

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, 2022
with Independent Auditor's Report

MaherDuessel

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URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

YEAR ENDED DECEMBER 31, 2022

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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, 2022, 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, 2022, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the URA adopted Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases," which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Our opinion is not modified with respect to this matter.

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 28, 2023

Urban Redevelopment Authority of Pittsburgh
(A Component Unit of the City of Pittsburgh)
Management's Discussion and Analysis
December 31, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and footnotes.

Fiscal Year 2022 Financial Highlights (Government-Wide Financial Statements)

- Total assets increased by approximately \$43.2 Million. The increase is primarily attributed to:
 - An increase in Leases Receivable of \$35.1 Million. This is mainly due to the Authority implementing Governmental Accounting Standards Board Statement No. 87 "Leases" in 2022. Beginning in 2022, the Authority started leasing five garages in the Southside Works which accounts for \$32.5 Million of this Lease Receivable.
- Total Liabilities increased by approximately \$13.5 Million. The increase is primarily attributed to:
 - Unearned Revenue increased \$11.0 Million mostly due to American Rescue Plan Act funding received but not spent before the end of 2022.
- Total Net Position was \$223.4 Million, of which \$36.8 Million represented net investment in capital assets, and \$151.5 Million was restricted by funding source or bond indenture. Of the remaining \$35.0 Million unrestricted net position, \$14.5 Million represents property held for redevelopment under restrictions of the state redevelopment statutes, and \$12.6 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 \$40.1 Million for the year, of which \$28.2 Million was operating grants, and \$11.9 Million was charges for services. The program revenue consisted of \$1.2 Million in repayments through lending programs and \$2.6 Million earned through property management and rental income. The remaining program revenue primarily related to administrative fees.
- The Authority's total program expenses were \$44.0 Million for the year, of which \$27.4 Million was for Urban Development, \$13.2 Million was for General Government, \$0.3 Million was for Interest on Long-term Debt, \$0.4 Million for Lending Programs, and \$2.6 Million was for Property Management.

Urban Redevelopment Authority of Pittsburgh
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Management’s Discussion and Analysis
December 31, 2022

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, HOME funds, and HOF 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.

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.

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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, 2022 and 2021 for governmental activities was approximately \$112.6 Million and \$124.4 Million, respectively. For the business-type activities, net position was approximately \$110.8 Million and \$104.0 Million, respectively.

Summary of The Authority's Net Position
December 31, 2022 and December 31, 2021

	Governmental		%	Business-type		%
	Activities			Activities		
	2022	2021	Change	2022	2021	Change
Assets:						
Current and other assets	\$ 133,672,410	\$ 128,509,659	4.0%	\$ 107,919,736	\$ 83,895,010	28.6%
Capital assets	16,485,385	16,852,004	-2.2%	43,542,648	29,193,951	49.1%
Total assets	<u>\$ 150,157,795</u>	<u>\$ 145,361,663</u>	3.3%	<u>\$ 151,462,384</u>	<u>\$ 113,088,961</u>	33.9%
Liabilities:						
Current and other liabilities	\$ 24,005,898	\$ 9,394,268	155.5%	\$ 1,119,285	\$ 116,592	860.0%
Long-term liabilities	10,644,053	11,538,677	-7.8%	7,751,789	8,970,172	-13.6%
Total liabilities	<u>\$ 34,649,951</u>	<u>\$ 20,932,945</u>	65.5%	<u>\$ 8,871,074</u>	<u>\$ 9,086,764</u>	-2.4%
Deferred Inflows of Resources:	<u>\$ 2,893,584</u>	<u>\$ -</u>	0.0%	<u>\$ 31,803,911</u>	<u>\$ -</u>	0.0%
Net Position:						
Net investment in capital assets	\$ 8,185,771	\$ 8,157,170	0.4%	\$ 28,652,455	\$ 22,683,779	26.3%
Restricted for urban development	43,584,104	47,884,718	-9.0%	-	-	0.0%
Restricted for lending programs	33,606,360	31,709,489	6.0%	74,353,538	74,319,455	0.0%
Unrestricted	27,238,025	36,677,341	-25.7%	7,781,406	6,998,963	11.2%
Total net position	<u>\$ 112,614,260</u>	<u>\$ 124,428,718</u>	-9.5%	<u>\$ 110,787,399</u>	<u>\$ 104,002,197</u>	6.5%

Restricted net position generally represents funds that have constraints on their use pursuant to grant agreements or bond indentures. In total, at December 31, 2022, assets of the governmental and business-type funds exceeded their liabilities and deferred inflows of resources by \$223.4 Million, of which \$36.8 Million represented the Authority's net investment in capital assets and \$151.5 Million restricted by funding source or bond indenture. Of the \$35.0 Million Unrestricted Net Position, \$14.5 Million represents property held for redevelopment under restrictions of the state redevelopment statutes and \$12.6 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
Years Ended December 31, 2022 and December 31, 2021

	Governmental		% Change	Business-type		% Change
	Activities			Activities		
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Program revenues:						
Charges for services	\$ 8,217,228	\$ 7,567,750		\$ 3,728,291	\$ 4,047,935	
Operating grants	28,154,427	33,715,931		-	-	
General revenues:						
Investment and other gains	222,733	27,543		(1,352,404)	130,990	
Total revenues	<u>\$ 36,594,388</u>	<u>\$ 41,311,224</u>	-11.4%	<u>\$ 2,375,887</u>	<u>\$ 4,178,925</u>	-43.1%
Program expenses:						
Urban development	\$ 27,439,320	\$ 36,921,900		\$ -	\$ -	
General government	13,230,044	10,759,302		-	-	
Interest on long-term debt	312,684	285,561		-	-	
Lending programs	-	-		410,525	1,494,752	
Property management	-	-		2,606,958	3,698,449	
Total expenses	<u>\$ 40,982,048</u>	<u>\$ 47,966,763</u>	-14.6%	<u>\$ 3,017,483</u>	<u>\$ 5,193,201</u>	-41.9%
Change in net position before transfers	\$ (4,387,660)	\$ (6,655,539)		\$ (641,596)	\$ (1,014,276)	
Transfers	(7,426,798)	(1,501,169)		7,426,798	1,501,169	
Change in net position after transfers	<u>\$ (11,814,458)</u>	<u>\$ (8,156,708)</u>	44.8%	<u>\$ 6,785,202</u>	<u>\$ 486,893</u>	1293.6%

