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, 2016 and 2015
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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PUBLIC PARKING AUTHORITY OF PITTSBURGH

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

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, 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 from 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 entity'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 entity'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, 2016 and 2015, 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 pension and other postemployment benefits schedules on pages 1 through 8 and 43 through 45, 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 13, 2017

Management's Discussion and Analysis

Fiscal Year 2016 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 2016. This Management's Discussion and Analysis of the Authority's financial statements provides an overview of the Authority's financial activities for 2016 as required supplemental information. The emphasis of this discussion will focus on current year 2016 data in comparison to the prior year 2015. 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 present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities and deferred inflows of resources). 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. The Authority's Board of Directors has designated $6 million of unrestricted net position to assist in funding the structural remediation to extend the useful life of the four oldest facilities.

Public Parking Authority of Pittsburgh
Statements of Net Position

	2016	2015	2014
Assets			
Current assets	$ 53,796,585	$ 43,930,874	$ 31,494,413
Capital assets, including leasehold improvements	125,100,193	124,025,767	120,304,854
Other noncurrent assets	23,958,658	28,906,647	32,385,829
Total Assets	202,855,436	196,863,288	184,185,096
Deferred Outflows of Resources			
Deferred charge on refunding	5,037,559	5,565,451	1,776,955
Net difference between projected and actual earnings on pension investments	587,466	704,063	78,246
Total Deferred Outflows of Resources	5,625,025	6,269,514	1,855,201
Liabilities			
Current liabilities	25,013,599	24,789,806	13,553,620
Noncurrent liabilities	63,572,225	70,508,930	75,532,007
Total Liabilities	88,585,824	95,298,736	89,085,627
Deferred Inflows of Resources			
Deferred gain on refunding	2,789,117	3,070,372	-
Difference between expected and actual experience for pension plan	716,937	53,229	70,854
Total Deferred Inflows of Resources	3,506,054	3,123,601	70,854
Net Position			
Net investment in capital assets	59,102,003	50,858,204	43,464,257
Restricted for, expendable:			
Capital	7,614,950	11,670,674	10,133,454
Debt service	533,739	569,669	3,088,399
Indenture funds	29,958,624	22,197,746	17,875,065
Total restricted	38,107,313	34,438,089	31,096,918
Unrestricted	19,179,267	19,414,172	22,322,641
Total Net Position	$ 116,388,583	$ 104,710,465	$ 96,883,816

Total assets of the Authority increased by approximately $6.0 million from fiscal year 2015. Current assets increased by approximately $9.9 million, mostly in its cash and investment positions. Noncurrent assets decreased by almost $3.9 million, with a decrease of noncurrent investments of $5.6 million offset by an increase of approximately $1.0 million in fixed assets and leasehold improvements (net) and an increase in the net pension asset of approximately $700 thousand.

Statements of Revenues, Expenses, and Changes in Net Position

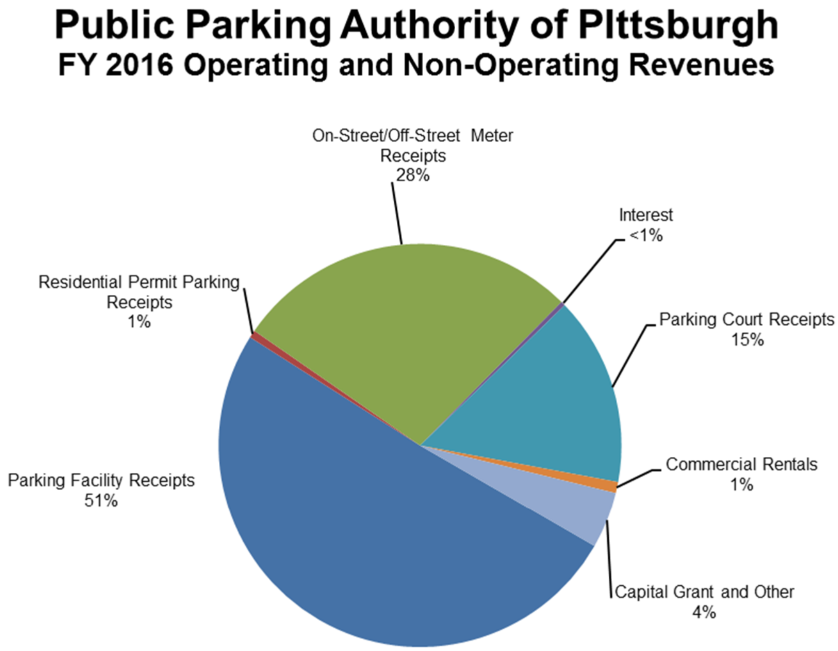
The changes in total net position, as presented on the Statements of Net Position, are based on the activities presented in the Statement of Revenues, Expenses, and Changes in Net Position (the "SRECNP"). The purpose of the SRECNP is to present the revenues and expenses (both operating and non-operating),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

	2016	2015	2014
Operating revenues	$ 66,316,324	$ 63,390,219	$ 56,905,800
Operating expenses	36,370,852	35,003,371	33,060,853
Net operating income	29,945,472	28,386,848	23,844,947
Net non-operating revenues (expenses)	(18,267,354)	(20,560,199)	(14,796,384)
INCREASE IN NET POSITION	11,678,118	7,826,649	9,048,563
NET POSITION—Beginning of year	104,710,465	96,883,816	87,835,253
NET POSITION—End of year	$ 116,388,583	$ 104,710,465	$ 96,883,816

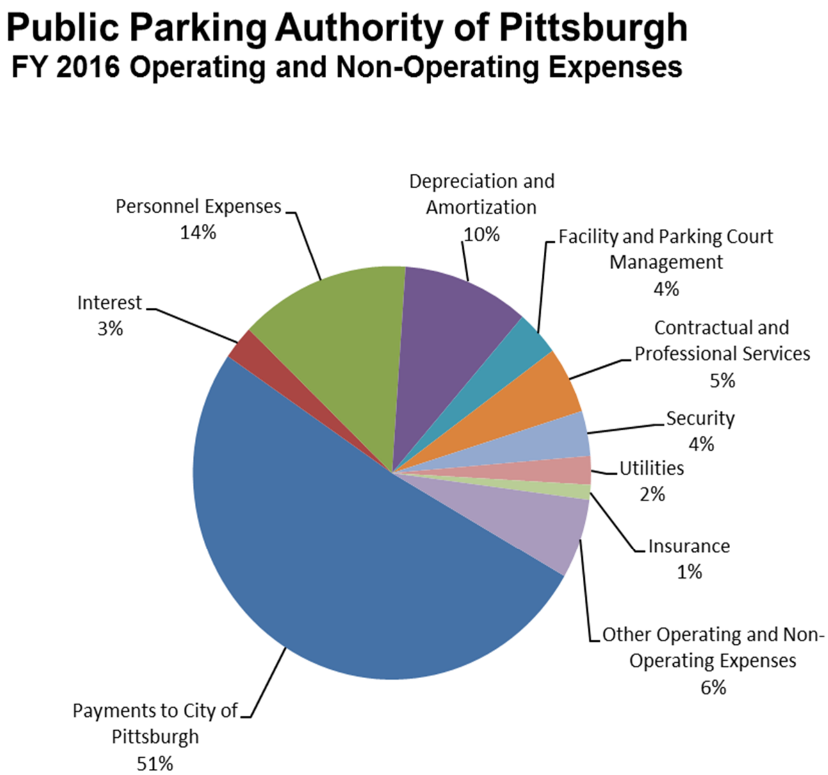
The Authority's net position increased by approximately $11.7 million in 2016. Operating revenues increased a little more than $2.9 million, while operating expenses increased approximately $1.4 million. Net operating income increased approximately $1.6 million. Net non-operating expenses decreased approximately $2.3 million. This decrease was mostly due to a realized gain of approximately $2.5 million from the sale of two neighborhood surface lots.



