Public Parking Authority of Pittsburgh

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

Financial Statements and
Required Supplementary Information

For the Years Ended December 31, 2013 and 2012
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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PUBLIC PARKING AUTHORITY OF PITTSBURGH
(A COMPONENT UNIT OF THE CITY OF PITTSBURGH, PENNSYLVANIA)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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Independent Auditor's Report

Board of Directors
Public Parking Authority of Pittsburgh

We have audited the accompanying financial statements of the Public Parking Authority of Pittsburgh (Authority), a component unit of the City of Pittsburgh, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2013 and 2012, and the respective 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.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages 1 through 8 and 39 through 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Maher Duessel

Pittsburgh, Pennsylvania
April 15, 2014

Management's Discussion and Analysis
Fiscal Year 2013 Financial Statements

Overview of the Financial Statements and Financial Analysis

The Public Parking Authority of Pittsburgh (the "Authority") is proud to present its financial statements for 2013. This discussion and analysis of the Authority's financial statements provides an overview of the Authority's financial activities for 2013 as required supplemental information. The Authority changed its fiscal year-end to be the twelve months ended December 31, effective for 2012. This change created a three-month stub period of October 1, 2011 to December 31, 2011. The emphasis of this discussion will focus on current year 2013 data in comparison to the prior year 2012. There are three financial statements presented in this report: 1) the Statements of Net Position; 2) the Statements of Revenues, Expenses, and Changes in Net Position; and 3) the Statements of Cash Flows.

Statements of Net Position

The Statements of Net Position presents the assets, deferred outflows of resources, liabilities, and net position of the Authority as of the end of each fiscal year. The Statements of Net Position are a "point of time" financial statement that presents a fiscal snapshot of the Authority at year-end. The Statements of Net Position present data concerning the Authority's assets (current and non-current), deferred outflows of resources, liabilities (current and non-current), and net position (assets plus deferred outflows of resources minus liabilities). The definitions of current and non-current assets and liabilities are discussed in the notes to the financial statements.

From the data on the Statements of Net Position, readers can determine the assets and deferred outflows of resources available to the Authority at the end of the year to support its continuing operations. Readers can also determine how much the Authority owes at year-end. Finally, readers can determine the Authority's net position and its availability for expenditure.

Net position is divided into three major categories. The first category, "net investment in capital assets" presents the Authority's equity in its property, plant, and equipment, net of related debt. The second net position category, "restricted net position," is divided into two categories: expendable and non-expendable (permanently restricted). Expendable restricted net position is available for expenditure but must be spent for purposes determined by external entities that have placed time or use restrictions on the assets. Within the expendable net position category are balances that have been restricted under the terms of the Authority's trust indentures. The Authority does not have any non-expendable restricted net position. The third major category, "unrestricted net position," is available to the Authority to pay future operating expenses. In November 2012, the Authority's Board of Directors designated $6 million of unrestricted net position to assist in funding the structural remediation to extend the useful life of the four oldest facilities; Smithfield Liberty Garage, Fort Duquesne and Sixth Garage, Ninth and Penn Garage, and Third Avenue Garage.

Public Parking Authority of Pittsburgh
Statements of Net Position

	2013	2012	Stub Period Oct - Dec 2011
Assets			
Current assets	$ 29,250,523	$ 28,378,417	$ 33,677,016
Capital assets, including leasehold improvements	121,502,245	121,335,229	119,834,585
Other noncurrent assets	26,978,516	25,891,406	20,807,363
Total Assets	177,731,284	175,605,052	174,318,964
Deferred Outflows of Resources			
Deferred charge on refunding	1,942,632	2,108,311	2,273,989
Liabilities			
Current liabilities	12,345,248	13,214,174	12,058,247
Noncurrent liabilities	81,052,396	86,332,042	91,478,085
Total liabilities	93,397,644	99,546,216	103,536,332
Net Position			
Net investment in capital assets	39,292,402	34,071,847	26,701,471
Restricted for, expendable:			
Capital	7,655,418	6,133,523	4,372,333
Debt service	3,202,392	2,957,025	4,236,931
Indenture funds	17,264,588	15,452,000	14,572,218
Total restricted	28,122,398	24,542,548	23,181,482
Unrestricted	18,861,472	19,552,752	23,173,668
Total net position	$ 86,276,272	$ 78,167,147	$ 73,056,621

Total assets of the Authority increased by $2.1 million from fiscal year 2012. Cash increased $646 thousand, securities increased $1.1 million, while accounts receivable and other assets increased $243 thousand. Deferred outflows of resources decreased by $166 thousand and were amortized as a component of interest expense. Total liabilities decreased by $6.1 million from fiscal year 2012. The majority of this decrease was attributable to principal payments made on outstanding bonds issued of approximately $4.5 million and a decrease in accounts payable of $1.4 million.

Statements of Revenues, Expenses, and Changes in Net Position

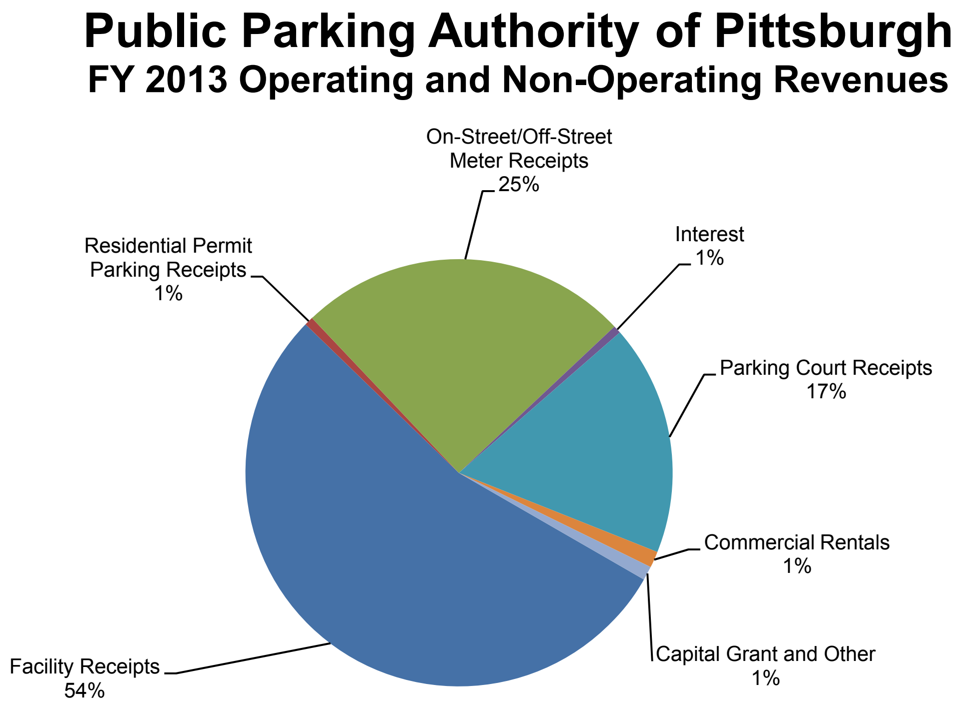
The changes in total net position, as presented on the Statements of Net Position, are based on the activities presented in the Statement of Revenues, Expenses, and Changes in Net Position (the "SRECNP"). The purpose of the SRECNP is to present the revenues and expenses (both operating and non-operating), other revenues, expenses, gains and losses of the Authority during the fiscal year.

Operating revenues are revenues earned from providing services to customers or the collections from parking tickets issued by its employees. Operating expenses are those expenses incurred by the Authority to acquire goods and services provided to generate operating revenues. Revenues earned for which goods and services are not provided are reported as non-operating revenues. For example, interest the Authority earns on its bank accounts is reported as non-operating revenue because the Authority does not provide services in return for those revenues.

Public Parking Authority of Pittsburgh
Statements of Revenues, Expenses and Changes in Net Position

	2013	2012	Stub Period Oct - Dec 2011
Operating revenues	$ 53,344,906	$ 48,932,542	$ 12,046,600
Operating expenses	31,852,818	30,245,673	7,264,776
Net operating income	21,492,088	18,686,869	4,781,824
Net non-operating expenses	(13,382,963)	(13,576,343)	(3,377,461)
INCREASE IN NET POSITION	8,109,125	5,110,526	1,404,363
NET POSITION—Beginning of year	78,167,147	73,056,621	71,652,258
NET POSITION—End of year	$ 86,276,272	$ 78,167,147	$ 73,056,621

The Authority's net position increased by approximately $8.1 million in 2013. Operating revenues increased $4.4 million. On/off-street meter receipts increased $3.9 million, parking facility receipts increased $428 thousand, and parking court revenue remained relatively constant. Operating expenses increased $1.6 million, with contractual and professional services increasing $657 thousand primarily due to bank fees associated with increased revenue and more customers paying by credit card, maintenance and repairs increased $400 thousand, depreciation and amortization increased $326 thousand, while taxes and licenses went up by $202 thousand.

