equities	160,598,342	-	-	-	160,598,342	17,474,339	19,242	17,493,581	178,091,923
Non-U.S. equities	95,031,878	-	-	-	95,031,878	-	-	-	95,031,878
Fixed income	50,917,968	-	-	-	50,917,968	11,169,317	51,424	11,220,741	62,138,709
Hedge funds	63,388,609	-	-	-	63,388,609	-	-	-	63,388,609
Real estate funds	40,116,295	-	-	-	40,116,295	1,564,411	6,643	1,571,054	41,687,349
Alternative strategies	-	-	-	-	-	477,391	3,439	480,830	480,830
Private equity	13,594,158	-	-	-	13,594,158	-	-	-	13,594,158
Due from (to) City of Pittsburgh	-	-	-	-	-	-	-	-	-
Due from (to) other fund	(435,784)	-	435,784	-	-	-	-	-	-
Accrued interest and dividends receivable	427,421	-	-	-	427,421	-	-	-	427,421
<b>Total Assets</b>	<b>593,739,875</b>	<b>218,579</b>	<b>3,827,438</b>	<b>35,857</b>	<b>597,821,749</b>	<b>31,383,883</b>	<b>86,628</b>	<b>31,470,511</b>	<b>629,292,260</b>
<b>Liabilities</b>									
Benefits and related withholdings payable	-	-	2,127,251	-	2,127,251	-	-	-	2,127,251
Accrued liabilities and other payables	190,192	35,723	-	-	225,915	-	-	-	225,915
Due to City of Pittsburgh Trust Fund	-	-	6,640	4,419	11,059	-	-	-	11,059
<b>Total Liabilities</b>	<b>190,192</b>	<b>35,723</b>	<b>2,133,891</b>	<b>4,419</b>	<b>2,364,225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,364,225</b>
<b>Net Position</b>									
Restricted for Pension	593,549,683	182,856	1,693,547	31,438	595,457,524	-	-	-	595,457,524
Restricted for OPEB	-	-	-	-	-	31,383,883	86,628	31,470,511	31,470,511
<b>Total Net Pension</b>	<b>\$ 593,549,683</b>	<b>\$ 182,856</b>	<b>\$ 1,693,547</b>	<b>\$ 31,438</b>	<b>\$ 595,457,524</b>	<b>\$ 31,383,883</b>	<b>\$ 86,628</b>	<b>\$ 31,470,511</b>	<b>\$ 626,928,035</b>

**CITY OF PITTSBURGH, PENNSYLVANIA**

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

DECEMBER 31, 2020

	Pension Trust Fund				OPEB Trust Funds				Total
	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total Pension Trust Fund	Retiree Trust Fund	Firefighters Trust Fund	Total OPEB Trust Funds	
<b>Additions:</b>									
Contributions:									
Employer - pension benefits	\$ 73,677,522	\$ -	\$ -	\$ -	\$73,677,522	\$ -	\$ -	\$ -	\$73,677,522
Employer - other benefits	2,041,758	-	1,267,790	-	3,309,548	26,076,181	250,873	26,327,054	29,636,602
State Aid	25,421,751	-	-	-	25,421,751	-	-	-	25,421,751
Plan members	14,372,925	-	-	-	14,372,925	-	-	-	14,372,925
<b>Total contributions</b>	<b>115,513,956</b>	<b>-</b>	<b>1,267,790</b>	<b>-</b>	<b>116,781,746</b>	<b>26,076,181</b>	<b>250,873</b>	<b>26,327,054</b>	<b>143,108,800</b>
Investment income:									
Net increase in fair value of investments	56,282,744	-	-	-	56,282,744	2,794,160	11,617	2,805,777	59,088,521
Interest and dividends	5,411,954	-	-	3,421	5,415,375	735,311	1,985	737,296	6,152,671
<b>Total investment income (loss)</b>	<b>61,694,698</b>	<b>-</b>	<b>-</b>	<b>3,421</b>	<b>61,698,119</b>	<b>3,529,471</b>	<b>13,602</b>	<b>3,543,073</b>	<b>65,241,192</b>
Investment expense	(857,053)	-	-	-	(857,053)	(11,606)	-	(11,606)	(868,659)
<b>Net investment income</b>	<b>60,837,645</b>	<b>-</b>	<b>-</b>	<b>3,421</b>	<b>60,841,066</b>	<b>3,517,865</b>	<b>13,602</b>	<b>3,531,467</b>	<b>64,372,533</b>
Miscellaneous:									
Transfer in	-	29,319,767	35,806,125	35,565,000	100,690,892	-	29,092	29,092	100,719,984
Other	13,102	87,109	-	9,563	109,774	-	-	-	109,774
<b>Total additions</b>	<b>176,364,703</b>	<b>29,406,876</b>	<b>37,073,915</b>	<b>35,577,984</b>	<b>278,423,478</b>	<b>29,594,046</b>	<b>293,567</b>	<b>29,887,613</b>	<b>308,311,091</b>
<b>Deductions:</b>									
Benefit payments	-	26,939,872	34,797,486	35,050,921	96,788,279	-	-	-	96,788,279
Benefit payments - other benefits	-	1,610,072	1,574,929	124,547	3,309,548	25,450,945	206,939	25,657,884	28,967,432
Refund of employee contributions	-	493,918	270,457	97,524	861,899	-	-	-	861,899
Transfer out	100,690,892	-	-	-	100,690,892	29,092	-	29,092	100,719,984
Administrative expenses	312,599	290,901	427,241	305,150	1,335,891	3,771	-	3,771	1,339,662
<b>Total deductions</b>	<b>101,003,491</b>	<b>29,334,763</b>	<b>37,070,113</b>	<b>35,578,142</b>	<b>202,986,509</b>	<b>25,483,808</b>	<b>206,939</b>	<b>25,690,747</b>	<b>228,677,256</b>
<b>Net Increase (Decrease) in Net Position</b>	<b>75,361,212</b>	<b>72,113</b>	<b>3,802</b>	<b>(158)</b>	<b>75,436,969</b>	<b>4,110,238</b>	<b>86,628</b>	<b>4,196,866</b>	<b>79,633,835</b>
<b>Net Position:</b>									
Beginning of year	518,188,471	110,743	1,689,745	31,596	520,020,555	27,273,645	-	27,273,645	547,294,200
End of year	\$ 593,549,683	\$ 182,856	\$ 1,693,547	\$ 31,438	\$ 595,457,524	\$ 31,383,883	\$ 86,628	\$ 31,470,511	\$ 626,928,035