Parking facility receipts were relatively flat with just a slight increase of approximately $500 thousand in 2016. Several facilities were negatively impacted by projects not controlled by the Authority. Smithfield Street was partially closed by the City of Pittsburgh (City) for nine months for infrastructure work, and Oliver Avenue was closed for four months for water line repairs. These closures rerouted traffic, made accessing some facilities extremely difficult, and completely closed one facility for several weekends during the year. The facilities most affected by these projects were: Smithfield Liberty Garage, Oliver Garage, and Mellon Square Garage. The Third Avenue Garage was under renovation for much of the year, with approximately 250 spaces off-line per day. The First Avenue Garage and Station underwent roof renovations and a complete lighting retrofit project. Evening and weekend receipts were lower than in 2015, due to the work stoppage/strike conducted by the Pittsburgh Symphony Orchestra, cancelling events, and a significant drop in the Pittsburgh Pirates Baseball attendance in 2016.

On-street meter receipts increased a little more than $2 million, or roughly 12.9% in 2016. The number of on-street spaces increased approximately 6%. In addition, the Go Mobile PGH mobile app, which went live in late 2015, was well received by our parking patrons. This mobile app allows our customers to use their mobile devices to easily pay for their parking. In 2016, 24.7% of the on-street meter receipts were processed through this app.

Pittsburgh Parking Court revenues saw a slight increase of approximately $307 thousand over 2015. Ticket issuance also saw a slight increase in 2016 by approximately 17,400 additional tickets.



Personnel costs, equaling 13.9% of total expenses in 2016, continue to be the second largest category of expenses, only behind our payments to the City. These costs increased by approximately $242 thousand, or 3.12% in 2016. There were slight increases in salaries for raises, health benefit premium increases, and a small decrease in retirement due to the decrease in the Minimum Municipal Obligation (MMO).

Repairs and maintenance costs (included in other operating expenses in the chart above) increased just slightly over $18 thousand. While multi-space meter maintenance costs increased due to additional machines and higher contracted maintenance fees, other items saw decreases, such as elevator repairs, landscaping, and electrical. In addition, there was a decrease in snow removal due to a mild winter.

Facility and Parking Court management fees were relatively constant from 2015 to 2016.

Contractual and professional fees increased approximately $326 thousand or 12.1% in 2016, because of increased credit card fees to process electronic payments for leases and the Go Mobile PGH app. Legal fees also saw a slight increase, while management consulting fees and actuarial fees saw small declines.

Payments to the City continue to be the largest expense to the Authority at almost $29.7 million, or 51.6% of total expenses, up from 50% in 2015. Taxes and licenses, totaling almost $10.3 million, saw an increase of approximately $94 thousand, mostly for parking taxes due to increased parking revenue. In the event the total amounts of all payments from the Authority to the City (excluding parking tax payments), exceed $18.5 million with respect to any fiscal year of the Authority, any such excess amounts will be split equally by the City and the Authority. For 2016, the combined revenues to the City totaled approximately $19.4 million, and the Authority's share of the excess was approximately $944 thousand.

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

	2016	2015	2014
Net cash provided by operating activities	$ 36,325,434	$ 33,386,791	$ 29,629,668
Net cash used in non-capital financing activities	(18,426,287)	(7,252,304)	(12,051,721)
Net cash used in capital and related financing activities	(14,993,634)	(16,059,370)	(11,938,962)
Net cash used in investing activities	(1,323,570)	(10,032,351)	(3,579,851)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVAL	1,581,943	42,766	2,059,134
CASH AND CASH EQUIVALENTS—Beginning of year	10,836,784	10,794,018	8,734,884
CASH AND CASH EQUIVALENTS—End of year	$ 12,418,727	$ 10,836,784	$ 10,794,018

Net cash provided by operating activities was up by approximately $2.9 million over 2015. This was primarily due to the $2.9 million increase in operating revenue in 2016. Net cash used in non-capital financing activities increased by approximately $11.1 million. This was primarily due to a change in the timing of the subordinated payments to the City and the payments to the City for net Pittsburgh Parking Court revenues. Net cash used in capital and related financing activities decreased by approximately $1.1 million, mainly due to the decrease in interest paid on bonds with the 2015 bond refinancing. Net cash used in investing activities decreased approximately $8.7 million, mainly due to purchases and sales of investments.

Capital Assets and Debt Administration

Additions to capital assets in 2016 were approximately $7.7 million, of which $229 thousand was spent directly on machinery and equipment, and $7.5 million went into construction in progress. The construction in progress additions included $6.5 million for facilities, $520 thousand for multi-space meters, $333 thousand for neighborhood lot improvements, $85 thousand for revenue control equipment, and $79 thousand for computer equipment. The most significant ongoing project was the Third Avenue Garage project repairing decks, beams, columns, and exterior façade. This project was materially complete as of December 31, 2016, with some additional façade work to be completed in 2017. The First Avenue Garage and Station also had improvements in the year for roof deck repairs, as well as new energy-efficient LED lighting upgrade. Disposals for the year reached approximately $4.1 million. This included deletion of the book value of $825 thousand for the two neighborhood lots that were sold to facilitate development projects, the Center Craig lot and the Penn Circle North West lot. Facilities disposals totaled $2.1 million and were mostly the costs of the original assets that were significantly repaired or replaced in 2016. Machinery and equipment also had $1.1 million in disposals for replaced revenue control equipment of approximately $601 thousand, along with various obsolete technology equipment.

Additionally, in December of 2016, the Authority made a principal payment of $5,740,000 on its outstanding 2015 Parking System Revenue Refunding Bonds.

Economic Outlook

The Authority continues to be the low-cost provider of public parking in the City and strives to maintain that status, while meeting its debt service requirements, and self-funding its smaller capital projects.