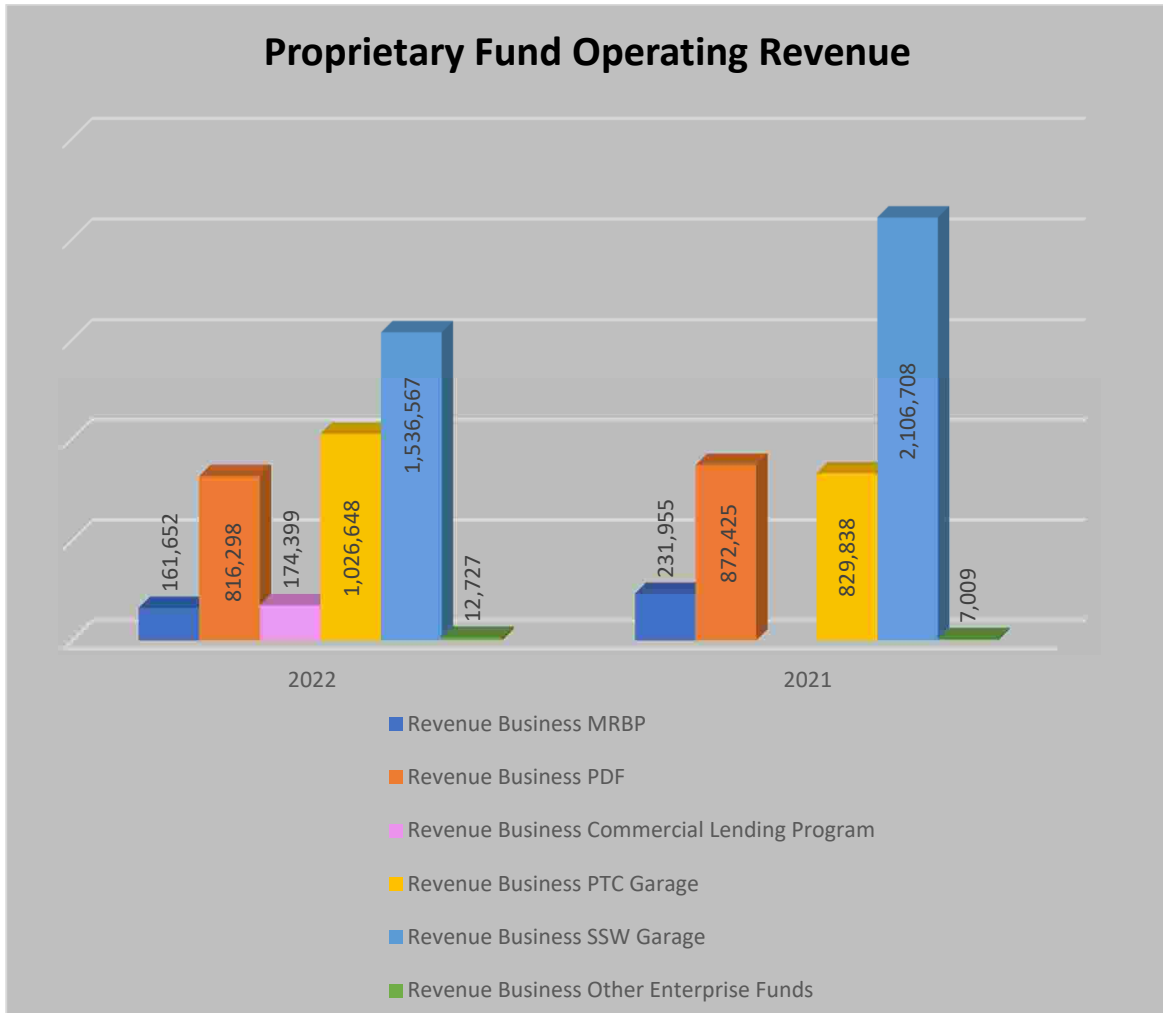
Governmental Activities. Total revenues decreased by approximately \$4.7 Million from \$41.3 Million in 2021 to \$36.6 Million in 2022. Grant revenue fluctuates by nature based on the status of current projects and funding patterns.

In 2022, the cost of governmental activities decreased by \$7.0 Million from \$48.0 Million in 2021 to \$41.0 Million in 2022, largely due to Urban Development project status and timing of project completion.

Business-Type Activities. Total revenues decreased by approximately \$1.8 Million from \$4.2 Million in 2021 to \$2.4 Million in 2022. This is largely due to a decrease in investment and other gains of \$1.5 Million.

Total cost of all proprietary (business-type) activities decreased by approximately \$2.2 Million from \$5.2 Million in 2021 to \$3.0 Million in 2022.

Urban Redevelopment Authority of Pittsburgh
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December 31, 2022



Urban Redevelopment Authority of Pittsburgh
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The Authority's Governmental Funds

As of December 31, 2022, the Authority's governmental funds reported total ending fund balances of \$58.8 Million, which represents a decrease of \$11.6 Million from the prior year (\$70.4 Million). Of the fund balance, \$43.6 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 \$12.6 Million has been committed for bridge funds for programs and projects and property repairs and improvements.

Major Funds

The Authority's General Fund fund balance of \$12.6 Million at December 31, 2022 represents a decrease of \$7.7 Million from December 31, 2021 (\$20.3 Million). This decrease is mostly due to a \$6.7 Million transfer to the Pittsburgh Technology Center Garage Fund for the construction of a new garage.

The CDBG Fund accounts for CDBG grants passed through to the Authority from the City of Pittsburgh. The fund balance remained the same at \$1.7 Million December 31, 2022 and 2021.

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 \$10.7 Million in 2022 and \$12.0 Million in 2021, which is a decrease of \$1.3 Million mostly due to urban development expenses exceeding revenues.

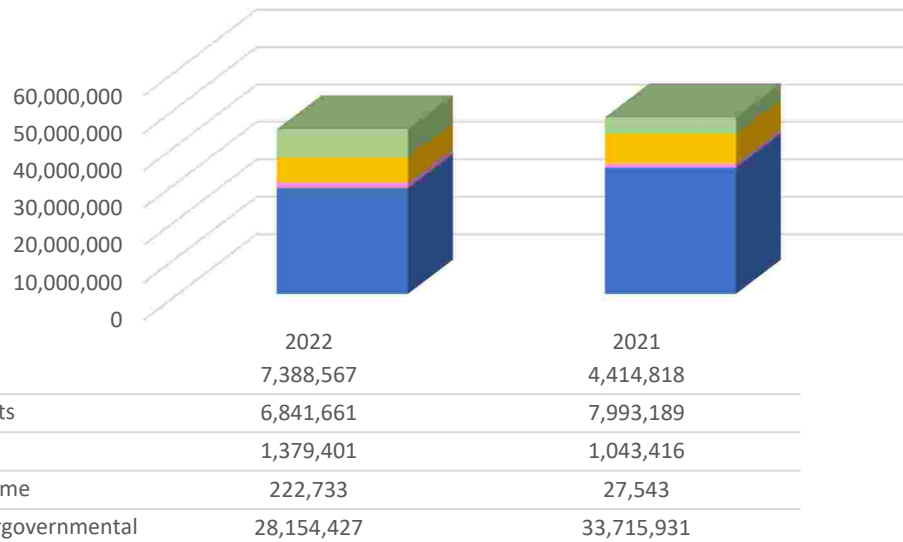
The HOME Fund provides loans or grants for both housing rehabilitation and new construction. The fund balance remained at approximately \$0.9 Million at December 31, 2022 and 2021. This fund balance mostly relates to fronting funds transferred from the Authority's General Fund.