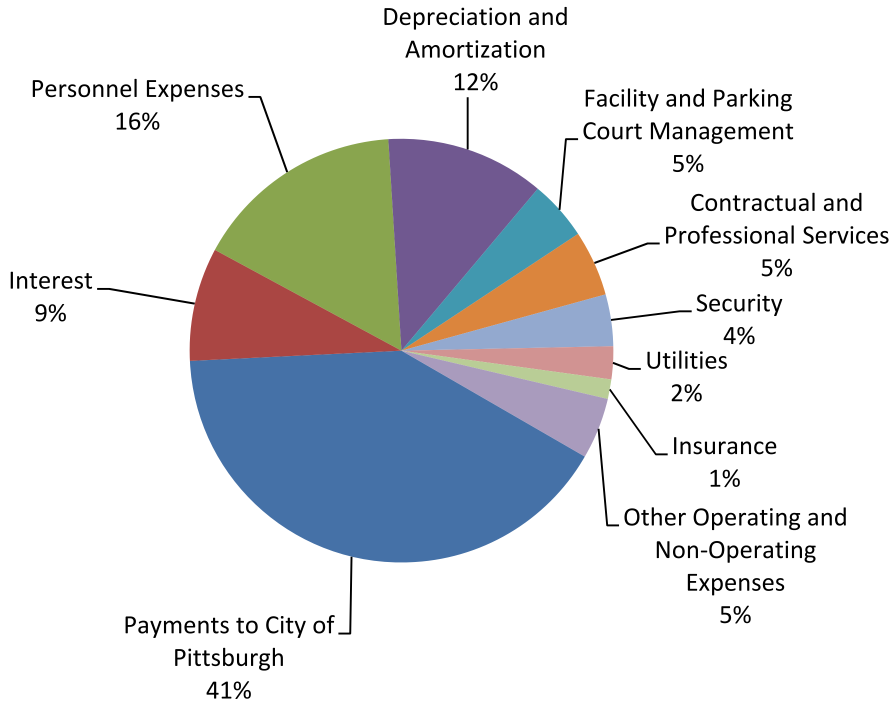


Parking facility receipts increased by $428 thousand in 2013. The Smithfield Liberty Garage saw a $278 thousand increase over 2012 due to the construction project that began in 2012 and ended in early 2013. The Fort Duquesne and Sixth Garage saw a decrease of $250 thousand due to continued construction projects throughout 2013. The Grant Street Transportation Center continues to increase utilization, with a 6.0% revenue increase over fiscal 2012 or $141 thousand. Mellon Square Garage had an increase of $115 thousand mostly in day leases and evening weekend activity. The Oliver Garage saw a $44 thousand increase mostly from the day transient parker and the evening weekend activity. Most of the other facilities also had slight increases in their overall receipts.

On-street meter receipts increased $3.7 million in 2013 from 2012. In January 2013, City Council's last scheduled rate increase went into effect in a number of areas throughout the City of Pittsburgh. In addition, 337 new technology multi-space parking meters were installed in various on-street parking areas. The new technology meters give the parking patrons the ability to pay their parking fee not only with coin but also with credit cards. As was evidenced during our installations in 2012, parking patron compliance increased with the ability to pay with credit cards.

Residential Parking Permit (RPP) fees increased $65 thousand in 2013, for a 21.8% increase, due to the City of Pittsburgh's addition of four new RPP districts and the expansion of a number of already existing RPP districts.

Public Parking Authority of Pittsburgh
FY 2013 Operating and Non-Operating Expenses



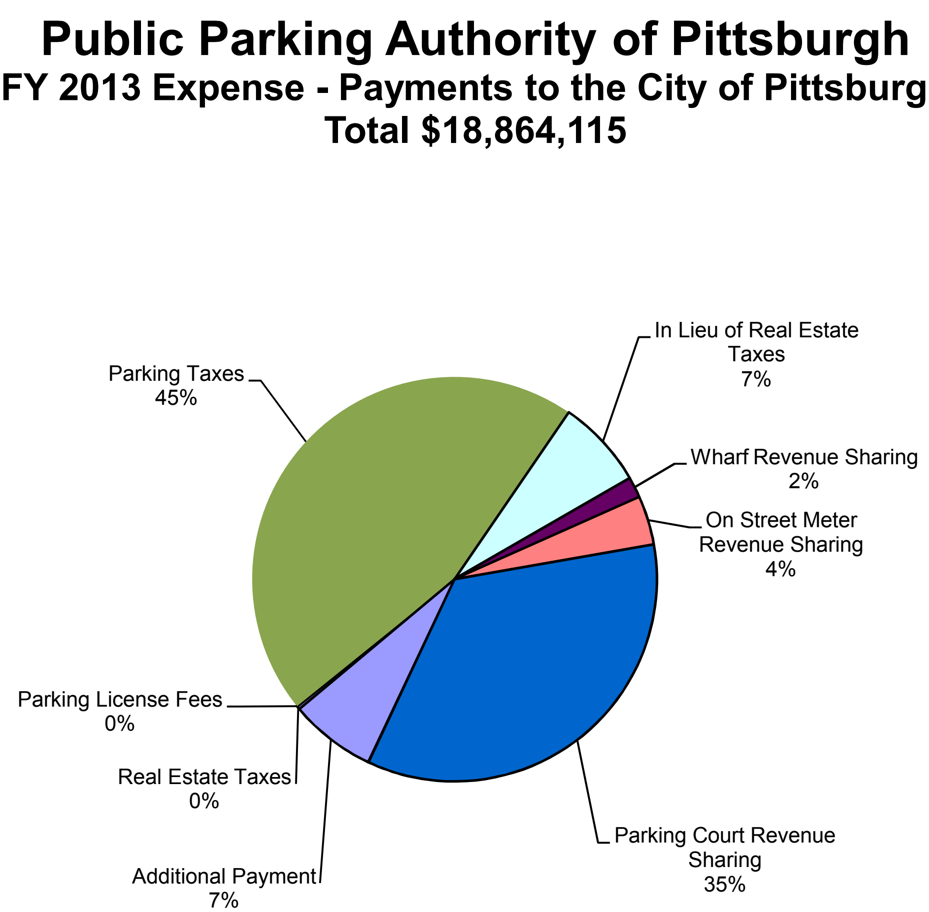
Personnel costs remain the second largest category of expenses, equaling 16% of total expenses in 2013. These costs increased by approximately $41 thousand over 2012 or just over ½ of 1 percent. The minimal increase was a result of health care savings that were achieved during union negotiations that offset increases in wages and retirement costs.

Utilities, insurance, repairs and maintenance, and fleet expenses (included in other operating expenses above) had a combined increase of approximately $403 thousand or 13.9%. Maintenance and repair was $400 thousand of that increase, mostly attributable to the maintenance costs of the new technology multi-space parking meters. There were 337 new technology multi-space meters installed in 2013 and the warranty costs for those installed in 2012 began in late 2013. Insurance saw an increase of almost $30 thousand, while utilities were relatively constant. The fleet expenses decreased by $21 thousand due to upgrades to the fleet in late 2012 and continuing into 2013.

Contractual and Professional fees increased almost $657 thousand or 39.6%. Trustee/Bank fees increased $760 thousand. This increase is due to the on- and off-street meter revenue increase of $3.9 million, with 68.8% of all on- and off-street meter revenue being paid by credit card. Attorney fees had a decrease of $160 thousand, while management consulting increased by $28 thousand and court hearing officers increased by $15 thousand due to the start of on-line hearings.

Depreciation and amortization were 12% of total expenses, while interest payments on the Authority's debt comprised approximately 9% of total expenses for the year. Facility and parking court managed operations approximate 5% of total expenses. Security costs stayed at 4% of total expenses for the year or $1.8 million.

Net non-operating expenses decreased by approximately $193 thousand over 2012. Payments to the City of Pittsburgh continue to be the largest expense to the Authority at 41% of total expenses in 2013. These payments include: parking tax, real estate tax, parking license fees, shared meter revenue, shared wharf revenue, shared parking court revenue, payment in lieu of real estate taxes, and an additional payment. For 2013, these payments in total increased by $421 thousand or 2.3%. There was an approximate $189 thousand increase in parking tax, real estate tax, parking license fees, and payment in lieu of real estate taxes combined. As mentioned above, payments to the City of Pittsburgh related to on-street meter revenue sharing and the wharf revenue sharing had a combined increase of $243 thousand and the Authority again gave the City of Pittsburgh an additional payment $1.3 million in 2013.



