

Urban Redevelopment Authority of Pittsburgh

(A Component Unit of the
City of Pittsburgh, Pennsylvania)

Financial Statements
and Required Supplementary
and Other Information

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

MaherDuessel

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URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

YEAR ENDED DECEMBER 31, 2021

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Independent Auditor's Report

**Board of Directors
Urban Redevelopment Authority of Pittsburgh**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Urban Redevelopment Authority of Pittsburgh (URA), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the URA's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the URA, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Pittsburgh Housing Development Corporation, the URA's discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pittsburgh Housing Development Corporation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the URA 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 URA'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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the URA'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 URA'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 URA'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.

Maher Duessel

Pittsburgh, Pennsylvania
April 22, 2022

Urban Redevelopment Authority of Pittsburgh
(A Component Unit of the City of Pittsburgh)
Management's Discussion and Analysis
December 31, 2021

As management of the Urban Redevelopment Authority of Pittsburgh (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority's for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and footnotes.

Fiscal Year 2021 Financial Highlights (Government-Wide Financial Statements)

- Total assets decreased by approximately \$7.5 Million. The decrease is primarily attributed to:
 - A decrease in Property held for redevelopment of \$4.8 Million. This is mainly due to the Authority transferring ownership of Hays Woods to the City of Pittsburgh.
- Total Liabilities decreased by approximately \$0.5 Million. The decrease is primarily attributed to:
 - Long-term debt decreased \$0.8 Million
- Total Net Position was \$228.4 Million, of which \$30.8 Million represented net investment in capital assets, and \$153.9 Million was restricted by funding source or bond indenture. Of the remaining \$43.7 Million unrestricted net position, \$14.5 Million represents property held for redevelopment under restrictions of the state redevelopment statutes, and \$12.7 Million pertains to Board commitments for program funding gaps, bridge financing for projects, and property repairs and improvements in larger current projects.
- The Authority's total program revenues were \$45.3 Million for the year, of which \$33.7 Million was operating grants, and \$11.6 Million was charges for services. The program revenue consisted of \$1.1 Million in repayments through lending programs and \$2.9 Million earned through property management and rental income. The remaining program revenue primarily related to administrative fees.
- The Authority's total program expenses were \$53.1 Million for the year, of which \$36.9 Million was for Urban Development, \$11.0 Million was for General Government and Interest on Long-term Debt, \$1.5 Million for Lending Programs, and \$3.7 Million was for Property Management.

Urban Redevelopment Authority of Pittsburgh
(A Component Unit of the City of Pittsburgh)
Management’s Discussion and Analysis
December 31, 2021

Overview of the Financial Statements

This Management’s Discussion and Analysis (MD&A) is intended to serve as an introduction to the Authority’s basic financial statements. The Authority’s basic financial statements are comprised of four parts: 1) MD&A (this section), 2) Government-Wide Financial Statements, 3) Fund Financial Statements, and 4) Notes to the Basic Financial Statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Government-Wide Financial Statements (pages 1 and 2) present the financial picture of the Authority’s from the economic resource’s measurement focus using the accrual basis of accounting. They include all assets and liabilities, including fixed assets and long-term debt. All of the current year’s revenues and expenses are taken into account regardless of when cash was received, or expenses paid. Additionally, certain eliminations have occurred regarding interfund activity, payables, and receivables. Governmental activities and business-type activities are presented separately, as well as the activities of the Authority’s component unit, the Pittsburgh Housing Development Corporation. Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities. They report the Authority’s net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the Authority’s financial position.

In the Statement of Net Position and Statement of Activities, the Authority’s activities are separated as follows:

Governmental Activities – This category includes the Authority’s General Fund and those development projects and programs primarily funded by federal, state, and local grants, including CDBG funds and HOME funds.

Business-Type Activities – This category includes self-supporting activities such as the housing programs funded through tax-exempt and taxable revenue bonds, the Pittsburgh Development Fund loan program, and the Authority’s owned-and-operated real estate enterprises – Western Restoration Center and garages at South Side Works and Pittsburgh Technology Center.

Fund Financial Statements

Fund Financial Statements begin on page 3 of this report and provide detailed information about the Authority’s most significant funds – not the Authority as a whole. The Fund Financial Statements include statements for each of the two categories of activities – governmental and proprietary. Only the major funds are presented individually in the Fund Statements.

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Governmental Funds – Governmental Funds (pages 3, 4, and 5) focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These statements provide a detailed shorter-term view of the Authority’s general operations. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority’s programs and projects. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can be readily converted to cash. Since this is a different accounting method than what is used in the Government-Wide Financial Statements, the differences between the two sets of financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary Funds – The Proprietary Funds (pages 6, 7, and 8) are the same funds included in “Business-Type Activities” in the Government-Wide statements. The accounting for the proprietary funds is the same as that of the business-type activities reported in the government-wide Financial Statements but provides more detail and additional information, such as cash flows.

Notes to the 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 begin on page 9 of this report.

Urban Redevelopment Authority of Pittsburgh
(A Component Unit of the City of Pittsburgh)
Management's Discussion and Analysis
December 31, 2021

Government-wide Financial Analysis

Our analysis below focuses on the net position of the Authority's governmental and business-type activities. The Authority's net position at December 31, 2021 and 2020 for governmental activities was approximately \$124.4 Million and \$132.6 Million, respectively. For the business-type activities, net position was approximately \$104.0 Million and \$103.5 Million, respectively.

Summary of The Authority's Net Position
December 31, 2021 and December 31, 2020

	Governmental		%	Business-type		%
	Activities			Activities		
	2021	2020	Change	2021	2020	Change
Assets:						
Current and other assets	\$ 128,509,659	\$ 135,784,169	-5.4%	\$ 83,895,010	\$ 85,152,269	-1.5%
Capital assets	16,852,004	17,069,976	-1.3%	29,193,951	28,569,197	2.2%
Total assets	\$ 145,361,663	\$ 152,854,145	-4.9%	\$ 113,088,961	\$ 113,721,466	-0.6%
Liabilities						
Current and other liabilities	\$ 9,394,268	\$ 8,722,180	7.7%	\$ 116,592	\$ 981,254	-88.1%
Long-term liabilities	11,538,677	11,546,539	-0.1%	8,970,172	9,224,908	-2.8%
Total liabilities	\$ 20,932,945	\$ 20,268,719	3.3%	\$ 9,086,764	\$ 10,206,162	-11.0%
Net investment in capital assets	\$ 8,157,170	\$ 7,979,922	2.2%	\$ 22,683,779	\$ 21,815,282	4.0%
Restricted for urban development	47,884,718	52,813,762	-9.3%	-	-	0.0%
Restricted for lending programs	31,709,489	27,053,646	17.2%	74,319,455	74,267,864	0.1%
Unrestricted	36,677,341	44,738,096	-18.0%	6,998,963	7,432,158	-5.8%
Total net position	\$ 124,428,718	\$ 132,585,426	-6.2%	\$ 104,002,197	\$ 103,515,304	0.5%

Restricted net position generally represents funds that have constraints on their use pursuant to grant agreements or bond indentures. In total, at December 31, 2021, assets of the governmental and business-type funds exceeded their liabilities by \$228.4 Million, of which \$30.8 Million represented the Authority's net investment in capital assets and \$153.9 Million restricted by funding source or bond indenture. Of the \$43.7 Million Unrestricted Net Position, \$14.5 Million represents property held for redevelopment under restrictions of the state redevelopment statutes and \$12.7 Million pertains to Board commitments for program funding gaps, bridge financing for projects, and property repairs and improvements in larger current projects.

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Summary of Changes in Net Position
Year Ended December 31, 2021 and December 31, 2020

	<u>Governmental</u>		<u>%</u>	<u>Business-type</u>		<u>%</u>
	<u>Activities</u>			<u>Activities</u>		
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
Program revenues:						
Charges for services	\$ 7,567,750	\$ 7,240,521		\$ 4,047,935	\$ 4,826,901	
Operating grants	33,715,931	40,633,625		-	-	
General revenues:						
Investment and other gains	27,543	229,484		130,990	1,282,476	
Total revenues	<u>\$ 41,311,224</u>	<u>\$ 48,103,630</u>	-14.1%	<u>\$ 4,178,925</u>	<u>\$ 6,109,377</u>	-31.6%
Program expenses:						
Urban development	\$ 36,921,900	\$ 34,299,423		\$ -	\$ -	
General government	10,759,302	11,395,002		-	-	
Interest on long-term debt	285,561	291,024		-	-	
Lending programs	-	-		1,494,752	1,031,949	
Property management	-	-		3,698,449	4,200,838	
Total expenses	<u>\$ 47,966,763</u>	<u>\$ 45,985,449</u>	4.3%	<u>\$ 5,193,201</u>	<u>\$ 5,232,787</u>	-0.8%
Change in net position before transfers	\$ (6,655,539)	\$ 2,118,181		\$ (1,014,276)	\$ 876,590	
Transfers	(1,501,169)	79,390		1,501,169	(79,390)	
Change in net position after transfers	<u>\$ (8,156,708)</u>	<u>\$ 2,197,571</u>	-471.2%	<u>\$ 486,893</u>	<u>\$ 797,200</u>	-38.9%

