

CITY OF PITTSBURGH, PENNSYLVANIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2023



Rachael Heisler, City Controller
CITY OF PITTSBURGH, PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2023

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL



CITY OF PITTSBURGH
OFFICE OF THE CITY CONTROLLER
Controller Rachael Heisler

Monday, April 29, 2024

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

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Pittsburgh (City) for the year ended December 31, 2023. 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 Governmental Account Standards Board (GASB), Statement 34; footnotes; and the statistical section. This year, we are issuing a full ACFR on April 29, 2024, 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 fairly presents both the financial position and operational results of the City's various funds. 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 have issued an unmodified (i.e., "clean") opinion on the City's financial statements for the year ended December 31, 2023. This independent auditor's report is located in front of the Management's Discussion and Analysis (MD&A).

The 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

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. The City, incorporated in 1816, is located in the southwestern part of the Commonwealth of Pennsylvania (Pennsylvania) occupying 55.37 square miles with a population of 302,971, according to the 2020 Census. (Note that the 2022 Census figure for the population was 302,898.) Although ranked as the 68th most populous City in the country, the City is still considered more densely populated than five of the top ten populous cities due to its population density of 5,469 people per square mile. This is primarily because the City limits have remained virtually unchanged for nearly a century. (1) 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. (2) The Mayor is elected to a four-year term and the Council members are elected to staggered four-year terms in which the even-numbered districts are elected in one year and the odd-numbered districts are elected two years later. (3) The Controller audits City government-related revenues and expenditures and conducts audits of all City departments and authorities. (4) 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 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 Pittsburgh Water and Sewer Authority (PWSA), Urban Redevelopment Authority (URA), Stadium Authority, and Pittsburgh Parking Authority are component units of the City and are shown as such in the financial statements and the footnotes to the ACFR.

The 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.

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 (U.S.). 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 BACKGROUND

In 2023, Pittsburgh continued to feel the aftereffects of the Coronavirus Disease 2019 (COVID-19) pandemic. City finances remained buoyed by the American Rescue Plan Act of 2021 (ARPA), with approximately \$94.5 million fully spent in 2023 according to the City's cash basis spending reports. Although the regional economy appears to be permanently altered by the pandemic, various hopeful developments in workforce trends, employment, real estate, infrastructures, and technologies are present.

According to data from the University of Pittsburgh's Center for Social and Urban Research (UCSUR), 15.8% of City residents were 65 or older in 2021, a slight rise from 2010 but lower than 20.9% for the rest of Allegheny County and the national rate of 16.8%.

Pittsburgh has, so far, avoided the aging workforce trends experienced in the rest of the County by attracting a higher share of students and immigrants. Still, long-term population growth remains uncertain, making policies that attract a younger and more diverse workforce a pressing need.

Among UCSUR's recommendations were policies that support low-income residents, particularly the low-income Black community. This supports the City's 2022 Housing Needs Assessment, which found that the City lost nearly 3,000 low-income renters, 350 Black renter households, and 700 Black households between 2015 and 2019. In the same period, nearly every other racial and ethnic group saw gains in total households, while the City gained 5,000 renters making over 120% of the area median income.



The assessment points to increases in rents and home prices, deteriorating housing stock, and a continued affordable housing gap as the driver of these trends—and to the City’s zoning code and land use policies as barriers to equitable development. Combatting discrimination and developing equitable growth strategies that allow the full range of income earners to live and thrive throughout the City will be key to avoiding future population stagnation and loss.

The unemployment rate in the Pittsburgh area has drastically improved since the pandemic, dropping from nearly 16% in April 2020 to 3.4% at the end of 2023. This matched the state’s unemployment rate and was below the national unemployment rate of 3.5%. However, beneath the historically low unemployment rate remains the fact that the area’s labor force continues to shrink. There are fewer people employed in the Pittsburgh area today than there were before the pandemic, with estimates ranging from 10,000 to 40,000. The Brookings Institute reports that out of the 54 largest metro regions in the country, Pittsburgh ranks last in overall job growth. This is largely attributed to our relatively older population and our continued population decline.

Allegheny County’s population declined by an estimated 7,780 people between July 2022 and July 2023, the eighth highest rate of total numeric annual decline among counties nationwide. Again, the City has fared better than the County as a whole by attracting a greater share of students and immigrants. In short, job creation and economic growth in the years ahead will continue to depend heavily on our ability to attract younger, more diverse people to our City and our region.

High interest rates slowed the sale of residential properties in Allegheny County by approximately 25% according to the West Penn Multi-List Service. However, house prices in Pittsburgh climbed by approximately 4% in 2023, and inventory remains competitive. On average, 2023 homes in Pittsburgh remained on the market for the same amount of time—between 30 and 40 days—as 2022.

Challenges emerged in collecting 2023 real estate tax revenue as a result of the lowered Common Level Ratio (CLR) in Allegheny County. The CLR dictates at what percentage of the fair market value a property will be assessed. Pennsylvania’s Tax Equalization Board ordered that the 2023 CLR drop from 81.1% to 63.6%.

The City’s Downtown real estate market faced similar challenges to other major metropolitan areas in responding to the impact of the COVID-19 pandemic. As workplaces embraced work-from-home or hybrid models, Downtown office buildings became increasingly empty. According to the real estate company Jones Lang LaSalle, vacancy rates were above 20% in December 2023. As a result, the property values of Downtown office buildings decreased. Ten landmark buildings—U.S. Steel, PPG Place, PNC Plaza, Three Gateway, the Union Trust Building, PNC Firstside, Two PNC Plaza, the K&L Gates Center, 525 William Penn Place, and 11 Stanwix Street—experienced a net assessment decrease of almost \$3 million in tax revenue.



With that said, the word "stable" may appropriately describe the City's economy. While office spaces have struggled, Downtown residential occupancy has remained steadily above 90%. Emerging investments in Downtown Pittsburgh, including the passage of three Local Economic Revitalizing Tax Acts (LERTAs), are demonstrative of the region's commitment to retaining a healthy, thriving downtown. Also, with more than 228 different events, booking more than 313,000 hotel rooms, our tourism industry has rebounded. This activity contributed to \$6.4 billion in economic activity in western Pennsylvania.

In 2021 and 2022, the City of Pittsburgh was awarded \$335 million in pandemic response and recovery funding. All ARPA money was deposited into a dedicated trust fund and have presented the City with the opportunity to invest in collective objectives. The City must encumber all \$335 million allocated by December 31, 2024, and spend this money by the end of 2026. Funds must be directed toward the following categories: COVID-19 response and the public health ramifications; premium pay for essential workers; offsetting revenue loss caused by the pandemic; and necessary investments in water, sewer, or broadband infrastructure. While the City's Office of Management and Budget (OMB) maintains responsibility for federal compliance with the U.S. Department of Treasury, the City Controller's Office has and will continue to audit the American Rescue Plan Trust Fund annually until its depletion along with specific projects using money from this account. As of the end of 2023, \$202,295,404 has been spent from the ARPA Trust Fund.

In 2023, ARPA funding of \$49.59 million went to the General Fund and \$18.47 million to the Capital Projects Fund. General Fund monies allowed the City to restore many vacant positions originally slated for elimination, maintain current compensation levels to prevent layoffs, and facilitate worker retention incentives, such as reasonable pay increases. Collectively, these funds ensured the continuation of services provided to City residents. Capital projects funded by ARPA in 2023 included paving City streets; upgrades to new vehicles, equipment, and Green Fleet Improvements; demolition of City-owned property; addressing City-wide slope failures; and improving multiple senior and recreation centers throughout the City.

With thanks to the ARPA, \$9.95 million was paid to the PWSA in 2023 towards the \$17 million cooperative agreement (co-op) for Lead Service Line Replacement. At the end of 2023, there were a total of 17 project co-op agreements with the URA equaling \$65.84 million, of which \$39.49 million has been paid from the trust fund. The largest URA project is the OWNPGH Affordable Homeownership Program for \$15.625 million total, which has received \$9.475 million as of the end of 2023.

Pittsburgh International Airport saw 9.2 million passengers in 2023, rebounding to 92% of pre-pandemic levels. Driven by new routes, including service to Los Angeles, New Orleans, and Cancun, the airport now serves more than 60 destinations. Though the City has not returned to the peak airport traffic of the 1990s, when the airport averaged 20 million annual passengers, the growth of airport travel in 2023 is encouraging. Additional investments in expanding Pittsburgh International Airport will likely continue to increase annual passenger numbers.



In regard to tech investments, the prior year was outstanding for the City. In spite of an overall fundraising decline of nearly 30% nationally, the City experienced its second-highest year on record for investment in the tech economy. The result was a total investment of \$3.12 billion across several venture capital investments, large corporate deals, and numerous seed and accelerator investments. This total is second only to the \$3.59 billion raised in 2021, which was a record-breaking year for funding throughout the world.

On a national level, total deal volume for 2023 declined 29.6% from 2022's volume. Yet, in Pittsburgh, nearly every indicator concerning local fundraising increased. This resulted in a 203.3% increase over 2022 in total deal volume, again bucking the national trend.

More than 130 Pittsburgh companies attracted investments, with an average disclosed deal value of \$27.1 million, a 300% year-over-year increase. This was largely driven by activity in the robotics and autonomous vehicle arenas, resulting in Pittsburgh landing among the top 10 metro areas in terms of the number of deals per capita generated in AI.

Corporate investments increased nearly 800%, due primarily to private investments in both Stack AV and Aurora in particular. Even when excluding the larger deals, Pittsburgh's tech economy had a markedly robust performance, with the average deal size across venture capital, seed, angel, and accelerator investments increasing by 50%, from \$4.6 million in 2022 to \$6.9 million in 2023.

The Pittsburgh region saw approximately \$621.5 million invested by institutional investors, \$2.2 billion invested by corporations, and \$89.0 million in angel, pre-seed or seed funding. Some of the top deals in 2023 included Optimus Technologies, LyGenesis, Agile Space Industries, Formlogic, and BlastPoint. As noted above, the highest volume of investment was in the autonomous vehicle industry, with Stack AV's billion-dollar funding and Aurora's combined private placement and second public offering. These successes are further encouragement to the local artificial intelligence (AI) and robotics community.

An emerging trend of increased investments for Hardware and Robotics clearly continues, as those sectors comprised 68% of total investments in 2023, compared to 39% in 2022, due largely to private investments in Stack AV and Aurora. Even so, the number of unique companies funded across main industries confirms that the City maintained relatively even activity across deals in software, hardware, and life sciences, thereby maintaining diverse options for potential investors.



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 thereby consider Pittsburgh as a more attractive destination. In addition, the founders and employees receive windfall gains and may become angel investors or mentors, along with being financially well-positioned to pursue new ventures themselves. The volume of exits, along with the start-ups, serves as a metric for the growth and vitality of the local investment environment. Thus, increased deal activity creates an ongoing cycle within the entrepreneurial community.

Last year featured 12 exits with disclosed values of over \$1.57 billion. All were acquisitions, apart from Aurora and Coeptis Therapeutics, each of which had deals that included both a private placement of capital and a secondary public offering. Representative deals included: Avere Systems, acquired by Microsoft; Babel Health, acquired by Allscripts; Cancer Treatment Services International, acquired by Varian Medical Systems; Centria, acquired by NuCor; M*Modal, acquired by 3M; Aurora, a merger; and Duolingo, an Initial Public Offering (IPO).

The City is consistently attracting investors from around the world, with 57 new investors making their first investment in the region in 2023. Over 300 unique venture capital firms, angel groups and strategic investors have invested in Pittsburgh companies in the past five years.

When global firms acquire local startups via exits, it often catalyzes larger firms establishing permanent offices in Pittsburgh. Examples of larger tech firms with a significant local presence as a result of startup acquisitions include Bosch, Facebook, Aptiv, Microsoft, Philips, Proofpoint, and others.

Pittsburgh continues to successfully compete with high-population centers, particularly with its strength in AI. In 2023, the Pittsburgh region ranked 24th in population, but ranked 15th in dollars invested and 21st in total number of deals per million residents. Focusing on the AI and autonomous vehicle industries specifically, Pittsburgh ranked 10th in the number of deals and 16th in total dollars invested. Over the past decade, Pittsburgh ranked 13th in the number of deals and 10th in dollars invested per million residents in the AI and autonomous vehicle sectors. If population changes over the past decade were accounted for, those rankings would be even higher.

2023 also ranked as another record year for non-dilutive funding (i.e. grants), which fund innovative research without diluting the investor. Local research universities have attracted over \$12 billion in research funding over the past decade, with \$1.67 billion in 2023 alone. The University of Pittsburgh is among the top recipients of National Institutes of Health funding, achieving a research budget surpassing \$1 billion again in 2023. Carnegie Mellon's research budget totaled \$494 million across the Software Engineering Institute in addition to the Advanced Robotics Manufacturing Institute. Collectively, the City's non-dilutive budgets have grown steadily, up 71% over the past decade.



Accolades from major players about the investment potential of Pittsburgh's tech environment echo the confidence that investors feel. A sampling of testimonials from current investors and entrepreneurs includes:

“We are delighted to be lead investors in Noveome Biotherapeutics which is advancing a novel secretome-based therapeutic. This ground-breaking therapy was developed and will be manufactured in Pittsburgh. We believe that Pittsburgh’s scientific community, with ties to world class medical institutions, will be integral to the company’s success.”

Michael Kaufman
CEO of MAK Capital

“Investing in AI startups in Pittsburgh, especially those nurtured by the dynamic ecosystem around Carnegie Mellon, is a strategy that eLab Ventures strongly believes in. The combination of exceptional talent, pioneering research, and a thriving entrepreneurial spirit in this area offers a fertile ground for groundbreaking AI innovations. Our investment in BlastPoint stands as a prime example of this ecosystem’s potential. BlastPoint, with its cutting-edge AI solutions, exemplifies the type of transformative startups that emerge from this environment. At eLab Ventures, we’re committed to supporting these ventures, recognizing that our investments go beyond financial gains—they’re an investment in a technologically advanced and better future, powered by the deep-tech entrepreneurial ecosystem of Pittsburgh.”

Doug Neal
Managing Director of eLab Ventures

“Optimus Technologies is decarbonizing the heavy-duty diesel engine and we are proud to be building our team in Pittsburgh. Since our Series A closed in early 2023, we have been lucky to increase more than 2.5x our headcount and are growing even more in 2024. The passion and work ethic of Steel City is keeping our company and the tech ecosystem stronger than ever.”

Lori Dunn
COO of Optimus Technologies

“Pittsburgh is an unmatched tech hub, as well as being home for most of our employees. Many of us at Edge have been fortunate enough to work with world-renowned tech gurus and experts in their respective fields. As a company, we are ecstatic to continue bringing game-changing technology to the world.”

Brandon Ingram
CEO of Edge AI Solutions



"I came to Pittsburgh as a Carnegie Mellon computer science graduate student, and now I can't imagine starting a company anywhere else. Not only do we have so many smart, talented people, but the startup technology sector operates as a community, making resources accessible, like capital, advising, and most importantly, customers."

Alison Alvarez

Founder and CEO of BlastPoint

In September of 2023, the Pittsburgh Promise announced that the class of 2028 would be the last class to receive privately funded scholarships through the organization. Since its inception, the Pittsburgh Promise has provided \$171.5 million scholarships to approximately 11,600 Pittsburgh Public School Students. Pittsburgh Public Schools noted that the Promise has helped improve graduation rates. However, the district also pointed to additional student services that will continue to support academic achievement.

Enrollment at Pittsburgh Public Schools continued to decrease, from 20,080 students during the 2021-2022 school year to 19,616 students during the 2022-2023 school year. According to a report by A+ schools, 5,250 students within the school district were enrolled in charter schools during this academic period. Student enrollment in charter schools constitutes a significant burden to the school district's finances, approaching a cost of \$140 million.

The present outlook for the City remains stable through the end of 2024. Outstanding debt obligations due in 2025 and 2026, coupled with the expiration of ARPA funds at the end of 2024, are likely to present challenges. The City should focus on proactively responding to these pending financial difficulties during the 2024 fiscal year. Efforts such as diversifying our investments, supporting local business development, and coordinating with other taxing bodies have already shown demonstrable benefit. These efforts should continue alongside conversations with local businesses, municipal partners, and non-profits to ensure a coordinated investment in our long-term financial future.

2023 CONTROLLER AUDITS

The Controller's office for the City of Pittsburgh released the following audits in 2023. Our office continues to shed light on economy, efficiency, and scale of City priorities, programming and spending.

2023 Fiscal Audits:

- Department of Public Works: Shade Tree Trust Fund
- Annual Audit of the City's Tax Abatement & Increment Financing Programs
- 2023 Follow-up: Tax Abatement & Tax Increment Financing Programs
- Equal Employment Opportunity Commission Trust Fund
- OMB South Side Parking Enhancement District Trust Fund



2023 Performance Audits:

- Department of Public Works - Bureau of Environmental Services: Recycling Division
- Department of Public Safety - Bureau of Emergency Medical Services
- Department of Public Safety - Bureau of Fire

2023 Special Report:

- City of Pittsburgh Parks Tax Trust Fund

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 2022 were 8.06 mils for general purposes and 0.50 mils for parks regarding buildings and land, thus resulting in a total of \$8.56 for every \$1,000 of assessed value. The 2023 total taxable assessed valuation for the City is \$21,659,143,000 compared to the 2022 total of \$21,372,433,000.

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

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

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

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

Deed Transfer Tax: A tax of 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 revenues of nonprofit, non-charitable organizations conducting or operating a service or service institution in the City are taxed on their gross amount.

Local Services Tax: A tax in the amount of \$52 is 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, that employee is exempt from paying the tax.



Payroll Preparation Tax: This tax is imposed on all for-profit employers at a rate of 0.55% 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 tax of 3% is imposed on wages earned by nonresident athletes and performers that work at certain facilities that have been subsidized with public money.

AWARDS

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended December 31, 2022. 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 ACFR that conforms to program standards. Such an ACFR 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 thirty-one consecutive years (fiscal years ended 1992 – 2022). We believe that our current ACFR 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 black ink that reads "Rachael Heisler".

Rachael Heisler
City Controller
City of Pittsburgh



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pittsburgh
Pennsylvania**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

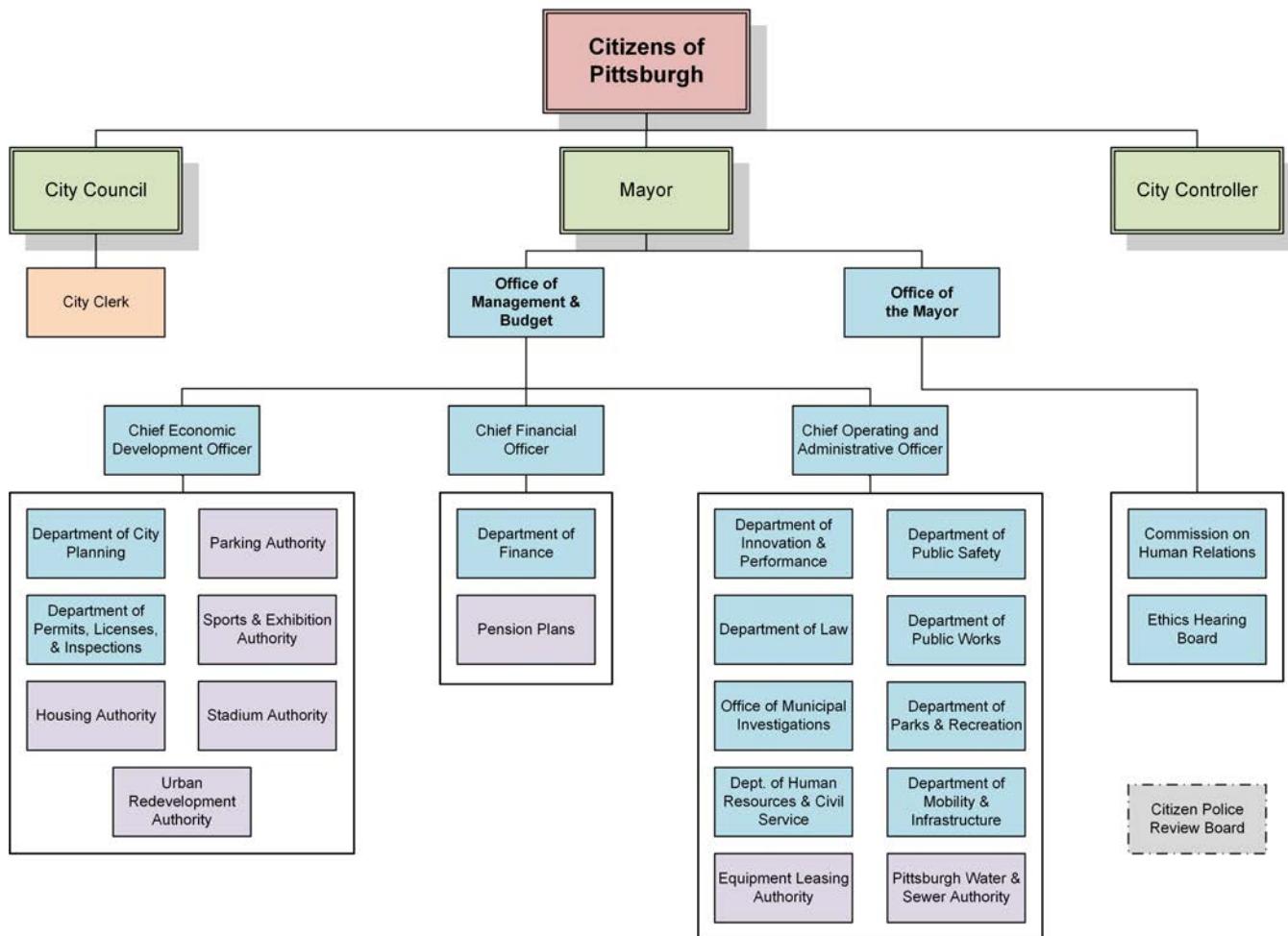
December 31, 2022

Christopher P. Monell

Executive Director/CEO

City of Pittsburgh

Organization Chart



CITY OF PITTSBURGH, PENNSYLVANIA

ELECTED CITY OFFICIALS

As of April 29, 2024

MAYOR

Ed Gainey

CONTROLLER

Rachael Heisler

MEMBERS OF COUNCIL

R. Daniel Lavelle, President, District 6

Erika Strassburger, Finance and Law Committee, District 8

Bobby Wilson, District 1

Theresa Kail-Smith, District 2

Bob Charland, District 3

Anthony Coghill, District 4

Barbara Warwick, District 5

Deborah Gross, District 7

Khari Mosley, District 9

FINANCIAL SECTION

Independent Auditor's Report

**The Honorable Members of Council
City of Pittsburgh, Pennsylvania**

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of 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, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability

to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary 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 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the introductory section, statistical section and other section (collectively "other information") listed in the table of contents. The other information listed in the table of contents does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.

The Honorable Members of Council
City of Pittsburgh, Pennsylvania
Independent Auditor's Report

If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Maher Duessel

Pittsburgh, Pennsylvania
April 29, 2024

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, 2023. 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 \$1.27 billion in 2023. The accumulated deficit results principally from the City's Net Pension Liability of \$817.0 million, Other Postemployment benefits liabilities of \$315.1 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 (\$27.9 million outstanding as of December 31, 2023), 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 2023 fiscal year, the City's governmental funds reported combined ending fund balances of \$470.5 million, an increase of \$56.2 million from the previous year. Approximately 42.2% of this total amount or \$198.7 million is available for spending at the government's discretion (unassigned fund balance).
- At the end of the 2023 fiscal year, unassigned fund balance for the General Fund was \$198.7 million (compared to \$167.2 million in 2022) or 29.6% of total General Fund expenditures and debt service transfers for 2023, up from 27.4% in 2022.
- The City's outstanding general obligation bonds and notes including unamortized premium/discount amounted to \$502 million at the end of the fiscal year up from \$488 million in 2022.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

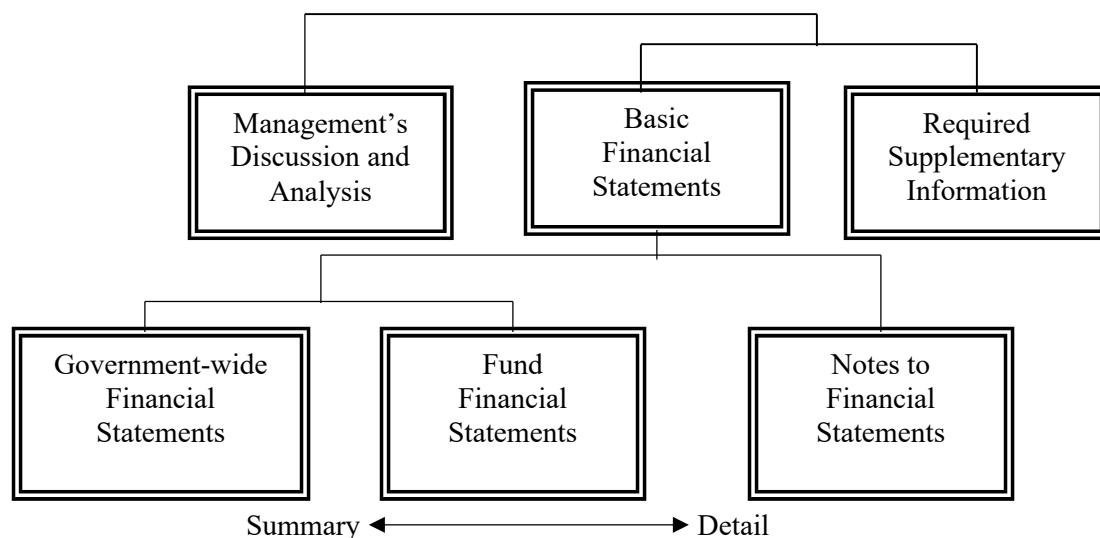


Figure A-2 summarizes the major features of the City's financial statements. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

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

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

Government-wide Financial Statements

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

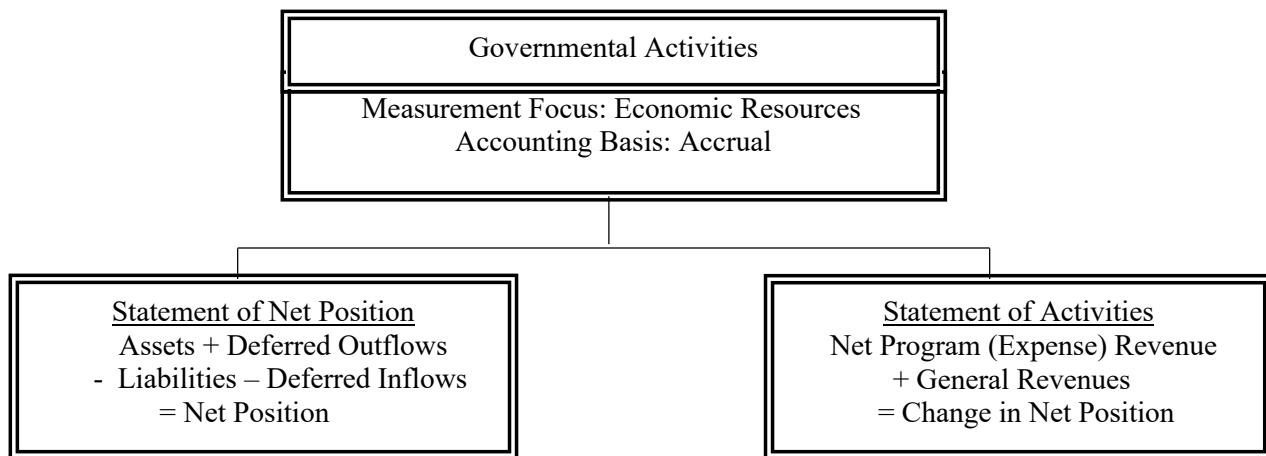
Although there are a number of government-wide financial statements, for the purposes of this report, only two will be highlighted since they are closely related: the statement of net position and the statement of activities.

The statement of net position includes all of the City's assets, liabilities, deferred inflows, and outflows, except fiduciary funds. Net position - the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position serve as a useful indicator of whether the 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 federal 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, the American Rescue Plan Act 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 21-139 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 140-149 of this report.

Government-wide Financial Analysis

The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1.10 billion at the close of the most recent fiscal year. Net Pension and Other Postemployment benefits liabilities totaled \$1.13 billion. By far the largest portion of the City's deficit in net position is its unrestricted deficit of \$1.27 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 and the assets have been financed with debt in an amount that exceeds the capital assets carrying value.

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

Summary of Condensed Net Position

The following table presents a condensed summary of net position:

City of Pittsburgh's Net Position

At the end of the current fiscal year, the City reported a \$1.1 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.

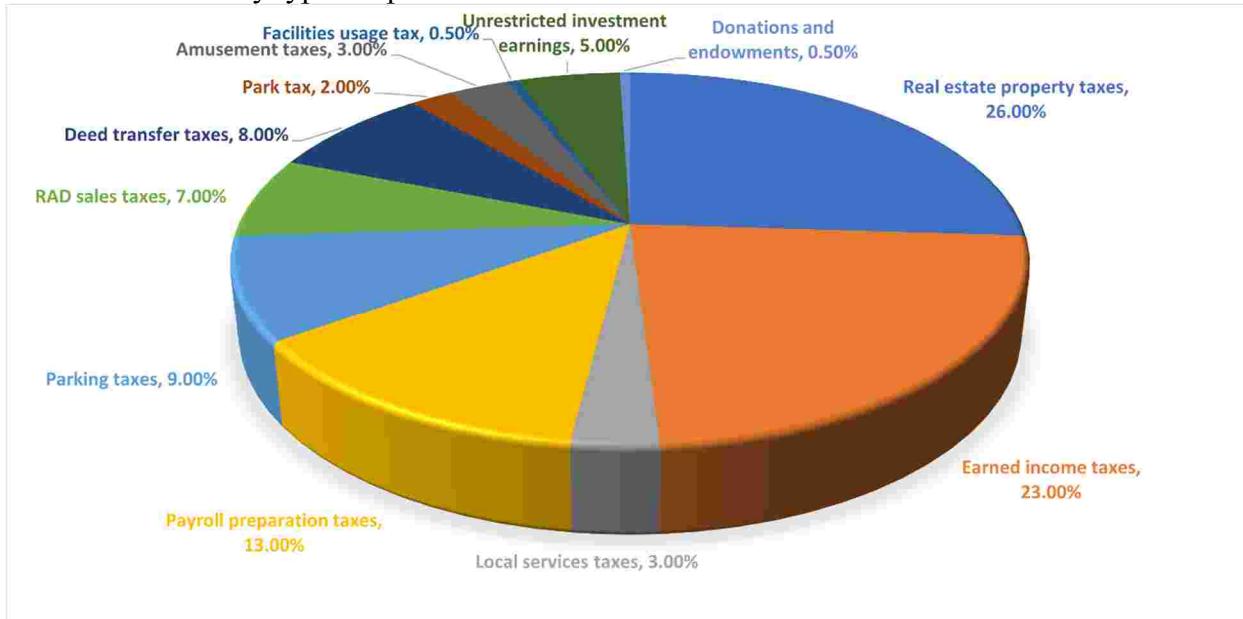
(\$ millions)	Governmental Activities	
	2023	2022
Assets:		
Current assets	\$ 718	\$ 741
Non-current assets	8	8
Capital assets	238	212
Total Assets	964	961
Deferred Outflows of Resources		
Deferred outflows related to pension	69	122
Deferred outflows related to OPEB	13	27
Deferred change on refunding	8	8
Total Deferred Outflows of Resources	90	157
Liabilities		
Current liabilities	310	384
Long-term liabilities, outstanding	1,700	1,835
Total Liabilities	2,010	2,219
Deferred Inflows of Resources		
Deferred inflows related to pensions	46	13
Deferred inflows related to OPEB	93	92
Total Deferred Inflows of Resources	139	105
Net Position		
Net position in capital assets	159	153
Restricted	20	22
Unrestricted	(1,274)	(1,380)
	\$ (1,095)	\$ (1,205)

Governmental activities – Governmental activities increased the City’s net position by \$109.8 million in 2023 as expenses were less than revenues. Increases were due to the American Rescue Act funding and investment earnings. The following table shows the revenues and expenses of the primary government:

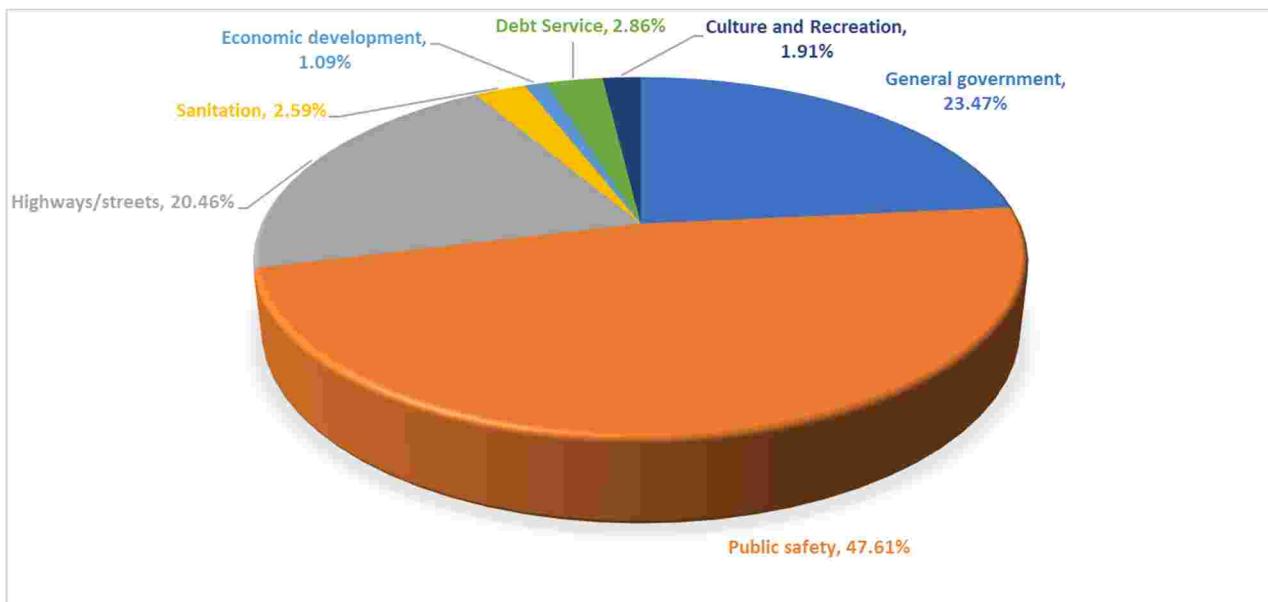
City of Pittsburgh’s Activities

(\$ millions)	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 82	\$ 71
Operating grants and contributions	144	115
Capital grants and contributions	<u>41</u>	<u>27</u>
Total program revenues	<u>267</u>	<u>213</u>
General revenues:		
Real estate property taxes	152	152
Earned income taxes	132	125
Local services taxes	15	14
Payroll preparation taxes	73	84
Parking taxes	53	46
RAD sales taxes	38	32
Deed transfer taxes	45	65
Park tax	11	10
Amusement taxes	19	17
Payment in lieu of taxes	1	1
Facilities usage tax	5	5
Unrestricted investment earnings	27	8
Donations and endowments	3	3
Other	<u>2</u>	<u>1</u>
Total general revenues	<u>576</u>	<u>563</u>
Total revenues	<u>843</u>	<u>776</u>
Expenses:		
General government	172	144
Public safety	349	334
Highways/streets	150	129
Sanitation	19	22
Economic development	8	7
Culture and recreation	14	12
Interest on long-term debt plus amortz.		
of issuance cost and premium/discounts	<u>21</u>	<u>16</u>
Total expenses	<u>733</u>	<u>664</u>
Change in Net Position	110	112
Net Position:		
Beginning of year	(1,205)	(1,317)
End of year	<u>\$ (1,095)</u>	<u>\$ (1,205)</u>

General revenues by type are presented below:



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



Governmental Funds

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

The General Fund is the chief operating fund of the City, with revenues and expenses that are connected to every aspect of the City. Revenues for the General Fund totaled \$646.9 million in 2023. Economic conditions stemming from the pandemic continued to impact revenue to budget fluctuations, although not as severely as 2021 or 2022. The largest variances were deed transfer tax revenues, which fell short of budget by \$21.1 million as home sales fell in response to rising interest rates. Also impacted negatively were real estate tax revenues with a negative variance of \$10.3 million. These losses were offset in part by a payroll prep tax of \$71.9 million, which was \$6.6 million over budget, a stronger than expected earned income tax of \$131.7 million, \$4.7 million over budget, and higher interest on investments resulting in interest revenue \$11.6 million over budget.

