Urban Redevelopment Authority of Pittsburgh

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

Financial Statements and Required
Supplementary Information

Year Ended December 31, 2013 with
Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

YEAR ENDED DECEMBER 31, 2013

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Independent Auditor's Report

Board of Directors
Urban Redevelopment Authority of Pittsburgh
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Urban Redevelopment Authority of Pittsburgh (URA), a component unit of the City of Pittsburgh, as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the URA'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 audit. We did not audit the financial statements of Pittsburgh Housing Development Corporation, the Authority's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pittsburgh Housing Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the URA as of December 31, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vi 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the URA's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
April 28, 2014

Management's Discussion and Analysis
December 31, 2013

As management of the Urban Redevelopment Authority of Pittsburgh (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and footnotes.

Financial Highlights

- In the government-wide financial statements (page 1), Total Net Position was $224 Million, of which $32.9 Million represented net investment in capital assets, and $139.6 Million was restricted by funding source or bond indenture. Of the $51.6 Million unrestricted net position, $19.4 Million represents property held for redevelopment under restrictions of the state redevelopment statutes and $14.7 Million pertains to Board commitments for program funding gaps, bridge financing for projects, property repairs and improvements, and potential relocation costs in a large, current project.

- The Authority's total program revenues (page 2) were $60.2 Million for the year, of which $44.7 Million was operating grants and $15.5 Million was charges for services. The charges for services consisted primarily of $3.1 Million in interest earned through lending programs, $7.6 Million earned through property management and rental income, and $2.3 Million in administrative fees.

- The fund balance for all governmental funds (page 3) totaled $83.1 Million, an increase of $4.7 Million from 2012 ($78.4 Million).

- During 2013, the URA implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*." This Statement reclassifies certain items that were reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. Long-term loans receivable and property held for redevelopment were previously offset by liabilities as they do not represent current financial resources, are now reported as deferred inflows of resources – unavailable revenues on the governmental fund's balance sheet.

  Deferred amounts on refunding are now classified as deferred outflows of resources on the government-wide and proprietary funds statements of net position.

  Additionally, bond issuance costs and loan commitment fees are now reported as current period revenue/costs rather than deferred and amortized. As a result of these changes, net position as of December 31, 2012 of business-type activities and proprietary funds has been increased by $400,902.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of three parts: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Government-Wide Financial Statements (pages 1 and 2) present the financial picture of the Authority from the economic resources measurement focus using the accrual basis of accounting. They include all assets and liabilities, including fixed assets and long-term debt. All of the current year's revenues and expenses are taken into account regardless of when cash was received or paid. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables. Governmental activities and business-type activities are presented separately, as well as the activities of the Authority's component unit, the Pittsburgh Housing Development Corporation.

Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities. They report the Authority's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the Authority's financial position.

In the Statement of Position and Statement of Activities, the Authority's activities are separated as follows:

Governmental Activities – This category includes the Authority's General Fund and those development projects and programs primarily funded by federal, state, and local grants, including Community Development Block Grant funds.

Business-Type Activities – This category includes self-supporting activities such as the housing programs funded through tax-exempt and taxable revenue bonds, the Pittsburgh Development Fund loan program, and the Authority's owned-and-operated real estate enterprises – the Produce Terminal, Western Restoration Center, and Lexington Technology Park.

Fund Financial Statements

Fund Financial Statements begin on page 3 of this report and provide detailed information about the Authority's most significant funds – not the Authority as a whole. The Fund Financial Statements include statements for each of the two categories of activities – governmental and proprietary. Only the major funds are presented individually in the Fund Statements.

Governmental Funds – Governmental Funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These statements provide a detailed shorter-term view of the Authority's general operations. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs and projects. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can be readily converted to cash. Since this is a different accounting method than what is used in the

Government-Wide Financial Statements, the differences between the two sets of financial statements are explained in a reconciliation following each Governmental Fund financial statement (pages 3 and 5).

Proprietary Funds – The Proprietary Funds (pages 6, 7 and 8) are the same funds included in "Business-Type Activities" in the Government-Wide statements. The accounting for the Proprietary Funds is the same as that of the business-type activities reported in the Government-Wide Financial Statements but provides more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE AUTHORITY

Our analysis below focuses on the net position of the Authority's governmental and business-type activities.

Summary of Net Position

The Authority's net position at December 31, 2013 and 2012 for governmental activities was approximately $153.3 Million and $157.7 Million, respectively. For the business-type activities, net position was approximately $70.7 Million and $69.3 Million, respectively.

	Governmental Activities		% Change	Business-type Activities		% Change
	2013	2012		2013	2012	
Assets:						
Current and other assets	$163,656,305	$171,703,835	-4.7%	$96,558,650	$130,124,909	-25.8%
Capital assets	42,194,478	43,147,506	-2.2%	4,860,642	5,336,937	-8.9%
Total assets	**$205,850,783**	**$214,851,341**	**-4.2%**	**$101,419,292**	**$135,461,846**	**-25.1%**
Deferred outflows of resources	**-**	**-**	**0.0%**	**$816,032**	**$1,632,064**	**-50.0%**
Liabilities:						
Current and other liabilities	$28,823,606	$31,526,972	-8.6%	$12,753,661	$10,720,914	19.0%
Long-term liabilities	23,712,726	25,608,508	-7.4%	18,762,367	57,056,520	-67.1%
Total liabilities	**$52,536,332**	**$57,135,480**	**-8.0%**	**$31,516,028**	**$67,777,434**	**-53.5%**
Net position:						
Net investment in capital assets	$30,717,658	$30,131,440	1.9%	$2,141,962	$2,500,025	-14.3%
Restricted for urban development	50,862,604	46,616,881	9.1%	-	-	0.0%
Restricted for lending programs	24,232,286	30,639,937	-20.9%	64,501,699	62,449,313	3.3%
Unrestricted	47,501,903	50,327,603	-5.6%	4,075,635	4,367,138	-6.7%
Total net position	**$153,314,451**	**$157,715,861**	**-2.8%**	**$70,719,296**	**$69,316,476**	**2.0%**

Restricted net position generally represents funds that have constraints on their use pursuant to grant agreements or bond indentures. In total, at December 31, 2013, assets of the governmental and business-type funds exceeded their liabilities by $224 Million, $32.9 Million of which represented the Authority's net investment in capital assets and $139.6 Million restricted by funding source or bond indenture. Of the $51.6 Million Unrestricted Net Position, $19.4 Million represents property held for redevelopment under restrictions of the state redevelopment statutes and $14.7 Million pertains to Board commitments for program funding gaps, bridge financing for projects, property repairs and improvements, and potential relocation costs in a large, current project.

Overall, Government Activities Assets decreased by $9 Million from 2012 primarily related to decreased in loans receivable (net of allowances) and property held for redevelopment. Property held for redevelopment decreases primarily relate to current year land sales in the Central Business District and loans receivable decreased primarily due to current year repayments exceeding new loans and an overall increase in the allowance for uncollectible loans. Liabilities decreased by $4.6 Million from 2012 and Net Position decreased by $4.4 Million with an increase in Net Investment in Capital Assets of $0.6, a decrease in Restricted Net Position of $2.2 Million and a decrease in Unrestricted Net Position by $2.8 Million.

The Business Type Activities Total Assets had a decrease of $34.0 Million from 2012. The Total Liabilities decreased by $36.3 Million. The majority of the decrease in total assets and total liabilities related to reductions in Bonds and Loans Payable for the MRBP as bonds and loans payable decreased by a total of $29.5 Million due to repayments on these liabilities. The repayments were made from proceeds on sale of the mortgage-backed securities of the MRBP.

Our next analysis focuses on changes in net position of the Authority's governmental and business-type activities.