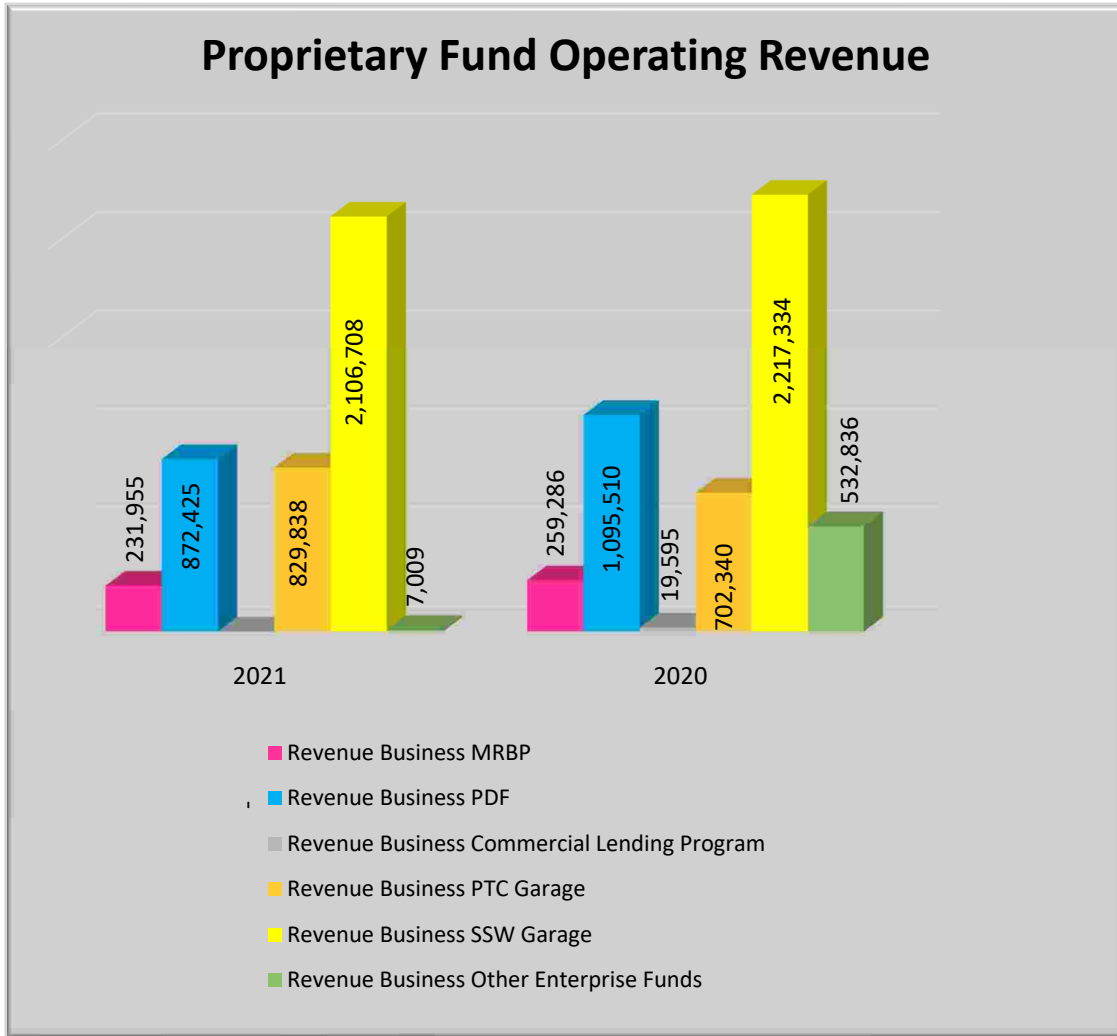
Governmental Activities. Total revenues decreased by approximately \$6.8 Million from \$48.1 Million in 2020 to \$41.3 Million in 2021. Grant revenue fluctuates by nature based on the status of current projects and funding patterns.

In 2021, the cost of governmental activities increased by \$2.0 Million to from \$46.0 Million in 2020 to \$48.0 Million in 2021, largely due to Urban Development project status and timing of project completion.

Business-Type Activities. Total revenues decreased by approximately \$1.9 Million from \$6.1 Million in 2020 to \$4.2 Million in 2021. This is largely due to a decrease in investment and other gains of \$1.2 million

Total cost of all proprietary (business-type) activities remained the same at \$5.2 Million in 2021 and 2020.

Urban Redevelopment Authority of Pittsburgh
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December 31, 2021



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December 31, 2021

The Authority's Governmental Funds

As of December 31, 2021, the Authority's governmental funds reported total ending fund balances of \$70.4 Million, which represents a decrease of \$8.6 Million from the prior year (\$79.0 Million). Of the fund balance, \$47.9 Million was restricted to indicate that it is limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. Another \$12.7 Million has been committed for bridge funds for programs and projects and property repairs and improvements.

Major Funds

The Authority's General Fund balance of \$20.3 Million at December 31, 2021 represents a decrease of \$4.8 Million from December 31, 2020 (\$25.1 Million).

The CDBG Fund accounts for CDBG grants passed through to the Authority from the City of Pittsburgh. The fund balance of \$1.7 Million at December 31, 2021 represents a decrease of \$0.1 Million from December 31, 2020 (\$1.8 Million).

The HOME Fund provides loans or grants for both housing rehabilitation and new construction. The fund balance remained at approximately \$0.9 Million at December 31, 2021 and 2020. This fund balance mostly relates to fronting funds transferred from the Authority's General Fund.

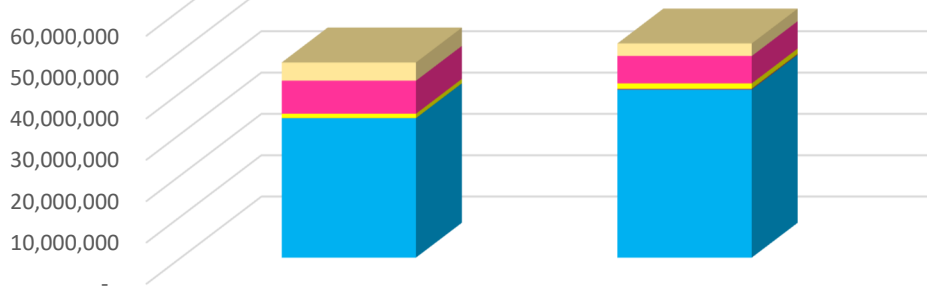
UDAG Fund accounts for activities of a major loan and grant-making fund available for both small to large projects within the City that serve to attract new businesses, expand or retain existing businesses, and neighborhood housing development. The fund balance was \$12.0 Million in 2021 and \$12.9 Million in 2020, which is a decrease of \$0.9 Million.

The Housing Opportunity Fund provides various affordable housing assistance programs within the City of Pittsburgh. Some of these programs are: Down Payment and Closing Cost Assistance, Homeowner Assistance Program, Rental Gap Program, Housing Stabilization Program, and For-Sale Development Program. The fund balance as of December 31, 2021 was \$21.2 million, an increase of \$1.0 Million from December 31, 2020 (\$20.2 Million).

The Grants Fund accounts for the various Authority projects and programs not accounted for elsewhere. This activity includes grant programs, loan programs, and housing and business development projects. The \$14.3 Million of fund balance in 2021 is restricted for various urban development projects and programs.

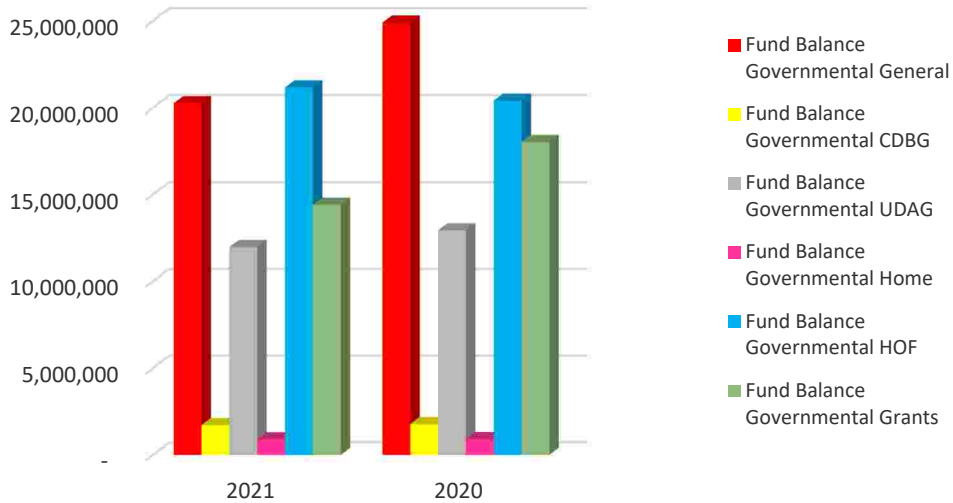
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Governmental Fund Revenue



	2021	2020
Other	4,414,818	3,027,569
Loan Repayments	7,993,189	6,622,675
Rental Income	1,043,416	1,270,327
Interest	27,543	229,484
Grants and Intergovernmental	33,715,931	40,633,625

Governmental Fund Balance



Urban Redevelopment Authority of Pittsburgh
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Management's Discussion and Analysis
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Capital Assets and Debt Administration (Government-wide)

Capital Assets. The Authority's investment in capital assets as of December 31, 2021 is \$16.9 Million, a decrease of \$0.2 Million from \$17.1 Million at December 31, 2020 (net of accumulated depreciation) for its governmental activities. Capital assets in business-type activities were \$29.2 Million and \$28.6 Million at December 31, 2021 and 2020, respectively (net of accumulated depreciation).

