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, 2019 and 2018 with Independent Auditor's Report

MaherDuessel

Pursuing the profession while promoting the public good©
www.md-cpas.com

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

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

MaherDuessel

Independent Auditor's Report

Board of Directors
Public Parking Authority
of Pittsburgh

We have audited the accompanying financial statements of the business-type activities and aggregate remaining fund information 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, 2019 and 2018, 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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate remaining fund information of the

Authority as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *"Fiduciary Activities"* which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this statement have been adopted and incorporated into these financial statements. Our opinions are not modified with respect to this matter.

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 i through vii and 40 through 43, 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 22, 2020

Management’s Discussion and Analysis

Fiscal Year 2019 Financial Statements

Overview of the Financial Statements and Financial Analysis

The Public Parking Authority of Pittsburgh (Authority) is proud to present its financial statements for 2019. This Management’s Discussion and Analysis of the Authority’s financial statements provides an overview of the Authority’s financial activities for 2019 as required supplemental information. The emphasis of this discussion will focus on current year 2019 data in comparison to the prior year 2018. There are three business-type activities 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 and the Authority’s pension. 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

	2019	2018	2017
Assets:			
Current assets	$ 56,127,292	$ 54,332,595	$ 51,985,849
Capital assets, including leasehold improvements	128,972,204	128,376,558	127,629,301
Other noncurrent assets	27,543,423	25,107,584	27,321,169
Total Assets	212,642,919	207,816,737	206,936,319
Deferred Outflows of Resources:			
Deferred charge on refunding	3,453,877	3,981,771	4,509,665
Net difference between projected and actual earnings on pension investments	-	847,312	-
Changes in assumptions for pension plan	372,806	509,867	-
Total Deferred Outflows of Resources	3,826,683	5,338,950	4,509,665
Liabilities:			
Current liabilities	26,167,812	25,484,712	24,701,404
Noncurrent liabilities	43,923,353	50,571,181	57,081,185
Total Liabilities	70,091,165	76,055,893	81,782,589
Deferred Inflows of Resources:			
Deferred gain on refunding	1,945,351	2,226,606	2,507,862
Difference between expected and actual experience for pension plan	334,959	582,069	521,418
Net difference between projected and actual earnings on pension investments	1,173,708	-	671,019
Total Deferred Inflows of Resources	3,454,018	2,808,675	3,700,299
Net Position:			
Net investment in capital assets	81,618,483	74,917,064	68,136,131
Restricted for, expendable:			
Capital	8,683,791	9,074,485	8,329,375
Debt service	702,676	612,394	536,931
Indenture funds	27,804,598	24,482,771	25,019,491
Pension	2,013,792	2,087,890	2,022,086
Sustainability initiatives	149,271	101,022	-
Total restricted	39,354,128	36,358,562	35,907,883
Unrestricted	21,951,808	23,015,493	21,919,082
Total Net Position	$ 142,924,419	$ 134,291,119	$ 125,963,096

Total assets of the Authority increased by approximately $4.9 million from fiscal year 2018. Current assets increased by approximately $1.8 million, mostly in its cash and investment positions. Other noncurrent assets increased by approximately $3.1 million, with an increase of $2.1 million in the net pension asset, and an increase of approximately $600,000 in capital assets, including leasehold improvements.

Total assets of the Authority increased by approximately $880,000 from fiscal year 2017 to 2018. Current assets increased by approximately $2.3 million, mostly in its cash and investment positions. Other noncurrent assets decreased by approximately $2.2 million, with a decrease of $2.1 million in the net pension asset.

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 (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

	2019	2018	2017
Operating revenues	$ 68,705,966	$ 68,275,294	$ 67,492,362
Operating expenses	40,179,617	40,546,229	37,783,899
Net operating income	28,526,349	27,729,065	29,708,463
Net nonoperating revenues (expenses)	(19,893,049)	(19,401,042)	(20,133,950)
INCREASE IN NET POSITION	8,633,300	8,328,023	9,574,513
NET POSITION—Beginning of year	134,291,119	125,963,096	116,388,583
NET POSITION—End of year	$ 142,924,419	$ 134,291,119	$ 125,963,096

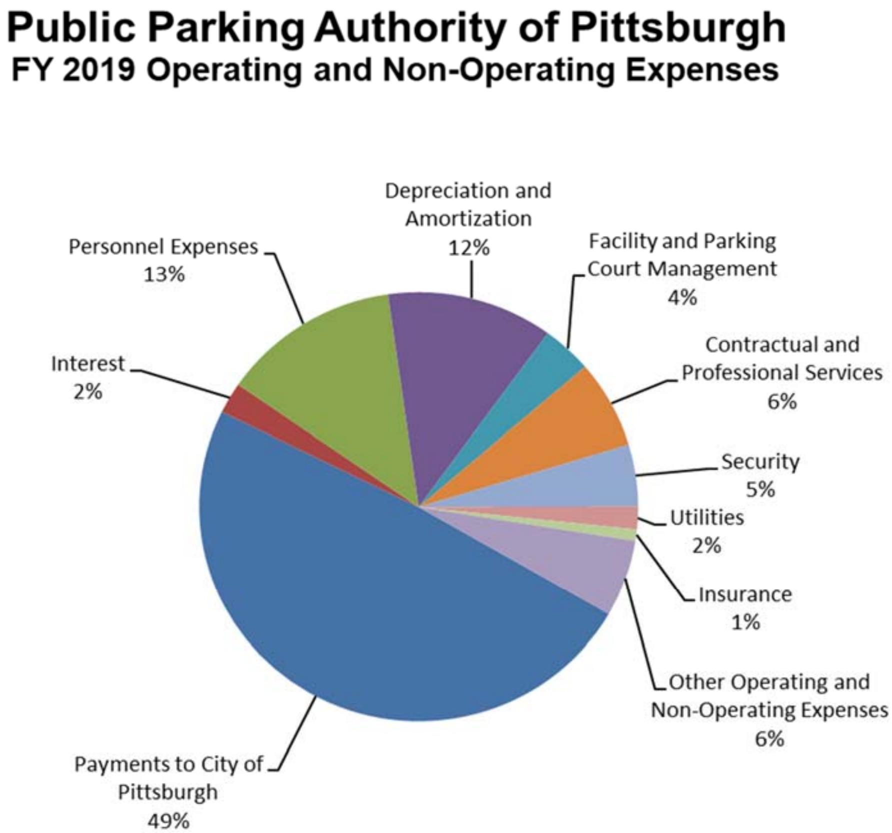
The Authority's net position increased by approximately $8.6 million in 2019. Operating revenues increased by approximately $431,000, while operating expenses decreased by approximately $367,000. Net operating income increased by approximately $797,000. Net non-operating expenses increased by $492,000.