In addition to its goal of maintaining the structural integrity of its facilities, a continued focus on green initiatives is planned for the coming years. In 2016, the Authority installed new energy-efficient LED lighting technology in its First Avenue Garage and Station. It also added new Electric Vehicle Charging

Stations, providing parking for thirteen additional electric vehicles at its facilities. The Authority plans to install energy-efficient LED lighting upgrades at nine additional facilities in its focus on green initiatives, in addition to possibly adding more electric vehicle charging stations, increasing its electric vehicle parking spaces.

The redevelopment of the Ninth & Penn Garage is a major goal for the Authority. The block on which the garage is located is in the heart of the Downtown Pittsburgh's Cultural District. Redevelopment of the entire block has been the focus of the City, in conjunction with the Cultural Trust and the Authority. The new garage must support the growth in the Cultural District. Redevelopment of the entire block is the ultimate goal, and the Authority envisions the new garage to be an integral component of a larger, mixed-use development on the property and possibly other portions of the block. This could include an office tower or multi-family development in the air rights above the new garage with retail in the air rights below the new garage. The development is intended to create a visually and commercially prominent facility that will complement the surrounding neighborhood in downtown Pittsburgh. The Authority will be using some or all of its previously dedicated $6 million of unrestricted net position to fund a portion of the costs for this project, while the majority of the costs of the garage will require the issuance of additional long-term debt.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

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

STATEMENTS OF NET POSITION

DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Current assets:		
Cash	$ 12,418,727	$ 10,836,784
Escrow cash	255,965	242,315
Investments	10,157,465	7,738,861
Investments - restricted	28,694,170	23,887,707
Accounts receivable	952,297	885,502
Notes receivable - current portion	1,012,209	12,644
Accrued interest receivable and other assets	305,752	327,061
Total current assets	53,796,585	43,930,874
Noncurrent assets:		
Investments	9,778,350	15,481,873
Investments - restricted	8,889,677	8,822,232
Notes receivable	3,176,233	3,189,524
Prepaid bond insurance	244,000	271,365
Capital assets, net	120,139,371	118,843,298
Leasehold improvements, net	4,960,822	5,182,469
Net pension asset	1,870,398	1,141,653
Total noncurrent assets	149,058,851	152,932,414
Total Assets	202,855,436	196,863,288
Deferred Outflows of Resources		
Deferred charge on refunding	5,037,559	5,565,451
Net difference between projected and actual earnings on pension investments	587,466	704,063
Total Deferred Outflows of Resources	5,625,025	6,269,514
Liabilities		
Current liabilities:		
Accounts payable	3,076,982	3,410,346
Accounts payable - retention	157,583	318,570
Accounts payable - City of Pittsburgh	14,569,325	13,401,976
Accrued expenses	778,119	743,146
Accrued interest payable	229,437	243,787
Unearned revenue	968,232	913,495
Current portion of capital lease obligations	18,921	18,486
Current maturities of bonds payable	5,215,000	5,740,000
Total current liabilities	25,013,599	24,789,806
Noncurrent liabilities:		
Bonds payable - noncurrent portion	58,724,124	65,415,946
Other noncurrent liabilities	4,848,101	5,092,984
Total noncurrent liabilities	63,572,225	70,508,930
Total Liabilities	88,585,824	95,298,736
Deferred Inflows of Resources		
Deferred gain on refunding	2,789,117	3,070,372
Differences between expected and actual experience for pension plan	716,937	53,229
Total Deferred Inflows of Resources	3,506,054	3,123,601
Net Position		
Net investment in capital assets	59,102,003	50,858,204
Restricted for, expendable:		
Capital	7,614,950	11,670,674
Debt service	533,739	569,669
Indenture funds	29,958,624	22,197,746
Total restricted	38,107,313	34,438,089
Unrestricted	19,179,267	19,414,172
Total Net Position	$ 116,388,583	$ 104,710,465

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, 2016 AND 2015

	2016	2015
Operating Revenues:		
Parking facility receipts	$ 35,273,990	$ 34,800,280
On-street/off-street meter receipts	19,316,837	17,111,656
Residential permit parking receipts	428,049	417,899
Commercial rentals	624,887	647,378
Parking court	10,545,381	10,238,112
Other income	127,180	174,894
Total operating revenues	66,316,324	63,390,219
Operating Expenses:		
Salaries	5,594,633	5,404,188
Retirement	465,999	544,022
Payroll taxes	473,876	455,460
Health benefits	1,490,524	1,378,899
Supplies and equipment	421,603	370,101
Utilities	1,294,508	1,183,552
Insurance	675,116	677,471
Repairs and maintenance	2,210,332	2,192,201
Fleet expenses	118,462	102,027
Facility and parking court management fees	2,060,848	2,070,215
Taxes and licenses	10,265,761	10,171,397
Contractual and professional services	3,024,607	2,698,859
Security	2,038,298	1,984,293
Depreciation and amortization	5,961,814	5,489,504
Other expenses	274,471	281,182
Total operating expenses	36,370,852	35,003,371
Operating Income	29,945,472	28,386,848
Nonoperating Revenues (Expenses):		
Interest income	249,780	314,068
Other income	3,027,422	1,425,709
Interest expense	(1,548,072)	(3,237,812)
In lieu of real estate taxes to the City of Pittsburgh	(1,900,000)	(1,900,000)
Meter, wharf, and parking court payments to the City of Pittsburgh	(17,497,846)	(16,433,858)
Other expenses	(598,638)	(728,306)
Total nonoperating revenues (expenses)	(18,267,354)	(20,560,199)
Change in Net Position	11,678,118	7,826,649
Net Position:		
Beginning of year	104,710,465	96,883,816
End of year	$ 116,388,583	$ 104,710,465

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, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities:		
Parking facility receipts	$ 35,334,226	$ 34,761,060
On-street/off-street meter receipts	19,316,833	17,111,593
Residential permit parking and commercial rental receipts	853,479	852,850
Parking court receipts	10,508,870	10,199,027
Payments to and on behalf of employees	(7,782,908)	(7,886,887)
Payments to suppliers	(166,243)	(545,816)
Payments for utilities, insurance, repairs, and maintenance	(4,217,297)	(4,072,231)
Facility management fees	(2,068,775)	(2,083,732)
Taxes and licenses	(10,246,463)	(10,157,170)
Contractual and professional services	(3,027,373)	(2,696,953)
Security	(2,033,516)	(1,971,468)
Other receipts (expenditures), net	(145,399)	(123,482)
Net cash provided by (used in) operating activities	36,325,434	33,386,791
Cash Flows From Noncapital Financing Activities:		
In lieu of real estate taxes of the City of Pittsburgh	(2,005,845)	-
Meter, wharf, and parking court payments to the City of Pittsburgh	(16,224,652)	(7,671,460)
Deposits to escrow cash	(13,650)	(9,680)
Other receipts (expenditures), net	(182,140)	428,836
Net cash provided by (used in) noncapital financing activities	(18,426,287)	(7,252,304)
Cash Flows From Capital and Related Financing Activities:		
Additions to property, plant, and equipment	(9,041,279)	(6,290,176)
Additions to leasehold improvements	(2,098)	(1,867,028)
Capital lease payments	(18,486)	(71,206)
Capital grants	420,834	596,764
Proceeds from long term debt	-	78,482,564
Repayment of bonds and refunding escrow transfers	(5,754,349)	(77,555,740)
Bond issue costs and other	-	(5,784,983)
Proceeds from sale of capital assets	2,180,000	9,400
Interest paid	(2,778,256)	(3,578,965)
Net cash provided by (used in) capital and related financing activities	(14,993,634)	(16,059,370)
Cash Flows From Investing Activities:		
Sale of investments	110,626,925	201,947,936
Purchase of investments	(112,215,915)	(212,306,458)
Payments received on notes receivable	13,726	12,029
Interest received	251,694	314,142
Net cash provided by (used in) investing activities	(1,323,570)	(10,032,351)
Increase (Decrease) in Cash and Cash Equivalents	1,581,943	42,766
Cash and Cash Equivalents:		
Beginning of year	10,836,784	10,794,018
End of year	$ 12,418,727	$ 10,836,784