In addition to the above General Fund tax revenues, the City earned \$19.3 million in the Community Development Fund, \$27.4 million in Capital Projects, and \$65.4 million in Non-major Governmental Funds, mostly from pass-through of federal and state monies. The City also recognized \$75.2 million American Rescue Plan Act Fund money as revenue, in addition to \$16.9 million in the Capital Projects Fund, for aiding recovery from the economic and health effects of the COVID-19 pandemic. The City created and adopted a four-year plan for utilizing the recovery funds in accordance with all regulatory and statutory requirements.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$470.4 million, an increase of \$56.2 million from 2022. Approximately 42.2% of this total fund balance, or \$198.7 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 \$106.9 million, the amount committed to interfund advance and specific programs is \$35.2 million and the amount assigned for encumbrances and debt service is \$129.6 million.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$198.7 million, while total fund balance for the General Fund was \$241.3 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 29.6% of total General Fund expenditures and operating transfers.

The fund balance of the City's General Fund increased by \$38.3 million during the 2023 fiscal year compared to an increase of \$73.0 million in 2022. This drop in the amount of the positive change in fund balance is primarily due to revenues staying flat while expenditures increased.

Expenditures and other uses, including debt service payments/transfers from the General Fund in 2023 increased to \$672.0 million, compared to \$627.8 million in 2022 representing a increase of 7.0% or \$44.2 million overall.

Transfers to the Debt Service Fund of \$59.4 million, combined with debt subsidies of \$3.2 million, totaled \$62.6 million, compared to \$62.8 million in 2022. The debt subsidies for the URA are commitments made by the City over the life of their bonds. Debt service and debt subsidies accounted for 9.8% 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 \$4.1 million, all of which is assigned for the payment of debt service.

The Community Development Fund had intergovernmental revenues of \$19.3 million and expenditures of \$19.3 million. The Capital Projects Fund had \$27.4 million of revenues, and \$88.9 million in maintenance and non-capital related expenses, \$63.6 million in new capital debt proceeds and \$19.4 million in net operating transfers. The Capital Projects Funds fund balance increased by \$21.7 million to \$173.6 million in 2023 as compared to \$151.9 million as of December 31, 2022 due to the issuance of a new bond and an increase in transfers from other funds.

General Fund Budgetary Highlights

Actual General Fund revenues were less than the budgeted revenues by \$9.5 million mainly due to a decrease of revenue in deed transfer and real estate taxes offset by higher interest earnings. The final budgeted General Fund expenditures were \$33.0 million higher than the original budget. Actual General Fund budgetary basis expenditures were \$34.1 million lower than the final budget.

During fiscal year 2023, 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, 2023 totaled \$33.0 million.
- To increase Earned Income Tax revenue based on an increase in prior year actuals.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental-type activities as of December 31, 2023 amounts to \$238.0 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 \$15 million construction in progress and additions of \$10 million in vehicles, along with a \$10 million increase in right of use lease assets.

City of Pittsburgh's Changes in Capital Assets

	Governmental Activities	
(\$ millions)	2023	2022
Land and land improvements	\$ 48	\$ 46
Construction in progress	74	59
Buildings and building improvements	90	90
Right of use lease assets	34	24
Infrastructure	237	235
Vehicles	109	100
Furniture and fixtures	5	5
Machinery and equipment	9	9
 Total capital assets	 606	 568
 Less accumulated depreciation for:		
Buildings	(89)	(89)
Infrastructure	(161)	(160)
Vehicles	(84)	(79)
Furniture and fixtures	(5)	(5)
Right of use lease assets	(21)	(16)
Machinery and equipment	(8)	(7)
 Total accumulated depreciation	 (368)	 (356)
 Total capital net assets	 \$ 238	 \$ 212

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 \$502 million, which comprises debt backed by the full faith and credit of the government.

City of Pittsburgh's Outstanding Debt

	Governmental Activities	
(\$ millions)	2023	2022
General obligation bonds:		
Beginning balance at January 1	\$ 488	\$ 473
Debt issued and other	64	60
Refinanced bonds	-	-
Principal payments and other	<u>(50)</u>	<u>(45)</u>
Ending balance at December 31	\$ 502	\$ 488

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 2023, the City continued efforts to control costs, maximize collections, and maintain solvency. The cash balance available for general operations of the City as of December 31, 2023 was \$203.0 million; this was enough to maintain normal function throughout the City in January 2024. As of December 31, 2023, the City had a General Fund unassigned fund balance of \$198.7 million. The City will continue to focus on strategies to fund long-term obligations, principally net pension obligations, net other post-employment obligations, general obligation debt and reduce its net deficit of \$1.1 billion in 2024. The City recognizes that the budgetary impact of the COVID-19 pandemic continues to be significant but remains optimistic that steps can be taken to manage city finances going forward.

Pension Funding

Commonwealth of Pennsylvania Act 47 of 2009 required the City’s aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City’s pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City met this requirement by transferring \$45 million to the Comprehensive Trust Fund (Fund) in 2010 and agreeing to dedicate parking tax revenues for the next 31 years per Council legislation. During 2021, Council legislation extended parking tax payments dedicated to pension funding to 2046.

The City contributed \$13.4 million of the parking tax revenue to the Fund from 2011-2017 and contributed \$26.8 million from 2018 through 2022. The City will continue to contribute \$26.8 million per year from 2023 through 2046. For 2023, the City contributed \$106.1 million, \$49.6 million more than its actuarially determined contribution of \$56.5 million.

Cash Position

During 2023, the City continued efforts to stabilize and improve the City's financial condition, and continued adaptions to conditions stemming from the COVID-19 pandemic.

At the onset of 2024, the City expected cash flows to be sufficient to maintain a positive cash position.

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, 2023

	Primary Government	
	Governmental Activities	Component Units
Assets		
Current assets:		
Cash, cash equivalents, and investments	\$ 443,082,599	\$ 285,207,958
Restricted cash	122,426,437	14,119,263
Real estate taxes receivable (net of allowance for uncollectible accounts of \$13,867,317)	16,552,411	-
Accounts receivable, net	-	43,404,570
Accrued interest receivable	4,328,319	726,401
Due from other governments	21,526,052	2,882,958
Taxpayer - assessed taxes receivable	59,058,915	-
Inventory	-	2,702,000
Notes receivable	-	17,084
Lease receivables	-	465,793
Other receivables	31,638,203	13,693,442
Due from component unit	395,220	-
Advance to component unit	19,149,202	-
Prepaid expenses	-	2,125,293
Total current assets	<u>718,157,358</u>	<u>365,344,762</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	-	20,393,000
Investments	-	20,015,238
Accounts receivable - parking	-	2,269,500
Total restricted assets	<u>-</u>	<u>42,677,738</u>
Due from component unit	7,509,175	-
Investments - unrestricted	-	10,066,805
Capital assets:		
Capital assets not being depreciated:	121,945,348	302,315,449
Capital assets net of accumulated depreciation/amortization:	<u>116,075,902</u>	<u>1,116,150,374</u>
Total net capital assets	<u>238,021,250</u>	<u>1,418,465,823</u>
Leasehold improvements	-	5,920,572
Other assets	-	3,041,147
Loans/notes receivable	-	74,883,220
Net Pension Asset	-	4,073,219
Prepaid bond insurance	-	256,903
Hedging Derivative - interest rate swap	-	12,896,000
Property held for redevelopment	-	17,285,495
Lease receivable	-	36,260,176
Total noncurrent assets	<u>245,530,425</u>	<u>1,625,827,098</u>
Total Assets	<u>963,687,783</u>	<u>1,991,171,860</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	68,844,637	781,203
Deferred outflows related to OPEB - Retiree	6,825,174	-
Deferred outflows related to OPEB - Disabled Firefighters	6,363,818	-
Deferred charge on refunding	<u>7,608,840</u>	<u>65,037,370</u>
Total Deferred Outflows of Resources	<u>89,642,469</u>	<u>65,818,573</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2023

(Continued)

	Liabilities	Primary Government Governmental Activities	Component Units
Current liabilities:			
Accounts payable - wastewater treatment	-	22,418,000	
Accounts and retainage payable	2,133,798	10,164,416	
Accrued liabilities	45,053,412	42,734,942	
Self-funded health insurance	3,225,000	-	
Accrued interest payable	4,347,441	14,073,272	
Accrued worker's compensation	10,668,196	-	
Accrued compensated absences	15,503,553	-	
Accrued claims and judgments	4,727,204	-	
Unearned revenue	166,539,252	25,652,634	
Due to primary government	-	395,220	
Due to other governments	1,224,152	-	
Lease liability, current portion	3,670,513	2,620,353	
Bonds and loans payable, current portion	52,169,418	48,036,602	
Total current liabilities	<u>309,261,939</u>	<u>166,095,439</u>	
Noncurrent liabilities:			
Unearned revenue	-	121,000	
Other liabilities	-	3,283,983	
Accrued payroll - related obligations	-	274,000	
Bonds and loans payable, net of unamortized premiums/discounts	456,125,371	1,315,560,743	
Accrued workers' compensation	78,233,440	-	
Net OPEB liability - Retiree	291,896,438	-	
Net OPEB liability - Disabled Firefighters	23,225,767	-	
Accrued compensated absences	9,389,890	-	
Accrued claims and judgments	15,766,000	-	
Lease liability	8,883,934	6,236,981	
Net pension liability	817,027,820	-	
Due to primary government	-	7,509,174	
Advance from the City of Pittsburgh	-	22,775,168	
Total noncurrent liabilities	<u>1,700,548,660</u>	<u>1,355,761,049</u>	
Total Liabilities	<u>2,009,810,599</u>	<u>1,521,856,488</u>	
Deferred Inflows of Resources			
Accumulated increase in fair value of hedging derivatives	-	12,896,000	
Deferred inflows related to leases	-	35,598,259	
Deferred inflows related to pension	45,945,706	294,468	
Deferred inflows related to OPEB - Retiree	74,296,505	38,910	
Deferred inflows related to OPEB - Disabled Firefighters	18,567,244	-	
Total Deferred Inflows of Resources	<u>138,809,455</u>	<u>48,827,637</u>	
Net Position			
Net investment in capital assets	158,668,503	197,212,085	
Restricted for:			
Capital projects	-	13,393,975	
Employee benefits	6,015,987	-	
Endowment Earnings - expendable	1,778,202	-	
State and Federal Purpose Grants	12,034,419	-	
Indenture funds	-	29,503,867	
Pension	-	4,181,139	
Sustainability Initiatives	-	364,787	
Operating reserve	-	20,924,000	
Urban development	-	39,309,939	
Lending programs	-	118,657,537	
Housing Program	-	4,138,515	
Unrestricted	(1,273,786,913)	58,620,464	
Total Net Position	<u>\$ (1,095,289,802)</u>	<u>\$ 486,306,308</u>	

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

Functions/Programs						Net (Expense) Revenue and Changes in Net Position	
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Component Units
Primary government:							
Governmental activities:							
General government	\$ 171,971,893	\$ 40,467,038	\$ 93,094,474	\$ 30,456,179	\$ (7,954,202)	\$ -	-
Public safety	349,104,719	34,376,928	33,942,918	-	(280,784,873)	-	-
Highway and streets	150,469,108	5,631,991	14,277,376	6,572,269	(123,987,472)	-	-
Sanitation	18,833,056	-	-	-	(18,833,056)	-	-
Economic development (includes debt subsidies to URA of \$3,246,015)	8,393,669	-	-	2,870,903	(5,522,766)	-	-
Culture and recreation	13,550,963	1,187,298	3,060,799	850,000	(8,452,866)	-	-
Interest on long-term debt, leases and amortization of premiums and discounts	20,753,989	-	-	-	(20,753,989)	-	-
Total primary government	\$ 733,077,397	\$ 81,663,255	\$ 144,375,567	\$ 40,749,351	(466,289,224)	-	-
Total component units	\$ 411,568,258	\$ 381,119,297	\$ 55,669,358	\$ 15,069,000		40,289,397	
General revenues:							
Real estate taxes					151,746,089	-	-
Earned income taxes					132,307,434	-	-
Local services tax					14,607,378	-	-
Payroll preparation tax					72,957,489	-	-
Parking tax					52,704,243	-	-
Sales taxes from the Regional Asset District					38,225,824	-	-
Deed transfer tax					44,693,742	-	-
Park tax					11,179,062	-	-
Amusement tax					19,157,887	-	-
Facilities usage tax					4,767,593	-	-
Public service privilege					1,717,978	-	-
Nonprofit payment in lieu of taxes					593,115	-	-
Investment earnings					26,761,073	9,043,981	-
Miscellaneous					1,561,969	-	-
Donations and endowments					3,134,013	-	-
Total general revenues, capital transfer and donations and endowments					576,114,889	9,043,981	
Special Item:							
Private lead line replacement					-	(7,894,000)	
Total special item					-	(7,894,000)	
Change in Net Position					109,825,665	41,439,378	
Net position - beginning					(1,205,115,467)	444,866,930	
Net position - ending					\$ (1,095,289,802)	\$ 486,306,308	

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General	Debt Service	Special Revenue CDBG	Capital Projects	Special Revenue American Rescue Plan Act Fund	Total Nonmajor Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 203,020,741	\$ 3,558,923	\$ 3,443,452	\$ 77,862,671	\$ 98,696,272	\$ 56,500,540	\$ 443,082,599
Cash and cash equivalents - restricted	362,698	-	-	122,063,739	-	-	122,426,437
Receivables:							
Real estate taxes (net of allowances for uncollectible accounts of \$13,867,317)	16,552,411	-	-	-	-	-	16,552,411
Taxpayer - assessed taxes receivable	59,058,915	-	-	-	-	-	59,058,915
Other receivables	22,373,301	-	-	2,736,086	-	6,528,816	31,638,203
Accrued interest	3,091,331	1,045,519	-	-	-	191,469	4,328,319
Advance to other fund	-	-	-	1,364,873	-	-	1,364,873
Advance to component unit	-	-	-	-	19,149,202	-	19,149,202
Due from other governments	-	-	4,742,676	5,532,993	-	11,250,383	21,526,052
Due from other funds	1,488,413	-	-	263,958	-	1,393,222	3,145,593
Total Assets	\$ 305,947,810	\$ 4,604,442	\$ 8,186,128	\$ 209,824,320	\$ 117,845,474	\$ 75,864,430	\$ 722,272,604

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2023

(Continued)

	General	Debt Service	Special Revenue CDBG	Capital Projects	Special Revenue American Rescue Plan Act Fund	Total Nonmajor Funds	Total Governmental Funds
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities:							
Accounts payable	\$ 1,528,279	\$ -	\$ 126,838	\$ 306,709	\$ -	\$ 171,972	\$ 2,133,798
Accrued liabilities	30,131,727	-	2,702,764	8,167,331	352	4,051,238	45,053,412
Self-funded health insurance	3,225,000	-	-	-	-	-	3,225,000
Advance from other fund	-	-	1,364,873	-	-	-	1,364,873
Due to other funds	647,846	497,125	1,515,965	-	182,743	301,914	3,145,593
Due to other governments	7,808	-	-	-	-	1,216,344	1,224,152
Unearned revenue	-	-	2,391,071	27,727,897	117,662,379	18,757,905	166,539,252
Accrued claims and judgments	4,727,204	-	-	-	-	-	4,727,204
Total Liabilities	<u>40,267,864</u>	<u>497,125</u>	<u>8,101,511</u>	<u>36,201,937</u>	<u>117,845,474</u>	<u>24,499,373</u>	<u>227,413,284</u>
Unavailable revenue - taxes	24,395,918	-	-	-	-	-	24,395,918
Total Deferred Inflows of Resources	<u>24,395,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,395,918</u>
Fund Balance:							
Restricted:							
Capital Projects	-	-	-	87,105,078	-	-	87,105,078
Endowment earnings - expendable	1,778,202	-	-	-	-	-	1,778,202
Employee Benefits	6,015,987	-	-	-	-	-	6,015,987
State and Federal Purpose Grants	-	-	84,617	-	-	11,949,802	12,034,419
Committed:							
Interfund Advance	-	-	-	1,364,873	-	-	1,364,873
Specified Program Services	-	-	-	-	-	33,887,683	33,887,683
Assigned:							
General Government	34,771,254	-	-	-	-	-	34,771,254
Debt Service	-	4,107,317	-	-	-	-	4,107,317
Capital Projects	-	-	-	85,152,432	-	-	85,152,432
Public Safety	-	-	-	-	-	2,938,657	2,938,657
Community Recreation and Cultural	-	-	-	-	-	2,588,915	2,588,915
Unassigned	<u>198,718,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,718,585</u>
Total Fund Balance	<u>241,284,028</u>	<u>4,107,317</u>	<u>84,617</u>	<u>173,622,383</u>	<u>-</u>	<u>51,365,057</u>	<u>470,463,402</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 305,947,810</u>	<u>\$ 4,604,442</u>	<u>\$ 8,186,128</u>	<u>\$ 209,824,320</u>	<u>\$ 117,845,474</u>	<u>\$ 75,864,430</u>	<u>\$ 722,272,604</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, 2023

Total Fund Balance - Governmental Funds	\$ 470,463,402
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets including construction-in-progress and right-to-use leased assets 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 \$606,241,471 and the accumulated depreciation/amortization is \$368,220,221.

238,021,250

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.

24,395,918

Long-term receivables, including due from component unit, are not due in the current period and, therefore, are not reported as receivable in the funds.

7,904,395

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

(794,128,889)

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

(394,796,962)

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

7,608,840

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

Bonds and notes payable, net of unamortized premiums/discounts	\$ (508,294,789)
Lease liability	(12,554,447)
Accrued workers' compensation	(88,901,636)
Accrued compensated absences	(24,893,443)
Accrued interest payable	(4,347,441)
Accrued claims and judgments	<u>(15,766,000)</u>
	<u>(654,757,756)</u>

Total Net Position - Governmental Activities	<u>\$ (1,095,289,802)</u>
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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, 2023

	General	Debt Service	Special Revenue CDBG	Capital Projects	Special Revenue American Rescue Plan Act Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:							
Taxes, including penalties and interest	\$ 521,602,992	\$ -	\$ -	\$ 5,271,137	\$ -	\$ 17,452,852	\$ 544,326,981
Payment in lieu of taxes	593,115	-	-	-	-	-	593,115
Interest and dividends	20,172,692	6,183,940	-	-	-	404,441	26,761,073
Fines and forfeits	8,758,191	-	-	-	-	221,419	8,979,610
Intergovernmental revenues	39,014,052	-	19,253,992	21,890,578	75,157,523	28,778,609	184,094,754
Charges for user services	54,091,380	-	-	285,777	-	18,306,487	72,683,644
Other	2,623,499	-	-	-	-	244,259	2,867,758
Total revenues	646,855,921	6,183,940	19,253,992	27,447,492	75,157,523	65,408,067	840,306,935
Expenditures:							
Current:							
General government	109,435,663	-	14,255,782	6,502,028	24,509,296	18,548,188	173,250,957
Public safety	360,440,661	-	-	2,031,833	-	27,178,424	389,650,918
Public works	64,365,011	-	1,469,056	78,146,536	-	20,448,670	164,429,273
Sanitation	21,747,741	-	-	179,262	-	-	21,927,003
Community, recreational, and cultural	8,729,997	-	-	1,618,500	-	4,567,380	14,915,877
Economic and physical development	-	-	3,529,154	-	-	-	3,529,154
Claims and judgments	6,969,401	-	-	-	-	-	6,969,401
Debt service:							
Principal retirement of bonds, finance purchases, and leases	11,801,785	46,845,000	-	-	-	1,153,363	59,800,148
Interest on bonds, finance purchases and leases	1,657,970	17,744,673	-	-	-	95,713	19,498,356
Bond issuance costs	-	-	-	400,233	-	-	400,233
Urban Redevelopment Authority subsidy	3,246,015	-	-	-	-	-	3,246,015
Total expenditures	588,394,244	64,589,673	19,253,992	88,878,392	24,509,296	71,991,738	857,617,335
Excess (Deficiency) of Revenues Over Expenditures	58,461,677	(58,405,733)		(61,430,900)	50,648,227	(6,583,671)	(17,310,400)
Other Financing Sources (Uses):							
Issuance of debt	-	-	-	57,825,000	-	-	57,825,000
Bond premium	-	-	-	5,825,233	-	-	5,825,233
Leases (as lessee)	9,874,970	-	-	-	-	-	9,874,970
Transfers from other funds	53,585,481	59,471,192	-	29,662,707	1,000,000	23,410,174	167,129,554
Transfers to other funds	(83,589,314)	-	-	(10,201,880)	(51,648,227)	(21,690,133)	(167,129,554)
Total other financing sources (uses)	(20,128,863)	59,471,192		83,111,060	(50,648,227)	1,720,041	73,525,203
Net Change in Fund Balances	38,332,814	1,065,459		21,680,160		(4,863,630)	56,214,803
Fund Balances:							
Beginning of year	202,951,214	3,041,858	84,617	151,942,223	-	56,228,687	414,248,599
End of year	\$ 241,284,028	\$ 4,107,317	\$ 84,617	\$ 173,622,383	\$ -	\$ 51,365,057	\$ 470,463,402

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, 2023

Net Change in Fund Balance - Governmental Funds	\$ 56,214,803
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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 capital outlays and net deletions exceeded depreciation/amortization in the current period:

Capital outlays	\$ 41,529,289
Less: net deletions	(2,521,770)
Less: depreciation/amortization expense	<u>(12,920,610)</u>

26,086,909

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.

(271,651)

Long-term receivables, including loan receivable 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.

(395,220)

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.

20,795,442

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.

22,748,436

The issuance of long-term obligations (e.g., notes, bonds and leases) 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.

(16,990,926)

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.

1,637,872

Change in Net Position of Governmental Activities	<u>\$ 109,825,665</u>
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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, 2023
(Amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes, net of refunds and banking fees:				
Real estate	\$ 159,285	\$ 159,285	\$ 148,990	\$ (10,295)
Non-profit payment for services	564	564	500	(64)
Payroll preparation	65,232	65,232	71,872	6,640
Amusement	17,185	17,185	18,302	1,117
Earned income	116,557	126,981	131,679	4,698
Deed transfer	68,559	68,559	47,483	(21,076)
Parking	52,437	52,437	47,476	(4,961)
Local Services Tax	15,202	15,202	13,518	(1,684)
Institution and service privilege	548	548	136	(412)
Facility usage fee	2,186	2,186	5,942	3,756
Public service	1,573	1,573	1,235	(338)
Penalties and interest	916	914	1,194	280
Act 77 - tax relief	24,938	24,938	26,633	1,695
Total taxes, net of refunds and banking fees	525,182	535,604	514,960	(20,644)
Interest earnings	877	6,707	18,337	11,630
Fines and forfeits	8,644	8,644	9,056	412
Licenses and fees:				
Liquor and malt beverage	395	395	384	(11)
General government	16,346	16,346	13,679	(2,667)
Rentals and charges	43,673	38,553	37,049	(1,504)
Total licenses and fees	60,414	55,294	51,112	(4,182)
Federal and state grants	4,549	4,549	4,704	155
Reimbursement, CDBG	213	213	-	(213)
PWSA reimbursement	-	-	3	3
Urban Redevelopment Authority	523	523	551	28
State utility tax	424	424	420	(4)
Miscellaneous	90	90	1,058	968
State aid - pension	25,978	25,978	28,304	2,326
2% Local share of slots revenue	10,000	10,000	10,000	-
Operating transfer	49,586	49,586	49,586	-
Total other revenues	91,363	91,363	94,626	3,263
Total budgeted revenues	686,480	697,612	688,091	(9,521)

(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, 2023

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Expenditures:							
Current Operating-General Government							
City Council Districts and City Council as a Body:							
City Council Districts:							
Salaries/Employee Benefits	2,934	(10)	2,924	2,863	-	2,863	61
Non-salaries	40	(3)	37	-	-	-	37
Total City Council Districts	2,974	(13)	2,961	2,863	-	2,863	98
City Council as a Body:							
Salaries/Employee Benefits	1,659	-	1,659	1,534	-	1,534	125
Non-salaries	1,435	164	1,599	431	83	514	1,085
Total City Council as a Body	3,094	164	3,258	1,965	83	2,048	1,210
Total City Council Districts and City Council as a Body	6,068	151	6,219	4,828	83	4,911	1,308
Mayor's Office:							
Office of the Mayor							
Salaries/Employee Benefits	3,989	-	3,989	3,205	-	3,205	784
Non-salaries	706	6	712	247	198	445	267
Total Office of the Mayor	4,695	6	4,701	3,452	198	3,650	1,051
Office of Management and Budget							
Salaries/Employee Benefits	3,144	(21)	3,123	2,811	-	2,811	312
Non-salaries	17,341	1,489	18,830	17,357	1,179	18,536	294
Total Office of Management and Budget	20,485	1,468	21,953	20,168	1,179	21,347	606
Total Mayor's Office	25,180	1,474	26,654	23,620	1,377	24,997	1,657
Innovation & Performance:							
Salaries/Employee Benefits	5,836	-	5,836	5,643	-	5,643	193
Non-salaries	13,876	7,199	21,075	11,733	7,096	18,829	2,246
Total Innovation & Performance	19,712	7,199	26,911	17,376	7,096	24,472	2,439
Commission on Human Relations:							
Salaries/Employee Benefits	530	-	530	712	-	712	(182)
Non-salaries	45	15	60	31	29	60	-
Total Human Relations	575	15	590	743	29	772	(182)
Office of City Controller:							
Salaries/Employee Benefits	4,958	-	4,958	4,453	-	4,453	505
Non-salaries	208	89	297	163	36	199	98
Total Office of City Controller	5,166	89	5,255	4,616	36	4,652	603
Department of Finance:							
Salaries/Employee Benefits	8,009	540	8,549	7,751	-	7,751	798
Non-salaries	5,399	1,312	6,711	5,163	1,122	6,285	426
Pension	105,539	-	105,539	104,850	-	104,850	689
Debt service	64,959	(600)	64,359	59,968	-	59,968	4,391
Total Department of Finance	183,906	1,252	185,158	177,732	1,122	178,854	6,304
Department of Law:							
Salaries/Employee Benefits	3,854	-	3,854	3,519	-	3,519	335
Non-salaries	7,945	621	8,566	7,163	959	8,122	444
Total Law	11,799	621	12,420	10,682	959	11,641	779

(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, 2023

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Current Operating-General Government, cont:							
Department of Law - Ethics Board:							
Salaries/Employee Benefits	138	-	138	78	-	78	60
Non-salaries	45	-	45	4	-	4	41
Total Department of Law - Ethics Board	183	-	183	82	-	82	101
Department of Law - OMI							
Salaries/Employee Benefits	656	-	656	647	-	647	9
Non-salaries	83	-	83	47	-	47	36
Total - Department of Law - OMI	739	-	739	694	-	694	45
Total Department of Law	12,721	621	13,342	11,458	959	12,417	925
Department of Human Resources and Civil Service:							
Salaries/Employee Benefits	33,269	85	33,354	29,717	275	29,992	3,362
Non-salaries	3,285	2,564	5,849	4,469	1,124	5,593	256
Total Department of Human Resources and Civil Service	36,554	2,649	39,203	34,186	1,399	35,585	3,618
Department of City Planning:							
Salaries/Employee Benefits	4,256	-	4,256	3,501	-	3,501	755
Non-salaries	2,271	168	2,439	225	2,131	2,356	83
Total Department of City Planning	6,527	168	6,695	3,726	2,131	5,857	838
Department of Permits, Licenses, & Inspection:							
Salaries/Employee Benefits	8,788	-	8,788	7,990	-	7,990	798
Non-salaries	716	420	1,136	459	408	867	269
Total Department of Permits, Licenses, & Inspection	9,504	420	9,924	8,449	408	8,857	1,067
Total General Government	305,913	14,038	319,951	286,734	14,640	301,374	18,577
Public Safety - Department of Public Safety:							
Bureau of Administration:							
!Salaries/Employee Benefits	6,375	-	6,375	6,233	-	6,233	142
Non-salaries	5,891	1,906	7,797	4,954	2,814	7,768	29
Total Bureau of Administration	12,266	1,906	14,172	11,187	2,814	14,001	171
Bureau of Emergency Medical Services:							
!Salaries/Employee Benefits	26,551	-	26,551	27,369	-	27,369	(818)
Non-salaries	2,919	1,940	4,859	1,174	3,148	4,322	537
Total Bureau of Emergency Medical Services	29,470	1,940	31,410	28,543	3,148	31,691	(281)
Bureau of Police:							
!Salaries/Employee Benefits	111,919	5,677	117,596	112,465	-	112,465	5,131
Non-salaries	6,666	820	7,486	6,165	1,164	7,329	157
Total Bureau of Police	118,585	6,497	125,082	118,630	1,164	119,794	5,288
Bureau of Fire:							
!Salaries/Employee Benefits	92,053	-	92,053	94,044	-	94,044	(1,991)
Non-salaries	2,554	294	2,848	2,289	386	2,675	173
Total Bureau of Fire	94,607	294	94,901	96,333	386	96,719	(1,818)
Public Safety Animal Control:							
Salaries/Employee Benefits	1,351	-	1,351	1,366	-	1,366	(15)
Non-salaries	689	151	840	483	229	712	128
Total Animal Control	2,040	151	2,191	1,849	229	2,078	113
Public Safety Office of							
Community Health and Safety:							
Salaries/Employee Benefits	5	-	5	-	-	-	5
Non-salaries	5,058	4,976	10,034	459	9,561	10,020	14
Total Bureau of Animal Care and Control	5,063	4,976	10,039	459	9,561	10,020	19
Total Public Safety - Department of Public Safety	262,031	15,764	277,795	257,001	17,302	274,303	3,492