The Authority's net position increased by approximately $8.3 million from 2017 to 2018. Operating revenues increased by approximately $783,000, while operating expenses increased approximately $2.8 million. Net operating income decreased approximately by $2 million. Net non-operating expenses decreased approximately $733,000.

Parking facility receipts decreased by approximately $879,000 or 2% in 2019. The Ninth & Penn garage closed on May 31st for demolition and replacement with a decrease of $1.8 million in revenue over 2018. That decrease was offset by a rate increase that was implemented in November 2019 along with other PPAP garages capturing a portion of the displaced customers. For 2018 Parking Facility receipts decreased almost $368,000 with Ninth & Penn leaseholders leaving the facility due to the impending demolition of the garage and a new garage opened near Mellon Square garage with introductory parking rates.

On-Street/Off-Street meter receipts remained consistent with 2018, increasing approximately $4,700. The ease of paying for metered parking through a phone application (app) continues to appeal to our customers as an increase of phone applications transactions increase over 538,000 in 2019. In 2018, On-street/Off-Street meter receipts increased approximately $416,000.

Pittsburgh Parking Court revenue increased approximately $1.1 million or 12%. Ticket issuance was up over 20,000 tickets for an 8% increase. Late fees also saw an increase of approximately $209,000 over prior year. In 2018 Pittsburgh Parking Court revenue saw a slight decrease of approximately $79,000.



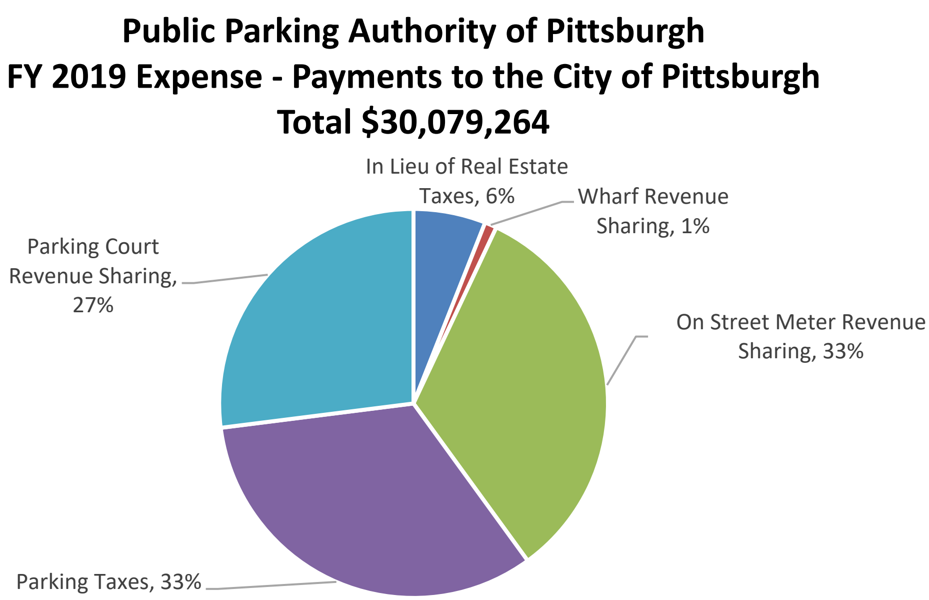
Personnel costs saw a 5% decrease in 2019 and equals 13% of total expenses in 2019 while, continuing to be the second largest category of expenses, only behind our payments to the City. The decrease is primarily due to vacant positions along with a health care credit. These costs increased by approximately $576,000, or 7% in 2018 primarily related to retirement expenses.

Facility and Parking Court management fees increased approximately $212,000 or 10% in 2019. This increase is primarily due to the increased ticket issuance and related booting and towing services. These expenses were relatively constant from 2018 to 2017, with just a slight decrease of approximately $50,000.

Contractual and professional fees increased 8%, approximately $286,000 in 2019. This is mostly due to the increased parking transactions being paid via credit card, along with increased temporary agency services due to vacant positions. These costs increased 7% or approximately $241,000 in 2018 primarily due again to increased transactions paid via credit card along with increased legal services.

Security expenses increased 4% or approximately $107,000 due to the increase in the required prevailing wage, mitigated with the closure of the 9th & Penn garage in May. These costs increased approximately 30% in 2018 with the City of Pittsburgh's implementation of required prevailing wage payments.

Payments to the City continue to be the largest expense to the Authority at $30 million, up approximately $166,000 in total. While there were decreases in Parking Taxes and On Street Meter Revenue sharing, there were increases to Monongahela Wharf Revenue sharing and a $1 million increase in Pittsburgh Parking Court shared revenues. 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 2019, the combined revenues to the City (excluding parking tax) totaled approximately $21 million, and the Authority's share of the excess was approximately $1.3 million. In 2018, payments to the City of Pittsburgh increased approximately $95,000 and the Authority's share of the amount in excess was approximately $892,000.



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

	2019	2018	2017
Net cash provided by operating activities	$ 35,209,674	$ 36,569,547	$ 36,218,066
Net cash used in non-capital financing activities	(19,320,905)	(18,533,235)	(21,009,716)
Net cash used in capital and related financing activities	(15,090,080)	(16,484,291)	(15,598,023)
Net cash used in investing activities	661,935	(516,685)	(1,224,777)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,460,624	1,035,336	(1,614,450)
CASH AND CASH EQUIVALENTS—Beginning of year	11,839,613	10,804,277	12,418,727
CASH AND CASH EQUIVALENTS—End of year	$ 13,300,237	$ 11,839,613	$ 10,804,277

Net cash provided by operating activities decreased approximately $1.4 million in 2019. This is primarily due to the change in the net pension asset and changes in the deferred inflows and outflows related to the pension. Net cash used in non-capital financing activities increased by approximately $799,000. This was primarily due to an increase in the Meter, Wharf and Parking Court payments to the City and miscellaneous nonoperating income received in 2018. Net cash used in capital and related financing activities decreased by approximately $1.4 million; this is primarily due to an increase in capital additions payable and a decrease in interest expense. Net cash used in investing activities increased approximately $1.2 million due to sales and purchases of investments.

Capital Assets and Debt Administration

Additions to capital assets in 2019 were approximately $8.2 million. Leasehold improvement had $929,000 of completed projects, Parking Facilities saw $673,000 in completed projects, Machinery and Equipment had $760,000 in completed projects. The Ninth & Penn garage was demolished and disposed of as it had exceeded its useful life. In 2018 additions to capital assets was approximately $8.3 million.

Additionally, in December of 2019, the Authority made a principal payment of $5,105,000 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.

The redevelopment of the Ninth & Penn Garage continues to be a major priority for the Authority. This facility was in the heart of Downtown Pittsburgh's Cultural District. During 2019 the facility was closed and demolished while the Authority continues its redevelopment plan. The Authority plans to use some of its previously dedicated unrestricted net position to fund a portion of the soft costs for this project, while most of the costs of the garage will require the issuance of additional long-term debt.