Statements of Cash Flows

The Statements of Cash Flows present detailed information regarding the cash activities of the Authority during the fiscal year. The statements are comprised of five sections. The first section presents operating cash flows, showing the net cash provided by or used in the operating activities of the Authority. The second section presents cash flows from non-capital financing activities, showing the cash received and disbursed for non-operating, non-investing, and non-capital financing purposes. The third section presents cash flows from capital and related financing activities, showing the cash used for the acquisition and construction of capital assets and related items, and related funding received. The fourth section presents the cash flows from investing activities, which primarily shows interest received from investing activities, and sale or purchases of investments. The fifth section reconciles the net cash provided from operating activities to the operating income reflected in the SRECNP.

Public Parking Authority of Pittsburgh
Statements of Cash Flows

	2013	2012	Stub Period Oct - Dec 2011
Net cash provided by operating activities	$ 27,112,443	$ 24,286,361	$ 6,131,163
Net cash used in non-capital financing activities	(10,023,961)	(11,449,004)	(3,784,450)
Net cash used in capital and related financing activities	(15,643,204)	(13,210,946)	(6,331,010)
Net cash used in investing activities	(799,216)	(1,239,741)	4,235,401
NET INCREASE (DECREASE) IN CASH	646,062	(1,613,330)	251,104
CASH—Beginning of year	8,088,822	9,702,152	9,451,048
CASH—End of year	$ 8,734,884	$ 8,088,822	$ 9,702,152

Net cash provided by operating activities was up by approximately $2.8 million over 2012. This was primarily due to the $3.9 million increase of on-street/off-street meter receipts in 2013, offset by an increase in operating expenses of approximately $1.6 million. Net cash used in noncapital and related financing activities decreased approximately $1.4 million. This is primarily due to a $219 thousand increase in non-operating payments to the City of Pittsburgh and a decreased payable to the City of Pittsburgh of $686 thousand, as well as $512 thousand in payments made to and on behalf of retirees. Net cash used in capital and related financing activities increased by $2.4 million. There was approximately $5.7 million spent on property, plant, and equipment with a decrease in the accounts payable of approximately $1.5 million. A payment in the amount of $4.5 million was made on the principal of the bonds and there was an increase in depreciation of $326 thousand. Net cash used in investing activities decreased by approximately $440 thousand; investments increased primarily due to the increase in net position.

Capital Assets and Debt Administration

During fiscal year 2013, additions to capital assets were approximately $5.7 million, of which $2.1 million was spent on new multi-space meters, $3.1 million went to construction in progress, and $400 thousand was spent on machinery and equipment, mostly revenue control equipment and vehicles. Disposals of capital assets were approximately $1.8 million. Facility disposals were $1.2 million, mostly due to major renovations at the Fort Duquesne and Sixth Garage and the Smithfield Liberty Garage. On-street meter disposals were approximately $298 thousand due to replacement of single-space meters with new technology multi-space meters. There were $328 thousand in machinery and equipment disposals, primarily due to the replacement and upgrade of revenue control equipment.

During 2012, additions to capital assets were approximately $6.8 million, of which $3.3 million was spent on new technology multi-space meters, $2.5 million went to construction in progress, and $424 thousand was spent on machinery and equipment, mostly revenue control equipment. Disposals of capital assets in fiscal year 2012 totaled approximately $1.2 million.

Additionally, in fiscal year 2012, the Authority paid approximately $5.5 million on the principal of its bonds. During the stub period of October 2011 through December 2011, the Authority paid approximately $5.1 million on the principal of its bonds.

Economic Outlook

The Authority continues to be the low cost provider of public parking in the City of Pittsburgh and strives to maintain that status, while meeting its debt service requirements. The new technology multi-space meters, along with City Council's on-street rate increases in 2011, 2012, and 2013, have had a positive impact on the Authority's revenue. Accordingly, the Authority was able to give the City of Pittsburgh an additional $1.3 million dollar payment in both 2012 and 2013. The Authority has budgeted and anticipates making this payment at $2.6 million for 2014.

Four of the Authority's garages that are over 50 years of age need either major improvements or potential demolition and replacement in the coming years. The staff has begun to assess the needs and plan for these projects. The Authority's Board has dedicated $6 million of unrestricted net position to fund a portion of these needed improvements. The Authority anticipates issuing new debt in the future when these projects are scheduled.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

(A COMPONENT UNIT OF THE CITY OF PITTSBURGH, PENNSYLVANIA)

STATEMENTS OF NET POSITION

DECEMBER 31, 2013 AND 2012

	2013	2012
Assets		
Current assets:		
Cash	$ 8,734,884	$ 8,088,822
Escrow cash	226,220	221,045
Investments	8,080,644	9,795,878
Investments - restricted	10,789,906	9,098,255
Accounts receivable	578,509	437,500
Note receivable - current portion	10,511	10,886
Accrued interest receivable and other assets	829,849	726,031
Total current assets	29,250,523	28,378,417
Noncurrent assets:		
Investments	10,373,134	9,525,507
Investments - restricted	12,423,348	12,097,973
Note receivable	3,214,197	3,225,640
Prepaid bond insurance	967,837	1,042,286
Capital assets, net	111,194,689	112,233,829
Leasehold improvements, net	10,307,556	9,101,400
Total noncurrent assets	148,480,761	147,226,635
Total Assets	177,731,284	175,605,052
Deferred Outflows of Resources		
Deferred charge on refunding	1,942,632	2,108,311
Liabilities		
Current liabilities:		
Accounts payable	1,959,152	3,398,024
Accounts payable - retention	369,445	549,312
Accounts payable - City of Pittsburgh	2,289,288	1,603,353
Accrued expenses	781,304	735,574
Accrued interest payable	1,393,009	1,313,122
Unearned revenue	934,873	965,297
Current portion of capital lease obligations	114,363	96,253
Current maturities of bonds payable	4,503,814	4,553,239
Total current liabilities	12,345,248	13,214,174
Noncurrent liabilities:		
Bonds payable - noncurrent portion	75,382,900	80,366,654
Other noncurrent liabilities	5,669,496	5,965,388
Total noncurrent liabilities	81,052,396	86,332,042
Total Liabilities	93,397,644	99,546,216
Net Position		
Net investment in capital assets	39,292,402	34,071,847
Restricted for, expendable:		
Capital	7,655,418	6,133,523
Debt service	3,202,392	2,957,025
Indenture funds	17,264,588	15,452,000
Total restricted	28,122,398	24,542,548
Unrestricted	18,861,472	19,552,752
Total Net Position	$ 86,276,272	$ 78,167,147

See accompanying notes to financial statements.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

(A COMPONENT UNIT OF THE CITY OF PITTSBURGH, PENNSYLVANIA)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Operating Revenues:		
Parking facility receipts	$ 29,238,374	$ 28,810,164
On-street/off-street meter receipts	13,594,423	9,644,142
Residential permit parking receipts	364,174	298,963
Commercial rentals	669,655	641,063
Parking court	9,462,438	9,503,699
Other income	15,842	34,511
Total operating revenues	53,344,906	48,932,542
Operating Expenses:		
Salaries	5,198,785	5,032,855
Retirement	581,259	543,380
Payroll taxes	431,678	428,090
Health benefits	1,225,634	1,391,660
Supplies and equipment	414,559	443,146
Utilities	1,156,351	1,162,526
Insurance	689,230	659,568
Repairs and maintenance	1,380,712	980,259
Fleet expenses	72,359	93,121
Facility and parking court management fees	2,099,412	2,005,159
Taxes and licenses	8,614,319	8,412,232
Contractual and professional services	2,320,149	1,662,464
Security	1,815,653	1,790,965
Depreciation and amortization	5,591,773	5,265,232
Other expenses	260,945	375,016
Total operating expenses	31,852,818	30,245,673
Operating income	21,492,088	18,686,869
Nonoperating Revenues (Expenses):		
Interest income	325,236	327,695
Other income	558,342	390,803
Interest expense	(3,989,266)	(4,222,463)
In lieu of real estate taxes to the City of Pittsburgh	(1,340,787)	(1,354,039)
Meter, wharf, and parking court payments to the City of Pittsburgh	(7,609,009)	(7,376,844)
Other payment to the City of Pittsburgh	(1,300,000)	(1,300,000)
Other expenses	(27,479)	(41,495)
Total nonoperating revenues (expenses)	(13,382,963)	(13,576,343)
Change in Net Position	8,109,125	5,110,526
Net Position:		
Beginning of year, as restated	78,167,147	73,056,621
End of year	$ 86,276,272	$ 78,167,147

See accompanying notes to financial statements.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