(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, 2023

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Department of Public Works:							
Bureau of Administration:							
Salaries/Employee Benefits	2,138	-	2,138	1,611	-	1,611	527
Non-salaries	68	1	69	40	-	40	29
Total Bureau of Administration	<u>2,206</u>	<u>1</u>	<u>2,207</u>	<u>1,651</u>	<u>-</u>	<u>1,651</u>	<u>556</u>
Operations:							
Salaries/Employee Benefits	21,647	-	21,647	19,237	-	19,237	2,410
Non-salaries	4,301	508	4,809	4,477	190	4,667	142
Total Operations	<u>25,948</u>	<u>508</u>	<u>26,456</u>	<u>23,714</u>	<u>190</u>	<u>23,904</u>	<u>2,552</u>
Environmental Services:							
Salaries/Employee Benefits	13,655	-	13,655	13,619	-	13,619	36
Non-salaries	4,797	708	5,505	4,583	116	4,699	806
Total Environmental Services	<u>18,452</u>	<u>708</u>	<u>19,160</u>	<u>18,202</u>	<u>116</u>	<u>18,318</u>	<u>842</u>
Facilities:							
Salaries/Employee Benefits	7,133	-	7,133	5,943	-	5,943	1,190
Non-salaries	16,706	1,674	18,380	11,328	2,034	13,362	5,018
Total Facilities	<u>23,839</u>	<u>1,674</u>	<u>25,513</u>	<u>17,271</u>	<u>2,034</u>	<u>19,305</u>	<u>6,208</u>
Mobility & Infrastructure:							
Salaries/Employee Benefits	9,630	-	9,630	8,652	-	8,652	978
Non-salaries	1,684	193	1,877	1,543	330	1,873	4
Total Mobility & Infrastructure	<u>11,314</u>	<u>193</u>	<u>11,507</u>	<u>10,195</u>	<u>330</u>	<u>10,525</u>	<u>982</u>
Total Public Works	<u>81,759</u>	<u>3,084</u>	<u>84,843</u>	<u>71,033</u>	<u>2,670</u>	<u>73,703</u>	<u>11,140</u>
Community, Recreational, and Cultural -							
Department of Parks and Recreation:							
Administration:							
Salaries/Employee Benefits	5,148	21	5,169	4,707	-	4,707	462
Non-salaries	961	103	1,064	672	129	801	263
Total Community, Recreational, and Cultural - Department of Parks and Recreation	<u>6,109</u>	<u>124</u>	<u>6,233</u>	<u>5,379</u>	<u>129</u>	<u>5,508</u>	<u>725</u>
Citizens Review Board:							
Salaries/Employee Benefits	727	-	727	574	-	574	153
Non-salaries	167	35	202	141	39	180	22
Total Citizens Review Board	<u>894</u>	<u>35</u>	<u>929</u>	<u>715</u>	<u>39</u>	<u>754</u>	<u>175</u>
Total Expenditures	<u>656,706</u>	<u>33,045</u>	<u>689,751</u>	<u>620,862</u>	<u>34,780</u>	<u>655,642</u>	<u>34,109</u>
Excess (Deficiency) of Revenues over Expenditures	<u>29,774</u>		<u>7,861</u>			<u>32,449</u>	<u>24,588</u>
Beginning budget basis fund balance	<u>176,536</u>					<u>176,536</u>	
Non-departmental Operating transfer out				<u>35,293</u>		<u>35,293</u>	<u>(35,293)</u>
Total expenditures and transfers - budgetary basis				<u>\$ 656,155</u>		<u>\$ (10,705)</u>	
Ending budget basis fund balance	<u>\$ 206,310</u>					<u>\$ 173,692</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, 2023
(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.	\$ 688,091
Actual amounts not included on budgetary basis.	1,849
Transfer in	-
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>20,376</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>\$ 710,316</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.	\$ 656,155
Actual amounts not included on budgetary basis.	4,084
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>11,744</u>
Total General Fund expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 671,983</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, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 51,363,203	\$ 51,363,203	\$ 13,000,943	\$ (38,362,260)
Total revenues	51,363,203	51,363,203	13,000,943	(38,362,260)
Expenditures:				
General government:				
City Council Districts and City Council as a Body	3,082,049	3,082,049	1,017,810	2,064,239
Department of Personnel and Human Relations	1,146,733	1,146,733	538,581	608,152
Department of City Planning	1,125,911	1,125,911	138,655	987,256
Office of Management and Budget	5,433,337	5,433,337	1,415,304	4,018,033
Permits, Licenses & Inspections	6,866,520	6,866,520	4,280,895	2,585,625
Public works:				
Public works	177,821	177,821	17,584	160,237
Facilities	3,661,189	3,661,189	421,423	3,239,766
Mobility and Infrastructure	948,765	948,765	555,621	393,144
Community, recreational, and cultural programs	2,025,000	2,025,000	850,000	1,175,000
Intergovernmental programs	26,895,878	26,895,878	3,560,585	23,335,293
Total expenditures	51,363,203	51,363,203	12,796,458	38,566,745
Excess (Deficiency) of Revenues Over Expenditures	<u>\$</u> -	<u>\$</u> -	<u>\$</u> 204,485	<u>\$</u> 204,485

(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, 2023

(Amounts expressed in thousands)

(Continued)

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$	13,001
Actual amounts not included on budgetary basis.		4,192
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.		<u>2,061</u>
Total Community Development Fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	\$	<u>19,254</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.	\$	12,796
Actual amounts not included on budgetary basis.		4,731
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.		<u>1,727</u>
Total Community Development Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	\$	<u>19,254</u>

(Concluded)

See accompanying notes to financial statements.

FIDUCIARY FUND STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2023

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds	Custodial Funds
Assets			
Cash and cash equivalents	\$ 29,211,090	\$ 33,428,837	\$ 4,356,832
Investments:			
Common stock	79,367,760	-	-
U.S. government and agency obligations	27,891,848	-	-
Corporate and other obligations	24,031,435	-	-
Mutual funds:			
U.S. equities	257,661,918	-	-
Non-U.S. equities	119,409,556	-	-
Fixed income	77,337,740	-	-
Hedge funds	70,647,563	-	-
Real estate funds	47,799,300	-	-
Alternative strategies	478,212	-	-
Private equity	34,329,957	-	-
Other assets	-	300,899	-
Other receivables	-	-	84,190
Accrued interest and dividend receivables	<u>735,503</u>	<u>-</u>	<u>-</u>
Total Assets	<u>768,901,882</u>	<u>33,729,736</u>	<u>4,441,022</u>
Liabilities			
Benefits and related withholdings payable	2,078,599	-	-
Pool participants	-	17,340,189	-
Accounts payable	-	-	-
Deposits held for others	-	-	1,183,912
Accrued liabilities and other payables	67,086	-	-
Escrow liability	<u>-</u>	<u>-</u>	<u>3,257,110</u>
Total Liabilities	<u>2,145,685</u>	<u>17,340,189</u>	<u>4,441,022</u>
Net Position			
Restricted for Pension	728,250,575	-	-
Restricted for OPEB	38,505,622	-	-
Restricted for Other Benefits	<u>-</u>	<u>16,389,547</u>	<u>-</u>
Total Net Position	<u>\$ 766,756,197</u>	<u>\$ 16,389,547</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	Pension and OPEB Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Additions:			
Contributions:			
Employer - pension benefits	\$ 74,405,376	\$ -	\$ -
Employer - other benefits	26,850,039	81,673,514	-
State Aid	28,304,122	-	-
Plan members	15,935,244	-	-
Other	-	-	-
Total contributions	145,494,781	81,673,514	-
Investment income:			
Net increase (decrease) in fair value of investments	80,559,476	-	-
Interest and dividends	9,865,450	2,216,224	-
Total investment income (loss)	90,424,926	2,216,224	-
Investment expense			
Net investment income (loss)	89,617,586	2,216,224	-
Other:			
Collection of taxes for other entities	-	-	4,760,836
Other	68,391	4,872,234	1,380,532
Total additions	235,180,758	88,761,972	6,141,368
Deductions:			
Benefit payments - pension	103,950,746	-	-
Benefit payments - other benefits	25,850,039	84,448,292	-
Refund of employee contributions - pension	2,087,715	-	-
Administrative expense	1,426,527	2,934,321	-
Payment of taxes to other entities	-	-	4,760,836
Other	-	1,076,413	1,380,532
Total deductions	133,315,027	88,459,026	6,141,368
Change in Net Position			
Net Position:			
Beginning of year	664,890,466	16,086,601	-
End of year	\$ 766,756,197	\$ 16,389,547	\$ -

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, 2023

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 85,454,628	\$ 67,966,000	\$ 746,037	\$ 393,876	\$ 154,560,541
Cash and cash equivalents - restricted	-	-	5,417,624	8,701,639	14,119,263
Investments - unrestricted	81,990,109	-	-	22,052,052	104,042,161
Investments - restricted	-	-	-	26,605,256	26,605,256
Accounts receivable, net	-	42,337,000	-	1,067,570	43,404,570
Due from other governments	2,882,958	-	-	-	2,882,958
Notes receivable	-	-	-	17,084	17,084
Inventory	-	2,702,000	-	-	2,702,000
Accrued interest receivable and other assets	-	-	22,603	703,798	726,401
Lease receivables	-	-	85,051	380,742	465,793
Other receivables	1,205,094	-	12,488,348	-	13,693,442
Prepays	-	2,080,000	45,293	-	2,125,293
Total current assets	<u>171,532,789</u>	<u>115,085,000</u>	<u>18,804,956</u>	<u>59,922,017</u>	<u>365,344,762</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	-	20,393,000	-	-	20,393,000
Investments	-	10,266,000	-	9,749,238	20,015,238
Reserve/loans escrow	-	-	2,269,500	-	2,269,500
Total restricted assets	<u>-</u>	<u>30,659,000</u>	<u>2,269,500</u>	<u>9,749,238</u>	<u>42,677,738</u>
Investments - unrestricted	-	-	-	10,066,805	10,066,805
Capital assets:					
Buildings and building improvements	52,860,504	-	54,980,774	-	107,841,278
Land and land improvements	4,981,726	-	-	26,243,842	31,225,568
Parking facilities	-	-	-	185,374,060	185,374,060
Machinery and equipment	-	-	43,588	15,044,330	15,087,918
Utility assets	-	1,351,326,000	-	-	1,351,326,000
Non-utility assets	-	23,411,000	-	-	23,411,000
Infrastructure	-	-	2,241,369	-	2,241,369
Right-to-use leased assets	-	-	1,075,922	-	1,075,922
Construction-in-progress	24,551,638	244,278,000	-	2,260,243	271,089,881
Less: accumulated depreciation/amortization	(18,325,052)	(412,995,000)	(18,764,398)	(120,122,723)	(570,207,173)
Total net capital assets	<u>64,068,816</u>	<u>1,206,020,000</u>	<u>39,577,255</u>	<u>108,799,752</u>	<u>1,418,465,823</u>
Leasehold improvements, net	-	-	-	5,920,572	5,920,572
Other assets	3,041,147	-	-	-	3,041,147
Property held for redevelopment	17,285,495	-	-	-	17,285,495
Hedging derivative - interest rate swap	-	12,896,000	-	-	12,896,000
Loans/notes receivable, net	71,820,913	-	-	3,062,307	74,883,220
Net pension asset	-	-	-	4,073,219	4,073,219
Prepaid bond insurance	-	-	-	256,903	256,903
Lease receivable	33,887,325	-	742,746	1,630,105	36,260,176
Total noncurrent assets	<u>190,103,696</u>	<u>1,249,575,000</u>	<u>42,589,501</u>	<u>143,558,901</u>	<u>1,625,827,098</u>
Total Assets	361,636,485	1,364,660,000	61,394,457	203,480,918	1,991,171,860
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-
Deferred outflows related to OPEB plan	-	-	-	-	-
Deferred outflows related to pension plan	-	-	-	781,203	781,203
Deferred charge on refunding	-	63,130,000	-	1,907,370	65,037,370
Total Deferred Outflows of Resources	-	63,130,000	-	2,688,573	65,818,573

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION

COMPONENT UNITS

DECEMBER 31, 2023

(Continued)

	UR	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Liabilities					
Current liabilities:					
Bonds and loans payable, current portion	1,512,275	41,323,000	1,331,327	3,870,000	48,036,602
Accrued payroll and related obligations	-	1,024,000	-	-	1,024,000
Accounts payable - City of Pittsburgh	-	-	-	10,164,416	10,164,416
Accounts payable - wastewater treatment	-	22,418,000	-	-	22,418,000
Unearned revenue	24,939,823	-	-	712,811	25,652,634
Due to primary government	395,220	-	-	-	395,220
Accounts payable and other accrued expenses	11,768,301	24,794,000	660,279	4,488,362	41,710,942
Accrued interest payable	-	13,977,000	655	95,617	14,073,272
Lease/subscriptions liability, current portion	-	2,601,000	19,353	-	2,620,353
Total current liabilities	<u>38,615,619</u>	<u>106,137,000</u>	<u>2,011,614</u>	<u>19,331,206</u>	<u>166,095,439</u>
Noncurrent liabilities:					
Unearned revenue	-	121,000	-	-	121,000
Other liabilities	71,355	-	-	3,212,628	3,283,983
Accrued payroll and related obligations	-	274,000	-	-	274,000
Lease/subscription liability	-	5,233,000	1,003,981	-	6,236,981
Bonds and loans payable, net of current portion	43,907,430	1,219,392,000	20,240,291	32,021,022	1,315,560,743
Due to primary government	7,509,174	-	-	-	7,509,174
Advances from the City of Pittsburgh	-	-	22,775,168	-	22,775,168
Total noncurrent liabilities	<u>51,487,959</u>	<u>1,225,020,000</u>	<u>44,019,440</u>	<u>35,233,650</u>	<u>1,355,761,049</u>
Total Liabilities	<u>90,103,578</u>	<u>1,331,157,000</u>	<u>46,031,054</u>	<u>54,564,856</u>	<u>1,521,856,488</u>
Deferred Inflows of Resources					
Accumulated increase in fair value of hedging derivatives	-	12,896,000	-	-	12,896,000
Deferred inflows related to leases	33,190,708	-	752,378	1,655,173	35,598,259
Deferred inflows related to OPEB plan	-	-	-	38,910	38,910
Deferred inflows related to pension plan	-	-	-	294,468	294,468
Total Deferred Inflows of Resources	<u>33,190,708</u>	<u>12,896,000</u>	<u>752,378</u>	<u>1,988,551</u>	<u>48,827,637</u>
Net Position					
Net investment in capital assets	37,227,594	50,040,000	32,022,010	77,922,481	197,212,085
Restricted for:					
Capital projects	-	-	4,497,434	8,896,541	13,393,975
Indenture funds	-	-	-	29,503,867	29,503,867
Pension	-	-	-	4,181,139	4,181,139
Sustainability Initiatives	-	-	-	364,787	364,787
Operating reserve	-	20,924,000	-	-	20,924,000
Urban development	39,309,939	-	-	-	39,309,939
Lending programs	118,657,537	-	-	-	118,657,537
Housing program	4,138,515	-	-	-	4,138,515
Unrestricted	<u>39,008,614</u>	<u>12,773,000</u>	<u>(21,908,419)</u>	<u>28,747,269</u>	<u>58,620,464</u>
Total Net Position	<u>\$ 238,342,199</u>	<u>\$ 83,737,000</u>	<u>\$ 14,611,025</u>	<u>\$ 149,616,084</u>	<u>\$ 486,306,308</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2023

	Net (Expense) Revenue and Changes in Net Position										
	Program Revenues				Urban Redevelopment Authority						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	URA Component Unit	Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Urban Redevelopment Authority:											
Governmental activities:											
Urban development	\$ 46,248,446	\$ 4,591,089	\$ 50,824,906	\$ -	\$ 9,167,549	\$ -	\$ -	\$ -	\$ -	\$ 9,167,549	
General government	12,244,220	7,985,684	3,332,964	-	(925,572)	-	-	-	-	(925,572)	
Interest on long-term debt	652,569	-	-	-	(652,569)	-	-	-	-	(652,569)	
Total governmental activities	59,145,235	12,576,773	54,157,870	-	7,589,408	-	-	-	-	7,589,408	
Business-type activities:											
Lending programs	1,543,370	1,076,058	-	-	(467,312)	-	-	-	-	(467,312)	
Property management	2,660,247	2,680,682	-	-	20,435	-	-	-	-	20,435	
Total business-type activities	4,203,617	3,756,740	-	-	(446,877)	-	-	-	-	(446,877)	
URA Component Unit	1,271,073	1,175,421	1,511,488	-	-	-	1,415,836	-	-	1,415,836	
Total URA	64,619,925	17,508,934	55,669,358	-	7,589,408	(446,877)	1,415,836	-	-	8,558,367	
Pittsburgh Water and Sewer Authority	288,576,000	298,716,000	-	15,069,000	-	-	-	25,209,000	-	25,209,000	
Stadium Authority	6,075,331	8,570,476	-	-	-	-	-	-	2,495,145	-	2,495,145
Public Parking Authority	52,297,002	56,323,887	-	-	-	-	-	-	-	4,026,885	4,026,885
Total Component Units	\$ 411,568,258	\$ 381,119,297	\$ 55,669,358	\$ 15,069,000	7,589,408	(446,877)	1,415,836	25,209,000	2,495,145	4,026,885	40,289,397
General revenues:											
Investment income, net					1,909,441	1,750,053	-	1,890,000	258,475	3,236,012	9,043,981
Miscellaneous revenue (expense)					-	-	-	-	-	-	-
Transfer in (out)					(1,708,501)	1,708,501	-	-	-	-	-
Total general revenues					200,940	3,458,554	-	1,890,000	258,475	3,236,012	9,043,981
Special Item:											
Private lead line replacement					-	-	-	(7,894,000)	-	-	(7,894,000)
Total special item					-	-	-	(7,894,000)	-	-	(7,894,000)
Change in Net Position					7,790,348	3,011,677	1,415,836	19,205,000	2,753,620	7,262,897	41,439,378
Net position - beginning					112,614,260	110,787,399	2,722,679	64,532,000	11,857,405	142,353,187	444,866,930
Net position - ending					\$ 120,404,608	\$ 113,799,076	\$ 4,138,515	\$ 83,737,000	\$ 14,611,025	\$ 149,616,084	\$ 486,306,308

See accompanying notes to financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023, the City had a general fund unassigned fund balance of \$198.8 million and a general fund cash balance of \$203.0 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 \$1.10 billion at December 31, 2023.

(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 City's Chief Operating and Administrative Officer, the Finance and Law Chair of Pittsburgh City Council, an additional member of Pittsburgh City Council, the City's

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Director of the Department of Public Safety, and the City's Director of the Department of Public Works.

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, 2023

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. A Board of Directors, appointed by the Mayor of the City, and approved by City Council, governs PWSA. A financial benefit/burden relationship exists between the City and PWSA. 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 PWSA 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 (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,

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

the Stadium Authority is responsible for development of the land between the Steelers football stadium, (Acrisure Stadium) 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 as amended September 1, 2021. Payments made to the City under this agreement during 2023 totaled approximately \$15.6 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.

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).

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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	Pittsburgh Water and Sewer Authority
Equipment Leasing Authority	Penn Liberty Plaza I
City-County Building, 5 th Floor	1200 Penn Avenue
414 Grant Street	Pittsburgh, PA 15222
Pittsburgh, PA 15219	
City of Pittsburgh Finance Department	Public Parking Authority of Pittsburgh
Combined Pension Trust Funds	232 Boulevard of the Allies
City-County Building	Pittsburgh, PA 15219
414 Grant Street	
Pittsburgh, PA 15219	
Stadium Authority of the City of Pittsburgh	Urban Redevelopment Authority of Pittsburgh
171 10 th Street, 2 nd Floor	412 Boulevard of the Allies
Pittsburgh, PA 15222	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 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 (now known as Acrisure Stadium), the Pittsburgh Associates' (Pittsburgh Pirates) baseball park (PNC Park), the Convention Center expansion project, PPG

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Paints Arena, and various associated infrastructure improvements referred to collectively as the Regional Destination Financing Plan.

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 borrowings 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 2024 and no future payments are currently deemed more likely than not.

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

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.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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. Changes to the governing body to incorporate other governmental entity stakeholders will occur in 2024. There was minimal operational activity during 2023. There were minimal land transactions made during the year ended December 31, 2023. 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 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.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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:

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.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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.

Special Revenue American Rescue Plan Act Fund – American Rescue Plan Act Fund is used to account for financial resources to be used for expenditures allowable under the American Rescue Plan Act.

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 Funds – 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.

Custodial Funds – Accounts for assets held for, and due to other governments or individuals for whom it was collected. These funds are custodial in nature for holding tax refunds due to other governments, escrow funds, and funds for a jointly governed entity. Custodial funds use the economic resources measurement focus.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 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, including lease payments, and other long-term

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

liabilities, such as workers' compensation, accrued claims and judgements, and both short- and long-term compensated absences are recorded only when payment is due and payable. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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 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

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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, 2023 which were levied to finance fiscal year 2023 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 and Leases

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 (except for the intangible right-to-use leased assets and subscription assets, the measurement of which is discussed under Leases below). Capital assets are those assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year. Gifts or contributions are recorded at acquisition value when received. Depreciation is recorded on a straight-line basis over the estimated useful life of each capital asset. No depreciation expense is recorded for land and construction-in-progress. The value of the City's art collection is indeterminable and would not be material to capital assets as a whole. The estimated useful lives for capital assets are as follows:

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Furniture and fixtures	3-5 years
Building and structures	25-50 years
Equipment	2-10 years
Infrastructure	20-50 years
Vehicles	2-10 years
Right-to-use leased assets	3-7 years

Leases

The City is a lessee for noncancelable leases of property and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements for each of these leases. The City recognizes lease liabilities with an initial individual value of \$100,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. For the year ended December 31, 2023, the City evaluated its IT agreements and determined it had no material SBITAs to record.

The only component unit that determined it had material SBITAs to report was PWSA. PWSA uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. At the commencement of a new SBITA, PWSA initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. PWSA has no variable payments (fixed in substance or based on an index or rate), or termination penalties included within the subscription liability of any SBITAs. Variable payments based on future performance of a government, usage of the underlying IT assets, or number of user seats are not included in the measurement of the subscription liability and instead are recognized as outflows of resources in the period in which the obligation for those payments is incurred. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus capitalizable initial implementation costs. In the transition year of GASB Statement No. 96, governments are permitted, but not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation incurred prior to the implementation of this Statement. PWSA has elected to exclude any initial capitalizable outlays incurred prior to January 1, 2022, in the measurement of the subscription assets at January 1, 2022. There are no subscription payments made at or before the SBITA commencement or initial implementation costs included in the initial subscription asset measured for any SBITAs. Subsequently, the subscription asset is amortized on a straight-line basis over the term of the SBITA.

Key estimates and judgments related to SBITAs include how PWSA determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- PWSA uses an estimated incremental borrowing rate as the discount rate for SBITAs unless the interest rate charged by the provider is stated. The discount rate is used to determine the present value of subscription payments over the subscription term.
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- The subscription term is the noncancelable period of the SBITA. This includes periods in which there is an option to extend or terminate the subscription if it is reasonably certain that the option will or will not be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

PWSA monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

The PWSA subscription assets are reported with non-utility capital assets and subscription liabilities are reported with leases/subscriptions payable on the component unit combining statement of net position.

(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 assets 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 three items that qualify for reporting in this category:

- 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, deferred amounts relate to differences between estimated and actual investment earnings, changes in actuarial assumptions and other pension related changes. 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, deferred amounts relate to differences between estimated and actual investment earnings, changes in actuarial assumptions and other OPEB related changes. These amounts are determined based on the actuarial valuation performed for the plans as described further in Note 8.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that

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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, deferred amounts relate to differences between estimated and actual investment earnings, changes in actuarial assumptions and other pension related changes. 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, deferred amounts relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other OPEB related changes. These amounts are determined based on the actuarial valuation performed for the plans as described further in Note 8.
- Deferred amounts related to leases held as a lessor.

(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 2023 are as follows:

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

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

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

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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 \$24,893,443 are recorded in the government-wide financial statements and represent a reconciling item between the government-wide and fund presentations.

(O) Pensions and Other Post-Employment Benefits

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

(P) Long-term Obligations

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

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(Q) Interfund Transactions

On fund financial statements, receivables and payables resulting from outstanding balances involving other funds are classified as "Due from other Funds and Due to other Funds." 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, leases, and related debt used in the acquisition or construction of capital assets. Net position is reported as restricted when there are limitations imposed on its use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Unrestricted net position is available for use in the current period. The City may defer the use of restricted assets based on a review of the specific situation.

(T) Use of Estimates

Management of the City has made a number of estimates and assumptions relating to the reporting of assets, liabilities, deferred inflows and outflows, revenues, expenses, and the disclosure of contingent assets and liabilities to prepare their financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates, particularly given the ongoing social and economic disruptions and uncertainties, and such differences may be material.

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(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.
- Unassigned – This category represents all other funds not otherwise defined for the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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. 99, "*Omnibus 2022*," is effective for various items through fiscal years beginning after June 15, 2023. This statement includes additional guidance related to extension of use of LIBOR, nonmonetary transactions, pledges of future revenue, leases, SBITAs, financial guarantees, and derivative instruments.

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GASB Statement No. 100, "*Accounting Changes and Error Correction*)," is effective for fiscal years beginning after June 15, 2023. This statement provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections.

GASB Statement No. 101, "*Compensated Absences*," is effective for fiscal years beginning after December 15, 2023. This statement provides guidance by updating the recognition and measurement guidance for compensated absences.

GASB Statement No. 102, "*Certain Risk Disclosures*," is effective for fiscal years beginning after June 15, 2024. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact.

(W) Adoption of Pronouncements

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. This statement had no significant impact on the City's financial statements for the year ended December 31, 2023.

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements (SBITAs)*," 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. This statement had no significant impact on the City's financial statements for the year ended December 31, 2023.

The component units determined that there was no material impact to their financial statements for the implementation of GASB Statement No. 94. The SBITAs standard (GASB Statement No. 96) was also adopted and implemented as appropriate by the component units.

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

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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.

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 judgement, may impact collectability. As of December 31, 2023, the total allowance for uncollectible loans, including those only repayable on a contingent basis and fully reserved at the time of issuance, was \$184 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 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, 2023 is \$3,068,981. The lease portion of this transaction is not considered material and is thus not reflected under GASB 87.

Lease Receivables

The Parking Authority is a lessor for several noncancelable leases of space within their buildings and parking garages, the Stadium Authority is a lessor for a noncancelable lease of retail space and the URA is a lessor for various noncancelable leases of parking garage/lots and land. Each

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Authority recognizes a lease receivable and a deferred inflow of resources on the statement of net position for those lease agreements that extend beyond a 12-month period.

At the commencement of a qualifying lease, each Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. As of December 31, 2023, the Parking Authority's receivable for lease payments was \$2,010,847 and deferred inflow of resources was \$1,655,173. As of December 31, 2023, the Stadium Authority's receivable for lease payments was \$827,797 and deferred inflow of resources was \$752,378. As of December 31, 2023, the URA's receivable for lease payments was \$33,887,325 and deferred inflow of resources was \$33,190,708.

Special Item

The PWSA has recorded a special item for private lead line 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. For the year ended December 31, 2023, the PWSA received approximately \$3.1 million in federal grants for private lead line replacement that is recorded net of the special item expense.

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.

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- d. The adoption of the operating and capital budgets constitutes an appropriation or setting apart of funds from general resources of the City for purposes set forth in the budgets.
- e. City Council may amend, by resolution, the operating budget within five weeks after the beginning of the fiscal year, but not thereafter except with the approval of the Mayor. The capital budget may, by resolution, be amended by City Council at any time.
- f. City Council at all times may, by resolution, transfer funds from one account to another if the total operating budget amount is not exceeded. No revision to the budget may be made without City Council approval. The operating budget shall, in any event, remain balanced at all times.
- g. The capital budget is generally based on a proposed six-year capital program, which must be updated each year and submitted to City Council by the Mayor at least 30 days prior to the day the operating budget is submitted. The capital budget also includes appropriations for the Community Development Fund. Budget and actual data for the Community Development Fund is reflected in the Community Development Fund. The remainder of the capital budget is reflected in the Capital Projects Fund.
- h. Formal budgetary integration is employed as management control device for the General, the Community Development, and the Capital Projects Funds. Formal budgetary integration is not employed for the debt service fund since effective budgetary control is alternatively achieved through general obligation bond indenture provisions, nor for the other governmental funds since control is prepared on a project basis. For the American Rescue Plan Act Fund, the City has prepared a City Council approved spending plan based on allowable expenditures. 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 additional unanticipated federal funding, line item transfers between expenditures accounts and carryover of appropriations from the previous year. The approved

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original General Fund budget includes revenues of \$686.5 million and expenditures of approximately \$656.7 million in 2023. The budgetary expenditures, as amended, increased for carryover appropriation and other changes approved by City Council during 2023 of \$33.0 million; budgeted revenues, as amended, were increased to \$697.6 million during 2023.

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

3. Excess Expenditures over Appropriations - The City had negative variances in the salaries and benefits line item for Commission on Human Relations and three public safety departments (Emergency Medical Services, Bureau of Fire, and Animal Control) in the General Fund where the amount spent exceeded the budget.

The excess expenditures were covered primarily by favorable budget variances in other expenditure categories. For 2023, the City decided to show the variances 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 complies with 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.

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(A) Primary Government Funds and Custodial Funds

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

Investment policies permit the City to invest in the following:

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

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

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

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As of December 31, 2023, cash and cash equivalents include PLGIT, PA INVEST, and money market funds for presentation on the statement of net position and governmental funds balance sheet. PLGIT and PA INVEST are reported at amortized cost, which approximates market. The City can withdraw PLGIT and PA INVEST funds without limitations or fees.

Governmental Funds

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank or counterparty failure, the City's funds may not be returned to it. The City policy does not specifically address custodial credit risk. As of December 31, 2023, \$571,197,167 of the City's combined bank balances of \$574,197,167 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, 2023, the City's exposure to interest rate risk was limited to \$57,699,000, 10% of deposit and investment funds available, with a weighted average maturity period of 40 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, 2022, \$46,617,444 of the City's Private-Purpose and Custodial Funds' combined bank balances of \$47,367,444 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, 2023, the City's Private-Purpose Trust and Custodial Funds had no exposure to interest rate risk.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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. \$8,500,000 of the City’s Private-Purpose Trust and Custodial Funds cash and cash equivalents are held in U.S. Treasuries and are therefore not exposed to this type of risk.

(B) Pension Trust

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

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

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, 2023, \$760,888 of the City’s pension cash account deposits of the \$4,040,077 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. \$3,839,509 of cash and cash equivalents were held at December 31, 2023 in the separate pension funds.

CITY OF PITTSBURGH, PENNSYLVANIA

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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, 2023, 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, 2023:

CITY OF PITTSBURGH, PENNSYLVANIA

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Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds	\$ 27,572,909	\$ 27,572,909	\$ -	\$ -
Debt securities:				
Corporate and other obligations:				
Corporate	21,722,504	-	21,722,504	-
Other	2,308,931	-	2,308,931	-
Total corporate and other obligations	24,031,435	-	24,031,435	-
U.S. government and agency obligations:				
U.S. Treasury Notes	16,220,003	16,220,003	-	-
Agency (GNMA, FNMA, FHLM)	11,671,845	-	11,671,845	-
Total U.S. government and agency obligations	27,891,848	16,220,003	11,671,845	-
Total debt securities	51,923,283	16,220,003	35,703,280	-
Mutual funds:				
U.S. equities - large-cap core	235,833,187	235,833,187	-	-
Non-U.S. equities				
Large-cap core	108,822,591	108,822,591	-	-
Emerging markets	10,586,965	10,586,965	-	-
Total Non-U.S. equities	119,409,556	119,409,556	-	-
Fixed income:				
Core fixed income	58,679,695	58,679,695	-	-
Short-term	3,754,371	3,754,371	-	-
Other	1,964,970	1,964,970	-	-
Total fixed income	64,399,036	64,399,036	-	-
Total mutual funds	419,641,779	419,641,779	-	-
Common stocks:				
Industrials	20,738,159	20,738,159	-	-
Consumer discretionary	8,056,851	8,056,851	-	-
Consumer staples	1,365,623	1,365,623	-	-
Energy	3,249,173	3,249,173	-	-
Financials	8,997,715	8,997,715	-	-
Materials	6,412,982	6,412,982	-	-
Information technology	15,278,576	15,278,576	-	-
Real Estate	2,303,053	2,303,053	-	-
Utilities	635,406	635,406	-	-
Health care	10,136,769	10,136,769	-	-
Telecommunications	2,098,218	2,098,218	-	-
Unclassified	95,235	95,235	-	-
Total common stock	79,367,760	79,367,760	-	-
Private equity - partnerships	34,329,957	-	-	34,329,957
Total investments by fair value level	612,835,688	\$ 542,802,451	\$ 35,703,280	\$ -
Investments measured by NAV:				
Hedge funds	70,647,563			
Real estate funds	46,177,506			
	116,825,069			
Total investments measured at fair value	\$ 729,660,757			

CITY OF PITTSBURGH, PENNSYLVANIA

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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:

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
ABS Emerging Markets	\$ 12,664,833	None	Monthly	45 days
ABS Offshore SPC Global	16,999,647	None	Monthly	45 days
Entrust Three Rivers Partnership	26,498,716	None	Quarterly	90 days
Parametric Defensive Equity Fund	14,484,367	None	Monthly	1 to 2 weeks
RREEF America REIT II	23,060,206	None	Quarterly	45 days
Barings Core Property Fund	<u>23,117,300</u>	None	Quarterly	45 days
Total	<u>\$ 116,825,069</u>			

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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, 2023, the Comprehensive Trust is in compliance with these limits.