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, For-Sale Development Program, Legal Assistance Program, and Small Landlord Fund. The fund balance as of December 31, 2022 was \$23.9 Million, an increase of \$2.7 Million from December 31, 2021 (\$21.2 Million).

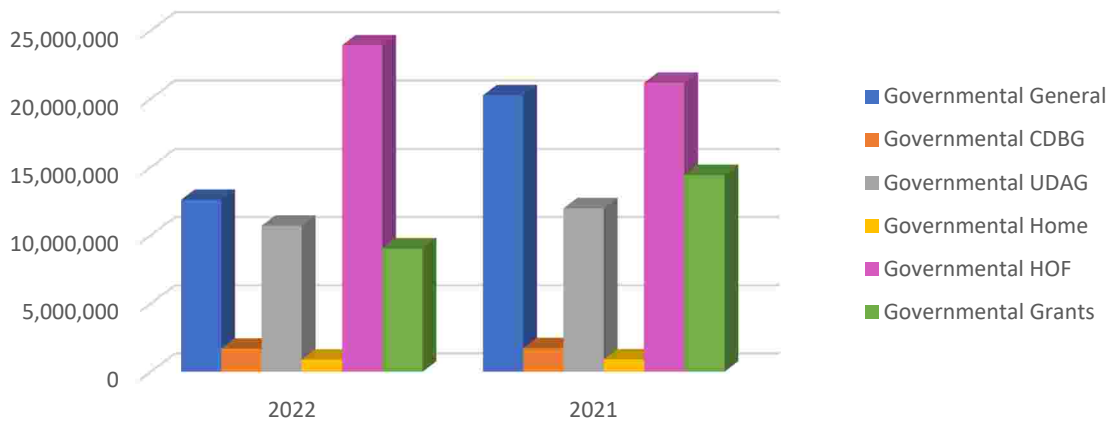
The Grants Fund accounts for the various Authority projects and programs not accounted for elsewhere. This activity includes grant programs, loan programs, and housing and business development projects. The \$9.0 Million of fund balance in 2022 is restricted for various urban development projects and programs.

Urban Redevelopment Authority of Pittsburgh
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Governmental Fund Revenue



Governmental Fund Balance



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December 31, 2022

Capital Assets and Debt Administration (Government-wide)

Capital Assets. The Authority's capital assets as of December 31, 2022 is \$16.5 Million, a decrease of \$0.4 Million from \$16.9 Million at December 31, 2021 (net of accumulated depreciation) for its governmental activities. Capital assets in business-type activities were \$43.5 Million and \$29.2 Million at December 31, 2022 and 2021, respectively (net of accumulated depreciation) for an increase of \$14.3 Million, mostly due to the construction of a new garage in the Pittsburgh Technology Center Garage Fund.

Additional information on capital assets may be found in Note 6 of the Notes to Financial Statements.

Debt Administration. At December 31, 2022, the Authority had total long-term debt outstanding of \$17.9 Million.

The outstanding debt was comprised primarily as follows: \$1.5 Million of Mortgage Revenue Bonds, which are comprised of various issues and rated AAAM by Standard and Poor's; \$6.3 Million of bank loans; \$8.3 Million of Bond Payable due to the acquisition of 412 Boulevard of the Allies, and HUD Section 108 loans in the amount of \$1.8 Million. Additional information on outstanding long-term liabilities may be found in Note 9 and Note 13 of the Notes to Financial Statements.

Subsequent to year end, the URA took on \$7 Million in debt for the PTC garage completion.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pittsburgh Housing Development Corporation
Assets				
Cash and investments	\$ 79,557,817	\$ 39,272,393	\$ 118,830,210	\$ 1,324,188
Due from other governments	8,149,789	-	8,149,789	-
Other receivables	375,003	398,774	773,777	3,000
Internal balances	(5,529,489)	5,529,489	-	-
Loans to component units	1,761,164	-	1,761,164	-
Loans receivable, net	29,027,016	30,665,476	59,692,492	1,600,000
Property held for redevelopment	14,490,717	-	14,490,717	3,260,470
Leases receivable	3,022,213	32,053,604	35,075,817	-
Other assets	2,818,180	-	2,818,180	100
Capital assets:				
Non-depreciable	6,581,726	17,488,158	24,069,884	-
Depreciable, net of accumulated depreciation	9,903,659	26,054,490	35,958,149	-
Total Assets	\$ 150,157,795	\$ 151,462,384	\$ 301,620,179	\$ 6,187,758
Liabilities				
Accounts payable and other accrued liabilities	\$ 10,402,646	\$ 1,119,285	\$ 11,521,931	\$ 1,160,759
Unearned revenue	13,603,252	-	13,603,252	-
Loans payable to URA	-	-	-	1,511,164
Loans payable to bank	-	-	-	512,402
Loans payable to Pittsburgh Urban Initiatives	-	-	-	250,000
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	7,904,394	-	7,904,394	-
Long-term debt, Due within one year	375,000	688,798	1,063,798	-
Long-term debt, Due in more than one year	1,969,439	7,062,991	9,032,430	-
Total Liabilities	34,649,951	8,871,074	43,521,025	3,465,079
Deferred Inflows of Resources				
Lease related	2,893,584	31,803,911	34,697,495	-
Net Position				
Net investment in capital assets	8,185,771	28,652,455	36,838,226	-
Restricted for urban development	43,584,104	-	43,584,104	-
Restricted for lending programs	33,606,360	74,353,538	107,959,898	-
Restricted for housing program	-	-	-	2,722,679
Unrestricted	27,238,025	7,781,406	35,019,431	-
Total Net Position	112,614,260	110,787,399	223,401,659	2,722,679
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 150,157,795	\$ 151,462,384	\$ 301,620,179	\$ 6,187,758