(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, 2016 AND 2015

(Continued)

	2016	2015
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating income	$ 29,945,472	$ 28,386,848
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,961,814	5,489,504
Change in:		
Accounts receivable	(66,795)	(124,098)
Other assets	(29,095)	(10,251)
Net pension asset	(728,745)	634,812
Deferred outflows related to pension plan	116,597	(625,817)
Deferred inflows related to pension plan	663,708	(17,625)
Accounts payable and accrued expenses	462,478	(346,582)
Net adjustments	6,379,962	4,999,943
Net cash provided by (used in) operating activities	$ 36,325,434	$ 33,386,791
Noncash Transactions:		
Capital additions in accounts payable	$ 495,550	$ 3,410,345

(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, deferred inflows of resources, 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 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, 2016 or 2015.

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. 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.

The Board has adopted a policy that requires the Authority, as of the first business day of each fiscal year, to maintain a balance of unencumbered funds equal to 15% of that year's operating expenses, as detailed in the annual budget. As of January 1, 2017 and 2016, that designated balance was $8,467,554 and $5,833,051, respectively.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

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.

Trust Indenture

The Authority entered into a new Trust Indenture on October 15, 2015, which replaced the previous Trust Indenture dated January 1, 2000. The Trust Indenture requires that revenues of the Authority be deposited with The Bank of New York Mellon 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). The System includes all Authority garages, lots, and meters. The Authority is required to establish rates to operate the System, maintain debt service coverage ratios specified in covenants of the Trust Indenture, maintain a balance of $3.0 million for maintenance and capital addition requirements, and maintain an amount equal to two months of estimated operating expenses, as defined by the Trust Indenture. The amounts necessary to meet these reserves are recorded as a restriction of net position in accordance with 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 at amortized cost. Terms and agreements of the Authority restrict the majority of the investments.

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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:

Revenue Fund - To collect all system revenues, except as to the extent provided within the indenture, and to disburse funds as required by the Indenture to the other funds listed. The Authority established the following account within the Revenue Fund, as outlined in the Indenture:

Coop Account - To collect and disburse for the funds necessary to address the 2015 Governmental Cooperation Agreement with the City of Pittsburgh

Bond Fund (Debt Service Fund) - To pay current interest and principal on bonds

Debt Service Reserve Fund – To hold funds to meet the debt service reserve requirement, including a specific subaccount, the 2015 Debt Service Reserve Account

Operating Reserve Fund – To have available funds to meet the Indenture requirements

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

Rebate Fund – To accumulate funds for arbitrage rebate as needed

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

Noncurrent Investments

Investments that are (1) externally restricted to make debt service payments (2) externally restricted reserve funds, and (3) held to purchase capital or other noncurrent assets, are classified as noncurrent assets in the statements of net position.

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, 2016 and 2015, capitalized interest was $132,843 and $43,783, 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 related to the core mission of Authority, 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

Cash for the purpose of the statements of cash flows includes only the cash line item of current assets and excludes escrow cash.

Premiums and Discounts

Original issue bond premiums and discounts were amortized over the life of the related bonds using the straight-line method, which approximated the effective interest method of amortization for those issues through October 2015. Beginning with the Parking System Revenue Refunding Bonds of 2015, the original issue premium is amortized over the life of the related bonds using the effective interest method.

Deferred Outflows/Inflows 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 has two items that qualify for reporting in this category:

> A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

> In conjunction with pension accounting requirements, the net difference between expected and actual investment earnings is recorded as a deferred outflow of resources related to pensions.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Authority has two items that qualify for reporting in this category:

> A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

> In conjunction with pension accounting requirements, the difference between expected and actual experience is recorded as a deferred inflow of resources related to pensions.

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.

Pensions

For purposes of measuring the net pension asset, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans, as well as additions to and deductions from the pension plan fiduciary net position have been determined on the accrual basis of accounting. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value.

Recently Adopted GASB Statements

The requirements of the following GASB Statements were adopted for the Authority's financial statements:

GASB Statement No. 72, *"Fair Value Measurement and Application."* This statement addresses accounting and financial reporting issues related to fair value measurements. The adoption of this statement enhanced the disclosures in Note 3.

GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68."* This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68). The adoption of this statement had no impact on the Authority's financial statements.

GASB Statement No. 76, *"Hierarchy of Generally Accepted Accounting Principles for State and Local Governments."* This statement identifies the hierarchy of GAAP, reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55. The adoption of this statement did not have a material impact on the Authority's financial statements.

GASB Statement No. 77, *"Tax Abatement Disclosures."* This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances. The adoption of this statement had no impact on the Authority's financial statements.

GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants."* This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized costs for financial reporting purposes. The adoption of this statement resulted in enhanced disclosures in Note 3.

Recent Statements Issued by GASB

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on the Authority's financial statements:

GASB Statement No. 74, *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,"* effective for fiscal years beginning after June 15, 2016. This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces Statement No. 43.

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* effective for fiscal years beginning after June 15, 2017. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement replaces the requirements of Statement No. 45.

GASB Statement No. 80, *"Blending Requirements for Certain Component Units,"* effective for fiscal years beginning after June 15, 2016. This statement clarifies the financial statement presentation requirements for certain component units, amending Statement No. 14.

GASB Statement No. 81, *"Irrevocable Split-Interest Agreements,"* effective for fiscal years beginning after December 15, 2016. This statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *"Pension Issues,"* effective for fiscal years beginning after June 15, 2016. This statement addresses certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73 regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

GASB Statement No. 83 *"Certain Asset Retirement Obligations,"* effective for fiscal years beginning after June 15, 2018. This statement addresses accounting and financial reporting for certain asset retirement obligations.