Additional information on capital assets may be found in Note 5 of the Notes to Financial Statements.

Debt Administration. At December 31, 2021, the Authority had total long-term debt outstanding of \$19.8 Million. Approximately \$2.5 Million of proprietary fund bond debt is secured solely by specified revenue sources.

The outstanding debt was comprised primarily as follows: \$2.4 Million of Mortgage Revenue Bonds, which are comprised of various issues and rated AAAM by Standard and Poor's; \$6.5 Million of bank loans; \$8.7 Million of Bond Payable due to the acquisition of 412 Boulevard of the Allies, and HUD Section 108 loans in the amount of \$2.2 Million. Additional information on outstanding long-term liabilities may be found in Note 8 and Note 12 of the Notes to Financial Statements.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Urban Redevelopment Authority of Pittsburgh, 412 Boulevard of the Allies, Pittsburgh, Pennsylvania 15219 or (412) 255-6675.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF NET POSITION

DECEMBER 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pittsburgh Housing Development Corporation
Assets				
Cash and investments	\$ 79,468,966	\$ 44,775,889	\$ 124,244,855	\$ 117,207
Due from other governments	4,746,646	-	4,746,646	-
Other receivables	2,868,429	249,842	3,118,271	10,482
Internal balances	(4,740,913)	4,740,913	-	-
Loans to component units	1,520,440	-	1,520,440	-
Loans receivable, net	27,323,002	34,128,366	61,451,368	1,600,000
Property held for redevelopment	14,457,042	-	14,457,042	3,092,095
Other assets	2,866,047	-	2,866,047	100
Capital assets:				
Non-depreciable	6,581,726	2,083,383	8,665,109	-
Depreciable, net of accumulated depreciation	10,270,278	27,110,568	37,380,846	-
Total Assets	\$ 145,361,663	\$ 113,088,961	\$ 258,450,624	\$ 4,819,884
Liabilities				
Accounts payable and other accrued liabilities	\$ 6,818,997	\$ 116,592	\$ 6,935,589	\$ 21,139
Unearned revenue	2,575,271	-	2,575,271	-
Loans payable to URA	-	-	-	1,520,440
Loans payable to bank	-	-	-	415,977
Loans payable to Schenley Heights Collaborative	-	-	-	30,754
Noncurrent liabilities:				
Due to primary government, Due within one year	395,220	-	395,220	-
Due to primary government, Due in more than one year	8,299,614	-	8,299,614	-
Long-term debt, Due within one year	375,000	723,713	1,098,713	-
Long-term debt, Due in more than one year	2,468,843	8,246,459	10,715,302	-
Total Liabilities	20,932,945	9,086,764	30,019,709	1,988,310
Net Position				
Net investment in capital assets	8,157,170	22,683,779	30,840,949	-
Restricted for urban development	47,884,718	-	47,884,718	-
Restricted for lending programs	31,709,489	74,319,455	106,028,944	-
Restricted for housing program	-	-	-	2,831,574
Unrestricted	36,677,341	6,998,963	43,676,304	-
Total Net Position	124,428,718	104,002,197	228,430,915	2,831,574
Total Liabilities and Net Position	\$ 145,361,663	\$ 113,088,961	\$ 258,450,624	\$ 4,819,884

The notes to financial statements are an integral part of this statement.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Pittsburgh Housing Development Corporation
	Direct Expenses	Charges for Services	Operating Grants	Capital Grants	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
Urban development	\$ 36,921,900	\$ 4,339,093	\$ 31,555,893	\$ -	\$ (1,026,914)	\$ -	\$ (1,026,914)	\$ -
General government	10,759,302	3,228,657	2,160,038	-	(5,370,607)	-	(5,370,607)	-
Interest on long-term debt	285,561	-	-	-	(285,561)	-	(285,561)	-
Total governmental activities	47,966,763	7,567,750	33,715,931	-	(6,683,082)	-	(6,683,082)	-
Business-type activities:								
Lending programs	1,494,752	1,111,389	-	-	-	(383,363)	(383,363)	-
Property management	3,698,449	2,936,546	-	-	-	(761,903)	(761,903)	-
Total business-type activities	5,193,201	4,047,935	-	-	-	(1,145,266)	(1,145,266)	-
Total primary government	\$ 53,159,964	\$ 11,615,685	\$ 33,715,931	\$ -	(6,683,082)	(1,145,266)	(7,828,348)	-
Component Unit:								
Pittsburgh Housing Development Corporation	\$ 1,360,206	\$ 922,020	\$ 561,198	\$ -	-	-	-	123,012
General revenues:								
Investment earnings					27,543	130,990	158,533	-
Transfers					(1,501,169)	1,501,169	-	-
Total general revenues and transfers					(1,473,626)	1,632,159	158,533	-
Change in Net Position					(8,156,708)	486,893	(7,669,815)	123,012
Net position - beginning					132,585,426	103,515,304	236,100,730	2,708,562
Net position - ending					\$ 124,428,718	\$ 104,002,197	\$ 228,430,915	\$ 2,831,574

The notes to financial statements are an integral part of this statement.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	General	Community Development Block Grant	UDAG	HOME	HOF	Grants	Totals
Assets							
Cash and investments	\$ 18,881,904	\$ 4,462,050	\$ 5,359,215	\$ 1,039,019	\$ 21,163,382	\$ 28,563,396	\$ 79,468,966
Receivables (net, where applicable, of allowance for uncollectibles):							
Loans	1,173,538	-	4,386,972	1,051,201	638,574	21,593,157	28,843,442
Other	361,600	-	-	-	-	6,829	368,429
Due from other funds	-	-	4,393,061	-	-	209,423	4,602,484
Due from other governmental units	254,866	248,693	-	330,491	-	3,912,596	4,746,646
Internal loans receivable	9,852,781	75,000	2,229,363	-	5,000	1,343,076	13,505,220
Property held for redevelopment	5,143,361	1,345,392	-	-	-	7,968,289	14,457,042
Total Assets	\$ 35,668,050	\$ 6,131,135	\$ 16,368,611	\$ 2,420,711	\$ 21,806,956	\$ 63,596,766	\$ 145,992,229
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 2,099,040	\$ -	\$ -	\$ 48,384	\$ -	\$ 4,671,573	\$ 6,818,997
Due to other funds	3,073,807	2,240,905	-	392,342	-	405,370	6,112,424
Internal loans payable	3,924,256	819,747	-	31,300	-	11,960,890	16,736,193
Unearned revenue	-	-	-	-	-	2,575,271	2,575,271
Total Liabilities	9,097,103	3,060,652	-	472,026	-	19,613,104	32,242,885
Deferred Inflows of Resources:							
Unavailable revenue	6,316,899	1,345,392	4,386,972	1,051,201	638,574	29,561,446	43,300,484
Fund Balance:							
Restricted	-	337,982	11,981,639	97,484	21,168,382	14,299,231	47,884,718
Committed	10,500,000	1,387,109	-	800,000	-	-	12,687,109
Assigned	-	-	-	-	-	122,985	122,985
Unassigned	9,754,048	-	-	-	-	-	9,754,048
Total Fund Balance	20,254,048	1,725,091	11,981,639	897,484	21,168,382	14,422,216	70,448,860
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 35,668,050	\$ 6,131,135	\$ 16,368,611	\$ 2,420,711	\$ 21,806,956	\$ 63,596,766	\$ 145,992,229

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

Fund balance	\$ 70,448,860
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,852,004
Loans converted to equity participation are reported in governmental activities as other assets but are not reported in the funds.	2,866,047
Other long-term assets such as loans, property held for redevelopment, and other receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	45,800,484
Long-term liabilities, including compensated absences and loans payable and related accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(11,538,677)
Net position of governmental activities	<u>\$ 124,428,718</u>

The notes to financial statements are an integral part of this statement.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