If a pandemic, epidemic or similar level outbreak of an infectious disease occurs, the potential exists that the operations of the Authority may be adversely affected. As an example, in December 2019, a new strain of coronavirus known as COVID-19, was initially detected in China and began a global spread including the United States. It was identified as a "public health emergency of international concern" by the World Health Organization (WHO) in late January 2020, and further escalated to "global pandemic" status by the WHO on March 11, 2020. As a result of the mitigation efforts employed by all levels of government and business to contain the spread within the United States, all economic activity has been disrupted and it is anticipated that the operations of the Authority will be negatively impacted.

In the early months of 2020, the spread of the COVID-19 virus has varied globally and the resulting impact continues to be fluid on a daily basis. The 2020 outbreak of the COVID-19 virus has had an immediate negative impact on economies on local, national and global levels, and as a result the Authority's financial results for the year. Given the dynamic nature of this pandemic, the extent to which the COVID-19 virus impacts the Authority's results remains uncertain and cannot be predicted at this time. The net impact will continue to depend upon certain developments including, among others, the duration, spread or recurrence of the outbreak, its impact on our customers, employees and vendors, as well as any governmental, regulatory and/or private sector responses, whether active or precautionary, to mitigate the virus.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

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

STATEMENTS OF NET POSITION

DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 13,300,237	$ 11,839,613
Escrow cash	238,470	227,025
Investments	12,442,946	14,701,504
Investments - restricted	28,931,636	26,456,978
Accounts receivable	708,573	599,103
Notes receivable - current portion	14,175	13,485
Accrued interest receivable and other assets	491,255	494,887
Total current assets	56,127,292	54,332,595
Noncurrent assets:		
Investments	11,574,192	11,570,485
Investments - restricted	9,517,845	9,133,111
Notes receivable	3,132,144	3,147,582
Prepaid bond insurance	161,907	189,272
Capital assets, net	122,723,365	122,642,949
Leasehold improvements, net	6,248,839	5,733,609
Net pension asset	3,157,335	1,067,134
Total noncurrent assets	156,515,627	153,484,142
Total Assets	212,642,919	207,816,737
Deferred Outflows of Resources		
Deferred charge on refunding	3,453,877	3,981,771
Net difference between projected and actual earnings on pension investments	-	847,312
Changes in assumptions for pension plan	372,806	509,867
Total Deferred Outflows of Resources	3,826,683	5,338,950
Liabilities		
Current liabilities:		
Accounts payable	3,188,570	3,663,687
Accounts payable - retention	1,182,632	647,555
Accounts payable - City of Pittsburgh	14,546,997	14,069,336
Accrued expenses	813,883	774,582
Accrued interest payable	174,417	195,688
Unearned revenue	897,208	1,012,837
Current portion of capital lease obligations	4,105	16,027
Current maturities of bonds payable	5,360,000	5,105,000
Total current liabilities	26,167,812	25,484,712
Noncurrent liabilities:		
Bonds payable - noncurrent portion	39,779,075	46,189,758
Other noncurrent liabilities	4,144,278	4,381,423
Total noncurrent liabilities	43,923,353	50,571,181
Total Liabilities	70,091,165	76,055,893
Deferred Inflows of Resources		
Deferred gain on refunding	1,945,351	2,226,606
Differences between expected and actual experience for pension plan	334,959	582,069
Net difference between projected and actual earnings on pension investments	1,173,708	-
Total Deferred Inflows of Resources	3,454,018	2,808,675
Net Position		
Net investment in capital assets	81,618,483	74,917,064
Restricted for, expendable:		
Capital	8,683,791	9,074,485
Debt service	702,676	612,394
Indenture funds	27,804,598	24,482,771
Pension	2,013,792	2,087,890
Sustainability initiatives	149,271	101,022
Total restricted	39,354,128	36,358,562
Unrestricted	21,951,808	23,015,493
Total Net Position	$ 142,924,419	$ 134,291,119

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, 2019 AND 2018

	2019	2018
Operating Revenues:		
Parking facility receipts	$ 35,544,946	$ 36,423,886
On-street/off-street meter receipts	20,754,851	20,750,081
Residential permit parking receipts	455,108	441,927
Commercial rentals	602,074	622,200
Parking court	11,002,426	9,852,537
Other income	346,561	184,663
Total operating revenues	68,705,966	68,275,294
Operating Expenses:		
Salaries	5,897,602	5,918,725
Retirement	208,520	520,291
Payroll taxes	480,202	480,960
Health benefits	1,483,737	1,587,552
Supplies and equipment	503,654	511,753
Utilities	1,052,915	1,081,809
Insurance	534,011	653,766
Repairs and maintenance	2,389,502	2,394,484
Fleet expenses	120,342	120,272
Facility and parking court management fees	2,258,607	2,046,154
Taxes and licenses	10,387,883	10,570,432
Contractual and professional services	4,064,389	3,778,099
Security	2,853,550	2,746,866
Depreciation and amortization	7,536,471	7,437,755
Other expenses	408,232	697,311
Total operating expenses	40,179,617	40,546,229
Operating Income	28,526,349	27,729,065
Nonoperating Revenues (Expenses):		
Interest income	1,318,595	1,124,123
Other income	54,958	411,071
Interest expense	(1,436,605)	(1,545,595)
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	(17,791,380)	(17,443,276)
Other expenses	(138,617)	(47,365)
Total nonoperating revenues (expenses)	(19,893,049)	(19,401,042)
Change in Net Position	8,633,300	8,328,023
Net Position:		
Beginning of year	134,291,119	125,963,096
End of year	$ 142,924,419	$ 134,291,119

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, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Parking facility receipts	$ 35,403,724	$ 36,817,716
On-street/off-street meter receipts	20,754,851	20,750,059
Residential permit parking and commercial rental receipts	847,131	859,921
Parking court receipts	11,002,426	9,852,537
Payments to and on behalf of employees	(9,994,464)	(6,295,431)
Payments to suppliers	(1,059,673)	356,556
Payments for utilities, insurance, repairs, and maintenance	(3,985,206)	(4,400,202)
Facility management fees	(2,215,765)	(2,027,672)
Taxes and licenses	(10,392,207)	(10,507,443)
Contractual and professional services	(4,065,850)	(3,805,811)
Security	(2,796,427)	(2,751,635)
Disbursements from (deposits to) escrow cash	(11,445)	36,743
Other receipts (expenditures), net	1,722,579	(2,315,791)
Net cash provided by (used in) operating activities	35,209,674	36,569,547
Cash Flows From Noncapital Financing Activities:		
In lieu of real estate taxes of the City of Pittsburgh	(1,900,000)	(1,900,000)
Meter, wharf, and parking court payments to the City of Pittsburgh	(17,313,719)	(16,975,929)
Other receipts (expenditures), net	(107,186)	342,694
Net cash provided by (used in) noncapital financing activities	(19,320,905)	(18,533,235)
Cash Flows From Capital and Related Financing Activities:		
Additions to property, plant, and equipment	(7,707,133)	(9,216,108)
Capital lease payments	(16,026)	(7,278)
Repayment of bonds and refunding escrow transfers	(5,105,000)	(4,910,000)
Proceeds from sale of capital assets	-	146,750
Interest paid	(2,261,921)	(2,497,655)
Net cash provided by (used in) capital and related financing activities	(15,090,080)	(16,484,291)
Cash Flows From Investing Activities:		
Sale of investments	133,122,223	123,343,276
Purchase of investments	(133,726,764)	(124,945,626)
Payments received on notes receivable	14,748	15,166
Interest received	1,251,728	1,070,499
Net cash provided by (used in) investing activities	661,935	(516,685)
Increase (Decrease) in Cash and Cash Equivalents	1,460,624	1,035,336
Cash and Cash Equivalents:		
Beginning of year	11,839,613	10,804,277
End of year	$ 13,300,237	$ 11,839,613