(A COMPONENT UNIT OF THE CITY OF PITTSBURGH, PENNSYLVANIA)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Cash Flows From Operating Activities:		
Parking facility receipts	$ 29,195,003	$ 28,833,394
On-street/off-street meter receipts	13,594,385	9,643,480
Residential permit parking and commercial rental receipts	830,530	833,623
Parking court receipts	9,397,116	9,540,341
Payments to and on behalf of employees	(7,000,653)	(6,954,467)
Payments to suppliers	(513,332)	(571,259)
Payments for utilities, insurance, repairs, and maintenance	(3,372,806)	(2,751,648)
Facility management fees	(2,099,218)	(2,031,075)
Taxes and licenses	(8,572,840)	(8,410,777)
Contractual and professional services	(2,294,424)	(1,680,724)
Security	(1,827,551)	(1,775,627)
Other receipts (expenditures), net	(223,767)	(388,900)
Net cash provided by (used in) operating activities	27,112,443	24,286,361
Cash Flows From Noncapital Financing Activities:		
In lieu of real estate taxes of the City of Pittsburgh	(1,511,094)	(1,417,329)
Meter, wharf, and parking court payments to the City of Pittsburgh	(6,752,767)	(8,113,078)
Other payment to the City of Pittsburgh	(1,300,000)	(1,300,000)
Deposits to escrow cash	(5,175)	(10,520)
Other receipts, net	(454,925)	(608,077)
Net cash provided by (used in) noncapital financing activities	(10,023,961)	(11,449,004)
Cash Flows From Capital and Related Financing Activities:		
Additions to property, plant, and equipment	(4,391,784)	(2,502,600)
Additions to capital meters and leasehold improvements	(2,936,521)	(2,139,555)
Capital lease payments	(78,011)	(90,695)
Capital grants	532,676	380,920
Repayment of bonds	(4,553,238)	(5,515,000)
Proceeds from sale of capital assets	7,315	-
Interest paid	(4,223,641)	(3,344,016)
Net cash provided by (used in) capital and related financing activities	(15,643,204)	(13,210,946)
Cash Flows From Investing Activities:		
Sale of investments	102,288,264	116,624,836
Purchase of investments	(103,437,682)	(118,180,618)
Payments received on notes receivable	11,818	10,357
Interest received	338,384	305,684
Net cash provided by (used in) investing activities	(799,216)	(1,239,741)
Increase (Decrease) in Cash and Cash Equivalents	646,062	(1,613,330)
Cash and Cash Equivalents:		
Beginning of year	8,088,822	9,702,152
End of year	$ 8,734,884	$ 8,088,822

(Continued)

See accompanying notes to financial statements.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

(A COMPONENT UNIT OF THE CITY OF PITTSBURGH, PENNSYLVANIA)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Continued)

	2013	2012
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating income	$ 21,492,088	$ 18,686,869
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,591,773	5,265,232
Change in:		
Accounts receivable	(88,616)	138,815
Other assets	(92,991)	(2,643)
Accounts payable and accrued expenses	210,189	198,088
Net adjustments	5,620,355	5,599,492
Net cash provided by (used in) operating activities	$ 27,112,443	$ 24,286,361
Noncash Transactions:		
Capital additions in accounts payable	$ 517,766	$ 2,039,437

(Concluded)

See accompanying notes to financial statements.

1. ORGANIZATION

The Public Parking Authority of Pittsburgh (Authority), which is a component unit of the City of Pittsburgh, Pennsylvania (City), was organized on August 6, 1947, as a public corporation under the laws of the Commonwealth of Pennsylvania by the City pursuant to the Parking Authority Law of Pennsylvania Act of June 5, 1947, as amended and supplemented.

The Authority was created for the purpose of conducting the necessary activity to plan, acquire, construct, improve, maintain and operate, and own and lease land and facilities devoted to the parking of vehicles. In addition, the Authority is responsible for the enforcement of city and state parking codes throughout the City, including the responsibility for the operations of parking court.

Under the provisions of the Governmental Accounting Standards Board (GASB), the Authority is considered to be a component unit of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the Authority's assets, deferred outflows of resources, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

Financial Statement Presentation

GASB establishes standards for external financial reporting for state and local governments and components thereof. Net Position is classified into four categories according to external donor restrictions or availability of assets for the satisfaction of Authority obligations. The Authority's net position is classified as follows:

Net Investment in Capital Assets - This represents the Authority's total investment in capital assets, net of outstanding debt obligations related to those capital assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position, Expendable - This includes resources in which the Authority is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Position, Nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The Authority does not have any restricted nonexpendable net position as of December 31, 2013 or 2012.

Unrestricted Net Position - Unrestricted net position represents resources derived from operations that may be used at the discretion of the Board of Directors (Board) to meet current expenses for any purpose. In November 2012, the Authority's Board designated $6 million of unrestricted net position to assist in funding the structural remediation to extend the useful life of the four oldest facilities: Smithfield Liberty Garage, Fort Duquesne & Sixth Garage, Ninth and Penn Garage, and Third Avenue Garage.

Basis of Accounting

For financial reporting purposes, the Authority is considered a proprietary fund. Accordingly, the Authority's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned, and expenditures are reported when materials or services are received. All inter-fund accounts and transactions have been eliminated.

Trust Indenture

The Trust Indenture, dated January 1, 2000, requires that revenues of the Authority be deposited with The Bank of New York Trust Company N.A., (Trustee). The Trust Indenture further requires that the Trustee and the Authority establish certain funds and reserves for the operation of the parking system (System). An amount equal to two months of estimated operating expenses, as defined by the Trust Indenture, is recorded as a restriction of net position in accordance with the Trust Indenture. The System includes all Authority garages, lots, and meters. The Authority is required to establish rates to operate the System and maintain debt service coverage ratios specified in covenants of the Trust Indenture.

Investments

Investments are stated at fair value and amortized cost, as applicable. Fair value is determined by quoted market prices or by readily determinable fair values. The Authority does not have any investments without readily determinable fair values. Terms and agreements of the Authority restrict the majority of the investments.

Restricted Cash and Investments

As required by the Trust Indenture of the Authority, certain monies are to be deposited periodically to the following funds for a specific purpose:

Operating Reserve Fund - To have available two months of estimated operating expenses.

Debt Service Fund/Bond Fund - To pay current interest and principal on bonds.

Debt Service Reserve Fund - To pay principal and interest at maturity or redeem prior to maturity.

Construction Funds - To pay the cost of acquiring and constructing capital additions and improvements.

Renewal and Replacement Fund - To have available funds for the maintenance and capital addition requirements.

Revenue Fund - To collect Authority revenue receipts and disburse monies collected to other funds as required by the Trust Indenture.

City Meter/Wharf Funds - To pay the City its share of wharf and meter collections after debt service requirements have been satisfied.

Excess Coverage Fund - Funds available for compliance with the rate covenant.

Noncurrent Cash and Investments

Cash and investments that are (1) externally restricted to make debt service payments, or to maintain sinking or reserve funds, and (2) to purchase capital or other noncurrent assets, are classified as noncurrent assets in the statements of net position.

Reclassifications

Certain reclassifications of amounts between unrestricted investments and restricted investments have been made to the accompanying financial statements for the year ended December 31, 2012 to conform to the current year's presentation.

Capital Assets

Capital assets are stated at cost. Depreciation on capital assets is calculated on the straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in revenue or expense for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

In certain instances, the Authority has acquired capital assets at a nominal cost from other government units. These assets are recorded at the nominal cost, which is less than fair market value even after giving consideration to the effect of associated use restrictions. Management believes that the difference between recorded nominal cost and fair value at date of acquisition for these assets acquired through non-exchange transactions is immaterial.

The Authority considers renovation projects as construction in progress until the project is complete, although portions of the facilities may be in use and appropriately being depreciated.

Interest is capitalized, net of related interest income, on qualifying capital expenditures by the weighted-average of the expenditure. The interest rate used reflects the average rate on all Authority borrowings. For the years ended December 31, 2013 and 2012, capitalized interest was $14,523 and $0, respectively.

Prepaid Bond Insurance Costs

Prepaid bond insurance costs are considered an asset on the statement of net position and are deferred and amortized over the life of the related bond issue.

Compensated Absences

The Authority provides paid vacation to employees after completion of 12 months of service. Earned vacation benefits must be taken during the anniversary year in which the service is rendered. Benefits not used during this period are forfeited. Upon termination of service, employees are compensated for vacation benefits earned but not yet taken during the anniversary year of termination.

Classification of Revenues

The Authority has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) parking facility receipts, (2) on-street/off-street meter receipts, (3) residential permit parking receipts, (4) commercial rentals, and (5) parking court receipts.

Nonoperating Revenues - Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, contributions, and other revenues that are defined as nonoperating revenues by GASB, such as investment income and capital grants.