Changes in Net Position
Year Ended December 31, 2013

	Governmental Activities			Business-type Activities		
	2013	2012	% Change	2013	2012	% Change
Program Revenues:						
Charges for services	$10,799,892	$10,084,662	7.1%	$4,753,609	$6,236,691	-23.8%
Operating grants	37,186,497	44,212,983	-15.9%	7,500,000	7,500,000	0.0%
Capital grants	-	-	0.0%	-	-	0.0%
General Revenues:						
Unrestricted investment earnings	48,807	72,449	-32.6%	-43,284	-182,672	76.3%
Other general income	-	-	0%	246,614	107,298	129.8%
Total revenues	**48,035,196**	**54,370,094**	**-11.7%**	**12,456,939**	**13,661,317**	**-10.9%**
Program expenses:						
Urban development	43,985,849	35,544,213	23.7%	-	-	0.0%
General government	8,916,043	8,186,747	8.9%	-	-	0.0%
Interest on long-term debt	1,149,714	1,030,246	11.6%	-	-	0.0%
Lending programs	-	-	0.0%	6,954,547	6,668,383	4.3%
Property management	-	-	0.0%	2,885,474	3,002,867	-3.9%
Total expenses	**54,051,606**	**44,761,206**	**20.8%**	**9,840,021**	**9,671,250**	**1.7%**
Change in net position before transfers	-6,016,410	9,608,888	-162.6%	2,616,918	3,990,067	-34.4%
Transfers	1,615,000	470,000	243.6%	-1,615,000	-470,000	243.6%
Change in net position after transfers	**$-4,401,410**	**$10,078,888**	**-144.7%**	**$1,001,918**	**$3,520,067**	**-71.5%**

Governmental Activities. Total revenues decreased by $6.3 Million from 2012. The major variance in 2013 was $7.0 Million decrease in Operating Grants primarily related to the Grants Fund. Grant revenue fluctuates by nature based on the status of current projects and funding patterns.

In 2013, the cost of Governmental activities increased by $9.3 Million from $44.8 Million in 2012 to $54.1 Million in 2013. Overall, net position of Governmental activities decreased by $4.9 Million, which was $15.0 Million less than 2012 ($10.1 Million). These changes in expenses and net position primarily relate to increases in the overall allowance for uncollectible loans and losses on the sale of property held for redevelopment. Due to the nature of the URA's activities, amounts less than the recorded value of property may be realized based on to the purpose for the transfer of the asset.

Business-Type Activities. The majority of the Revenues were pledged PDF real estate taxes for $7.5 Million and Charges for Services ($4.8 Million), which includes funds financed by borrowers in the form of Program Interest Income ($2.4 Million in 2013; $3.9 Million in 2012) and tenants of owned properties in the form of Property Management Revenues ($2.4 Million in 2013 and $2.3 Million in 2012).

The cost of all Proprietary (Business-Type) activities in 2013 was $9.8 Million, as compared to $9.7 Million in 2012, which represents an increase of $0.2 Million (1.7%).

THE AUTHORITY'S FUNDS

As of December 31, 2013, the Authority's governmental funds reported total ending fund balances of $83.1 Million, which represents an increase of $4.7 Million from the prior year ($78.4 Million). Of the fund balance, $50.9 Million was restricted to indicate that it is limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. Another $14.7 Million has been committed for bridge funds for programs and projects, property repairs and improvement, and potential relocation liabilities.

Major Funds

The URA's General Fund fund balance of $28.4 Million at December 31, 2013 represents an increase of $1.6 Million from December 31, 2012 ($26.8 Million). This increase is partially due to the increases in administrative fees included in other revenue.

The Community Development Block Grant (CDBG) Fund accounts for CDBG grants passed through to the Authority from the City of Pittsburgh. Its fund balance remained the same as 2012 at $1.8 Million.

The HOME Fund provides loans or grants for both housing rehabilitation and new construction. The fund balance remained at approximately $1.3 Million in 2012 and 2013.

The Grants Fund accounts for various URA projects and programs not accounted for elsewhere. This activity includes grant programs, loan programs, and housing and business development projects. Some of the Authority's major development projects accounted for in this fund include South Side Works, Downtown Retail Corridor, Pittsburgh Technology Center, and East Liberty. Of the $51.7 Million of fund balance in this fund, $50.0 Million is restricted for various urban development projects and programs.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The Authority's investment in capital assets as of December 31, 2013 and 2012 equals $42.2 Million and $43.1 Million, respectively, (net of accumulated depreciation) for its governmental activities. Capital assets in business-type activities were $4.9 Million and $5.3 Million at December 31, 2013 and 2012, respectively. The Capital assets were reduced by accumulated depreciation.

Additional information on capital assets may be found in Note 5 of the Notes to Financial Statements.

Debt Administration

At December 31, 2013, the Authority had total long-term debt outstanding of $56.7 Million. Approximately $28.5 Million of Proprietary bond debt is secured solely by specified revenue sources (e.g. repayments on home mortgage loans, home improvement loans, and pledged tax revenue).

The outstanding debt was comprised primarily as follows: $17.3 Million of Mortgage Revenue Bonds which are comprised of various issues and rated Aa1 by Moody's; $11.3 Million of Special Tax Development Refunding Bonds (PDF) which are rated AA by Standard and Poor's; $6.3 Million of bank loans; and HUD Section 108 loans in the amount of $21.3 Million.

Additional information on outstanding long-term liabilities may be found in Note 8 of the Notes to Financial Statements.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Urban Redevelopment Authority of Pittsburgh, 200 Ross Street, Pittsburgh, Pennsylvania 15219 or (412) 255-6630.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF NET POSITION

DECEMBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pittsburgh Housing Development Corporation
Assets				
Cash and investments	$ 90,797,992	$ 50,780,482	$ 141,578,474	$ 250,507
Due from other governments	9,213,543	-	9,213,543	-
Other receivables	10,512,138	261,722	10,773,860	5,422
Internal balances	(465,605)	465,605	-	-
Loans to component units	1,763,885	-	1,763,885	-
Loans receivable, net	31,668,401	45,050,841	76,719,242	1,600,000
Property held for redevelopment	19,365,951	-	19,365,951	2,968,698
Other assets	800,000	-	800,000	200
Capital assets:				
Non-depreciable	13,204,423	-	13,204,423	-
Depreciable, net of accumulated depreciation	28,990,055	4,860,642	33,850,697	-
Total Assets	205,850,783	101,419,292	307,270,075	4,824,827
Deferred Outflows of Resources				
Deferred charge on refunding	-	816,032	816,032	-
Total Assets and Deferred Outflows of Resources	$ 205,850,783	$ 102,235,324	$ 308,086,107	$ 4,824,827
Liabilities				
Accounts payable and other accrued liabilities	$ 22,613,127	$ 203,396	$ 22,816,523	$ 38,337
Unearned revenue	4,508,701	15,275	4,523,976	-
Loans payable to URA	-	-	-	1,763,885
Noncurrent liabilities:				
Due within one year	1,701,778	12,534,990	14,236,768	54,703
Due in more than one year	23,712,726	18,762,367	42,475,093	-
Total Liabilities	52,536,332	31,516,028	84,052,360	1,856,925
Net Position				
Net investment in capital assets	30,717,658	2,141,962	32,859,620	-
Restricted for urban development	50,862,604	-	50,862,604	-
Restricted for lending programs	24,232,286	64,501,699	88,733,985	-
Restricted for housing program	-	-	-	2,967,902
Unrestricted	47,501,903	4,075,635	51,577,538	-
Total Net Position	153,314,451	70,719,296	224,033,747	2,967,902
Total Liabilities and Net Position	$ 205,850,783	$ 102,235,324	$ 308,086,107	$ 4,824,827

