

Stadium Authority of the City of Pittsburgh

Financial Statements,
Required Supplementary Information,
and Other Information

Years Ended December 31, 2023 and 2022
with Independent Auditor's Reports

MaherDuessel

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STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

YEARS ENDED DECEMBER 31, 2023 AND 2022

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Independent Auditor's Report

**Board of Directors
Stadium Authority of the City of Pittsburgh**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Stadium Authority of the City of Pittsburgh (Authority), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2023 and 2022, and the changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Authority'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2024 on our consideration of the Authority's internal control over financial reporting and on

our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
April 5, 2024

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

As management of the Stadium Authority of the City of Pittsburgh (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the years ended December 31, 2023, 2022, and 2021. This Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues and activities. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- During the year ended December 31, 2023, the operating revenues of the Authority's garages and parking lots improved by around 16% to \$8.9 million, with revenue increases as a result of individuals returning to work in the office; increased attendance at sports events, concerts, and North Shore venues.
- The Authority's net position as of December 31, 2023 increased by \$2.8 million from the prior year. Net investment in capital assets increased \$2.8 million, amounts restricted for capital activity and debt reserves increased by \$164,000, and the deficit in the unrestricted net position increased by \$180,000. The Authority's total cash and cash equivalents balance (Note 3) at the close of the 2023 fiscal year was \$6.2 million, representing a \$981,000 decrease over the prior year-end. The liabilities of the Authority decreased \$1.7 million, mainly relating to the payment of debt.
- The Authority recognized \$8.9 million in operating revenues for the calendar year 2023, an increase of \$1.2 million from 2022, due mostly to the increase in parking revenue from the Authority's garages and parking lots.
- As shown on the Statements of Revenues, Expenses, and Changes in Net Position, total Authority operating revenues were \$8.9 million, net of operating expenses of \$6.1 million and resulted in an \$2.8 million operating gain. All of the Authority's operating revenue is restricted to the Parking Bonds. The loss is net of depreciation and amortization expenses of \$1.7 million.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial report, which is comprised of a single enterprise fund. The following is a brief history of the Authority and its role today in the development of the North Shore.

The Authority was formed by the City of Pittsburgh (City) on March 9, 1964 pursuant to the provisions of the Public Auditorium Authorities Law of the Commonwealth of Pennsylvania approved July 29, 1953, P.L. 1034, as amended (recodified as the Sports and Exhibition Authority Act 16 P.S. Section 5502-A et seq.). The Authority was originally responsible for the

construction and management of Three Rivers Stadium and related parking lots. Three Rivers Stadium, which was used for baseball, football, and various concert events, opened on July 16, 1970 and was demolished in February 2001. SEA constructed Acrisure Stadium, which is leased to the Pittsburgh Steelers, and PNC Park, which is leased to the Pittsburgh Pirates, to replace Three Rivers Stadium. The Authority remains responsible for the development of the land between the football stadium and the baseball park (which area is generally called the Option Area).

In 2003, the Authority entered into an agreement with a joint venture of the Steelers and Pirates (North Shore Developers), for the development of the Option Area, which agreement has been amended over time (as amended, the Option Agreement). The Authority oversees this development according to the terms of the Option Agreement. The Option Area contained 12 development parcels of various sizes. Eight parcels have been developed: the building that had been known as the Equitable Resources building and the Del Monte building (2 parcels), the Hyatt Place Hotel, North Shore Place I, North Shore Place II, the SAP building, and the Champions Garage (a privately owned garage that opened in 2021). The Option Period for the four remaining parcels designated under the Option Agreement as ((i) Tract 4(A), (ii) Tract 4(C), (iii) Parcel 4 and (iv) the remaining portion of Parcel 7.2) was set to expire December 31, 2021. In December 2021, the Authority authorized amendments to the Option Agreement whereby the Option Periods were extended for all four remaining parcels to January 31, 2022. The amendments also provide, among other things, that if by January 31, 2022, Tract 4(A) is taken down for development of an apartment building and a license agreement is entered into providing for green space on a portion of Parcel 4, then (i) the remaining portion of Parcel 4 is released from the Option Agreement, and (ii) the Option Periods are extended to March 31, 2024 for Tract 4(C) (where an entertainment plaza is planned) and for the remaining portion of Parcel 7.2. If certain conditions are met, the end of the Option Period for the remaining portion of Parcel 7.2 further extends to December 31, 2024.

On January 31, 2022 Tract 4(A) was taken down for the apartment building project and is under construction with a projected complete date of 2024, the license agreement was entered into for green space on a portion of Parcel 4, and, in accordance with the agreements, the Authority was prepaid the sale price for Tract 4(C), allowing Tract 4(C) to be used as a construction staging area. The sale proceeds received by the Authority for Tract 4(A) and Tract 4(C) are equal to the amounts the Authority owes ALCO Parking Corporation (ALCO) to release its parking lease rights on Tract 4(A) and Tract 4(C). The portion of Parcel 4 not to be improved as green space has been released from the Option Agreement and the Authority has covenanted to use it for parking until 2031. The remaining portion of Parcel 7.2 will continue to be used for parking pending development under the Option Agreement.

As part of the Option Area development, the Authority built the West General Robinson Street (WGRS) garage, which opened in 2006, and the Gold 1 (Gold 1) garage, which opened in 2017, to provide parking for the stadium and ballpark and to replace parking that was or will be eliminated with the development.

The Authority leases certain land from the Commonwealth of Pennsylvania that is also used for surface parking. The WGRS and Gold 1 garages and all surface lots are managed by or leased to ALCO. The lease and management agreements with respect to the parking lots run through 2050. The management agreements for the garages run through December 31, 2026.