Income Taxes

The Authority is exempt from income taxes as a governmental unit under federal income tax laws and regulations of the Internal Revenue Service (IRS).

Cash Flows

Any cash escrowed, restricted for noncurrent assets, or in funded reserves has not been included as cash for the purpose of the statements of cash flows.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks and values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net position.

Recently Adopted GASB Statements

The Authority has adopted GASB Statement No. 61, *"The Financial Reporting Entity, Omnibus,"* an amendment of GASB Statements No. 14 and No. 34, which is effective for fiscal years beginning after June 15, 2012. This Statement improves financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of the entity. The adoption of this Statement did not have a material impact on the financial statements.

The Authority has adopted GASB Statement No 65, *"Items Previously Reported as Assets and Liabilities."* This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Under the provisions of this Statement, bond issuance costs, other than bond insurance, are to be expensed in the period incurred rather than deferred and amortized. The Authority's net position as of January 1, 2012 and December 31, 2012 has been restated by $589,413 and $518,791, respectively, to reflect this change. The other primary impact of this Statement to the Authority was to classify the deferred amounts on refunding as deferred outflows of resources. The provisions of this Statement were applied retroactively for all periods presented.

Recent Statements Issued by GASB

GASB has issued Statement No. 67, *"Financial Reporting for Pension Plans,"* effective for periods beginning after June 15, 2013. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement and addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have certain characteristics. The effect of implementation of this Statement has not yet been determined.

GASB has also issued Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* effective for periods beginning after June 15, 2014. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through certain types of pension plans, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The effect of implementation of this Statement has not yet been determined.

GASB has also issued Statement No. 69, *"Government Combinations and Disposals of Government Operations,"* effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The effect of implementation of this Statement has not yet been determined.

GASB has also issued Statement No. 70, *"Accounting and Financial Reporting for Non-exchange Financial Guarantees,"* effective for financial statements for periods beginning after June 15, 2013. This Statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The effect of implementation of this Statement has not yet been determined.

3. Cash and Investments

Cash

The following is a summary of the Authority's cash deposits which are insured by the Federal Deposit Insurance Company or which were not insured or collateralized in the Authority's name, but were collateralized in accordance with Act 72 of the Pennsylvania State Legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name:

	2013	2012
Cash in bank	$ 8,529,632	$ 7,909,080
Cash on hand	205,252	179,742
Total	$ 8,734,884	$ 8,088,822

Cash shown above includes $8,506,801 and $7,827,315 of restricted cash as of December 31, 2013 and 2012, respectively, as required by the Authority Trust Indenture, the Cooperation Agreement with the City of Pittsburgh with respect to the Pittsburgh Parking Court operations, and other escrow items.

Investments

Investments of the Authority include the following:

Investments - Unrestricted - Investments held by the Authority for discretionary future projects and obligations of the Authority are $18,453,778 and $19,321,385 as of December 31, 2013 and 2012, respectively.

Investments - Restricted - Investments held by the Authority that are restricted as to their use by terms and agreements of the Authority. These funds, at fair value and amortized cost, as applicable, as of December 31, 2013 and 2012, are as follows:

	2013	2012
1992 Trust Indenture - City Meter/Wharf Fund	$ 594,360	$ 527,374
2000 Trust Indenture:		
Renewal and Replacement Fund	3,209,636	3,209,587
Bond Fund	969,526	722,428
Rebate Fund	126,126	126,124
Debt Service Reserve Fund	3,625,876	3,547,718
Revenue Fund	10,082,954	8,293,609
Operating Reserve Fund	4,492,184	4,492,116
Coop Fund	112,592	276,495
Total 2000 Trust Indenture	22,618,894	20,668,077
Capital Lease Escrow Fund	-	777
Total Investments, Restricted	$ 23,213,254	$ 21,196,228

As of December 31, 2013, the Authority had the following investments. Blackrock and J.P. Morgan are invested in mutual fund investment pools.

				December 31, 2013 Rating	
Investment	Amount	Percentage of Total Investment	Maturity	Standard & Poor's	Moody's Investors Service
J.P. Morgan U.S. Government Securities	$ 20,387,593	48.9%		AAAm	Aaa-mf
BlackrockPif Temporary Fund	17,732,479	42.6%		AAAm	Aaa
Federal Home Loan Bank Discount	3,546,960	8.5%	5/30/2014	A-1+	P-1
Total	$ 41,667,032	100%			

As of December 31, 2012, the Authority had the following investments. Blackrock and J.P. Morgan are invested in mutual fund investment pools.

				December 31, 2012 Rating	
Investment	Amount	Percentage of Total Investment	Maturity	Standard & Poor's	Moody's Investors Service
J.P. Morgan U.S. Government Securities	$ 18,455,593	45.5%		AAAm	Aaa-mf
BlackrockPif Temporary Fund	18,412,835	45.4%		AAAm	Aaa-mf
Federal Home Loan Bank Discount	3,547,718	8.8%	5/31/2013	A-1+	P-1
PNC Money Market	101,467	0.3%			
Total	$ 40,517,613	100%			

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Authority has no formal investment policy that limits its investment choices. The deposit and investment strategy of the Authority adheres to state statutes, related trust indentures, and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the strategy of the Authority.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer.

4. NOTE RECEIVABLE

The note receivable is a non-interest-bearing note from the Urban Redevelopment Authority of Pittsburgh (URA), due December 1, 2068, which is the result of a sale transaction effective December 17, 1998. The note's carrying value, net of imputed interest at a rate of 5%, is $3,224,708 and $3,236,526 at December 31, 2013 and 2012, respectively.

5. Capital Assets and Leasehold Improvements

Capital assets and leasehold improvements activity for the year ended December 31, 2013 is as follows:

	December 31, 2012 Balance	Additions	Disposals	Transfers	December 31, 2013 Balance	Estimated Useful Lives
Nondepreciable capital assets:						
Land	$ 26,053,516	$ -	$ -	$ -	$ 26,053,516	
Construction in progress	2,623,789	5,248,679	-	(7,528,208)	344,260	
Total nondepreciable capital assets	28,677,305	5,248,679	-	(7,528,208)	26,397,776	
Depreciable capital assets:						
Parking facilities	160,761,463	60,698	(1,173,833)	5,101,805	164,750,133	3-50 years
Machinery and equipment	6,671,706	400,234	(327,863)	316,602	7,060,679	3-10 years
Total depreciable capital assets	167,433,169	460,932	(1,501,696)	5,418,407	171,810,812	
Total capital assets	196,110,474	5,709,611	(1,501,696)	(2,109,801)	198,208,588	
Less accumulated depreciation	83,876,645	4,638,950	(1,501,696)	-	87,013,899	
Net capital assets	112,233,829	1,070,661	-	(2,109,801)	111,194,689	
Leasehold improvements	10,877,199	-	(298,241)	2,109,801	12,688,759	5-50 years
Less accumulated amortization	1,775,799	878,377	(272,973)	-	2,381,203	
Net leasehold improvements	9,101,400	(878,377)	(25,268)	2,109,801	10,307,556	
Total capital assets and leasehold improvements, net	$ 121,335,229	$ 192,284	$ (25,268)	$ -	$ 121,502,245	

Capital assets and leasehold improvements activity for the year ended December 31, 2012 was as follows:

	December 31, 2011 Balance	Additions	Disposals	Transfers	December 31, 2012 Balance	Estimated Useful Lives
Nondepreciable capital assets:						
Land	$ 26,053,516	$ -	$ -	$ -	$ 26,053,516	
Construction in progress	132,392	6,296,886	(18,203)	(3,787,286)	2,623,789	
Total nondepreciable capital assets	26,185,908	6,296,886	(18,203)	(3,787,286)	28,677,305	
Depreciable capital assets:						
Parking facilities	160,673,913	60,500	-	27,050	160,761,463	3-50 years
Machinery and equipment	6,299,736	442,774	(494,837)	424,033	6,671,706	3-10 years
Total depreciable capital assets	166,973,649	503,274	(494,837)	451,083	167,433,169	
Total capital assets	193,159,557	6,800,160	(513,040)	(3,336,203)	196,110,474	
Less accumulated depreciation	79,672,793	4,657,310	(453,458)	-	83,876,645	
Net capital assets	113,486,764	2,142,850	(59,582)	(3,336,203)	112,233,829	
Leasehold improvements	8,263,249	-	(722,253)	3,336,203	10,877,199	5-50 years
Less accumulated amortization	1,915,428	494,932	(634,561)	-	1,775,799	
Net leasehold improvements	6,347,821	(494,932)	(87,692)	3,336,203	9,101,400	
Total capital assets and leasehold improvements, net	$ 119,834,585	$ 1,647,918	$ (147,274)	$ -	$ 121,335,229	