**CITY OF PITTSBURGH, PENNSYLVANIA**  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

**CAPITAL PROJECTS FUND**

DECEMBER 31, 2020

	Budget	Actual	Variance
<b>Revenues:</b>			
Intergovernmental	\$ 6,484,457	\$ 6,484,457	\$ -
Total revenues	<u>6,484,457</u>	<u>6,484,457</u>	<u>-</u>
<b>Expenditures:</b>			
Capital projects:			
General Government	9,348,553	3,389,047	5,959,506
Public Safety	1,993,167	940,400	1,052,767
Public Works:			
Public Works	40,944,170	9,342,593	31,601,577
Public Works-Facilities	49,976,480	7,036,003	42,940,477
Mobility and Infrastructure	88,106,836	29,377,281	58,729,555
Community, Recreation. and Culture:			
Parks and Recreation	58,152	-	58,152
Intergovernmental	17,076,870	9,873,645	7,203,225
Total expenditures	<u>207,504,228</u>	<u>59,958,969</u>	<u>147,545,259</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(201,019,771)</u>	<u>(53,474,512)</u>	<u>147,545,259</u>
<b>Other Financing Sources (Uses):</b>			
Debt Proceeds	50,000,000	50,000,000	-
Transfers in	14,625,000	14,625,000	-
Total other financing sources (uses)	<u>64,625,000</u>	<u>64,625,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (136,394,771)</u>	<u>\$ 11,150,488</u>	<u>\$ 147,545,259</u>



# CITY OF PITTSBURGH, PENNSYLVANIA

## BUDGETARY COMPARISON SCHEDULE

### CAPITAL PROJECTS FUND

DECEMBER 31, 2020

(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. \$ 71,109

The adjustments to convert to GAAP basis, recording of receivables, and revenues not included in budget. 178,142

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. \$ 249,251

##### **Uses/Outflows of Revenues:**

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement. \$ 59,959

The adjustments to convert to GAAP basis, recording of expenditures, liabilities, and transfers out not included in budget. 171,550

Total Capital Projects Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance. \$ 231,509

## **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>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	155
<b>Revenue Capacity</b>	
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.	161
<b>Debt Capacity</b>	
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.	166
<b>Demographic and Economic Information</b>	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	175
<b>Operating Information</b>	
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.	178

**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

	<u>2020</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>
Primary Governmental Activities:										
Net Investment in Capital Assets	\$ 158,701,570	\$ 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
Restricted	22,325,663	20,360,698	21,651,925	85,878,821	48,307,064	42,816,766	83,924,440	35,528,918	80,232,094	18,207,346
Unrestricted	(1,579,061,072)	(1,608,250,997)	(1,624,397,355)	(1,379,305,726)	(1,365,984,973)	(1,425,259,836)	(554,343,879)	(500,286,687)	(535,262,684)	(544,694,171)
<i>Total Primary Government Net Position</i>	<u>\$ (1,398,033,839)</u>	<u>\$ (1,423,208,580)</u>	<u>\$ (1,457,973,797)</u>	<u>\$ (1,139,797,428)</u>	<u>\$ (1,215,238,218)</u>	<u>\$ (1,290,921,576)</u>	<u>\$ (421,821,622)</u>	<u>\$ (423,849,252)</u>	<u>\$ (424,612,543)</u>	<u>\$ (482,607,202)</u>

Note: 2015 is the first year of GASB No. 68 implementation.

Note: 2018 is the first year of GASB No. 75 implementation.