(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, 2019 AND 2018

(Continued)

	2019	2018
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	$ 28,526,349	$ 27,729,065
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,536,471	7,437,755
Change in:		
Escrow cash	(11,445)	36,743
Accounts receivable	(109,470)	421,947
Other assets	70,377	(84,818)
Net pension asset	(2,090,201)	2,154,870
Deferred outflows related to pension plan	984,373	(1,357,179)
Deferred inflows related to pension plan	926,598	(610,368)
Accounts payable and accrued expenses	(623,378)	841,532
Net adjustments	6,683,325	8,840,482
Net cash provided by (used in) operating activities	$ 35,209,674	$ 36,569,547
Noncash Transactions:		
Capital additions in accounts payable	$ 1,692,253	$ 1,007,986

(Concluded)

See accompanying notes to financial statements.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

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

STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Assets and Deferred Outflows of Resources		
Cash and cash equivalents	$ 3,336	$ 3,475
Investments at fair value:		
Money markets and other cash investments	119,714	68,899
Mutual Funds		
Equity	11,035,228	6,356,868
Fixed income	6,943,904	8,701,489
Total investments at fair value	18,098,846	15,127,256
Benefit payment adjustment	36,661	50,371
Total Assets	$ 18,138,843	$ 15,181,102
Liabilities and Net Position		
Liabilities:		
Other payables	$ 76	$ 15,515
Net Position:		
Net position restricted for pension benefits	18,138,767	15,165,587
Total Liabilities and Net Position	$ 18,138,843	$ 15,181,102

See accompanying notes to financial statements.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Additions:		
Contributions:		
Employer	$ 125,172	$ 71,894
Employee	168,311	173,841
Total contributions	293,483	245,735
Investment income:		
Net appreciation (depreciation) in fair value of investments	2,545,012	(1,041,372)
Interest and dividends	621,018	346,083
Total investment income	3,166,030	(695,289)
Total additions	3,459,513	(449,554)
Deductions:		
Benefits	484,883	440,667
Processing fees	1,450	1,515
Total deductions	486,333	442,182
Change in Plan Net Position	2,973,180	(891,736)
Net Position:		
Beginning of year	15,165,587	16,057,323
End of year	$ 18,138,767	$ 15,165,587

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, 2019 or 2018.

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 assigned $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, 2020 and 2019, that designated balance was $11,907,628 and $13,422,585, 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.

Fiduciary Funds

Fiduciary funds are used to account for assets held in a trustee capacity. The Authority reports fiduciary funds for the pension trust funds for the employees' retirement pension plan. The pension plan is further discussed in Note 9.

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

Sustainability Fund - As required by a Subgrantee Agreement, a Sustainability Trust Fund was established, funded by energy savings calculations, and can be used to support future sustainability efforts. Resulting savings from those efforts, if any, are also pledged to this Fund.

Noncurrent Investments

Investments that are (1) externally restricted to make debt service payments, (2) externally restricted reserve funds, or (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 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, 2019 and 2018, capitalized interest was $86,329 and $46,994, 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 are amortized over the life of the related bonds using the effective interest method.

Deferred Outflows/Inflows of Resources

In addition to assets/liabilities, the statements of net position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements, *deferred outflows/inflows of resources,* represent a consumption/acquisition of net position that applies to a future period and so will not be recognized as an outflow/inflow of resources (expense/revenue) until then. The Authority has the following items that qualify for reporting in these categories:

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. This amount is reported as a deferred outflow of resources.

In conjunction with pension accounting requirements, differences between expected and actual experience, changes in assumptions, and the net difference between expected and actual investment earnings are recorded as a deferred inflow or outflow of resources, as applicable, related to pensions on the statements of net position. These amounts are determined based on actuarial valuations performed for the pension plan. Note 9 presents additional information about the Authority's pension plan.

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. This amount is reported as a deferred inflow of resources.

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.

Adopted GASB Statements

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

GASB Statement No. 83, "*Certain Retirement Obligations,"* addresses accounting and financial reporting for certain asset retirement obligations (AROs). The provisions of this statement have been adopted and incorporated into these financial statements.

GASB Statement No. 84, "*Fiduciary Activities*," improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The adoption of this statement resulted in the inclusion of the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, and additional footnote disclosures.

GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct* Placements," to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement have been adopted and incorporated into these financial statements.

GASB Statement No. 90, "*Majority Equity Interests*," improves the consistency and comparability of reporting a majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Recent Statements Issued by GASB

GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), 91 (Conduit Debt Obligations), and 92 (Omnibus 2020). Management has not yet determined the impact of these statements on the financial statements.

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:

	2019	2018
Cash in bank	$ 13,151,933	$ 11,687,012
Cash on hand	148,304	152,601
Total	$ 13,300,237	$ 11,839,613

Cash shown above includes $13,014,088 and $11,653,744 as of December 31, 2019 and 2018, 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 $24,017,138 and $26,271,989 as of December 31, 2019 and 2018, respectively.

Investments - Restricted - Investments held by the Authority that are restricted as to their use by terms and agreements of the Authority. These funds, all of which are restricted under the Trust indenture, consist of the following as of December 31, 2019 and 2018:

	2019	2018
Renewal and Replacement Funds	$ 3,140,495	$ 3,075,912
Bond Fund	877,093	808,081
Revenue Fund	17,541,510	14,790,434
Operating Reserve Fund	5,500,257	5,249,118
Coop Fund	11,390,126	11,666,544
Total Investments, Restricted	$ 38,449,481	$ 35,590,089

As of December 31, 2019, the Authority had the following investments in mutual funds:

				December 31, 2019 Rating	
Investment	Amount	Percentage of Total Investment	Maturity	Standard & Poor's	Moody's Investors Service
BlackRock Treasury Trust Fund	$ 37,572,388	60.1%	n/a	AAAm	Aaa-mf
BlackRock FedFund	24,017,138	38.4%	n/a	AAAm	AAA-mf
Morgan Stanley Liquid Trust Fund	877,093	1.5%	n/a	AAAm	Aaa-mf
Total	$ 62,466,619	100%			

As of December 31, 2018, the Authority had the following investments in mutual funds:

				December 31, 2018 Rating	
Investment	Amount	Percentage of Total Investment	Maturity	Standard & Poor's	Moody's Investors Service
BlackRock Treasury Trust Fund	$ 35,590,089	57.5%	n/a	AAAm	Aaa-mf
BlackRock FedFund	26,271,989	42.5%	n/a	AAAm	AAA-mf
Total	$ 61,862,078	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.