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Direct Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	Total	Pittsburgh Housing Development Corporation
Primary Government:								
Governmental activities:								
Urban development	$ 43,985,849	$ 6,784,708	$ 34,840,057	$ -	$ (2,361,084)	$ -	$ (2,361,084)	$ -
General government	8,916,043	4,015,184	2,346,440	-	(2,554,419)	-	(2,554,419)	-
Interest on long-term debt	1,149,714	-	-	-	(1,149,714)	-	(1,149,714)	-
Total governmental activities	54,051,606	10,799,892	37,186,497	-	(6,065,217)	-	(6,065,217)	-
Business-type activities:								
Lending programs	6,954,547	2,357,046	7,500,000	-	-	2,902,499	2,902,499	-
Property management	2,885,474	2,396,563	-	-	-	(488,911)	(488,911)	-
Total business-type activities	9,840,021	4,753,609	7,500,000	-	-	2,413,588	2,413,588	-
Total primary government	$ 63,891,627	$ 15,553,501	$ 44,686,497	$ -	(6,065,217)	2,413,588	(3,651,629)	-
Component Unit:								
Pittsburgh Housing Development Corporation	$ 1,886,200	$ 46,170	$ 936,785	$ -	-	-	-	(903,245)
General revenues:								
Investment earnings					48,807	(43,284)	5,523	-
Proceeds from sales of real estate					-	-	-	799,500
Other income					-	246,614	246,614	33,305
Transfers					1,615,000	(1,615,000)	-	-
Total general revenues and transfers					1,663,807	(1,411,670)	252,137	832,805
Change in Net Position					(4,401,410)	1,001,918	(3,399,492)	(70,440)
Net position - beginning, as restated					157,715,861	69,717,378	227,433,239	3,038,342
Net position - ending					$ 153,314,451	$ 70,719,296	$ 224,033,747	$ 2,967,902

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2013

	General	Community Development Block Grant	HOME	Grants	Totals
Assets					
Cash and investments	$ 27,650,124	$ 2,043,746	$ -	$ 61,104,122	$ 90,797,992
Receivables (net, where applicable, of allowance for uncollectibles):					
Loans	614,980	-	1,177,830	31,639,476	33,432,286
Other	5,415,394	-	-	5,096,744	10,512,138
Due from other funds	-	-	580,615	897,753	1,478,368
Due from other governmental units	-	302,695	708,074	8,202,774	9,213,543
Property held for redevelopment	4,130,938	1,250,110	-	13,984,903	19,365,951
Total Assets	$ 37,811,436	$ 3,596,551	$ 2,466,519	$ 120,925,772	$ 164,800,278
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable and other accrued liabilities	$ 1,123,161	$ 109,669	$ -	$ 21,166,365	$ 22,399,195
Due to other funds	1,545,183	398,790	-	-	1,943,973
Unearned revenue	2,032,600	-	-	2,476,101	4,508,701
Total Liabilities	4,700,944	508,459	-	23,642,466	28,851,869
Deferred Inflows of Resources:					
Unavailable revenue	4,745,918	1,250,110	1,177,830	45,624,379	52,798,237
Fund Balance:					
Restricted	-	337,982	488,689	50,035,933	50,862,604
Committed	11,400,000	1,500,000	800,000	1,008,397	14,708,397
Assigned	-	-	-	614,597	614,597
Unassigned	16,964,574	-	-	-	16,964,574
Total Fund Balance	28,364,574	1,837,982	1,288,689	51,658,927	83,150,172
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 37,811,436	$ 3,596,551	$ 2,466,519	$ 120,925,772	$ 164,800,278

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

Fund balance	$ 83,150,172
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,194,478
Other long-term assets such as loans and property held for redevelopment are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	53,598,237
An accrual for interest payable is not reflected within the funds.	(213,932)
Long-term liabilities, including compensated absences and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(25,414,504)
Net position of governmental activities	$ 153,314,451

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2013

	General	Community Development Block Grant	HOME	Grants	Totals
Revenues:					
Intergovernmental	$ -	$ 4,326,186	$ 3,207,116	$ 29,653,195	$ 37,186,497
Interest	7,743	3,158	662	37,244	48,807
Rental income	1,524,032	-	-	3,790,517	5,314,549
Loan repayments	89,021	-	155,195	6,905,689	7,149,905
Other	2,337,533	-	1,629	3,539,817	5,878,979
Total revenues	3,958,329	4,329,344	3,364,602	43,926,462	55,578,737
Expenditures:					
Current:					
Urban development	720,969	1,982,904	3,192,361	34,685,869	40,582,103
Administrative	1,553,224	2,346,440	210,078	4,034,462	8,144,204
Other	388,877	-	-	382,962	771,839
Debt service	-	-	-	3,137,660	3,137,660
Total expenditures	2,663,070	4,329,344	3,402,439	42,240,953	52,635,806
Excess (Deficiency) of Revenues Over Expenditures	1,295,259	-	(37,837)	1,685,509	2,942,931
Other Financing Sources (Uses):					
Loan proceeds	-	-	-	178,601	178,601
Transfers in	311,781	-	-	2,920,811	3,232,592
Transfers out	-	-	-	(1,617,592)	(1,617,592)
Total other financing sources (uses)	311,781	-	-	1,481,820	1,793,601
Net Change in Fund Balance	1,607,040	-	(37,837)	3,167,329	4,736,532
Fund Balance (Deficit):					
Beginning of year	26,757,534	1,837,982	1,326,526	48,491,598	78,413,640
End of year	$ 28,364,574	$ 1,837,982	$ 1,288,689	$ 51,658,927	$ 83,150,172

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

Amounts reported for governmental activities in the statement of activities (page 2) are different because:

Net change in fund balance - total governmental funds (page 4)	$	4,736,532
In governmental funds, the issuance of loans is a current expenditure while the repayment of loans, including principal and interest, is recognized as income when received. On the statement of activities, only the interest income is reported as current revenue. Also, the change in the allowance for doubtful accounts is shown as an increase or decrease in net position on the statement of activities while it has no effect on fund balance in the governmental funds. The net change in loans receivable is shown here.		(6,407,651)
The repayment of principal of long-term debt is reported as a reduction in the liability on the statement of net position. On the fund statements, this transaction is recorded as an expenditure.		1,787,267
The cost of property held for redevelopment is expended in the funds when purchased but capitalized in the statement of net position. The net change in property held for redevelopment is shown here.		(3,619,244)
Compensated absences and accrued interest payable are reflected as liabilities on the statement of net position, but are not included in the fund statements. The change in these liabilities is shown here.		54,714
Depreciation expense related to the capital assets is not reflected in the fund statements but is recorded on the statement of activities.		(953,028)
Change in net position of governmental activities (page 2)	$	(4,401,410)

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds						
	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Lexington Technology Park Fund	Other	Totals
Assets							
Current assets:							
Cash and investments	$ 21,026,578	$ 1,386,431	$ 28,366,253	$ -	$ -	$ 1,220	$ 50,780,482
Receivables (net, where applicable, of allowance for uncollectibles):							
Loans	11,350,140	2,184,289	31,516,412	-	-	-	45,050,841
Interest	74	-	-	-	-	-	74
Other	205,182	56,466	-	-	-	-	261,648
Due from other funds	-	-	-	269,013	200,903	-	469,916
Noncurrent assets:							
Capital assets, net of applicable accumulated depreciation	-	-	-	-	4,860,642	-	4,860,642
Total Assets	32,581,974	3,627,186	59,882,665	269,013	5,061,545	1,220	101,423,603
Deferred Outflows of Resources							
Deferred charge on refunding	-	-	816,032	-	-	-	816,032
Total Assets and Deferred Outflows of Resources	$ 32,581,974	$ 3,627,186	$ 60,698,697	$ 269,013	$ 5,061,545	$ 1,220	$ 102,239,635
Liabilities							
Current liabilities:							
Accounts payable and other accrued liabilities	$ 200,295	$ -	$ -	$ -	$ 3,101	$ -	$ 203,396
Due to other funds	-	-	-	-	-	4,311	4,311
Unearned revenue	-	-	-	15,275	-	-	15,275
Bonds and loans payable	1,145,000	-	11,263,677	-	126,313	-	12,534,990
Noncurrent liabilities:							
Bonds and loans payable	16,170,000	-	-	-	2,592,367	-	18,762,367
Total Liabilities	17,515,295	-	11,263,677	15,275	2,721,781	4,311	31,520,339
Net Position							
Net investment in capital assets	-	-	-	-	2,141,962	-	2,141,962
Restricted for lending programs	15,066,679	-	49,435,020	-	-	-	64,501,699
Unrestricted	-	3,627,186	-	253,738	197,802	(3,091)	4,075,635
Total Net Position	15,066,679	3,627,186	49,435,020	253,738	2,339,764	(3,091)	70,719,296
Total Liabilities and Net Position	$ 32,581,974	$ 3,627,186	$ 60,698,697	$ 269,013	$ 5,061,545	$ 1,220	$ 102,239,635