Table 2

## CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN NET POSITION  
LAST TEN YEARS  
ACCRUAL BASIS OF ACCOUNTING

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
General government	\$ 110,861,739	\$ 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
Public safety	301,337,720	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
Highways and streets	116,992,005	109,108,492	101,336,377	81,409,654	79,833,995	79,548,977	76,957,600	84,122,828	70,901,338	60,616,098
Sanitation	18,258,895	18,633,881	20,981,178	23,206,671	17,484,337	18,213,380	15,237,555	16,179,754	13,934,766	15,570,885
Economic development	9,686,517	11,310,505	15,251,094	14,510,872	13,236,871	12,630,440	23,201,566	25,125,815	23,355,059	29,713,751
Cultural and recreation	8,688,208	10,056,293	12,520,755	9,181,844	11,052,602	11,889,380	16,047,636	14,061,771	12,102,441	12,300,170
Interest on long-term debt and debt subsidies	16,218,984	19,984,134	19,366,707	18,747,955	20,913,636	23,075,567	33,349,335	29,031,125	33,561,747	34,804,447
<i>Total primary government expenses</i>	<u>\$ 582,044,068</u>	<u>\$ 616,576,387</u>	<u>\$ 580,497,296</u>	<u>\$ 537,246,877</u>	<u>\$ 550,415,288</u>	<u>\$ 545,021,840</u>	<u>\$ 539,981,122</u>	<u>\$ 535,725,587</u>	<u>\$ 478,575,970</u>	<u>\$ 482,036,006</u>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for services:										
General government	\$ 28,644,162	\$ 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
Public safety	17,623,237	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
Highway and streets	3,946,530	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
Sanitation	-	-	-	107,400	124,725	96,652	132,200	96,425	77,555	84,718
Culture and recreation	526,572	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
Operating grants and contributions	65,485,704	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
Capital grants and contributions	36,568,346	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
<i>Total primary government program revenues</i>	<u>\$ 152,794,551</u>	<u>\$ 153,478,659</u>	<u>\$ 143,981,088</u>	<u>\$ 148,139,595</u>	<u>\$ 173,097,877</u>	<u>\$ 133,211,393</u>	<u>\$ 129,514,316</u>	<u>\$ 140,685,772</u>	<u>\$ 140,719,617</u>	<u>\$ 169,966,368</u>
<b>Net (Expense) Revenue:</b>										
<b>Governmental activities</b>	<u>\$ (429,249,517)</u>	<u>\$ (463,097,728)</u>	<u>\$ (436,516,208)</u>	<u>\$ (389,107,282)</u>	<u>\$ (377,317,411)</u>	<u>\$ (411,810,447)</u>	<u>\$ (410,466,806)</u>	<u>\$ (395,039,815)</u>	<u>\$ (337,856,353)</u>	<u>\$ (312,069,638)</u>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
Taxes:										
Real estate	\$ 154,017,792	\$ 147,859,058	\$ 147,825,494	\$ 143,161,069	\$ 142,546,732	\$ 137,884,011	\$ 129,918,499	\$ 125,749,849	\$ 139,203,730	\$ 135,744,044
Earned income	108,303,323	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
Business privilege	-	17,601	1,334	4,253	4,517	2,751	17,851	39,539	103,906	231,821
Local services	13,063,282	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
Payroll preparation	64,242,014	66,299,547	66,870,167	63,274,223	61,157,691	73,930,205	56,416,555	54,366,168	51,833,425	51,057,843
Parking	31,268,412	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
Sales tax from Regional Asset District	28,683,859	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
Deed transfer	43,985,432	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
Amusement	2,504,756	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
Nonprofit payment for municipal services	325,309	738,735	503,416	391,491	433,714	378,932	2,267,059	2,010,873	4,894,760	3,555,369
Mercantile	-	-	-	-	-	-	-	-	-	1,330
Other	4,360,012	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
Unrestricted investment earnings	1,669,623	6,195,062	3,892,727	1,795,367	640,854	292,395	182,305	97,006	204,587	72,903
Donations and endowments	1,681,066	2,161,106	1,445,614	4,745,585	2,443,318	777,080	829,298	1,731,297	53,282	4,209,467
Gain(loss) on sale of assets	108,032	-	-	(124,887)	-	-	-	-	-	-
Miscellaneous	211,346	928,273	1,704,577	650,129	1,185,186	730,099	1,159,132	1,597,830	1,200,809	1,661,003
<i>Total primary government</i>	<u>\$ 454,424,258</u>	<u>\$ 497,862,945</u>	<u>\$ 489,227,412</u>	<u>\$ 464,548,072</u>	<u>\$ 453,000,771</u>	<u>\$ 445,093,622</u>	<u>\$ 412,494,436</u>	<u>\$ 399,057,464</u>	<u>\$ 395,851,012</u>	<u>\$ 391,029,082</u>
<b>Change in Net Position:</b>										
Primary government - governmental activities	<u>\$ 25,174,741</u>	<u>\$ 34,765,217</u>	<u>\$ 52,711,204</u>	<u>\$ 75,440,790</u>	<u>\$ 75,683,360</u>	<u>\$ 33,283,175</u>	<u>\$ 2,027,630</u>	<u>\$ 4,017,649</u>	<u>\$ 57,994,659</u>	<u>\$ 78,959,444</u>

Table 3  
**CITY OF PITTSBURGH, PENNSYLVANIA**  
PROGRAM REVENUES BY FUNCTION/PROGRAM  
LAST TEN YEARS  
ACCRUAL BASIS OF ACCOUNTING

<u>Function/Program</u>	<u>2020</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>
Governmental Activities:										
General government	\$ 55,105,681	\$ 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
Public safety	47,837,678	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
Highways and streets	40,265,508	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
Sanitation	-	378,679	1,160,005	1,280,753	3,036,512	424,350	983,805	529,956	452,759	657,406
Economic development	6,407,614	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
Cultural and recreation	3,178,070	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
Total primary government	<u>\$ 152,794,551</u>	<u>\$ 153,478,659</u>	<u>\$ 143,981,088</u>	<u>\$ 148,139,595</u>	<u>\$ 173,097,877</u>	<u>\$ 133,211,393</u>	<u>\$ 129,514,316</u>	<u>\$ 140,685,772</u>	<u>\$ 140,719,617</u>	<u>\$ 169,966,368</u>

Table 4  
**CITY OF PITTSBURGH, PENNSYLVANIA**  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN YEARS  
 MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 8,619,704	\$ 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	11,529,075	13,116,845	9,916,168	8,189,298	2,626,144	2,316,420	3,774,771	3,646,559	3,004,873	4,563,061
Unassigned	85,358,705	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
<i>Total General Fund</i>	<u>105,507,484</u>	<u>155,898,655</u>	<u>135,169,249</u>	<u>131,775,364</u>	<u>114,479,534</u>	<u>77,306,057</u>	<u>63,129,638</u>	<u>95,699,261</u>	<u>92,112,167</u>	<u>69,281,838</u>
All Other Governmental Funds:										
Restricted	90,369,280	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	22,592,447	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	41,491,073	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
<i>Total All Other Governmental Funds</i>	<u>154,452,800</u>	<u>136,818,223</u>	<u>109,463,270</u>	<u>110,843,557</u>	<u>76,387,727</u>	<u>93,090,776</u>	<u>119,843,194</u>	<u>64,623,073</u>	<u>98,454,866</u>	<u>48,980,529</u>
<i>Total Governmental Funds</i>	<u>\$ 259,960,284</u>	<u>\$ 292,716,878</u>	<u>\$ 244,632,519</u>	<u>\$ 242,618,921</u>	<u>\$ 190,867,261</u>	<u>\$ 170,396,833</u>	<u>\$ 182,972,832</u>	<u>\$ 160,322,334</u>	<u>\$ 190,567,033</u>	<u>\$ 118,262,367</u>