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Direct Expenses	Charges for Services	Operating Grants	Capital Grants	Primary Government		Total	Pittsburgh Housing Development Corporation
					Governmental Activities	Business-type Activities		-
Primary Government:								
Governmental activities:								
Urban development	\$ 27,439,320	\$ 2,518,146	\$ 26,178,300	\$ -	\$ 1,257,126	\$ -	\$ 1,257,126	\$ -
General government	13,230,044	5,699,082	1,976,127	-	(5,554,835)	-	(5,554,835)	-
Interest on long-term debt	312,684	-	-	-	(312,684)	-	(312,684)	-
Total governmental activities	40,982,048	8,217,228	28,154,427	-	(4,610,393)	-	(4,610,393)	-
Business-type activities:								
Lending programs	410,525	1,165,076	-	-	-	754,551	754,551	-
Property management	2,606,958	2,563,215	-	-	-	(43,743)	(43,743)	-
Total business-type activities	3,017,483	3,728,291	-	-	-	710,808	710,808	-
Total primary government	\$ 43,999,531	\$ 11,945,519	\$ 28,154,427	\$ -	(4,610,393)	710,808	(3,899,585)	-
Component Unit:								
Pittsburgh Housing Development Corporation	\$ 915,294	\$ 616,922	\$ 189,477	\$ -	-	-	-	(108,895)
General revenues:								
Investment earnings					222,733	(1,352,404)	(1,129,671)	-
Transfers					(7,426,798)	7,426,798	-	-
Total general revenues and transfers					(7,204,065)	6,074,394	(1,129,671)	-
Change in Net Position					(11,814,458)	6,785,202	(5,029,256)	(108,895)
Net position - beginning					124,428,718	104,002,197	228,430,915	2,831,574
Net position - ending					\$ 112,614,260	\$ 110,787,399	\$ 223,401,659	\$ 2,722,679

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

**BALANCE SHEET
GOVERNMENTAL FUNDS**

DECEMBER 31, 2022

	General	Community Development Block Grant	UDAG	HOME	HOF	Grants	Totals
Assets							
Cash and investments	\$ 13,777,210	\$ 2,600,652	\$ 4,057,051	\$ 1,181,876	\$ 23,945,719	\$ 33,995,309	\$ 79,557,817
Receivables (net, where applicable, of allowance for uncollectibles):							
Loans	2,399,430	-	4,749,374	1,081,726	912,437	21,645,213	30,788,180
Lease	3,022,213	-	-	-	-	-	3,022,213
Other	368,036	138	-	-	-	6,829	375,003
Due from other funds	-	-	4,393,062	-	-	209,423	4,602,485
Due from other governmental units	254,866	566,995	-	-	-	7,327,928	8,149,789
Internal loans receivable	9,597,547	79,150	2,289,691	-	5,000	1,749,461	13,720,849
Property held for redevelopment	5,254,155	1,345,392	-	-	-	7,891,170	14,490,717
Other assets	152,133	-	-	-	-	-	152,133
Total Assets	\$ 34,825,590	\$ 4,592,327	\$ 15,489,178	\$ 2,263,602	\$ 24,863,156	\$ 72,825,333	\$ 154,859,186
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 2,421,557	\$ -	\$ 39,467	\$ -	\$ 29,509	\$ 7,912,113	\$ 10,402,646
Due to other funds	4,782,958	1,485,652	-	271,588	-	350,594	6,890,792
Internal loans payable	4,469,848	75,000	-	31,300	-	12,385,883	16,962,031
Unearned revenue	-	-	-	-	-	13,603,252	13,603,252
Total Liabilities	11,674,363	1,560,652	39,467	302,888	29,509	34,251,842	47,858,721
Deferred Inflows of Resources:							
Unavailable revenue	7,653,585	1,345,392	4,749,374	1,081,726	912,437	29,536,383	45,278,897
Lease related	2,893,584	-	-	-	-	-	2,893,584
Total Deferred Inflows of Resources	10,547,169	1,345,392	4,749,374	1,081,726	912,437	29,536,383	48,172,481
Fund Balance:							
Restricted	-	337,982	10,700,337	78,988	23,921,210	8,545,587	43,584,104
Committed	10,500,000	1,348,301	-	800,000	-	-	12,648,301
Assigned	-	-	-	-	-	491,521	491,521
Unassigned	2,104,058	-	-	-	-	-	2,104,058
Total Fund Balance	12,604,058	1,686,283	10,700,337	878,988	23,921,210	9,037,108	58,827,984
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 34,825,590	\$ 4,592,327	\$ 15,489,178	\$ 2,263,602	\$ 24,863,156	\$ 72,825,333	\$ 154,859,186

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

Fund balance	\$ 58,827,984
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,485,385
Loans converted to equity participation are reported in governmental activities as other assets but are not reported in the funds.	2,666,047
Other long-term assets such as loans and property held for redevelopment are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	45,278,897
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.	<u>(10,644,053)</u>
Net position of governmental activities	<u>\$ 112,614,260</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, 2022

	General	Community Development Block Grant	UDAG	HOME	HOF	Grants	Totals
Revenues:							
Grants and Intergovernmental	\$ -	\$ 2,864,452	\$ -	\$ 713,867	\$ 10,000,000	\$ 14,576,108	\$ 28,154,427
Investment income	(180,269)	19,342	53,809	7,395	316,728	5,728	222,733
Rental income	1,355,606	-	-	-	-	23,795	1,379,401
Loan repayments	-	-	617,238	196,265	147,847	5,880,311	6,841,661
Other	6,939,069	-	83,448	145	-	365,905	7,388,567
Total revenues	8,114,406	2,883,794	754,495	917,672	10,464,575	20,851,847	43,986,789
Expenditures:							
Current:							
Urban development	1,237,785	2,421,703	1,605,485	787,152	6,695,033	20,996,357	33,743,515
Administrative	6,382,463	500,000	430,312	149,016	1,000,000	3,952,158	12,413,949
Other	786,675	899	-	-	16,714	126,990	931,278
Capital outlay	9,221	-	-	-	-	-	9,221
Debt service	522,682	-	-	-	-	560,222	1,082,904
Total expenditures	8,938,826	2,922,602	2,035,797	936,168	7,711,747	25,635,727	48,180,867
Excess (Deficiency) of Revenues Over Expenditures	(824,420)	(38,808)	(1,281,302)	(18,496)	2,752,828	(4,783,880)	(4,194,078)
Other Financing Sources (Uses):							
Transfers in (out)	(6,825,570)	-	-	-	-	(601,228)	(7,426,798)
Total other financing sources (uses)	(6,825,570)	-	-	-	-	(601,228)	(7,426,798)
Net Change in Fund Balance	(7,649,990)	(38,808)	(1,281,302)	(18,496)	2,752,828	(5,385,108)	(11,620,876)
Fund Balance:							
Beginning of year	20,254,048	1,725,091	11,981,639	897,484	21,168,382	14,422,216	70,448,860
End of year	\$ 12,604,058	\$ 1,686,283	\$ 10,700,337	\$ 878,988	\$ 23,921,210	\$ 9,037,108	\$ 58,827,984

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, 2022

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)	\$ (11,620,876)
<p>In governmental funds, the issuance of loans and other long term receivables 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>	(755,262)
<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>	770,220
<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>	33,675
<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>	(366,619)
<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>124,404</u>
Change in net position of governmental activities (page 2)	<u>\$ (11,814,458)</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, 2022

