

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2011



Michael E. Lamb, City Controller
CITY OF PITTSBURGH
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Prepared by: Office of City Controller

MICHAEL E. LAMB, CONTROLLER

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2011

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL



MICHAEL E. LAMB

CITY CONTROLLER

First Floor City-County Building • 414 Grant Street • Pittsburgh, Pennsylvania 15219

April 30, 2012

The Honorable Mayor, Members of
City Council, and the Citizens of
The City of Pittsburgh, Pennsylvania:

I am pleased to submit The Comprehensive Annual Financial Report (CAFR) of the City of Pittsburgh (City) for the year ended December 31, 2011. The City's charter mandates that only a general purpose financial statement be issued by May 1st. This does not include component units, statements mandated under GASB 34, footnotes and the statistical section. This year we are issuing a full CAFR by May 1st that meets Government Finance Officers Association (GFOA) standards and that allows the City to get an unqualified opinion from the City's independent auditors.

We believe that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. This statement will enable the reader to gain an understanding of the City's financial activities. Responsibility for both the accuracy of data, and the completeness and fairness of the presentation, rests with the management of the City. This report contains all the funds of the City.

Maher Duessel, Certified Public Accountants, has issued an unqualified ('clean') opinion on the City of Pittsburgh's financial statements for the year ended December 31, 2011. The independent auditor's report is located in front of the Management's Discussion and Analysis (MD&A.)

The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Pittsburgh, incorporated in 1816, is located in the south-western part of the State of Pennsylvania. It currently occupies 58.3 square miles and serves a population of 311,647. The City is empowered to levy property taxes on real estate and earned income

taxes on residents that live within the boundaries of the city. In addition, the City levies taxes on employees that work within the city and on businesses that operate within the City. Other usage taxes are charged when using certain facilities within the City. See the Revenue section of this letter that explains all taxes.

The City operates on a strong elected mayor, and a council elected by district, form of government. The mayor is the chief executive of the City and the council has the legislative authority. The mayor appoints the heads of the various departments. The mayor is elected for a four-year term and the council members are elected for staggered four-year terms with the even numbered districts being elected in one year and the odd numbered districts being elected two years later.

The City provides a full range of services, including police, fire, and emergency medical services; construction and maintenance of City property and infrastructure; sanitation services; and recreation and cultural activities. The Water and Sewer Authority, Urban Redevelopment Authority, Stadium Authority, and Parking Authority are component units of the City and are shown as such in the financial statements and the footnotes to the CAFR.

Council is required to adopt a final operating and capital budget for the next year by the last day of the fiscal year, which is December 31. The annual budget is the basis of the City's financial planning and control. The operating budget is prepared on a departmental basis. The department heads may spend within a budget classification (e.g., salaries, supplies, rentals, miscellaneous) as they see fit. Any transfers between classifications or departments have to be approved by council. The Mayor's Office also prepares a five-year plan annually. Most of the strategic and development planning is done by the Urban Redevelopment Authority.

FINANCIAL INFORMATION

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting information is compiled to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budget Control: Budget control is maintained at the line item level on a departmental basis. Activities of the General Fund, the Special Revenue Fund (Community Development Fund only), and the Capital Projects Fund are controlled by an annual legally appropriated budget. Capital Projects are also controlled on a multi-year basis.

ECONOMIC CONDITION

Located at the confluence of the Ohio, Monongahela, and Allegheny Rivers, the City serves as the seat for Allegheny County. The City is the largest of the County's 130 municipalities. Downtown Pittsburgh is commonly known as the Golden Triangle and serves as the regional center for Southwestern Pennsylvania, Eastern Ohio, and Northern West Virginia.

Economic Background

The City continues to build and strengthen its economy not only by expanding existing businesses, but also by working to attract new businesses and industries to the region. The primary goal is to assist businesses both small and large in developing and enhancing working relationships among economic development practitioners throughout the state. By supporting the growth of the existing business core and marketing its competitive advantages to attract new businesses, the City has modernized its economy. Nationally, the number of jobs has been increasing and Pittsburgh has followed the national trend by increasing its number of jobs from 2010 to 2011 by 1.7%. As of December 31, 2011, Pittsburgh's unemployment rate was 6.6% compared to 7.2% for the state and 8.3% nationally.

Initiatives such as "*one-stop service providers*" allow firms doing business in the City to be assigned a project coordinator who will serve as a single point of contact throughout the development process. Tax credits granted by both the federal government and the Commonwealth of Pennsylvania provide financial incentives for companies to hire new employees. The City also contains three State Enterprise Zones which enable businesses located within those designated areas to enjoy more favorable interest rates and tax incentives. The City has several sites included among the Commonwealth's Keystone Opportunity Zones, which exempt a majority of state and local taxes for a number of years.

Over the past couple of years, the City has focused on the revitalization of its downtown core, making aesthetic improvements to reestablish it as a regional destination point. With the formation of a Business Improvement District in 1996, the Pittsburgh Downtown Partnership spearheaded improvements in maintenance, safety, and marketing. The City is also working to make downtown the region's chief entertainment destination. In 2011, the City redesigned Market Square, Downtown Pittsburgh's central meeting place, making it more pedestrian friendly. Many new restaurants opened in Market Square and throughout Downtown Pittsburgh.

The City is also strengthening and revitalizing its neighborhoods, encouraging new housing and mixed-use development throughout the City, providing both new and existing residents a higher quality of life. The City has also partnered with developers to attract new stores and restaurants back into the neighborhoods.