**Table 5**  
**CITY OF PITTSBURGH, PENNSYLVANIA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)**

LAST TEN YEARS  
(MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Taxes	\$ 448,910	\$ 487,743	\$ 485,000	\$ 452,752	\$ 451,757	\$ 435,520	\$ 406,059	\$ 397,548	\$ 388,218	\$ 380,769
Payment in lieu of taxes	325	739	504	391	434	379	2,267	2,011	4,894	3,555
Interest earnings	1,670	6,195	3,893	1,795	641	292	182	97	205	73
Fines and forfeits	5,403	10,886	9,386	9,177	10,586	12,293	7,646	9,699	11,491	8,374
Intergovernmental	76,940	54,868	58,308	57,109	86,366	54,033	59,946	73,308	75,897	99,372
Charges for user services	45,337	61,699	54,414	59,486	55,655	50,905	41,383	39,652	36,432	35,312
Pension state aid	25,509	26,420	21,905	22,129	20,491	18,255	18,264	18,027	16,900	26,908
Miscellaneous	2,139	3,197	2,237	5,634	3,700	1,719	2,237	1,885	1,268	6,079
<b>Total revenues</b>	<b>606,233</b>	<b>651,747</b>	<b>635,647</b>	<b>608,473</b>	<b>629,630</b>	<b>573,396</b>	<b>537,984</b>	<b>542,227</b>	<b>535,305</b>	<b>560,442</b>
<b>Expenditures:</b>										
General government	123,913	111,979	133,190	87,827	92,108	99,861	79,622	82,485	82,947	68,743
Public safety	353,775	339,290	319,799	300,472	295,499	274,235	270,581	268,116	258,272	256,416
Public works	129,249	115,151	96,916	96,185	90,665	79,841	68,324	77,625	67,664	55,730
Sanitation	20,731	21,307	19,364	18,643	17,247	17,145	16,193	16,014	15,181	15,501
Community, recreational, and cultural	9,184	10,613	15,741	9,376	9,746	11,589	15,499	13,524	12,510	12,077
Claims and judgments	2,825	2,097	2,991	2,612	1,984	1,381	4,644	2,443	568	1,245
Miscellaneous	-	-	-	-	-	-	-	-	-	6,576
Economic and physical development	7,550	6,721	4,628	8,796	7,769	5,596	8,946	11,621	8,786	14,370
Capital outlay	-	-	-	-	-	-	-	-	-	5,462
Bond issue costs	932	340	138	372	99	-	758	-	358	-
Debt service/authorities:										
Interest	17,506	20,725	21,310	21,662	24,568	27,889	30,296	33,062	32,981	36,257
Principal	27,730	31,190	53,000	66,173	63,835	61,135	56,705	53,805	49,280	51,845
Debt subsidies to component units	2,136	4,590	6,556	5,842	5,738	7,300	14,524	13,776	14,836	14,618
<b>Total expenditures</b>	<b>695,531</b>	<b>664,003</b>	<b>673,633</b>	<b>617,960</b>	<b>609,258</b>	<b>585,972</b>	<b>566,092</b>	<b>572,471</b>	<b>543,383</b>	<b>538,840</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(89,298)</b>	<b>(12,256)</b>	<b>(37,986)</b>	<b>(9,487)</b>	<b>20,372</b>	<b>(12,576)</b>	<b>(28,108)</b>	<b>(30,244)</b>	<b>(8,078)</b>	<b>21,602</b>

(Continued)



Table 5  
**CITY OF PITTSBURGH, PENNSYLVANIA**  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS  
 (MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)  
 (Continued)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Other Financing Sources (Uses):</b>										
Bond issuance	43,555	55,420	40,000	54,635	-	-	44,470	-	114,495	-
Refunding bond issuance	154,095	-	-	-	23,723	-	62,920	-	-	-
Bond premium	13,108	4,920	-	6,604	-	-	12,226	-	13,613	-
Capital lease proceeds	5,610	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Transfers from other funds	69,778	79,842	111,391	111,145	108,729	114,740	115,579	110,369	92,654	106,713
Payments to escrow agents	(159,826)	-	-	-	(23,624)	-	(68,858)	-	(47,725)	-
Transfers to other funds	(69,778)	(79,842)	(111,391)	(111,145)	(108,729)	(114,740)	(115,579)	(110,369)	(92,654)	(106,713)
Total other financing sources (uses)	56,542	60,340	40,000	61,239	99	-	50,758	-	80,383	-
<b>Net Change in Fund Balance</b>	<u>\$ (32,756)</u>	<u>\$ 48,084</u>	<u>\$ 2,014</u>	<u>\$ 51,752</u>	<u>\$ 20,471</u>	<u>\$ (12,576)</u>	<u>\$ 22,650</u>	<u>\$ (30,244)</u>	<u>\$ 72,305</u>	<u>\$ 21,602</u>
Debt service (principal and interest) as a percentage of noncapital expenditures	6.8%	8.0%	11.3%	15.2%	15.1%	15.8%	15.6%	15.4%	15.2%	16.5%