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds						
	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Lexington Technology Park Fund	Other	Totals
Operating Revenues:							
Program interest income	$ 1,349,648	$ 51,506	$ 955,892	$ -	$ -	$ -	$ 2,357,046
Property management revenues	-	-	-	183,300	2,190,799	-	2,374,099
Other	-	-	-	22,464	-	-	22,464
Total operating revenues	1,349,648	51,506	955,892	205,764	2,190,799	-	4,753,609
Operating Expenses:							
Originating lender service fees	46,613	55,507	-	-	-	-	102,120
Administrative expenses	194,000	175,000	119,927	83,300	50,000	-	622,227
Depreciation and amortization expense	-	-	123,064	-	504,324	-	627,388
Property management and improvements	-	-	-	4,137	1,891,393	31,521	1,927,051
Provision for uncollectible loans	-	-	3,165,605	-	-	-	3,165,605
Other	146,521	13,083	23,189	191,770	-	-	374,563
Total operating expenses	387,134	243,590	3,431,785	279,207	2,445,717	31,521	6,818,954
Operating Income (Loss)	962,514	(192,084)	(2,475,893)	(73,443)	(254,918)	(31,521)	(2,065,345)
Non-Operating Revenues (Expenses):							
Earnings on investments	(73,919)	160	30,403	72	-	-	(43,284)
Intergovernmental revenue	-	-	7,500,000	-	-	-	7,500,000
Interest expense	(1,269,807)	-	(1,622,231)	-	(129,029)	-	(3,021,067)
Other	245,417	1,197	-	-	-	-	246,614
Net non-operating revenues (expenses)	(1,098,309)	1,357	5,908,172	72	(129,029)	-	4,682,263
Excess (Deficiency) of Revenues Over Expenses Before Transfers	(135,795)	(190,727)	3,432,279	(73,371)	(383,947)	(31,521)	2,616,918
Transfers in (out)	-	-	(1,645,000)	-	-	30,000	(1,615,000)
Change in Net Position	(135,795)	(190,727)	1,787,279	(73,371)	(383,947)	(1,521)	1,001,918
Net Position:							
Beginning of year, as restated	15,202,474	3,817,913	47,647,741	327,109	2,723,711	(1,570)	69,717,378
End of year	$ 15,066,679	$ 3,627,186	$ 49,435,020	$ 253,738	$ 2,339,764	$ (3,091)	$ 70,719,296

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds						
	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Lexington Technology Park Fund	Other	Totals
Cash Flows From Operating Activities:							
Receipts from tenants	$ -	$ -	$ -	$ 183,300	$ 2,190,799	$ -	$ 2,374,099
Payments from borrowers	2,365,802	613,971	3,868,106	-	-	-	6,847,879
Loan disbursements to borrowers	-	-	(7,474,605)	-	-	-	(7,474,605)
Payments for property management and administrative services	(387,134)	(175,000)	(119,927)	(147,162)	(1,941,393)	(31,521)	(2,802,137)
Receipts from mortgage-backed securities	29,807,921	-	-	-	-	-	29,807,921
Other receipts (payments)	-	(68,590)	(31,443)	(169,306)	-	-	(269,339)
Net cash provided by (used in) operating activities	31,786,589	370,381	(3,757,869)	(133,168)	249,406	(31,521)	28,483,818
Cash Flows From Non-Capital Financing Activities:							
Grants	-	-	7,500,000	-	-	-	7,500,000
Interest paid	(1,652,864)	-	(894,877)	-	(129,029)	-	(2,676,770)
Principal repayments-borrowings	(29,455,000)	-	(6,880,000)	-	(118,232)	-	(36,453,232)
Interfund receipts (payments)	-	(56,466)	(1,645,000)	102,283	25,884	30,000	(1,543,299)
Other income (expense)	245,417	-	-	-	-	-	245,417
Net cash provided by (used in) non-capital financing activities	(30,862,447)	(56,466)	(1,919,877)	102,283	(221,377)	30,000	(32,927,884)
Cash Flows From Investing Activities:							
Purchase of investments	(34,962,570)	-	-	-	-	-	(34,962,570)
Proceeds from sales and maturities of investments	35,295,322	-	-	-	-	-	35,295,322
Purchase of capital assets	-	-	-	-	(28,029)	-	(28,029)
Earnings on investments	181,047	1,357	30,403	72	-	-	212,879
Net cash provided by (used in) investing activities	513,799	1,357	30,403	72	(28,029)	-	517,602
Net Increase (Decrease) in Cash and Cash Equivalents	1,437,941	315,272	(5,647,343)	(30,813)	-	(1,521)	(3,926,464)
Cash and Cash Equivalents:							
Beginning of year	11,038,773	1,071,159	34,013,596	30,813	-	2,741	46,157,082
End of year	$ 12,476,714	$ 1,386,431	$ 28,366,253	$ -	$ -	$ 1,220	$ 42,230,618
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	$ 962,514	$ (192,084)	$ (2,475,893)	$ (73,443)	$ (254,918)	$ (31,521)	$ (2,065,345)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	-	-	123,064	-	504,324	-	627,388
Provision for uncollectible loans receivable	(164,252)	-	3,165,605	-	-	-	3,001,353
Change in operating assets and liabilities:							
Loans issued	-	-	(7,474,605)	-	-	-	(7,474,605)
Loan repayments received	1,830,886	530,706	2,912,214	-	-	-	5,273,806
Mortgage-backed securities	29,206,435	-	-	-	-	-	29,206,435
Other assets	(48,994)	31,759	-	-	-	-	(17,235)
Accounts payable	-	-	(8,254)	(75,000)	-	-	(83,254)
Unearned revenue	-	-	-	15,275	-	-	15,275
Total adjustments	30,824,075	562,465	(1,281,976)	(59,725)	504,324	-	30,549,163
Net cash provided by (used in) operating activities	$ 31,786,589	$ 370,381	$ (3,757,869)	$ (133,168)	$ 249,406	$ (31,521)	$ 28,483,818
Supplemental Information:							
Cash and investments	$ 21,026,578	$ 1,386,431	$ 28,366,253	$ -	$ -	$ 1,220	$ 50,780,482
Investments not considered to be cash and cash equivalents	(8,549,864)	-	-	-	-	-	(8,549,864)
Cash and cash equivalents	$ 12,476,714	$ 1,386,431	$ 28,366,253	$ -	$ -	$ 1,220	$ 42,230,618

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Urban Redevelopment Authority of Pittsburgh (URA) was established in 1946 under the Pennsylvania Urban Redevelopment Law. The URA acquires and clears blighted property; initiates rebuilding with the private sector; negotiates with the federal, state, county, and local governments for public funds and facilities; and works to maintain and improve Pittsburgh neighborhoods and business districts. Funding for the URA projects and programs is obtained primarily through revenue bonds and intergovernmental grants.

The URA is considered to be a component unit of the City of Pittsburgh (City) as the Mayor of Pittsburgh appoints the Board of Directors of the URA and a financial benefit/burden relationship exists between the City and the URA.