YEAR ENDED DECEMBER 31, 2021

	General	Community Development Block Grant	UDAG	HOME	HOF	Grants	Totals
Revenues:							
Grants and Intergovernmental	\$ 13,000	\$ 4,929,616	\$ -	\$ 1,646,031	\$ 11,958,000	\$ 15,169,284	\$ 33,715,931
Interest	3,711	370	1,429	130	6,323	15,580	27,543
Rental income	1,006,404	-	-	-	-	37,012	1,043,416
Loan repayments	69,101	-	961,734	444,060	207,882	6,310,412	7,993,189
Other	4,191,009	-	-	-	-	223,809	4,414,818
Total revenues	5,283,225	4,929,986	963,163	2,090,221	12,172,205	21,756,097	47,194,897
Expenditures:							
Current:							
Urban development	3,653,568	4,378,387	1,648,751	1,777,029	9,944,664	20,860,662	42,263,061
Administrative	3,428,437	505,111	254,340	323,515	1,171,046	3,680,847	9,363,296
Other	834,454	-	24,438	-	117,622	427,354	1,403,868
Capital outlay	148,647	-	-	-	-	-	148,647
Debt service	522,725	-	-	-	-	510,056	1,032,781
Total expenditures	8,587,831	4,883,498	1,927,529	2,100,544	11,233,332	25,478,919	54,211,653
Excess (Deficiency) of Revenues Over Expenditures	(3,304,606)	46,488	(964,366)	(10,323)	938,873	(3,722,822)	(7,016,756)
Other Financing Sources (Uses):							
Transfers in (out)	(1,526,195)	(100,000)	-	-	-	125,026	(1,501,169)
Total other financing sources (uses)	(1,526,195)	(100,000)	-	-	-	125,026	(1,501,169)
Net Change in Fund Balance	(4,830,801)	(53,512)	(964,366)	(10,323)	938,873	(3,597,796)	(8,517,925)
Fund Balance:							
Beginning of year	25,084,849	1,778,603	12,946,005	907,807	20,229,509	18,020,012	78,966,785
End of year	\$ 20,254,048	\$ 1,725,091	\$ 11,981,639	\$ 897,484	\$ 21,168,382	\$ 14,422,216	\$ 70,448,860

The notes to financial statements are an integral part of this statement.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

Amounts reported for governmental activities in the statement of activities (page 2) are different because:

Net change in fund balance - total governmental funds (page 4)	\$ (8,517,925)
<p>In governmental funds, the issuance of loans is a current expenditure while the repayment of loans, including principal and interest, is recognized as income when received. On the statement of activities, only the interest income is reported as current revenue. Also, the change in the allowance for doubtful accounts is shown as an increase or decrease in net position on the statement of activities while it has no effect on fund balance in the governmental funds. The net change in loans receivable is shown here.</p>	4,655,840
<p>The repayment of principal of long-term debt is reported as a reduction in the liability on the statement of net position. On the fund statements, this transaction is recorded as an expenditure.</p>	747,220
<p>The cost of property held for redevelopment is expended in the funds when purchased but capitalized in the statement of net position. The net change in property held for redevelopment is shown here.</p>	(4,831,733)
<p>In governmental funds, the acquisition of capital assets is a capital outlay expenditure. In the government-wide statements, this activity is capitalized and depreciated over the useful life of the related asset. Accordingly, gains or losses on dispositions of capital assets are reported on the government-wide statements as the difference between the sale proceeds and the carrying amount. The net effect of capital asset activity is shown here.</p>	(217,972)
<p>Compensated absences and amounts obligated under early retirement programs are reflected as liabilities on the statement of net position, but are not included in the fund statements. The change in these liabilities is shown here.</p>	<u>7,862</u>
Change in net position of governmental activities (page 2)	<u><u>\$ (8,156,708)</u></u>

The notes to financial statements are an integral part of this statement.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds						Totals
	Mortgage Revenue Bond Program	Pittsburgh Development Fund	Commercial Lending Program Fund	Pittsburgh Technology Center Garage Fund	South Side Works Garage Fund	Other Enterprise Funds	
Assets							
Current assets:							
Cash and investments	\$ 8,951,342	\$ 26,285,645	\$ 1,994,029	\$ 2,988,398	\$ 4,304,690	\$ 251,785	\$ 44,775,889
Receivables, net	61,544	-	-	-	188,298	-	249,842
Due from other funds	-	1,458,092	-	-	409,214	320,696	2,188,002
Noncurrent assets:							
Loans receivable, net	2,979,599	27,957,444	3,094,934	-	-	96,389	34,128,366
Internal loans receivable	-	5,982,699	-	-	-	-	5,982,699
Capital assets, net of applicable accumulated depreciation	-	-	-	9,840,128	19,353,823	-	29,193,951
Total Assets	\$ 11,992,485	\$ 61,683,880	\$ 5,088,963	\$ 12,828,526	\$ 24,256,025	\$ 668,870	\$ 116,518,749
Liabilities							
Current liabilities:							
Accounts payable and other accrued liabilities	\$ 28,140	\$ -	\$ 24,465	\$ -	\$ 60,436	\$ 3,551	\$ 116,592
Due to other funds	318,674	-	114,594	227,784	-	17,010	678,062
Bonds and loans payable	465,000	-	-	-	258,713	-	723,713
Noncurrent liabilities:							
Internal loans payable	-	-	1,500,000	-	1,251,726	-	2,751,726
Bonds and loans payable	1,995,000	-	-	-	6,251,459	-	8,246,459
Total Liabilities	2,806,814	-	1,639,059	227,784	7,822,334	20,561	12,516,552
Net Position							
Net investment in capital assets	-	-	-	9,840,128	12,843,651	-	22,683,779
Restricted for lending programs	9,185,671	61,683,880	3,449,904	-	-	-	74,319,455
Unrestricted	-	-	-	2,760,614	3,590,040	648,309	6,998,963
Total Net Position	9,185,671	61,683,880	3,449,904	12,600,742	16,433,691	648,309	104,002,197
Total Liabilities and Net Position	\$ 11,992,485	\$ 61,683,880	\$ 5,088,963	\$ 12,828,526	\$ 24,256,025	\$ 668,870	\$ 116,518,749

The notes to financial statements are an integral part of this statement.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds						
	Mortgage Revenue Bond Program	Pittsburgh Development Fund	Commercial Lending Program Fund	Pittsburgh Technology Center Garage Fund	South Side Works Garage Fund	Other Enterprise Funds	Totals
Operating Revenues:							
Program interest income	\$ 231,955	\$ 872,425	\$ -	\$ -	\$ -	\$ 4,363	\$ 1,108,743
Property management revenues	-	-	-	829,838	2,106,708	-	2,936,546
Other	-	-	-	-	-	2,646	2,646
Total operating revenues	<u>231,955</u>	<u>872,425</u>	<u>-</u>	<u>829,838</u>	<u>2,106,708</u>	<u>7,009</u>	<u>4,047,935</u>
Operating Expenses:							
Originating lender service fees	11,747	-	-	-	-	-	11,747
Administrative expenses	580,011	520,761	192	250,000	538,011	309,578	2,198,553
Depreciation	-	-	-	287,287	768,791	-	1,056,078
Property management and improvements	-	-	-	291,258	1,269,202	35,926	1,596,386
Provision for uncollectible loans	(2,431)	(666,546)	557,836	-	-	(4,721)	(115,862)
Other	21,471	-	8,750	-	-	1,625	31,846
Total operating expenses	<u>610,798</u>	<u>(145,785)</u>	<u>566,778</u>	<u>828,545</u>	<u>2,576,004</u>	<u>342,408</u>	<u>4,778,748</u>
Operating Income (Loss)	<u>(378,843)</u>	<u>1,018,210</u>	<u>(566,778)</u>	<u>1,293</u>	<u>(469,296)</u>	<u>(335,399)</u>	<u>(730,813)</u>
Non-Operating Revenues (Expenses):							
Investment income	111,568	18,826	87	109	238	162	130,990
Interest expense	(156,479)	-	-	-	(257,974)	-	(414,453)
Net non-operating revenues (expenses)	<u>(44,911)</u>	<u>18,826</u>	<u>87</u>	<u>109</u>	<u>(257,736)</u>	<u>162</u>	<u>(283,463)</u>
Excess (Deficiency) of Revenues Over Expenses Before Transfers	<u>(423,754)</u>	<u>1,037,036</u>	<u>(566,691)</u>	<u>1,402</u>	<u>(727,032)</u>	<u>(335,237)</u>	<u>(1,014,276)</u>
Transfers in (out)	-	5,000	-	1,559,136	-	(62,967)	1,501,169
Change in Net Position	<u>(423,754)</u>	<u>1,042,036</u>	<u>(566,691)</u>	<u>1,560,538</u>	<u>(727,032)</u>	<u>(398,204)</u>	<u>486,893</u>
Net Position:							
Beginning of year	9,609,425	60,641,844	4,016,595	11,040,204	17,160,723	1,046,513	103,515,304
End of year	<u>\$ 9,185,671</u>	<u>\$ 61,683,880</u>	<u>\$ 3,449,904</u>	<u>\$ 12,600,742</u>	<u>\$ 16,433,691</u>	<u>\$ 648,309</u>	<u>\$ 104,002,197</u>