Pursuant to the team leases for Acrisure Stadium and PNC Park and the Option Agreement, the teams were to receive certain parking revenues related to Acrisure Stadium and PNC Park events. Pursuant to current provisions, event parking revenues are now deposited in SEA's Acrisure Stadium or PNC Park capital reserve account, as applicable, and used by SEA for certain capital projects at Acrisure Stadium or PNC Park as provided for in the team leases.

SEA provides staffing and administrative services for the Authority.

Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statements of net position* present information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statements of revenues, expenses, and changes in net position* present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued receivables).

The *statements of cash flows* report cash and cash equivalent activities for the year resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the year.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

Below is a summary of the net position of the Authority as of December 31, 2023, 2022, and 2021.

Condensed Summary of Net Position at December 31 (in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 18,805	\$ 16,745	\$ 13,437
Capital assets, net	39,577	40,573	42,195
Other assets	3,012	3,097	3,178
Construction in progress	-	-	-
Total assets	<u>61,394</u>	<u>60,415</u>	<u>58,810</u>
Current liabilities	2,012	2,147	1,624
Other long-term liabilities	21,244	22,783	23,474
Grants of the City of Pittsburgh	<u>22,775</u>	<u>22,775</u>	<u>22,775</u>
Total liabilities	<u>46,031</u>	<u>47,705</u>	<u>47,873</u>
Deferred inflows of resources for leases	<u>752</u>	<u>853</u>	<u>986</u>
Net position:			
Net investments in capital assets	32,022	29,252	27,313
Restricted for capital activity/debt service	4,497	4,333	5,092
Unrestricted	<u>(21,908)</u>	<u>(21,728)</u>	<u>(22,454)</u>
Total net position	<u>\$ 14,611</u>	<u>\$ 11,857</u>	<u>\$ 9,951</u>

Current assets include cash, investments, and receivables from parking operations. Current assets for 2023 increased \$2.1 million over 2022. This is primarily due to an increase the parking general fund held by the SEA. Other assets at December 31, 2023 include \$2.3 million, which is the Authority's share of the debt service reserve account for the Parking Bonds and also includes the noncurrent portion of the lease receivable. Current assets for 2022 increased \$3.3 million over 2021. Other assets at December 31, 2022 include \$2.3 million, which is the Authority's share of the debt service reserve account for the Parking Bonds and also includes the noncurrent portion of the lease receivable.

Total liabilities at December 31, 2023 decreased \$1.7 million. Total liabilities decreased \$168,000 in 2022.

In November 2017, SEA issued the Parking Bonds in order to provide long-term, stable financing for parking facilities of SEA and the Authority. The Authority's portion of the Parking Bonds

debt is reflected on the statements of net position as a long-term loan/note payable to SEA. Other long-term liabilities include continued principal payments for the Infrastructure Development Program (IDP) loan and payments to ALCO for payment due to a reduction of parking spaces, both as described hereafter.

Net Position increased \$2.8 million to \$14.6 million during 2023. The Net Position reports the amount of assets that an organization has to meet its obligations and is composed of Net Investment in Capital Assets, Restricted for Capital Activity and Debt Service, and Unrestricted (discretionary revenues). Net Position increased \$1.9 million to \$11.9 million during 2022.

- Net investment in capital assets (\$32 million) reflects the Authority's capital assets, net of related debt.
- Restricted for capital activity/debt service (\$4.5 million) has increased \$164,000 over last year and includes pledged parking revenues, bond reserve fund, and Authority development fund as of December 31, 2023.
- The unrestricted portion of net position has a deficit of \$21.9 million. This is a direct result of recording almost \$23 million in grants payable to the City related to operations of Three Rivers Stadium from 1965 to 1994. The City does not include this \$23 million as a receivable on its financial statements, due to the unlikelihood of collection (See Note 11).

Condensed Summary of Revenues, Expenses, and Changes in
Net Position at December (In Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 8,829	\$ 7,586	\$ 6,722
Operating expenses:			
Operations and maintenance	3,452	3,088	2,613
General and administrative	184	154	152
Depreciation	1,648	1,621	1,565
Interest	791	833	813
Total operating expenses	<u>6,075</u>	<u>5,696</u>	<u>5,143</u>
Operating profit (loss)	<u>2,754</u>	<u>1,890</u>	<u>1,579</u>
Nonoperating revenues (expenses):			
Capital transferred to the SEA	-	17	(9,808)
Team Development Fund Expense	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>17</u>	<u>(9,808)</u>
Increase (decrease) in net position	<u>\$ 2,754</u>	<u>\$ 1,907</u>	<u>\$ (8,229)</u>

The Authority's operating revenues are derived from parking revenues from the WGRS and Gold 1 garages and various Authority parking lots. Parking revenues were \$1.2 million more in 2023 than in 2022 due to an increase in events in the North Shore area. Parking revenues were \$864,000 more in 2022 than in 2021 due to the lifting of the "no public attendance" policies that had been in place in 2020 in response to the coronavirus outbreak.

All Authority net parking revenues are restricted for purposes of repaying the Parking Bonds (Note 9). Operating and administration expenses are primarily related to the parking operations, reimbursement to SEA for administration expenses, insurance, consulting expenses relating to the take down of the Option Area parcels, depreciation, and interest expense on the Authority's garage financings. Operating expenses are \$379,000 more than last year mainly due to the increase in activity as parkers are once again returning to the office and sporting events. Other non-operating revenues (expenses) in 2021 are the result of money transferred to SEA per the 2020 Operating Grant Agreement. The Authority's operating profit was \$2.75 million for the year ending December 31, 2023 (before debt service principal payment). Operating expenses in 2022 are \$553,000 more than 2021 year. The Authority's operating profit was \$1.89 million for the year ending December 31, 2022 (before debt service principal payment).