The reporting entity of the URA includes the accounts of all URA operations as well as an entity that qualifies as a component unit of the URA. The component unit of the URA is the Pittsburgh Housing Development Corporation (PHDC) as the URA appoints the Board of Directors of this non-profit corporation and has the ability to impose its will upon the PHDC. The PHDC initiates, plans, finances, develops, and manages housing development throughout the City, with particular emphasis on activities in low- and moderate-income census tracts. This component unit is discretely presented on the government-wide statements.

The component unit operates on a fiscal year ending December 31. Separate financial statements and information for PHDC can be obtained through the Finance Department of the URA.

The Pittsburgh Economic and Industrial Development Corporation (PEIDC)

The URA provides administrative support to PEIDC. PEIDC is a non-profit corporation which was formed to formulate, implement, and promote commercial, industrial and other economic development goals, strategies, and projects in and for the City. The Board members are elected by the PEIDC membership. As a result, the PEIDC is not considered a component unit of the URA. Financial information is available for PEIDC at the URA's offices.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities,* which normally are supported by intergovernmental grants, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as *general revenues.*

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

<u>Measurement Focus, Basis of Accounting, and Financial Statement Presentation</u>

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences are recorded only when payment is due.

Federal, state, and local grants designated for payment of specific URA expenditures are recognized when the related expenditures are incurred. Interest earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Any excess of grant-specific revenues or expenditures at year-end is recorded as unearned revenue or accounts receivable, respectively. All other revenue items are considered to be measurable and available only when cash is received by the URA.

The URA reports the following major governmental funds:

The *General Fund* is the URA's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.

The *CDBG Fund* accounts for the URA's Community Development Block Grant program which provides grants and loans for economic development and housing in the City.

Through funding provided by the Department of Housing and Urban Development, the URA uses its *HOME Fund* to provide financial assistance specifically to meet the housing related needs of the City. HOME money is utilized for both rehabilitation and new construction through existing URA housing programs. Assistance may be in the form of loans or grants to individual borrowers or developers.

The *Grants Fund* accounts for various URA projects and programs not accounted for elsewhere. This activity includes grant programs, loan programs, and housing and business development projects.

Loan Programs – the URA offers a variety of loan products for real estate and business development and housing development.

Grant Programs - the URA administers various Redevelopment Assistance Capital Program (RACP) grants for which the URA serves as a conduit between the Commonwealth of Pennsylvania and a grant sub-awardee. The State Budget Office of the Commonwealth of Pennsylvania administers the RACP program which is designed to fund projects that have regional impact such as job creation or increased tax base.

Some of the URA's major development projects accounted for in this fund include:

South Side Works - significant development activities in process on the City's South Side, including office, housing, entertainment, parking, and recreation components.

Central Business District - property acquisitions in the downtown area in preparation for future development.

Pittsburgh Technology Center - activity related to an office park located in the Hazelwood neighborhood of Pittsburgh. Phase II of the project included a second parking garage and roadway work which is complete. A proposed third parking garage will enable the sale of remaining parcels, increasing the tax base.

East Liberty – development activities including housing, entertainment, restaurant, and other significant business activities.

The URA reports the following major proprietary funds:

The *Mortgage Revenue Bond Program* accounts for the issuance of tax-exempt bonds to finance below-market rate mortgages for the purchase and rehabilitation of residential property within the City.

The *Home Improvement Loan Program (HILP)* accounts for the activities of the issuance of tax-exempt and taxable bonds to finance the rehabilitation of residential housing for persons and families of low to middle income throughout the City but without regard to borrower's income in certain designated targeted areas within the City. The HILP Program is currently being funded with loan repayments.

The *Pittsburgh Development Fund* accounts for the activities of a major loan fund making funds available for large initiatives and projects within the City that serve to attract new businesses, expand and retain existing businesses, and encourage downtown, riverfront, and neighborhood development. The fund was established by the issuance of redevelopment bonds which are being repaid from a pledged portion of the City's RAD tax.

The *Produce Terminal Fund* accounts for the activities of a URA-owned property that includes a wholesale fruit and vegetable distribution center and office space located in the City's Strip District.

The *Lexington Technology Park Fund* accounts for the activities of URA-owned property that houses mixed-use light industrial facilities, the Allegheny County 911 facilities, and other County offices. It is located in the City's North Point Breeze/Homewood neighborhood.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the URA's governmental and business-type funds and its component unit. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers for rents, property management services, interest on loans in its lending programs and investment interest earned which is to be used to further the programs, 2) operating grants, and 3) capital grants.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the URA's loan program enterprise funds (Mortgage Revenue Bond Program, Home Improvement Loan Program, and Pittsburgh Development Fund) are interest earned on loans and mortgage-backed securities and for the Produce Terminal Fund, the Western Restoration Center Fund, and the Lexington Technology Park Fund are property management service fees. Operating expenses for the enterprise funds include originating lender service fees, bad debt expenses, administrative expenses, depreciation expense on capital assets and property management and improvement costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the URA's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

The URA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Use of cash and cash equivalents is generally limited to the related programs.

Investments

Investments are recorded at fair value.

Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Loans Receivable

In the governmental funds, loans receivable are recognized when the loan is established for loans with terms of thirty years or less. In the governmental funds, the loan balances are fully offset by unavailable revenue as loan repayments are not considered to be available as current resources. Loans with amortization terms greater than thirty years or which are repayable on a contingent basis such as the sale of the property or completion of development are treated as grants for accounting purposes and recorded as expenditures when disbursed, or are fully reserved.

It is the URA's policy to provide for future losses on loans based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the URA's judgment, may impact collectability. At December 31, 2013, the total allowance for uncollectible loans in governmental funds, including those only repayable on a contingent basis and fully reserved at the time of issuance, was $127 million.

In the proprietary funds, amortizing loans are recorded at their principal balance due less an allowance for uncollectible accounts. Proprietary fund allowances for uncollectible accounts are disclosed in Note 4.

Property Held for Redevelopment

Property held for redevelopment relates mainly to land and buildings held by the URA that is available for redevelopment. Depending on the nature of the redevelopment activity, the transfer of this property may consist of many forms: grant, subsidized or below-market sale, or an independent, market-based sale. This property is held at cost or estimated net realizable value, if less than cost, and is offset by unavailable revenue in the governmental funds, as this property is not considered to be available as current resources. Estimated net realizable value is calculated once plans or disposition agreements are in place to dispose of the property at less than cost. When assets are sold, the proceeds are either returned to the program to further its purposes or returned to the grantor agency that funded the original purchase.

Capital Assets

Capital assets, which include land, land improvements, and buildings are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the URA as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives are expensed as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities would be included as part of the capitalized value of the assets constructed if the projects were financed. No capital assets were constructed using external, interest-bearing financing during 2013 in the URA's business-type funds; accordingly, no interest was capitalized.

Buildings and improvements are depreciated using the straight-line method. Buildings are assigned a useful life of 30-40 years and building improvements are amortized over 15 years or the remaining building life as of the year of completion.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current period costs in both the fund financial statements and government-wide financial statements.

Compensated Absences

The URA's compensated absences consist of accumulated unpaid vacation pay and unpaid accumulated sick leave which can be converted to a termination benefit provided certain criteria are met.

Urban Development Expenditures

Urban development expenditures include construction costs incurred for the creation of infrastructure assets on behalf of the City as part of various development projects. At certain points during the projects, the URA dedicates these infrastructure assets to the City. As the URA will not own or maintain the assets, these assets are not capitalized on the URA’s financial statements.

Budgets

Formal legal budgetary accounting is not employed for the governmental funds of the URA. Budgetary control for the General Fund is achieved through management-designed analyses. Budgetary control for the Special Revenue Funds is achieved via compliance with grant agreements related to the special revenue activities. Accordingly, budget-to-actual statements are not presented.