Concentrations of Credit Risk. The Authority places no limit on the amount the Authority may invest in any one issuer.

Pension Trust Funds

The pension trust funds are used to account for assets held by the Authority in a trustee capacity for future payment of retirement benefits to employees or former employees.

The composition of the pension trust funds is noted below, along with the fair value measurements as of December 31:

	2019	2018
Cash and cash equivalents	$ 119,714	$ 68,899
Mutual funds:		
Equity	11,035,228	6,356,868
Fixed income	6,943,904	8,701,489
Total Pension Trust Funds	$ 18,098,846	$ 15,127,256

Mutual Funds are valued using quoted marked prices (Level 1 inputs).

The pension trust funds' investments in money markets and equity and fixed income mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

The following is a description of the pension trust funds' investment risks:

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. As of December 31, 2019, and 2018, the mutual funds were not rated by nationally recognized statistical rating organizations.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the pension trust funds' investments. The pension trust funds do 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. None of the mutual funds held in the pension trust funds have maturity dates.

Financial instruments potentially expose the pension trust funds to various risks such as concentrations of credit risk and market risks. The concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near term and that such change could materially affect the amount reported on the combined statements of fiduciary net position.

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 $3,146,319 and $3,161,067 at December 31, 2019 and 2018, respectively.

5. Capital Assets and Leasehold Improvements

Capital assets and leasehold improvements activity for the year ended December 31, 2019 was as follows:

	December 31, 2018 Balance	Additions	Disposals	Transfers	December 31, 2019 Balance	Estimated Useful Lives
Nondepreciable capital assets:						
Land	$ 26,243,842	$ -	$ -	$ -	$ 26,243,842	
Construction in progress	1,127,544	8,075,869	(6,500)	(2,369,826)	6,827,087	
Total nondepreciable capital assets	27,371,386	8,075,869	(6,500)	(2,369,826)	33,070,929	
Depreciable capital assets:						
Parking facilities	185,001,245	135	(6,645,574)	673,827	179,029,633	3-50 years
Machinery and equipment	14,757,800	130,598	(327,150)	766,863	15,328,111	3-10 years
Total depreciable capital assets	199,759,045	130,733	(6,972,724)	1,440,690	194,357,744	
Total capital assets	227,130,431	8,206,602	(6,979,224)	(929,136)	227,428,673	
Less: accumulated depreciation	104,487,482	7,085,799	(6,867,973)	-	104,705,308	
Net capital assets	122,642,949	1,120,803	(111,251)	(929,136)	122,723,365	
Leasehold improvements	9,091,789	36,766	(30,578)	929,136	10,027,113	5-50 years
Less: accumulated amortization	3,358,180	450,672	(30,578)	-	3,778,274	
Net leasehold improvements	5,733,609	(413,906)	-	929,136	6,248,839	
Total capital assets and leasehold improvements, net	$ 128,376,558	$ 706,897	$ (111,251)	$ -	$ 128,972,204	

Capital assets and leasehold improvements activity for the year ended December 31, 2018 was as follows:

	December 31, 2017 Balance	Additions	Disposals	Transfers	December 31, 2018 Balance	Estimated Useful Lives
Nondepreciable capital assets:						
Land	$ 25,524,831	$ 719,011	$ -	$ -	$ 26,243,842	
Construction in progress	893,027	7,582,944	(129,225)	(7,219,202)	1,127,544	
Total nondepreciable capital assets	26,417,858	8,301,955	(129,225)	(7,219,202)	27,371,386	
Depreciable capital assets:						
Parking facilities	179,689,722	-	(610,715)	5,922,238	185,001,245	3-50 years
Machinery and equipment	14,381,187	16,500	(101,976)	462,089	14,757,800	3-10 years
Total depreciable capital assets	194,070,909	16,500	(712,691)	6,384,327	199,759,045	
Total capital assets	220,488,767	8,318,455	(841,916)	(834,875)	227,130,431	
Less: accumulated depreciation	98,152,329	7,043,626	(708,473)		104,487,482	
Net capital assets	122,336,438	1,274,829	(133,443)	(834,875)	122,642,949	
Leasehold improvements	8,256,914		-	834,875	9,091,789	5-50 years
Less: accumulated amortization	2,964,051	394,129	-		3,358,180	
Net leasehold improvements	5,292,863	(394,129)	-	834,875	5,733,609	
Total capital assets and leasehold improvements, net	$ 127,629,301	$ 880,700	$ (133,443)	$ -	$ 128,376,558	

6. Changes in Long-Term Liabilities

A summary of long-term obligation transactions for the Authority for the years ended December 31, 2019 and 2018 follows. Additional information regarding bonds payable is included in Note 7:

2019	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable - revenue bonds payable	$ 51,294,758	$ -	$ (6,155,683)	$ 45,139,075	$ 5,360,000
Other long-term liabilities:					
Greyhound (unearned rent/revenue)	$ 4,109,316	$ -	$ (208,067)	$ 3,901,249	$ 208,067
Other postemployment benefits	468,976	-	(24,974)	444,002	-
Capital lease obligations	27,225	-	(16,026)	11,199	4,105
	$ 4,605,517	$ -	$ (249,067)	$ 4,356,450	$ 212,172

2018	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable - revenue bonds payable	$ 57,387,091	$ -	$ (6,092,333)	$ 51,294,758	$ 5,105,000
Other long-term liabilities:					
Greyhound (unearned rent/revenue)	$ 4,317,383	$ -	$ (208,067)	$ 4,109,316	$ 208,067
Other postemployment benefits	479,643	-	(10,667)	468,976	-
Capital lease obligations	34,501	-	(7,276)	27,225	16,027
	$ 4,831,527	$ -	$ (226,010)	$ 4,605,517	$ 224,094

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 $1,712 and have expiration dates ranging from September 17, 2019 through August 2022 with interest of 2.12% - 2.70%. The carrying value of the leased equipment is $22,000 and $27,003 at December 31, 2019 and 2018, 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. As of December 31, 2018 and 2019, the Taxable Series B of 2015 bonds were paid in full.

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, 2019 and 2018 was $0.