GASB Statement No. 84, *"Fiduciary Activities,"* effective for fiscal years beginning after December 15, 2018. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No, 85, *"Omnibus 2017,"* effective for fiscal years beginning after June 15, 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

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:

	2016	2015
Cash in bank	$ 12,291,299	$ 10,734,349
Cash on hand	127,428	102,435
Total	$ 12,418,727	$ 10,836,784

Cash shown above includes $12,140,952 and $10,668,902 as of December 31, 2016 and 2015, respectively, subject to provisions required by the Authority Trust Indenture and the Cooperation Agreement with the City of Pittsburgh.

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 $19,935,815 and $23,220,734 as of December 31, 2016 and 2015, 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 as of December 31, 2016 and 2015, are as follows:

	2016	2015
1992 Trust Indenture - City Meter/Wharf Fund	$ -	$ 88
2000 Trust Indenture:		
Renewal and Replacement Fund	-	74
Bond Fund	-	167
Rebate Fund	-	3
Debt Service Reserve Fund	-	2
Revenue Fund	-	399
Operating Reserve Fund	-	115
Coop Fund	-	37
Total 2000 Trust Indenture	-	797
2015 Trust Indenture:		
Renewal and Replacement Fund	3,006,370	3,000,081
Bond Fund	763,104	813,288
Rebate Fund	-	-
Debt Service Reserve Fund	72	-
Revenue Fund	17,858,251	13,565,122
Operating Reserve Fund	5,120,131	5,008,502
Coop Fund	10,835,919	10,322,061
Total 2015 Trust Indenture	37,583,847	32,709,054
Total Investments, Restricted	$ 37,583,847	$ 32,709,939

As of December 31, 2016, the Authority had the following investments in mutual funds:

				December 31, 2016 Rating	
Investment	Amount	Percentage of Total Investment	Maturity	Standard & Poor's	Moody's Investors Service
Morgan Stanley Institutional Liquidity Funds Government Portfolio	$ 37,583,847	65.3%	n/a	AAAm	Aaa-mf
Blackrock FedFund	19,935,815	34.7%	n/a	AAAm	AAA-mf
Total	$ 57,519,662	100%			

As of December 31, 2015, the Authority had the following investments in mutual funds:

				December 31, 2015 Rating	
Investment	Amount	Percentage of Total Investment	Maturity	Standard & Poor's	Moody's Investors Service
Morgan Stanley Institutional Liquidity Funds Government Portfolio	$ 32,709,939	58.5%	n/a	AAAm	Aaa-mf
Blackrock FedFund	23,220,734	41.5%	n/a	AAAm	AAA-mf
Total	$ 55,930,673	100%			

Mutual funds are valued using quoted market prices (Level 1 inputs).

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. NOTES RECEIVABLE

Notes receivable consist of the following:

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 $3,188,442 and $3,202,168 at December 31, 2016 and 2015, respectively.

A non-interest-bearing note from the URA, due December 31, 2017, which is the result of a sale transaction effective July 1, 2016. The note's carrying value is $1,000,000 at December 31, 2016. No imputed interest has been recognized on this note, as any such amount is not material to the financial statements.

5. Capital Assets and Leasehold Improvements

Capital assets and leasehold improvements activity for the year ended December 31, 2016 is as follows:

	December 31, 2015 Balance	Additions	Disposals	Transfers	December 31, 2016 Balance	Estimated Useful Lives
Nondepreciable capital assets:						
Land	$ 26,048,987	$ -	$ (524,156)	$ -	$ 25,524,831	
Construction in progress	4,904,809	7,495,948	-	(11,817,928)	582,829	
Total nondepreciable capital assets	30,953,796	7,495,948	(524,156)	(11,817,928)	26,107,660	
Depreciable capital assets:						
Parking facilities	165,585,162	19,517	(2,410,662)	10,292,402	173,486,419	3-50 years
Machinery and equipment	13,235,577	229,299	(1,164,340)	1,402,401	13,702,937	3-10 years
Total depreciable capital assets	178,820,739	248,816	(3,575,002)	11,694,803	187,189,356	
Total capital assets	209,774,535	7,744,764	(4,099,158)	(123,125)	213,297,016	
Less accumulated depreciation	90,931,237	5,615,476	(3,389,068)		93,157,645	
Net capital assets	118,843,298	2,129,288	(710,090)	(123,125)	120,139,371	
Leasehold improvements	7,443,373	2,098	-	123,125	7,568,596	5-50 years
Less accumulated amortization	2,260,904	346,870	-		2,607,774	
Net leasehold improvements	5,182,469	(344,772)	-	123,125	4,960,822	
Total capital assets and leasehold improvements, net	$ 124,025,767	$ 1,784,516	$ (710,090)	$ -	$ 125,100,193	

Capital assets and leasehold improvements activity for the year ended December 31, 2015 was as follows:

	December 31, 2014 Balance	Additions	Disposals	Transfers	December 31, 2015 Balance	Estimated Useful Lives
Nondepreciable capital assets:						
Land	$ 26,053,516	$ -	$ (4,529)	$ -	$ 26,048,987	
Construction in progress	2,475,323	8,358,015	-	(5,928,529)	4,904,809	
Total nondepreciable capital assets	28,528,839	8,358,015	(4,529)	(5,928,529)	30,953,796	
Depreciable capital assets:						
Parking facilities	161,033,598	85,773	(1,347,965)	5,813,756	165,585,162	3-50 years
Machinery and equipment	7,229,194	649,415	(370,659)	5,727,627	13,235,577	3-10 years
Total depreciable capital assets	168,262,792	735,188	(1,718,624)	11,541,383	178,820,739	
Total capital assets	196,791,631	9,093,203	(1,723,153)	5,612,854	209,774,535	
Less accumulated depreciation	85,987,285	5,095,291	(1,699,231)	1,547,892	90,931,237	
Net capital assets	110,804,346	3,997,912	(23,922)	4,064,962	118,843,298	
Leasehold improvements	12,977,516	78,711	-	(5,612,854)	7,443,373	5-50 years
Less accumulated amortization	3,477,008	331,788	-	(1,547,892)	2,260,904	
Net leasehold improvements	9,500,508	(253,077)	-	(4,064,962)	5,182,469	
Total capital assets and leasehold improvements, net	$ 120,304,854	$ 3,744,835	$ (23,922)	$ -	$ 124,025,767	

The terms of the 2015 Governmental Cooperation Agreement with the City of Pittsburgh transferred legal ownership of the parking meters from the City to the Authority. As a result, the Authority transferred the use of the parking meters that had been presented as leasehold improvements, net of amortization, to machinery and equipment and accumulated depreciation.