In 2011, at the old Nabisco site and newly developed Bakery Square complex in the Larimer neighborhood of the City, Google opened a 40,000 sq. ft. office space with 150 employees. Google is planning further expansion in 2012. Also, in 2011 in the Bakery Square development, a 110-room Marriott Springhill Suites opened hiring 28 employees, and Target opened a 145,000 sq. ft. store in East Liberty. Spurred by this success, more than \$90 million in private investments is now underway or due to begin construction in the coming year in this corridor, including a full-service 140-room Holiday Inn, 84 market rate condominiums, 110,000 sq. ft. of commercial space, and 640 parking spaces.

The most dramatic development in the City however, may be its rebirth as a hub for the technology industry. The University of Pittsburgh and Carnegie Mellon University lead the way in research of biotechnology, bioengineering, robotics, and information technology. Increases in university research and development spending are a significant sign that the City's universities are working to commercialize technology development. This R & D spending will spin off new companies, new jobs, and new wealth. During the past 15 years, Pittsburgh has more than doubled its number of technology driven firms, creating over 1,200 new enterprises. Today, nearly 2,400 high technology firms employ over 90,000 individuals, accounting for roughly nine percent of the total workforce in Greater Pittsburgh. In fact, the Pittsburgh region now ranks in the top ten in the nation in total employment of computer software professionals. Pittsburgh is also the third largest environmental technology hub in the country. In aggregate, technology companies have produced over 30,000 new jobs since 1980, sharply offsetting job losses from other industries in the region.

According to the Pittsburgh Regional Alliance, the Pittsburgh region was among the nation's top performers for business investment in 2010, despite the worst global economic conditions since the Great Depression. According to this data, regional capital investments from 197 economic development deals totaled \$3 billion in 2009. These are expected to create, over time, 7,238 new jobs and retain 8,683 – for a total employment impact of nearly 16,000 jobs.

According to “Foreign Direct Investment” magazine, the Pittsburgh region is now recognized as a top destination for global business investment. Pittsburgh ranked first overall in the country in the large cities category.

In cooperation with the Pittsburgh School District, the City has created the Pittsburgh Promise Program. This program provides scholarships of up to \$10,000 per year for qualified students to any accredited post-secondary institution within Pennsylvania. As of the end of 2011, more than 3,100 graduates of the Pittsburgh Public Schools have taken advantage of the Pittsburgh Promise scholarship. This should help to grow the City's population and make it attractive for families to stay or move into the City.

The overall outlook for Pittsburgh in the 21st century and beyond is promising. The City's investments and initiatives of the past several years are leading to more business development and increased residential construction.

REVENUES

Real Estate Tax - Real estate property in the City is assessed by the Allegheny County Board of Property Assessment, Appeals and Review at a rate of 100% of its fair market value. The rates for 2011 were 10.8 mills on buildings and on land. A mill is \$1 on each \$1,000 of assessed value. The 2011 total assessed valuation for the City is \$13,486,434,282 vs. the 2010 total of \$13,441,003,778, an increase of approximately .3%.

Tax Payments - Real estate taxes are payable in three installments, but a 2% discount was granted if paid by February 10th. If payment is not made on time, interest is charged at the rate of 10% per annum, and is added to the balance of the tax due for the year.

Earned Income Tax - This tax is levied at the rate of 1% on the wages or net profits earned by residents of the City.

Parking Tax - A tax equal to 37.5% of the consideration paid for each parking transaction is levied on the patrons of non-residential parking places in the City; e.g. on a \$13.75 parking fee, \$3.75 is tax, or 37.5% of the \$10 underlying parking charge.

Amusement Tax - This tax is levied at a rate of 5% on the admission price paid by patrons of all manners and forms of for profit amusement within the City. Non-profits are exempt from the amusement tax.

Deed Transfer Tax - A tax of 2% of the consideration paid for real property transfers is levied upon the transfer of an interest in real property situated in the City.

Institution Service Privilege Tax - Certain receipts of non-profit, non-charitable organizations conducting or operating a service or service institution in the City are taxed at a rate of 6 mills.

Local Services Tax - A \$52 tax levied upon each individual whose principal place of employment is located in the City, regardless of residency. If an employee's income is less than \$12,000, they only pay \$10.

Payroll Preparation Tax - This tax is imposed on all for-profit employers at a rate of .55% of the total wages of all employees who work in the City. This tax is paid quarterly based on the payroll of the previous quarter. The installments are due February 28, May 31, August 31, and November 30.

Facility Usage Fee - A 3% tax on wages earned by non-resident athletes and performers that work at certain facilities that have been subsidized with public money.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal

year ended December 31, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

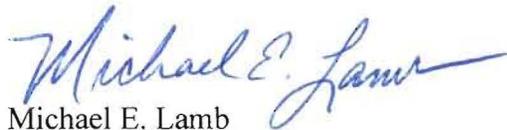
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last nineteen consecutive years (fiscal years ended 1992-2010). We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not be possible without the concerted effort of the entire staff of the Controller's Office. The continued efforts of the accounting department are gratefully appreciated. I would like to thank the employees of the various departments and authorities of the City for their assistance in providing the Controller's staff and the independent auditors with the necessary information to complete this report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michael E. Lamb". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael E. Lamb
City Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pittsburgh
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