Debt Administration

In November 2017, SEA issued its Parking Bonds in the amount of \$41,670,000 to refinance the Authority and SEA short-term parking facility bank loans with long-term, fixed rate, investment grade debt. The bonds are secured by a joint pledge of net parking revenues by the Authority and SEA. Per a Cooperation Agreement between SEA and the Authority, of the \$41,670,000 original aggregate principal of the Parking Bonds, \$22,055,000 was allocated as a liability of the Authority payable to SEA. As of December 31, 2023, the Authority's outstanding principal balance due is \$17,495,000. This is shown as part of the long-term loans/notes payable on the statements of net position.

When construction of the WGRS garage began in 2005, the Authority received a \$1,250,000 IDP loan, with an interest rate of 2%, from the Commonwealth of Pennsylvania, Department of Community and Economic Development (DCED) to be repaid over 20 years. \$83,378 of principal and interest was paid on the IDP loan in the year ending December 31, 2023, leaving a principal balance of \$392,997.

Economic Factors

Certain factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2023. During 2023, attendance at events, employees in office, and commuter traffic increased.

The North Shore Developer completed construction of the Champions Garage in 2021, creating additional parking on the North Shore. Subsequent to year-end, two additional parcels were taken down and construction began on an apartment building. It is expected that the North Shore Light Rail Transit (LRT) System will continue to have a positive impact on North Shore parking for both garages and all parking lots.

Future Events that will Financially Impact the Authority

As stated previously, per the Option Agreement there were initially 12 parcels of property to be developed on the North Shore. As of 2023, there are now two remaining parcels to be developed. With each development, the amount of surface parking has decreased, but the demand for daily parking may increase based on that development, positively impacting revenues.

WGRS garage is in its 17th year of operations (opened June 2006) and Gold 1 garage is in its sixth year (opened May 2017). ALCO has provided a 10-year capital budget identifying capital projects for the Authority's lots and garages over that period. The Authority continues to plan for the funding of future capital projects as the lots and garages age.

Contacting the Authority's Financial Management

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Sports & Exhibition Authority, 171 Tenth Street, 2nd Floor, Pittsburgh, PA 15222.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

STATEMENTS OF NET POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 746,037	\$ 951,221
Restricted cash and cash equivalents	5,417,624	6,193,924
Receivables:		
Parking general fund (held by SEA)	11,695,890	9,060,280
ALCO parking	420,284	326,020
Other receivable	372,174	73,575
Interest receivable	22,603	18,900
Lease receivable - current portion	85,051	80,911
Prepaid expenses	45,293	39,771
Total current assets	18,804,956	16,744,602
Noncurrent assets:		
Bond debt service reserve	2,269,500	2,269,500
Lease receivable - noncurrent portion	742,746	827,797
Capital assets, net	39,577,255	40,573,251
Total noncurrent assets	42,589,501	43,670,548
Total Assets	61,394,457	60,415,150
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	660,279	843,399
Accrued interest payable	655	778
Current portion of parking agreement payable	360,809	360,809
Current portion of long-term loans/notes payable	970,518	924,037
Current portion of lease liability	19,353	18,411
Total current liabilities	2,011,614	2,147,434
Noncurrent liabilities:		
Long-term parking agreement payable	713,508	1,074,318
Long-term loans/notes payable	19,526,783	20,684,796
Long-term portion of lease liability	1,003,981	1,023,334
Total noncurrent liabilities	21,244,272	22,782,448
Three Rivers Stadium Grant - City of Pittsburgh	22,775,168	22,775,168
Total Liabilities	46,031,054	47,705,050
Deferred Inflows of Resources		
Deferred inflows of resources for leases	752,378	852,695
Net Position		
Net investment in capital assets	32,022,010	29,252,453
Restricted for capital activity and debt service	4,497,434	4,333,115
Unrestricted	(21,908,419)	(21,728,163)
Total Net Position	\$ 14,611,025	\$ 11,857,405

See accompanying notes to financial statements.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Operating Revenues:		
Restricted:		
West General Robinson Street garage	\$ 3,782,507	\$ 3,218,821
Gold I garage	3,549,872	3,252,298
Parking lots	1,238,097	1,028,991
Interest	258,475	85,576
Total operating revenues	8,828,951	7,585,686
Operating Expenses:		
Salary reimbursement	47,566	47,566
Administrative	51,739	26,908
West General Robinson Street garage	1,817,623	1,556,788
Gold I garage	1,634,851	1,530,944
Insurance	85,129	79,625
Interest	790,641	833,492
Depreciation and amortization	1,647,782	1,621,472
Total operating expenses	6,075,331	5,696,795
Operating Profit (Loss)	2,753,620	1,888,891
Non-operating Revenues (Expenses):		
Capital transferred (to) from the SEA	-	17,125
Change in Net Position	2,753,620	1,906,016
Net Position:		
Beginning of year	11,857,405	9,951,389
End of year	\$ 14,611,025	\$ 11,857,405