The notes to financial statements are an integral part of this statement.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds						Totals
	Mortgage Revenue Bond Program	Pittsburgh Development Fund	Commercial Lending Program Fund	Pittsburgh Technology Center Garage Fund	South Side Works Garage Fund	Other Enterprise Funds	
Cash Flows From Operating Activities:							
Receipts from tenants and users	\$ -	\$ -	\$ -	\$ 829,838	\$ 2,202,820	\$ 53,610	\$ 3,086,268
Payments from borrowers	692,006	4,407,318	-	-	-	-	5,099,324
Loan disbursements to borrowers	-	(1,241,048)	(2,425,770)	-	-	-	(3,666,818)
Payments for property management and administrative services	(608,365)	(520,760)	(192)	(658,359)	(1,811,449)	(347,109)	(3,946,234)
Receipts from mortgage-backed securities	115,093	-	-	-	-	-	115,093
Other receipts (payments)	-	-	15,715	-	-	1,021	16,736
Net cash provided by (used in) operating activities	198,734	2,645,510	(2,410,247)	171,479	391,371	(292,478)	704,369
Cash Flows From Investing Activities:							
Purchase of investments	(2,147,893)	-	-	-	-	-	(2,147,893)
Proceeds from sales and maturities of investments	2,337,273	-	-	-	-	-	2,337,273
Earnings on investments	212,739	18,826	87	109	238	162	232,161
Net cash provided by (used in) investing activities	402,119	18,826	87	109	238	162	421,541
Cash Flows From Non-Capital Financing Activities:							
Interest paid	(165,263)	-	-	-	-	-	(165,263)
Principal repayments-borrowings	(755,000)	-	-	-	-	-	(755,000)
Interfund receipts (payments)	-	(7,319)	1,600,000	1,559,136	-	30,000	3,181,817
Net cash provided by (used in) non-capital financing activities	(920,263)	(7,319)	1,600,000	1,559,136	-	30,000	2,261,554
Cash Flows From Capital and Related Financing Activities:							
Interest paid on capital related debt	-	-	-	-	(257,974)	-	(257,974)
Principal paid on capital related debt	-	-	-	-	(243,743)	-	(243,743)
Capital grants received	-	-	-	-	-	-	-
Purchase of capital assets	-	-	-	(1,680,833)	-	-	(1,680,833)
Net cash provided by (used in) capital related financing activities	-	-	-	(1,680,833)	(501,717)	-	(2,182,550)
Net Increase (Decrease) in Cash and Cash Equivalents	(319,410)	2,657,017	(810,160)	49,891	(110,108)	(262,316)	1,204,914
Cash and Cash Equivalents:							
Beginning of year	6,790,553	23,628,628	2,804,189	2,938,507	4,414,798	514,101	41,090,776
End of year	\$ 6,471,143	\$ 26,285,645	\$ 1,994,029	\$ 2,988,398	\$ 4,304,690	\$ 251,785	\$ 42,295,690
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ (378,843)	\$ 1,018,210	\$ (566,778)	\$ 1,293	\$ (469,296)	\$ (335,399)	\$ (730,813)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	-	287,287	768,791	-	1,056,078
Provision for uncollectible loans receivable	(2,431)	(666,546)	557,836	-	-	-	(111,141)
Change in operating assets and liabilities:							
Loans issued	-	(1,241,048)	(2,425,770)	-	-	-	(3,666,818)
Loan repayments received	512,156	3,534,894	-	-	-	44,526	4,091,576
Mortgage-backed securities	59,662	-	-	-	-	-	59,662
Receivables	3,557	-	-	-	96,112	-	99,669
Other assets	4,631	-	-	-	-	(1,605)	3,026
Accounts payable	2	-	24,465	(117,101)	(4,236)	-	(96,870)
Total adjustments	577,577	1,627,300	(1,843,469)	170,186	860,667	42,921	1,435,182
Net cash provided by (used in) operating activities	\$ 198,734	\$ 2,645,510	\$ (2,410,247)	\$ 171,479	\$ 391,371	\$ (292,478)	\$ 704,369
Supplemental Information:							
Cash and investments	\$ 8,951,342	\$ 26,285,645	\$ 1,994,029	\$ 2,988,398	\$ 4,304,690	\$ 251,785	\$ 44,775,889
Investments not considered to be cash and cash equivalents	(2,480,199)	-	-	-	-	-	(2,480,199)
Cash and cash equivalents	\$ 6,471,143	\$ 26,285,645	\$ 1,994,029	\$ 2,988,398	\$ 4,304,690	\$ 251,785	\$ 42,295,690

The notes to financial statements are an integral part of this statement.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. Summary of Significant Accounting Policies

Reporting Entity

The Urban Redevelopment Authority of Pittsburgh (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 Pittsburgh 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 of Pittsburgh (City) as the Mayor of Pittsburgh appoints the Board of Directors (Board) 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 URA appoints the Board of Directors of The Pittsburgh Housing Development Corporation (PHDC), non-profit corporation, and has the ability to impose its will upon the PHDC. The PHDC initiates, plans, finances, develops, and manages housing development throughout the City, with particular emphasis on activities in low- and moderate-income census tracts. This component unit is discretely presented on the government-wide statements.

The URA is the sole member of Pittsburgh Urban Initiatives (PUI), a limited liability company that serves and provides investment capital for low-income communities and low-income persons, consistent with the New Markets Tax Credit Program which provides PUI the actual tax credit allocation. This component unit is blended within the General Fund.

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

The Pittsburgh Economic and Industrial Development Corporation (PEIDC)

The URA provides administrative support to PEIDC. PEIDC is a non-profit corporation which was formed to formulate, implement, and promote commercial, industrial, and other

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

economic development goals, strategies, and projects in and for the City. The Board members are elected by the PEIDC membership. PEIDC is considered a related entity of the URA. Financial information is available for PEIDC at the URA's offices.

East Liberty Transit Revitalization Investment District Revitalization Authority (ELTRIDRA)

The URA provides administrative support to ELTRIDRA. 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 from the URA and one representative each from the City, Pittsburgh Public Schools, Port Authority of Allegheny County, and Allegheny County. ELTRIDRA is considered a related entity of the URA. Financial information is available for ELTRIDRA at the URA's offices.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by intergovernmental grants, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences are recorded only when payment is due.

Federal, state, and local grants designated for payment of specific URA expenditures are recognized when the related expenditures are incurred. Interest earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Any excess of grant-specific revenues or expenditures at year-end is recorded as unearned revenue or accounts receivable, respectively. All other revenue items are considered to be measurable and available only when cash is received by the URA.

The URA reports the following major governmental funds:

The *General Fund* is the URA's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.

The *CDBG Fund* accounts for the URA's Community Development Block Grant program which provides grants and loans for economic development and housing in the City.

The *Urban Development Action Grant (UDAG) Fund* accounts for activities of a major loan and grant-making fund available for both small to large projects within the City that serve to attract new businesses, expand or retain existing businesses, and neighborhood housing development. The fund was established by the repayment of previous loans made from the program.

Through funding provided by the Department of Housing and Urban Development, the URA uses its *HOME Fund* to provide financial assistance specifically to meet the housing related needs of the City. HOME money is utilized for both rehabilitation and new construction through existing URA housing programs. Assistance may be in the form of loans or grants to individual borrowers or developers.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

In 2017, the City committed \$10 million per year for 12 years to source a *Housing Opportunity Fund (HOF)*. HOF programs include:

- Down Payment and Closing Cost Assistance (DPCCAP) provides financing to first-time homebuyers in the City to help make the purchase of a home affordable. This program is designed to help stimulate housing investment in the City by providing financial assistance to potential homebuyers for the purpose of purchasing an existing or newly constructed residential unit.
- Homeowner Assistance Program (HAP) provides financial and technical assistance to eligible homeowners for rehabilitating and improving residential owner-occupied properties citywide.
- Rental Gap Program (RGP) will be used to help fund the creation of new affordable housing and/or preserve existing affordable housing in the City. The HOF RGP provides loans to developers for the creation and/or preservation of affordable units.
- Housing Stabilization Program (HSP) provides one-time or short-term (no more than 12 months) funding to help with emergency housing expenses such as rent and utilities. It is designed to assist participants to stabilize their current housing, or facilitate access to appropriate housing, and prevent homelessness. The program will also allow for legal eviction prevention services, including legal 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 *Grants Fund* accounts for various URA projects and programs not accounted for elsewhere. This activity includes grant programs, loan programs, and housing and business development projects.

Loan Programs – the URA offers a variety of loan products for real estate and business development and housing development.

Grant Programs - the URA receives various grants from state, federal, and local sources. Among them, the URA administers various Redevelopment Assistance Capital Program (RACP) grants for which the URA serves as a conduit between the Commonwealth of Pennsylvania and a grant sub-awardee. The State Budget Office of the Commonwealth of Pennsylvania administers the RACP program which is designed to fund projects that have regional impact such as job creation or increased tax base.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

The URA reports the following major proprietary funds:

The *Mortgage Revenue Bond Program* accounts for the issuance of tax-exempt bonds to finance below-market rate mortgages for the purchase and rehabilitation of residential property within the City.

The *Pittsburgh Development Fund* accounts for the activities of a major loan fund making funds available for large initiatives and projects within the City that serve to attract new businesses, expand and retain existing businesses, and encourage downtown, riverfront, infrastructure, housing, and neighborhood development. The fund was established by the issuance of redevelopment bonds which were repaid from a pledged portion of the City's RAD tax.