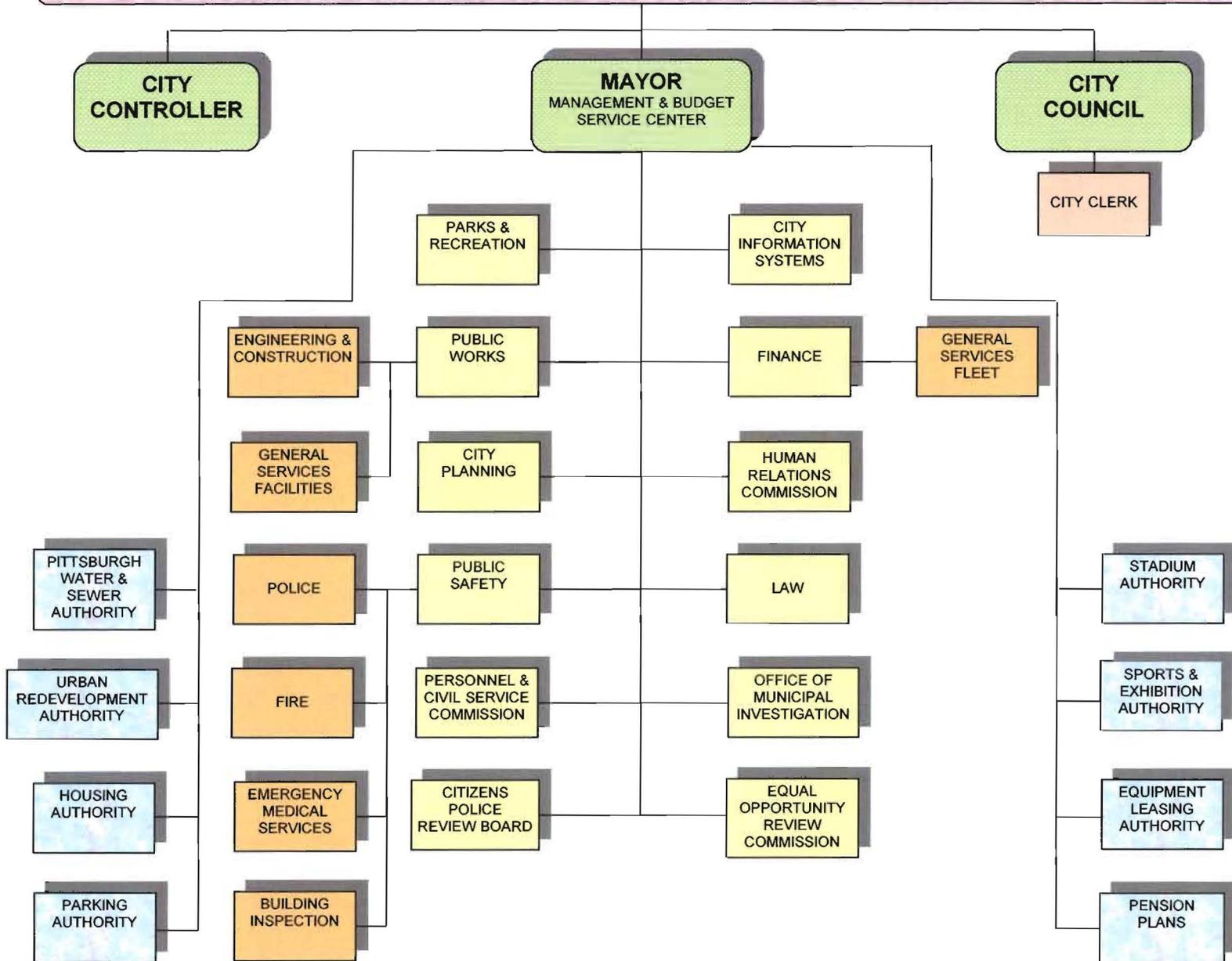
Linda C. Davison

President

Jeffrey R. Evers

Executive Director

CITIZENS OF THE CITY OF PITTSBURGH



CITY OF PITTSBURGH, PENNSYLVANIA

ELECTED CITY OFFICIALS

As of April 27, 2012

MAYOR

Luke Ravenstahl

CONTROLLER

Michael E. Lamb

MEMBERS OF COUNCIL

Darlene M. Harris, President, District 1

Rev. Ricky Burgess, Finance/Budget Committee, District 9

Theresa Kail-Smith, District 2

Bruce Kraus, District 3

Natalia Rudiak, District 4

Corey O'Connor, District 5

R. Daniel Lavelle, District 6

Patrick Dowd, District 7

William Peduto, District 8

CITY OF PITTSBURGH,
PENNSYLVANIA

FINANCIAL SECTION

Independent Auditor's Report

The Honorable Members of Council
City of Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pittsburgh, Pennsylvania (City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Parking Authority of Pittsburgh (Parking Authority) and the Stadium Authority of the City of Pittsburgh (Stadium Authority), which collectively represents 16% of the assets and 20% of the revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Parking Authority and the Stadium Authority, are based solely upon the reports 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2011 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1(B), the City is considered a distressed community under the provisions of the "Municipalities Financial Recovery Act" (Act 47) of the Commonwealth of Pennsylvania. Under the provisions of Act 47, the City adopted a financial recovery plan (Plan), which among other things, permits the City to increase certain tax rates and fees, levy new taxes, and requires reduction of certain spending levels. The Plan is intended to enable the City to maintain services at the current level. The implementation of the Plan is subject to periodic review by the Pennsylvania Department of Community and Economic Development.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other postemployment benefits schedules on pages i through xiv and 95 through 98 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual other governmental fund financial statements, Capital Projects Fund budgetary comparison, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual other governmental fund financial statements and the Capital Projects Fund budgetary comparison are the responsibility of management and were derived from and relate 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 taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion or provide any assurance on them.