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Real estate tax	\$ 151,813	\$ 147,340	\$ 147,239	\$ 143,238	\$ 141,102	\$ 137,316	\$ 127,354	\$ 127,606	\$ 137,411	\$ 134,558
Mercantile tax	-	-	-	-	-	-	-	6	-	2
Amusement tax	2,502	16,125	17,360	17,285	16,624	16,160	14,338	13,714	11,280	13,128
Payroll preparation tax	64,095	65,788	69,459	57,779	65,025	66,130	55,972	54,151	51,553	50,641
Earned income tax	108,300	109,713	99,874	96,627	92,241	88,853	86,860	84,103	75,228	74,146
Facilities usage fee	2,785	5,311	5,396	5,234	5,090	5,893	4,688	4,287	3,333	3,909
Deed transfer tax	43,985	36,862	37,029	29,763	27,976	22,332	20,115	20,740	15,576	18,730
Parking tax	31,258	60,552	60,353	58,663	57,747	55,001	53,233	51,977	50,911	48,217
Local/Emergency services tax	12,994	13,761	15,444	13,912	14,155	13,873	13,907	13,831	14,128	13,138
Business privilege tax	-	16	-	2	-	-	3	20	57	143
Institution/service tax	573	643	522	587	559	586	480	494	457	455
Penalties and interest	925	1,238	1,469	1,361	1,924	1,237	1,273	1,023	2,250	1,515
Public service privilege	996	1,174	1,195	955	1,000	1,911	818	989	1,165	1,330
Regional Asset District	28,684	29,220	29,660	27,346	28,314	26,228	27,018	24,608	24,869	20,857
<b>Total tax revenues</b>	<b><u>\$ 448,910</u></b>	<b><u>\$ 487,743</u></b>	<b><u>\$ 485,000</u></b>	<b><u>\$ 452,752</u></b>	<b><u>\$ 451,757</u></b>	<b><u>\$ 435,520</u></b>	<b><u>\$ 406,059</u></b>	<b><u>\$ 397,549</u></b>	<b><u>\$ 388,218</u></b>	<b><u>\$ 380,769</u></b>

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 Actual Taxable Value	Taxable Assessed Value as a Percentage of Estimated Actual Value (1)	Taxable Rate (mills)	Taxable Value
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
2020	32,389,680	11,485,355	20,904,326	23,890,658	87.50%	8.060	168,489

Note: Information by major component of assessed value is not available.

(1) - Pennsylvania State Tax Equilization 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)			
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
2020	8.060	8.060	8.060	9.950	4.730	22.740

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PNC	\$ 428,471,200	1	2.05%	\$ 203,091,800	3	1.51%
500 Grant St. Assoc/Mellon Bank	317,426,400	2	1.52%	349,940,300	1	2.59%
Buncher Company	304,028,200	3	1.45%	192,073,974	4	1.42%
SITION Co LP	249,614,300	4	1.19%	-		0.00%
600 GS Prop LP	233,211,300	5	1.12%	175,000,000	6	1.30%
HRLP Fourth Avenue LLC	179,400,000	6	0.86%	-		
Pittsburgh CBD LLC	132,075,350	7	0.63%	-		
IX Liberty Center Owner LP	120,000,000	8	0.57%	-		
Hertz Gateway Center LP	91,751,000	9	0.44%	-		
Liberty Avenue Holdings LLC	79,000,000	10	0.38%	62,100,000	10	0.46%
Holdings Acquisition Co LP	-			276,789,000	2	2.05%
Market Assoc. Limited	-			185,000,000	5	1.37%
Oxford Development	-			115,000,000	7	0.85%
Grant Liberty Dev. Group	-			110,000,000	8	0.82%
North Shore Developers	-			64,297,550	9	0.48%
	<u>\$ 2,134,977,750</u>		<u>10.21%</u>	<u>\$ 1,733,292,624</u>		<u>12.85%</u>
Total Taxable Assessed Valuation	<u>\$ 20,904,325,781</u>			<u>\$ 13,486,434,282</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	Year of original levy			Delinquent taxes			
							(2) Receipts	Percent of original net levy collected	Percent of adjusted net levy collected	Percent of budget collected	Collection		Percent of budget collected
								Budget	Receipts				
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
2020	20,904,326	8.06	8.06	168,493	149,148	150,080	144,571	85.8	96.9	96.3	4,112	6,246	151.9

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>						
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
2020	458,594,820	9,428,542	468,023,362	1.26%	300,286	1,559

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
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
2020	300	20,904,326	458,595	-	458,595	2.19%	1,529



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
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%
2020	27,730	17,506	45,236	699,642	6.47%

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, 2020

(\$s in Thousands)

Jurisdiction	Debt outstanding	Percentage applicable to City	Amount applicable to City
Direct debt:			
City of Pittsburgh:			
General obligation	\$ 458,595	100%	\$ 458,595
Capital lease	<u>9,429</u>	100%	<u>9,429</u>
Total direct debt	<u>468,024</u>		<u>468,024</u>
Overlapping debt:			
Pittsburgh Water and Sewer Authority	1,066,226	0% (1)	-
Parking Authority	46,648	100%	46,648
The School District of Pittsburgh	298,054	100%	298,054
Allegheny County	<u>1,013,193</u>	25% (2)	<u>253,298</u>
Total overlapping	<u>2,424,121</u>		<u>598,000</u>
Total direct and overlapping debt	<u>\$ 2,892,145</u>		<u>\$ 1,066,024</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, 2020

	Nonelectoral debt	Lease rental debt
Gross debt (1):		
Principal amount of bonds issued and outstanding:		
General obligation	\$ 432,555,000	\$ -
Capital Leases	-	9,428,542
	432,555,000	9,428,542
Total gross debt	432,555,000	9,428,542
Items deductible from gross debt:		
Cash and legal investments held in sinking fund for payment of bonds and notes	1,200,395	-
Delinquent real estate taxes	11,832,169	-
Self-liquidating and subsidized debt:		
Taxable General Obligation Pension Bonds, 1998ABC	101,255,000	-
	114,287,564	-
Total deductions	114,287,564	-
Net debt	\$ 318,267,436	\$ 9,428,542