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	12/31/2019	12/31/2018
Series A refunding	$ 41,860,000	$ 46,965,000
Plus: unamortized premium	3,279,075	4,329,758
Subtotal	3,279,075	4,329,758
Total	$ 45,139,075	$ 51,294,758

The aggregate maturities of the 2015 Series A Bonds for fiscal years ending after December 31, 2019 are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 5,360,000	$ 2,093,000	$ 7,453,000
2021	5,520,000	1,825,000	7,345,000
2022	5,730,000	1,549,000	7,279,000
2023	5,950,000	1,262,500	7,212,500
2024	6,185,000	965,000	7,150,000
2025-2026	13,115,000	990,000	14,105,000
	$ 41,860,000	$ 8,684,500	$ 50,544,500

The bond agreements contain certain financial covenants that require, among other things, the maintenance of specified debt coverage ratios. As of December 31, 2019 and 2018, 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	*
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	7,637
Metered lots	Various	1,674

*This garage was disposed of on May 31, 2019. The Authority is in the planning process for a new facility in its place.

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 current agreement began on June 1, 2019, and expires on May 31, 2022, 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 operations of the Authority as described 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 $1,265,943 and $892,488 for years ended December 31, 2019 and 2018, 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, 2021, with one three-year renewal option remaining.

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 40% of the labor force. The current collective bargaining agreement began on January 1, 2019 and expires on December 31, 2021.

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.

Supplemental Benefit - Participants who joined the Plan on or after January 1, 1995 receive a $100 per month until age 65, provided they retire on or after age 60.

Pre-Retirement Death Benefits – Upon the death of an active participant who is eligible for early retirement, the surviving spouse shall be entitled to 50% of the participant’s accrued benefit reduced for early retirement and the joint and 50% survivor benefit.

Disability Benefits – Accrued benefits for participants who qualify for Social Security benefits and who have eight or more years of service.

Vesting Schedule – Participants are 100% vested after eight years of service.

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

	2019	2018
Inactive plan members or beneficiaries currently receiving benefits	33	30
Inactive plan members entitled to but not yet receiving benefits	8	7
Active plan members	65	67
	106	104

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, 2019 and 2018, and the total pension liability used to calculate the net pension asset was determined by actuarial valuation as of December 31, 2019 and December 31, 2018. There were no plan changes in 2019. For 2018 and 2019, the measurement date and the valuation date were the same.

Actuarial Assumptions. The total pension liability in the December 31, 2019 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	6.50%
Underlying inflation rate	2.50%
Salary projection	4.50%

For healthy lives, mortality is in accordance with the Pub-2010 General Employees Amount-Weight Mortality Table with different rates for actives, disabled, retirees, and contingent survivors.

Actuarial assumptions were based on an actuarial experience study for the period January 1, 2019 to December 31, 2019.

Changes in actuarial assumptions. There were no changes to the discount rate. There were changes in employee termination and retirement rates. The mortality was changed from the RP-2014 Fully Generational Blue Collar Mortality Table with mortality improvement MP-2018 from 2006 to the PUB-2010 General Employees Amount-Weighted Mortality with Scale MP-2019 with separate rates for employees, retirees, disabled, and contingent survivors.

The Public Parking Authority of Pittsburgh Pension Plan defines the Pension Board, its duties, powers, and responsibility. The Pension Board has the responsibility to administer the plan, manage and control the Pension Fund and enter into such trust agreements, custodial agreements, and insurance contracts with respect thereto as it deems appropriate. The Pension Board approved an Investment Policy Statement and reviews it annually and makes changes as it deems appropriate.

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, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	44.0%	5.50%
International equity	16.0%	5.75%
Fixed income	40.0%	2.00%
Real estate	0.0%	4.20%
Cash	0.0%	0.00%
	100.0%	

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. 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, 2019 of 3.10% 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 6.50% is used as the discount rate.

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2019, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 19.58%.

Concentrations – The Plan did not have investments in a single issuer that exceeded 5% of the Plan's fiduciary net position at December 31, 2019 and 2018.

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 12/31/18	$ 14,098,453	$ 15,165,587	$ (1,067,134)
Changes for the year:			
Service cost	452,515	-	452,515
Interest	915,347	-	915,347
Experience (gain) loss	-	-	-
Assumption (gain) loss	-	-	-
Employer contributions	-	125,172	(125,172)
Member contributions	-	168,311	(168,311)
Net investment income (loss)	-	3,166,030	(3,166,030)
Benefit payments	(484,883)	(484,883)	-
Other	-	(1,450)	1,450
Balances at 12/31/19	$ 14,981,432	$ 18,138,767	$ (3,157,335)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 12/31/17	$ 12,835,319	$ 16,057,323	$ (3,222,004)
Changes for the year:			
Service cost	481,987	-	481,987
Interest	899,919	-	899,919
Experience (gain) loss	(325,033)	-	(325,033)
Employer contributions	646,928	71,894	575,034
Member contributions	-	173,841	(173,841)
Net investment income	-	(695,289)	695,289
Benefit payments	(440,667)	(440,667)	-
Other	-	(1,515)	1,515
Balances at 12/31/18	$ 14,098,453	$ 15,165,587	$ (1,067,134)

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 6.50%, 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 (5.50%) or 1% higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
2019	$ (1,492,263)	$ (3,157,335)	$ (4,575,966)
2018	499,801	(1,067,134)	(2,402,154)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions. The Authority recognized pension expense of approximately $(66,000) and $260,000 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	2018
Deferred outflows of resources:		
Changes of assumptions	$ 372,806	$ 509,867
Net difference between projected and actual earnings on pension plan investments	-	847,312
Deferred inflows of resources:		
Difference between expected and actual experience	(334,959)	(582,069)
Net difference between projected and actual earnings on pension plan investments	(1,173,708)	-
	$ (1,135,861)	$ 775,110

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

2020	$ (402,889)
2021	(271,315)
2022	(25,035)
2023	(436,622)
2024	-
	$ (1,135,861)

Multiple-Employer Defined Benefit Plan

The Authority had 48 and 53 facility employees in the years ended December 31, 2019 and 2018, respectively, 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 December 31, 2021. No employee contributions are required or permitted. Total pension expense for the participating employees was $274,217 and $261,074 for the calendar years 2019 and 2018, 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)

<u>Plan Description</u>

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 Authority has not accumulated assets for the Plan in a trust. 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.

At December 31, 2019, participants in the Plan were as follows:

Active - Medical	3
Active - Life Only	62
Retirees and spouses - pre 95 with medical	3
Retirees - post 95 with medical	5
Retirees - life insurance only	4

<u>Benefits Provided</u>

Retirees as of December 31, 1994 – Continue medical and dental coverage received under prior Plan which includes both pre-Medicare and Medicare coverage for retiree and spouse. Medicare coverage consists of Medicare Part B plus the participant elects either Security 65 Plan B or Security Blue HMO.