	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	\$ 7,911,024	\$ 22,343,099	\$ 1,958,539	\$ 3,249,860	\$ 3,498,123	\$ 311,748	\$ 39,272,393
Receivables, net	3,290	-	-	68,327	327,157	-	398,774
Due from other funds	-	1,473,092	-	-	1,172,581	320,696	2,966,369
Lease receivable	-	-	-	-	26,976	-	26,976
Noncurrent assets:							
Loans receivable, net	2,732,521	24,811,599	3,038,064	-	-	83,292	30,665,476
Internal loans receivable	-	13,516,899	10,209	-	-	-	13,527,108
Lease receivable	-	-	-	-	32,026,628	-	32,026,628
Capital assets, non-depreciable	-	-	-	17,488,158	-	-	17,488,158
Capital assets, net of applicable accumulated depreciation	-	-	-	7,469,458	18,585,032	-	26,054,490
Total Assets	\$ 10,646,835	\$ 62,144,689	\$ 5,006,812	\$ 28,275,803	\$ 55,636,497	\$ 715,736	\$ 162,426,372
Liabilities							
Current liabilities:							
Accounts payable and other accrued liabilities	\$ 16,530	\$ -	\$ -	\$ 1,099,204	\$ -	\$ 3,551	\$ 1,119,285
Due to other funds	318,674	-	114,594	227,784	-	17,010	678,062
Bonds and loans payable	420,000	-	-	-	268,798	-	688,798
Noncurrent liabilities:							
Internal loans payable	-	-	1,500,000	7,534,200	1,251,726	-	10,285,926
Unearned revenue	-	-	-	-	-	-	-
Bonds and loans payable	1,075,000	-	-	-	5,987,991	-	7,062,991
Total Liabilities	1,830,204	-	1,614,594	8,861,188	7,508,515	20,561	19,835,062
Deferred Inflows of Resources							
Lease related	-	-	-	-	31,803,911	-	31,803,911
Net Position							
Net investment in capital assets	-	-	-	16,324,212	12,328,243	-	28,652,455
Restricted for lending programs	8,816,631	62,144,689	3,392,218	-	-	-	74,353,538
Unrestricted	-	-	-	3,090,403	3,995,828	695,175	7,781,406
Total Net Position	8,816,631	62,144,689	3,392,218	19,414,615	16,324,071	695,175	110,787,399
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 10,646,835	\$ 62,144,689	\$ 5,006,812	\$ 28,275,803	\$ 55,636,497	\$ 715,736	\$ 162,426,372

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, 2022

	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	
Operating Revenues:							
Program interest income	\$ 161,652	\$ 805,541	\$ 149,934	\$ -	\$ -	\$ 6,526	\$ 1,123,653
Property management revenues	-	-	-	1,026,648	1,536,567	-	2,563,215
Other	-	10,757	24,465	-	-	6,201	41,423
Total operating revenues	<u>161,652</u>	<u>816,298</u>	<u>174,399</u>	<u>1,026,648</u>	<u>1,536,567</u>	<u>12,727</u>	<u>3,728,291</u>
Operating Expenses:							
Originating lender service fees	13,616	-	-	-	-	-	13,616
Administrative expenses	500,000	791,401	-	269,969	374,807	-	1,936,177
Depreciation	-	-	-	287,287	768,791	-	1,056,078
Property management and improvements	-	-	-	339,682	254,901	30,647	625,230
Provision for uncollectible loans	(1,621)	(1,217,003)	241,277	-	-	(33,457)	(1,010,804)
Other	6,736	12,415	-	20,539	12,000	2,211	53,901
Total operating expenses	<u>518,731</u>	<u>(413,187)</u>	<u>241,277</u>	<u>917,477</u>	<u>1,410,499</u>	<u>(599)</u>	<u>2,674,198</u>
Operating Income (Loss)	<u>(357,079)</u>	<u>1,229,485</u>	<u>(66,878)</u>	<u>109,171</u>	<u>126,068</u>	<u>13,326</u>	<u>1,054,093</u>
Non-Operating Revenues (Expenses):							
Investment income	82,989	(1,452,560)	629	351	12,647	3,540	(1,352,404)
Interest expense	(94,950)	-	-	-	(248,335)	-	(343,285)
Net non-operating revenues (expenses)	<u>(11,961)</u>	<u>(1,452,560)</u>	<u>629</u>	<u>351</u>	<u>(235,688)</u>	<u>3,540</u>	<u>(1,695,689)</u>
Excess (Deficiency) of Revenues Over Expenses Before Transfers	<u>(369,040)</u>	<u>(223,075)</u>	<u>(66,249)</u>	<u>109,522</u>	<u>(109,620)</u>	<u>16,866</u>	<u>(641,596)</u>
Transfers in (out)	-	683,884	8,563	6,704,351	-	30,000	7,426,798
Change in Net Position	<u>(369,040)</u>	<u>460,809</u>	<u>(57,686)</u>	<u>6,813,873</u>	<u>(109,620)</u>	<u>46,866</u>	<u>6,785,202</u>
Net Position:							
Beginning of year	9,185,671	61,683,880	3,449,904	12,600,742	16,433,691	648,309	104,002,197
End of year	<u>\$ 8,816,631</u>	<u>\$ 62,144,689</u>	<u>\$ 3,392,218</u>	<u>\$ 19,414,615</u>	<u>\$ 16,324,071</u>	<u>\$ 695,175</u>	<u>\$ 110,787,399</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, 2022