See accompanying notes to financial statements.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Parking	\$ 8,476,212	\$7,528,110
Other	(2,953,615)	(2,529,432)
Interest	254,772	66,723
Total net receipts	5,777,369	5,065,401
Salaries	(47,566)	(47,566)
Administrative	(51,739)	(26,908)
Operations and development	(3,635,594)	(2,805,768)
Insurance	(90,651)	(79,541)
Total operating expenses	(3,825,550)	(2,959,783)
Net cash provided by (used in) operating activities	1,951,819	2,105,618
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(651,786)	-
Note payable issuance	-	982,330
Principal payments on long-term debt and note payable	(1,284,847)	(1,226,743)
Principal payments on long-term lease	(18,411)	(17,515)
Interest paid on long-term debt	(978,259)	(1,021,108)
Net cash provided by (used in) capital and related financing activities	(2,933,303)	(1,283,036)
Cash Flows From Non-Capital Financing Activities:		
Transfers from (to) SEA	-	17,125
Net Increase (Decrease) in Cash and Cash Equivalents	(981,484)	839,707
Cash and Cash Equivalents:		
Beginning of year	7,145,145	6,305,438
End of year	\$ 6,163,661	\$ 7,145,145
Consists of:		
Unrestricted cash and cash equivalents	\$ 746,037	\$ 951,221
Restricted cash and cash equivalents	5,417,624	6,193,924
	\$ 6,163,661	\$ 7,145,145
Reconciliation of Operating Profit (Loss) to Net Cash Flows Provided By (Used In) Operating Activities:		
Operating profit (loss)	\$ 2,753,620	\$ 1,888,891
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	1,647,782	1,621,472
Interest on debt	790,641	833,492
Change in operating assets and liabilities:		
Parking general fund (held by SEA)	(2,635,610)	(2,473,419)
ALCO parking receivable	(94,264)	28,000
Other receivables	(298,599)	-
Interest receivable	(3,703)	(18,853)
Lease receivable and related components	(19,406)	(56,013)
Prepaid insurance	(5,522)	84
Accounts payable, accrued expenses, and other	(183,120)	281,964
Total adjustments	(801,801)	216,727
Net cash provided by (used in) operating activities	\$ 1,951,819	\$ 2,105,618

See accompanying notes to financial statements.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

1. Organization

The Stadium Authority of the City of Pittsburgh (Authority) was formed by the City of Pittsburgh (City) on March 9, 1964 pursuant to the provisions of the Public Auditorium Authorities Law of the Commonwealth of Pennsylvania (Commonwealth) approved July 29, 1953, P.L. 1034, as amended (recodified as the Sports and Exhibition Authority Act 16 P.S. Section 5502-A et seq.) to provide increased commerce and prosperity, and to promote educational, cultural, physical, civic, social, and moral welfare to the general public. Current documentation provides for the term of the Authority to run to April 4, 2049.

The Authority is reported as a discretely presented component unit in the City's financial statements. The Authority's component unit status is due to the City's appointment of Authority Board of Directors (Board) members. The Board of the Authority is appointed by the Mayor of the City. The Board is a five-member board and is responsible for all the activities and operations of the Authority.

The Authority was responsible for the management of Three Rivers Stadium located in the City. Three Rivers Stadium was home to the Pittsburgh Pirates (Pirates) and Pittsburgh Steelers (Steelers) professional sports teams and was also utilized for various concerts and other events until it was razed in February 2001. Subsequent to the razing of Three Rivers Stadium, the Authority has been responsible for the development of the land between the newly constructed stadium and ballpark (see Note 4). A portion of that land was conveyed to the Sports & Exhibition Authority of Pittsburgh and Allegheny County (SEA) for construction of infrastructure. The remaining land was retained by the Authority to be developed according to a master development plan. The Authority entered into the Option Agreement with a joint venture of the Steelers and Pirates for the development of a significant portion of that land. The Authority has constructed two public parking garages on portions of the land. Pending development, the remaining land is used for surface parking. SEA provides staffing and administrative services for the Authority.

2. Summary of Significant Accounting Policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America applicable to governmental units and promulgated by the Governmental Accounting Standards Board (GASB). The Authority is considered a special purpose government engaged in business-type activities and, as such, presents the financial statements required for enterprise funds. A summary of the Authority's more

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

significant accounting policies applied by management in the preparation of the accompanying financial statements follows:

Basis of Accounting and Measurement Focus

The Authority's financial statements are prepared using the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recognized when earned and expenses are recognized when a liability is incurred. All assets, deferred outflows of resources, deferred inflows of resources, and liabilities associated with the operations of the Authority are included on the statements of net position. The statements of revenues, expenses, and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in the Authority's total net position.

Classification of Net Position

Accounting standards requires the classification of net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- Restricted for capital activity and debt service - This component of net position consists of net position that has constraints on use from external restrictions, reducing liabilities related to those assets.
- Unrestricted - This component of net position consists of assets that do not meet the definition of "restricted for capital activity and debt service" or "net investment in capital assets."

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

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Revenues

The Authority's operating revenues consist of parking revenues from the WGRS garage and the Gold 1 garage and various Authority parking lots. Non-operating revenues consist primarily of funds transferred to/from SEA and a funding agreement (Note 10). When both restricted and unrestricted resources are available, the Authority's policy is to use restricted resources first, then unrestricted as needed.

Cash and Cash Equivalents

The Authority considers all investments acquired with an original maturity of 180 days or less to be cash equivalents.

Restricted Assets

Restricted assets include reserve accounts for the West General Robinson Street (WGRS) and Gold 1 garages and the lots, and the debt service reserve and other accounts relating to the Parking Bonds.

Parking General Fund (Held By SEA)

The Authority's net parking revenues are restricted to the Sports & Exhibition Authority of Pittsburgh and Allegheny County Parking System Revenue Bonds, Series of 2017. Per the Bond Indenture, surplus revenues available after payment of debt service and other possible expenses of the indenture are deposited in the General Fund account. The parking general fund (held by SEA) is the money directly due to the Stadium Authority from that account.

Lease Receivable

The Authority is a lessor for a noncancellable lease of retail space, as discussed in Note 8. The Authority recognizes a lease receivable and deferred inflow of resources for this lease.

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

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

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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 Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

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

The Authority 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.

Lease Payable

The Authority is a lessee for a noncancellable lease of parking spaces, as discussed in Note 13. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) for this lease.

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

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

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

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- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

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

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

Adopted Pronouncements

The following GASB Statements were adopted for the year ended December 31, 2023: Statement Nos. 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements) and 96 (Subscription-Based Information Technology Arrangements). These statements had no significant impact on the Authority's financial statements for the year ended December 31, 2023.