Active Participants as of December 31, 1994 – Entitled to the single active premium at retirement date. This amount shall be frozen at retirement date and provided until age 65. Retirees age 65 and over shall receive the 65 Special Premium and Medicare Part B premium at retirement date, such amount also being frozen at date of retirement. No medical coverage shall be provided to a participant who elects a lump sum option under the Pension Plan. The Authority pays up to $1,750 of the deductible for each retiree entitled to post retirement medical insurance prior to age 65.

Life Insurance – For all employees of the Authority retiring on or after age 60, the Authority pays for half the cost of a $6,000 life insurance policy provided the employee pays for the other half.

Total OPEB Liability

The components of the total OPEB liability of the Plan at December 31 were as follows:

	2019	2018
Total OPEB liability	$ 444,002	$ 468,976
Plan fiduciary net position	-	-
Net OPEB liability	$ 444,002	$ 468,976
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%

Changes in the Total OPEB Liability

The changes in the total OPEB liability of the Authority for the year ended December 31, 2019 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2018	$ 468,976	$ -	$ 468,976
Changes for the year:			
Service cost	2,432	-	2,432
Interest	15,594	-	15,594
Contributions - employer	-	43,000	(43,000)
Benefits paid	(43,000)	(43,000)	-
Net changes	(24,974)	-	(24,974)
Balances at December 31, 2019	$ 444,002	$ -	$ 444,002

The changes in the total OPEB liability of the Authority for the year ended December 31, 2018 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2017	$ 487,505	$ -	$ 487,505
Changes for the year:			
Service cost	2,327	-	2,327
Interest	16,471	-	16,471
Contributions - employer	-	37,327	(37,327)
Benefits paid	(37,327)	(37,327)	-
Net changes	(18,529)	-	(18,529)
Balances at December 31, 2018	$ 468,976	$ -	$ 468,976

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation performed on December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement:

- Actuarial cost method – Entry Age Normal, level percentage of pay;
- Retirement rates – 100% upon attaining retirement eligibility of age 65
- Plan participation – Life Insurance 20%; Pre 65 Medical Benefit 100%; Post 65 Medical Benefit 100%
- Mortality – RP-2014 Fully Generational Blue Collar Mortality Table with MP-2018 mortality improvement from 2006
- Salary increase – 4.50% per annum;
- Discount rate: 3.64% per annum;
- Healthcare cost trend rate – Medical: 7.5% in 2018 graded to 6.75% uniformly over four years, and then following the Getzen model thereafter; Dental 5%

Changes in Actuarial Assumptions – The discount rate is 3.64% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018, compared to the prior Statement No. 45 discount rate of 6.00%, the mortality assumption was updated to the RP-2014 Fully Generational Blue Collar Mortality Table with MP-2018 mortality improvement from 2006, trend was updated to health care cost trend rate is assumed to be 7.5% in 2018, grading down to 6.75% uniformly over four years, salary increases were set at 4.5%, and then following the Getzen Model thereafter, salary increases were set at 4.5%, and retirement and termination assumptions were revised based on a recent experience study.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.64%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following represents the total OPEB liability calculated using the stated discount rate, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
2019	$ 482,990	$ 444,002	$ 410,214
2018	510,367	468,976	433,166

Sensitivity of the Total OPEB Liability to Changes in the medical trend rate – The following presents the total OPEB liability calculated using the stated medical trend assumption, as well as what the total OPEB liability would be if it was calculated using a medical trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease in Getzen Model	Current Getzen Model	1% Increase Getzen Model
2019	$ 435,396	$ 444,002	$ 447,251
2018	463,393	468,976	474,848

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2019, and 2018 the recognized OPEB expense is $(11,639) and $18,798, respectively. At December 31, 2019, the Authority reported no deferred outflows of resources and no deferred inflows of resources in relation to the OPEBs.

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. Subsequent Event

If a pandemic, epidemic or similar level outbreak of an infectious disease occurs, the potential exists that the operations of the Authority may be adversely affected. As an example, in December 2019, a new strain of coronavirus known as COVID-19, was initially detected in China and began a global spread including the United States. It was identified as a "public health emergency of international concern" by the World Health Organization (WHO) in late January 2020, and further escalated to "global pandemic" status by the WHO on March 11, 2020. As a result of the mitigation efforts employed by all levels of government and business to contain the spread within the United States, all economic activity has been disrupted and it is anticipated that the operations of the Authority will be negatively impacted.

In the early months of 2020, the spread of the COVID-19 virus has varied globally and the resulting impact continues to be fluid on a daily basis. The 2020 outbreak of the COVID-19 virus has had an immediate negative impact on economies on local, national and global levels, and as a result the Authority's financial results for the year. Given the dynamic nature of this pandemic, the extent to which the COVID-19 virus impacts the Authority's results remains uncertain and cannot be predicted at this time. The net impact will continue to depend upon certain developments including, among others, the duration, spread or recurrence of the outbreak, its impact on our customers, employees and vendors, as well as any governmental, regulatory and/or private sector responses, whether active or precautionary, to mitigate the virus.

14. Natural Classifications with Functional Classifications

The operating expenses within both natural and functional classifications for the years ended December 31, 2019 and 2018 are as follows:

2019	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	$ 3,994,056	$ 96,611	$ 2,271,329	$ 337,833	$ 9,599,616	$ 957,230	$ 2,853,550	$ 5,934,947	$ 324,699	$ 26,369,871
Parking enforcement and meter services	2,301,879	139,823	1,671,548	-	788,267	2,173,800	-	1,329,780	23,329	8,428,426
Parking court	224,360	2,607	19,764	1,920,774	-	103,484	-	-	432	2,271,421
Administrative	1,549,766	264,613	134,129	-	-	829,875	-	271,744	59,772	3,109,899
Total	$ 8,070,061	$ 503,654	$ 4,096,770	$ 2,258,607	$ 10,387,883	$ 4,064,389	$ 2,853,550	$ 7,536,471	$ 408,232	$ 40,179,617

2018	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	$ 3,948,601	$ 103,858	$ 2,426,232	$ 306,928	$ 9,827,237	$ 946,658	$ 2,746,866	$ 5,705,572	$ 313,740	$ 26,325,692
Parking enforcement and meter services	2,313,026	162,432	1,664,255	-	743,195	1,996,454	-	1,416,042	25,448	8,320,852
Parking court	261,081	2,600	19,084	1,739,226	-	113,038	-	-	480	2,135,509
Administrative	1,984,820	242,863	140,760	-	-	721,949	-	316,141	357,643	3,764,176
Total	$ 8,507,528	$ 511,753	$ 4,250,331	$ 2,046,154	$ 10,570,432	$ 3,778,099	$ 2,746,866	$ 7,437,755	$ 697,311	$ 40,546,229