6. CHANGES IN LONG-TERM LIABILITIES

A summary of long-term obligation transactions for the Authority for the years ended December 31, 2013 and 2012 is as follows:

2013	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable - revenue bonds payable	$ 85,974,566	$ 736,708	$ (5,690,000)	$ 81,021,274	$ 4,503,814
Other noncurrent liabilities:					
Greyhound (unearned rent/revenue)	$ 5,357,717	$ -	$ (208,066)	$ 5,149,651	$ 208,068
Other postemployment benefits	671,540	23,734	(33,547)	661,727	-
Capital lease obligations	240,450	46,094	(105,995)	180,549	114,363
	$ 6,269,707	$ 69,828	$ (347,608)	$ 5,991,927	$ 322,431

2012	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable - revenue bonds payable	$ 90,993,632	$ 495,934	$ (5,515,000)	$ 85,974,566	$ 4,553,239
Other noncurrent liabilities:					
Greyhound (unearned rent/revenue)	$ 5,565,783	$ -	$ (208,066)	$ 5,357,717	$ 208,066
Other postemployment benefits	623,680	88,640	(40,780)	671,540	-
Capital lease obligations	345,379	-	(104,929)	240,450	96,253
	$ 6,534,842	$ 88,640	$ (353,775)	$ 6,269,707	$ 304,319

An Agreement of Sale in Lieu of Condemnation (Agreement) was executed on April 14, 2004, between the Authority and Greyhound Lines, Inc. (Greyhound). As stipulated in the Agreement, the Authority purchased from Greyhound the property located at the corner of Liberty Avenue and 11th Street for the purchase price of $6,242,000, which was immediately remitted to the Authority for construction of the Bus Terminal. Pursuant to the terms of the Agreement, the Authority was responsible for constructing the new Bus Terminal in accordance with approved plans and specifications, and Greyhound leases the Bus Terminal from the Authority for an annual base rent of $1 for an initial term of 30 years. There are three consecutive 10-year extension terms, each with an annual base rent of $100,000. The $6,242,000 is being recognized as revenue over the term of the lease, which commenced on October 1, 2008.

The Authority has entered into various three- to five-year capital leases for equipment. The leases are to be paid in cumulative monthly installments of $10,632, and have expiration dates ranging from June 1, 2015 through April 20, 2016 with imputed interest of 4.25% - 12%. The carrying value of the leased equipment is $167,824 and $221,084 at December 31, 2013 and 2012, respectively.

Additional information regarding bonds payable is included in Note 7.

7. REVENUE BONDS PAYABLE

On February 3, 2005, the Authority issued $45,673,962 in new parking system revenue bonds (2005 Series Bonds) to partially refund the outstanding principal balance of the 2000 Series A Bonds (face value $7,405,000) and establish the Project Fund for the Grant Street Transportation Center Garage ($40,000,000). The net carrying value of the 2000 Series A Bonds upon redemption was $7,496,815. The difference of $494,536 between the reacquisition price and net carrying value of the 2000 Series Bonds is being amortized as a component of interest expense over 20 years, which is the shorter of the remaining life of the 2000 Series Bonds and the term of the 2005 Series Bonds.

The amount of amortization charged to interest expense during the years ended December 31, 2013 and 2012 was $24,321 and $24,328, respectively. The 2005 Series Bonds are a combination of current interest bonds (Series A, $2,010,000, and Series B, $29,780,000) and capital appreciation bonds (Series A, $4,439,665, and Series B, $9,444,297). Interest is paid semi-annually on the current interest bonds at fixed coupon rates that range from 2% to 5%. The difference between the issued value and the maturity value of the capital appreciation bonds (Series A, issued $4,439,665, Series B, issued $9,444,297, versus Series A, maturity $7,000,000, Series B, $15,300,000) is being accreted over the life of the bonds. The portion of accreted interest attributable to bonds scheduled to mature in 2013 is reported as a component of accrued interest payable, while the portion of accreted interest attributable to long-term bonds is reported as a component of long-term debt.

	2005 Series Bonds	
	2013	2012
Series A current interest bonds	$ 1,400,000	$ 1,400,000
Series B current interest bonds	29,650,000	29,650,000
Series A capital appreciation bonds	3,731,665	4,439,665
Series B capital appreciation bonds	7,414,058	9,444,297
Subtotal	42,195,723	44,933,962
Plus unamortized premium	314,240	338,568
Appreciated value - Series A capital appreciation bonds	1,185,964	1,454,751
Appreciated value - Series B capital appreciation bonds	2,842,251	2,969,963
Unamortized discount	(19,517)	(21,028)
Subtotal	4,322,938	4,742,254
Total	$ 46,518,661	$ 49,676,216

The aggregate maturities of the 2005 Series Bonds for fiscal years ending after December 31, 2013 are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	$ 2,598,814	$ 2,706,186	$ 5,305,000
2015	2,454,795	2,840,205	5,295,000
2016	2,247,586	2,922,414	5,170,000
2017	1,978,362	2,931,638	4,910,000
2018	1,866,166	3,028,834	4,895,000
2019-2023	16,050,000	5,650,000	21,700,000
2024-2026	15,000,000	1,470,090	16,470,090
	$ 42,195,723	$ 21,549,367	$ 63,745,090

On June 2, 2005, the Authority issued $37,905,000 in new parking system revenue bonds (2005 Refunding Series) to refund the outstanding principal of the 2000 Series A Bonds (face value $19,850,000) and the outstanding principal of the Pittsburgh Parking Development Corporation, URA Revenue Bonds, Series 1997 (face value $13,520,000) covered by the 1992 Trust Indenture. The net carrying value of the 2000 Series A Bonds was $19,359,715 and $13,423,106 on the 1997 URA Revenue Bonds. The difference between the reacquisition price and net carrying value of $2,145,388 on the 2000 Bonds and $730,451 on the URA Bonds is being amortized as a component of interest expense over 20 and 21 years, respectively, which is the shorter of the remaining life of the issue and the term of the 2005 Refunding Bonds. The amount of amortization charged to interest expense during the years ended December 31, 2013 and 2012 was $141,357 and $141,357, respectively.

	2005 Refunding Series	
	2013	2012
Series A refunding	$ 32,335,000	$ 34,150,000
Series B refunding	250,000	250,000
Subtotal	32,585,000	34,400,000
Plus unamortized premium	800,112	862,057
Unamortized discount	(17,059)	(18,380)
Subtotal	783,053	843,677
Total	$ 33,368,053	$ 35,243,677

The aggregate maturities of the 2005 Refunding Series Bonds for fiscal years ending after December 31, 2013 are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	$ 1,905,000	$ 1,588,193	$ 3,493,193
2015	2,005,000	1,496,130	3,501,130
2016	2,100,000	1,398,830	3,498,830
2017	2,210,000	1,293,830	3,503,830
2018	2,325,000	1,185,830	3,510,830
2019-2023	13,510,000	4,095,610	17,605,610
2024-2026	8,530,000	768,660	9,298,660
	$ 32,585,000	$ 11,827,083	$ 44,412,083

On November 21, 2002, the Authority issued $38,595,000 in new parking system revenue bonds (2002 Series Bonds) to refund the outstanding principal balance of the 1992 Series

A Bonds (face value $60,960,000) of $41,175,000 plus a premium on call of $767,800. The net carrying value of the 1992 Series A Bonds upon redemption was $39,577,329. The difference of $2,365,471 between the reacquisition price and net carrying value of the 2002 Series Bonds is being amortized as a component of interest expense over 10 years, which is both the remaining life of the 1992 Series A Bonds and the term of the 2002 Series Bonds. The amount of amortization charged to interest expense during the year ended December 31, 2012 amounted to $216,836.

The 2002 Series Bonds were due serially through December 1, 2012, in annual amounts ranging from $2,150,000 to $4,770,000 subject to mandatory sinking fund redemptions in the years preceding these dates. Interest is paid semi-annually at fixed coupon rates that range from 2% to 5%. Bonds are secured by the operating revenues of the First Avenue Garage and Second Avenue Parking Plaza, to the extent that debt service payments to the 2000 Series A and 1997 Series bondholders would not be jeopardized, and the revenues from other Authority operations.

The 2002 Series Bonds were paid in full December 1, 2012.

A reconciliation of the principal outstanding per Note 6 to the outstanding principal amounts recorded in the statements of net position is as follows:

	2013	2012
2005 Series Bonds	$ 46,518,661	$ 49,676,216
2005 Refunding Series	33,368,053	35,243,677
Bonds payable per statements of net position	79,886,714	84,919,893
Accreted interest reported as accrued interest payable on statements of net position	1,134,560	1,054,673
Total	$ 81,021,274	$ 85,974,566

The bond agreements contain certain financial covenants that require, among other things, the maintenance of specified debt coverage ratios. As of December 31, 2013 and 2012, the Authority was in compliance with these covenants.