Maher Duessel

Pittsburgh, Pennsylvania
April 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Pittsburgh (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report, and in the basic financial statements and supplementary information.

Financial Highlights

- The liabilities of the City exceeded its assets at the close of the most recent fiscal year by \$482.6 million. As of December 31, 2011, the City, in its statement of net assets, has a net asset unrestricted deficit of \$544.7 million. The accumulated deficit results principally from the City's outstanding general obligation bonds being issued over the years to finance projects that do not result in recording assets; specifically to fund the payments to the Pension Trust Fund (\$231.0 million outstanding as of December 31, 2011), the City's borrowings to finance economic development efforts (including projects to the City's Authorities, principally the URA), and maintenance expenditures on City infrastructure and equipment needs.
- The City's total net assets increased by \$79.0 million in 2011, due mainly to a \$53.3 million decrease in general obligation bond debt.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$118.3 million, an increase of \$21.6 million from the previous year. Approximately 49.4% of this total amount, \$58.4 million, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$58.4 million (compared to unreserved fund balance of \$42.6 million in 2010) or 12.3 % of total General Fund expenditures and debt service transfers for 2011, up from 8.6% in 2010 and down from 12.9% in 2009.

The City's gross bonded debt amounted to \$581.0 million at the end of the fiscal year.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements.

The financial section of this report consists of three parts: Management's Discussion and Analysis, the basic financial statements (including notes to the financial statements and detailed budgetary comparison schedules), and combining and individual fund statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements:

The first two statements (pages 1 - 3) are government-wide financial statements that provide long-term and short-term information about the City's overall financial status.

The remaining statements (pages 4 through 23) are fund financial statements that focus on individual parts of City government, reporting operations in more detail than the government-wide statements.

The governmental funds statements describe how general government services were financed such as public safety and sanitation.

Fiduciary fund statements provide information about the retirement plans for City employees in which the City acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support City activities.

The financial statements include notes that provide an explanation for certain information in the financial statements and also provide more details for this information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, a section with combining statements provides details about the non-major governmental funds that are presented in single columns in the basic financial statements. The following diagram shows how the required components of this comprehensive annual financial report are arranged and relate to one another.

Figure A-1
REQUIRED COMPONENTS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

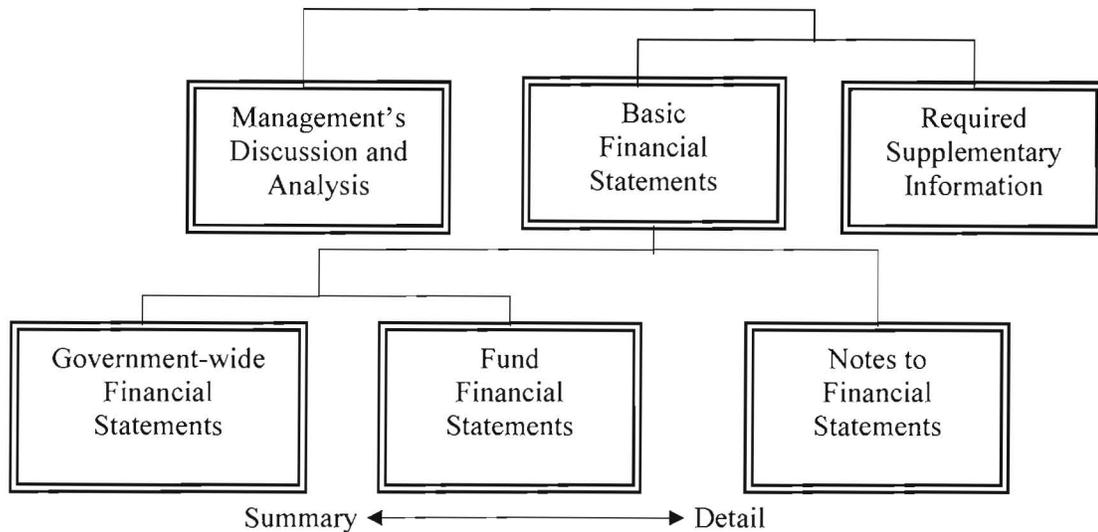


Figure A-2 summarizes the major features of the City’s financial statements. The remainder of this overview section of Management’s Discussion and Analysis explains the structure and contents of each of the statements.

Figure A-2			
Major Features of City’s Government-Wide and Fund Financial Statements			
	<u>Government-wide Statements</u>	<u>Fund Statements</u>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and recreation	Instances in which the City is the trustee or agent for someone else’s resources, such as the retirement plans for City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Combined statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the City’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the City’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