Tax Increment Financing

The Authority is involved with several Tax Increment Financing (TIF) transactions. As described in Note 9, the Authority has no obligation for repayment of such debt, and, accordingly, the debt has been excluded from the financial statements. To the extent TIF transactions involve proceeds available for use by the Authority; the related proceeds are recorded in special revenue funds.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Classification of Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted – This component of net position consists of constraints placed on net position use through external restrictions. The URA's restricted net position is outlined on the statement of net position.

- Unrestricted – This component of net position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. The levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form. As of December 31, 2013, the URA has no nonspendable fund balance.

- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are restricted for specific expenditure under agreement with grantors. At December 31, 2013, the URA's restricted fund balance related to various urban development projects and programs restricted primarily by grant agreements or other intergovernmental agreements.

- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board of Directors (Board) by resolution. Such a commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment also requires a Board resolution. As of December 31, 2013, the URA had committed fund balances for the following: $10.7 million for temporary funding for projects in advance of the Authority's receipts of permanent financing and $4 million for specific projects.

- Assigned – This category represents intentions of the URA to use the funds for specific purposes. The authority to make assignments of fund balance may only be made by the Board and remains in place until the Board releases the assignments. The assignment cannot exceed the available spendable unassigned fund balance in any particular fund. Assigned fund balances as of December 31, 2013 represented funds assigned for housing development projects.

- Unassigned – This category includes the residual classification for the URA's General Fund and includes all spendable amounts not contained in other classifications.

The URA's policy is to use funds in the order of the most restrictive to the least restrictive.

<u>Adoption of Accounting Pronouncements</u>

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the URA's 2013 financial statements:

GASB Statement No. 61, *"The Financial Reporting Entity."* The objective of this Statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities."* This Statement reclassifies certain items that were reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

Long-term loans receivable and property held for sale were previously offset by liabilities but are now offset by deferred inflows of resources – unavailable revenues on the governmental funds balance sheet.

Deferred amounts on refunding are now classified as deferred outflows of resources on the government-wide and proprietary funds statements of net position.

Additionally, bond issuance costs and loan commitment fees are now reported as current period revenue/costs rather than deferred and amortized. As a result of these changes, net position as of December 31, 2012 of business-type activities and proprietary funds has been increased by $400,902.

Pending Pronouncements

GASB has issued the following Statement, which will become effective in future years as shown below. Management has not yet determined the impact of this Statement on the URA's financial statements.

GASB has issued Statement No. 70, *"Accounting and Financial Reporting for Nonexchange Financial Guarantees,"* effective for periods beginning after June 15, 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

2. CASH AND INVESTMENTS

The URA is authorized to make investments of the following types pursuant to the Redevelopment Act which requires investments meet a "reasonable man" standard. Under the URA's policy, authorized investments include (1) United States Treasury bills, (2) short-term obligations of the United States government or its agencies or instrumentalities, (3) deposits in savings accounts or time deposits or share accounts of institutions which are insured, (4) obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision thereof, and (5) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the investments of that company meet the criteria of (1) through (4) above.

The deposit and investment practices of the URA and its component unit adhere to statutory and contractual requirements and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, and certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the trust indentures.

GASB Statement No. 40, *"Deposit and Investment Risk Disclosures,"* requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the URA's and their component unit's deposit and investment risks:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the URA's deposits may not be returned to it. The URA does not have a formal policy for custodial credit risk. As of December 31, 2013, $79,877,028 of the URA's bank balance of $86,969,214 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2013, the carrying amounts of the URA's deposits were $86,029,051.

As of December 31, 2013, $12,751 of the component unit's bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature. As of December 31, 2013, the carrying amounts of the component unit's deposits were $250,507.

In addition to the deposits noted above, included in the cash and investments were the following:

		Maturity in years						
	Fair market value	Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	26-28 years
Money Market Funds	$ 46,999,559	$ 46,999,559	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Treasury Bonds	3,114,477	-	-	3,114,477	-	-	-	-
Freddie Mac	771,067	-	-	-	-	-	670,930	100,137
GNMA	3,545,043	-	10,021	50,998	-	-	3,484,024	-
FNMA	1,119,277	-	-	229,896	-	-	889,381	-
Total	$ 55,549,423	$ 46,999,559	$ 10,021	$ 3,395,371	$ -	$ -	$ 5,044,335	$ 100,137

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the URA's investments. The URA's policy is to attempt to match its investments with anticipated cash flow requirements. Unless matched to specific cash flow requirements, the URA will not directly invest in securities maturing more than five years from the date of purchase or in accordance with state and local statutes and ordinances.

Certain investments are comprised of assets securitized in the secondary market from loans issued from the loan programs. The maturities noted in the table above reflect the final maturity of the respective security and does not take into consideration non-routine repayments on principal as it is not possible to forecast these repayments. It is management's intention to hold these securities until maturity. Interest rates on these investments are fixed and principal and interest repayments from these investments will be used to repay the related debt service.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The URA has an investment policy that limits its investment choices based on credit qualifications by investment type. As of December 31, 2013, the URA's investments in money market funds were rated AAA by Standard & Poor's. The Authority's investments in Freddie Mac and FNMA were not rated as of December 31, 2013.

Reconciliation of cash and investments to financial statements:

Cash and investment footnote:	
Deposits	$ 86,029,051
Investments	55,549,423
	$ 141,578,474
Cash and investments per financial statements:	
Governmental Funds	$ 90,797,992
Proprietary Funds	50,780,482
	$ 141,578,474

3. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables, payables, and transfers as of December 31, 2013 consisted of:

Fund	Receivables	Payables
Major Funds:		
General	$ -	$ 1,545,183
Community Development Block Grant	-	398,790
HOME	580,615	-
Grants	897,753	-
Produce Terminal	269,013	-
Lexington Technology Park Fund	200,903	-
Other Enterprise Fund	-	4,311
	$ 1,948,284	$ 1,948,284

Fund	Transfers In	Transfers Out
Major Funds:		
General	$ 311,781	$ -
Grants	2,920,811	1,617,592
PDF	-	1,645,000
Other Enterprise Fund	30,000	-
	$ 3,262,592	$ 3,262,592

Transfers in 2013 primarily relate to movements of funds from PDF to the Grants Fund to fund programs, and from the Grants Fund to the General Fund related to changes in amounts allocated for fronting activity.

4. Loans Receivable

Governmental funds report total loans receivable, net of allowance for uncollectible loans, of $33 million at December 31, 2013. The most significant of the governmental fund loans relates to the UDAG Program, HOME, and various loan programs funded by the Community Development Block Grant (CDBG). UDAG loans are made for business and housing development and also act as a bridge source for secured funding. HOME loans are made for both single and multifamily housing development. The CDBG loans are made to individual homeowners as well as to businesses.

Loans receivable include $1.8 million due from PHDC, the URA's discretely-presented component unit, as described at Note 8.

Enterprise funds and component unit loans receivable from individual property-owners and enterprises within the City are reported net of any applicable allowances for uncollectible loans in the following funds at December 31, 2013:

Enterprise Funds:	Amount
Mortgage Revenue Bond Program, net of allowance of $231,635	$ 11,350,140
Home Improvement Loan Program, no allowance deemed necessary	2,184,289
Pittsburgh Development Fund, net of allowance of $14.7 million	31,516,412
	$ 45,050,841
Component Unit:	
Pittsburgh Housing Development Corporation	$ 1,600,000

The Mortgage Revenue Bond Program provides below market rate mortgages for the purchase and rehabilitation of residential property. Funds to finance the mortgages have been provided principally through the issuance of tax-exempt bonds. The Home Improvement Loan program also finances the rehabilitation of residential housing. The Pittsburgh Development Fund loans were made to targeted and strategic commercial development ventures to encourage and expand economic development within the City. The Pittsburgh Development Fund loan allowance increased by $3.2 million from 2012, which is reflected as a provision for uncollectible loans on the statement of revenues, expenses, and changes in net position.