8. OPERATIONS

Location	Date Opened	Line/Stacked Spaces
Parking facilities:		
Third Avenue Garage	November 1952	570/100
Mellon Square Garage	June 1955	798/250
Ninth and Penn Garage	November 1958	586/45
Fort Duquesne/Sixth Garage	July 1959	920/30
Smithfield/Liberty Garage	June 1965	596/0
Forbes/Semple Garage	October 1978	449/50
Wood/Allies Garage	June 1984	542/50
Shadyside Garage	November 1992	208/19
Monongahela Wharf	Pre-1950	458/0
First Avenue Parking Garage	May 2001	1,243/100
Second Avenue Parking Plaza	October 1997	810/0
Oliver Garage	November 1998	480/150
Grant Street Transportation Center	September 2008	991/0
On-street meters	Various	6,921
Metered lots	Various	1,765

Parking Facilities

The Authority operates the Mellon Square, Ninth and Penn, Smithfield/Liberty, Forbes/Semple, Wood/Allies, Shadyside, Monongahela Wharf, First Avenue, Second Avenue, Grant Street Transportation Center, Oliver, and the Ft. Duquesne/Sixth facilities with its own personnel.

The Authority operates the Third Avenue parking facility under a management agreement with a parking facility operator. The operator has guaranteed minimum revenue for the facility, expense limits on certain items and other expenses are completely reimbursable. The agreement expired December 31, 2013. The parties operated on a month-to-month basis until a new agreement was awarded by Board resolution on March 27, 2014.

The Mellon Square facility, which is operated by the Authority, has been leased from the City since 1954. The current agreement expired December 31, 2013. The parties have been operating on a month-to-month basis until a new agreement is reached and approved by both parties.

Under an agreement with the City, the Authority operates the Monongahela Wharf parking facility. Under the terms of the agreement, the Authority receives 50% of the revenue net of parking tax and incurs all costs of operations for the facility. The City receives 50% of the revenue from the parking facility after the parking tax deduction and before operating expenses.

Meter Operations

The Authority operates metered lots in various neighborhood business districts of the City. The Authority receives all revenue and receipts from the lots and incurs all costs of operations.

Under the terms of an agreement with the City, the Authority operates all on-street metered parking within the City. The Authority's share of on-street meter revenue is 93.5%, and the City receives the remaining 6.5%. The Authority incurs all costs of operations, as well as all costs of the Parking Enforcement program. Under the terms of this agreement, the City maintained its authority to set the on-street meter rates and maintains ownership of the on-street parking meters.

Pittsburgh Parking Court

In November 2004, the Pennsylvania State Legislature approved Act 237 decriminalizing the Authority's parking tickets and transferring the management, adjudication, and collection of parking tickets issued by the Authority from the City to the Authority. As part of the transfer process, the Authority and the City entered into a Cooperation Agreement that spells out the respective duties and responsibilities of each entity. The primary function of the Cooperation Agreement is to formalize the revenue-sharing agreement between the Authority and the City. The net revenues of the Pittsburgh Parking Court (net of all expenses) will be shared 90% to the City and 10% to the Authority. The management of the Pittsburgh Parking Court has been contracted out to a third-party service organization. The current contract expires December 31, 2014.

Residential Permit Parking

The Residential Permit Parking Program provides for on-street parking permits in designated areas of the City. The Authority administers and incurs all costs related to this program and collects all fees. Under the terms of this agreement, the City maintained its authority to set Residential Permit Parking permit fees and for the designation and recertification of RPP areas and related planning activities.

Cooperation Agreement with the City of Pittsburgh

In February 2000, the Authority and the City amended the Cooperation Agreement between them dated February 5, 1995. Among other things, the Amended Cooperation Agreement increased the Authority's annual payment in lieu of real estate taxes to the City from $1.4 million to $1.9 million. Under the terms of the agreement, however, the payment to the City is made only when the Authority successfully meets its annual debt service requirements, determined each year on December 15. This amendment effectively subordinates the Authority's annual payment in lieu of taxes, providing additional security for Authority bondholders.

The City has agreed that the annual payment in lieu of real estate taxes will be offset by the Oliver Garage Parking Tax. In June 2005, the Authority paid off the outstanding URA Bonds on the Oliver Parking Facility with proceeds from the June 2005 Refunding Series. Since the URA Bonds were paid in full, the Oliver Garage Parking Tax Incremental Financing (TIF) lapsed. In consideration of the increase in parking taxes received by the City for the Oliver Garage as a result of the lapse of the Parking Tax TIF defined in the URA Cooperation Agreement, the City agreed that the Authority would reduce the payment in lieu of real estate taxes in an amount equal to the Oliver Garage Parking Tax, being revenue neutral for both parties. The reduction has reduced the annual payment in lieu of real estate taxes from $1.9 million to $1,340,787 and $1,354,039 for the years ended December 31, 2013 and 2012, respectively.

At the City's request, the Board authorized an additional payment of $1.3 million to the City of Pittsburgh, provided the Authority was able to meet its debt service ratio coverage beginning in 2012. The Authority made the additional payment of $1.3 million dollars to the City in 2013 and 2012.

Collective Bargaining Agreements

Some of the employees of the Authority are covered by collective bargaining agreements. The Automotive Chauffeurs, Parts and Garage Employees, Local Union No. 926 (Teamsters Union), which covers facility employees, represents approximately 38% of the labor force. The current collective bargaining agreement began on October 1, 2012, and expires September 30, 2015.

The American Federation of State, County, and Municipal Employees, District Council 84, Local 2719, which covers employees of the Meter Operations, Parking Enforcement, and Residential Permit Parking programs, represents approximately 36% of the labor force. The current collective bargaining agreement began on October 1, 2012, and expires September 30, 2015.

9. PENSION PLANS

The Authority established the Public Parking Authority of Pittsburgh Pension Plan (Plan) effective January 1, 1980. The Plan is a defined benefit plan covering substantially all employees not covered by another plan and is funded by employer and employee contributions. The Plan, established and administered by the Authority, provides retirement, disability, and death benefits to Plan members and beneficiaries. Medical insurance benefit payments are provided to a limited number of retirees, and a limited number of participants are eligible for future medical insurance benefits. The medical insurance benefits are not significant in relation to overall Plan activity. The Authority has the ability to establish and amend benefit provisions. The Plan does not issue a stand-alone financial report.

As of the date of the most recent valuations, participants in the Plan were as follows:

	2013	2012
Participants:		
Retirees and beneficiaries	28	23
Deferred vested	8	7
Deferred nonvested	1	1
Active employees:		
Vested	39	42
Partially vested	16	18
Nonvested	9	6
	101	97

Contributions and Funding Policy

The annual required Authority contribution for the Plan years beginning January 1, 2013 and 2012 was determined as part of the January 1, 2013 and 2012 actuarial valuation, respectively, using the entry age normal cost method. The normal cost for each active participant is the level percentage of compensation required annually from his or her employment to his or her assumed retirement date to fund his or her expected benefits. The normal percentage of payroll was 14.47% and 14.23%, per the January 1, 2013 and 2012 actuarial valuations, respectively. The accrued liability at any time is the excess of the present value of the future benefits of all Plan participants over the present value of the future normal costs for active participants. The excess of that liability over the actuarial value of assets represents the unfunded accrued liability. Per the January 1, 2013 and 2012 actuarial valuations, the Plan has an unfunded accrued liability of $223,342 and $1,281,905, respectively. The actuarial assumptions included a 7% investment rate of return and a 5% projected salary increase per year for both 2013 and 2012. The assets of the Plan are primarily invested in equities and mutual funds. The actuarial value of the assets is based on the actuarial valuation method where asset gains and losses are determined each year by calculating the difference between the expected market value (based on the funding rate of investment) and the actual market value of the assets on the valuation date. These gains or losses are then recognized over a four-year period at 25% per year, with the actuarial value of assets subject to a minimum of 80% and a maximum of 120% of the fair value. Employees are required to contribute 5% of their gross pay into the Plan with interest paid on these funds at 6% for both 2013 and 2012.

For the Plan years ended December 31, 2013, 2012, and 2011, the Authority's annual required pension contributions were $392,223, $377,246 and $294,986, respectively. The Authority contributed 100% of the required amount in each respective year.

Administrative costs, including investment and custodial trustee fees, are charged to the Plan and funded from investment earnings. Information relating to the funding status of the Plan is disclosed in the Required Supplementary Information.