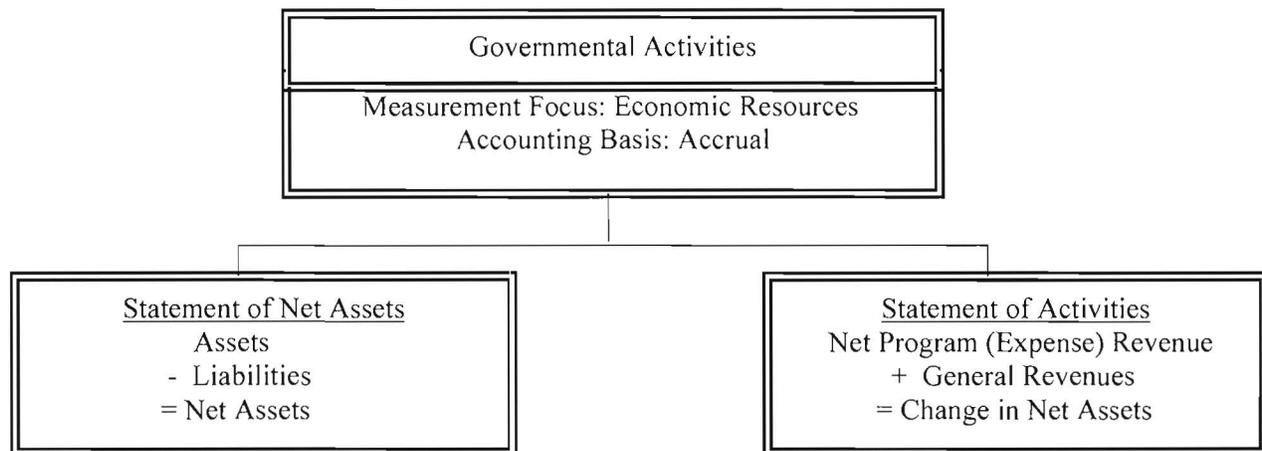
The statement of activities presents information showing how the government’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the

underlying event gives rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only the City itself (known as the primary government), but also component units of the Urban Redevelopment Authority (URA), Pittsburgh Water and Sewer Authority, Public Parking Authority, and the Stadium Authority. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found in the financial section of this report. The two government-wide statements report the City's net assets and how they have changed. The statement of net assets includes all of the City's assets and liabilities, except fiduciary funds. Net assets - the difference between the City's assets and liabilities - is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating. The statement of activities focuses on how the City's net assets changed during the year. Additional non-financial factors such as changes in the City's real property tax base and general economic conditions must be considered to assess the overall position of the City. The primary features of government-wide financial statements are reflected in Figure A-3.

**Figure A-3
Government-wide Financial Statements**



- *Governmental activities* - Most of the City's basic services are included here, such as the police, public works, recreation, and general administration. Property and earned income taxes, charges for services, and state grants finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for

specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds. Some funds are required by State law.

The City has two kinds of funds:

- *Governmental Funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Debt Service Fund, the Community Development Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other six governmental funds (non-major funds) are combined into a single, aggregated presentation (other governmental funds).

The City adopts an annual appropriated budget for its General Fund, Capital Projects Fund, and Community Development Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 4-18 of this report.

- *Fiduciary Funds -- (Pension Trust Funds and Agency Funds)* - The City administers three pension plans. One is for the general employees and the others are for police officers and firemen. These plans cover essentially all full-time employees. The City is responsible for

ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate combined statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Pittsburgh's own programs. Agency funds are custodial in nature and do not involve measurement of results of operations.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-94 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 95-98 of this report.

Government-wide Financial Analysis

In the case of the City, liabilities exceeded assets by \$482.6 million at the close of the most recent fiscal year.

By far the largest portion of the City's deficit in net assets is its unrestricted deficit of \$544.7 million. This deficit is partially offset by investment in capital assets less any related debt still outstanding used to acquire those assets of \$43.9 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and the assets have been financed with debt in an amount that exceeds the capital assets carrying value.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Condensed Net Assets:

The following table presents a condensed summary of net assets:

City of Pittsburgh's Net Assets

	Governmental Activities	
	(\$ millions)	
	2011	2010
Assets		
Current assets:		
Unrestricted assets	\$ 155	\$ 143
Noncurrent assets - other	75	56
Capital assets	157	164
Total assets	387	363
Liabilities		
Current liabilities	125	135
Long-term liabilities, outstanding	745	790
Total liabilities	870	925
Net Assets		
Invested in capital assets, net of related debt	44	37
Restricted	18	5
Unrestricted	(545)	(604)
Total net assets	\$ (483)	\$ (562)

At the end of the current fiscal year, the City reports a \$482.6 million net deficit for the governmental activities due in part to its debt burden outstanding. This is consistent with the prior fiscal year.

Summary of Changes in Net Assets:

The following table shows the revenues and expenses of the primary government.

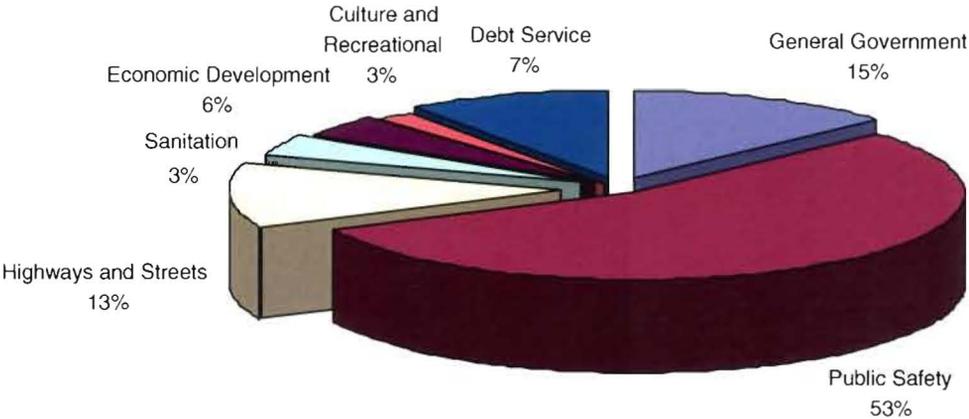
Governmental activities - Governmental activities increased the City's net assets by \$79.0 million.