Pending Pronouncements

GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), and 102 (Certain Risk Disclosures). Management has not yet determined the impact of these statements on the financial statements.

3. Cash and Cash Equivalents

The Authority's policy is to maintain all cash deposits in qualified public depositories and is authorized to invest in securities of the United States government, other instruments that are collateralized by United States government securities, repurchase agreements subject to certain restrictions and other debt instruments set forth by the office of the State Treasurer of the Commonwealth. These types of investments are held by the purchasing bank or financial entity in the Authority's name. The Authority's investment activities are governed by the Commonwealth and Authority's investment policy.

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The following is a summary of the Authority's cash and cash equivalents and investments as of December 31, 2023 and 2022.

	2023	2022
Unrestricted cash and cash equivalents:		
Cash	\$ 423,745	\$ 597,344
PA INVEST	322,292	353,877
Total	<u>\$ 746,037</u>	<u>\$ 951,221</u>
Restricted cash and cash equivalents:		
Cash	\$ 760,189	\$ 1,016,736
PA INVEST	4,657,435	5,177,188
Total	<u>\$ 5,417,624</u>	<u>\$ 6,193,924</u>

Interest Rate Risk - The Authority limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority's investments have maturities of one year or less.

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

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested in any one institution. Currently, the Authority maintains its cash and cash equivalent balances at three financial institutions: two are FDIC insured banks and the third is at PA Invest (a Commonwealth program that provides highly rated investment pools designed specifically for local government and nonprofit groups). At FDIC insured banks, accounts are fully insured up to \$250,000 per depositor, which constitutes federally insured funds. The excess funds are secured with a pledge of collateral from the bank. Therefore, as of December 31, 2023 and 2022, all of the Authority's cash and cash equivalent deposits were either insured under federal insurance programs or collateralized.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

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4. Development Funds

In accordance with the Option Agreement, the Authority deposited certain event parking revenues in Team Development Funds maintained by SEA. Pursuant to the Option Agreement, these funds remained in the account until development occurred, at which time they were transferred to the teams.

In October 2019, the 2019 Amendment Agreement was executed between the Authority and the North Shore Developer, and effective October 31, 2019, the Team Development Funds were closed, all money in the accounts and all the money that would have been deposited effective July 7, 2019 were moved to SEA, Acrisure Stadium, and PNC Park capital reserve accounts, as applicable.

During 2021, the money in the Authority Development Fund was moved to the Bond Fund of the Trust Indenture securing the Parking Bonds and will be used to pay debt service.

5. Land

The Authority's balance sheet does not include any value for land owned by the Authority because its land was conveyed to the Authority for the construction of Three Rivers Stadium by the Urban Redevelopment Authority of Pittsburgh at no cost.

Pursuant to the Option Agreement, approximately 400,000 square feet of land between the ballpark and the stadium (referred to as the Option Area) has been or is being developed.

6. Property and Equipment

Property and equipment are recorded at cost (except for the intangible right-to-use lease assets, the measurement of which is discussed in Note 2 above). Repair and maintenance costs which do not increase the useful lives of the assets are charged to operations as incurred. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10, 15, and 40 years
Machinery and equipment	5 years
Right-to-use leased parking spaces	61 years

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Depreciation and amortization expenses for the years ended December 31, 2023 and 2022 were \$1,647,782 and \$1,621,472, respectively. Changes in capital assets, net of accumulated depreciation were as follows:

	December 31, 2022	Additions/ Depreciation	December 31, 2023
Building	\$ 54,328,988	\$ 651,786	\$ 54,980,774
Infrastructure	2,241,369	-	2,241,369
Machinery/equipment	43,588	-	43,588
Right-to-use leased parking spaces	1,075,922	-	1,075,922
	57,689,867	651,786	58,341,653
Accumulated depreciation/amortization	(17,116,616)	(1,647,782)	(18,764,398)
Fixed assets, net	<u>\$ 40,573,251</u>	<u>\$ (995,996)</u>	<u>\$ 39,577,255</u>
	December 31, 2021	Additions/ Depreciation	December 31, 2022
Building	\$ 54,328,988	\$ -	\$ 54,328,988
Infrastructure	2,241,369	-	2,241,369
Machinery/equipment	43,588	-	43,588
Right-to-use leased parking spaces	1,075,922	-	1,075,922
	57,689,867	-	57,689,867
Accumulated depreciation/amortization	(15,495,144)	(1,621,472)	(17,116,616)
Fixed assets, net	<u>\$ 42,194,723</u>	<u>\$ (1,621,472)</u>	<u>\$ 40,573,251</u>

HOV Improvements and Chuck Noll Way (infrastructure) were constructed by the Authority and dedicated to and accepted by the City on June 13, 2013, as City responsibilities, but continue to be reflected as Authority assets because these costs are considered an integral part of the development cost of the Option Area and, accordingly, are capitalized over the life of the projects.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

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YEARS ENDED DECEMBER 31, 2023 AND 2022

7. Construction in Progress

Construction in progress was \$0 as of December 31, 2023 and 2022. During 2023, Tract 4(A) was taken down on and construction of the apartment building began. Per the developer, the construction completion date will be in 2024.

8. Lease Receivable

During 2016, the Authority began leasing retail space in the West General Robinson Street Garage to a third party. The lease had an initial term of 10 years, with two five-year extensions. It is reasonably certain that the third-party will extend for the first five-year period. The Authority will receive annual payments of \$124,509, paid monthly, through year 10, and will receive annual payments of \$137,445, paid monthly, through years 11 to 15. The lease has an interest rate of 5%. As of December 31, 2023 and 2022, the Authority's receivable for discounted lease payments was \$827,797 and \$908,708, respectively. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2023 and 2022, the balance of the deferred inflow of resources was \$752,378 and \$852,695, respectively.