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

FOR THE YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2019	2018	2017	2016	2015
Total Pension Liability:					
Service cost	$ 452,515	$ 481,987	$ 462,654	$ 488,278	$ 440,031
Interest	915,347	899,919	839,867	838,069	776,343
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(325,033)	-	(859,227)	-
Changes of assumptions	-	646,928	-	-	-
Benefit payments	(484,883)	(440,667)	(467,956)	(389,269)	(328,144)
Net Changes in Total Pension Liability	882,979	1,263,134	834,565	77,851	888,230
Total Pension Liability - Beginning	14,098,453	12,835,319	12,000,754	11,922,903	11,034,673
Total Pension Liability - Ending (a)	$ 14,981,432	$ 14,098,453	$ 12,835,319	$ 12,000,754	$ 11,922,903
Plan Fiduciary Net Position:					
Plan member contributions	$ 125,172	$ 173,841	$ 165,043	$ 157,328	$ 157,012
Employer actuarially recommended contributions	168,311	71,894	196,664	206,996	330,521
Net investment income (loss)	3,166,030	(695,289)	2,294,081	833,202	95,527
Benefit payments	(484,883)	(440,667)	(467,956)	(389,269)	(328,144)
Other	(1,450)	(1,515)	(1,661)	(1,661)	(1,498)
Net Change in Plan Fiduciary Net Position	2,973,180	(891,736)	2,186,171	806,596	253,418
Plan Fiduciary Net Position - Beginning	15,165,587	16,057,323	13,871,152	13,064,556	12,811,138
Plan Fiduciary Net Position - Ending (b)	$ 18,138,767	$ 15,165,587	$ 16,057,323	$ 13,871,152	$ 13,064,556
Net Pension Liability (Asset) - Ending (a-b)	$ (3,157,335)	$ (1,067,134)	$ (3,222,004)	$ (1,870,398)	$ (1,141,653)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	121.07%	107.57%	125.10%	115.59%	109.58%
Covered Payroll	$ 3,533,750	$ 3,238,675	$ 3,368,018	$ 3,177,618	$ 3,319,327
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-89.35%	-32.95%	-95.66%	-58.86%	-34.39%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

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

FOR THE YEARS ENDED DECEMBER 31

LAST TEN YEARS*

Authority Plan*

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 125,172	$ 71,894	$ 194,764	$ 206,996	$ 330,521
Contributions in relation to the actuarially determined contribution	125,172	71,894	196,664	206,996	330,521
Contribution deficiency (excess)	-	$ -	$ (1,900)	$ -	$ -
Covered payroll	$ 3,533,750	$ 3,238,675	$ 3,368,018	$ 3,177,618	$ 3,319,327
Contributions as a percentage of covered payroll	3.54%	2.22%	5.84%	6.51%	9.96%
Annual money-weighted rate of return, net of investment expense	19.58%	-4.21%	16.43%	6.16%	0.66%

*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.

Changes in Benefit Terms
None.

Changes in Assumptions Beginning December 31, 2019
The mortality was changed from the RP-2014 Fully Generational Blue Collar Mortality Table with mortality improvement MP-2018 from 2006 to the PUB-2010 General Employees Amount-Weighted Mortality with Scale MP-2019 with separate rates for employees, retirees, disableds, and contigent survivors

Changes in Assumptions Beginning December 31, 2018
The discount rates was changed from 7.00% to 6.50%. The salary scale was changed from 5.00% to 4.50%. The employee termination and retirement rates were changed based on a study of the Plan's experience from 2008 through 2018. The mortality rate was changed from the RP2000 Mortality Table with Scale AA Projection to the valuation date to the RP-2014 Fully Generational Blue Collar Mortality Table with mortality improvement MP-2018 from 2006.

Changes in Assumptions Beginning December 31, 2016
None.

Changes in Assumptions Beginning December 31, 2014
None.

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	4.50%
Investment rate of return	6.50%
Mortality	For healthy lives, mortality is in accordance with the RP 2014 Fully Generational Blue Collar Mortality MP 2018 from 2006 For disabled lives, mortality is in accordance with the RP 2014 Fully Generational Disabled Mortality

Authority Participation in the Teamsters Cost-Sharing Multiple-Employer Defined Benefit Plan

	2019	2018	2017	2016	2015
Required contributions (all made by the Authority)	$ 274,217	$ 261,074	$ 251,903	$ 226,695	$ 222,131

See accompanying notes to required supplementary pension schedules.

PUBLIC PARKING AUTHORITY OF PITTSBURGH

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

SCHEDULE OF CHANGES IN THE NET
OPEB LIABILITY AND RELATED RATIOS

FOR THE YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2019	2018
Total OPEB Liability:		
Service cost	$ 2,432	$ 2,327
Interest	15,594	16,471
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(43,000)	(37,327)
Net Changes in Total OPEB Liability	(24,974)	(18,529)
Total OPEB Liability - Beginning	468,976	487,505
Total OPEB Liability - Ending (a)	$ 444,002	$ 468,976
Plan Fiduciary Net Position:		
Plan member contributions	$ 43,000	$ 37,327
Employer actuarially recommended contributions	-	-
Net investment income	-	-
Benefit payments	-	-
Other	(43,000)	(37,327)
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning	-	-
Plan Fiduciary Net Position - Ending (b)	$ -	$ -
Net OPEB Liability (Asset) - Ending (a-b)	$ 444,002	$ 468,976
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered Employee Payroll	$ 3,384,415	$ 3,238,675
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	13.12%	14.48%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary OPEB schedules.

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

SCHEDULE OF AUTHORITY CONTRIBUTIONS - OPEB

FOR THE YEAR ENDED DECEMBER 31, 2019

Authority Plan*

	2019	2018
Actuarially determined contribution	$ 36,486	$ 36,491
Contributions in relation to the actuarially determined contribution	43,000	37,327
Contribution deficiency (excess)	$ (6,514)	$ (836)
Covered employee payroll	$ 3,384,415	$ 3,238,675
Contributions as a percentage of covered employee payroll	1.27%	1.15%

*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 OPEB 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.

Changes in Benefit Terms
None.

Changes in Actuarial Assumptions
None.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal (Level % of Salary)
Retirement Rates	100% upon attaining retirement eligibility of age 65
Plan Participation	Life Insurance 20%; Pre 65 Medical Benefit 100%; Post 65 Medical Benefit 100%
Salary Increases	4.50%
Discount rate	3.64%
Healthcare cost trend rate	Medical: 7.5% in 2018 downgraded to 6.75% uniformly over 4 years, and then folllowing the Getzen Model; Dental 5%
Mortality	For healthy lives, mortality is in accordance with the RP 2014 Fully Generational Blue Collar Mortality Table with MP 2018 mortality improvement from 2006 For disabled lives, mortality is in accordance with the RP 2014 Fully Generational Disabled Mortality Table with MP-2018 mortality improvement from 2006