The remaining amounts are as follows:

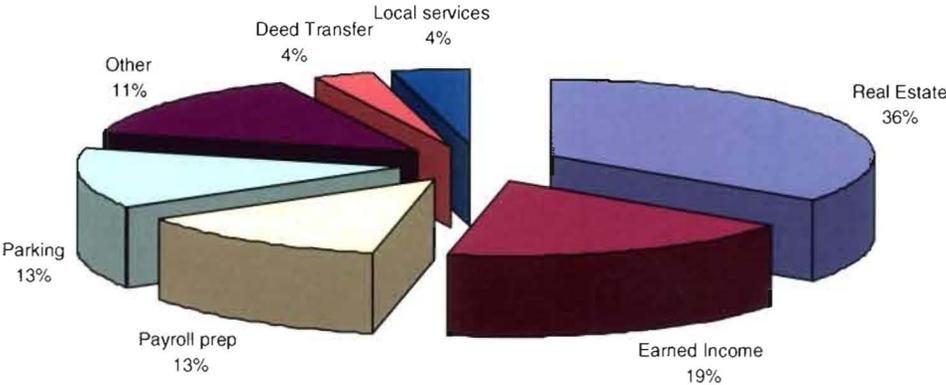
City's of Pittsburgh Activities

(\$ millions)	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 44	\$ 44
Operating grants and contributions	94	66
Capital grants and contributions	32	32
Total program revenues	170	142
General revenues:		
Real estate property taxes	136	132
Earned income taxes	75	70
Business privilege taxes	-	1
Local services taxes	13	14
Payroll preparation taxes	51	47
Parking taxes	48	47
RAD sales taxes	21	21
Deed transfer taxes	19	14
Amusement taxes	13	11
Payment in lieu of taxes	4	-
Facilities usage tax	4	3
Donations and endowments	4	-
Other taxes	1	2
Investment earnings	-	-
Other	2	2
Total general revenues	391	364
Total revenues	561	506
Expenses:		
General government	72	72
Public safety	257	265
Highways/streets	61	65
Sanitation	16	17
Economic development	29	41
Culture and recreation	12	13
Interest on long-term debt plus amortz. of issuance cost and premium/discounts	35	37
Total expenses	482	510
Change in Net Assets	79	(4)
Net Assets:		
Beginning of year	(562)	(558)
End of year	\$ (483)	\$ (562)

Expenses of the governmental statement of activities are shown below by functional area:



General Fund tax revenues (72% of total revenue) are presented below by type of tax:



Governmental Funds

Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Revenues for the General Fund totaled \$489.3 million in 2011, an increase of \$54.5 million, or by 12.5%, compared to 2010. The net increase of \$20.0 million in tax revenue was mostly due to increases of \$3.9 million in the real estate tax, \$4.5 million in the earned income tax, \$4.6 million in the deed transfer tax, \$4.3 million in the payroll preparation tax, and \$2.3 million in the amusement tax. All other taxes were relatively stable.

In addition to the above General Fund tax revenues, the City collected \$21.0 million in the Community Development Fund, \$11.8 million in Capital Projects, and \$38.3 million in Other Governmental Funds, mostly from pass-through of federal and state monies.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$118.3 million, an increase of \$21.6 million from 2010. Approximately 49.4% of this total fund balance, or \$58.4 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance that is restricted for endowments, employee benefits, State and Federal Purpose Grants, and the Enterprise Resources Planning (computer) System is \$18.2 million; the amount committed for specified program services and capital projects is \$19.4 million and the amount assigned for encumbrances and debt service is \$20.9 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$58.44 million, while total fund balance for the General Fund was \$69.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.7% of total General Fund expenditures and operating transfers, while total fund balance represents 14.7% of General Fund expenditures and operating transfers. A fund balance percentage of 15%-20% of expenditures is typically considered a sign of financial health.

The fund balance of the City's General Fund increased by \$20.4 million during the current fiscal year compared to a decrease of \$12.5 million in 2010.

Expenditures and uses, including debt service payments/transfers, for the General Fund in 2011 decreased to \$472.0 million, compared to \$498.0 million in 2010 representing a decrease of 5.0% or \$26.0 million overall. This decrease is due mainly to a \$36.0 million decrease in payments to the pension plans offset by a \$13.3 transfer to capital projects.

Transfers to the Debt Service Fund of \$84.9 million combined with debt subsidies of \$14.6 million totaled \$99.5 million, compared to \$99.0 million in 2010. The debt subsidies are for the URA and Auditorium Authority and are commitments made by the City over the life of their bonds. Debt and debt subsidies accounted for 19.1% of the expenditures, illustrating the

magnitude of the City's annual debt service. The City's normal debt service percentage has been between 22%-25%.

The Debt Service Fund has a total fund balance of \$1.1 million, all of which is assigned for the payment of debt service.

The Community Development Fund had intergovernmental revenues of \$21.0 million and expenditures of \$21.0 million. The Capital Projects Fund had \$11.8 million of revenues, \$19.9 million in maintenance and non-capital related expenses; \$3.5 million in capital related expenditures and \$3.9 million in operating transfers. The Capital Projects Fund fund balance decreased by \$2.0 million in 2011 to \$29.7 million as of December 31, 2011.

General Fund Budgetary Highlights

Actual General Fund revenues were above the budgeted revenues by \$24.5 million mainly due to greater than budgeted parking tax revenue of \$14.1 million, greater Pension State Aid of \$11.5 million and greater Local Share of Slots Revenue of \$6.1 million. This was offset by shortfalls in Federal and State Grants Revenue of \$3.3 million and Provisions of Services revenue of \$3.3 million. In addition, the final cash basis revenues were greater than the final cash basis expenditures by \$16.5 million, in effect having a surplus for the year. Final budget General Fund expenditures were greater than original budget by \$9.6 million or about 2.1% and were less than the actual expenditures by \$3.6 million or 0.8%.