As of December 31, 2013, the URA had approved $6.1 million of PDF loans to various borrowers. These loans will close and begin to be paid out to the borrowers in 2014. Additionally, there was $7.4 million in remaining disbursements available to borrowers on closed PDF loans as of December 31, 2013.

5. CAPITAL ASSETS

Capital Assets

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

	Balance at December 31, 2012	Additions	Disposals	Balance at December 31, 2013
Non-Depreciable Assets:				
Land and improvements	$ 13,204,423	$ -	$ -	$13,204,423
Depreciable Assets:				
Buildings	37,406,972	-	-	37,406,972
Less: accumulated depreciation	(7,463,889)	(953,028)	-	(8,416,917)
	29,943,083	(953,028)	-	28,990,055
Governmental activities capital assets, net	$ 43,147,506	$ (953,028)	$ -	$42,194,478

Business-Type Capital Assets

The business-type funds' capital assets are valued at cost less accumulated depreciation determined using the straight-line method. The capital assets are included in the Lexington Technology Park Fund. Depreciation charged to expenses was $504,324 for Lexington Technology Park Fund.

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

	Balance at December 31, 2012	Additions	Disposals	Balance at December 31, 2013
Buildings and improvements	$18,657,904	$ 28,029	$ -	$ 18,685,933
Less: accumulated depreciation	(13,320,967)	(504,324)	-	(13,825,291)
	$ 5,336,937	$ (476,295)	$ -	$ 4,860,642

6. PROPERTY HELD FOR REDEVELOPMENT

The URA holds property for redevelopment which is valued at cost or net realizable value, if less than cost. A summary of the property held for redevelopment by project/neighborhood at December 31, 2013 is as follows:

Valued at cost:	Amount
Central Business District	$ 9,104,712
62nd Street	2,100,500
Hill District	1,755,135
Chateau	1,275,473
Southside	842,479
Larimer	614,430
Northside	511,497
Shadyside	468,752
Sheraden	460,502
Fairywood	428,528
Perry	280,434
Homewood	252,075
Hazelwood	100,600
Manchester	37,155
Other	937,889
	19,170,161
Valued at Estimated Net Realizable Value:	
South Side Works	195,790
Total property held for redevelopment	$ 19,365,951

The first section includes property held for redevelopment which is valued at cost, which approximates estimated net realizable value as there are no current plans or disposition agreements in place to dispose of the property at less than cost. However, an amount less than the recorded value may be realized in the future due to the purpose for the transfer of the asset.

The second section includes property held for redevelopment which is valued at estimated net realizable value based on management's estimate at December 31, 2013.

7. DEFINED CONTRIBUTION PLAN

The URA provides a defined contribution retirement plan covering all employees who have completed one year of service. The total contribution for any plan participant is 10% of their base salary. Participants who were employed after December 31, 1985 contribute 5% of their base salary and receive a matching contribution by the URA. Participants hired before January 1, 1986 make no contribution to the plan as the URA funds the entire 10%

contribution. Employer contributions, net of forfeitures, for the year ended December 31, 2013 were $330,547 and employee contributions were $199,093.

Under the defined contribution plan, the participants become vested at 25% per year after the first year of participation. Upon termination of employment, the non-vested portion of a participant's account is returned to the URA and credited against current expenses. Upon attainment of normal retirement age as defined by the plan, the participants become 100% vested regardless of the number of years of service.

8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2013:

	Balance at December 31, 2012	Additions	Retirements	Balance at December 31, 2013
Primary Government:				
Governmental:				
Bank loan	$ 3,970,194	$ 178,601	$ 520,868	$ 3,627,927
HUD Section 108 loans	22,733,000	-	1,445,000	21,288,000
Compensated absences	531,213	-	32,636	498,577
Total Governmental Fund Debt	27,234,407	178,601	1,998,504	25,414,504
Proprietary:				
Mortgage Revenue Bond Program	46,770,000	-	29,455,000	17,315,000
Bank loan	2,836,912	-	118,232	2,718,680
PDF Trust bonds	18,055,000	-	6,880,000	11,175,000
Unamortized Issuance Premiums	177,353	-	88,676	88,677
Total Proprietary Fund Debt	67,839,265	-	36,541,908	31,297,357
Total Debt and Other Long-Term Obligations - Primary Government	$ 95,073,672	$ 178,601	$ 38,540,412	56,711,861
Component Unit:				
Pittsburgh Housing Development Corporation:				
Loans payable to the URA	$ 2,151,461	$ -	$ 387,576	1,763,885
Bank construction loans	240,675	-	185,972	54,703
Total Component Unit Debt	$ 2,392,136	$ -	$ 573,548	1,818,588
Total Debt and Other Long-Term Obligations - Reporting Entity				$ 58,530,449

Proprietary Fund debt at December 31, 2013 is composed of the following individual issues:

Mortgage Revenue Bonds

The Mortgage Revenue Bond Program was created to provide below market rate mortgages for the purchase and rehabilitation of residential property within the City. The bonds, including various serial and term bonds, bear interest at rates from 4.05% to 4.85% and mature through 2036. In March 2013, the mortgage-backed securities of the Mortgage Revenue Bond Program were sold and the proceeds were used to repay $26,010,000 of these bonds (all except the 2006 A, B, & C Series). The total amount due in 2014 on the remaining bonds is $1,145,000.

Pittsburgh Development Fund (PDF) Bonds

On September 1, 2005, the Authority issued $57,470,000 of Special Tax Development Refunding Bonds (2005 Bonds). The proceeds of the 2005 Bonds were used to provide funds for the current refunding of the 1995 Bond Series. Including the upfront payment received, this refunding resulted in an economic gain to the Authority of approximately $2,450,500. Debt service payments remained materially consistent with the previous debt service requirements. In connection with the debt refunding, the Authority recorded a deferred charge on refunding of $7,344,288, which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method.

The 2005 Bonds were issued at a premium of $798,088, which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method.

The City has allocated a portion of the Regional Asset District (RAD) Tax imposed by Allegheny County and irrevocably assigned that portion to the Authority. The 2005 Bonds are limited obligations of the Authority payable solely from that portion of the RAD Tax paid to the Authority or the trustee and certain funds held under the indenture and the earnings thereon. The 2005 Bonds shall not be deemed to be a debt of the Commonwealth of Pennsylvania, Allegheny County, or the City or a pledge of the faith and credit of the Commonwealth of Pennsylvania, Allegheny County, or the City, and shall not be an obligation of the Authority payable from any source except that portion of the RAD Tax assigned to the Authority or the Trustee pursuant to the City's agreement and certain funds held under the indenture and the earnings thereon. The Authority has no taxing power.

The 2005 Bonds bear interest at 5.00% and mature through 2014. $11,175,000 is due in 2014.

Bank Loan

The URA received a loan to finance renovations to the Lexington Technology Park buildings. The loan is fixed at an interest rate of 4.57%. At December 31, 2013, $2,718,680 is outstanding. Final maturity is February 28, 2019. Monthly payments are based on a twenty-year amortization with a balloon payment due at maturity. $126,313 is due on this loan in 2014.

General long-term debt loans payable are described below:

Bank Loan

In April 2011, the URA received a bank loan totaling $4,575,000. The proceeds of the loan were used to consolidate and refinance the debt on the South Side Works garages' loans. Interest is payable at a rate of 4.75% until April 1, 2016, at which time the rate adjusts to a fixed rate equal to 2.75% above the Five Year Federal Reserve Swap Index then in effect. The loan is collateralized by the related property and matures on March 1, 2021. Monthly payments are based on a twenty-year amortization with a balloon payment due at maturity. At December 31, 2013, $3,449,326 is outstanding. $203,778 is due on this loan in 2014.

During 2013, the URA received a bank loan totaling $500,000. The proceeds of the loan are to be used to issue a loan to the PHDC for the purpose of paying development costs to acquire, rehabilitate, and resell seven homes in the Sheraden Neighborhood. Interest is payable monthly at the prime rate and the loan matures in 2015. At December 31, 2013, $178,601 was drawn and is outstanding.