	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
Cash Flows From Operating Activities:							
Receipts from tenants and users	\$ -	\$ -	\$ -	\$ 958,321	\$ 384,648	\$ 53,080	\$ 1,396,049
Receipts from borrowers	384,868	6,179,423	437,102	-	-	-	7,001,393
Loan disbursements to borrowers	-	(8,545,234)	(471,575)	-	-	-	(9,016,809)
Payments for property management and administrative services	(517,110)	(791,401)	-	(609,651)	(1,453,511)	(30,647)	(3,402,320)
Receipts from mortgage-backed securities	448,524	-	-	-	-	-	448,524
Other receipts (payments)	-	(1,658)	(10,209)	(20,539)	(12,000)	3,990	(40,416)
Net cash provided by (used in) operating activities	316,282	(3,158,870)	(44,682)	328,131	(1,080,863)	26,423	(3,613,579)
Cash Flows From Investing Activities:							
Purchase of investments	(2,620,082)	(11,102,108)	-	-	-	-	(13,722,190)
Proceeds from sales and maturities of investments	3,892,505	532,231	-	-	-	-	4,424,736
Earnings on investments	82,989	185,409	629	351	12,647	3,540	285,565
Net cash provided by (used in) investing activities	1,355,412	(10,384,468)	629	351	12,647	3,540	(9,011,889)
Cash Flows From Non-Capital Financing Activities:							
Interest paid	(106,560)	-	-	-	(248,335)	-	(354,895)
Principal repayments-borrowings	(965,000)	-	-	-	(253,383)	-	(1,218,383)
Interfund receipts (payments)	-	668,884	8,563	-	-	30,000	707,447
Net cash provided by (used in) non-capital financing activities	(1,071,560)	668,884	8,563	-	(501,718)	30,000	(865,831)
Cash Flows From Capital and Related Financing Activities:							
Interfund receipts (payments)	-	-	-	6,704,351	-	-	6,704,351
Lease related	-	-	-	-	763,367	-	763,367
Purchase of capital assets	-	-	-	(6,771,371)	-	-	(6,771,371)
Net cash provided by (used in) capital related financing activities	-	-	-	(67,020)	763,367	-	696,347
Net Increase (Decrease) in Cash and Cash Equivalents	600,134	(12,874,454)	(35,490)	261,462	(806,567)	59,963	(12,794,952)
Cash and Cash Equivalents:							
Beginning of year	6,471,143	26,285,645	1,994,029	2,988,398	4,304,690	251,785	42,295,690
End of year	\$ 7,071,277	\$ 13,411,191	\$ 1,958,539	\$ 3,249,860	\$ 3,498,123	\$ 311,748	\$ 29,500,738
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ (357,079)	\$ 1,229,485	\$ (66,878)	\$ 109,171	\$ 126,068	\$ 13,326	\$ 1,054,093
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	(1,621)	(1,217,003)	241,277	-	-	-	(977,347)
Lease related	-	-	-	-	(1,340,217)	-	(1,340,217)
Change in operating assets and liabilities:							
Loans issued	-	(8,545,234)	(471,575)	-	-	-	(9,016,809)
Loan repayments received	248,699	5,373,882	287,168	-	-	13,097	5,922,846
Mortgage-backed securities	368,029	-	-	-	-	-	368,029
Receivables	34,369	-	(10,209)	(68,327)	188,298	-	144,131
Other assets	23,885	-	-	-	-	-	23,885
Accounts payable	-	-	(24,465)	-	(823,803)	-	(848,268)
Total adjustments	673,361	(4,388,355)	22,196	218,960	(1,206,931)	13,097	(4,667,672)
Net cash provided by (used in) operating activities	\$ 316,282	\$ (3,158,870)	\$ (44,682)	\$ 328,131	\$ (1,080,863)	\$ 26,423	\$ (3,613,579)
Supplemental Information:							
Cash and investments	\$ 7,911,024	\$ 22,343,099	\$ 1,958,539	\$ 3,249,860	\$ 3,498,123	\$ 311,748	\$ 39,272,393
Investments not considered to be cash and cash equivalents	(839,747)	(8,931,908)	-	-	-	-	(9,771,655)
Cash and cash equivalents	\$ 7,071,277	\$ 13,411,191	\$ 1,958,539	\$ 3,249,860	\$ 3,498,123	\$ 311,748	\$ 29,500,738

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, 2022

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, 2022

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, 2022

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.

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

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.

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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. In addition, American Rescue Plan Act funding is used to account for financial resources to be used for expenditures allowable under the American Rescue Plan Act.

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 garages which are owned and were operated by the URA through February 2022. These garages are located at the South Side Works, a significant development on the City's South Side, including office, housing, entertainment, and recreation components. See footnote 5 as these garages were leased beginning in March 2022 and the tenant now operates the garages.

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

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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 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.

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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 represent 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.

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, 2022, 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 \$183 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.

Leases

The URA is a lessor for several noncancellable leases of land and garages. The URA recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

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At the commencement of a lease, the URA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the URA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The URA uses its estimated incremental borrowing rate as the discount rate for leases. The incremental borrowing rate was 4%.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The URA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

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

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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.

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 \$2.7 million of charges for services and approximately \$3.9 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

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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.

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 two types of items, which arise under a modified accrual basis of

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accounting that qualifies for reporting in this category. Accordingly, unavailable revenue and lease related deferred inflows, are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues related to long-term loans receivable and property held for redevelopment. These amounts are 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.”

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, 2022, 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, 2022, the URA’s restricted fund balance related to various urban development projects and programs restricted primarily by grant agreements or other intergovernmental agreements.

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- 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, 2022, 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, 2022, \$491,521 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.

Adopted Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases,” requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The effects of this adoption were not material to beginning net position balances and were adjusted through the statements of net position.

The following GASB Statements were also adopted for the year ended December 31, 2022: Statement Nos. 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraphs 26 through 32). These statements had no significant impact on the URA’s financial statements for the year ended December 31, 2022.

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Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). 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, 2022, \$68,065,756 of the URA’s bank balance of \$69,462,738 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

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institution's name. As of December 31, 2022, the carrying amounts of the URA's deposits were \$69,458,515.

As of December 31, 2022, \$51,591 of the component unit's bank balance was exposed to custodial credit risk. As of December 31, 2022, the carrying amounts of the component unit's deposits were \$324,188.

The component unit also had restricted cash in the amount of \$1 million at December 31, 2022 related to its Equity Investment Agreement, as further discussed in Note 9.

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	\$ 48,531,948	\$ 48,531,948	\$ -	\$ -	\$ -	\$ -
Freddie Mac	242,477	-	-	-	209,352	33,125
GNMA	541,137	541,137	-	-	-	-
FNMA	56,133	-	8,376	-	47,757	-
Total	<u>\$ 49,371,695</u>	<u>\$ 49,073,085</u>	<u>\$ 8,376</u>	<u>\$ -</u>	<u>\$ 257,109</u>	<u>\$ 33,125</u>

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.

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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, 2022, the URA's investments in Money Market Funds were rated AAAM by Standard and Poor's. The URA's remaining investments were not rated as of December 31, 2022.

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 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	\$	69,458,515
Investments		<u>49,371,695</u>
	\$	<u>118,830,210</u>

Cash and investments per financial statements:

Governmental funds	\$	79,557,817
Proprietary funds		<u>39,272,393</u>
	\$	<u>118,830,210</u>

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3. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers as of December 31, 2022 consisted of:

Fund	Internal Loans		Due to/from	
	Receivables	Payables	Receivables	Payables
Major Funds:				
General	\$ 9,597,547	\$ 4,469,848	\$ -	\$ 4,782,958
Community Development Block Grant	79,150	75,000	-	1,485,652
UDAG	2,289,691	-	4,393,062	-
HOME	-	31,300	-	271,588
HOF	5,000	-	-	-
Grants	1,749,461	12,385,883	209,423	350,594
Mortgage Revenue Bond Program	-	-	-	318,674
Pittsburgh Development Fund	13,516,899	-	1,473,092	-
Commercial Lending Program Fund	10,209	1,500,000	-	114,594
Pittsburgh Technology Center Garage Fund	-	7,534,200	-	227,784
South Side Works Garage Fund	-	1,251,726	1,172,581	-
Other Enterprise Funds	-	-	320,696	17,010
	<u>\$ 27,247,957</u>	<u>\$ 27,247,957</u>	<u>\$ 7,568,854</u>	<u>\$ 7,568,854</u>

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ -	\$ 6,825,570
Grants	-	601,228
Pittsburgh Development Fund	683,884	-
Commercial Lending Program Fund	8,563	-
Pittsburgh Technology Center Garage	6,704,351	-
Other Enterprise	30,000	-
	<u>\$ 7,426,798</u>	<u>\$ 7,426,798</u>

Transfers between funds in 2022 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 \$30.8 million at December 31, 2022. The most significant of the governmental fund loans relates to the UDAG Program, HOME, various loan programs funded by the Community Development Block Grant (CDBG), and HOF. 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. The HOF loans are made to developers creating/preserving affordable housing, as well as first-time homebuyers in need of assistance with their downpayment, and existing homebuyers who need to make necessary repairs to their homes.