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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	\$ 27,891,848	\$ 158.00	\$ 7,570,993	\$ 6,083,355.00	\$ 14,237,342	
Corporate debt	21,722,504	609,651	8,483,000	7,627,186	5,002,667	
Other	2,308,931	101,200	17,017	447,603	1,743,111	
Total debt securities	<u>\$ 51,923,283</u>	<u>\$ 711,009</u>	<u>\$ 16,071,010</u>	<u>\$ 14,158,144</u>	<u>\$ 20,983,120</u>	

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, 2023 investments in fixed income securities have received the following ratings from Moody's; the City's remaining investments were unrated:

Fair Value	Credit Rating	Income Investments
\$ 17,258,231	Aaa	33.24%
458,205	Aa1	0.88%
170,041	Aa2	0.33%
128,921	Aa3	0.25%
1,298,683	A1	2.50%
1,589,868	A2	3.06%
2,086,851	A3	4.02%
11,654,766	Baa1 - Baa3	22.45%
414,103	Ba1 - Ba3	0.80%
16,863,614	Unrated	32.47%
<u>\$ 51,923,283</u>		<u>100.00%</u>

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

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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, 2023 are estimated as follows:

	Amount Committed	Amount Drawn	Amount Distributed	Remaining Capital Commitment
Draper Triangle Ventures III	\$ 2,000,000	\$ 2,181,286	\$ 180,118	\$ - * 741,407 **
Crescent Mezz Partners VI	10,000,000	10,793,543	13,481,873	3,209,251 **
Crescent Mezz Partners VII	10,000,000	10,916,621	7,942,849	2,881,305 **
Siguler Guff Small Buyout IV	15,000,000	12,622,500	2,753,389	10,301,579 **
Siguler Guff Small Buyout V	15,000,000	4,740,000	141,638	4,559,998 **
Crescent Credit Solutions VIIIA	10,000,000	5,654,840	1,299,618	2,340,000 **
Magarac Ventures	3,000,000	660,000	-	
	\$ 65,000,000	\$ 47,568,790	\$ 25,799,485	\$ 24,033,540

* 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.

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(C) OPEB Trusts

The City's OPEB trust funds (all assets are related to the Retiree and Fire OPEB plans discussed in Note 8) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of December 31, 2023, the OPEB trust funds 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	\$ 12,485,515	\$ 12,485,515	\$ -	\$ -
Equity mutual funds	21,828,731	21,828,731	-	-
U.S. Treasury Notes	453,189	453,189	-	-
Real Estate EFT	1,621,794	1,621,794	-	-
Alternative Fund	478,212	478,212	-	-
Total investments	36,867,441	36,867,441	\$ -	\$ -
Cash and cash equivalents	1,638,181			
Total OPEB Trusts	\$ 38,505,622			

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 Funds 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 Funds' 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 Funds manage 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.

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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 each 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, 2023, the OPEB Trust Funds 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 Funds' 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, 2023, 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, 2023, \$69,862,000 of PWSA's bank balance of \$70,112,000 was exposed to custodial credit risk. The amounts exposed to custodial credit risk 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 \$67,966,000 as of December 31, 2023, all of which is reported as current assets in the statement of net position.

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At December 31, 2023, PWSA held the following investment balances (in 000s):

	Carrying value	Maturity in years	
		Less than 1 year	More than 1 year
PA INVEST	\$ 9,626	\$ 9,626	
Money market	20,393		20,393
U.S. Treasury bills	640		640
Total Investments	<u>\$ 30,659</u>		<u>\$ 30,659</u>

The carrying value of PWSA's investments is the same as their fair value amount.

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 PWSA 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, 2023 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, 2023, PWSA's investments in PA INVEST were rated AAAm by S&P Global Ratings. PWSA's investments in U.S. Treasury bills at December 31, 2023 were rated AA+ by S&P Global Ratings.

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, 2023.

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

The Stadium Authority's policy is to maintain all cash deposits in qualified public depositories and is authorized to invest in securities of the United States government, other instruments that are collateralized by United States government securities, repurchase agreements subject to certain restrictions and other debt instruments set forth by the office of the State Treasurer of the Commonwealth.

Interest Rate Risk – The Stadium Authority 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 maturities of one year or less.

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, 2023, 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, 2023, the Parking Authority had a bank and book balance of \$8,756,476 and \$9,095,515 (including \$8,701,639 of restricted cash), respectively.

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Investments

As of December 31, 2023, the Parking Authority had the following investments, of which \$36,354,494 is restricted as to their use.

Investment	Amount	Percentage of Total Investment	Maturity	December 31, 2023	
				Standard & Poor's	Moody's Investors Service
Blackrock Fed Fund	\$ 32,118,857	47%	n/a	AAAm	Aaa-mf
Blackrock Treasury Trust Fund	35,812,659	52%	n/a	AAAm	AAA-mf
Morgan Stanley Liquid Trust Fund	541,835	1%	n/a	AAAm	Aaa-mf
Total	<u>\$ 68,473,351</u>	<u>100%</u>			

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

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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 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, 2023, \$83,530,272 of the URA’s bank balance of \$84,798,388 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, 2023, the carrying amounts of the URA’s deposits were \$84,795,136.

As of December 31, 2023, \$512,104 of the component unit’s bank balance was exposed to custodial credit risk. As of December 31, 2023, the carrying amounts of the component unit’s deposits were \$659,492.

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	\$ 69,597,774	\$ 69,597,774	\$ -	\$ -	\$ -	\$ -
ETF - Fixed Income	630,360	630,360	-	-	-	-
ETF - Equity	5,726,322	5,726,322	-	-	-	-
Mutual Funds:						
Fixed Income	2,845,087	2,845,087	-	-	-	-
Equity	2,442,142	2,442,142	-	-	-	-
Freddie Mac	224,854	-	-	-	197,072	27,782
GNMA	479,495	-	-	-	479,495	-
FNMA	44,075	1,603	-	-	42,472	-
Total	\$ 81,990,109	\$ 81,243,288	\$ -	\$ -	\$ 719,039	\$ 27,782

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

Freddie Mac, FNMA, and GNMA investments are comprised of assets securitized in the secondary market from loans issued from the loan programs. The maturities noted in the table above reflect the final maturity of the respective security and does not take into consideration non-routine repayments on principal as it is not possible to forecast these 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, 2023, the URA’s investments in Money Market Funds were rated AAA by Standard and Poor’s. The URA’s remaining investments were not rated as of December 31, 2023.

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, ETFs, and Mutual 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 original 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

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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.

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 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, stormwater, wastewater coveyance, and ALCOSAN usage, with a five-year phase-in starting in 2020 for water and wastewater charges only. 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, 2023, 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, as well as new members, is determined by the Cooperation Agreement.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

The City and PWSA determined upon a payment of approximately \$4.5 million for the PWSA's share of the City's current pension costs for the year ended December 31, 2023. The PWSA's payment was calculated based on the percentage of its covered payroll to the total covered payroll, which approximates 16.3%.

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

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 2023 was \$21,659,143,000.

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 buildings 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 2023, the City's tax rate was 8.06 mills for general purposes and 0.50 for parks on the assessed value of the property. The School District of Pittsburgh's tax rate was 10.25 mills on the assessed value. A mill is 1/10 of a cent. For

CITY OF PITTSBURGH, PENNSYLVANIA

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example, on a property assessed at \$1,000, the City Real Estate tax would be \$8.56. The School District of Pittsburgh Real Estate Tax would be \$10.25.

Taxes are billed on a calendar year.

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;
- Chapter 265 abatement program is an assessment reduction for owner-occupied residential or for sale development projects. The standard abatement is for 3 years, while the enhanced offers a 10 year abatement if at least 10% of units are affordable and at or below 80% AMI, or are located in the Lower Hill District.
- Chapter 267 abatement program is a tax credit for commercial residential (not owner-occupied), industrial, or other business structures. The standard abatement is for 3 years, while the enhanced offers a 10 year tax credit if at least 10% of units are affordable and occupied by households at 50% AMI, or includes 60% if its units at 80% AMI, or are located in the Lower Hill District, or the project creates at least 50 full-time jobs.
- 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, 2023);

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

- 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.

During 2023, real estate tax abatements were as follows:

Act 42	\$ 20,018
Act 42 Enhanced	773,670
Chapter 265 Base	11,284
Chapter 265 Enhanced	15,789
Chapter 267 Base	125,000
Commercial LERTA	135,748
Residential LERTA	3,270,898
Residential Enhanced LERTA	465,860
Local Economic Stimulus	<u>1,367,744</u>
 Total tax abatements	 <u>\$ 6,186,011</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 re-development 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 social security benefits); (D) owner must be a natural person.

CITY OF PITTSBURGH, PENNSYLVANIA

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During 2023, other real estate tax arrangements as defined above resulted in the following forgone tax amounts:

Homestead Exemption	\$	6,064,656
Tax Increment Financing		687,526
Act 77 Exemption		<u>1,271,157</u>
Total tax other arrangements	\$	<u>8,023,339</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

6. Capital Assets

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Governmental activities:				
Non-depreciable assets:				
Land	\$ 45,602,091	\$ 2,262,998	\$ -	\$ 47,865,089
Construction-in-progress	58,985,532	17,080,656	(1,985,929)	74,080,259
Total	104,587,623	19,343,654	(1,985,929)	121,945,348
Depreciable assets:				
Buildings and systems	90,391,265	-	-	90,391,265
Accumulated depreciation	(88,947,699)	(7,376)	-	(88,955,075)
Net	1,443,566	(7,376)	-	1,436,190
Furniture and fixtures	4,845,984	-	-	4,845,984
Accumulated depreciation	(4,845,984)	-	-	(4,845,984)
Net	-	-	-	-
Machinery and equipment	9,163,387	-	-	9,163,387
Accumulated depreciation	(7,569,037)	(635,697)	-	(8,204,734)
Net	1,594,350	(635,697)	-	958,653
Vehicles	100,391,275	10,324,737	(1,712,290)	109,003,722
Accumulated depreciation	(78,822,524)	(6,629,544)	1,176,449	(84,275,619)
Net	21,568,751	3,695,193	(535,841)	24,728,103
Infrastructure	234,999,295	1,985,928	-	236,985,223
Accumulated depreciation	(159,811,626)	(771,733)	-	(160,583,359)
Net	75,187,669	1,214,195	-	76,401,864
Right-to-use leased assets - (a)	24,031,572	9,874,970	-	33,906,542
Accumulated amortization	(16,479,190)	(4,876,260)	-	(21,355,450)
Net	7,552,382	4,998,710	-	12,551,092
Total depreciable assets	463,822,778	22,185,635	(1,712,290)	484,296,123
Total accumulated depreciation/amortization	(356,476,060)	(12,920,610)	1,176,449	(368,220,221)
Net	107,346,718	9,265,025	(535,841)	116,075,902
Governmental activities, capital assets, net	\$ 211,934,341	\$ 28,608,679	\$ (2,521,770)	\$ 238,021,250

Note: (a) - Right-to-use lease assets includes equipment with a value of \$2,462,634 and had accumulated amortization of \$1,231,317 as of December 31, 2023.

The remainder relates to space.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

General government	\$ 2,163,885
Public safety	4,209,142
Highways, streets, and other capital improvements	5,160,108
Sanitation	960,735
Public works	283,156
Culture and recreation	35,147
Mobility and infrastructure	<u>108,437</u>
	<u><u>\$ 12,920,610</u></u>

Component unit capital asset activity as presented for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Transfers/ Additions	Transfers/ Deletions	Balance December 31, 2023
Component Units:				
Non-depreciable assets:				
Land	\$ 32,825,568	\$ -	\$ 1,600,000	\$ 31,225,568
Construction-in-progress	<u>232,245,243</u>	<u>135,070,370</u>	<u>96,225,732</u>	<u>271,089,881</u>
Total	<u>265,070,811</u>	<u>135,070,370</u>	<u>97,825,732</u>	<u>302,315,449</u>
Depreciable assets:				
Building and building improvements	114,766,016	651,786	7,576,524	107,841,278
Parking facilities	182,163,639	6,052,738	2,842,317	185,374,060
Machinery and equipment	16,130,781	569,003	1,611,866	15,087,918
Utility assets	1,265,594,000	89,920,000	4,188,000	1,351,326,000
Non-utility assets	16,999,000	6,547,000	135,000	23,411,000
Infrastructure	2,241,369	-	-	2,241,369
Right-to-use leased assets	<u>1,075,922</u>	<u>-</u>	<u>-</u>	<u>1,075,922</u>
Total	1,598,970,727	103,740,527	16,353,707	1,686,357,547
Less: accumulated depreciation	(544,176,978)	(42,356,605)	(16,326,410)	(570,207,173)
Net	<u>\$ 1,319,864,560</u>	<u>\$ 196,454,292</u>	<u>\$ 97,853,029</u>	<u>\$ 1,418,465,823</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 9 (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.

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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, 2023, the date of the most recent actuarial valuation, the Municipal Fund has 3,730 total members, of which 1,806 are active members; 1,697 are inactive plan members or beneficiaries currently receiving benefits; and 227 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 had 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, the Plan has not reported or attributed measurements of assets or the net pension liability on the basis of the group of members who are PWSA employees. As of December 31, 2023, the PWSA and the City have not determined the ultimate amount to be paid (the PWSA's proportion of the City's net pension liability) by the PWSA pending completion of an actuarial study. The PWSA is estimating their proportion of the net pension liability to be between \$20 and \$30 million.

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 payment of approximately \$4.4 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, 2023. The PWSA's payment was calculated based on the percentage of its covered payroll to the total covered payroll, which approximates 15.3%.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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 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 those hired thereafter. Effective January 1, 2022, the Plan was amended to require member contributions of 6% for employees hired on or after January 1, 2022 and to allow members to elect for the computation of benefits without the offset for Social Security benefits.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023, the date of the most recent actuarial valuation, the Policemen's Fund has 2,185 total members, of which 816 are active members; 1,336 are inactive plan members or beneficiaries currently receiving benefits; and 33 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.

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.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023, the date of the most recent actuarial valuation, the Fund has 1,736 total members, of which 670 are active members; 1,059 are inactive plan members or beneficiaries currently receiving benefits; and 7 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 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.

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.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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(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 an 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 MMOs for each of the three plans for December 31, 2023 were \$17,265,749 Municipal, \$8,161,974 Policemen, and \$31,113,771 Firemen.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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. During 2021, Council legislation extended the parking tax payments five more years. The City contributed parking tax revenues of \$13.4 million per year from 2011 through 2017 and \$26.8 million from 2018 through 2021. The City will continue to contribute \$26.8 million per year from 2022 through 2046. 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, 2023, on an accrual basis, the City did contribute \$106.1 million to the Pension Trust Fund paid from the General Fund. Contribution funding by the General Fund is consistent with prior years. Contributions made to the Plan represent 100% of the Act 205 MMO of \$56.5 million plus additional contributions of \$49.6 million including \$26.8 million of dedicated parking tax revenue, \$19.4 million in gaming funds, and \$3.4 million related to other benefits.

Net Pension Liability (NPL)

The components of the net pension liability of the City at December 31, 2023, were as follows:

	Municipal	Policemen	Firemen	Total
Total pension liability	\$ 426,354,674	\$ 538,030,679	\$ 580,893,042	\$ 1,545,278,395
Plan fiduciary net position (allocated)	(255,979,566)	(211,699,094)	(260,571,915)	(728,250,575)
Net pension liability	<u>\$ 170,375,108</u>	<u>\$ 326,331,585</u>	<u>\$ 320,321,127</u>	<u>\$ 817,027,820</u>
Plan fiduciary net position as a percentage of the total pension liability	60.04%	39.35%	44.86%	47.13%

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

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/22	\$ 1,556,206,279	\$ 631,912,825	\$ 924,293,454
Changes for the year:			
Service cost	33,311,100	-	33,311,100
Differences between expected and actual experience	(45,968,709)	-	(45,968,709)
Changes in assumptions	-	-	-
Changes in benefit terms	150,546	-	150,546
Interest	107,617,640	-	107,617,640
Contributions - employer	-	74,405,376	(74,405,376)
Contributions - member	-	15,935,244	(15,935,244)
Contributions - state aid	-	28,304,122	(28,304,122)
Net investment income (loss)	-	85,087,407	(85,087,407)
Benefit payments, including refunds of member contributions	(106,038,461)	(106,038,461)	-
Administrative expense	-	(1,424,329)	1,424,329
Other changes	-	68,391	(68,391)
Balances at 12/31/23	<u>\$ 1,545,278,395</u>	<u>\$ 728,250,575</u>	<u>\$ 817,027,820</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Actuarial assumptions – The total pension liability was determined by an actuarial valuation on January 1, 2023 using the following actuarial assumptions, applied to all periods in the measurement:

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2023	1/1/2023	1/1/2023
	Entry Age	Entry Age	Entry Age
Actuarial cost method	Normal	Normal	Normal
Actuarial assumptions:			
Investment rate of return	7.00%	7.00%	7.00%
Projected salary increases	4.50%	4.75%	6.00%
Underlying inflation rate	2.75%	2.75%	2.75%

Actuarial assumptions based on the actuarial experience study for the period from January 1, 2017 to December 31, 2020

General Pub-2010 amount weighted table with generational projection using MP2020 with adjustment to reflect Pension Plan mortality experience as confirmed by experience studies

Changes in actuarial assumptions – The actuarial assumptions have not changed for the January 1, 2023 Actuarial Reports.

Changes in benefit terms – For the Municipal Fund, effective January 1, 2022, the member contribution rate was changed to 6% for all full-time non-union members hired on or after January 1, 2022 or those irrevocably electing to remove the Social Security offset. There were no changes to benefit terms made in connection with the 1/1/2023 actuarial valuations for the Fire and Police funds.

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, 2023

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, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	37.00%	4.5-5.4%
International equity	20.00%	5.0-5.4%
Hedge funds	8.00%	4.8-8.5%
Real assets	8.00%	4.8-8.5%
Private equity	5.00%	4.8-8.5%
Fixed income	22.00%	1.5-2.5%
Cash	0.00%	0.0-1.5%
	<hr/> <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, 2023, the annual money-weighted rate of return on the Plan investments, net of investment expense, 11.4%.

Discount Rate – The discount rate used to measure the total pension liability for the Municipal, Policemen, and Firemen funds was 7.00%. 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).

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:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipal	\$ 213,179,968	\$ 170,375,108	\$ 133,990,679
Policemen	385,908,782	326,331,585	276,121,345
Firemen	382,076,164	320,321,127	267,860,926
Total	<u>\$ 981,164,914</u>	<u>\$ 817,027,820</u>	<u>\$ 677,972,950</u>

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

For the year ended December 31, 2023, the City recognized pension expense of \$81,914,057. At December 31, 2023, 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	\$ 5,193,506	\$ 9,120,170	\$ 21,017,588	\$ 35,331,264
Net difference between projected and actual earnings on pension plan investments	6,405,402	6,154,144	6,171,041	18,730,587
Difference between expected and actual experience	<u>2,947,835</u>	<u>3,170,180</u>	<u>8,664,771</u>	<u>14,782,786</u>
Total deferred outflows of resources	<u>\$ 14,546,743</u>	<u>\$ 18,444,494</u>	<u>\$ 35,853,400</u>	<u>\$ 68,844,637</u>
Deferred inflows of resources:				
Difference between expected and actual experience	\$ (37,245,098)	\$ (5,188,869)	\$ (3,511,739)	\$ (45,945,706)
Total deferred inflows of resources	<u>\$ (37,245,098)</u>	<u>\$ (5,188,869)</u>	<u>\$ (3,511,739)</u>	<u>\$ (45,945,706)</u>

CITY OF PITTSBURGH, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2023

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
2024	\$ (3,037,601)	\$ 3,383,720	\$ 13,084,573	\$ 13,430,692
2025	(4,150,871)	4,771,387	15,322,939	15,943,455
2026	(3,348,665)	6,611,863	7,997,283	11,260,481
2027	(12,161,218)	(1,511,345)	(3,500,624)	(17,173,187)
Thereafter	-	-	(562,510)	(562,510)
	<u>\$ (22,698,355)</u>	<u>\$ 13,255,625</u>	<u>\$ 32,341,661</u>	<u>\$ 22,898,931</u>

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 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 12/31/22	\$ 16,311,817	\$ 18,798,231	\$ (2,486,414)
Changes for the year:			
Service cost	405,490	-	405,490
Interest	1,048,798	-	1,048,798
Experience (gain) loss	-	-	-
Assumption (gain) loss	-	-	-
Employer contributions	-	150,000	(150,000)
Member contributions	-	175,536	(175,536)
Net investment income	-	2,717,650	(2,717,650)
Benefit payments	(758,429)	(758,429)	-
Other	-	(2,093)	2,093
Balances at 12/31/23	<u>\$ 17,007,676</u>	<u>\$ 21,080,895</u>	<u>\$ (4,073,219)</u>

CITY OF PITTSBURGH, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2023

Multiple-Employer Defined Benefit Plan - Parking Authority

The Parking Authority had 35 facility employees in the year ended December 31, 2023, 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 \$212,791 to this plan for the year ended December 31, 2023.

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 two defined contribution retirement plans, the Urban Redevelopment Authority of Pittsburgh Retirement Savings Plan and the Urban Redevelopment Authority of Pittsburgh Section 457 Deferred Compensation Plan and Trust, covering all employees. 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.

Under the Retirement Savings Plan, the participants become vested at 25% per year starting 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. Participants are 100% vested in all employee contributions.

The Section 457 Deferred Compensation Plan allows for employee contributions and the URA will match up to 5% of these employee contributions by depositing matching contributions into the Retirement Savings Plan. Employer contributions for the year ended December 31, 2023 were \$310,191 and employee contributions were \$508,095.

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.

CITY OF PITTSBURGH, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2023

Benefit terms are established and amended by the PWSA. Employees can make pre-tax or Roth contributions with PWSA offering a non-elective contribution equal to 4% of the employees earnings and a match rate up to 3%, for a total PWSA contribution up to 7%. Employees become vested after three years. For the year ended December 31, 2023, the PWSA contributed \$324,000 to the 401(a) profit-sharing plan.

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, 2023 composed of the following:

Retiree plan	\$ 291,896,438
Fire plan	23,225,767
Total net OPEB Liability (Asset)	<u>\$ 315,122,205</u>

The components of the net OPEB liability at December 31, 2023 were as follows:

	Retiree Plan	Fire Plan
Total OPEB liability	\$ 330,263,990	\$ 23,363,837
Plan Fiduciary Net Position	<u>(38,367,552)</u>	<u>(138,070)</u>
Net OPEB Liability (Asset)	<u>\$ 291,896,438</u>	<u>\$ 23,225,767</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>11.62%</u>	<u>0.59%</u>

The net OPEB liabilities were measured as of December 31, 2023 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of January 1, 2022, rolled forward to December 31, 2023.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

For the year ended December 31, 2023, the City recognized OPEB expense as follows:

Retiree plan	\$ (2,026,550)
Fire plan	<u>2,706,947</u>
Total OPEB expense	<u>\$ 680,397</u>

At December 31, 2023, 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	\$ 5,274,269	\$ (31,182,428)
Fire plan	6,356,929	(7,324,105)
Net difference between projected and actual earnings on OPEB plan investments:		
Retiree plan	1,550,905	-
Fire plan	6,889	-
Differences between expected and actual experience:		
Retiree plan	-	(43,114,077)
Fire plan	-	(11,243,139)
Total	<u>\$ 13,188,992</u>	<u>\$ (92,863,749)</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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
2024	\$ (29,331,309)	\$ (894,731)	\$ (30,226,040)
2025	(16,384,845)	(892,274)	(17,277,119)
2026	(14,028,092)	(890,777)	(14,918,869)
2027	(7,727,085)	(897,837)	(8,624,922)
2028	-	(895,627)	(895,627)
Thereafter	-	(7,732,180)	(7,732,180)
	<u>\$ (67,471,331)</u>	<u>\$ (12,203,426)</u>	<u>\$ (79,674,757)</u>

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, 2022, the date of the most recent actuarial valuation, the OPEB retiree plan membership consisted of the following:

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	Health Insurance	Life Insurance
Active participants	1,536	1,536
Vested former participants	-	-
Retired participants	<u>1,593</u>	<u>1,911</u>
Total	<u><u>3,129</u></u>	<u><u>3,447</u></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 purposes for all eligible retiree groups other than the separately 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, 2023, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at 12/31/22	\$ 364,592,448	\$ 32,859,044	\$ 331,733,404
Changes for the year:			
Service cost	2,597,937	-	2,597,937
Differences between expected and actual experience	-	-	-
Changes in assumptions	(36,092,705)	-	(36,092,705)
Interest	21,374,871	-	21,374,871
Contributions - employer	-	23,208,561	(23,208,561)
Contributions - member	-	-	-
Contributions - state aid	-	-	-
Net investment income (loss)	-	4,510,706	(4,510,706)
Benefit payments, including refunds of member contributions	(22,208,561)	(22,208,561)	-
Administrative expense	-	(2,198)	2,198
Changes of benefit terms	-	-	-
Other Changes	-	-	-
Balances at 12/31/23	<u><u>\$ 330,263,990</u></u>	<u><u>\$ 38,367,552</u></u>	<u><u>\$ 291,896,438</u></u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Actuarial Assumptions

The total OPEB retiree plan liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date 1/1/2022

Actuarial cost method Entry Age Normal

Amortization method Level Dollar

Remaining amortization period 25 year closed period

Asset valuation method Market value of assets

Actuarial assumptions:

Investment rate of return 6.00%

Salary increases 2.75%

Inflation rate 2.50%

Mortality tables:

Active: RP-2000 Mortality Tables

Municipal Retirees: RP-2000 Mortality for Healthy Annuitants adjusted by the 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:

Year	Medical/Rx Costs	Medicare Part B Premiums
	Annual Trend Rate	Annual Trend Rate
2022	Actual	Actual
2023-2025	7.00%	5.60%
2026	5.60%	5.60%
2030	5.32%	5.32%
2040	4.89%	4.89%
2050	4.74%	4.74%
2060	4.64%	4.64%
2070	4.30%	4.30%
2075+	4.04%	4.04%

There were no changes to benefits made in connection with the 1/1/22 actuarial valuations.

CITY OF PITTSBURGH, PENNSYLVANIA

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Changes in Actuarial Assumptions

Pre-Medicare trends have been increased to 7.0% for 2023-2025 to reflect expectations arising due to recent inflationary pressures. Medicare Part B trends have been aligned with Medicare trends based on the SOA Getzen model. These rates are applied to health costs and premiums.

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, 2023 are summarized as follows:

Asset Class	Target Allocation	Long-term expected
		Real Rate of Return
Equity	55.00%	8.2%
Fixed income	32.00%	3.2%
Cash	3.00%	1.7%
Real Assets	5.00%	6.5%
Alternative Strategies	5.00%	6.3%
	<hr/> <hr/> 100.00%	

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 2.55%. 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 7.00% for 2023 with the expectation that the City will continue to fund the full pay-go costs in

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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the future. 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset) - Retiree	\$ 327,989,143	\$ 291,896,438	\$ 261,597,173

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	\$ 259,219,220	\$ 291,896,438	\$ 330,631,537

Funding Policy

Consistent with prior years, the City's contribution is based on projected pay-as-you-go financing requirements and is funded through the General Fund. For fiscal year 2023, the City contributed \$22,208,561 to the plan directly to pay benefits. During the year ended December 31, 2023, the City contributed approximately \$1 million in additional funds into the OPEB retiree plan irrevocable trust above the need for benefits.

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.

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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 at, and for the year ended, December 31, 2023.

<u>Statement of Net Position</u>	
<u>Assets</u>	
Cash and short-term investments	\$ 1,629,452
Mutual funds:	
U.S. equities	21,743,353
Fixed income	12,899,927
Real estate funds	1,619,194
Alternative strategies	<u>475,626</u>
Total Assets	<u>38,367,552</u>
Net Position Restricted for OPEB	<u>\$ 38,367,552</u>

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Statement of Changes in Net Position		
Additions:		
Contributions - Employer	\$	23,208,561
Investment income:		
Net increase (decrease) in fair value of investments		3,621,349
Interest and dividends		950,024
Total investment income (loss)		4,571,373
Investment expense		(60,667)
Net investment income (loss)		4,510,706
Total additions		27,719,267
Deductions:		
Benefit payments		22,208,561
Transfer out		-
Administrative expenses		2,198
Total deductions		22,210,759
Net Increase (Decrease) in Net Position		5,508,508
Net Position:		
Beginning of year		32,859,044
End of year	\$	38,367,552

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.

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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. 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, 2022, the date of the most recent actuarial valuation, the OPEB fire plan membership consisted of the following:

Active members	538
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Inactive Members or Beneficiaries	
Currently Receiving Benefits	8
Total	<u>546</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Changes in the Net OPEB Fire Plan Liability

Changes in the net OPEB liability for the fire plan for the year ended December 31, 2023, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 12/31/22	\$ 21,098,723	\$ 118,597	\$ 20,980,126
Changes for the year:			
Service cost	2,727,900	-	2,727,900
Changes in assumptions	(1,119,511)	-	(1,119,511)
Interest	882,195	-	882,195
Contributions - employer	-	225,470	(225,470)
Contributions - member	-	-	-
Net investment income (loss)	-	19,473	(19,473)
Benefit payments	(225,470)	(225,470)	-
Administrative expense	-	-	-
Balance at 12/31/23	<u>\$ 23,363,837</u>	<u>\$ 138,070</u>	<u>\$ 23,225,767</u>

Actuarial Assumptions

The total OPEB fire plan liability was determined by an actuarial valuation as of January 1, 2022 and rolled forward to a measurement date of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial valuation date	1/1/2022	
Amortization cost method	Entry Age Normal	
Amortization method	Level Dollar	
Asset valuation method	Market value of assets	
Actuarial assumptions:		
Investment rate of return	6.00%	
Discount rate	3.72%	
Salary increases	2.75%	
Inflation rate	2.50%	
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	
Year	<u>Annual Trend Rate</u>	<u>Annual Trend Rate</u>
2022	Actual	Actual
2023-2025	7.00%	7.00%
2026	5.60%	5.60%
2030	5.32%	5.32%
2040	4.89%	4.89%
2050	4.74%	4.74%
2060	4.64%	4.64%
2070	4.30%	4.30%
2075+	4.04%	4.04%

There were no changes to benefits made in connection with the 1/1/22 actuarial valuations.

Changes in Actuarial Assumptions

Pre-Medicare trends have been increased to 7.0% for 2023 to 2025 to reflect expectations arising due to recent inflationary pressures. Medicare Part B trends have been aligned with Medicare trends based on the SOA Getzen model. These rates are applied to health costs and premiums.

In addition, the calculation for the year ended December 31, 2023, there was also an increase in the discount rate from 3.72% to 4.0% during the year.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 2.45%. 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%	8.2%
Fixed income	32.00%	3.2%
Cash	3.00%	1.7%
Real Assets	5.00%	6.5%
Alternative Strategies	5.00%	6.3%
	<hr/> <hr/> 100.00%	

Discount Rate

The final equivalent single discount rate used to measure the total OPEB liability was 4.00% with the expectation that the City will continue to fund the full pay-go cost plus an additional discretionary contribution in the future.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB Liability (Asset) -			
Disabled Firefighters	\$ 27,568,311	\$ 23,225,767	\$ 19,742,673

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

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

	1% Decrease	Current Rates	1% Increase
Net OPEB Liability (Asset) -			
Disabled Firefighters	\$ 18,862,069	\$ 23,225,767	\$ 29,170,343

Funding Policy

Consistent with prior years, the City's contribution is based on projected pay-as-you-go financing requirements and is funded through the General Fund. For fiscal year 2023, the City contributed \$225,470 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, 2023.

Contribution

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

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

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 at, and for the year ended, December 31, 2023.