The *Commercial Lending Program Fund*, a new Fund in 2020, is used for the Pittsburgh Business Growth Fund loans which are loans up to \$500,000 for businesses to use for working capital, equipment, real estate acquisition, and leasehold improvements.

The *Pittsburgh Technology Center Garage Fund* accounts for parking garage operations which are owned and operated by the URA and located at The Pittsburgh Technology Center office park.

The *South Side Works Garage Fund* accounts for parking garage operations which are owned and operated by the URA and located at the South Side Works, a significant development on the City's South Side, including office, housing, entertainment, and recreation components.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the URA's governmental and business-type funds and its component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers for rents, property management services, interest on loans in its lending programs and investment interest earned which is to be used to further the programs, 2) operating grants, and 3) capital grants. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the URA's loan program major enterprise funds (Mortgage Revenue Bond Program, Pittsburgh

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Development Fund, and Commercial Lending Program Fund) are interest earned on loans and mortgage-backed securities and for the Pittsburgh Technology Center Garage Fund and South Side Works Garage Fund are property management revenues which include lease/rental income and parking income. Operating expenses for the enterprise funds include originating lender service fees, bad debt expenses, administrative expenses, depreciation expense on capital assets and property management and improvement costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the URA's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

The URA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Use of cash and cash equivalents is generally limited to the related programs.

Investments

Investments are recorded at fair value.

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

Interfund Receivables and Payables

Activity between funds that is representative lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "internal loans receivable/payable." Due to/from other funds is generally used to account for routine movements of cash between funds while internal loans receivable/payable represents a formal loan arrangement between funds. Internal fronting between funds is established when fully executed grant agreements are in place for reimbursement-type grants (the URA must pay the expense before receiving grant funds); board approval is required under URA policy.

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

Loans Receivable

In the governmental funds, loans receivable are recognized when the loan is established for loans with terms of thirty years or less. In the governmental funds, the loan balances are fully offset by unavailable revenue as loan repayments are not considered to be available as current resources. 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 recorded as expenditures when disbursed or are fully reserved.

It is the URA's policy to provide for future losses on loans based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the URA's judgment, may impact collectability. At December 31, 2021, the total allowance for uncollectible loans in governmental funds, including those only repayable on a contingent basis and fully reserved at the time of issuance, was \$180 million.

In the proprietary funds, amortizing loans are recorded at their principal balance due less an allowance for uncollectible accounts. Proprietary fund allowances for uncollectible accounts are disclosed in Note 4.

Property Held for Redevelopment

Property held for redevelopment relates mainly to land and buildings held by the URA that is available for redevelopment. Depending on the nature of the redevelopment activity, the transfer of this property may consist of many forms: grant, subsidized or below-market sale, or an independent, market-based sale. This property is held at cost or estimated net realizable value, if less than cost, and is offset by unavailable revenue in the governmental funds, as this property is not considered to be available as current resources. Estimated net realizable value is calculated once plans or disposition agreements are in place to dispose of the 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.

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Capital Assets

Capital assets, which include land, land improvements, and buildings are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the URA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives are expensed as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements are depreciated using the straight-line method. Buildings are assigned a useful life of 30-40 years and building improvements are amortized over 15 years or the remaining building life as of the year of completion.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Issuance costs are reported as current period costs in both the fund financial statements and government-wide financial statements.

Employee Benefits Accrual

The URA's employee benefits accrual includes compensated absences and obligations under early retirement programs. This accrual is to be paid in future years and is included in long-term obligations on the government-wide statement of net position. Compensated absences consist of accumulated unpaid vacation pay and unpaid accumulated sick leave which can be converted to a termination benefit provided certain criteria are met.

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Other Income

Included in other income in the General Fund on the governmental fund statement of revenues, expenditures, and changes in fund balance is approximately \$2.5 million of charges for services and approximately \$1.5 million of land sale proceeds.

Urban Development Expenditures

Urban development expenditures include construction costs incurred for the creation of infrastructure assets on behalf of the City as part of various development projects. At certain points during the projects, the URA dedicates these infrastructure assets to the City. As the URA will not own or maintain the assets, these assets are not capitalized on the URA's financial statements.

Budgets

Formal legal budgetary accounting is not employed for the governmental funds of the URA. Budgetary control for the General Fund is achieved through management-designed analyses. Budgetary control for the Special Revenue Funds is achieved via compliance with grant agreements related to the special revenue activities. Accordingly, budget-to-actual statements are not presented.

Tax Increment Financing

The URA is involved with Tax Increment Financing (TIF) transactions. As described in Note 9, the URA has no obligation for repayment of such debt, and, accordingly, the debt has been excluded from the financial statements. To the extent TIF transactions involve proceeds available for use by the URA; the related proceeds are recorded in special revenue funds.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The URA does not have any items that qualify for reporting as deferred outflows of resources.

In addition to liabilities, the statement of net position 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The URA has only 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 related to long-term loans receivable and property held for redevelopment. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Classification of Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net position consists of constraints placed on net position use through external restrictions. The URA's restricted net position is outlined on the statement of net position.
- Unrestricted – This component of net position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets."

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Fund Balance

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

- Nonspendable – This category represents funds that are not in spendable form. As of December 31, 2021, the URA has no nonspendable fund balance.
- 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 restricted for specific expenditure under agreement with grantors. At December 31, 2021, the URA's restricted fund balance related to various urban development projects and programs restricted primarily by grant agreements or other intergovernmental agreements.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board of Directors (Board) by resolution. Such a commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment also requires a Board resolution. As of December 31, 2021, the URA had committed fund balances of \$12.7 million for temporary funding for projects in advance of the Authority's receipts of permanent financing.
- Assigned – This category represents intentions of the URA to use the funds for specific purposes. The authority to make assignments of fund balance may only be made by the Board and remains in place until the Board releases the assignments. The assignment cannot exceed the available spendable unassigned fund balance in any particular fund. At December 31, 2021, \$122,985 is assigned as funds available for loan programs.
- Unassigned – This category includes the residual classification for the URA's General Fund and includes all spendable amounts not contained in other classifications.

The URA's policy is to use funds in the order of the most restrictive to the least restrictive.

Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 91 (Conduit Debt

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Obligations), 92 (Omnibus 2020), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

2. Cash and Investments

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

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

GASB guidance requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the URA’s and their component unit’s deposit and investment risks:

Custodial Credit Risk – Deposits. 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, 2021, \$85,119,129 of the URA’s bank balance of \$86,386,234 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution’s name. As of December 31, 2021, the carrying amounts of the URA’s deposits were \$86,360,449.

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As of December 31, 2021, none of the component unit's bank balance was exposed to custodial credit risk. As of December 31, 2021, the carrying amounts of the component unit's deposits were \$117,207.

In addition to the deposits noted above, included in the cash and 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	\$ 35,404,207	\$ 35,404,207	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bonds	1,272,423	1,272,423	-	-	-	-
Freddie Mac	299,835	-	-	-	245,045	54,790
GNMA	830,138	830,138	-	-	-	-
FNMA	77,803	-	24,789	-	53,014	-
Total	\$ 37,884,406	\$ 37,506,768	\$ 24,789	\$ -	\$ 298,059	\$ 54,790

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market 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, GNMA, and FNMA 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, 2021, the URA's investments in Money Market Funds and U.S. Treasury Bonds were rated AAAM by Standard and Poor's. The URA's remaining investments were not rated as of December 31, 2021.

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

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

Reconciliation of cash and investments to financial statements:

Cash and investment footnote:

Deposits	\$	86,360,449
Investments		<u>37,884,406</u>
	\$	<u>124,244,855</u>

Cash and investments per financial statements:

Governmental funds	\$	79,468,966
Proprietary funds		<u>44,775,889</u>
	\$	<u>124,244,855</u>

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3. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers as of December 31, 2021 consisted of:

Fund	Internal Loans		Due to/from	
	Receivables	Payables	Receivables	Payables
Major Funds:				
General	\$ 9,852,781	\$ 3,924,256	\$ -	\$ 3,073,807
Community Development Block Grant	75,000	819,747	-	2,240,905
HOME	-	31,300	-	392,342
UDAG	2,229,363	-	4,393,061	-
HOF	5,000	-	-	-
Grants	1,343,076	11,960,890	209,423	405,370
Mortgage Revenue Bond Program	-	-	-	318,674
Pittsburgh Development Fund	5,982,699	-	1,458,092	-
Commercial Lending Program Fund	-	1,500,000	-	114,594
Pittsburgh Technology Center Garage Fund	-	-	-	227,784
South Side Works Garage Fund	-	1,251,726	409,214	-
Other Enterprise Funds	-	-	320,696	17,010
	<u>\$ 19,487,919</u>	<u>\$ 19,487,919</u>	<u>\$ 6,790,486</u>	<u>\$ 6,790,486</u>

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ -	\$ 1,526,195
Community Development Block Grant	-	100,000
Grants	125,026	-
Pittsburgh Development Fund	5,000	-
Pittsburgh Technology Center Garage	1,559,136	-
Other Enterprise	-	62,967
	<u>\$ 1,689,162</u>	<u>\$ 1,689,162</u>

Transfers between funds in 2021 primarily relate to the movement of funds from the General Fund to the Pittsburgh Technology Center Garage Fund for certain construction costs of a new garage.