During fiscal year 2011, City Council amended the budget primarily for the following reason:

- To appropriate funds to pay prior year commitments in the form of encumbrances for General Fund purchase orders authorized and issued, but for which goods and services were not received nor paid for by December 31, 2010 totaled \$9.6 million.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental-type activities, as of December 31, 2011, amounts to \$157.2 million, net of accumulated depreciation. This investment in capital assets includes building and building improvements, land, machinery and equipment, furniture and fixtures, vehicles, infrastructure, capital lease, and construction-in-progress.

Major capital asset events during the current fiscal year were limited due to the lack of working capital to invest in assets. The only major increase in assets was the purchase of \$2.2 million in vehicles.

City of Pittsburgh's Changes in Capital Assets

(\$ millions)	Governmental Activities	
	2011	2010
Land and land improvements	\$ 46	\$ 46
Construction in progress	5	3
Buildings and building improvements	89	89
Capital lease	15	15
Infrastructure	180	178
Vehicles	63	63
Furniture and fixtures	4	4
Machinery and equipment	4	4
Total capital assets	406	402
Less accumulated depreciation for:		
Buildings	(80)	(78)
Infrastructure	(108)	(103)
Vehicles	(47)	(44)
Furniture and fixtures	(4)	(4)
Capital leases	(6)	(5)
Machinery and equipment	(4)	(4)
Total accumulated depreciation	(249)	(238)
Total capital net assets	\$ 157	\$ 164

More detailed information about capital assets is provided in Note 6 to the financial statements.

Long-term debt - At the end of the current fiscal year, the City had total debt outstanding of \$581.0 million, which comprises debt backed by the full faith and credit of the government.

City of Pittsburgh's Outstanding Debt

(\$ millions)	Governmental Activities	
	2011	2010
General obligation bonds:		
Beginning balance at January 1	\$ 633	\$ 680
Debt issued and other	-	-
Refinanced bonds	-	-
Principal payments and other	(52)	(47)
Ending balance at December 31	\$ 581	\$ 633

More detailed information about long-term debt is provided in Note 9 of the financial statements.

Significant Events

In November 2003, the City sought municipal self-help as a “financially distressed” municipality under the Municipalities Financial Recovery Act (Act 47). The PA Department of Community and Economic Development (DCED), after review of the City’s application and advice of its legal and financial experts, agreed. The Act 47 coordinators issued their initial Recovery Plan on June 11, 2004, which was adopted by Pittsburgh City Council on June 29, 2004.

Subsequent to the City’s designation as financially distressed under Act 47, the State legislature under Act 11 established an Intergovernmental Cooperation Authority (ICA) to provide fiscal oversight for the City for a period of seven years. Act 11 stipulated that the ICA is to operate concurrently and equally with the Act 47 coordinators.

In accordance with specific requirements under Act 11 and with the support and approval of both the Act 47 coordinators and ICA oversight committee, the City submitted on November 5, 2004 its 2005 Operating and Capital Budgets and Five-Year Financial Forecast and Performance Plan. The Plan called for both expenditure cut backs and proposed a new tax levy structure.

Expenditure reductions and controls included: salary freezes city-wide for at least two years, Public Safety cost reduction achieved primarily through the renegotiation of the Firefighter contract, reductions to all elected officials’ budgets and regular reporting requirements verifying adherence to the Plan’s budget.

On November 21, 2004, the State Legislature approved legislation providing Pittsburgh with new taxing authority that was intended to balance its 2005 and subsequent operating budget allowing for a surplus each year to build a fund balance of \$21.9 million by 2009. As of December 31, 2009, the City had exceeded these expectations by having a fund balance of \$61.4 million. Taxes included: a 0.55% tax on the gross payroll of all for-profit businesses, \$52 on individuals

working in the City, 3.0% tax on wages earned by non-resident sports players and performers using the stadium and arena, a shift in earned income away from the school district and to the City beginning in 2007, elimination of the \$4.0 million payment of regional asset district sales tax to the school district and a gradual reduction in the City's parking tax beginning in 2007. The tax package provided for the gradual reduction of the business privilege tax and total elimination of the mercantile tax.

By December 31, 2011, the 2012 Operating and Capital Budgets and Five-Year Financial Forecast and Performance Plan were submitted to the Act 47 coordinators and ICA oversight committee and were subsequently approved. There were no significant changes from the initial five-year plan.

During the first quarter of 2005, the City signed a 5-year contract with the Firefighter's Union that provided the City with a budget savings of \$9.1 million in 2005, \$13.2 million in 2006, and \$15.4 million in 2007. A combination of staff reduction, station closings, and benefit renegotiation produced those savings. In 2010, a new contract with the Firefighters was signed and the Firefighters agreed to increase their pension contribution from 6.5% to 7%.

Pension Funding

Commonwealth of Pennsylvania Act 47 of 2009 required the City's aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City's pension funds seized and administered by the Pennsylvania Municipal Retirement System. This City met this requirement by transferring \$45 million to the Pension Comprehensive Trust Fund ("Fund") in 2010 and agreeing to dedicate parking tax revenues for the next 31 years. The City contributed \$13.4 million of the parking tax revenue to the Fund in 2011 and intends to contribute the same amount each year through 2017 and \$26.8 million per year from 2018 through 2041.