	<u>Statement of Net Position</u>
Assets	
Cash and short-term investments	\$ 8,729
Mutual funds:	
U.S. equities	85,378
Fixed income	38,777
Real estate funds	2,600
Alternative strategies	2,586
	<hr/>
Total Assets	<hr/> 138,070
 Net Position Restricted for OPEB	 <hr/> <hr/> \$ 138,070

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

	Statement of Changes in Net Position
Additions:	
Contributions - Employer	\$ 225,470
Investment income:	
Net increase(decrease) in fair value of investments	16,142
Interest and dividends	<u>3,331</u>
Total investment income (loss)	19,473
Investment expense	<u>-</u>
Net investment income (loss)	<u>19,473</u>
Total additions	<u>244,943</u>
Deductions:	
Benefit payments	225,470
Administrative expenses	<u>-</u>
Total deductions	<u>225,470</u>
Net Increase (Decrease) in Net Position	19,473
Net Position:	
Beginning of year	<u>118,597</u>
End of year	<u>\$ 138,070</u>

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, 2023

At December 31, 2023, participants in the Plan were as follows:

Active - Medical	1
Active - Life Only	59
Retirees and spouses - pre 95 with medical	1
Retirees - post 95 with medical	5
Retirees - life insurance only	14

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 the 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, 2023 were as follows:

Total OPEB liability	\$ 333,120
Plan fiduciary net position	-
Net OPEB liability	<u>\$ 333,120</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0%</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Changes in the Total OPEB Liability

The changes in the total OPEB liability of the Authority for the year ended December 31, 2023 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2022	\$ 354,963	\$ -	\$ 354,963
Changes for the year:			
Service cost	1,517	-	1,517
Interest	13,764	-	13,764
Experience losses (gains)	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	37,124	(37,124)
Benefits paid	(37,124)	(37,124)	-
Net changes	(21,843)	-	(21,843)
Balances at December 31, 2023	<u>\$ 333,120</u>	<u>\$ -</u>	<u>\$ 333,120</u>
Plan fiduciary net position as a percentage of the total pension liability			0.00%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation performed on December 31, 2023 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;

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

- Discount rate: 4.31% per annum;
- Healthcare cost trend rate – Medical: 6.25% in 2023 to 5.20% over two years, and then following the Getzen model thereafter; Dental 5%

Changes in Actuarial Assumptions – There were no changes in assumptions from 2022.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.31%.

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 (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
\$ 362,791	\$ 333,120	\$ 307,582

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
\$ 332,517	\$ 333,120	\$ 333,743

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, the recognized OPEB expense is \$8,376. At December 31, 2023, the Authority reported \$0 in deferred outflows of resources and (\$38,910) 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 \$6,900 in 2024 and \$10,700 each year 2025-2027.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

9. Long-Term Liabilities

The maximum amount payable for future maturities of bond, financed purchases and interest on general long-term debt at December 31, 2023 and changes in principal for the year then ended are summarized below:

		Principal				
		Outstanding at December 31, 2022	Paid or defeased and premiums amortized during 2023	Issued during 2023	Outstanding at December 31, 2023	Interest
Council and Public Election General Obligation Bonds and Notes:						
Ten general obligation bond issues, notes, and finance purchases with rates ranging from 0.84% to 6.60%. The bonds and financed purchases are payable from general revenues.						
2023	\$ 47,699,641	\$ 47,699,641	\$ -	\$ -	\$ -	\$ -
2024	\$ 50,419,418	\$ -	\$ 1,750,000	\$ 52,169,418	\$ 16,421,186	
2025	\$ 52,377,897	\$ -	\$ 1,835,000	\$ 54,212,897	\$ 14,542,950	
2026	\$ 52,994,745	\$ -	\$ 1,930,000	\$ 54,924,745	\$ 13,365,722	
2027	\$ 18,950,120	\$ -	\$ 2,025,000	\$ 20,975,120	\$ 12,102,708	
2028	\$ 19,234,322	\$ -	\$ 2,125,000	\$ 21,359,322	\$ 11,223,455	
2029-2033	\$ 101,915,536	\$ -	\$ 12,335,000	\$ 114,250,536	\$ 43,136,265	
2034-2038	\$ 75,000,000	\$ -	\$ 15,735,000	\$ 90,735,000	\$ 22,213,326	
2039-2043	\$ 36,385,000	\$ -	\$ 20,090,000	\$ 56,475,000	\$ 5,166,125	
Subtotal	\$ 454,976,679	\$ 47,699,641	\$ 57,825,000	\$ 465,102,038	\$ 138,171,737	
Adjust for:						
Unamortized bond (discounts)/premiums	\$ 40,023,985	\$ 2,656,467	\$ 5,825,233	\$ 43,192,751	\$ -	
	\$ 495,000,664	\$ 50,356,108	\$ 63,650,233	\$ 508,294,789	\$ 138,171,737	

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Discretely Presented Component Units

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Retirements	Balance at December 31, 2023
URA:				
Mortgage Revenue Bond Program	\$ 1,495,000	\$ -	\$ 965,000	\$ 530,000
SSW Garage bank loan	6,256,789	-	263,390	5,993,399
PTC Garage bank loan	-	5,409,229	-	5,409,229
Total proprietary fund debt	<u>7,751,789</u>	<u>5,409,229</u>	<u>1,228,390</u>	<u>11,932,628</u>
HUD Section 108 loans	1,778,000	-	401,000	1,377,000
Housing bonds	-	31,575,000	-	31,575,000
Compensated absences	566,439	-	31,362	535,077
Total governmental fund debt	<u>2,344,439</u>	<u>31,575,000</u>	<u>432,362</u>	<u>33,487,077</u>
Total debt and other long-term obligations	<u>10,096,228</u>	<u>36,984,229</u>	<u>1,660,752</u>	<u>45,419,705</u>
URA Component Units:				
Pittsburgh Housing Development Corporation:				
Loans payable to				
Schenley Heights Collaborative	30,754	-	-	30,754
Bank construction loans	512,402	-	471,801	40,601
Total Component Unit Debt	<u>543,156</u>	<u>-</u>	<u>471,801</u>	<u>71,355</u>
Total debt and other long-term obligations - reporting entity	<u>\$ 10,639,384</u>	<u>\$ 36,984,229</u>	<u>\$ 2,132,553</u>	<u>\$ 45,491,060</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Parking Authority Debt

Future maturities of bond and note principal on Parking Authority indebtedness at December 31, 2023 are as follows:

	Outstanding at December 31, 2022	Bonds paid or defeased and discount amortized during 2023	Bonds and notes issued during 2023	Principal	
				Outstanding at December 31, 2023	Interest
Parking Authority Revenue Bonds and Notes:					
2023	\$ 3,820,000	\$ 3,820,000	\$ -	\$ -	\$ -
2024	3,870,000	-	-	3,870,000	1,147,413
2025	3,925,000	-	-	3,925,000	953,913
2026	3,985,000	-	-	3,985,000	757,663
2027	4,045,000	-	-	4,045,000	558,413
2028	3,985,000	-	-	3,985,000	477,796
2029-2032	15,460,000	-	-	15,460,000	988,521
Subtotal	39,090,000	3,820,000	-	35,270,000	4,883,719
Plus: Bond premium	1,074,181	453,159	-	621,022	-
Total	\$ 40,164,181	\$ 4,273,159	\$ -	\$ 35,891,022	\$ 4,883,719

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Pittsburgh Water and Sewer Authority Debt

Future maturities of bond and note principal on PWSA indebtedness at December 31, 2023 are as follows:

	Principal				
	Outstanding at December 31, 2022	Bonds paid or defeased and discount amortized during 2023	Bonds and notes issued during 2023	Outstanding at December 31, 2023	Interest
Pittsburgh Water and Sewer Authority					
Bonds, Loans, and Leases Payable:					
Eleven revenue refunding bonds with interest rates ranging from 3.00% to 5.25%, twenty-seven state loans, financed purchase, revolving line of credit, and three swap borrowings with variable interest rates. The bonds are payable from revenue from Water and Sewer operations.					
2023	\$ 320,023,000	\$ 320,023,000	\$ -	\$ -	\$ -
2024	55,069,000	-	80,398,000	135,467,000	41,451,000
2025	35,840,000	-	9,093,000	44,933,000	38,981,000
2026	46,054,000	-	1,850,000	47,904,000	37,147,000
2027	26,440,000	-	3,793,000	30,233,000	56,304,000
2028	26,390,000	-	5,876,000	32,266,000	55,787,000
2029-2033	178,735,000	-	51,474,000	230,209,000	187,689,000
2034-2038	190,347,000	-	106,612,000	296,959,000	100,872,000
2039-2043	145,644,000	-	35,231,000	180,875,000	43,773,000
2044-2048	43,369,000	-	23,388,000	66,757,000	19,701,000
2049-2053	21,135,000	-	29,770,000	50,905,000	5,908,000
Subtotal	1,089,046,000	320,023,000	347,485,000	1,116,508,000	587,613,000
Net bond (discount)/premium Accretion on 1998 bonds	69,155,000 50,866,000	5,040,000 -	25,471,000 3,755,000	89,586,000 54,621,000	- (54,621,000)
Total	1,209,067,000	325,063,000	376,711,000	1,260,715,000	532,992,000

Included in the maturity schedule above is \$276,530,000 of debt issued as direct borrowings.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

General Obligation Bonds – Series of 2023

On March 7, 2023, the City issued \$57,825,000 of General Obligation Bonds, Series 2023. These consisted of serial bonds all bearing a fixed rate of 5.0% with maturities commencing on September 1, 2024 and continuing annually through September 2043. Net proceeds of \$63,250,000 (including a premium of \$5,825,233 and bond issuance costs of \$400,233) will be used to fund the acquisition and/or construction of various capital projects.

General Obligation Bonds – Series of 2022

On April 5, 2022, the City issued \$51,115,000 of General Obligation Bonds, Series 2022. These consisted of serial bonds all bearing a fixed rate of 5.0% with maturities commencing on September 1, 2023 and continuing annually through September 2042. Net proceeds of \$60,000,000 (including a premium of \$9,224,668 and bond issuance costs of \$339,668) will be used to fund the acquisition and/or construction of various capital projects.

General Obligation Bonds – Series of 2021

On March 25, 2021, the City issued \$46,010,000 of General Obligation Bonds, Series 2021. These consisted of serial bonds all bearing a fixed rate from 3.0% to 5.0% with maturities commencing on September 1, 2022 and continuing annually through September 2041. Net proceeds of \$55,000,000 (including a premium of \$9,276,287 and bond issuance costs of \$286,287) will be used to fund the acquisition and/or construction of various capital projects.

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 \$38,797,497 (including a premium of \$6,358,604 and bond issuance cost of \$141,107) were used to advance refund the General Obligation Note, Series 2018 that were for the purchase of a building and renovation costs.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Series 2020B consisted of \$121,515,000 in 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 \$121,028,458 (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.

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 \$50,000,000 (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.

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

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

to fund capital projects budgeted in 2015 and 2016. A portion of Series 2014 was refunded by Series 2020B.

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

Financed Purchases

The City entered into an agreement for nine fire trucks during 2020 and entered into another agreement for five additional fire trucks during 2022. These agreements have interest rates of 1.8% and 3.5%, respectively. \$9.0 million less accumulated amortization of \$3.4 million is included in capital assets within vehicles.

Below is a schedule of the City's General Obligation Bonds, Notes and Financed Purchases as of December 31, 2023:

Serial Bonds	Coupon or Ceiling Rate of Interest	Amount Outstanding	Amount Due Within One Year
1998A, B, C	6.60%	\$ 27,875,000	\$ 27,875,000
2014	5.00%	11,285,000	2,840,000
2017	3.00% - 5.00%	43,660,000	2,520,000
2019	4.00% - 5.00%	48,015,000	2,075,000
2020	4.00% - 5.00%	39,160,000	1,580,000
2020 A	3.00% - 5.00%	28,475,000	2,300,000
2020 B	0.84% - 1.90%	107,065,000	8,355,000
2021	4.00% - 5.00%	46,000,000	5,000
2022	5.00%	49,570,000	1,625,000
2023	5.00%	57,825,000	1,750,000
Subtotal		458,930,000	50,925,000
Adjust for: Unamortized bond (discounts)/premiums		43,192,751	
Financed Purchases			
2020	1.80%	2,931,823	925,054
2022	3.50%	3,240,215	319,364
Total general obligation bonds and notes payable		\$ 508,294,789	\$ 52,169,418

The City's Bond Debt ratings are Fitch's AA- and Standard & Poor's AA- as of December 31, 2023.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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, 2023 is \$156,865,000.

Subsequent to year-end, the City issued \$52.71 million in general obligation bonds for various capital projects and to pay the costs and expenses of issuing the bonds.

(B) Stadium Authority

On November 30, 2017, 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 SEA and specified parking facilities of the Stadium Authority. Pursuant to the Collateral Assignment Agreement, (Collateral Assignment Agreement) and a Joinder Agreement (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 Stadium Authority Bank Notes and SEA Bank Notes, and fund a bond reserve fund and pay costs of issuing the Parking Bonds. The balance of the note payable at December 31, 2023 is \$17,495,000. There are deferred issuance premiums associated with this debt as well.

On August 22, 2005, the Stadium Authority entered into an Infrastructure Development Program loan of \$1,250,000. The loan has a term of 20 years with a 2% interest rate. The balance of the loan payable at December 31, 2023 is \$392,997.

Lease

The Stadium Authority also leases certain property near Acrisure Stadium and PNC Park used for public parking. The lease, originally starting March 1989, was last amended in March 2010 for a period through to March 31, 2050. As of December 31, 2023, the value of the lease liability was \$1,023,334. The Stadium Authority is required to make annual payments of \$70,080. PennDOT has the ability to adjust the rate every two years on the basis of a fair market rental appraisal. No notification of a rate increase has been received. The lease has an interest rate of 5%. The value of the right-to-use asset as of December 31, 2023 was \$1,075,922 and accumulated amortization as of December 31, 2023 was \$110,351.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

(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 accrued interest. Total maturity value of the 1998 Series B Bonds is \$95,450,000. The 1998B Bonds at December 31, 2023 have a carrying amount of \$73,767,000.

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. The Series 2013 A Bonds have interest rates ranging from 0.75% to 5.00% and mature in 2033; the Series 2013 B Bonds have interest rates ranging from 3.00% to 5.25% and mature in 2040.

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. During 2023, the remaining balance of the Series of 2013 A and B bonds were currently refunded with the Series 2023 B bonds.

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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 Series 2017 A Bonds at December 31, 2023 have a carrying amount of \$86,375,000. The 2017 B Bonds were paid off during 2018.

During December 2017, the Authority issued \$218,805 Series C First Lien Revenue Refunding Bonds, the proceeds of which were used to fund the costs of refunding the Authority's outstanding Series 2008 B-1, B-2, and D-2 water and sewer system revenue bonds. At December 31, 2022, the Series 2017 C bonds bore interest at the SIFMA Index Rate. On July 3, 2023, as part of the Series 2023 bond refunding, the interest rate on the Series 2017 C bonds was converted to the Daily Simple SOFR Index times 70% plus an applicable spread of 0.80%, not to exceed the maximum rate during the period from July 3, 2023 to September 1, 2028. The Series 2017 C bonds mature in 2040. The 2017 C Bonds at December 31, 2023 have a carrying amount of \$146,057,000.

During 2023, \$72,747,000 of Series 2017 C bonds outstanding were currently refunded with Series 2023 B bonds.

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 2008 C-1 and C-2 bonds, including swap termination payments on an interest rate of 5.00% and mature in 2044; the Series 2019 B Bonds have interest rates ranging from 4.00% to 5.00% and mature in 2035.

The 2019 A and B Bonds were issued at a bond premium of \$45,090,000, which is being amortized as an adjustment to interest expense over the life of the bonds. The 2019 A and B Bonds at December 31, 2023 have carrying amounts of \$99,940,000 and \$104,290,000, respectively.

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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 Series 2020 A Bonds had an interest rate of 0.70% and matured in 2022; the Series 2020 B Bonds have interest rates ranging from 3.00% to 5.00% and mature in 2050.

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 B Bonds have a carrying amount of \$89,015,000 at December 31, 2023.

Series 2022

During November 2022, the PWSA issued \$44,550,000 Series A First Lien Revenue Bonds, the proceeds of which were used to pay down a portion of the outstanding principal amount under the capital revolving line of credit described below. The Series 2022 A Bonds have interest rates ranging from 5.00% to 5.25% and mature in 2052.

The 2022 A Bonds were issued at a bond premium of \$986,000, which is being amortized as an adjustment to interest expense over the life of the bonds. The 2022 A Bonds have a carrying amount of \$44,550,000 at December 31, 2023.

Series 2023

During July 2023, PWSA issued \$106,075,000 Series A First Lien Revenue Bonds, the proceeds of which were used to pay down a portion of the outstanding principal amount under the capital revolving line of credit described below; and \$144,530,000 Series B First Lien Revenue Refunding Bonds, the proceeds of which were used to currently refund all of PWSA's outstanding Series of 2013 A and B bonds and a portion of the Series of 2017 C bonds, including swap termination payments on interest rate swaps associated with the refunded 2017 C bonds. The refunding resulted in cash flow savings of \$11 million and an economic gain of \$3.7 million (net of \$5 million funds on hand).

The Series 2023 A Bonds have an interest rate of 5.00% and mature in 2043; the Series 2023 B Bonds have an interest rate of 5.00% and mature in 2040.

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The 2023 A and B Bonds were issued at a bond premium of \$25,460,000, which is being amortized as an adjustment to interest expense over the life of the bonds. The 2023A and 2023B Bonds have a carrying amount of \$106,075,000 and \$144,530,000, respectively, at December 31, 2023.

Capital Revolving Line of Credit – Direct Borrowing

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, 2025 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 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 the SIFMA Rate plus the applicable margin (the tax-exempt rate). At December 31, 2023, the interest rate was 4.26%. At December 31, 2023, PWSA had \$94,144,000 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 \$142,958,000 at December 31, 2022. 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.

Federal Loans – Direct Borrowing

On May 16, 2023, PWSA closed on a \$52,500,000 subordinate lien loan through the United States Environmental Protection Agency's Water Infrastructure Finance and Innovation Act (WIFIA) funding program for the purpose of financing a portion of the costs associated with replacing the clearwell at the Water Treatment Plant. The term of the loan will not exceed 35 years after substantial completion of the project and will have an interest rate fixed at the time of closing based upon the State and Local Government Series (SLGS) rate plus 0.01%. No draws were made on the loan during the year ended December 31, 2023.

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Financed Purchase – Direct Borrowing

During 2015, the PWSA entered into a financed purchase agreement for 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 \$5,959,000 for the year ended December 31, 2023. This lease agreement qualifies as a financed purchase for accounting purposes and, therefore, has been recorded at the value of future minimum lease payments as of the inception date. At December 31, 2023, the outstanding balance of the financed purchase was \$3,463,000.

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, 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 bonds. In conjunction with the Series 2023 B Bonds and the swap termination, the swap borrowing associated with the 2008 Series B-2 swap was considered repaid At December 31, 2023, the unamortized balance is \$35,965,000.

Lease

The PWSA also leases office space. The lease, originally starting August 2007, was last amended in August 2018 for the period September 1, 2018 to July 31, 2027. The general terms of the lease require the lessor to provide for utilities, building repairs, maintenance, and real estate taxes. As of December 31, 2023, the value of the lease liability was \$2,879,000. The PWSA is required to make monthly payments of \$70,000. The lease has an interest rate of 5%. The value of the right-to-use asset as of December 31, 2023 is included with non-utility assets and was \$6,059,000 and accumulated amortization as of December 31, 2022 was \$3,249,000.

Subscription-Based Information Technology Arrangements

PWSA has SBITAs for various finance and engineering software. The subscriptions have various due dates ranging through 2027 and the interest rate estimated by management was 5%. The value of the right-of-use subscription asset, net of accumulated amortization as of December 31, 2023 was \$5,797,000.

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Swap Transactions

Current Notional Amount	Effective Date	Maturity Date	Interest Rate Paid	Interest Rate Received	Counterparty Credit Rating	Underlying Bonds	12/31/2022 Fair Value *
Hedging derivatives, Cash flow hedges, Receive variable - Pay fixed, Interest rate swaps:							
\$ 72,747,500	12/28/2017	9/1/2039	1.732%	70% 1mo LIBOR	A-	Series 2017 C	\$ 6,101,876 *
71,225,000	12/28/2017	9/1/2040	1.735%	70% 1mo LIBOR	A+	Series 2017 C	<u>6,793,765</u>
Total							\$ 12,895,641

* - 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. One-week and two-month LIBOR ceased being published at the end of 2021, while overnight, 1-month, 3-month, 6-month, and 12-month maturities will continue to be published through June 2023.

Description of 2017 C Swaps

During fiscal year 2017, the PWSA restructured three pay-fixed, receive-variable interest rate swap contracts. The original interest rate swaps were effective June 12, 2008. Beginning December 28, 2017, the PWSA will make semi-annual interest payments on the 1st of each March and September through September 1, 2039 (two swaps); and September 1, 2040 (for one swap), respectively. The Counterparties make monthly interest payments on the 1st of each calendar month, which begin February 2018 through September 1, 2039 for two of the swaps; and September 1, 2040 for one swap.

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

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

The interest payments on the interest rate swaps are calculated based on notional amounts, all of which reduce beginning on September 2032, so that the notional amounts approximate the

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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 an 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.

During 2023, one of the pay fixed, receive variable interest rate swaps and the overlay swap were terminated as part of the issuance of the Series 2023 B Bonds.

Accounting and Risk Disclosures

During the year ended December 31, 2023, the PWSA paid \$6,263,000 fixed and received \$5,273,000 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, 2023 is reported on the statements of net position as a swap asset and swap liability. The swaps are valued using significant other observable inputs (Level 2 inputs).

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

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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 S&P Global Ratings, 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, 2023, the Series 2017 C receivable variable, pay fixed derivative instruments were subject to credit risk, as they had a positive fair value.

Concentration of credit risk: The PWSA's outstanding market value as of December 31, 2023 is \$12,896,000 with one counterparty and could be 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 S&P Global Ratings and the swap insurer becomes bankrupt. The amount of collateral to be posted is calculated based on derivatives in asset positions to the PWSA. As of year-end, the counterparties had not and were not required to post collateral for these transactions.

- Termination risk is the risk that a derivative's unscheduled end will affect the PWSA's asset/liability strategy or will present the PWSA with potentially significant unscheduled termination payments to the counterparty. The counterparties to the interest rate swaps do not have the ability to voluntarily terminate the interest rate swap; however, the PWSA is exposed to termination risk in the event that one or more of the counterparties defaults. The PWSA has the ability to voluntarily terminate the swaps with prior written consent of the insurer by providing between 2 and 20 business days notice to the counterparty. The PWSA must demonstrate the ability to pay all amounts due to the counterparty on the termination date. During 2023, one of the pay fixed, receive variable interest rate swaps and the overlay swap were terminated as part of the issuance of the Series 2023 B Bonds.

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- 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.
- 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

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 S&P Global Ratings 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.

(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.

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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, 2023, the balance of TIF Bonds and Notes outstanding was \$24.0 million.

(E) Urban Redevelopment Authority of Pittsburgh (URA) Debt Recorded by URA

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, 2023 is as follows:

Mortgage Revenue Bonds

The Mortgage Revenue Bond Program was created to provide below market rate mortgages for the purchase and rehabilitation of residential property within the City. The 2006 C Series bonds, including various serial and term bonds, bear interest at 4.80% and mature through 2028. At December 31, 2023, \$530,000 is outstanding. \$160,000 is due on these bonds in 2024.

Bank Loans

SSW Garage Loan - 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. The loan is fixed at an interest rate of 3.83%. At December 31, 2023, \$5,993,399 is outstanding. Final maturity is January 1, 2025. Monthly payments are based on a 10-year amortization with a balloon payment due at maturity. \$279,275 is due on this loan in 2024. In the event of default, outstanding amounts become due immediately.

PTC Garage Loan - During 2023, the URA entered into a bank loan with a maximum amount of \$7,096,208. The proceeds of the loan are being used to partially fund the construction costs of a new parking garage. As of December 31, 2023, \$5,409,229 has been drawn on this loan, which is equal to the outstanding loan balance at December 31, 2023. During the Construction Phase of the loan, interest on the principal balance is calculated at a rate of prime minus .5% and during the Permanent Phase, interest on the principal balance is calculated at a rate equal to 2.32% in

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excess of the five-year index rate. Interest-only payments are required during the Construction Phase and principal repayments over 25 years will be required at the commencement of the Permanent Phase. At year-end, the URA is still in the Construction Phase and anticipates entering the Permanent Phase in 2024.

Annual debt service requirements on outstanding bonds and loans (excluding the PTC Garage loan) of the URA's enterprise funds are as follows:

Years	Bonds		Bank Loans	
	Principal	Interest	Principal	Interest
2024	\$ 160,000	\$ 23,520	\$ 279,275	\$ 222,422
2025	120,000	16,200	5,714,124	18,051
2026	110,000	10,682	-	-
2027	95,000	5,520	-	-
2028	45,000	1,080	-	-
	<u>\$ 530,000</u>	<u>\$ 57,002</u>	<u>\$ 5,993,399</u>	<u>\$ 240,473</u>

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, 2023, \$826,000 is outstanding. \$257,000 is due in 2024.

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, 2023, \$551,000 is outstanding. \$171,000 is due in 2024.

Housing Bonds

During 2023, the URA issued Revenue Bonds, Taxable Series of 2023 in the amount of \$31,575,000. The proceeds will be used to finance various affordable housing programs of the URA. At December 31, 2023, \$31,575,000 is outstanding and \$645,000 is due in 2024.

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In conjunction with this issuance, the URA entered into a Cooperation Agreement with the City, as the City has agreed to provide an amount not to exceed \$2,500,000 annually for up to 25 years to assist in the repayment of principal and interest on these bonds, with such payments subject to annual appropriation by City Council. Appropriation of the cooperation payments is at the sole discretion of the City Council each year and there can be no assurance that such funds will be appropriated for any fiscal year of the City. These bonds, together with interest thereon, are limited obligations of the URA, payable solely from the Trust Estate, which includes the pledged revenues of the Cooperation Agreement, any future receipts or revenues deposited by or on behalf of the Authority, and all income, interest, and profits received from the investment of moneys held in the Trust. The bonds are not obligations of the City; the full faith and credit of the City is not pledged for the payment of the bonds.

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

Years	HUD 108 Loans			Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 428,000	\$ 72,964	\$ 500,964	\$ 645,000	\$ 1,721,736	\$ 2,366,736
2025	457,000	50,492	507,492	680,000	1,688,531	2,368,531
2026	492,000	26,270	518,270	710,000	1,655,361	2,365,361
2027	-	-	-	745,000	1,621,693	2,366,693
2028	-	-	-	780,000	1,585,754	2,365,754
2029 - 2033	-	-	-	4,525,000	7,309,468	11,834,468
2034 - 2038	-	-	-	5,820,000	6,008,302	11,828,302
2039 - 2043	-	-	-	7,625,000	5,017,159	12,642,159
2044 - 2048	-	-	-	10,045,000	2,871,866	12,916,866
	<u>\$ 1,377,000</u>	<u>\$ 149,726</u>	<u>\$ 1,526,726</u>	<u>\$ 31,575,000</u>	<u>\$ 29,479,870</u>	<u>\$ 61,054,870</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, 2023, \$7.5 million of Note proceeds were received by the URA and as of December 31, 2023, \$140,000 of this amount is recorded as unearned revenue and approximately \$4.7 million is recorded as accounts payable representing the potentially repayable portion of the proceeds.

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During 2021, the URA entered into Equity Equivalent Investment Agreements (Agreements) with local banks whereby the banks agree to advance funds totaling \$3.5 million to be used for community development activities. These advances bear interest at 2%, payable semiannually. The initial term of these agreements ends in 2026 with automatic three-year renewal periods unless either party elects not to renew. Upon non-renewal of the Agreements, the advances are to be repaid by the URA over a five-year period. At December 31, 2023, \$3.5 million is outstanding under these agreements.

URA Component Unit Debt consists of the following:

PHDC – Bank Construction Loans

The PHDC had outstanding construction loans payable to banks of \$40,601. Interest accrues on the loans at 7.00%. The loan is due when the units are sold or March 2024, whichever occurs first.

PHDC Schenley Heights Collaborative Construction Loan

The PHDC had an outstanding construction loan payable to Schenley Heights Collaborative of \$30,754. Interest accrues on the loan at 0.00%. The loan is due when units are sold or August 2024, whichever occurs first. The loan is secured by the mortgage on the property.

Future Maturities

Loans receivable to the URA from PHDC are \$1,316,190. 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 \$1,316,190. The loans are non-interest bearing. The loans are due upon the sale of related project units but are scheduled to mature in 2024. The loans are secured by a third lien position on real property and improvements.

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

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(F) Pittsburgh Parking Authority

2015 Series Bonds

On October 29, 2015, the Parking Authority issued \$67,395,000 in Parking System Revenue Refunding Bonds, Series A 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 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.

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.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

(G) Other Long-term Obligations

The following is a summary of transactions affecting other long-term obligations of the City during 2023:

	Accrued Workers' Compensation	Accrued Compensated Absences	Accrued Claims and Judgments	Lease Obligations
Balance, January 1, 2023	\$ 88,541,140	\$ 24,771,811	\$ 21,406,000	\$ 8,013,872
Additions	17,249,178	29,359,262	4,849,401	9,874,970
Reductions/payments	(16,888,682)	(29,237,630)	(5,762,197)	(5,334,395)
Balance, December 31, 2023	88,901,636	24,893,443	20,493,204	12,554,447
Less amounts accrued within short-term	(10,668,196)	(15,503,553)	(4,727,204)	(3,670,513)
Long-term portion, December 31, 2023	\$ 78,233,440	\$ 9,389,890	\$ 15,766,000	\$ 8,883,934

1. The General Fund is used to liquidate the workers' compensation, compensated absences, claims and judgements. The General Fund and two Special Revenue Funds are used to liquidate lease obligations.
2. The City has entered into a number of noncancelable lease arrangements under which they are the lessee. The City is required to report a right-to-use asset and a liability for lease obligations. All extensions reasonably certain to be exercised have been included in the lease liability. As of December 31, 2023, the City is party to eight contracts that require this accounting treatment. Seven of these contracts are for the use of space and one contract for equipment.

The leases for space and equipment have interest rates between 2.0%-5.0%. The value of the right-to-use asset for space and equipment as of the end of the current fiscal year was \$33,906,542 and had accumulated amortization of \$21,355,450.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

The future principal and interest payments required by leases are as follows:

Year Ended December 31	Principal	Interest	Total
2024	\$ 3,670,513	\$ 396,247	\$ 4,066,760
2025	2,482,915	278,043	2,760,958
2026	1,912,825	197,947	2,110,772
2027	1,624,097	131,413	1,755,510
2028	1,444,719	77,835	1,522,554
Thereafter	1,419,378	26,633	1,446,011
Total	<u>\$ 12,554,447</u>	<u>1,108,118</u>	<u>13,662,565</u>

10. Due From/To Other Governments

(A) Due From Other Governments

The City receives funds from various government agencies as reimbursements for their share of City projects and as grants for City programs. The following amounts, as described below, are due from other governments at December 31, 2023:

Special Revenue CDBG:

Housing and Urban Development	<u>\$ 4,742,676</u>
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Other Governmental Funds:

Federal Government	3,783,207
Commonwealth of Pennsylvania	5,281,176
Allegheny County	2,186,000
	<u>11,250,383</u>

Capital Projects:

Commonwealth of Pennsylvania - Highway Fund	829,949
Federal Government - Highway Fund	4,703,044
	<u>5,532,993</u>
Total due from other governments - governmental funds	<u>\$ 21,526,052</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

(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, 2023:

General Fund:

Carnegie Library	\$ 781
Pittsburgh Board of Education	7,027
	<hr/>
	7,808

Other Governmental Funds:

Commonwealth of Pennsylvania	1,216,344
	<hr/>
	1,216,344

Total due to other governments - governmental funds \$ 1,224,152

11. Interfund Receivable and Payable Balances

Due To:	Due From						Total
	General	Debt Service	Other Governmental	American Rescue	Special Revenue CDBG		
General	\$ -	\$ 497,125	\$ 301,914	\$ 182,743	\$ 506,631	\$ 1,488,413	
Other Governmental	383,888	-	-	-	-	1,009,334	1,393,222
Capital Projects	263,958	-	-	-	-	1,364,873	1,628,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 647,846	\$ 497,125	\$ 301,914	\$ 182,743	\$ 2,880,838	\$ 4,510,466	

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

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

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

12. Transfers

Transfers between primary government funds:

Transfer To:	Transfer From				
	General	Capital Projects	American Rescue	Other Governmental	Total
			Plan Act Fund	Governmental	
General Fund	\$ -	\$ -	\$ 49,585,481	\$ 4,000,000	\$ 53,585,481
Debt Service	59,471,192	-	-	-	59,471,192
Capital Projects	15,051,211	-	-	14,611,496	29,662,707
American Rescue					
Plan Act Fund			1,000,000		1,000,000
Other Governmental	9,066,911	10,201,880	1,062,746	3,078,637	23,410,174
Total	<u>\$ 83,589,314</u>	<u>\$ 10,201,880</u>	<u>\$ 51,648,227</u>	<u>\$ 21,690,133</u>	<u>\$ 167,129,554</u>

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

13. Related Party Transactions

- (A) Under the terms of agreements dated July 1, 1965 and amended on various dates through June 17, 1992, the City of Pittsburgh made total grants of \$22,775,168 to the Stadium Authority to cover the excess of the aggregate cost of operation and maintenance of the stadium and debt service on the stadium bonds over the total funds available to the Stadium Authority for those purposes, to be repaid if funds are available. The Stadium Authority has this reflected as a long-term note due to the City. However, the City does not have a corresponding receivable recorded due to the unlikelihood of collection.
- (B) On January 1, 2015, the City and the Parking Authority entered into the 2015 Governmental Cooperation Agreement (Agreement). In September 2021, the Agreement was amended a second time (Second Amended Agreement). Under the terms of the Second Amended Agreement, the Parking Authority will receive the first \$5.6 million of on-street meter revenue, as well as the operating expenses associated with the on-street

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 Second Amended Agreement, payment in lieu of taxes payable by the Parking Authority will be abated entirely for ten calendar years, beginning with the 2021 calendar year. Payment in lieu of taxes will be reinstated in full in calendar year 2031. Before the Second Amended Agreement, the payment in lieu of taxes payable by the Parking Authority had previously been \$1.9 million.