6. Changes in Long-Term Liabilities

A summary of long-term obligation transactions for the Authority for the years ended December 31, 2016 and 2015 follows. Additional information regarding bonds payable is included in Note 7:

2016	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable - revenue bonds payable	$ 71,155,946	$ -	$ (7,216,822)	$ 63,939,124	$ 5,215,000
Other noncurrent liabilities:					
Greyhound (unearned rent/revenue)	$ 4,733,517	$ -	$ (208,067)	$ 4,525,450	$ 208,066
Other postemployment benefits	514,111	28,862	(46,757)	496,216	-
Capital lease obligations	71,908	-	(18,486)	53,422	18,921
	$ 5,319,536	$ 28,862	$ (273,310)	$ 5,075,088	$ 226,987

2015	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable - revenue bonds payable	$ 75,856,353	$ 78,754,450	$ (83,454,857)	$ 71,155,946	$ 5,740,000
Other noncurrent liabilities:					
Greyhound (unearned rent/revenue)	$ 4,941,583	$ -	$ (208,066)	$ 4,733,517	$ 208,066
Other postemployment benefits	661,122	-	(147,011)	514,111	-
Capital lease obligations	66,275	66,488	(60,855)	71,908	18,486
	$ 5,668,980	$ 66,488	$ (415,932)	$ 5,319,536	$ 226,552

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 four-year capital leases for equipment. The leases are to be paid in aggregate monthly installments of $1,664, and have expiration dates ranging from September 17, 2019 through October 1, 2019 with interest of 2.12% - 3.25%. The carrying value of the leased equipment is $53,794 and $73,247 at December 31, 2016 and 2015, respectively.

7. Revenue Bonds Payable

On October 29, 2015, the Authority issued $67,395,000 in Parking System Revenue Refunding Bonds, Series A of 2015 and $2,490,000 in Parking System Revenue Refunding Bonds, Taxable Series B of 2015.

Proceeds from the Series A of 2015 were used to (1) refund on a current refunding basis a portion of the Authority's outstanding Parking System Revenue Bonds, Series A of 2005, (2) refund on a current refunding basis a portion of the Authority's outstanding Parking System Revenue Bonds, Series B of 2005, (3) refund on an advance refunding basis a portion of the 2005B Bonds, (4) refund on a current refunding basis all of the Authority's outstanding Parking System Revenue Bonds, Refunding Series A of 2005 and Parking System Revenue Bonds, Refunding Series B of 2005, (5) fund a Debt Service Reserve Fund Requirement relating to the 2015 Refunding Bonds by paying a premium on a Municipal Bond Debt Service Reserve Policy, and (6) pay a portion of costs of issuance of the 2015 Refunding bonds.

Net proceeds from the Taxable Series B of 2015 were used to (1) refund on an advance refunding basis a portion of the 2005A Bonds, and (2) pay a portion of the costs of issuance of the 2015 Refunding bonds.

The Authority's refundings through the 2015 Series A and B issues decreased the total debt service over the next 11 years by approximately $8.5 million. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately $7 million. The principal amount of defeased 2005A and 2005B bonds outstanding, without consideration of accreted interest, at December 31, 2016 and 2015 was approximately $3,800,000 and $6,100,000, respectively.

The net carrying value of the 2005 Series Bonds, current interest bonds, upon redemption was $31,434,149. The difference of $4,195,851 between the reacquisition price and net carrying value of the 2005 Series Bonds, current interest bonds, is being amortized as a component of interest expense over 11 years, which is the shorter of the life of the 2005 Series Bonds and the term of the 2015 Series Bonds. The net carrying value of the 2005 Series Bonds, refunding series bonds, upon redemption was $31,607,371. The difference of $(179,306) between the reacquisition price and net carrying value of the 2005 Series Bonds, refunding series, is being amortized as a component of interest expense over 11 years, which is the shorter of the life of the 2005 Series Bonds and the term of the 2015 Series Bonds. These bonds were refunded together and, as such, the unamortized balances have been netted together on the statements of net position. The net carrying value of the 2005 Series Bonds, capital appreciation bonds, upon redemption was $13,614,925. The difference of $(3,117,250) between the reacquisition price and net carrying value of the

2005 Series Bonds, capital appreciation bonds, is being amortized as a component of interest expense over 11 years, which is the shorter of the life of the 2005 Series Bonds and the term of the 2015 Series Bonds.

2015 Refunding Series	12/31/2016	12/31/2015
Series A refunding	$ 57,090,000	$ 62,830,000
Series B refunding	-	-
Subtotal	57,090,000	62,830,000
Plus unamortized premium	6,849,124	8,325,946
Subtotal	6,849,124	8,325,946
Total	$ 63,939,124	$ 71,155,946

The aggregate maturities of the 2015 Series Bonds for fiscal years ending after December 31, 2016 are as follows:

Year Ending December 31,	Principal	Interest	Total
2017	$ 5,215,000	$ 2,753,250	$ 7,968,250
2018	4,910,000	2,544,650	7,454,650
2019	5,105,000	2,348,250	7,453,250
2020	5,360,000	2,093,000	7,453,000
2021	5,520,000	1,825,000	7,345,000
2022-2026	30,980,000	4,766,500	35,746,500
	$ 57,090,000	$ 16,330,650	$ 73,420,650

The bond agreements contain certain financial covenants that require, among other things, the maintenance of specified debt coverage ratios. As of December 31, 2016 and 2015, the Authority was in compliance with these covenants.

8. OPERATIONS

Location	Date Opened	Line/Stacked Spaces
Parking facilities:		
Third Avenue Garage	November 1952	575/100
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	587/0
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	476/150
Grant Street Transportation Center	September 2008	991/0
On-street meters	Various	7,747
Metered lots	Various	1,674

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 expires April 30, 2017 with two, one-year renewal options.

Governmental Cooperation Agreement with the City of Pittsburgh

Prior to January 1, 2015, the City and the Authority were governed by the February 2000 Amended Cooperation Agreement. This agreement was amended effective January 1, 2015.

The below operations of the Authority are governed by the 2015 Governmental Cooperation Agreement (Amended Agreement). This agreement expires January 31, 2050.

Under the terms of the Amended Agreement, in the event that total amounts of all payments from the Authority to the City (excluding parking tax payments), exceed $18.5 million with respect to any fiscal year of the Authority, any such excess amounts will be split equally by the City and the Authority. The Authority's share of the excess was $944,880 and $0 for years ended December 31, 2016 and 2015, respectively. The parties also agree to negotiate in good faith beginning in 2019, a reduction to the $18.5 million beginning in 2020, to allow the Authority to engage in long-term capital needs planning.

Mellon Square and Monongahela Wharf Parking Facilities

The Mellon Square facility, which is operated by the Authority, has been leased from the City since 1954.

Under the terms of the Amended Agreement with the City, the Authority operates the Monongahela Wharf parking facility. Under the terms of the Amended 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.

These payments to the City are made only after the Authority successfully meets its annual debt service requirements. This agreement effectively subordinates the Authority's annual payments, providing additional security for Authority bondholders. The payment is due no later than March 15th of each year.

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 the Amended Agreement with the City, the Authority receives the first $4.6 million of on-street meter revenue. The Authority also receives the operating expenses associated with the on-street multi-space parking meters, including credit card fees. The City maintains its authority to set the on-street meter rates; however, the Authority maintains legal title of the on-street meters.