9. Debt

On November 30, 2017, SEA issued the Sports & Exhibition Authority of Pittsburgh and Allegheny County Parking System Revenue Bonds, Series of 2017 (Parking Bonds). The Parking Bonds are payable from, and are secured solely by, net revenues of a "Parking System." The Parking System is made up of specified parking facilities of SEA and specified parking facilities of the Authority. Pursuant to the Collateral Assignment Agreement, (Collateral Assignment Agreement) and a Joinder Agreement (Joinder Agreement), each dated as of November 1, 2017, and each between the Authority and Zions Bank, as bond trustee, the Authority has agreed to pledge the net revenues of its parking facilities and abide by all of the obligations and duties imposed upon the Authority by the bond trust. The proceeds of the Parking Bonds were used to refund Authority Bank Notes and SEA Bank Notes, and fund a bond reserve fund and pay costs of issuing the Parking Bonds.

While SEA issued the Parking Bonds, the Authority has certain obligations as provided for in the Collateral Assignment Agreement and the Joinder Agreement. Pursuant thereto, the

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Authority has recorded a note payable to SEA and SEA recorded a long-term receivable from the Authority, the balance of the components of which are as follows:

SEA Note Payable (Net)			
	2023		2022
Note payable	\$ (17,495,000)	\$	(18,345,000)
Original issue premium	(2,609,304)		(2,796,799)
Bond debt service reserve receivable	2,269,500		2,269,500
Total	<u>\$ (17,834,804)</u>	<u>\$</u>	<u>(18,872,299)</u>
	December 31, 2022	Principal Reductions	December 31, 2023
Infrastructure Development Program (IDP) (original WGRS financing) was received as a lump sum \$1,250,000 loan from PA DCED on August 22, 2005. It has a term of 20 years with a 2% interest rate. Interest payments are made semi-annually on June 1 and December 1. The last payment is due December 1, 2028.	\$ 467,034	\$ (74,037)	\$ 392,997
Note payable to SEA for the Parking System Revenue Bonds, Series of 2017 of \$41,670,000 due in annual installments ranging from \$1,240,000 to \$3,175,000 through December 2037, interest payable semi-annually on June 15 and December 15 at rates ranging from 3% to 5%, issued in November 2017 to refund Authority Bank Notes. Funding Source: Net Revenues of the Parking System.	18,345,000	(850,000)	17,495,000
Total loans/bonds payable	<u>18,812,034</u>	<u>(924,037)</u>	<u>17,887,997</u>
Deferred amounts:			
For issuance premiums	2,796,799	(187,495)	2,609,304
Loans/bonds payable, net	<u>\$ 21,608,833</u>	<u>\$ (1,111,532)</u>	<u>\$ 20,497,301</u>

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

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The aggregate amount of annual principal payments required on the Authority's debt for the IDP loan for the years ending 2024 through 2028 is as follows:

	Total Principal	Interest	Total
2024	\$ 75,518	\$ 7,860	\$ 83,378
2025	77,028	6,350	83,378
2026	78,569	4,809	83,378
2027	80,140	3,238	83,378
2028	81,742	1,635	83,377
Total	<u>\$ 392,997</u>	<u>\$ 23,892</u>	<u>\$ 416,889</u>

The aggregate amount of principal and interest payments payable on the Authority's note supporting the SEA Parking Bonds is as follows:

	Total Principal	Interest	Total
2024	\$ 895,000	\$ 874,750	\$ 1,769,750
2025	940,000	830,000	1,770,000
2026	985,000	783,000	1,768,000
2027	1,035,000	733,750	1,768,750
2028	1,085,000	682,000	1,767,000
2029-2033	6,295,000	2,540,000	8,835,000
2034-2037	6,260,000	801,250	7,061,250
Total	<u>\$ 17,495,000</u>	<u>\$ 7,244,750</u>	<u>\$ 24,739,750</u>

10. Grant to SEA

On January 1, 2023, the Authority and the SEA entered into a cooperation agreement for the Authority to grant the SEA funds in the amount of approximately \$4.2 million from the 2017 Parking System Bond Trust Indenture's General Fund that belongs to the Authority. The funds are to support SEA operating and capital expenses. As of December 31, 2023, \$0 was used to pay SEA operating costs.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

11. Grants from the City of Pittsburgh

Under the terms of an agreement dated July 1, 1965, and amended on various dates through June 17, 1992, the City made total grants of \$22,775,168 to the Authority to cover the excess of the aggregate costs of operations and maintenance of Three Rivers Stadium and debt service on the Stadium bonds over the total funds available to the Authority for those purposes. The City does not include the \$22,775,168 as a receivable on its audited financial statements, due to the unlikelihood of collection.

12. Parking Operations

The Authority owns and maintains both structured and surface parking facilities on the City's North Shore (see table below). SEA also owns parking garages and several lots located on the City's North Shore, Central Business District, and at the PPG Paints Arena. These combined facilities provide daily commuter parking as well as event parking for SEA's public destination venues. (See attached Property Overview Map). Certain of the Authority's and SEA's combined parking revenues are pledged as security for SEA's Parking Bonds.