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, 2023. These terms were not modified by the Second Amended Agreement.

(C) During 2018, the City, HACP (a related entity), and the URA (a component unit) agreed to enter into a joint ownership of a new facility. As part of this joint transaction, the City issued \$40 million in notes to fund the purchase and renovation of a building for HACP, the URA, and City departments located in the Civic Building. HACP and the URA have each entered into a legally binding agreement with the City to fund their portion of the debt related to the building purchase and renovations. As of December 31, 2023, the outstanding amount due from the URA of \$7.9 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; however, HACP accelerated their payments and repaid their total balance during 2022. The new building was purchased during 2018 for approximately \$27.5 million and renovations will be ongoing through 2024. 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.

(D) In December 2017, the City committed \$10 million per year for 12 years to source a Housing Opportunity Fund (HOF). The Mayor appointed a 17-person Advisory Board to administer the fund in June 2018 and entered into a cooperation agreement with the URA to hold and manage the fund. The URA's Housing Opportunity Fund Department staffs this initiative. The HOF staff and Advisory Board creates an annual allocation plan and monitors 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
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CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 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.
- The Legal Assistance Program (LAP) provides a variety of free housing legal services to eligible tenants and homeowners who live in the City.
- The Small Landlord Fund (SLF) provides funding to landlords with ten (10) or fewer units for the preservation of existing affordable rental housing and/or the conversion of market/vacant housing to affordable housing in the City.

(E) As described in Note 9, during 2023, the URA issued 2023 Revenue Bonds, Taxable, and entered into a cooperation agreement with the City. The bonds were issued to finance various affordable housing programs including of the URA's Rental Gap Program, For-Sale Development Program, Pittsburgh Downtown Conversion Program, Housing Preservation Program, other URA programs related to construction or rehabilitation of affordable housing in the City, and financing costs of issuing the bonds. The City has agreed to provide an amount not to exceed \$2,500,000 annually for up to 25 years (through 2047) to assist in the repayment of principal and interest on these bonds, with such payments subject to annual appropriation by City Council.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

14. Construction and Commitments

As of December 31, 2023, the City had the following commitments with respect to unfinished capital projects:

Capital Project	Commitment
Homewood Park	\$ 16,054,991
Oliver Bath House	6,463,682
412 Blvd of the Allies	2,504,863
CBD Signals Phase 4	2,397,484
Anderson Terrace	1,593,594
El Paso St. Slide	1,593,594
Green-Light-Go Ped Signals and Handicap Ramps	1,277,046
Schenley Park Ice Rink Mechanical	853,076
Highland Park Tunnel-Bridge	414,500
Forbes and Braddock Playground Lighting	347,213
South Side Traffic Signals	346,587
Fire Station #37 Roof	318,899
Moore Pool Roof	311,688
Public Safety Structural Repairs	251,185
Fire Station #24 Shooting Range	236,647
21 other projects	1,619,104
	<hr/>
	\$ 36,584,153

Encumbrances

As of December 31, 2023, the City had the following encumbered amounts:

Fund	Encumbrances
General	\$ 34,771,254
Capital Projects	85,217,307
Public Safety	2,938,657
Community Recreation and Cultural	2,588,915
	<hr/>
	\$ 125,516,133

CITY OF PITTSBURGH, PENNSYLVANIA

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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 \$11 million at December 31, 2023.

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, Acrisure Stadium, and community cultural facilities.

RAD revenue allocated to the City totaled approximately \$38.2 million in 2023. The City allocated approximately \$1.6 million to park operations.

16. Contingencies

The City has been named as a defendant in a number of lawsuits arising in the ordinary course of its operations against which the City is not insured. In the opinion of the City Solicitor, adequate accrual has been made in the financial statements for such lawsuits. In addition, there is ongoing litigation regarding the allowability of the City's Facility Usage Tax (FUF). The lower courts did not rule in favor of the City's FUF tax. The City has appealed to the Pennsylvania Supreme Court. The petition for appeal is still pending as of the date of this report. The City has determined a reasonable estimate of refunds is not determinable as of December 31, 2023.

During 2023 several large properties appealed their real estate assessments and won reductions in their assessed values and several more were awarded reductions from their appeals subsequent to year-end that relate to 2023 and prior years. In addition, there are currently a

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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 of \$6 million 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:

Attorney General Criminal Complaint – PWSA

In June 2016, the Authority exceeded the drinking water lead action level established under the Pennsylvania Safe Drinking Water Act. As the Authority attempted to meet federal Environmental Protection Agency (EPA) and Pennsylvania Department of Environmental Protection (DEP) service line replacement requirements, the Authority 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 Authority entered into a consent order 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 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 Authority's violations relating to the Authority'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 Authority performed partial lead service line replacements, which can result in an increase in lead contamination for the residence, without providing its customers with the advance notice and follow-up sampling required under the state and federal safe drinking water regulations.

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A Pre-Disposition Remediation Resolution (PDRR) dated July 15, 2020 was developed between the Commonwealth of Pennsylvania, the Pennsylvania Attorney General's (AG) Office, and the PWSA related to unauthorized changes in corrosion control treatment and partial lead service line replacements under prior management and dating back to 2014. The PDRR required the PWSA issue a public statement, make charitable donations totaling \$500,000, and enter into a two-year Corporate Monitorship. The Corporate Monitor has been overseeing water treatment plant operations, corrosion control treatment and lead service line replacement efforts, and providing quarterly reports to the AG and the Southwest PADEP office, with their final report issued in the first quarter of 2023. On March 22, 2023, the AG's office submitted to the court that PWSA has satisfied the requirements under the PDRR. The Judge accepted the submission from the AG's office and on March 30, 2023 granted the AG's motion to withdraw charges based on PWSA's compliance with the Pre-Disposition Remediation Resolution.

Lead Mitigation – PWSA

The 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) and the Pennsylvania Public Utilities Commission (PUC). These initiatives include: (1) a water treatment program to mitigate lead corrosion so as to comply with current water quality standards, (2) a lead service line replacement program, and (3) a lead service line identification program to be completed by 2020 for residential service line connections and a 2022 update to include all service line connections. These requirements are stipulated in the PADEP Consent Order and Agreement with the PWSA dated November 2017.

Water Treatment: Chemical treatment testing of orthophosphate application to the PWSA's finished water demonstrated rapid mitigation of lead and copper corrosion to levels well below any current federal drinking water standard. The PWSA 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), along with three additional rounds of lead monitoring also below 15.0 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, 5.1 ppb for the monitoring that ended in June 2020, 7.1 ppb for the monitoring that ended in December 2021, 4.42 ppb for the monitoring that ended June 2022, 5.0 for the monitoring that ended December 2022, 3.4 ppb for the monitoring that ended June 2023, and 3.58 for the monitoring that ended December 2023. The second round of results below the action level removed the mandated requirement to replace lead service lines.

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Lead Service Line Replacement: The Authority was ordered by PADEP to replace 1,341 public owned lead service lines by June 30, 2018 and an additional 7 percent of the public owned lead service lines by December 31, 2018 (a total of about 2,200). By the end of 2018 a total of 2,765 public lead service lines had been replaced. In addition, the Authority was required to continue to replace 7 percent of the initial number of lead service lines in the system (revised to 855 based upon Authority data) until two consecutive 6-month monitoring period sampling events were below the Federal lead action level (where this replacement requirement ended in June 2020 as described above). As of the date of this report, over 10,900 public, along with over 7,675 private lead service lines have been replaced.

In October 2020, the Authority completed work on the 2019 Neighborhood LSLR project with \$49.1 million in funding through PENNVEST, of which \$35.4 million was a loan and \$13.7 million was a grant. This program replaced over 4,738 public and 3,008 private lead service lines (as of March 18, 2022), well above the anticipated amounts of 3,400 public and 2,800 private replacements.

In June 2020, the Authority 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 Authority 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 Authority will strive to implement this program at the lowest possible cost to the Authority, while addressing those water mains that have the highest likelihood of failure. The Authority's investment in water main replacement will continue unabated to ensure that the Authority can mitigate the amount of annual pipe breaks and minimize the risk of service disruption to its customers. The Authority's program intends to achieve an average water main life expectancy more in line with national standards.

In 2022, with the availability of outside funding sources, the Authority commenced additional LSLR projects. The first was funded by PENNVEST and focused on removing lead service lines at day care facilities and locations with elevated levels of lead in the drinking water. The 2022 Priority LSLR program was extremely successful and all LSLR work was completed by late 2022. The 2022 Neighborhood LSLR program was funded by American Recovery Plan Act funds, and construction of the \$17.5M program commenced in April 2022. The Authority is currently completing the last of the work under the 2022 Neighborhood LSLR including service line identification and LSLR at over 2,600 properties.

Finally, with funding being provided for LSLRs by the Infrastructure Investment and Jobs Act, PWSA is planning to submit additional funding requests to PENNVEST for continued Neighborhood LSLR programs on a semi-annual basis. To date, three projects have been funded:

CITY OF PITTSBURGH, PENNSYLVANIA

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a \$13.4M project that commenced in July 2023, a \$12.2M project starting in March 2024 and a \$32M project starting in August 2024. Another application for continued PENNVEST funding is planned for May 2024.

In summary, as of March 13, 2023, the Authority has replaced a total of more than 10,900 public and 7,675 private lead service lines under all programs involving the removal of lead service lines, including the Lead Service Line Replacement Program (2016 through 2023 Contracts) and Small Diameter Water Main Replacement Program.

Small Diameter Water Main Replacement Program: The ongoing Small Diameter Water Main Replacement (SDWMR) Program consists of a series of annual projects designed to replace aging and undersized water mains in neighborhoods with a high likelihood of having lead service lines. The 2020 SDWMR projects consisted of three individual construction contracts totaling nearly 15 miles of new water main. These projects were designed in 2019, construction started in mid-2020 and were completed in December 2021 and, inclusive of design and construction, cost approximately \$56 million.

The second phase of SDWMR projects (2021 SDWMR) was funded by PENNVEST. Designs for three 2021 SDWMR Projects (Contracts A / B / C) started in August 2020 and were complete February 2021. Based on the Opinion of Probable Construction Costs (OPCC) for the 3 Contracts, a decision was made to move two of the three 2021 contracts (B / C) forward to bidding in March 2021. Due to a delay with closing the PENNVEST funding, Contracts B and C were cancelled, and rebids were received in December 2021. Construction of the 2021B and 2021C SDWMR Projects began in late March 2022 and reached substantial completion in September 2023. Nearly 6 miles of pipeline replacement including associated valving, fittings and hydrants were completed in six neighborhoods across the Authority service area, including the concurrent replacement of 929 public-side service lines (589 copper and 340 lead) and 293 lead private-side service lines. Construction cost for 2021B and 2021C was approximately \$27 million. The design for 2021C SDWMR was renamed 2022C SDWMR and bid at the same time as 2022A and 2022B SDWMR Contracts (see below).

The third phase of SDWMR projects (2022 SDWMR) was funded by PENNVEST. Designs for the 2022A and 2022B SDWMR projects were started August 2021 and were completed October 2022. Resolution of clean fill disposal requirements delayed bidding until March 2023. Construction bids were received for the 2022 SDWMR projects in May 2023, greatly exceeding the construction cost estimates, only allowing for two (2022B and 2022C) of the three construction contracts to proceed construction on time in late-Summer/early-Fall of 2023. Construction of Contracts 2022B and 2022C continues in 2024. Total construction value for these projects is \$60.1M as of March 2024, which includes addressing 7.6 miles of the more than 9 miles of water mains

CITY OF PITTSBURGH, PENNSYLVANIA

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planned and replacement of over 515 of the 1,250 water service lines planned as of March 2024. Rebidding of the delayed 2022A Contract (divided into 2 Contracts, A1 and A2) was initiated in March of 2024, and anticipated to be awarded in May 2024.

The fourth phase of SDWMR projects (2023 SDWMR) was funded by PENNVEST. Design of the 2023A1/A2/B1/B2 SDWMR Projects began in April 2023. Bidding for construction of these four separate SDWMR projects that address eight neighborhoods is expected to occur in stages during the second to third quarter of 2024. These projects will construct approximately 19.5 miles of new water mains and will replace nearly 2,800 public-side service lines and 1,650 lead private-side service lines. The estimated cost of this work will be nearly \$93M.

The 2024, 2025, 2026, 2027, and 2028 contracts are currently in the 2024 Capital Improvement Plan with a total cumulative value of \$586.5 million, which equates to approximately 78 miles of small diameter water main to be replaced.

Lead Service Line Identification Program: 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 verification inspections and replacement records of ongoing infrastructure programs, 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 service line materials for non-residential customers and providing an update for all locations. This effort was submitted to PADEP in December 2022.

The Identification Program will culminate in a complete digital file and mapping of all service lines within the Authority's service territory. All updated records are made publicly available on the Authority's website within one month of the data being collected.

The Environmental Protection Agency's ("EPA") Lead and Copper Rule Revisions (LCRR) mandates all utilities submit an updated service line inventory by October 2024. In conjunction with this requirement, the PADEP provided new requirements for acceptable inventory methods late 2022. The Authority is presently updating our inventory based on the new PADEP requirements, including having a new machine learning predictive model prepared and instituting a large-scale program to identify service line materials inside customer's homes.

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Environmental Protection Agency – PWSA

The Authority has been cooperating with the EPA's investigation of the Authority's Aspinwall Water Treatment Plant ("Water Treatment Plant") for nearly three years. The Authority 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 Authority'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 Authority on January 13, 2021. Sentencing occurred on September 14, 2021 and included seven standard conditions of supervision and reference to the requirements established in the Plea Agreement. A U.S. Probation Officer has been assigned to PWSA and the Authority is required to provide monthly updates to the probation officer.

EPA's Suspension and Debarment Division placed the Authority on its Suspension and Debarment list upon the Authority's guilty plea on September 14, 2021. EPA and the Authority entered into an Administrative Agreement, which allowed the Authority to be promptly removed from the list on the same day.

A Pre-Disposition Remediation Resolution (PDRR) dated July 15, 2020 was developed between the Commonwealth of Pennsylvania, the Pennsylvania Attorney General's (AG) Office and the Authority related to unauthorized changes in corrosion control treatment and partial lead service line replacements under prior management and dating back to 2014. The PDRR required the Authority to issue a public statement, make charitable donations totaling \$500,000, and enter into a two-year Corporate Monitorship. The Corporate Monitor has been overseeing water treatment plant operations, corrosion control treatment and lead service line replacement efforts and providing quarterly reports to the AG and the Southwest PADEP office, with their final report issued in the first quarter of 2023. On March 22, 2023 the AG's office submitted to the court that the Authority has satisfied the requirements under the PDRR. The Judge accepted the submission from the AG's office and on March 30, 2023 granted the AG's motion to withdraw charges based on PWSA's compliance with the Pre-Disposition Remediation Resolution.

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 executed a Consent Order and Agreement (Order) regarding wet weather sewer overflows within the City. The other

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 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. Critical sewers were defined in the Order as: trunk sewers that are a final conveyance to the ALCOSAN Sewer System, sewers associated with areas of chronic basement flooding, sewers associated with areas of chronic maintenance, sewers associated with chronic surcharge, sewers downstream of diversion structures, sewers where additional information is necessary for model development, and sewers deemed a priority for inspection by a professional engineer. Ongoing pipe and manhole repairs are being completed to provide CCTV access to remaining inaccessible critical/sanitary sewer pipes. Assessment activities for non-critical sewers are to be completed on a longer schedule. The majority of accessible non-critical manholes have been inspected with ongoing efforts to complete any remaining or newly identified accessible non-critical manholes. 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 USEPA 308 request required the PWSA to submit detailed information on past Order 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, responding to the first phase of the USEPA 308 request by the due date March 31, 2016. The second phase of the request was responded to by the submission of a source reduction study by the due date of December 1, 2016 and the submission of project performance evaluations for certain construction GI demonstration projects by 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 PWSA's sewer system. The response to the October 2016 request from the USEPA was delivered in January 2017.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

In addition to the assessment, the USEPA 308 request also requires the PWSA and the City to continue implementing 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, and trenchless rehabilitation projects have been implemented to address structural deficiencies. The USEPA 308 request also requires the submission of information on an ongoing, rolling basis, updating the progress of the evaluations and improvements, as well as water quality impacts. These reports are submitted monthly.

Given the broad scope of a potential CD, the size of the sewer system in the City, 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.

Arena Land Agreement – URA

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

17. Risk Management 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, 2023, there were no settlements exceeding coverage for the past three years. The City also covers certain claim settlements and judgements from its General and Capital Projects Fund resources due to the prohibitive cost of carrying certain commercial insurance. The City currently

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 yet 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 judgements liability for the past two fiscal periods (calendar year 2023 and 2022) are as follows:

	2023	2022
Accrued claims and judgments, January 1	\$ 21,406,000	\$ 14,758,000
Current year claims	4,849,401	8,378,626
Claim payments/Reduction in estimate	<u>(5,762,197)</u>	<u>(1,730,626)</u>
Accrued claims and judgments, December 31	<u><u>\$ 20,493,204</u></u>	<u><u>\$ 21,406,000</u></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 \$348,605 (classified as restricted within the General Fund) is maintained, due to a legal requirement under self-insurance regulations of the State of Pennsylvania, in the General Fund.

Changes in the accrued workers' compensation liability during the year ended December 31, 2023 are as follows:

Accrued worker's compensation, January 1	\$ 88,541,140
Current year claims	17,249,178
Claim payments	<u>(16,888,682)</u>
Accrued worker's compensation, December 31	<u><u>\$ 88,901,636</u></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 \$3.2 million at December 31, 2023.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 33,311,100	\$ 33,674,837	\$ 33,674,837	\$ 25,786,609	\$ 25,786,609	\$ 24,416,693	\$ 24,416,693	\$ 22,585,569	\$ 21,696,487	\$ 22,015,630
Interest	107,617,640	105,267,062	102,848,211	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	150,546	-	9,347,482	-	-	-	-	-	-	-
Differences between expected and actual experience	(45,968,709)	-	17,366,912	-	(22,766,475)	-	(11,650,203)	-	2,283,418	-
Changes of assumptions	-	-	86,274,492	-	-	-	58,685,088	-	-	-
Benefit payments, including refunds of member contributions	(106,038,461)	(103,993,086)	(100,080,477)	(97,650,178)	(96,890,857)	(95,069,031)	(93,539,764)	(89,489,804)	(86,946,857)	(87,394,443)
Net Changes in Total Pension Liability	(10,927,884)	34,948,813	149,431,457	24,231,044	557,603	23,675,641	70,586,749	23,676,842	25,871,942	21,670,958
Total Pension Liability - Beginning	1,556,206,279	1,521,257,466	1,371,826,009	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
Total Pension Liability - Ending (a)	\$ 1,545,278,395	\$ 1,556,206,279	\$ 1,521,257,466	\$ 1,371,826,009	\$ 1,347,594,965	\$ 1,347,037,362	\$ 1,323,361,721	\$ 1,252,774,972	\$ 1,229,098,130	\$ 1,203,226,188
Plan Fiduciary Net Position:										
Contributions - employer	\$ 102,709,498	\$ 99,841,720	\$ 98,819,645	\$ 99,099,273	\$ 95,189,427	\$ 86,414,394	\$ 70,487,381	\$ 73,149,762	\$ 63,758,477	\$ 51,914,297
Contributions - member	15,935,244	15,053,732	14,218,587	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)	85,087,407	(76,832,915)	92,022,236	60,841,066	82,119,356	(21,783,037)	56,629,520	30,739,535	(680,514)	24,302,368
Benefit payments, including refunds of member contributions	(106,038,461)	(103,993,086)	(100,080,477)	(97,650,178)	(96,890,857)	(95,069,031)	(93,539,764)	(89,489,804)	(86,946,857)	(87,394,443)
Administrative expense	(1,424,329)	(1,450,454)	(1,389,853)	(1,335,891)	(1,404,248)	(1,359,120)	(1,299,205)	(1,287,145)	(1,294,544)	(1,271,604)
Other	68,391	51,964	194,203	109,774	-	-	-	-	-	3,263,901
Net Change in Plan Fiduciary Net Position	96,337,750	(67,329,039)	103,784,341	75,436,969	91,428,890	(19,881,058)	46,650,323	24,019,674	(14,262,737)	1,723,770
Plan Fiduciary Net Position - Beginning	631,912,825	699,241,864	595,457,524	520,020,555	428,591,665	448,472,723	401,822,400	377,802,726	392,065,463	390,341,693
Plan Fiduciary Net Position - Ending (b)	\$ 728,250,575	\$ 631,912,825	\$ 699,241,865	\$ 595,457,524	\$ 520,020,555	\$ 428,591,665	\$ 448,472,723	\$ 401,822,400	\$ 377,802,726	\$ 392,065,463
Net Pension Liability - Ending (a-b)	\$ 817,027,820	\$ 924,293,454	\$ 822,015,601	\$ 776,368,485	\$ 827,574,410	\$ 918,445,697	\$ 874,888,998	\$ 850,952,572	\$ 851,295,404	\$ 811,160,725
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.13%	40.61%	45.96%	43.41%	38.59%	31.82%	33.89%	32.07%	30.74%	32.58%
Covered Payroll	\$ 255,966,727	\$ 245,056,487	\$ 244,889,900	\$ 207,900,314	\$ 198,814,274	\$ 204,883,102	\$ 184,625,860	\$ 215,018,989	\$ 211,962,778	\$ 202,853,143
Net Pension Liability as a Percentage of Covered Payroll	319.19%	377.18%	335.67%	373.43%	416.26%	448.28%	473.87%	395.76%	401.62%	399.88%

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

Schedule of City's Contributions	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 56,541,494	\$ 53,286,876	\$ 52,264,801	\$ 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	<u>102,709,498</u>	<u>99,841,720</u>	<u>98,819,645</u>	<u>99,099,273</u>	<u>95,189,427</u>	<u>86,414,394</u>	<u>70,487,381</u>	<u>73,149,762</u>	<u>63,758,477</u>	<u>51,914,297</u>
Contribution deficiency (excess)	<u>\$ (46,168,004)</u>	<u>\$ (46,554,844)</u>	<u>\$ (46,554,844)</u>	<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	\$ 255,966,727	\$ 245,056,487	\$ 244,889,900	\$ 207,900,314	\$ 198,814,274	\$ 204,883,102	\$ 184,625,860	\$ 215,018,989	\$ 211,962,778	\$ 202,853,143
Contributions as a percentage of covered payroll	40.13%	40.74%	40.35%	47.67%	47.88%	42.18%	38.18%	34.02%	30.08%	25.59%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	11.40%	-6.20%	13.06%	11.70%	19.34%	-5.03%	14.96%	8.43%	0.04%	6.48%

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

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 2023 contribution and contribution rate information presented in the required supplementary schedules was determined as part of the January 1, 2021 actuarial valuations. Additional information as of the January 1, 2021 valuation follows:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2021	1/1/2021	1/1/2021
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)	20 years (aggregate)	20 years (aggregate)
Asset valuation method	Tabular Smoothing	Tabular Smoothing	Tabular Smoothing
Actuarial assumptions:			
Investment rate of return	7.00%	7.00%	7.00%
Projected salary increases	4.50%	4.75%	6.00%
Underlying inflation rate	2.75%	2.75%	2.75%
Mortality table	General Pub-2010, With Amount Weighted With Gernerational Projection Using MP-2020	Public Safety Pub-2010, With Amount Weighted With Gernerational Projection Using MP-2020	Public Safety Pub-2010, With Amount Weighted With Gernerational Projection Using MP-2020

The information presented was determined as part of the actuarial valuation as of January 1, 2021. Additional information as of the latest actuarial valuation presented is as follows:

For 2021, there was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to the assigned rate of return, mortality rates, salary scale, retirement rates, disability rates, termination rates, and asset smoothing method. Additionally, there were changes to the following actuarial assumptions in the current and prior years:

- From 2019 to 2021, for the Municipal fund, all eligible members are assumed to elect the removal of the Social Security offset.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

- From 2015 to 2017, the investment rate of return was lowered from 7.50% to 7.25% and from 2019 to 2021 from 7.25% to 7.00% for all funds to provide a more conservative assumption for all funds.
- From 2015 to 2017, the projected salary increases lowered from 5.75% to 5.50% per year for the Firemen's Fund and from 2019 to 2021, from 4.00% to 4.50% per year for the Municipal fund, from 4.50% to 4.75% per year for the Policemen, and from 5.50% to 6.00% for the Firemen.
- From 2015 to 2017, the underlying inflation rate decreased from 3.0% to 2.75% for all funds.

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
2023	\$26.8	\$19.4
2022	\$26.8	\$19.8
2021	\$26.8	\$19.8
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

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*

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service cost	\$ 2,597,937	\$ 2,621,488	\$ 3,007,655	\$ 3,659,948	\$ 3,326,808	\$ 7,460,587	\$ 7,792,888
Interest	21,374,871	23,535,670	23,943,087	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	-	(48,150,160)	(9,894,898)	(51,315,119)	(6,849,751)	(6,789,196)	-
Changes of assumptions	(36,092,705)	8,790,449	-	(11,541,316)	35,873,590	(103,961,562)	-
Benefit payments	(22,208,561)	(23,349,243)	(23,567,499)	(25,450,945)	(24,521,263)	(24,481,663)	(23,066,786)
Net Change in Total OPEB Liability	(34,328,458)	(36,551,796)	(6,511,655)	(57,283,856)	35,984,160	(103,928,355)	6,925,466
Total OPEB Liability - Beginning	364,592,448	401,144,244	407,655,899	464,939,755	428,955,595	532,883,950	525,958,484
Total OPEB Liability - Ending (a)	\$ 330,263,990	\$ 364,592,448	\$ 401,144,244	\$ 407,655,899	\$ 464,939,755	\$ 428,955,595	\$ 532,883,950
Plan Fiduciary Net Position:							
Contributions - employer	\$ 23,208,561	\$ 24,018,215	\$ 26,067,149	\$ 26,076,181	\$ 27,049,808	\$ 26,981,663	\$ 25,566,786
Net investment income (loss)	4,510,706	(5,503,592)	3,845,293	3,529,471	3,938,049	(1,017,618)	2,240,768
Benefit payments	(22,208,561)	(23,349,243)	(23,567,499)	(25,450,945)	(24,521,263)	(24,481,663)	(23,066,786)
Administrative expense	(2,198)	(18,000)	(17,162)	(15,376)	(15,052)	(22,401)	(49,551)
Other	-	-	-	(29,092)	-	-	-
Net Change in Plan Fiduciary Net Position	5,508,508	(4,852,620)	6,327,781	4,110,239	6,451,542	1,459,981	4,691,217
Plan Fiduciary Net Position - Beginning	32,859,044	37,711,664	31,383,883	27,273,644	20,822,102	19,362,121	14,670,904
Plan Fiduciary Net Position - Ending (b)	\$ 38,367,552	\$ 32,859,044	\$ 37,711,664	\$ 31,383,883	\$ 27,273,644	\$ 20,822,102	\$ 19,362,121
Net OPEB Liability - Ending (a-b)	\$ 291,896,438	\$ 331,733,404	\$ 363,432,580	\$ 376,272,016	\$ 437,666,111	\$ 408,133,493	\$ 513,521,829
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.62%	9.01%	9.40%	7.70%	5.87%	4.85%	3.63%
Covered Employee Payroll	\$ 118,300,425	\$ 115,134,234	\$ 112,794,687	\$ 110,225,944	\$ 100,838,441	\$ 98,139,602	\$ 96,139,602
Net OPEB Liability as a Percentage of Covered Employee Payroll	246.74%	288.13%	322.21%	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*

<u>Schedule of City's Contributions</u>	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 28,756,109	\$ 30,728,322	\$ 31,670,840	\$ 36,526,177	\$ 35,788,786	\$ 35,106,521	\$ 38,115,212
Contributions in relation to the actuarially determined contribution	<u>23,208,561</u>	<u>24,018,215</u>	<u>26,067,149</u>	<u>26,076,181</u>	<u>27,049,808</u>	<u>26,981,663</u>	<u>25,566,786</u>
Contribution deficiency (excess)	<u>\$ 5,547,548</u>	<u>\$ 6,710,107</u>	<u>\$ 5,603,691</u>	<u>\$ 10,449,996</u>	<u>\$ 8,738,978</u>	<u>\$ 8,124,858</u>	<u>\$ 12,548,426</u>
Covered employee payroll	<u>\$ 118,300,425</u>	<u>\$ 115,134,234</u>	<u>\$ 112,794,687</u>	<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	19.62%	20.86%	23.11%	23.66%	26.82%	27.49%	26.59%
<u>Investment Returns</u>							
Annual money-weighted rate of return, net of investment expense	2.55%	6.20%	4.83%	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*				
	2023	2022	2021	2020	2019
Total OPEB Liability:					
Service cost	\$ 2,727,900	\$ 4,067,849	\$ 4,428,921	\$ 3,454,046	\$ 2,476,316
Interest	882,195	739,756	658,119	759,564	776,991
Changes of benefit terms	-	-	-	-	16,513,129
Differences between expected and actual experience	-	(8,421,918)	-	(4,250,409)	(1,100,128)
Changes of assumptions	(1,119,511)	(7,245,262)	469,931	2,581,819	5,874,543
Benefit payments	(225,470)	(118,374)	(188,425)	(206,939)	(170,806)
Net Change in Total OPEB Liability	2,265,114	(10,977,949)	5,368,546	2,338,081	24,370,045
Total OPEB Liability - Beginning	21,098,723	32,076,672	26,708,126	24,370,045	-
Total OPEB Liability - Ending (a)	\$ 23,363,837	\$ 21,098,723	\$ 32,076,672	\$ 26,708,126	\$ 24,370,045
Plan Fiduciary Net Position:					
Contributions - employer	\$ 225,470	\$ 118,131	\$ 232,359	\$ 250,873	\$ 170,806
Net investment income (loss)	19,473	(25,350)	13,964	13,602	-
Benefit payments	(225,470)	(118,374)	(188,425)	(206,939)	(170,806)
Administrative expense	-	(200)	(136)	-	-
Other	-	-	-	29,092	-
Net Change in Plan Fiduciary Net Position	19,473	(25,793)	57,762	86,628	-
Plan Fiduciary Net Position - Beginning	118,597	144,390	86,628	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 138,070	\$ 118,597	\$ 144,390	\$ 86,628	\$ -
Net OPEB Liability - Ending (a-b)	\$ 23,225,767	\$ 20,980,126	\$ 31,932,282	\$ 26,621,498	\$ 24,370,045
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.59%	0.56%	0.45%	0.32%	0.00%
Covered Employee Payroll	\$ 50,339,502	\$ 48,992,216	\$ 49,112,204	\$ 31,459,781	\$ 25,173,632
Net OPEB Liability as a Percentage of Covered Employee Payroll	46.14%	42.82%	65.02%	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*

<u>Schedule of City's Contributions</u>	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 2,917,879	\$ 2,625,718	\$ 3,422,743	\$ 2,639,562	\$ 2,253,230
Contributions in relation to the actuarially determined contribution	225,470	118,131	232,359	250,873	170,806
Contribution deficiency (excess)	<u>\$ 2,692,409</u>	<u>\$ 2,507,587</u>	<u>\$ 3,190,384</u>	<u>\$ 2,388,689</u>	<u>\$ 2,082,424</u>
Covered employee payroll	<u>\$ 50,339,502</u>	<u>\$ 48,992,216</u>	<u>\$ 49,112,204</u>	<u>\$ 31,459,781</u>	<u>\$ 25,173,632</u>
Contributions as a percentage of covered employee payroll	0.45%	0.24%	0.47%	0.80%	0.68%
<u>Investment Returns</u>					
Annual money-weighted rate of return, net of investment expense	2.45%	6.40%	4.83%	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, 2023

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 1/1/2022 valuation and are as follows:

Actuarial valuation date	1/1/2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	25 year closed period
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	6.00%
Inflation rate	2.50%
Salary increases	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:

Year	Medical/Rx Costs	Medicare Part B Premiums
	Annual Trend Rate	Annual Trend Rate
2022	Actual	Actual
2023-2025	7.00%	5.60%
2026	5.60%	5.60%
2030	5.32%	5.32%
2040	4.89%	4.89%
2050	4.74%	4.74%
2060	4.64%	4.64%
2070	4.30%	4.30%
2075+	4.04%	4.04%

There have been no benefit changes made since the 1/1/2022 actuarial valuation.

The information presented was determined as part of the actuarial valuation as of January 1, 2022. Additional information as of the latest actuarial valuation presented is as follows:

For 2022, there was a change with respect to actuarial assumptions from the prior year to reflect a change in the discount rate and health care trend rates. Additionally, there were changes to the following actuarial assumptions in the current and prior years:

- From 2020 to 2022, there was a decrease in the discount rate from 2.12% to 3.72% and pre-Medicare trends have been increased to 7.0% for 2023-2025 to reflect expectations

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2023

arising due to recent inflationary pressures. Medicare Part B trends have been aligned with Medicare trends based on the SOA Getzen model. These rates are applied to health costs and premiums.