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4. Loans Receivable

Governmental funds report total loans receivable, net of allowance for uncollectible loans, of approximately \$28.8 million at December 31, 2021. The most significant of the governmental fund loans relates to the UDAG Program, HOME, and various loan programs funded by the Community Development Block Grant (CDBG). UDAG loans and grants are made for business and housing development and also act as a bridge source for secured funding. HOME loans and grants are made for both single and multifamily housing development. The CDBG loans and grants are made to residential housing development as well as to businesses.

Loans receivable include \$1.5 million due from PHDC, the URA's discretely-presented component unit, as described at Note 8.

Enterprise funds and component unit loans receivable from individual property-owners and enterprises within the City are reported net of any applicable allowances for uncollectible loans in the following funds at December 31, 2021 (excludes internal loans receivable):

<u>Enterprise Funds:</u>	<u>Amount</u>
Mortgage Revenue Bond Program, net of allowance of \$12,636	\$ 2,979,599
Pittsburgh Development Fund, net of allowance of \$15.3 million	27,957,444
Commercial Lending Program, net of allowance of \$574,825	3,094,934
Other Enterprise: Home Improvement Loan Program, net of allowance of \$306,168	96,389
	<u>\$ 34,128,366</u>
Component Unit:	
Pittsburgh Housing Development Corporation	<u>\$ 1,600,000</u>

The Mortgage Revenue Bond Program provides below market rate mortgages for the purchase and rehabilitation of residential property. Funds to finance the mortgages have been provided principally through the issuance of tax-exempt bonds. The Home Improvement Loan program also finances the rehabilitation of residential housing. The Pittsburgh Development Fund loans were made to targeted and strategic commercial development ventures to encourage and expand economic development within the City. The

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Pittsburgh Development Fund loans receivable balance includes \$5.6 million in loans to ELTRIDRA, a related entity.

As of December 31, 2021, the URA had approved \$3.5 million of PDF loans to various borrowers. These loans will close and begin to be paid out to the borrowers in 2022. Additionally, there was approximately \$2.0 million in remaining disbursements available to borrowers on closed PDF loans as of December 31, 2021.

5. Capital Assets

Governmental Capital Assets

Activity for the year was as follows for the URA's governmental activities:

	Balance at December 31, 2020	Additions	Deletions	Balance at December 31, 2021
Non-Depreciable Assets:				
Land and improvements	\$ 6,581,726	\$ -	\$ -	\$ 6,581,726
	<u>6,581,726</u>	<u>-</u>	<u>-</u>	<u>6,581,726</u>
Depreciable Assets:				
Buildings and improvements	10,849,914	148,647	-	10,998,561
Less: accumulated depreciation	<u>(361,664)</u>	<u>(366,619)</u>	<u>-</u>	<u>(728,283)</u>
	<u>10,488,250</u>	<u>(217,972)</u>	<u>-</u>	<u>10,270,278</u>
Governmental activities capital assets, net	<u>\$ 17,069,976</u>	<u>\$ (217,972)</u>	<u>\$ -</u>	<u>\$ 16,852,004</u>

Business-Type Capital Assets

The business-type capital assets are included in the Pittsburgh Technology Center Garage Fund and the South Side Works Garage Fund, which reported depreciation expense of \$287,287, and \$768,791, respectively.

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A summary of capital asset activity in the Enterprise Funds is as follows:

	Balance at December 31, 2020	Additions	Deletions	Balance at December 31, 2021
Non-Depreciable Assets:				
Construction in progress	<u>\$ 402,551</u>	<u>\$ 1,680,832</u>	<u>\$ -</u>	<u>\$ 2,083,383</u>
Depreciable Assets:				
Buildings and improvements	49,438,467	-	-	49,438,467
Less: accumulated depreciation	<u>(21,271,821)</u>	<u>(1,056,078)</u>	<u>-</u>	<u>(22,327,899)</u>
	<u>28,166,646</u>	<u>(1,056,078)</u>	<u>-</u>	<u>27,110,568</u>
Business-type activities capital assets, net	<u>\$ 28,569,197</u>	<u>\$ 624,754</u>	<u>\$ -</u>	<u>\$ 29,193,951</u>

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6. Property Held for Redevelopment

The URA holds property for redevelopment, which is valued at cost or net realizable value, if less than cost. A summary of the property held for redevelopment by project/neighborhood at December 31, 2021 is as follows:

<u>Valued at Cost:</u>	<u>Number of properties</u>	<u>Amount</u>
62nd Street	1	\$ 2,000,000
Hill District	600	2,446,234
Chateau	77	1,275,460
Central Business District	62	1,898,240
Larimer	106	1,072,201
Hunt Armory	1	1,000,000
Southside	33	714,948
Fairywood	36	700,635
Homewood	189	754,537
Other	549	713,120
Garfield	38	348,955
Federal North	5	477,381
Point Breeze	5	278,483
Sheraden	1	468,752
East Allegheny	7	165,005
	<u>1,710</u>	<u>14,313,951</u>
<u>Valued at Estimated Net Realizable Value:</u>		
South Side Works	<u>30</u>	<u>143,091</u>
Total property held for redevelopment	<u><u>1,740</u></u>	<u><u>\$ 14,457,042</u></u>

The first section includes property held for redevelopment which is valued at cost, as there are no current plans or disposition agreements in place to dispose of the property at less than cost. However, an amount less than the recorded value may be realized in the future due to the purpose for the transfer of the asset.

The second section includes property held for redevelopment which is valued at estimated net realizable value based on management's estimate at December 31, 2021 because of the URA's active plan to dispose of these properties.

In 2016, the URA Board of Directors authorized the purchase of approximately 658 acres of the Hays Woods site. As the largest underdeveloped site remaining in the City of Pittsburgh

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there was considerable desire to return the site to public ownership. Hays Woods is heavily forested, includes six streams, a waterfall and has significant importance as an environmental resource to the City of Pittsburgh residents. During 2021, the URA and the City of Pittsburgh authorized the transfer of ownership from the URA to the City; accordingly, \$5.1 million has been recognized as urban development expense on the government-wide statement of activities representing the previous carrying value of the property.

7. Defined Contribution Plan

The URA provides a defined contribution retirement plan, the Urban Redevelopment Authority of Pittsburgh Retirement Savings Plan (Plan), covering all employees who have completed one year of service. The Plan is administered by ICMA Retirement Corporation. All plan provisions were approved by the URA Board of Directors and any significant changes to those provisions will be made via Board approval and Resolution. This plan was amended effective March 14, 2013.

The total contribution for any plan participant is 10% of their base salary. Participants who were employed on or after January 1, 1985 and were not participants in the URA Employee's Pension Trust on December 31, 1997, contribute 5% of their base salary and receive a matching contribution by the URA. Participants hired before January 1, 1985 or were participants in the URA Employees' Pension Trust on December 31, 1997 and became participants in this plan on January 1, 1998, make no contribution to the plan as the URA funds the entire 10% contribution. Employer contributions for the year ended December 31, 2021 were \$236,092 and employee contributions were \$521,567.

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

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8. Long-Term Debt

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Retirements	Balance at December 31, 2021
Primary Government:				
<i>Governmental:</i>				
HUD Section 108 loans	\$ 2,505,000	\$ -	\$ 352,000	\$ 2,153,000
Employee benefits accrual	698,705	93,383	101,245	690,843
Total Governmental Fund Debt	<u>3,203,705</u>	<u>93,383</u>	<u>453,245</u>	<u>2,843,843</u>
<i>Proprietary:</i>				
Mortgage Revenue Bond Program	3,215,000	-	755,000	2,460,000
Bank loan (direct borrowing)	6,753,915	-	243,743	6,510,172
Total Proprietary Fund Debt	<u>9,968,915</u>	<u>-</u>	<u>998,743</u>	<u>8,970,172</u>
Total Debt and Other Long-Term Obligations - Primary Government	<u>\$ 13,172,620</u>	<u>\$ 93,383</u>	<u>\$ 1,451,988</u>	<u>11,814,015</u>
Component Unit:				
Pittsburgh Housing Development Corporation:				
Loans payable to the URA	\$ 2,025,876	\$ 102,652	\$ 608,088	1,520,440
Loans payable to Schenley Heights Collaborative	30,754	-	-	30,754
Bank construction loans	445,171	136,275	165,469	415,977
Total Component Unit Debt	<u>\$ 2,501,801</u>	<u>\$ 238,927</u>	<u>\$ 773,557</u>	<u>1,967,171</u>
Total Debt and Other Long-Term Obligations - Reporting Entity				<u>\$ 13,781,186</u>

Proprietary Fund debt at December 31, 2021 is composed of the following individual issues:

Mortgage Revenue Bonds

The Mortgage Revenue Bond Program was created to provide below market rate mortgages for the purchase and rehabilitation of residential property within the City. The 2006 C Series bonds, including various serial and term bonds, bear interest at rates from 4.40% to 4.80% and mature through 2028. At December 31, 2021, \$2,460,000 is outstanding. \$465,000 is due on these bonds in 2022.