Facility	Location	Date Opened	Spaces (as of 12/31/23)	Management or Lease agreement; expiration date
Garage				
West General Robinson Street (WGRS)	North Shore	2006	1,324 (1,256 structured and 68 surface)	Management; 12/31/2026
Gold 1	North Shore	2017	998	Management; 12/31/2026
Surface Parking				
Lots 1, 2, and 5	North Shore	-	1,132	Lease; 3/31/2050; Management (portion of Lot 1), 3/30/2050
Lots 7A-7J	North Shore	-	1,111	Lease; 3/31/2050
Total			4,565	

Management Agreement for the Garages

The Authority has contracted with ALCO Parking (ALCO) to operate its WGRS garage and Gold 1 garage. Each arrangement is structured as a management contract. The Authority's management contracts for the garages expire December 31, 2026. ALCO is paid a set fee per year to manage the garages. In 2023, ALCO was paid \$55,665 for WGRS garage and \$48,707 for Gold 1 garage. In 2022, ALCO was paid \$54,308 for WGRS garage and \$47,519 for Gold 1 garage. The management fee increases annually by 2.5%.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

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Lease Agreement for the Lots

Certain of the Authority's surface parking lots are operated through a Lease Agreement (Lease) among the Authority, SEA, and ALCO. The original Lease term was a 40-year period, which began April 1, 1970, and ended March 31, 2010. ALCO has exercised its option to extend the term of the Lease for four consecutive additional periods of 10 years so that the final expiration is March 31, 2050.

The Lease covers the majority of Lots 1, 2, 4, and 5 (the remaining portion of Lot 1 holds spaces operated under a management agreement as described herein), Lots 7A through 7J, which the Authority leases from the Commonwealth (Note 13) and SEA Lots Green 22 and 23. ALCO pays to the Authority an amount equal to the greater of (i) 50% of the Parking Residual Rent or (ii) 50% of the Residual Base Period Rent, each as defined in the Lease. For calendar years 2023 and 2022, Parking Residual Rent was greater and therefore was the basis of the payment.

As part of the Lease, the parties agreed that in the event the Authority and/or SEA permanently appropriate parking spaces covered by the Lease, either substitute spaces must be provided, or a stipulated buyout price is to be paid to ALCO. When Parcel 14 was taken down in 2017, the number of Lease spaces permanently appropriated was 140. The Authority committed to pay ALCO the buyout price for the spaces, at a cost per space of \$8,416.21, totaling \$1.2 million. On August 2, 2017, a parking agreement was entered into whereby ALCO was paid 50% of the amount (\$589,135) at the Parcel 14 closing and 50% in 111 monthly installments of \$5,307.52 each. As of December 31, 2023 and 2022, the balance due to ALCO is \$191,070 and \$254,761, respectively. This amount is reported as parking agreement payable on the statements of net position.

In 2020, when Lot 10.3 (Tract 4(B)) was taken down, the Authority committed to pay ALCO the buyout price for the spaces, at a cost of \$8,957.57 for each of 134 spaces totaling \$1.2 million. On October 21, 2020, the Authority entered into a second parking agreement with ALCO to pay them 50% upfront at time of closing (\$600,157.09), and 50% in 73 monthly installments of \$8,110.23 ending no later than December 1, 2026. As of December 31, 2023 and 2022, the balance due to ALCO is \$283,858 and \$381,181, respectively. This amount is reported as parking agreement payable on the statements of net position.

In 2022, additional parcels in Lot 4 (Lot 10.1 and Lot 10.2) were taken down or prepaid. The Authority entered into a buyout agreement with ALCO for Lot 4 (Lot 10.1) committing to pay ALCO the buyout price, at a cost of \$9,491.12 per space for each of 60 spaces totaling \$569,467. An additional buyout agreement for Lot 4 (Lot 10.2) was entered into at a cost of

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

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\$9,491.12 per space for each of 147 spaces totaling \$1,395,195. In both agreements, the Authority agreed to pay ALCO 50% upfront at time of closing (\$284,734 and \$697,597, respectively), and 50% in 58 monthly installments of \$4,826 and \$11,824, respectively, ending no later than December 1, 2026. As of December 31, 2023 and 2022, the balance due to ALCO is \$599,389 and \$799,185, respectively. This amount is reported as parking agreement payable on the statements of net position.

Management Agreement for the Lots

A portion of the Lot 1 surface spaces is operated through a management agreement. This management agreement was entered into between the Authority and ALCO commencing July 13, 2001, and the agreement will expire March 30, 2050.

13. PennDOT Lease

On March 23, 1989, the Authority entered into an agreement with the Commonwealth acting through its Department of Transportation (PennDOT) for the lease of certain property near Heinz Field and PNC Park (Lots 7A to 7J) to be used for public parking. The term of the lease was 21 years with options to extend. At the end of the first term (March 31, 2010), the Authority exercised its option to extend for four (4) ten-year terms, extending the term of the lease to March 31, 2050. An initial lease liability was recorded in the amount of \$1,075,922. As of December 31, 2023 and 2022, the value of the lease liability was \$1,023,334 and \$1,041,745, respectively. The Authority was required to make \$70,080 payments for the 12-month periods ended December 31, 2023 and 2022. \$70,080 has been the annual rent since August 2010. PennDOT has the ability to adjust the rate every two years on the basis of a fair market rental appraisal. No notification of a rate increase has been received. The lease has an interest rate of 5%. The value of the right-to-use asset as of December 31, 2023 and 2022 was \$1,075,922. The right-to-use asset had accumulated amortization of \$110,351 and \$73,567 as of December 31, 2023 and 2022, respectively.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

The following is a summary of lease transactions of the Authority for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023
Lease payable	<u>\$ 1,041,745</u>	<u>\$ -</u>	<u>\$ (18,411)</u>	<u>\$ 1,023,334</u>

The following is a summary of lease transactions for the Authority for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Lease payable	<u>\$ 1,059,260</u>	<u>\$ -</u>	<u>\$ (17,515)</u>	<u>\$ 1,041,745</u>

Future principal and interest lease payments due from the Authority to PennDOT are as follows (assuming no rate adjustment).