- From 2018 to 2020, the health care trend rates were updated and there was a decrease in the discount rate from 2.74% to 2.12%.
- From 2016 to 2018 there were no changes in benefits or in actuarial assumptions.

For 2023 GASB 75 purposes, there was an increase in the discount rate from 6.00% to 7.00%.

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 1/1/2022 valuation and are as follows:

Actuarial valuation date	1/1/2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	6.00%
Discount rate	3.72%
Salary increases	2.75%
Inflation rate	2.50%
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:	

<u>Year</u>	<u>Medical/Rx Costs</u>	<u>Medicare Part B Premiums</u>
	<u>Annual Trend Rate</u>	<u>Annual Trend Rate</u>
2022	Actual	Actual
2023-2025	7.00%	5.60%
2026	5.60%	5.60%
2030	5.32%	5.32%
2040	4.89%	4.89%
2050	4.74%	4.74%
2060	4.64%	4.64%
2070	4.30%	4.30%
2075+	4.04%	4.04%

The information presented was determined as part of the actuarial valuation as of January 1, 2022. Additional information as of the latest actuarial valuation presented is as follows:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2023

For 2022, there was a change with respect to actuarial assumptions from the prior year to reflect a change in the discount rate and health care trend rates. Additionally, there were changes to the following actuarial assumptions in the current and prior years:

- From 2020 to 2022, there was a decrease in the discount rate from 2.12% to 3.72%; and pre-Medicare trends have been increased to 7.0% for the following three years to reflect expectations arising due to recent inflationary pressures. Medicare Part B trends have been aligned with Medicare trends based on the SOA Getzen model. These rates are applied to health costs and premiums.
- From 2018 to 2020, the health care trend rates were updated and there was a decrease in the discount rate from 2.74% to 2.12%.

For 2023 GASB 75 purposes, there was an increase in the discount rate from 3.72% to 4.00%.

SUPPLEMENTARY INFORMATION

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

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	Equipment Leasing Authority	Liquid Fuels Tax	EARN	Public Safety	Civic and Cultural	Grants and Donations	Total
Assets							
Cash and cash equivalents	\$ 772,716	\$ 9,314,805	\$ 5,761,900	\$ 20,780,044	\$ 18,235,489	\$ 1,635,586	\$ 56,500,540
Other receivables	-	62,517	395,757	2,758,088	3,212,454	100,000	6,528,816
Accrued interest	-	-	-	-	-	191,469	191,469
Due from other governments	-	-	-	-	-	11,250,383	11,250,383
Due from other funds	-	-	155,716	369,425	865,633	2,448	1,393,222
Total Assets	\$ 772,716	\$ 9,377,322	\$ 6,313,373	\$ 23,907,557	\$ 22,313,576	\$ 13,179,886	\$ 75,864,430
Liabilities and Fund Balance							
Liabilities:							
Account payable	\$ -	\$ -	\$ 127,730	\$ 894	\$ 43,295	\$ 53	\$ 171,972
Accrued liabilities	1,878	586,732	546,059	953,766	677,779	1,285,024	4,051,238
Unearned revenue	-	-	5,413,100	-	1,449,996	11,894,809	18,757,905
Due to other funds	-	-	201,914	100,000	-	-	301,914
Due to other governments	-	-	-	1,216,344	-	-	1,216,344
Total Liabilities	1,878	586,732	6,288,803	2,271,004	2,171,070	13,179,886	24,499,373
Fund Balance:							
Restricted - State and Federal Purpose Grants	-	8,790,590	24,570	215,338	2,919,304	-	11,949,802
Committed - Specified Program Services	770,838	-	-	18,482,558	14,634,287	-	33,887,683
Assigned:							
Public Safety	-	-	-	2,938,657	-	-	2,938,657
Community Recreation and Cultural	-	-	-	-	2,588,915	-	2,588,915
Total Fund Balance	770,838	8,790,590	24,570	21,636,553	20,142,506	-	51,365,057
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 772,716	\$ 9,377,322	\$ 6,313,373	\$ 23,907,557	\$ 22,313,576	\$ 13,179,886	\$ 75,864,430

CITY OF PITTSBURGH, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	Equipment Leasing Authority	Liquid Fuels Tax	EARN	Public Safety	Civic and Cultural	Grants and Donations	Total
Revenues:							
Taxes, including penalties and interest	\$ -	\$ -	\$ -	\$ 17,452,852	\$ -	\$ 43,049	\$ 17,452,852
Interest and dividends	-	361,392	-	-	-	-	404,441
Fines and forfeits	-	-	-	221,419	-	-	221,419
Intergovernmental revenues	-	8,193,964	2,432,274	184,158	4,145,546	13,822,667	28,778,609
Charges for user services	-	-	-	15,847,154	2,459,333	-	18,306,487
Other	116,005	-	-	7,270	120,984	-	244,259
Total revenues	116,005	8,555,356	2,432,274	16,260,001	24,178,715	13,865,716	65,408,067
Expenditures:							
General government	13,770,822	-	2,160,438	-	2,206,002	410,926	18,548,188
Public safety	-	-	-	20,448,318	-	6,730,106	27,178,424
Public works	-	4,665,704	-	-	10,401,701	5,381,265	20,448,670
Community, recreational, and cultural	-	-	-	-	4,456,304	111,076	4,567,380
Economic and physical development	-	-	-	-	-	-	-
Debt service:							
Principal on leases	908,876	-	244,487	-	-	-	1,153,363
Interest on leases	68,364	-	27,349	-	-	-	95,713
Total expenditures	14,748,062	4,665,704	2,432,274	20,448,318	17,064,007	12,633,373	71,991,738
Excess (Deficiency) of Revenues Over Expenditures	(14,632,057)	3,889,652	-	(4,188,317)	7,114,708	1,232,343	(6,583,671)
Other Financing Sources (Uses):							
Transfers in	14,896,647	-	-	6,523,781	1,989,746	-	23,410,174
Transfers out	-	(4,112,702)	-	(673,184)	(14,718,247)	(2,186,000)	(21,690,133)
Total other financing sources (uses)	14,896,647	(4,112,702)	-	5,850,597	(12,728,501)	(2,186,000)	1,720,041
Net Change in Fund Balance	264,590	(223,050)	-	1,662,280	(5,613,793)	(953,657)	(4,863,630)
Fund Balance:							
Beginning of year	506,248	9,013,640	24,570	19,974,273	25,756,299	953,657	56,228,687
End of year	\$ 770,838	\$ 8,790,590	\$ 24,570	\$ 21,636,553	\$ 20,142,506	\$ -	\$ 51,365,057

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION
PENSION AND OPEB TRUST FUNDS

DECEMBER 31, 2023

	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		
Assets										
Cash and short-term investments, at cost, which approximates fair value	\$ 23,733,400	\$ 330,244	\$ 3,450,700	\$ 58,565	\$ 27,572,909	\$ 1,629,452	\$ 8,729	\$ 1,638,181	\$ 29,211,090	
Investments, at fair value:										
Common stock	79,367,760	-	-	-	79,367,760	-	-	-	-	79,367,760
U.S. government and agency obligations	27,891,848	-	-	-	27,891,848	-	-	-	-	27,891,848
Corporate and other obligations	24,031,435	-	-	-	24,031,435	-	-	-	-	24,031,435
Mutual funds:										
U.S. equities	235,833,187	-	-	-	235,833,187	21,743,353	85,378	21,828,731	257,661,918	
Non-U.S. equities	119,409,556	-	-	-	119,409,556	-	-	-	-	119,409,556
Fixed income	64,399,036	-	-	-	64,399,036	12,899,927	38,777	12,938,704	77,337,740	
Hedge funds	70,647,563	-	-	-	70,647,563	-	-	-	-	70,647,563
Real estate funds	46,177,506	-	-	-	46,177,506	1,619,194	2,600	1,621,794	47,799,300	
Alternative strategies	-	-	-	-	-	475,626	2,586	478,212	478,212	
Private equity	34,329,957	-	-	-	34,329,957	-	-	-	-	34,329,957
Due from (to) other fund	(435,783)	-	435,783	-	-	-	-	-	-	-
Accrued interest and dividends receivable	735,503	-	-	-	735,503	-	-	-	-	735,503
Total Assets	726,120,968	330,244	3,886,483	58,565	730,396,260	38,367,552	138,070	38,505,622	768,901,882	
Liabilities										
Benefits and related withholdings payable	-	-	2,078,599	-	2,078,599	-	-	-	-	2,078,599
Accrued liabilities and other payables	-	56,027	-	-	56,027	-	-	-	-	56,027
Due to City of Pittsburgh Trust Fund	-	-	6,640	4,419	11,059	-	-	-	-	11,059
Total Liabilities	-	56,027	2,085,239	4,419	2,145,685	-	-	-	-	2,145,685
Net Position										
Restricted for Pension	726,120,968	274,217	1,801,244	54,146	728,250,575	-	-	-	-	728,250,575
Restricted for OPEB	-	-	-	-	-	38,367,552	138,070	38,505,622	38,505,622	
Total Net Pension	\$ 726,120,968	\$ 274,217	\$ 1,801,244	\$ 54,146	\$ 728,250,575	\$ 38,367,552	\$ 138,070	\$ 38,505,622	\$ 766,756,197	

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2023

	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	
Additions:									
Contributions:									
Employer - pension benefits	\$ 74,405,376	\$ -	\$ -	\$ -	\$ 74,405,376	\$ -	\$ -	\$ -	\$ 74,405,376
Employer - other benefits	2,140,638	-	1,275,370	-	3,416,008	23,208,561	225,470	23,434,031	26,850,039
Commonwealth of Pennsylvania - State Aid	28,304,122	-	-	-	28,304,122	-	-	-	28,304,122
Plan members	15,935,244	-	-	-	15,935,244	-	-	-	15,935,244
Total contributions	120,785,380	-	1,275,370	-	122,060,750	23,208,561	225,470	23,434,031	145,494,781
Investment income (loss):									
Net increase (decrease) in fair value of investments	76,921,985	-	-	-	76,921,985	3,621,349	16,142	3,637,491	80,559,476
Interest and dividends	8,883,497	-	-	28,598	8,912,095	950,024	3,331	953,355	9,865,450
Total investment income (loss)	85,805,482	-	-	28,598	85,834,080	4,571,373	19,473	4,590,846	90,424,926
Investment expense	(746,673)	-	-	-	(746,673)	(60,667)	-	(60,667)	(807,340)
Net investment income (loss)	85,058,809	-	-	28,598	85,087,407	4,510,706	19,473	4,530,179	89,617,586
Miscellaneous:									
Transfer in	-	33,083,980	38,218,015	38,430,000	109,731,995	-	-	-	109,731,995
Other	-	58,806	-	9,585	68,391	-	-	-	68,391
Total additions	205,844,189	33,142,786	39,493,385	38,468,183	316,948,543	27,719,267	244,943	27,964,210	344,912,753
Deductions:									
Benefit payments	-	30,105,990	35,914,747	37,930,009	103,950,746	-	-	-	103,950,746
Benefit payments - other benefits	-	1,766,411	1,545,118	104,479	3,416,008	22,208,561	225,470	22,434,031	25,850,039
Refund of employee contributions	-	812,449	1,185,794	89,472	2,087,715	-	-	-	2,087,715
Transfer out	109,731,995	-	-	-	109,731,995	-	-	-	109,731,995
Administrative expenses	247,855	353,376	493,396	329,702	1,424,329	2,198	-	2,198	1,426,527
Total deductions	109,979,850	33,038,226	39,139,055	38,453,662	220,610,793	22,210,759	225,470	22,436,229	243,047,022
Net Increase (Decrease) in Net Position	95,864,339	104,560	354,330	14,521	96,337,750	5,508,508	19,473	5,527,981	101,865,731
Net Position:									
Beginning of year	630,256,629	169,657	1,446,914	39,625	631,912,825	32,859,044	118,597	32,977,641	664,890,466
End of year	\$ 726,120,968	\$ 274,217	\$ 1,801,244	\$ 54,146	\$ 728,250,575	\$ 38,367,552	\$ 138,070	\$ 38,505,622	\$ 766,756,197

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION PRIVATE PURPOSE TRUST FUNDS

DECEMBER 31, 2023

	Private-Purpose Trust Funds		
	Healthcare VEBA	Workers' Compensation VEBA	Total Private-Purpose Trust Funds
Assets			
Cash and cash equivalents	\$ 12,388,556	\$ 21,040,281	\$ 33,428,837
Other assets	<u>300,899</u>	<u>-</u>	<u>300,899</u>
Total Assets	<u>12,689,455</u>	<u>21,040,281</u>	<u>33,729,736</u>
Liabilities			
Pool participants	299,908	17,040,281	17,340,189
Total Liabilities	<u>299,908</u>	<u>17,040,281</u>	<u>17,340,189</u>
Net Position			
Restricted for Other Benefits	12,389,547	4,000,000	16,389,547
Total Net Pension	<u>\$ 12,389,547</u>	<u>\$ 4,000,000</u>	<u>\$ 16,389,547</u>

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN NET POSITION PRIVATE PURPOSE TRUST FUNDS

YEAR ENDED DECEMBER 31, 2023

	<u>Private-Purpose Trust Funds</u>		
	Healthcare VEBA	Workers' Compensation VEBA	Total Private-Purpose Trust Funds
Additions:			
Contributions:			
Employer - other benefits	\$ 64,813,274	\$ 16,860,240	<u>\$81,673,514</u>
Interest and dividends	1,309,248	906,976	<u>2,216,224</u>
Other	2,756,377	2,115,857	<u>4,872,234</u>
Total additions	<u>68,878,899</u>	<u>19,883,073</u>	<u>88,761,972</u>
Deductions:			
Benefit payments - other benefits	66,683,223	17,765,069	84,448,292
Administrative expenses	16,317	2,918,004	2,934,321
Other	1,076,413	-	1,076,413
Total deductions	<u>67,775,953</u>	<u>20,683,073</u>	<u>88,459,026</u>
Net Increase (Decrease) in Net Position	1,102,946	(800,000)	302,946
Net Position:			
Beginning of year	11,286,601	4,800,000	16,086,601
End of year	<u>\$ 12,389,547</u>	<u>\$ 4,000,000</u>	<u>\$ 16,389,547</u>

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION CUSTODIAL FUNDS

DECEMBER 31, 2023

	Custodial Funds		
	Escrows	Property Sales	Total Custodial Funds
Assets			
Cash and cash equivalents	\$ 3,290,573	\$ 1,066,259	\$ 4,356,832
Other receivables	84,190	-	84,190
Total Assets	3,374,763	1,066,259	4,441,022
Liabilities			
Deposits held for others	1,183,912	-	1,183,912
Escrow liability	2,190,851	1,066,259	3,257,110
Total Liabilities	3,374,763	1,066,259	4,441,022
Net Position			
Restricted for Other Benefits	-	-	-
Total Net Pension	\$ -	\$ -	\$ -

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN NET POSITION CUSTODIAL FUNDS

YEAR ENDED DECEMBER 31, 2023

	Custodial Funds		
	Escrows	Property Sales	Total Custodial Funds
	\$	\$	\$
Additions:			
Contributions:			
Employer - other benefits	-	-	-
Interest and dividends	-	-	-
Other:			
Collection of taxes for other entities	4,760,836	-	4,760,836
Other	897,536	482,996	1,380,532
Total additions	<u>5,658,372</u>	<u>482,996</u>	<u>6,141,368</u>
Deductions:			
Payment of taxes to other entities	4,760,836	-	4,760,836
Other	897,536	482,996	1,380,532
Total deductions	<u>5,658,372</u>	<u>482,996</u>	<u>6,141,368</u>
Net Increase (Decrease) in Net Position			
Net Position:			
Beginning of year	-	-	-
End of year	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>	<u>\$</u> <u>-</u>

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

CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 5,958,567	\$ 5,958,567	\$ -
Total revenues	<u>5,958,567</u>	<u>5,958,567</u>	<u>-</u>
Expenditures:			
Capital projects:			
General Government	11,026,217	6,292,909	4,733,308
Public Safety	3,159,991	2,069,217	1,090,774
Public Works:			
Public Works	15,779,919	1,729,260	14,050,659
Public Works-Facilities	120,194,521	24,775,120	95,419,401
Mobility and Infrastructure	157,896,090	50,148,273	107,747,817
Community, Recreation, and Culture:			
Parks and Recreation	-	-	-
Intergovernmental	<u>28,804,316</u>	<u>11,788,263</u>	<u>17,016,053</u>
Total expenditures	<u>336,861,054</u>	<u>96,803,042</u>	<u>240,058,012</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(330,902,487)</u>	<u>(90,844,475)</u>	<u>240,058,012</u>
Other Financing Sources (Uses):			
Debt Proceeds	63,250,000	63,250,000	-
Transfers in	<u>48,129,151</u>	<u>48,129,151</u>	<u>-</u>
Total other financing sources (uses)	<u>111,379,151</u>	<u>111,379,151</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (219,523,336)</u>	<u>\$ 20,534,676</u>	<u>\$ 240,058,012</u>

CITY OF PITTSBURGH, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2023

(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. \$ 117,338

The adjustments to convert to GAAP basis, recording of receivables, and revenues not included in budget. 3,422

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. \$ 120,760

Uses/Outflows of Revenues:

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement. \$ 96,803

The adjustments to convert to GAAP basis, recording of expenditures, liabilities, and transfers out not included in budget. 2,277

Total Capital Projects Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance. \$ 99,080

STATISTICAL SECTION

Statistical Section

This section of the City of Pittsburgh (City) Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	162
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the earned income tax.	168
Debt Capacity These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	173
Demographic and Economic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	182
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	185

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

Table 1
CITY OF PITTSBURGH, PENNSYLVANIA
 NET POSITION BY COMPONENT
 LAST TEN YEARS
 ACCRUAL BASIS OF ACCOUNTING

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Primary Governmental Activities:										
Net Investment in Capital Assets	\$ 158,668,503	\$ 153,374,503	\$ 163,765,463	\$ 158,701,570	\$ 164,681,719	\$ 144,771,633	\$ 153,629,477	\$ 102,439,691	\$ 91,521,494	\$ 48,597,817
Restricted	19,828,608	21,781,756	24,933,254	22,325,663	20,360,698	21,651,925	85,878,821	48,307,064	42,816,766	83,924,440
Unrestricted	<u>(1,273,786,913)</u>	<u>(1,380,271,726)</u>	<u>(1,506,101,531)</u>	<u>(1,579,061,072)</u>	<u>(1,608,250,997)</u>	<u>(1,624,397,355)</u>	<u>(1,379,305,726)</u>	<u>(1,365,984,973)</u>	<u>(1,425,259,836)</u>	<u>(554,343,879)</u>
<i>Total Primary Government Net Position</i>	<i>\$ (1,095,289,802)</i>	<i>\$ (1,205,115,467)</i>	<i>\$ (1,317,402,814)</i>	<i>\$ (1,398,033,839)</i>	<i>\$ (1,423,208,580)</i>	<i>\$ (1,457,973,797)</i>	<i>\$ (1,139,797,428)</i>	<i>\$ (1,215,238,218)</i>	<i>\$ (1,290,921,576)</i>	<i>\$ (421,821,622)</i>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental Activities:										
General government	\$ 171,971,893	\$ 143,491,059	\$ 140,836,243	\$ 110,861,739	\$ 104,814,151	\$ 107,097,053	\$ 79,890,619	\$ 90,146,429	\$ 92,461,452	\$ 74,786,585
Public safety	349,104,719	333,590,870	309,449,862	301,337,720	342,668,931	303,944,132	310,299,262	317,747,418	307,202,644	300,400,845
Highways and streets	150,469,108	129,466,824	119,265,906	116,992,005	109,108,492	101,336,377	81,409,654	79,833,995	79,548,977	76,957,600
Sanitation	18,833,056	21,866,099	17,391,630	18,258,895	18,633,881	20,981,178	23,206,671	17,484,337	18,213,380	15,237,555
Economic development	8,393,669	6,510,148	10,386,837	9,686,517	11,310,505	15,251,094	14,510,872	13,236,871	12,630,440	23,201,566
Cultural and recreation	13,550,963	12,339,670	11,427,566	8,688,208	10,056,293	12,520,755	9,181,844	11,052,602	11,889,380	16,047,636
Interest on long-term debt and debt subsidies	20,753,989	16,313,253	16,609,375	16,218,984	19,984,134	19,366,707	18,747,955	20,913,636	23,075,567	33,349,335
Total primary government expenses	\$ 733,077,397	\$ 663,577,923	\$ 625,367,419	\$ 582,044,068	\$ 616,576,387	\$ 580,497,296	\$ 537,246,877	\$ 550,415,288	\$ 545,021,840	\$ 539,981,122
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 40,467,038	\$ 35,247,539	\$ 30,958,194	\$ 28,644,162	\$ 41,656,914	\$ 36,067,403	\$ 40,462,204	\$ 41,875,773	\$ 42,874,193	\$ 19,717,129
Public safety	34,376,928	30,258,677	23,583,391	17,623,237	25,561,885	22,757,420	22,811,937	19,740,506	13,341,178	27,234,697
Highway and streets	5,631,991	5,218,819	6,179,659	3,946,530	4,179,885	3,892,263	3,694,774	3,817,125	3,194,577	2,743,102
Sanitation	-	-	-	-	-	-	107,400	124,725	96,652	132,200
Culture and recreation	1,187,298	704,488	718,311	526,572	1,186,695	1,223,382	2,037,664	1,385,204	1,039,706	1,477,166
Operating grants and contributions	144,375,567	114,602,840	91,485,798	65,485,704	61,501,829	58,326,721	56,121,298	73,533,483	48,060,084	53,690,940
Capital grants and contributions	40,749,351	26,589,731	48,743,407	36,568,346	19,391,451	21,713,899	22,904,318	32,621,061	24,605,003	24,519,082
Total primary government program revenues	\$ 266,788,173	\$ 212,622,094	\$ 201,668,760	\$ 152,794,551	\$ 153,478,659	\$ 143,981,088	\$ 148,139,595	\$ 173,097,877	\$ 133,211,393	\$ 129,514,316
Net (Expense) Revenue:										
Governmental activities	\$ (466,289,224)	\$ (450,955,829)	\$ (423,698,659)	\$ (429,249,517)	\$ (463,097,728)	\$ (436,516,208)	\$ (389,107,282)	\$ (377,317,411)	\$ (411,810,447)	\$ (410,466,806)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Real estate	\$ 151,746,089	\$ 151,523,627	\$ 153,691,697	\$ 154,017,792	\$ 147,859,058	\$ 147,825,494	\$ 143,161,069	\$ 142,546,732	\$ 137,884,011	\$ 129,918,499
Earned income	132,307,434	125,293,601	114,451,864	108,303,323	109,821,901	99,881,265	96,635,845	92,272,255	88,904,431	86,925,234
Business privilege	-	-	-	-	17,601	1,334	4,253	4,517	2,751	17,851
Local services	14,607,378	13,810,988	13,763,964	13,063,282	13,877,364	15,540,585	14,017,903	14,238,005	13,984,697	14,022,784
Payroll preparation	72,957,489	83,721,411	60,104,180	64,242,014	66,299,547	66,870,167	63,274,223	61,157,691	73,930,205	56,416,555
Parking	52,704,243	46,238,277	36,776,148	31,268,412	60,567,613	60,364,178	58,758,563	58,419,897	55,065,134	53,248,377
Sales tax from Regional Asset District	38,225,824	31,601,966	33,401,478	28,683,859	29,219,572	29,659,664	27,346,010	28,313,592	26,227,370	27,018,069
Deed transfer	44,693,742	64,857,388	64,187,289	43,985,432	36,861,527	37,028,657	29,763,117	27,976,052	22,331,381	20,114,616
Parks tax	11,179,062	9,632,423	9,746,160	-	-	-	-	-	-	-
Amusement	19,157,887	17,395,988	7,514,533	2,504,756	16,173,664	17,392,207	17,341,213	16,656,474	16,168,807	14,348,201
Nonprofit payment for municipal services	593,115	187,199	596,913	325,309	738,735	503,416	391,491	433,714	378,932	2,267,059
Other	6,485,571	6,451,840	5,324,959	4,360,012	7,141,922	7,117,527	6,788,191	6,712,484	8,416,329	6,026,456
Investment earnings	26,761,073	8,386,746	277,547	1,669,623	6,195,062	3,892,727	1,795,367	640,854	292,395	182,305
Donations and endowments	3,134,013	3,170,301	3,801,827	1,681,066	2,161,106	1,445,614	4,745,585	2,443,318	777,080	829,298
Gain/(loss) on sale of assets	-	247,844	148,602	108,032	-	-	(124,887)	-	-	-
Miscellaneous	1,561,969	723,577	542,523	211,346	928,273	1,704,577	650,129	1,185,186	730,099	1,159,132
Total primary government	\$ 576,114,889	\$ 563,243,176	\$ 504,329,684	\$ 454,424,258	\$ 497,862,945	\$ 489,227,412	\$ 464,548,072	\$ 453,000,771	\$ 445,093,622	\$ 412,494,436
Change in Net Position:										
Primary government - governmental activities	\$ 109,825,665	\$ 112,287,347	\$ 80,631,025	\$ 25,174,741	\$ 34,765,217	\$ 52,711,204	\$ 75,440,790	\$ 75,683,360	\$ 33,283,175	\$ 2,027,630

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

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

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
General government	\$ 164,017,691	\$ 129,548,390	\$ 101,800,556	\$ 55,105,681	\$ 63,896,303	\$ 50,707,579	\$ 56,529,600	\$ 52,908,014	\$ 73,670,656	\$ 55,325,989
Public safety	68,319,846	59,015,578	50,671,954	47,837,678	53,939,061	55,574,960	58,558,543	69,917,263	29,014,391	43,029,190
Highways and streets	26,481,636	18,638,785	39,586,288	40,265,508	29,485,339	25,938,432	23,080,841	41,166,791	23,762,756	20,902,347
Sanitation	-	-	442,009	-	378,679	1,160,005	1,280,753	3,036,512	424,350	983,805
Economic development	2,870,903	2,813,389	5,579,431	6,407,614	2,086,224	5,977,925	5,239,068	2,408,059	3,704,451	6,350,537
Cultural and recreation	5,098,097	2,605,952	3,588,522	3,178,070	3,693,053	4,622,187	3,450,790	3,661,238	2,634,789	2,922,448
Total primary government	<u>\$ 266,788,173</u>	<u>\$ 212,622,094</u>	<u>\$ 201,668,760</u>	<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>

Table 4
CITY OF PITTSBURGH, PENNSYLVANIA

FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Restricted	\$ 7,794,189	\$ 9,175,743	\$ 5,940,181	\$ 8,619,704	\$ 9,312,848	\$ 11,183,194	\$ 13,163,423	\$ 13,059,755	\$ 5,868,149	\$ 5,600,297
Assigned	34,771,254	26,521,122	14,784,374	11,529,075	13,116,845	9,916,168	8,189,298	2,626,144	2,316,420	3,774,771
Unassigned	198,718,585	167,254,349	109,249,142	85,358,705	133,468,962	114,069,887	110,422,643	98,793,635	69,121,488	53,754,570
<i>Total General Fund</i>	241,284,028	202,951,214	129,973,697	105,507,484	155,898,655	135,169,249	131,775,364	114,479,534	77,306,057	63,129,638
All Other Governmental Funds:										
Restricted	99,139,497	93,641,479	125,598,676	90,369,280	75,129,154	66,771,282	72,715,398	35,247,309	36,948,617	76,637,391
Committed	35,252,556	39,987,536	34,186,460	22,592,447	25,333,593	21,411,913	18,839,789	17,383,882	16,336,309	13,751,375
Assigned	94,787,321	77,668,370	33,140,167	41,491,073	36,355,476	21,280,075	19,288,370	23,756,536	39,805,850	29,454,428
<i>Total All Other Governmental Funds</i>	229,179,374	211,297,385	192,925,303	154,452,800	136,818,223	109,463,270	110,843,557	76,387,727	93,090,776	119,843,194
<i>Total Governmental Funds</i>	\$ 470,463,402	\$ 414,248,599	\$ 322,899,000	\$ 259,960,284	\$ 292,716,878	\$ 244,632,519	\$ 242,618,921	\$ 190,867,261	\$ 170,396,833	\$ 182,972,832

Table 5
CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
 (MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes	\$ 544,327	\$ 546,704	\$ 496,688	\$ 448,910	\$ 487,743	\$ 485,000	\$ 452,752	\$ 451,757	\$ 435,520	\$ 406,059
Payment in lieu of taxes	593	187	597	325	739	504	391	434	379	2,267
Interest earnings	26,761	8,387	278	1,670	6,195	3,893	1,795	641	292	182
Fines and forfeits	8,980	10,223	7,733	5,403	10,886	9,386	9,177	10,586	12,293	7,646
Intergovernmental	155,790	123,399	118,384	76,940	54,868	58,308	57,109	86,366	54,033	59,946
Charges for user services	72,684	61,206	53,707	45,337	61,699	54,414	59,486	55,655	50,905	41,383
Pension state aid	28,304	27,047	24,129	25,509	26,420	21,905	22,129	20,491	18,255	18,264
Miscellaneous	2,868	3,889	4,344	2,139	3,197	2,237	5,634	3,700	1,719	2,237
Total revenues	840,307	781,042	705,860	606,233	651,747	635,647	608,473	629,630	573,396	537,984
Expenditures:										
General government	173,251	138,309	127,826	123,913	111,979	133,190	87,827	92,108	99,861	79,622
Public safety	389,651	371,477	348,812	353,775	339,290	319,799	300,472	295,499	274,235	270,581
Public works	164,429	138,797	122,640	129,249	115,151	96,916	96,185	90,665	79,841	68,324
Sanitation	21,927	20,956	20,794	20,731	21,307	19,364	18,643	17,247	17,145	16,193
Community, recreational, and cultural	14,916	12,131	10,424	9,184	10,613	15,741	9,376	9,746	11,589	15,499
Claims and judgments	6,969	2,396	589	2,825	2,097	2,991	2,612	1,984	1,381	4,644
Economic and physical development	3,529	3,264	7,141	7,550	6,721	4,628	8,796	7,769	5,596	8,946
Bond issue costs	400	340	286	932	340	138	372	99	-	758
Debt service/authorities:										
Interest	19,499	18,120	17,334	17,506	20,725	21,310	21,662	24,568	27,889	30,296
Principal	59,800	46,110	39,115	27,730	31,190	53,000	66,173	63,835	61,135	56,705
Debt subsidies to component units	3,246	3,246	3,246	2,136	4,590	6,556	5,842	5,738	7,300	14,524
Total expenditures	857,617	755,146	698,207	695,531	664,003	673,633	617,960	609,258	585,972	566,092
Excess (Deficiency) of Revenues Over Expenditures	(17,310)	25,896	7,653	(89,298)	(12,256)	(37,986)	(9,487)	20,372	(12,576)	(28,108)

(Continued)

Table 5
CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
 (MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)
 (Continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Other Financing Sources (Uses):										
Bond issuance	57,825	51,115	46,010	43,555	55,420	40,000	54,635	-	-	44,470
Refunding bond issuance	-	-	-	154,095	-	-	-	23,723	-	62,920
Bond premium	5,825	9,225	9,276	13,108	4,920	-	6,604	-	-	12,226
Leases	9,875	5,114	-	5,610	-	-	-	-	-	-
Transfers from other funds	167,130	143,477	110,111	69,778	79,842	111,391	111,145	108,729	114,740	115,579
Payments to escrow agents	-	-	-	(159,826)	-	-	-	(23,624)	-	(68,858)
Transfers to other funds	(167,130)	(143,477)	(110,111)	(69,778)	(79,842)	(111,391)	(111,145)	(108,729)	(114,740)	(115,579)
Total other financing sources (uses)	73,525	65,454	55,286	56,542	60,340	40,000	61,239	99	-	50,758
Net Change in Fund Balance	\$ 56,215	\$ 91,350	\$ 62,939	\$ (32,756)	\$ 48,084	\$ 2,014	\$ 51,752	\$ 20,471	\$ (12,576)	\$ 22,650
Debt service (principal and interest) as a percentage of noncapital expenditures	9.7%	8.8%	8.3%	6.8%	8.0%	11.3%	15.2%	15.1%	15.8%	15.6%

Notes:

(Concluded)

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Table 6
CITY OF PITTSBURGH, PENNSYLVANIA

GOVERNMENTAL FUND TAX REVENUES BY SOURCES

LAST TEN YEARS

(\$'s in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Real estate tax	\$ 147,284	\$ 155,413	\$ 151,951	\$ 151,813	\$ 147,340	\$ 147,239	\$ 143,238	\$ 141,102	\$ 137,316	\$ 127,354
Amusement tax	19,090	17,341	7,500	2,502	16,125	17,360	17,285	16,624	16,160	14,338
Payroll preparation tax	76,462	75,331	58,779	64,095	65,788	69,459	57,779	65,025	66,130	55,972
Earned income tax	132,307	125,294	114,450	108,300	109,713	99,874	96,627	92,241	88,853	86,860
Facilities usage fee	4,752	4,886	3,803	2,785	5,311	5,396	5,234	5,090	5,893	4,688
Deed transfer tax	44,694	64,857	64,187	43,985	36,862	37,029	29,763	27,976	22,332	20,115
Parking tax	52,638	46,201	36,695	31,258	60,552	60,353	58,663	57,747	55,001	53,233
Local/Emergency services tax	14,541	13,776	13,731	12,994	13,761	15,444	13,912	14,155	13,873	13,907
Business privilege tax	-	-	-	-	16	-	2	-	-	3
Institution/service tax	136	433	510	573	643	522	587	559	586	480
Parks tax	11,179	9,632	9,746	-	-	-	-	-	-	-
Penalties and interest	1,438	808	941	925	1,238	1,469	1,361	1,924	1,237	1,273
Public service privilege	1,580	1,130	993	996	1,174	1,195	955	1,000	1,911	818
Regional Asset District	38,226	31,602	33,402	28,684	29,220	29,660	27,346	28,314	26,228	27,018
Total tax revenues	<u>\$ 544,327</u>	<u>\$ 546,704</u>	<u>\$ 496,688</u>	<u>\$ 448,910</u>	<u>\$ 487,743</u>	<u>\$ 485,000</u>	<u>\$ 452,752</u>	<u>\$ 451,757</u>	<u>\$ 435,520</u>	<u>\$ 406,059</u>

Note: In 2005, the business privilege tax was reduced.