The payment to the City is made only after the Authority successfully meets its annual debt service requirements. This agreement effectively subordinates the Authority's annual payment, providing additional security for Authority bondholders. The payment is due no later than March 15th of each year.

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. The respective duties and responsibilities of each entity are spelled out in the Amended Agreement. Under the terms of the Amended Agreement, the City receives 100% of the net revenues of the Pittsburgh Parking Court (net of all expenses, including the residential permit parking operating deficit). The management of the Pittsburgh Parking Court has been contracted out to a third-party service organization. The current management contract expires April 30, 2018.

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 the Amended 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.

Payment in Lieu of Real Estate Taxes

Under the terms of the Amended Agreement, the Authority makes an annual payment in lieu of real estate taxes to the City of $1.9 million. However, the payment to the City is made only after the Authority successfully meets its annual debt service requirements. This agreement effectively subordinates the Authority's annual payment in lieu of real estate taxes, providing additional security for Authority bondholders. The payment is due no later than March 15th of each year.

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 39% of the labor force. The current collective bargaining agreement began on October 1, 2015, and expires December 31, 2018.

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 33% of the labor force. The current collective bargaining agreement expires December 31, 2020.

9. Pension Plans

General Information. 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.

Under the Plan, eligibility for normal benefits begins at age 60, at which time the individual is entitled to an annual retirement benefit, payable monthly for life. This benefit is equal to 1.50% of the average monthly compensation, plus 0.50% of average monthly compensation in excess of $1,000 times the years of service plus a longevity payment.

Early retirement is available to all participants who have reached the age of 50 and have at least eight years of service. Individuals who begin receiving benefits prior to the normal retirement date receive reduced benefits.

Employees Covered by Benefit Terms. Participation in the Plan was as follows:

	2016	2015
Inactive plan members or beneficiaries currently receiving benefits	31	28
Inactive plan members entitled to but not yet receiving benefits	7	8
Active plan members	64	61
	102	97

Contributions. Participants contribute 5.0% of earnings. The Authority's contribution to the plan is based on actuarially determined rates.

Net Pension Asset. The Authority's net pension asset was measured as of December 31, 2016 and 2015, and the total pension liability used to calculate the net pension asset was determined by actuarial valuations as of December 31, 2016 and January 1, 2015. There were no plan changes in 2016 or 2015. Standard actuarial techniques were used to roll forward the total pension liability from the January 1, 2015 valuation date to the December 31, 2015 measurement date. For 2016, the measurement date and the valuation date were the same.

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal (level % of salary)
Actuarial assumptions:	
Investment rate of return	7.00%
Underlying inflation rate	2.50%
Salary projection	5.00%

For healthy lives, mortality is in accordance with the RP-2000 Mortality Table with scale AA projections to the valuation date. For disabled lives, mortality is in accordance with the RP-2000 Mortality Table set forward 10 years.

Actuarial assumptions based on actuarial experience study for the period January 1, 2016 to December 31, 2016.

Long-Term Expected Rate of Return. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table as of December 31, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	44.0%	5.75%
International equity	16.0%	5.75%
Fixed income	40.0%	2.25%
Real estate	0.0%	4.5%
Cash	0.0%	0.0%
	100.0%	

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions would continue at the current rates and that the Authority would contribute the Minimum Municipal Obligation (MMO) in the future. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through the lifetime of the plan.

The long-term expected rate of return on pension plan investments is applied to all periods of projected benefit payments where assets are available. For periods of projected benefit payments where assets are insufficient to meet benefit payments, an average 20-year municipal bond rate for bonds rated Aa and above as of December 31, 2016 of 4.00% is applied. A single level discount rate is determined that is equivalent to the two individual rates used to discount cash flows. Since assets are projected to cover all future benefit payments, the long-term expected rate of return on pension plan investments of 7.00% is used as the discount rate.

There has been no change in the discount rate since the last valuation date.

Changes in Net Pension Asset. Changes in the Authority's net pension asset are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 12/31/15	$ 11,922,903	$ 13,064,556	$ (1,141,653)
Changes for the year:			
Service cost	488,278	-	488,278
Interest	838,069	-	838,069
Experience (gain) loss	(859,227)	-	(859,227)
Employer contributions	-	206,996	(206,996)
Member contributions	-	157,328	(157,328)
Net investment income	-	833,202	(833,202)
Benefit payments	(389,269)	(389,269)	-
Other	-	(1,661)	1,661
Balances at 12/31/16	$ 12,000,754	$ 13,871,152	$ (1,870,398)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 12/31/14	$ 11,034,673	$ 12,811,138	$ (1,776,465)
Changes for the year:			
Service cost	440,031	-	440,031
Interest	776,343	-	776,343
Employer contributions	-	330,521	(330,521)
Member contributions	-	157,012	(157,012)
Net investment income	-	95,527	(95,527)
Benefit payments	(328,144)	(328,144)	-
Other	-	(1,498)	1,498
Balances at 12/31/15	$ 11,922,903	$ 13,064,556	$ (1,141,653)

Pension Plan Fiduciary Net Position. The plan fiduciary net position at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Assets:		
Cash and deposits	$ 3,891	$ 2,333
Miscellaneous receivable	46,720	22,541
Investments:		
Money markets and other cash equivalents	241,182	458,987
Stocks and other equities	8,486,493	7,750,054
Bonds and other fixed income	5,108,381	4,850,671
Total investments	13,836,056	13,059,712
Total assets	13,886,667	13,084,586
Less:		
Other liabilities	15,515	20,030
Plan fiduciary net position	$ 13,871,152	$ 13,064,556

Sensitivity of the Net Pension Liability (Asset) to Changes in Discount Rate. The following presents the net pension liability/(asset) of the Authority, calculated using the discount rate of 7.00%, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
2016	$ (603,353)	$ (1,870,398)	$ (2,962,517)
2015	(2,289,447)	(1,141,653)	187,369

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions. The Authority recognized pension expense of $239,304 and $321,891 for the years ended December 31, 2016 and 2015 respectively. At December 31, 2016 and 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016	2015
Deferred outflows of resources:		
Net difference between projected and actual earnings on pension plan investments	$ 587,466	$ 704,063
Deferred inflows of resources:		
Difference between expected and actual experience	(716,937)	(53,229)
	$ (129,471)	$ 650,834

Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense as follows:

2017	$ 1,464
2018	1,464
2019	(824)
2020	(131,575)
	$ (129,471)

Multiple-Employer Defined Benefit Plan

The Authority had 52 facility employees in the years ended December 31, 2016 and 2015 who are participants in a cost-sharing multiple-employer defined benefit plan administered through the Western Pennsylvania Teamsters and Employers Pension Fund (Pension Fund) that is not a state or local governmental pension plan; provides defined benefit pensions both to employees of local governments and to employees of employers that are not governmental employers; and the plan has no predominant local governmental employer. 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 that expires 12/31/2018. No employee contributions are required or permitted. Total pension expense for the participating employees was $226,695 and $222,131 for the calendar years 2016 and 2015, respectively. 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. Substantial withdrawal payments would be required if the Authority chose to withdraw and the withdrawal was approved.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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:

	2016	2015
Annual required contribution	$ 90,110	$ 90,110
Interest on net OPEB obligation	30,847	32,086
Adjustment to annual required contribution	(92,095)	(222,149)
Annual OPEB cost (credit)	28,862	(99,953)
Contribution made	(46,757)	(47,058)
Change in net OPEB obligation	(17,895)	(147,011)
Net OPEB obligation - beginning of year	514,111	661,122
Net OPEB obligation - end of year	$ 496,216	$ 514,111

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 Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$ 28,862	100.00%	$ 496,216
2015	(99,953)	100.00%	514,111
2014	31,126	100.00%	661,122

As of December 31, 2016, the date of the most recent actuarial valuation, the actuarial accrued liability for benefits was $403,477, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) is $3,020,695 and the ratio of unfunded actuarial accrued liability to covered payroll was 13.4%. The contributions made as a percentage of required contributions for each of the years ended December 31, 2016, 2015, and 2014 were 100.00%. 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. 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. The schedule of funding progress reported as Required Supplementary Information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 December 31, 2016 valuation:

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

11. 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.

12. 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.

13. Natural Classifications with Functional Classifications

The operating expenses within both natural and functional classifications for the years ended December 31, 2016 and 2015 are as follows:

2016

	Salaries, Wages, and Benefits	Supplies and Equipment	Utilities, Insurance, Repairs, and Maintenance	Facility and Parking Court Management Fees	Taxes and Licenses	Contractual Professional Fees	Security	Depreciation and Amortization	Other	Total
Parking facility operations	$ 3,718,183	$ 98,847	$ 2,629,910	$ 309,031	$ 9,546,111	$ 926,602	$ 2,038,298	$ 4,429,707	$ 239,430	$ 23,936,119
Parking enforcement and meter services	2,224,249	143,718	1,513,409	-	719,650	1,558,656	-	1,369,443	28,143	7,557,268
Parking court	259,673	4,016	15,267	1,751,817	-	99,284	-	-	637	2,130,694
Administrative	1,822,927	175,022	139,832	-	-	440,065	-	162,664	6,261	2,746,771
Total	$ 8,025,032	$ 421,603	$ 4,298,418	$ 2,060,848	$ 10,265,761	$ 3,024,607	$ 2,038,298	$ 5,961,814	$ 274,471	$ 36,370,852

2015

	Salaries, Wages, and Benefits	Supplies and Equipment	Utilities, Insurance, Repairs, and Maintenance	Facility and Parking Court Management Fees	Taxes and Licenses	Contractual Professional Fees	Security	Depreciation and Amortization	Other	Total
Parking facility operations	$ 3,589,573	$ 89,236	$ 2,499,831	$ 331,055	$ 9,503,593	$ 913,625	$ 1,951,230	$ 3,984,701	$ 231,465	$ 23,094,309
Parking enforcement and meter services	2,166,924	114,679	1,508,626	-	667,804	1,274,274	32,041	1,264,803	44,241	7,073,392
Parking court	252,100	3,720	14,660	1,739,160	-	91,050	1,022	-	-	2,101,712
Administrative	1,773,972	162,466	132,134	-	-	419,910	-	240,000	5,476	2,733,958
Total	$ 7,782,569	$ 370,101	$ 4,155,251	$ 2,070,215	$ 10,171,397	$ 2,698,859	$ 1,984,293	$ 5,489,504	$ 281,182	$ 35,003,371

Required Supplementary Information

PUBLIC PARKING AUTHORITY OF PITTSBURGH

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

SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS

	2016	2015	2014
Total Pension Liability:			
Service cost	$ 488,278	$ 440,031	$ 424,077
Interest	838,069	776,343	726,765
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(859,227)	-	(88,479)
Changes of assumptions	-	-	-
Benefit payments	(389,269)	(328,144)	(396,009)
Net Changes in Total Pension Liability	77,851	888,230	666,354
Total Pension Liability - Beginning	11,922,903	11,034,673	10,368,319
Total Pension Liability - Ending (a)	$ 12,000,754	$ 11,922,903	$ 11,034,673
Plan Fiduciary Net Position:			
Plan member contributions	$ 157,328	$ 157,012	$ 153,149
Employer actuarially recommended contributions	206,996	330,521	396,234
Net investment income	833,202	95,527	741,289
Benefit payments	(389,269)	(328,144)	(396,009)
Other	(1,661)	(1,498)	(1,497)
Net Change in Plan Fiduciary Net Position	806,596	253,418	893,166
Plan Fiduciary Net Position - Beginning	13,064,556	12,811,138	11,917,972
Plan Fiduciary Net Position - Ending (b)	$ 13,871,152	$ 13,064,556	$ 12,811,138
Net Pension Liability (Asset) - Ending (a-b)	$ (1,870,398)	$ (1,141,653)	$ (1,776,465)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.59%	109.58%	116.10%
Covered Employee Payroll	$ 3,177,618	$ 3,319,327	$ 2,917,558
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-58.86%	-34.39%	-60.89%

See accompanying notes to required supplementary pension schedules.

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

SCHEDULE OF AUTHORITY CONTRIBUTIONS - PENSION

YEAR ENDED DECEMBER 31, 2016

Authority Plan*

	2016	2015	2014
Actuarially determined contribution	$ 206,996	$ 330,521	$ 396,234
Contributions in relation to the actuarially determined contribution	206,996	330,521	396,234
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 3,177,618	$ 3,319,327	$ 2,917,558
Contributions as a percentage of covered employee payroll	6.51%	9.96%	13.58%
Annual money-weighted rate of return, net of investment expense	6.16%	0.66%	6.12%

*This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

Notes to Required Supplementary Pension Schedules:

Valuation date: Actuarial calculations are performed each year as of January 1. Contributions noted above are as of the pension plan's calendar year ending December 31 using actuarially determined contribution rates calculated as of January 1, one year prior to the end of the calendar year in which contributions are reported.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal (Level % of Salary)
Amortization method	Funding adjustment is equal to 10% of the unfunded actuarial accrued liability
Remaining amortization period	Not applicable
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.
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.00%
Mortality	For healthy lives, mortality is in accordance with the RP-2000 Mortality Table with scale AA projections to the valuation date. For disabled lives, mortality is in accordance with the RP-2000 Mortality Table set forward 10 years.

Authority participation in the Teamsters cost-sharing multiple-employer defined benefit plan

	2016	2015	2014
Required contributions (all made by the Authority)	$ 226,695	$ 222,131	$ 205,488

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)
01/01/13	-	$ 602,901	$ 602,901	0.0%	$ 2,710,122	22.25%
01/01/15	-	494,424	494,424	0.0%	2,741,885	18.03%
12/31/16	-	403,477	403,477	0.0%	3,020,695	13.36%

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