Future Lease Payments			
	Principal	Interest	Total
2024	\$ 19,353	\$ 50,727	\$ 70,080
2025	20,343	49,737	70,080
2026	21,384	48,696	70,080
2027	22,478	47,602	70,080
2028	23,628	46,452	70,080
2029-2033	137,557	212,843	350,400
2034-2038	176,534	173,866	350,400
2039-2043	226,557	123,843	350,400
2044-2048	290,754	59,646	350,400
2049-2050	84,746	2,852	87,598
	<u>\$ 1,023,334</u>	<u>\$ 816,264</u>	<u>\$ 1,839,598</u>

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

14. Investment in Capital Assets, Net of Related Debt

Total net assets include an amount for investment in capital assets, net of related debt. The calculation for the years ending December 31, 2023 and 2022 is as follows:

	2023	2022
Capital assets, net	\$ 39,577,255	\$ 40,573,251
Bond Debt Service Reserve	2,269,500	2,269,500
Bond Trustee Fund receivable	11,695,890	9,060,280
Less: loans/notes payable/leases related to capital assets	(21,520,635)	(22,650,578)
Net investment in capital assets	<u>\$ 32,022,010</u>	<u>\$ 29,252,453</u>

Stadium Authority of the City of Pittsburgh

Independent Auditor's Report in Accordance
with *Government Auditing Standards*

Year Ended December 31, 2023

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

**Board of Directors
Stadium Authority of the City of Pittsburgh**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Stadium Authority of the City of Pittsburgh (Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Stadium Authority of the City of Pittsburgh
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

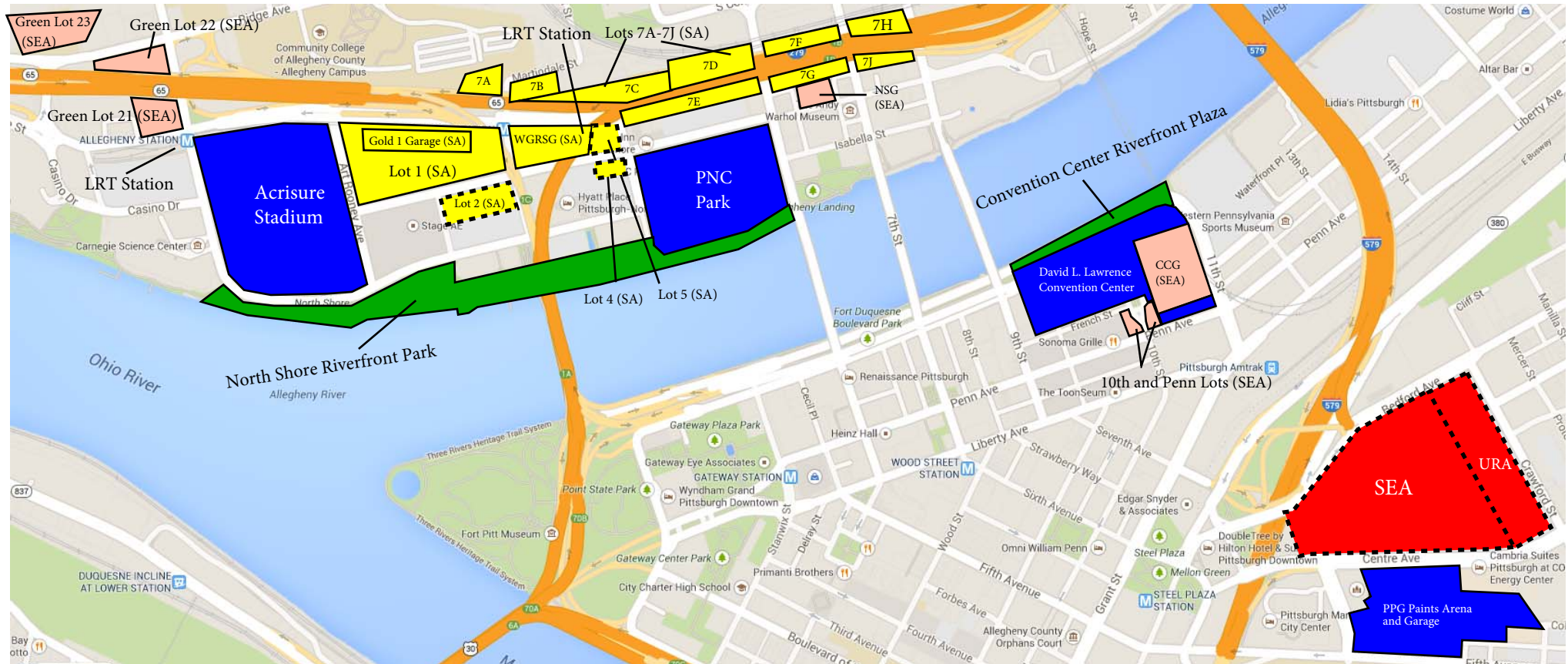
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
April 5, 2024

OTHER INFORMATION

Sports & Exhibition Authority (SEA) and Stadium Authority (SA) Property Overview Map



- Sports and Exhibition venues owned by SEA (PPG Paints Arena includes a 640 space integral garage leased to the Penguins)
- SA parking lots and garages: land for Lots 7A-7J leased long-term from PennDOT; "WGRSG" refers to West General Robinson Street Garage
- SEA parking lots and garages: "NSG" refers to North Shore Garage; "CCG" refers to Convention Center Garage
- 28-Acre Lower Hill Redevelopment site (19 acres owned by SEA; 9 acres owned by Urban Redevelopment Authority(URA); 2 acres owned by Developer; Penguins hold development option; SEA coordinated with City and PennDOT on the completion of the I-579 Cap Project; Penguins currently receive surface parking revenues
- North Shore Riverfront Park and Convention Center Riverfront Plaza, both owned by SEA
- Remaining North Shore development parcels (owned by SA); joint venture of Steelers and Pirates holds development option; first development in portion of Lot 4 (Champions Garage) completed September 2021; second development (multi-family building and entertainment plaza) in development.