Loans receivable include \$1.5 million due to the URA from PHDC and \$250,000 due to Pittsburgh Urban Initiatives from PHDC, the URA's discretely-presented component unit, as described at Note 9.

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, 2022 (excludes internal loans receivable):

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<u>Enterprise Funds:</u>	<u>Amount</u>
Mortgage Revenue Bond Program, net of allowance of \$11,015	\$ 2,732,521
Pittsburgh Development Fund, net of allowance of \$14.1 million	24,811,599
Commercial Lending Program, net of allowance of \$815,989	3,038,064
Other Enterprise: Home Improvement Loan Program, net of allowance of \$298,388	<u>83,292</u>
	<u>\$ 30,665,476</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 Pittsburgh Development Fund loans receivable balance includes \$5.6 million in loans to ELTRIDRA, a related entity.

As of December 31, 2022, the URA had approved \$6.4 million of PDF loans to various borrowers. These loans will close and begin to be paid out to the borrowers in 2023. Additionally, there was approximately \$1.8 million in remaining disbursements available to borrowers on closed PDF loans as of December 31, 2022.

5. Leases

Southside Works Garage Lease

The URA entered into a 99-year 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 the Tenant the option to delay taking

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possession of the garages for up to six months from the effective date of the lease, which the Tenant chose to exercise. Consequently, the Tenant took possession of the garages on March 1, 2022. Per the lease, the Tenant makes monthly lease payments of \$109,052 to the URA, as well as being responsible for all maintenance, utilities, and tax costs.

The URA has determined the net present value of lease receipts based on an estimated interest rate of 4.0%. In the proprietary fund, South Side Works Garage Fund, the URA recognized \$271,364 in lease revenue and \$1,068,853 in interest revenue during 2022 related to this lease. As of December 31, 2022, the URA's receivable for lease payments was \$32,053,604. Also, the URA has deferred inflows associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflows was \$31,803,911.

General Fund Land Leases

The URA, as a lessor, leases land and parking lots under various noncancelable lease agreements. The lease agreements contain lease terms with planned end dates ranging from November 2027 to December 2063. Lease payment rates, terms, cancellation clauses, and other provisions vary based on the lease agreement. Certain leases provided for increases in future minimum annual rental payments. The URA has determined the net present value of lease receipts based on an estimated interest rate of 4.0%. In the governmental fund, the General Fund, lease-related income under these leases for the year ended December 31, 2022 was \$532,552 and \$130,438 for lease income and interest income, respectively.

As of December 31, 2022, the URA's receivable for lease payments related to leased land was \$3,022,213. Also, the URA has deferred inflows associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflows was \$2,893,584.

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6. Capital Assets

Governmental Capital Assets

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

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
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	10,998,561	-	-	10,998,561
Less: accumulated depreciation	(728,283)	(366,619)	-	(1,094,902)
	<u>10,270,278</u>	<u>(366,619)</u>	<u>-</u>	<u>9,903,659</u>
Governmental activities capital assets, net	<u>\$ 16,852,004</u>	<u>\$ (366,619)</u>	<u>\$ -</u>	<u>\$ 16,485,385</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.

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

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Non-Depreciable Assets:				
Construction in progress	\$ 2,083,383	\$ 15,404,775	\$ -	\$ 17,488,158
Depreciable Assets:				
Buildings and improvements	49,438,467	-	-	49,438,467
Less: accumulated depreciation	(22,327,899)	(1,056,078)	-	(23,383,977)
	<u>27,110,568</u>	<u>(1,056,078)</u>	<u>-</u>	<u>26,054,490</u>
Business-type activities capital assets, net	<u>\$ 29,193,951</u>	<u>\$ 14,348,697</u>	<u>\$ -</u>	<u>\$ 43,542,648</u>

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YEAR ENDED DECEMBER 31, 2022

7. 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, 2022 is as follows:

<u>Valued at Cost:</u>	<u>Number of properties</u>	<u>Amount</u>
62nd Street	1	\$ 2,000,000
Hill District	596	2,350,938
Chateau	77	1,275,460
Central Business District	61	1,898,239
Larimer	129	1,176,249
Hunt Armory	1	1,000,000
Southside	32	722,476
Fairywood	33	700,633
Homewood	189	754,537
Other	584	746,402
Garfield	37	348,954
Federal North	5	477,381
Point Breeze	5	278,483
Sheraden	1	468,752
East Allegheny	6	164,183
	<u>1,757</u>	<u>14,362,687</u>
<u>Valued at Estimated Net Realizable Value:</u>		
South Side Works	<u>28</u>	<u>128,030</u>
Total property held for redevelopment	<u><u>1,785</u></u>	<u><u>\$ 14,490,717</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, 2022 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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NOTES TO FINANCIAL STATEMENTS

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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 was recognized as urban development expense in 2021 on the government-wide statement of activities representing the previous carrying value of the property. This transfer is expected to occur in 2023.

8. 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 Plan allows for employee contributions and the URA will match up to 5% of employee contributions after the employee has one year of service. Employer contributions for the year ended December 31, 2022 were \$187,816 and employee contributions were \$521,789.