(Continued)

- (1) Direct obligations of the Pittsburgh Water and Sewer Authority in the amount of \$1,066,226,000 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, 2020  
(Continued)

<b>Allocation of Total Net Debt</b>	
Net nonelectoral debt	\$ 318,267,436
Net lease rental debt	<u>9,428,542</u>
Net nonelectoral and lease rental debt	<u><u>\$ 327,695,978</u></u>

<b>Debt Incurring Margin</b>			
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total net revenue of the City	<u>\$ 540,451,792</u>	<u>\$ 562,124,042</u>	<u>\$ 523,532,618</u>
Borrowing base (arithmetic average of total net revenue for said three fiscal years)			<u><u>\$ 542,036,151</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	\$ 1,355,090,377	\$ 1,897,126,527
Less existing net debt	<u>(318,267,436)</u>	<u>(327,695,978)</u>
Remaining debt incurring margin	<u><u>\$ 1,036,822,941</u></u>	<u><u>\$ 1,569,430,549</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>
2020	\$ 1,355,090	\$ (318,267)	\$ 1,036,823	76.51%
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%

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
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
2020	241,997	169,507	72,490	26,842	37,463	64,305	1.13

(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	
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
2020	5,317	2,362	2,955	1,695	845	2,540	1.16

(1) Figures presented are for the fiscal year end of March 31 (2011-2017) and fiscal year end December 31 (2018-2020).

(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
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%
2020	300,286	58,472	48,713	32.9	21,603	4.4%

## 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](http://www.opendatane트워크.com)



Table 20

## CITY OF PITTSBURGH, PENNSYLVANIA

### PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2020			2011		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
University of Pittsburgh Medical Center	53,000	1	19.78 %	38,700	1	12.57 %
Highmark Health	27,279	2	10.18	-		-
U.S. Government	18,473	3	6.89	18,570	2	6.03
Commonwealth of Pennsylvania	15,972	4	5.96	13,610	3	4.42
PNC Financial Services Group, Inc.	13,000	6	4.85	7,032	8	2.28
University of Pittsburgh	12,338	5	4.60	12,215	4	3.97
Giant Eagle	10,394	7	3.88	9,981	6	3.24
Wal-Mart Stores, Inc.	9,000	8	3.36	7,550	7	2.45
Allegheny County	7,164	9	2.67	-		-
BNY Mellon	7,000	10	2.61	-		-
West Penn Allegheny Health System	-		-	11,087	5	3.60
Mellon Financial Group	-		-	5,266	10	1.71
Westinghouse Electric	-		-	6,000	9	1.95
<b>Total</b>	<b>173,620</b>		<b>64.78 %</b>	<b>130,011</b>		<b>42.24 %</b>
<b>Total Employees</b>	<b>268,000</b>			<b>307,764</b>		

Source: Pittsburgh Business Times

Table 21

**CITY OF PITTSBURGH, PENNSYLVANIA**

## PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

LAST TEN YEARS

Fiscal Year	(\$'s in Thousands) Property value (1)	Number of permits issued (2)	Dollar value (3)	(\$'s in Thousands) Bank deposits (4)
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
2020	20,904,326	9,306	1,439,361	147,897,908

## 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>
2011	3,303	3,131
2012	3,303	3,128
2013	3,301	3,077
2014	3,303	3,067
2015	3,250	3,134
2016	3,255	3,106
2017	3,281	3,233
2018	3,309	3,369
2019	3,373	3,298
2020	3,394	3,387

Table 23

## CITY OF PITTSBURGH, PENNSYLVANIA

### FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM

#### LAST TEN YEARS

<u>Function/program</u>	<u>2020</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>
General Government:										
City Council-City Clerk	41	41	40	40	41	41	41	39	39	39
Mayor's Office	14	14	14	14	15	16	16	16	16	15
Innovation & Performance (C.I.S.)	78	72	66	63	62	62	61	60	59	55
Human Relations Commission	7	7	8	8	5	5	5	8	8	8
City Controller	57	57	54	55	56	56	56	53	58	58
Finance Department	52	52	57	59	75	75	83	99	98	98
Finance-Fleet & General Services	0	0	0	0	0	0	0	20	20	21
Law	43	41	40	39	42	42	42	42	44	43
Human Resources & Civil Service	57	56	56	55	62	62	64	68	80	83
City Planning	58	61	57	57	41	40	52	49	47	48
Bureau of Neighborhood Empowerment	15	14	13	12	10	10	10	0	0	0
Bureau of Management & Budget	24	24	25	25	23	24	24	0	0	0
Permits, Licenses, and Inspections	89	89	84	79	74	72	0	0	0	0
Public Safety:										
Administration	64	62	60	49	24	23	23	17	17	17
Police	1063	1065	1057	1056	1070	1073	1091	1092	1090	1090
Emergency Medical Services	211	206	199	199	180	180	180	180	180	180
Fire	670	670	659	659	664	664	674	674	674	676
Bureau of Building Inspection	0	0	0	0	0	0	76	76	75	75
Animal Control	16	15	15	15	17	17	16	16	16	16
Public Works:										
Administration	13	13	16	13	14	14	14	13	13	12
Operations	341	336	334	419	351	348	346	327	320	312
Environmental Services	193	196	196	198	200	200	201	201	196	196
Engineering	0	0	0	62	65	61	61	37	37	36
Facilities	91	93	91	0	0	0	0	39	42	50
Mobility and Infrastructure	97	95	74	4	0	0	0	0	0	0
Parks and Recreation	88	88	88	95	158	159	160	168	167	168
Non-Departmental										
Citizens Review Board	6	6	6	6	6	6	7	7	7	7
Totals:	<u>3388</u>	<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>