Note: In 2021, the parks tax was implemented.

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
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
2021	32,830,398	11,678,664	21,151,734	26,081,049	81.10%	8.560	170,483
2022	32,929,750	11,557,317	21,372,433	26,080,211	81.95%	8.560	172,262
2023	33,353,247	11,694,104	21,659,143	39,741,547	54.50%	8.560	185,402

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

(1) - Pennsylvania State Tax Equalization Board - Common Level Ratio (Ratio was adjusted downward as presented for 2023.)

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	Total Millage
	Operating millage	Parks millage (1)	Total Direct Rate			
2014	7.560	-	7.560	9.650	4.730	21.940
2015	8.060	-	8.060	9.840	4.730	22.630
2016	8.060	-	8.060	9.840	4.730	22.630
2017	8.060	-	8.060	9.840	4.730	22.630
2018	8.060	-	8.060	9.840	4.730	22.630
2019	8.060	-	8.060	9.840	4.730	22.630
2020	8.060	-	8.060	9.950	4.730	22.740
2021	8.060	0.500	8.560	9.950	4.730	23.240
2022	8.060	0.500	8.560	10.250	4.730	23.540
2023	8.060	0.500	8.560	10.250	4.730	23.540

Notes:

(1) As of 2021, the City implemented a 0.50 millage park tax.

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	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PNC Bank Corporation	\$ 417,630,400	1	1.93%	\$ 281,631,500	2	1.51%
Buncher Company	387,730,500	2	1.79%	229,613,800	5	1.23%
Holdings Acqui Sition Co LP	244,524,400	3	1.13%	248,136,300	3	1.33%
500 Grant St. Assoc/Mellon Bank	233,545,600	4	1.08%	372,004,000	1	1.99%
HRLP Fourth Avenue LLC	179,400,000	5	0.83%	179,400,000	6	0.96%
600 GS Prop LP	141,573,600	6	0.65%	233,211,300	4	1.25%
IX Liberty Center Owner LP	120,000,000	7	0.55%	123,500,000	8	0.66%
Pittsburgh CBD LLC	118,000,000	8	0.54%			
Liberty Avenue Holdings LLC	79,000,000	9	0.36%	79,000,000	9	0.42%
Hertz Gateway Center LP.	64,560,000	10	0.30%			
Oxford Development				154,000,000	7	0.83%
North Shore Developers				71,209,000	10	0.38%
	<u>\$ 1,985,964,500</u>		<u>9.17%</u>	<u>\$ 1,971,705,900</u>		<u>10.56%</u>
Total Taxable Assessed Valuation	<u>\$ 21,659,143,000</u>			<u>\$ 18,662,994,911</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	Year of original levy										Delinquent taxes			
							Percent of original net levy		Percent of adjusted net levy		Percent of budget collected		Collection		Percent of budget collected
		Land millage	Building millage	Original net levy	Adjusted net levy (1)	Budgeted	(2) Receipts	collected	collected	collected	Budget	Receipts	Budget	Receipts	
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		
2021	21,151,734	8.56	8.56	170,511	150,158	148,757	146,005	85.6	97.2	98.2	4,132	5,600	135.5		
2022	21,372,433	8.56	8.56	173,003	153,480	151,374	148,132	85.6	96.5	97.9	4,201	7,482	178.1		
2023	21,659,143	8.56	8.56	173,015	156,602	159,328	148,763	86.0	95.0	93.4	844	4,483	531.2		

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	General Obligation Bonds (1)	Leases	Financed Purchases	Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt per Capita
Governmental Activities:							
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
2021	472,710,995	7,422,843	-	480,133,838	1.33%	302,971	1,592
2022	487,973,985	8,013,872 (4)	7,026,679 (4)	503,014,536	1.38%	302,971	1,660
2023	502,122,751	12,554,447	6,172,038	520,849,236	1.43%	302,971	1,719

1. Presented net of original issuance discounts and premiums

2. Personal income is disclosed on Table 19

3. United States Census Bureau

4. Implementation of GASB 87

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
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
2021	303	21,151,734	472,711	-	472,711	2.23%	1,560
2022	303	21,372,433	487,974	-	487,974	2.28%	1,610
2023	303	21,659,143	502,123	-	502,123	2.32%	1,657

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
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%
2021	39,115	17,334	56,449	698,207	8.08%
2022	42,610	17,414	60,024	755,146	7.95%
2023	46,845	17,745	64,590	857,617	7.53%

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, 2023

(\$s in Thousands)

Jurisdiction	Debt outstanding	Percentage applicable to City	Amount applicable to City
Direct debt:			
City of Pittsburgh:			
General obligation	\$ 502,123	100%	\$ 502,123
Financed purchases	6,172 (3)	100%	6,172
Leases	<u>12,554</u> (3)	100%	<u>12,554</u>
Total direct debt	<u>520,849</u>		<u>520,849</u>
Overlapping debt:			
Pittsburgh Water and Sewer Authority	1,268,549	0%	(1) -
Parking Authority	35,891	100%	35,891
The School District of Pittsburgh	318,881	100%	318,881
Allegheny County	<u>833,720</u>	25%	<u>(2)</u> 208,430
Total overlapping	<u>2,457,041</u>		<u>563,202</u>
Total direct and overlapping debt	<u>\$ 2,977,890</u>		<u>\$ 1,084,051</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

(3) - Implementation of GASB 87 in fiscal year 2022

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, 2023

	Nonelectoral debt	Lease rental debt
Gross debt (1):		
Principal amount of bonds issued and outstanding:		
General obligation	\$ 458,930,000	\$ -
Finance purchases	- <hr/>	6,172,038 <hr/>
Total gross debt	<hr/> 458,930,000	<hr/> 6,172,038
Items deductible from gross debt:		
Cash and legal investments held in sinking fund for payment of bonds and notes	3,558,923	-
Delinquent real estate taxes	10,342,708	-
Self-liquidating and subsidized debt:		
Taxable General Obligation Pension Bonds, 1998ABC	<hr/> 27,875,000	<hr/> -
Total deductions	<hr/> 41,776,631	<hr/> -
Net debt	<hr/> \$ 417,153,369	<hr/> \$ 6,172,038

(Continued)

- (1) Direct obligations of the Pittsburgh Water and Sewer Authority in the amount of \$1,268,549,000 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, 2023
 (Continued)

Allocation of Total Net Debt

Net nonelectoral debt	\$ 417,153,369
Net lease rental debt	<u>6,172,038</u>
Net nonelectoral and lease rental debt	<u>\$ 423,325,407</u>

Debt Incurring Margin

	2021	2022	2023
Total net revenue of the City	<u>\$ 562,348,743</u>	<u>\$ 645,040,356</u>	<u>\$ 645,787,417</u>
Borrowing base (arithmetic average of total net revenue for said three fiscal years)			<u>\$ 617,725,505</u>

	Net nonelectoral debt (borrowing base x 250%)	Net nonelectoral and lease rental debt (borrowing base x 350%)
Debt limitations	\$ 1,544,313,763	\$ 2,162,039,269
Less existing net debt	<u>(417,153,369)</u>	<u>(423,325,407)</u>
Remaining debt incurring margin	<u>\$ 1,127,160,394</u>	<u>\$ 1,738,713,862</u>

(Concluded)

Table 16
CITY OF PITTSBURGH, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION
 LAST TEN YEARS
 (dollars in thousands)

		Debt limit	Total Net Debt applicable to limit	Legal debt margin	Legal debt margin %
2023	\$	1,544,314	\$ (417,153)	\$ 1,127,161	72.99%
2022		1,442,435	(382,646)	1,059,789	73.47%
2021		1,373,338	(348,202)	1,025,136	74.65%
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%

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
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
2021	269,121	179,900	89,221	27,879	39,431	67,310	1.33
2022	287,166	184,743	102,423	33,403	40,687	74,090	1.38
2023	298,716	210,353	88,363	36,172	43,210	79,382	1.11

(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			Coverage (4)
				Principal	Interest	Total	
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
2021	6,790	2,764	4,026	846	813	1,659	2.43
2022	7,586	3,243	4,343	883	833	1,716	2.53
2023	8,829	3,636	5,193	924	791	1,715	3.03

(1) Figures presented are for the fiscal year end of March 31 (2014-2017) and fiscal year end December 31 (2018-2023).

(2) Total revenues including interest.

(3) Total operating expenses exclusive of depreciation, interest, baseball lease credit adjustments, and loss on disposal of turf.

(4) 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
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	302,971	58,472	48,713	32.9	21,603	4.4%
2021	302,971	58,289	50,536	33.3	20,350	5.3%
2022	302,971	59,975	54,306	33.4	20,080	3.7%
2023	302,971	60,556	59,384	33.5	19,616	2.9%

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.opendatanetwork.com

Table 20
CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2023			2014		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
University of Pittsburgh Medical Center	59,100	1	21.46 %	43,000	1	12.72 %
Highmark Health	24,000	2	8.71	19,000	2	5.62
U.S. Government	18,912	3	6.87	18,028	3	5.33
Commonwealth of Pennsylvania	14,959	4	5.43	13,298	4	3.93
University of Pittsburgh	14,108	5	5.12	11,982	5	3.54
Wal-Mart Stores, Inc.	11,700	6	4.25	6,200	9	1.83
PNC Financial Services Group, Inc.	11,600	7	4.21	-	-	-
Giant Eagle	10,826	8	3.93	10,577	6	3.13
Independence Health System	7,300	9	2.65	-	-	-
BNY Mellon	7,000	10	2.54	7,600	7	2.25
Allegheny County	-		-	7,150	8	2.11
Westinghouse Electric	-		-	5,600	10	1.66
Total	179,505		65.17 %	142,435		42.12 %
Total Employees	275,438			338,147		

Source: Pittsburgh-area Employers in the Books of Lists produced by the Pittsburgh Business Times

Table 21
CITY OF PITTSBURGH, PENNSYLVANIA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

LAST TEN YEARS

Fiscal Year	(\$'s in Thousands)	Number of permits issued (2)	Dollar value (3)	(\$'s in Thousands)	Bank deposits (4)
	Property value (1)				
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
2021	21,151,734	10,555	1,681,806		171,611,729
2022	21,372,433	10,119	1,773,459		180,367,571
2023	21,659,143	10,479	1,712,337		218,349,026

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

Fiscal Year	Regular budgeted positions	Actual subsequent January payroll
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	3,388	3,526
2021	3,390	3,225
2022	3,390	3,287
2023	3,540	3,256

CITY OF PITTSBURGH, PENNSYLVANIA

FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/program</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
City Council-City Clerk	51	47	41	41	41	40	40	41	41	41
Mayor's Office	45	13	14	14	14	14	14	15	16	16
Innovation & Performance (C.I.S.)	65	72	78	78	72	66	63	62	62	61
Human Relations Commission	8	8	8	7	7	8	8	5	5	5
City Controller	60	57	57	57	57	54	55	56	56	56
Finance Department	52	51	52	52	52	57	59	75	75	83
Finance-Fleet & General Services	0	0	0	0	0	0	0	0	0	0
Law	45	43	44	43	41	40	39	42	42	42
Human Resources & Civil Service	58	55	57	57	56	56	55	62	62	64
City Planning	60	56	58	58	61	57	57	41	40	52
Office of Equality	0	9	15	15	14	13	12	10	10	10
Office of Community Health & Safety	0	3	0	0	0	0	0	0	0	0
Office of Immigrant and Refugee Affairs	0	2	0	0	0	0	0	0	0	0
Bureau of Management & Budget	32	24	24	24	24	25	25	23	24	24
Permits, Licenses, and Inspections	110	98	89	89	89	84	79	74	72	0
Public Safety:										
Administration	127	137	65	64	62	60	49	24	23	23
Police	988	973	1062	1063	1065	1057	1056	1070	1073	1091
Emergency Medical Services	219	213	211	211	206	199	199	180	180	180
Fire	670	670	670	670	670	659	659	664	664	674
Bureau of Building Inspection	0	0	0	0	0	0	0	0	0	76
Animal Control	16	16	16	16	15	15	15	17	17	16
Public Works:										
Administration	26	17	13	13	13	16	13	14	14	14
Operations	386	330	342	341	336	334	419	351	348	346
Environmental Services	179	180	193	193	196	196	198	200	200	201
Engineering	0	0	0	0	0	0	62	65	61	61
Facilities	91	90	91	91	93	91	0	0	0	0
Mobility and Infrastructure	112	106	97	97	95	74	4	0	0	0
Parks and Recreation	131	112	87	88	88	88	95	158	159	160
Non-Departmental										
Citizens Review Board	9	8	6	6	6	6	6	6	6	7
Totals:	<u>3540</u>	<u>3390</u>	<u>3390</u>	<u>3388</u>	<u>3373</u>	<u>3309</u>	<u>3281</u>	<u>3255</u>	<u>3250</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 TEN FISCAL YEARS

Function/Program

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Police										
Traffic Stops	6,916	6,883	10,243	9,912	20,562	23,818	29,196	17,517	19,086	24,396
Arrests	7,180	6,710	7,405	7,833	14,205	12,499	13,517	12,520	12,481	15,672
Calls for services	192,817	196,129	218,881	227,877	247,267	249,913	244,525	230,000	268,403	262,912
EMS										
Total # of Dispatches	75,194	84,917	80,882	66,788	63,096	72,592	73,323	73,415	70,591	67,911
On-Scene Response	61,410	61,785	58,807	51,611	54,079	56,301	57,537	57,688	56,446	50,356
Transports for all Units	41,312	42,041	40,124	28,196	41,719	41,101	42,120	42,405	41,998	41,290
Average Unit Hour Utilization	0.32	0.32	0.29	0.38	0.58	0.41	0.46	0.46	0.46	0.46
<i>Total Ambulance Billings Receipts</i>	\$ 18,330,827	\$ 16,928,733	\$ 13,203,288	\$ 11,284,590	\$ 13,055,377	\$ 11,682,761	\$ 7,528,152	\$ 8,651,606	\$ 11,913,016	\$ 11,801,149
Fire										
Total # of Incidents	50,402	35,660	34,854	33,590	49,660	50,009	50,192	49,475	48,001	46,005
Total # of Arson Investigations	383	406	453	401	487	419	413	478	529	514
Public Works										
Environmental Services										
Residential Refuse Collection-Tonnage	82,135	86,145	94,322	96,640	88,490	86,257	89,218	86,664	86,837	88,940
Recycling Tonnage	18,520	14,888	15,389	13,665	14,401	15,769	16,171	16,047	16,250	16,218
<i>Recycling Revenue</i>	\$ 23,955	\$ 216,201	\$ 228,595	\$ 10,612	NA	\$ 8,363	\$ 7,750	\$ 13,777	\$ 10,138	\$ 11,038
Parks and Recreation										
Skating Rink-Attendance	14,713	17,593	15,793	6,136	NA(1)	NA	14,884	18,741	10,344	18,324
Public Pools-Attendance	126,592	115,124	95,641	7,144	166,496	179,132	183,778	218,010	235,924	181,561
Recreation-Attendance	141,408	138,635	15,143	25,573	107,667	120,821	139,691	152,160	173,161	161,594
<i>Tennis Fees</i>	\$ 557,403	\$ 189,267	\$ 360,013	\$ 235,934	\$ 446,130	\$ 440,919	\$ 365,066	\$ 367,720	\$ 388,172	\$ 379,678

Source: City Departments

NA - not available for Annual Report issuance

NA(1) - closed for renovation

CITY OF PITTSBURGH, PENNSYLVANIA

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Police Vehicles	250	290	295	304	299	219	338	329	300	310
Fire Trucks	40	38	38	38	38	37	39	39	39	39
Fire Stations	30	30	36	36	36	36	36	36	36	36
Environmental Services										
Tractors	45	36	36	35	35	31	38	26	36	36
Mowers	155	31	31	31	31	31	31	21	31	33
Recycling Trucks	18	20	11	8	8	8	8	8	8	8
Parks and Recreation										
Recreation Centers	11	10	10	10	10	10	10	10	10	10
Senior Community Centers	13	13	13	13	13	13	13	13	13	13
Tennis Courts	75	75	75	87	87	87	87	87	87	87
Swimming Pools	15	18	18	18	18	18	18	18	18	18
Playgrounds	124	124	128	128	128	128	128	128	128	128
Pickleball Courts	24	15	-	-	-	-	-	-	-	-

Source: City Departments

OTHER SECTION

CITY OF PITTSBURGH, PENNSYLVANIA

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

YEAR ENDED DECEMBER 31, 2023

Official	Budgeted Annual Salary	Amount of Surety Bond
Mayor	\$ 127,151	\$ 250,000
Director, OMB	126,560	250,000
Director of Finance	103,351	250,000
Controller	84,858	250,000
Members of City Council (9)	81,137	-

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest	Principal
General Obligation Bonds, 1998 Series ABC	3/01/1998	\$ 255,865,000	\$ 27,875,000	\$27,875,000 in 2024	6.60	\$ 919,875	\$ 27,875,000
General Obligation Bonds, 2014	08/28/14	44,470,000	11,285,000	\$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	443,550	2,840,000
General Obligation Bonds, 2017	04/27/17	54,635,000	43,660,000	\$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	5.00 5.00 5.00 5.00 5.00 3.00 5.00 4.00 4.00 4.00 5.00 5.00	2,010,050	2,520,000
Carry forward			<u>82,820,000</u>			<u>3,373,475</u>	<u>33,235,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding <u>82,820,000</u>	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest 3,373,475	Principal 33,235,000
Brought Forward							
General Obligation Bonds, 2019	02/14/19	55,420,000	48,015,000	\$2,075,000 in 2024 \$2,180,000 in 2025 \$2,285,000 in 2026 \$2,400,000 in 2027 \$2,520,000 in 2028 \$2,645,000 in 2029 \$2,780,000 in 2030 \$2,920,000 in 2031 \$3,065,000 in 2032 \$3,185,000 in 2033 \$3,315,000 in 2034 \$3,445,000 in 2035 \$3,585,000 in 2036 \$3,730,000 in 2037 \$3,875,000 in 2038 \$4,010,000 in 2039	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00	2,079,225	2,075,000
General Obligation Bonds, 2020	04/13/20	43,555,000	39,160,000	\$1,580,000 in 2024 \$1,635,000 in 2025 \$1,705,000 in 2026 \$1,790,000 in 2027 \$1,880,000 in 2028 \$1,970,000 in 2029 \$2,070,000 in 2030 \$2,175,000 in 2031 \$2,280,000 in 2032 \$2,395,000 in 2033 \$2,490,000 in 2034 \$2,590,000 in 2035 \$2,695,000 in 2036 \$2,805,000 in 2037 \$2,915,000 in 2038 \$3,030,000 in 2039 \$3,155,000 in 2040	4.00 4.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00	1,705,100	1,580,000
Carry forward			<u>169,995,000</u>			<u>7,157,800</u>	<u>36,890,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding <u>169,995,000</u>	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest <u>7,157,800</u>	Principal <u>36,890,000</u>
General Obligation Bonds, 2020A	08/05/20	32,580,000	28,475,000	\$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	4.00 5.00 5.00 5.00 5.00 4.00 4.00 4.00 3.00 3.00	1,177,550	2,300,000
General Obligation Bonds, 2020B	08/05/20	121,515,000	107,065,000	\$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	0.84 0.97 1.19 1.36 1.56 1.62 1.68 1.80 1.91	1,276,222	8,355,000
General Obligation Bonds, 2021	03/25/21	46,010,000	46,000,000	\$5,000 in 2024 \$5,000 in 2025 \$5,000 in 2026 \$2,180,000 in 2027 \$2,285,000 in 2028 \$2,400,000 in 2029 \$2,520,000 in 2030 \$2,650,000 in 2031 \$2,780,000 in 2032 \$2,920,000 in 2033 \$3,065,000 in 2034 \$3,190,000 in 2035 \$3,315,000 in 2036 \$3,450,000 in 2037 \$3,585,000 in 2038 \$3,730,000 in 2039 \$3,880,000 in 2040 \$4,035,000 in 2041	4.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 4.00 4.00 4.00 4.00 4.00 4.00	2,605,250	5,000
Carry forward			<u>351,535,000</u>			<u>12,216,822</u>	<u>47,550,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding <u>351,535,000</u>	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest <u>12,216,822</u>	Principal <u>47,550,000</u>
General Obligation Bonds, 2022	04/05/22	51,115,000	49,570,000	\$1,625,000 in 2024 \$1,705,000 in 2025 \$1,790,000 in 2026 \$1,880,000 in 2027 \$1,970,000 in 2028 \$2,070,000 in 2029 \$2,175,000 in 2030 \$2,285,000 in 2031 \$2,400,000 in 2032 \$2,515,000 in 2033 \$2,645,000 in 2034 \$2,775,000 in 2035 \$2,915,000 in 2036 \$3,060,000 in 2037 \$3,215,000 in 2038 \$3,375,000 in 2039 \$3,545,000 in 2040 \$3,720,000 in 2041 \$3,905,000 in 2042	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00	2,478,500	1,625,000
General Obligation Bonds, 2023	03/07/23	57,825,000	57,825,000	\$1,750,000 in 2024 \$1,835,000 in 2025 \$1,930,000 in 2026 \$2,025,000 in 2027 \$2,125,000 in 2028 \$2,230,000 in 2029 \$2,345,000 in 2030 \$2,460,000 in 2031 \$2,585,000 in 2032 \$2,715,000 in 2033 \$2,850,000 in 2034 \$2,990,000 in 2035 \$3,140,000 in 2036 \$3,295,000 in 2037 \$3,460,000 in 2038 \$3,635,000 in 2039 \$3,815,000 in 2040 \$4,010,000 in 2041 \$4,210,000 in 2042 \$4,420,000 in 2043	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00	1,445,625	1,750,000
Carry forward			<u>458,930,000</u>			<u>16,140,947</u>	<u>50,925,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding <u>458,930,000</u>	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest <u>16,140,947</u>	Principal <u>50,925,000</u>
Subtotal			<u>458,930,000</u>			<u>16,140,947</u>	<u>50,925,000</u>
Plus: Net bond premiums/discounts			<u>43,192,751</u>				
Financed purchase, 2020		5,610,255	2,931,824	\$925,054 in 2024 \$941,520 in 2025 \$527,927 in 2026 \$537,324 in 2027	1.80 1.80 1.80 1.80	52,186	925,054
Financed purchase, 2022		3,131,745	3,240,214	\$319,364 in 2024 \$446,377 in 2025 \$461,818 in 2026 \$477,794 in 2027 \$494,322 in 2028 \$511,422 in 2029 \$529,114 in 2030	3.50 3.50 3.50 3.50 3.50 3.50 3.50	228,053	319,364
Total: General obligation bonds payable and notes payable			<u>\$ 508,294,789</u>			<u>\$ 16,421,186</u>	<u>\$ 52,169,418</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest	Principal
Parking Authority Refunding Bonds, Series 2015 A	10/15/15	\$ 67,395,000	\$ 11,780,000	\$3,870,000 in 2024 \$3,925,000 in 2025 \$3,985,000 in 2026	5.00 5.00 5.00	\$ 1,147,413	\$ 3,870,000
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	558,413	-
Subtotal			35,270,000			1,705,826	3,870,000
Plus: Bond premium			621,022				
Total Public Parking Authority Bonds and Notes Payable			<u>\$ 35,891,022</u>			<u>\$ 1,705,826</u>	<u>\$ 3,870,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2024 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	\$ 73,767,000	\$26,930,000 in 2027 \$26,930,000 in 2028 \$26,930,000 in 2029 \$14,660,000 in 2030	5.31 5.28 5.30 5.23	-	-
First Lien Revenue Refunding Bonds, 2017 Series A	12/21/17	159,795,000	86,375,000	\$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 3.00 3.00	4,140,000	17,180,000
First Lien Revenue Refunding Bonds, 2017 Series C	12/28/17	218,805,000	146,057,000	\$750,000 in 2032 \$915,000 in 2033 \$3,997,000 in 2034 \$13,965,000 in 2035 \$17,010,000 in 2036 \$17,760,000 in 2037 \$18,543,000 in 2038 \$32,675,000 in 2039 \$40,442,000 in 2040	4.25 5.25 5.25 5.25 5.25 5.25 5.25 5.25 5.25	5,692,000	-
Pennvest Revolving Loans	Various	208,862,526	142,958,000	\$9,039,000 in 2024 \$8,969,000 in 2025 \$9,012,000 in 2026 \$10,622,000 in 2027 \$12,273,000 in 2028 \$10,780,000 in 2029 \$9,500,000 in 2030 \$8,714,000 in 2031 \$8,136,000 in 2032 \$8,224,000 in 2033 \$8,312,000 in 2034 \$7,915,000 in 2035 \$5,351,000 in 2036 \$5,406,000 in 2037 \$5,461,000 in 2038 \$5,518,000 in 2039 \$2,524,000 in 2040 \$1,740,000 in 2041 \$1,550,000 in 2042 \$1,565,000 in 2043 \$1,571,000 in 2044 \$776,000 in 2045	Variable	1,633,000	9,039,000
Carry forward			449,157,000			11,465,000	26,219,000

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding <u>449,157,000</u>	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest <u>11,465,000</u>	Principal <u>26,219,000</u>
SWAP Borrowing, 2017	12/28/17	70,869,000	35,965,000	\$2,101,000 in 2024 \$2,153,000 in 2025 \$2,207,000 in 2026 \$2,262,000 in 2027 \$2,318,000 in 2028 \$2,375,000 in 2029 \$2,434,000 in 2030 \$2,495,000 in 2031 \$2,554,000 in 2032 \$2,611,000 in 2033 \$2,636,000 in 2034 \$2,527,000 in 2035 \$2,275,000 in 2036 \$1,973,000 in 2037 \$1,648,000 in 2038 \$1,156,000 in 2039 \$240,000 in 2040	3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80 3.80	880,000	2,101,000
Subordinate Revenue Refunding Bonds, 2019 Series B	06/18/19	104,290,000	104,290,000	\$2,990,000 in 2030 \$15,405,000 in 2031 \$25,600,000 in 2032 \$26,635,000 in 2033 \$27,880,000 in 2034 \$5,780,000 in 2035	5.00 5.00 5.00 5.00 4.00 4.00	4,878,000	-
Carry forward			<u>589,412,000</u>			<u>17,223,000</u>	<u>28,320,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023
(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding <u>589,412,000</u>	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest <u>17,223,000</u>	Principal <u>28,320,000</u>
First Lien Revenue Bonds, 2019 Series A	06/18/19	109,855,000	99,940,000	\$2,800,000 in 2024 \$2,940,000 in 2025 \$3,085,000 in 2026 \$3,240,000 in 2027 \$3,400,000 in 2028 \$3,570,000 in 2029 \$3,750,000 in 2030 \$3,935,000 in 2031 \$4,135,000 in 2032 \$4,340,000 in 2033 \$4,560,000 in 2034 \$4,785,000 in 2035 \$5,025,000 in 2036 \$5,275,000 in 2037 \$5,540,000 in 2038 \$5,815,000 in 2039 \$6,105,000 in 2040 \$6,410,000 in 2041 \$6,735,000 in 2042 \$7,070,000 in 2043 \$7,425,000 in 2044	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00	4,997,000	2,800,000
Carry forward			<u>689,352,000</u>			<u>22,220,000</u>	<u>31,120,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding 689,352,000	Maturity Information		Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
							Interest	Principal
Brought Forward							22,220,000	31,120,000
First Lien Revenue Bonds, 2022 Series A	11/17/22	44,550,000	44,550,000	\$750,000 in 2025	5.00		2,295,000	-
				\$790,000 in 2026	5.00			
				\$830,000 in 2027	5.00			
				\$870,000 in 2028	5.00			
				\$915,000 in 2029	5.00			
				\$960,000 in 2030	5.00			
				\$1,005,000 in 2031	5.00			
				\$1,060,000 in 2032	5.00			
				\$1,110,000 in 2033	5.00			
				\$1,165,000 in 2034	5.00			
				\$1,225,000 in 2035	5.00			
				\$1,285,000 in 2036	5.00			
				\$1,350,000 in 2037	5.00			
				\$1,420,000 in 2038	5.00			
				\$1,490,000 in 2039	5.25			
				\$1,565,000 in 2040	5.25			
				\$1,650,000 in 2041	5.25			
				\$1,735,000 in 2042	5.25			
				\$1,825,000 in 2043	5.25			
				\$1,925,000 in 2044	5.25			
				\$2,035,000 in 2045	5.25			
				\$2,145,000 in 2046	5.25			
				\$2,260,000 in 2047	5.50			
				\$2,385,000 in 2048	5.50			
				\$2,505,000 in 2049	5.50			
				\$2,630,000 in 2050	5.50			
				\$2,765,000 in 2051	5.50			
				\$2,900,000 in 2052	5.00			
Revolving Line of Credit	10/31/18	94,144,000		\$94,144,000 in 2024	SIFMA		-	94,144,000
Carry Forward		828,046,000					24,515,000	125,264,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding <u>828,046,000</u>	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest <u>24,515,000</u>	Principal <u>125,264,000</u>
First Lien Revenue Bonds, 2020 Series B	11/12/20	91,520,000	89,015,000	\$1,780,000 in 2024 \$1,850,000 in 2025 \$1,920,000 in 2026 \$2,020,000 in 2027 \$2,120,000 in 2028 \$2,225,000 in 2029 \$2,335,000 in 2030 \$2,455,000 in 2031 \$2,575,000 in 2032 \$2,705,000 in 2033 \$2,840,000 in 2034 \$2,980,000 in 2035 \$3,100,000 in 2036 \$3,225,000 in 2037 \$3,355,000 in 2038 \$3,490,000 in 2039 \$3,595,000 in 2040 \$3,700,000 in 2041 \$3,850,000 in 2042 \$4,005,000 in 2043 \$4,165,000 in 2044 \$4,330,000 in 2045 \$4,505,000 in 2046 \$4,685,000 in 2047 \$4,870,000 in 2048 \$5,065,000 in 2049 \$5,270,000 in 2050	4.00 4.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 3.00 3.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00	3,702,000	1,780,000
Financed Purchase, 2015	01/01/15	7,445,050	3,463,000	\$538,000 in 2024 \$556,000 in 2025 \$575,000 in 2026 \$595,000 in 2027 \$616,000 in 2028 \$583,000 in 2029	3.40 3.40 3.40 3.40 3.40 3.40	109,000	538,000
Carry forward			920,524,000			28,326,000	127,582,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2023
(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding <u>920,524,000</u>	Maturity Information	Coupon or Ceiling Rate of Interest	2024 Maximum Debt Service Requirements	
						Interest	Principal
First Lien Revenue Bonds, 2023 Series A	07/03/23	106,075,000	106,075,000	\$835,000 in 2024 \$1,695,000 in 2025 \$1,780,000 in 2026 \$1,870,000 in 2027 \$1,965,000 in 2028 \$2,060,000 in 2029 \$2,165,000 in 2030 \$2,275,000 in 2031 \$2,385,000 in 2032 \$2,505,000 in 2033 \$2,630,000 in 2034 \$2,765,000 in 2035 \$2,900,000 in 2036 \$3,045,000 in 2037 \$3,200,000 in 2038 \$3,360,000 in 2039 \$3,525,000 in 2040 \$3,700,000 in 2041 \$3,885,000 in 2042 \$4,080,000 in 2043 \$23,680,000 in 2048 \$29,770,000 in 2053	5.00	5,899,000	835,000
First Lien Revenue Refunding Bonds, 2023 Series B	07/03/23	144,530,000	144,530,000	\$7,050,000 in 2024 \$7,480,000 in 2025 \$9,100,000 in 2030 \$9,305,000 in 2031 \$2,380,000 in 2032 \$6,490,000 in 2033 \$3,725,000 in 2034 \$17,135,000 in 2035 \$20,960,000 in 2036 \$21,980,000 in 2037 \$23,050,000 in 2038 \$10,810,000 in 2039 \$5,065,000 in 2040	5.00	7,227,000	7,050,000
Gross Water and Sewer Authority Revenue Bonds and other borrowings			1,171,129,000			41,452,000	135,467,000
Plus: Net bond premium			<u>89,586,000</u>				
Net Water and Sewer Authority Revenue Bonds and other borrowings			<u>\$ 1,260,715,000</u>			<u>\$ 41,452,000</u>	<u>\$ 135,467,000</u>

(Concluded)