Defined Benefit Plan

The Authority had 53 and 54 facility employees in the years ended December 31, 2013 and 2012, respectively, who are participants in a multiple-employer defined benefit plan administered through the Western Pennsylvania Teamsters and Employers Pension Fund (Pension Fund). Financial information for the Pension Fund is available, for a fee, by writing the Western Pennsylvania Teamsters and Employers Pension Fund, 49 Auto Way, Pittsburgh, PA 15206-0260. The Authority is required to make weekly payments based upon the number of participating employees to the Pension Fund as defined in the Teamsters Union labor agreement. No employee contributions are required or permitted. Total pension expense for the participating employees was $189,036, $166,134, and $176,489 for the calendar years 2013 and 2012 and the September 30th fiscal year 2011, respectively. Total pension expense for the participating employees for the stub period ended December 31, 2011 was $41,529. Under federal law, this Pension Fund has been certified as being in critical status because it has funding or liquidity problems, or both. Future employer contributions are likely to rise.

Other Post-Employment Benefits

The Public Parking Authority of Pittsburgh Post-Employment Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Authority. There is no separate audit requirement. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. Benefits are provided according to retirees' date of retirement and the benefits allotted as of the plan benefits at that date. The retiree is responsible for any premium cost in excess of the provided benefit. Payments to retirees are made on a reimbursement basis.

The Authority does not have a funding policy for post-employment benefits at this time. Retirees as of and prior to October 31, 1994, do not contribute to the cost of benefits. Retirees after October 31, 1994, who are eligible for benefits, contribute a portion of their costs. The Authority's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actuarially contributed to the plan, and the changes in the net OPEB obligation:

	2013	2012
Annual required contribution	$ 103,737	$ 161,074
Interest on net OPEB obligation	40,292	36,599
Adjustment to annual required contribution	(120,295)	(109,034)
Annual OPEB cost (expense)	23,734	88,639
Contribution made	(33,547)	(40,779)
Change in net OPEB obligation	(9,813)	47,860
Net OPEB obligation - beginning of year	671,540	623,680
Net OPEB obligation - end of year	$ 661,727	$ 671,540

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended December 31	Annual OPEB Costs	Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 23,734	256.04%	$ 661,727
2012	88,639	81.94 %	671,540

Stub Period October - December	Annual OPEB Costs	Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 22,160	81.94 %	$ 623,680

As of January 1, 2013, the date of the most recent actuarial valuation, the actuarial accrued liability for benefits was $602,901, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) is $2,710,122, and the ratio of unfunded actuarial accrued liability to covered payroll was 22.2%. The contributions made as a percentage of required contributions were 256.04% for the year ended December 31, 2013, 81.94% for the year ended December 31, 2012, and 81.94% for the stub period ended December 31, 2011. The contributions were made on a pay-as-you-go basis. Since active employees and certain retirees participate in the same healthcare plan, the projected healthcare benefits for retirees are calculated using age-adjusted premiums. Therefore, the contributions made on behalf of retirees is subsidized by premiums paid on behalf of active employees in the amount of $27,221 for the year ended December 31, 2013, $31,855 for the year ended December 31, 2012, and $11,011 for the stub period ended December 31, 2011. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following actuarial assumptions were used in the January 1, 2013 valuation:

Actuarial cost method	Entry age normal
Interest rate	6%
Amortization method	Level dollar
Amortization period	Seven years

10. DEFERRED COMPENSATION PLAN

The Authority offers its employees a Deferred Compensation Plan (Deferred Plan) sponsored by the Allegheny League of Municipalities, created in accordance with Internal Revenue Code Section 457. The Deferred Plan, available to all full-time employees, excluding Teamsters Union employees, permits them to defer a portion of their salary until future years. Participation in the Deferred Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participants' rights under the Deferred Plan are equal to the fair market value of the deferred account for each participant. In compliance with IRS regulations, the deferred compensation assets were placed in trust and thereby removed from the claims of general creditors of the Authority.

11. COMMITMENTS AND CONTINGENCIES

There are various matters of pending litigation in which the Authority is involved. The Authority's legal counsel has advised that it is not able to determine the outcome of any of the pending litigation; however, management believes that it is unlikely such matters would significantly affect the financial position of the Authority. Accordingly, the Authority's financial statements do not include any adjustment for possible effects.

The Authority maintains insurance through independent carriers for all types of business losses. Management believes the insurance coverage is sufficient to cover the Authority against potential losses. There have been no significant changes in insurance coverage since the prior fiscal year. Settled claims have not exceeded insured levels for the last three years.

12. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The operating expenses within both natural and functional classifications for the years ended December 31, 2013 and 2012 are as follows:

Required Supplementary Information

2013

	Salaries, Wages, and Benefits	Supplies and Equipment	Utilities, Insurance, Repairs, and Maintenance	Facilities Management Fees	Taxes and Licenses	Contractual Professional Fees	Security	Depreciation and Amortization	Other	Total
Parking facility operations	$ 3,289,171	$ 77,856	$ 2,140,321	$ 343,792	$ 8,010,371	$ 822,108	$ 1,815,653	$ 4,424,886	$ 202,480	$ 21,126,638
Parking enforcement and meter services	2,258,412	172,267	1,007,497	-	603,948	911,481	-	855,940	52,894	5,862,439
Parking court	251,581	3,408	24,078	1,755,620	-	107,668	-	-	637	2,142,992
Administrative	1,638,192	161,028	126,756	-	-	478,892	-	310,947	4,934	2,720,749
Total	$ 7,437,356	$ 414,559	$ 3,298,652	$ 2,099,412	$ 8,614,319	$ 2,320,149	$ 1,815,653	$ 5,591,773	$ 260,945	$ 31,852,818

2012

	Salaries, Wages, and Benefits	Supplies and Equipment	Utilities, Insurance, Repairs, and Maintenance	Facilities Management Fees	Taxes and Licenses	Contractual Professional Fees	Security	Depreciation and Amortization	Other	Total
Parking facility operations	$ 3,305,306	$ 58,489	$ 2,137,533	$ 335,088	$ 7,865,432	$ 799,965	$ 1,790,965	$ 4,470,808	$ 293,160	$ 21,056,746
Parking enforcement and meter services	2,204,544	229,766	615,225	-	546,800	193,042	-	482,962	75,450	4,347,789
Parking court	242,375	2,218	29,510	1,670,071	-	112,534	-	-	993	2,057,701
Administrative	1,643,760	152,673	113,206	-	-	556,923	-	311,462	5,413	2,783,437
Total	$ 7,395,985	$ 443,146	$ 2,895,474	$ 2,005,159	$ 8,412,232	$ 1,662,464	$ 1,790,965	$ 5,265,232	$ 375,016	$ 30,245,673

PUBLIC PARKING AUTHORITY OF PITTSBURGH

(A COMPONENT UNIT OF THE CITY OF PITTSBURGH, PENNSYLVANIA)

SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
1/1/2011	$ 8,637,455	$ 9,260,710	$ (623,255)	93.27%	$ 2,728,605	-22.84%
1/1/2012	8,767,808	10,049,713	(1,281,905)	87.24%	2,832,998	-45.25%
1/1/2013	9,925,273	10,148,615	(223,342)	97.80%	2,829,059	-7.89%

Source: Actuarial reports. Valuation performed on an annual basis.

See accompanying note to schedule of funding progress for pension plan.

NOTE TO SCHEDULE OF FUNDING PROGRESS

YEAR ENDED DECEMBER 31, 2013

Actuarial valuation date	January 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level with a four-year closed period
Asset valuation method	Adjusted market value where asset gains or losses are calculated each year as the difference between the expected market value (based on the funding rate of interest) and the actual market value of the assets on the valuation date. These gains or losses are then recognized over a four-year period at 25% per year, with the actuarial value of assets subject to the minimum of 80% and a maximum of 120% of the market value.

Acturial assumptions:	
Investment rate of return (net of expenses)	7.0%
Projected salary increases	5.0%
Change in benefit provisions:	
Cost of living adjustments	N/A
Killed-in-service benefit	N/A

PUBLIC PARKING AUTHORITY OF PITTSBURGH

(A COMPONENT UNIT OF THE CITY OF PITTSBURGH, PENNSYLVANIA)

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability	(Overfunded) Unfunded Actuarial Accrued Liability	(a/b) Funded Ratio	(c) Covered Payroll	(Overfunded)/Unfunded Actuarial Accrued Liability (b-a) as a Percentage of Covered Payroll ((b-a)/c)
10/01/08	$ -	$ 974,839	$ 974,839	0.0%	$ 527,280	184.88%
10/01/10	-	857,983	857,983	0.0%	2,675,858	32.06%
*1/1/2013	-	602,901	602,901	0.0%	2,710,122	22.25%

Source: Actuarial Reports. Valuation performed on a biennial basis.

*This valuation was performed as of January 1, 2013 to coincide with a change in the Authority's fiscal year.