**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 EIGHT FISCAL YEARS

Function/Program

	2020	2019	2018	2017	2016	2015	2014	2013
<b>Public Safety</b>								
<b>Police</b>								
Traffic Stops	9,912	20,562	23,818	29,196	17,517	19,086	24,396	28,894
Arrests	7,833	14,205	12,499	13,517	12,520	12,481	15,672	18,541
Calls for services	227,877	247,267	249,913	244,525	230,000	268,403	262,912	230,497
<b>EMS</b>								
Total # of Dispatches	66,788	63,096	72,592	73,323	73,415	70,591	67,911	66,755
On-Scene Response	51,611	54,079	56,301	57,537	57,688	56,446	50,356	54,828
Transports for all Units	28,196	41,719	41,101	42,120	42,405	41,998	41,290	41,401
Average Unit Hour Utilization	0.38	0.58	0.41	0.46	0.46	0.46	0.46	0.46
<i>Total Ambulance Billings Receipts</i>	<i>\$ 11,284,590</i>	<i>\$ 13,055,377</i>	<i>\$ 11,682,761</i>	<i>\$ 7,528,152</i>	<i>\$ 8,651,606</i>	<i>\$ 11,913,016</i>	<i>\$ 11,801,149</i>	<i>\$ 10,924,412</i>
<b>Fire</b>								
Total # of Incidents	33,590	49,660	50,009	50,192	49,475	48,001	46,005	44,901
Total # of Arson Investigations	401	487	419	413	478	529	514	568
<b>Public Works</b>								
<b>Environmental Services</b>								
Residential Refuse Collection-Tonnage	96,640	88,490	86,257	89,218	86,664	86,837	88,940	86,257
Recycling Tonnage	13,665	14,401	15,769	16,171	16,047	16,250	16,218	16,078
<i>Recycling Revenue</i>	10,612	NA	<i>\$ 8,363</i>	<i>\$ 7,750</i>	<i>\$ 13,777</i>	<i>\$ 10,138</i>	<i>\$ 11,038</i>	<i>\$ 331,292</i>
<b>Parks and Recreation</b>								
Skating Rink-Attendance	6,136	NA(1)	NA	14,884	18,741	10,344	18,324	17,120
Public Pools-Attendance	7,144	166,496	179,132	183,778	218,010	235,924	181,561	207,394
Recreation-Attendance	25,573	107,667	120,821	139,691	152,160	173,161	161,594	166,968
<i>Tennis Fees</i>	<i>\$ 235,934</i>	<i>\$ 446,130</i>	<i>\$ 440,919</i>	<i>\$ 365,066</i>	<i>\$ 367,720</i>	<i>\$ 388,172</i>	<i>\$ 379,678</i>	<i>\$ 365,512</i>

Source: City Departments

NA - not available for Annual Report issuance

NA(1) - closed for renovation

Table 25

## CITY OF PITTSBURGH, PENNSYLVANIA

### CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

LAST SEVEN FISCAL YEARS

Function/Program

	2020	2019	2018	2017	2016	2015	2014
<b>Public Safety</b>							
Police Vehicles	304	299	219	338	329	300	310
Fire Trucks	38	38	37	39	39	39	39
Fire Stations	36	36	36	36	36	36	36
<b>Environmental Services</b>							
Tractors	35	35	31	38	26	36	36
Mowers	31	31	31	31	21	31	33
Recycling Trucks	8	8	8	8	8	8	8
<b>Parks and Recreation</b>							
Recreation Centers	10	10	10	10	10	10	10
Senior Community Centers	13	13	13	13	13	13	13
Tennis Courts	87	87	87	87	87	87	87
Swimming Pools	18	18	18	18	18	18	18
Playgrounds	128	128	128	128	128	128	128

Source: City Departments

## **OTHER INFORMATION**

# CITY OF PITTSBURGH, PENNSYLVANIA

## SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

DECEMBER 31, 2020

<u>Official</u>	<u>Budgeted Annual Salary</u>	<u>Amount of Surety Bond</u>
Mayor	\$ 117,502	\$ 10,000
Chief Financial Officer	112,084	200,000
Director of Finance	94,672	200,000
Controller	77,567	25,000
Members of City Council (9)	70,108	-



# CITY OF PITTSBURGH, PENNSYLVANIA

## SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2020

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2021 Maximum Debt Service Requirements	
						Interest	Principal
General Obligation Bonds, 1998 Series ABC	3/01/1998	\$ 255,865,000	\$ 101,255,000	\$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	\$ 5,928,450	\$ 22,860,000
General Obligation Bonds, 2012 Series A	2/07/2012	39,235,000	10,000,000	\$4,490,000 in 2021 \$5,060,000 in 2022	2.70 5.00	386,130	4,940,000
General Obligation Bonds, 2014	08/28/14	44,470,000	19,450,000	\$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	5.00 5.00 5.00 5.00 5.00 5.00 5.00	851,800	2,590,000
General Obligation Bonds, 2017	04/27/17	54,635,000	50,520,000	\$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	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 5.00	2,353,050	2,175,000
Carry forward			<u>181,225,000</u>			<u>9,519,430</u>	<u>32,565,000</u>

(Continued)