HUD Section 108 Loans

During 2003, the URA received two HUD Section 108 loans to provide funding for the construction of garages at South Side Works. The first loan, in the original principal amount of $4.5 million is for an 850-space parking garage, known as Garage #3. The loan bears interest at 4%, with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. The loan is secured by 60% of the tax increment from certain properties located in the South Side Works TIF District (South Side). At December 31, 2013, $1.953 million is outstanding. $358,000 is due in 2014.

The second loan, in the original principal amount of $6.5 million is for the construction of a 367-space parking garage (Garage #2) and site improvements in the South Side. The loan bears interest at 4%, with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. The loan is secured by 60% of the tax increment from certain properties located in the South Side as well as future

Community Development Block Grants. At December 31, 2013, $2.585 million is outstanding. $475,000 is due in 2014.

During 2008, the URA received two HUD Section 108 loans to provide funding for the Pittsburgh Technology Center. The first loan, in the original principal amount of $3 million is for site improvements and streets and utilities relocation. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2013, $2.648 million is outstanding. $133,000 is due in 2014.

The second loan, in the original principal amount of $2 million is for the construction of a 160-space parking condominium. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2013, $1.766 million is outstanding. $89,000 is due in 2014.

The 2008 loans are secured by future Community Development Block Grant grants, the pledged increment for the Pittsburgh Technology Center Tax Increment Financing District, and payments under the minimum payment agreement.

During 2009, the URA received a HUD Section 108 loan for the South Side Works Infrastructure Project, for an amount not to exceed $4,000,000. $3 million was drawn during 2009 representing interim financing, which was converted into permanent financing with HUD on June 17, 2010. The new loan bears interest at 2% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. At December 31, 2013, $2.336 million is outstanding. $443,000 is due in 2014. The loan is secured by pledged tax increment revenues of the project.

In 2010, the URA received a $10,000,000 HUD Section 108 loan to provide funding for the East Liberty Portal Project (the Project). The loan bears interest at 3.30% and is interest only until maturity on August 1, 2019. The proceeds of the loan were used to provide a portion of the financing for the Project through certain qualified community development entities (CDEs). The loan is secured by a note receivable and a Pledge and Assignment of CDE membership interest to URA which is expected to generate proceeds to repay the note receivable and HUD 108 loan once the property is sold. Additional collateral includes a partial personal guarantee from the developer and two pledged reserve accounts. The loan is also secured by the URA's future Community Development Block Grant grants. The note receivable bears interest at 5% and principal is due on August 1, 2018. Any excess of interest received on the note receivable over interest paid on the HUD 108 loan must be held in trust until the HUD 108 loan is repaid in full.

Annual debt service requirements on outstanding bonds and loans of the URA, are as follows:

Years	Principal	Interest	Total
2014	$ 14,236,768	$ 2,106,819	$ 16,343,587
2015	3,264,481	1,453,047	4,717,528
2016	3,192,424	1,344,569	4,536,993
2017	3,035,759	1,227,839	4,263,598
2018	3,348,923	1,108,107	4,457,030
2019-2023	21,677,930	2,717,677	24,395,607
2024-2028	5,487,000	655,555	6,142,555
2029-2033	1,135,000	192,875	1,327,875
2034-2036	834,999	42,125	877,124
	$ 56,213,284	$ 10,848,613	$ 67,061,897

Enterprise fund debt is payable from those respective funds. Governmental fund debt is payable from the Grants Fund.

Component unit debt consists of the following:

PHDC-URA Loans

PHDC had outstanding construction loans payable to the URA of $1,763,885. The loans are non-interest bearing. The loans are due upon the sale of related project units but are not scheduled to mature past 2014. The loans are secured by a third lien position on real property and improvements.

PHDC-Bank Construction Loans

The PHDC had outstanding construction loans payable to banks of $54,703. Interest accrues on the loans at rates of 4.25%. Loans are due on demand.

Future Maturities

Principal payments of $1,818,588 are due in 2014 for the component unit.

All interest expense on loans of the primary government and its component unit is reported as program expense as the borrowings are essential to the programs and the financial statements would be misleading to exclude these charges as direct expenses.

9. No-Commitment Debt

The URA is involved in a number of debt transactions for which the URA issued debt in its name but retained no obligation for the repayment of the debt. The responsibility for repayment belongs either to the City, other taxing authorities, or to private borrowers. As of December 31, 2013, the aggregate amount of no-commitment debt outstanding was $72 million. The amount is comprised of $17 million Multi-Family Revenue Bonds and $55 million Tax Increment Financing Bonds and Notes (TIF debt).

Responsibility for repayment of the Multi-Family Revenue Bonds rests with private borrowers. TIF debt is repaid from incremental Allegheny County, City, and School District of the City tax revenues. Generally, third parties are responsible for the repayment of TIF debt to the extent incremental tax revenues are not sufficient to meet debt service requirements.

10. Risk Management

The URA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not significantly exceeded commercial insurance coverage in the past. There were no significant changes in insurance coverage during the year.

11. Commitments and Contingencies

Grants

Grants received or receivable are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

Litigation

There are various matters of pending litigation in which the URA is involved. The URA believes it has meritorious defenses and intends to contest these matters. The amount of liability, if any, related to these matters is not subject to determination. Accordingly, the financial statements do not include any adjustment for possible effects of these cases.

Contract Commitments

At December 31, 2013, the URA had entered into contracts for professional services and construction totaling approximately $8 million. These commitments include: approximately $4 million for the Bakery Square project; $1.1 million for the Downtown Preservation project; approximately $1 million for the East Liberty project, and the remaining contract commitments are for various smaller projects.

Arena Land Agreement

In 2007, as part of a Memorandum of Understanding between the Commonwealth of Pennsylvania, the County of Allegheny (County), the City of Pittsburgh, the Sports and Exhibition Authority (SEA) and the Lemieux Group LP, as developer of a new arena, the developer received redevelopment rights to property surrounding the new arena site. The developer is entitled to an aggregate of $15 million of credits which may be applied to the purchase price of the property over a 10 year period which began in 2012. If all the property is not acquired for redevelopment by the developer, the URA entered into a Put Agreement with the SEA and the County whereby the URA and the Redevelopment Authority of Allegheny County, a component unit of the County, would each agree to purchase from the SEA one half (1/2) of the portion of the property that remains at the end of the draw down period, for a purchase price equal to one half (1/2) of any unpaid portion of the $15 million credit. At December 31, 2013, the balance of the credits was $14.525 million.

Supplementary Information

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

OPERATING RESULTS OF OWNED AND OPERATED GARAGES

YEAR ENDED DECEMBER 31, 2013

Schedule of Operating Results:

	SouthSide Works	Pittsburgh Technology Center	Total
Spaces	2,326	724	3,050
Gross revenues	$ 3,550,103	$ 659,240	$ 4,209,343
Less Pittsburgh Parking Tax	(734,307)	(12,824)	(747,131)
Net revenue	2,815,796	646,416	3,462,212
Operating expenses:			
Payroll	229,576	71,212	300,788
Maintenance and repairs	198,014	28,516	226,530
Cleaning and grounds	45,306	23,299	68,605
Security	424,481	67,825	492,306
Insurance	165,507	43,135	208,642
Utilities	232,410	45,576	277,986
Other	39,091	41,556	80,647
Bank charges	48,260	4,203	52,463
Structural repairs	606,631	2,509	609,140
Management fee	24,000	10,800	34,800
Total operating expenses	2,013,276	338,631	2,351,907
Net Operating Income	802,520	307,785	1,110,305
Non-operating:			
Debt service	395,246	-	395,246
Reserve for replacement	186,072	57,924	243,996
URA administrative fee	314,000	39,000	353,000
Net	$ (92,798)	$ 210,861	$ 118,063