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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NOTES TO FINANCIAL STATEMENTS

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9. Long-Term Debt

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Retirements	Balance at December 31, 2022
Primary Government:				
<i>Governmental:</i>				
HUD Section 108 loans	\$ 2,153,000	\$ -	\$ 375,000	\$ 1,778,000
Employee benefits accrual	690,843	-	124,404	566,439
Total Governmental Fund Debt	<u>2,843,843</u>	<u>-</u>	<u>499,404</u>	<u>2,344,439</u>
<i>Proprietary:</i>				
Mortgage Revenue Bond Program	2,460,000	-	965,000	1,495,000
Bank loan (direct borrowing)	6,510,172	-	253,383	6,256,789
Total Proprietary Fund Debt	<u>8,970,172</u>	<u>-</u>	<u>1,218,383</u>	<u>7,751,789</u>
Total Debt and Other Long-Term Obligations - Primary Government	<u>\$ 11,814,015</u>	<u>\$ -</u>	<u>\$ 1,717,787</u>	<u>10,096,228</u>
Component Unit:				
Pittsburgh Housing Development Corporation:				
Loans payable to the URA	\$ 1,520,440	\$ 76,091	\$ 85,367	1,511,164
Loans payable to Schenley Heights Collaborative	30,754	-	-	30,754
Loans payable to Pittsburgh Urban Initiatives	-	250,000	-	250,000
Bank construction loans	415,977	303,938	207,513	512,402
Total Component Unit Debt	<u>\$ 1,967,171</u>	<u>\$ 630,029</u>	<u>\$ 292,880</u>	<u>2,304,320</u>
Total Debt and Other Long-Term Obligations - Reporting Entity				<u>\$ 12,400,548</u>

Proprietary Fund debt at December 31, 2022 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, 2022, \$1,495,000 is outstanding. \$420,000 is due on these bonds in 2023.

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YEAR ENDED DECEMBER 31, 2022

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, 2022, \$6,256,789 is outstanding. Final maturity is January 1, 2025. Monthly payments are based on a 10-year amortization with a balloon payment due at maturity. \$268,798 is due on this loan in 2023. 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
2023	\$ 420,000	\$ 66,120	\$ 268,798	\$ 232,920
2024	370,000	47,160	279,275	222,442
2025	250,000	30,480	5,708,716	18,051
2026	215,000	19,320	-	-
2027	160,000	9,360	-	-
2028	80,000	1,920	-	-
	<u>\$ 1,495,000</u>	<u>\$ 174,360</u>	<u>\$ 6,256,789</u>	<u>\$ 473,413</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, 2022, \$1,067,000 is outstanding. \$241,000 is due in 2023.

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, 2022, \$711,000 is outstanding. \$160,000 is due in 2023.

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
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>\$ 1,778,000</u>	<u>\$ 243,502</u>	<u>\$ 2,021,502</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, 2022, a total of \$6.5 million of Note proceeds were received by the URA and as of December 31, 2022, approximately \$900,000 of this amount is recorded as unearned revenue and \$3.2 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, 2022, \$3.5 million is outstanding under these Agreements and is recorded as accounts payable and other accrued liabilities in the Grants Fund.

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During 2022, PHDC entered into a similar Equity Investment Agreement with a local bank whereby PHDC received \$1 million to be used for community development activities. This advance bears interest at 3% per annum, payable semiannually for each year of the term. The initial term of the Agreement ends in 2027, with automatic three-year renewal periods unless either party elects not to renew. Upon non-renewal of the Agreement, the advance is to be repaid by PHDC over a five-year period. At December 31, 2022, \$1 million is outstanding under this Agreement and is recorded as accounts payable and other accrued liabilities.

Component unit debt consists of the following:

PHDC-URA Loans

PHDC had outstanding construction loans payable to the URA of \$1,511,164. The loans are non-interest bearing. The loans are due upon the sale of related project units but are scheduled to mature in 2023. The loans are secured by a third lien position on real property and improvements.

PHDC-Bank Construction Loans

The PHDC had outstanding construction loans payable to banks of \$512,402. Interest accrues on the loans at a range of 3.25% to 4.75%. Loans are scheduled to mature between 2023 and 2029.

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 2023, whichever occurs first. The loan is secured by the mortgage on the property.

Pittsburgh Urban Initiatives

The PHDC had outstanding construction loans payable to Pittsburgh Urban Initiatives of \$250,000. Interest accrues on the loans at 0.00%. Loans are due on demand and secured by the mortgage on the property.

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YEAR ENDED DECEMBER 31, 2022

Future Maturities

Principal payments of \$2,304,320 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.

10. 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, 2022, the aggregate amount of no-commitment debt outstanding was \$57 million. The amount is comprised of \$34 million Multi-Family Revenue Bonds and \$23 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.

11. 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.

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12. 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, 2022, the URA had outstanding contract commitments of approximately \$7 million.

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.

13. 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

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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.

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>
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	395,220	127,462	522,682
2028-2032	1,976,099	637,312	2,613,411
2033-2037	1,976,099	637,312	2,613,411
2038-2042	1,976,099	637,312	2,613,411
2043	395,217	127,462	522,679
	<u>\$ 8,299,614</u>	<u>\$ 2,676,708</u>	<u>\$ 10,976,322</u>

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, 2022

	Commercial Loan Repayments	Housing Revolving Repayments	Industrial Land Reserve	Landlord Loan Escrow Account	Grants	Loan Repayments	Major Development & Other	PNC Firstside	Residential Land Reserve	Sustainable	Total
Revenues:											
Grants and Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 13,562,919	\$ -	\$ 1,013,189	\$ -	\$ -	\$ -	\$ 14,576,108
Investment Income	150	-	12	171	2,476	2,785	17,585	8,618	7	(26,076)	5,728
Rental income	-	-	-	-	-	-	23,795	-	-	-	23,795
Loan repayments	2,067,992	681,921	34,762	116,637	40,254	2,836,225	102,520	-	-	-	5,880,311
Other	-	2,866	23,261	136,650	37,500	80,248	73,332	-	12,048	-	365,905
Total revenues	2,068,142	684,787	58,035	253,458	13,643,149	2,919,258	1,230,421	8,618	12,055	(26,076)	20,851,847
Expenditures:											
Current:											
Urban development	263,783	-	6,329	187,156	18,062,647	1,756,281	710,718	-	9,443	-	20,996,357
Administrative	1,847,689	425,000	5,974	12,407	327,111	701,211	630,699	-	2,067	-	3,952,158
Other	48,160	838	8,291	-	11,922	17,421	40,104	-	-	254	126,990
Debt service	-	-	-	-	72,208	-	488,014	-	-	-	560,222
Total expenditures	2,159,632	425,838	20,594	199,563	18,473,888	2,474,913	1,869,535	-	11,510	254	25,635,727
Excess (Deficiency) of Revenues Over Expenditures	(91,490)	258,949	37,441	53,895	(4,830,739)	444,345	(639,114)	8,618	545	(26,330)	(4,783,880)
Other Financing Sources (Uses):											
Transfers in (out)	-	-	-	-	(43,604)	(783,884)	36,396	-	-	189,864	(601,228)
Total other financing sources (uses)	-	-	-	-	(43,604)	(783,884)	36,396	-	-	189,864	(601,228)
Net Change in Fund Balance	\$ (91,490)	\$ 258,949	\$ 37,441	\$ 53,895	\$ (4,874,343)	\$ (339,539)	\$ (602,718)	\$ 8,618	\$ 545	\$ 163,534	\$ (5,385,108)