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YEAR ENDED DECEMBER 31, 2021

Bank 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 garages' loans and to provide financing for the Open-Hearth Garage in the South Side Works. The loan is fixed at an interest rate of 3.83%. At December 31, 2021, \$6,510,172 is outstanding. Final maturity is January 1, 2025. Monthly payments are based on a 10-year amortization with a balloon payment due at maturity. \$258,713 is due on this loan in 2022. In the event of default, outstanding amounts become due immediately.

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

Years	Bonds		Bank Loans	
	Principal	Interest	Principal	Interest
2022	\$ 465,000	\$ 112,560	\$ 258,713	\$ 243,005
2023	470,000	90,120	268,798	232,920
2024	470,000	67,560	279,275	222,442
2025	350,000	46,080	5,703,386	18,051
2026	315,000	30,120	-	-
2027 - 2028	390,000	18,480	-	-
	<u>\$ 2,460,000</u>	<u>\$ 364,920</u>	<u>\$ 6,510,172</u>	<u>\$ 716,418</u>

Enterprise fund debt is payable from those respective funds.

General long-term debt loans payable are described below:

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, 2021, \$1,292,000 is outstanding. \$225,000 is due in 2022.

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

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interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2021, \$861,000 is outstanding. \$150,000 is due in 2022.

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

Years	HUD 108 Loans		
	Principal	Interest	Total
2022	\$ 375,000	\$ 113,010	\$ 488,010
2023	401,000	93,776	494,776
2024	428,000	72,964	500,964
2025	457,000	50,492	507,492
2026	492,000	26,270	518,270
	<u>\$ 2,153,000</u>	<u>\$ 356,512</u>	<u>\$ 2,509,512</u>

Governmental fund debt is payable from the Grants Fund.

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. Through December 31, 2021, a total of \$6.5 million of Note proceeds were received by the URA and as of December 31, 2021, \$2.6 million of this amount is recorded as unearned revenue and approximately \$2.1 million is recorded as accounts payable representing the potentially repayable portion of the proceeds.

During 2021, the URA entered into Equity Equivalent Investment Agreements (Agreements) with local banks whereby the banks agreed 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, 2021, \$2.5 million is outstanding under these Agreements and is recorded as accounts payable and other accrued liabilities in the Grants Fund.

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Component unit debt consists of the following:

PHDC-URA Loans

PHDC had outstanding construction loans payable to the URA of \$1,520,440. The loans are non-interest bearing. The loans are due upon the sale of related project units but are scheduled to mature in 2022 or 2023. The loans are secured by a third lien position on real property and improvements. The amount of loans forgiven by the URA for the year ended December 31, 2021 was \$385,971.

PHDC-Bank Construction Loans

The PHDC had outstanding construction loans payable to banks of \$415,977. Interest accrues on the loans at a range of 3.25% to 4.75%. Loans are due on demand.

PHDC-Schenley Heights Collaborative Construction Loans

The PHDC had outstanding construction loans payable to Schenley Heights Collaborative of \$30,754. Interest accrues on the loans at 0.00%. Loans are due on when units are sold or August 2022, whichever occurs first. The loan is secured by the mortgage on the property.

Future Maturities

Principal payments of \$1,967,171 for the component unit are classified as current, as they are generally due upon sale of related property.

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

9. No-Commitment Debt

The URA is involved in a number of debt transactions for which the URA issued debt in its name but retained no obligation for the repayment of the debt. The responsibility for repayment belongs either to the City, other taxing authorities, or to private borrowers. As of December 31, 2021, the aggregate amount of no-commitment debt outstanding was \$65

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million. The amount is comprised of \$38 million Multi-Family Revenue Bonds and \$27 million Tax Increment Financing Bonds and Notes and Parking Tax Diversion (TIF/PTD debt).

Responsibility for repayment of the Multi-Family Revenue Bonds rests with private borrowers. TIF/PTD debt is repaid from incremental Allegheny County, City, and School District of the City tax revenues. Generally, third parties are responsible for the repayment of TIF/PTD debt to the extent incremental tax revenues are not sufficient to meet debt service requirements.

10. Risk Management

The URA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not significantly exceeded commercial insurance coverage in the past. There were no significant changes in insurance coverage during the year.

11. Commitments and Contingencies

Grants

Grants received or receivable are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

Litigation

There are various matters of pending litigation in which the URA is involved. The URA believes it has meritorious defenses and intends to contest these matters. The amount of liability, if any, related to these matters is not subject to determination. Accordingly, the financial statements do not include any adjustment for possible effects of these cases.

Contract Commitments

At December 31, 2021, the URA had outstanding contract commitments of approximately \$32 million.

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Arena Land Agreement

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.

12. Due to Primary Government

In September of 2018, the URA, City, and the Housing Authority of the City of Pittsburgh ("HACP") purchased 412 Boulevard of the Allies ("412 BotA") for the relocation of the occupants of the John P. Robin Civic Building, at 200 Ross Street, and certain other City departments, for \$27,500,000. URA, the City, and HACP currently own 412 BotA as tenants in common, with the URA holding an approximately 25.41% ownership percentage. The City, the URA, and the HACP entered into a condominium agreement in 2019 whereby the URA obtained fee simple ownership of a condominium unit that occupies 412 BotA. The City issued general obligation notes to finance the purchase and build out of 412 BotA. The URA is responsible for making debt service payments starting in 2019 through 2043.

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The URA's obligation is reported as due to primary government on the government-wide statement of net position. Annual debt service requirements on the outstanding balance are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 395,220	\$ 127,462	\$ 522,682
2023	395,220	127,462	522,682
2024	395,220	127,462	522,682
2025	395,220	127,462	522,682
2026	395,220	127,462	522,682
2027-2031	1,976,100	637,310	2,613,410
2032-2036	1,976,100	637,310	2,613,410
2037-2041	1,976,100	637,310	2,613,410
2042-2043	790,434	254,924	1,045,358
	<u>\$ 8,694,834</u>	<u>\$ 2,804,164</u>	<u>\$ 11,498,998</u>

13. Subsequent Events

Southside Works Garages

The URA entered into a 99-year ground lease with MTP- SSW Garage, LLC ("Tenant"), with an effective date of September 1, 2021, for five (5) garages in Southside Works. The garages subject to the Agreement are the Ingot Garage, Hot Metal Garage, Furnace Garage, Open Hearth Garage, and Ladle Garage. The Lease provided Tenant the option to delay taking possession of the garages for up to six months from the effective date of the Lease, which the Tenant chose to exercise. Consequently, Tenant took possession of the garages on March 1, 2022. Per the Lease, Tenant makes monthly lease payments to the URA, as well as being responsible for all maintenance, utilities, and tax costs.

SUPPLEMENTARY INFORMATION

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - GRANT FUND - BY ACTIVITY

YEAR ENDED DECEMBER 31, 2021

	Commercial Loan Repayments	Housing Revolving Repayments	Industrial Land Reserve	Landlord Loan Escrow Account	Grants	Loan Repayments	Major Development & Other	PNC Firstside	Residential Land Reserve	Total
Revenues:										
Grants and Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 14,234,799	\$ -	\$ 934,485	\$ -	\$ -	\$ 15,169,284
Interest	16	-	2	66	538	4,193	10,614	147	4	15,580
Rental income	-	-	12,718	-	-	-	24,144	-	150	37,012
Loan repayments	2,081,640	414,802	34,762	170,585	8,646	3,278,344	321,633	-	-	6,310,412
Other	-	5,031	76,090	-	-	43,051	83,792	-	15,845	223,809
Total revenues	2,081,656	419,833	123,572	170,651	14,243,983	3,325,588	1,374,668	147	15,999	21,756,097
Expenditures:										
Current:										
Urban development	2,806	61,700	58,532	361,059	18,183,476	1,350,538	547,254	209,173	86,124	20,860,662
Administrative	1,719,849	375,009	52,855	15,180	160,366	873,278	484,242	-	68	3,680,847
Other	151,809	-	-	1,833	91,678	9,301	170,952	1,781	-	427,354
Debt service	-	-	-	-	17,219	-	492,837	-	-	510,056
Total expenditures	1,874,464	436,709	111,387	378,072	18,452,739	2,233,117	1,695,285	210,954	86,192	25,478,919
Excess (Deficiency) of Revenues Over Expenditures	207,192	(16,876)	12,185	(207,421)	(4,208,756)	1,092,471	(320,617)	(210,807)	(70,193)	(3,722,822)
Other Financing Sources (Uses):										
Transfers in (out)	50,000	-	-	(19,974)	(200,000)	245,000	50,000	-	-	125,026
Total other financing sources (uses)	50,000	-	-	(19,974)	(200,000)	245,000	50,000	-	-	125,026
Net Change in Fund Balance	\$ 257,192	\$ (16,876)	\$ 12,185	\$ (227,395)	\$ (4,408,756)	\$ 1,337,471	\$ (270,617)	\$ (210,807)	\$ (70,193)	\$ (3,597,796)