**CITY OF PITTSBURGH, PENNSYLVANIA**

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2020  
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2021 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			278,460,000			13,730,555	35,790,000
General Obligation Bonds, 2020A	08/05/20	32,580,000	32,580,000	\$195,000 in 2021 \$2,145,000 in 2022 \$1,765,000 in 2023 \$2,300,000 in 2024 \$2,420,000 in 2025 \$2,540,000 in 2026 \$2,665,000 in 2027 \$2,800,000 in 2028 \$2,940,000 in 2029 \$3,060,000 in 2030 \$3,180,000 in 2031 \$3,305,000 in 2032 \$3,265,000 in 2033	3.00 4.00 4.00 4.00 5.00 5.00 5.00 5.00 4.00 4.00 4.00 3.00 3.00	1,354,687	195,000
General Obligation Bonds, 2020B	08/05/20	121,515,000	121,515,000	\$3,130,000 in 2021 \$2,635,000 in 2022 \$8,685,000 in 2023 \$8,355,000 in 2024 \$37,990,000 in 2025 \$38,355,000 in 2026 \$615,000 in 2027 \$4,220,000 in 2028 \$4,285,000 in 2029 \$4,350,000 in 2030 \$4,425,000 in 2031 \$4,470,000 in 2032	0.14 0.51 0.66 0.84 0.97 1.19 1.36 1.56 1.62 1.68 1.80 1.91	1,375,146	3,130,000
Subtotal			<u>432,555,000</u>			<u>16,460,388</u>	<u>39,115,000</u>
Plus: Net bond premiums/discounts			<u>26,039,820</u>				
Total: General obligation bonds payable			<u>\$ 458,594,820</u>			<u>\$ 16,460,388</u>	<u>\$ 39,115,000</u>

(Continued)

# CITY OF PITTSBURGH, PENNSYLVANIA

## SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2020

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2021 Maximum Debt Service Requirements	
						Interest	Principal
Parking Authority Refunding Bonds, Series 2015 A	10/15/15	\$ 67,395,000	\$ 20,765,000	\$1,395,000 in 2021 \$3,770,000 in 2022 \$3,820,000 in 2023 \$3,870,000 in 2024 \$3,925,000 in 2025 \$3,985,000 in 2026	5.00 5.00 5.00 5.00 5.00 5.00	\$ 1,038,250	\$ 1,395,000
Parking Authority Refunding Bonds, Series 2020	11/19/20	23,490,000	23,490,000	\$4,045,000 in 2027 \$3,985,000 in 2028 \$3,935,000 in 2029 \$3,890,000 in 2030 \$3,845,000 in 2031 \$3,790,000 in 2032	1.99 2.23 2.33 2.48 2.58 2.68	567,720	-
Subtotal			44,255,000			1,605,970	1,395,000
Plus: Bond premium			2,393,731				
Total Public Parking Authority Bonds and Notes Payable			<u>\$ 46,648,731</u>			<u>\$ 1,605,970</u>	<u>\$ 1,395,000</u>

(Continued)

**CITY OF PITTSBURGH, PENNSYLVANIA**

**SCHEDULE OF BONDS AND NOTES PAYABLE**

YEAR ENDED DECEMBER 31, 2020  
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2021 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	\$ 63,078,000	\$26,930,000 in 2027	5.31	-	-
				\$26,930,000 in 2028	5.28		
				\$26,930,000 in 2029	5.30		
				\$14,660,000 in 2030	5.23		
First Lien Revenue Refunding Bonds, 2013 Series A	12/12/13	130,215,000	67,420,000	\$8,190,000 in 2021	5.00	3,225,825	8,190,000
				\$8,530,000 in 2022	5.00		
				\$8,885,000 in 2023	5.00		
				\$7,390,000 in 2024	5.00		
				\$7,840,000 in 2025	5.00		
				\$350,000 in 2026	3.88		
				\$375,000 in 2027	4.00		
				\$360,000 in 2028	4.13		
				\$385,000 in 2029	4.25		
				\$9,535,000 in 2030	5.00		
				\$9,765,000 in 2031	5.00		
				\$2,860,000 in 2032	4.50		
				\$2,955,000 in 2033	4.50		
First Lien Revenue Bonds, 2013 Series B	12/12/13	86,695,000	38,760,000	\$4,025,000 in 2033	5.25	2,034,900	-
				\$4,235,000 in 2034	5.25		
				\$4,455,000 in 2035	5.25		
				\$4,690,000 in 2036	5.25		
				\$4,935,000 in 2037	5.25		
				\$5,195,000 in 2038	5.25		
				\$5,470,000 in 2039	5.25		
				\$5,755,000 in 2040	5.25		
Carry forward			<u>169,258,000</u>			<u>5,260,725</u>	<u>8,190,000</u>

(Continued)

**CITY OF PITTSBURGH, PENNSYLVANIA**

**SCHEDULE OF BONDS AND NOTES PAYABLE**

YEAR ENDED DECEMBER 31, 2020

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2021 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			169,258,000			5,260,725	8,190,000
First Lien Revenue Refunding Bonds, 2017 Series A	12/21/17	159,795,000	129,610,000	\$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	6,301,900	13,650,000
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	117,684,526	69,379,000	\$4,226,000 in 2021 \$4,296,000 in 2022 \$4,197,000 in 2023 \$4,026,000 in 2024 \$3,660,000 in 2025 \$3,643,000 in 2026 \$3,700,000 in 2027 \$3,758,000 in 2028 \$3,818,000 in 2029 \$3,890,000 in 2030 \$3,167,000 in 2031 \$2,527,000 in 2032 \$2,475,000 in 2033 \$2,578,000 in 2034 \$2,339,000 in 2035 \$2,174,000 in 2036 \$2,196,000 in 2037 \$2,218,000 in 2038 \$2,240,000 in 2039 \$2,263,000 in 2040 \$2,285,000 in 2041 \$1,641,000 in 2042 \$1,586,000 in 2043 \$397,000 in 2044	Variable	891,000	4,226,000
Carry forward			587,052,000			20,725,445	26,066,000