Cash Position

During 2011, the City continued efforts begun in the latter half of 2003 to control costs, improve collections, and maintain solvency. These efforts, combined with remaining available fund balance, produced benefits into 2011 by allowing the City to meet its beginning of the year obligations without executing a bank note at the beginning of 2011. The City expects cash flows to be sufficient enough in 2012 to maintain a positive cash position.

Due to the revenue increase combined with increased costs in the budget, at the end of 2011, the City projected a 2012 General Fund ending cash balance of \$56.8 million, an increase of \$1.2 million, or 2.1%, in liquidity over 2011. There is every indication at this time that this projection is realistic and that there should be no need to seek outside funding for continuing operations through 2015.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller's Office, First Floor, City County Building, 414 Grant Street Pittsburgh, PA 15219.

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

Assets	Primary Governmental Activities	Component Units
Current assets:		
Cash, cash equivalents, and investments	\$ 103,074,263	\$ 251,718,397
Restricted cash	341,188	14,249,782
Investments - restricted	-	4,624,876
Real estate taxes (net of allowance for uncollectible accounts of \$18,887,029)	12,500,822	-
Accounts receivable, net	-	20,093,300
Accrued interest receivable	20,291	479,372
Due from other governments	9,890,822	8,518,780
Taxpayer - assessed taxes receivable	18,334,297	-
Inventory	-	1,718,000
Notes receivable	-	10,228
Other receivables	11,274,873	22,273,181
Prepaid expenses	-	219,054
Total current assets	155,436,556	323,904,970
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	-	3,479,000
Investments	-	66,333,277
Non-routine maintenance	-	175,264
Insurance escrow	-	44,126
Replacement escrow	-	125,375
Accounts receivable - parking	-	233,500
Total restricted assets	-	70,390,542
Capital assets:		
Capital assets not being depreciated:		
Land and land improvement	45,602,091	39,257,939
Construction-in-progress	4,734,490	62,801,560
Capital assets being depreciated:		
Buildings and building improvements	88,778,564	83,241,957
Parking facilities	-	160,398,676
Machinery and equipment	4,304,531	6,275,577
Utility plant	-	683,521,000
Non-utility plant	-	18,043,000
Furniture and fixtures	4,192,053	-
Vehicles	62,972,494	-
Infrastructure	179,919,789	2,241,369
Capital lease	15,434,653	-
Less accumulated depreciation	(248,706,489)	(321,801,463)
Total net capital assets	157,232,176	733,979,615
Net pension asset	74,621,040	-
Leasehold improvements	-	6,446,245
Other assets	-	1,376,985
Other assets - restricted	-	100,118,000
Bond issuance costs, net of amortization	-	25,968,134
Loans/notes receivable	-	83,209,794
Property held for redevelopment	-	25,246,989
Development fund	-	2,706,748
Total noncurrent assets	231,853,216	1,049,443,052
Total Assets	387,289,772	1,373,348,022

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

(Continued)

	Primary Governmental Activities	Component Units
Liabilities		
<hr/>		
Current liabilities:		
Accounts payable - wastewater treatment	-	16,305,000
Accrued expenses and deferred income	-	733,168
Accounts and retainage payable	10,828,977	3,756,789
Accrued payroll and related obligations	10,295,559	50,169,361
Accrued interest payable	10,918,136	12,602,155
Accrued worker's compensation	15,357,573	-
Accrued compensated absences	18,102,039	-
Accrued claims and judgments	2,773,333	-
Unearned revenue	-	12,019,138
Due to other governments	1,798,980	-
Capital lease liability, current portion	658,554	-
Note due to City of Pittsburgh, current portion	-	-
Bonds and loans payable, current portion	54,675,000	33,791,987
Total current liabilities	125,408,151	129,377,598
Noncurrent liabilities:		
Unearned revenue	-	292,000
Other liabilities	-	6,277,643
Accrued payroll - related obligations	-	972,000
Swap liability	-	117,907,000
Bonds and loans payable, net of unamortized premiums/ discounts and bond issuance costs	526,332,897	858,732,599
Accrued workers' compensation	130,696,378	-
Unfunded post-retirement employee benefits	62,295,727	-
Accrued compensated absences	11,198,195	-
Accrued claims and judgments	3,170,000	-
Capital lease liability	10,795,626	-
Advance from the City of Pittsburgh	-	22,775,168
Total noncurrent liabilities	744,488,823	1,006,956,410
Total Liabilities	869,896,974	1,136,334,008
Net Assets		
<hr/>		
Invested in capital assets, net of related debt	43,879,623	8,492,991
Restricted for:		
Capital projects	-	11,765,678
Debt service	-	11,317,694
Employee benefits	1,535,186	-
Endowments	4,734,488	-
State and Federal Purpose Grants	6,680,477	-
Enterprise Resource Planning System	5,257,195	-
Public Parking Authority	-	13,022,756
Urban development	-	42,725,840
Lending programs	-	86,618,802
Multi-family Housing Program	-	3,672,632
Unrestricted net assets	(544,694,171)	59,397,621
Total Net Assets	\$ (482,607,202)	\$ 237,014,014

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 72,151,719	\$ 22,147,599	\$ 53,685,076	\$ 9,617,976	\$ 13,298,932	\$ -
Public safety	256,878,936	16,993,800	23,128,958	313,716	(216,442,462)	-
Highway and streets	60,616,098	2,780,705	14,523,684	15,077,006	(28,234,703)	-
Sanitation	15,570,885	84,718	572,688	-	(14,913,479)	-
Economic development (includes debt subsidies to URA of \$14,363,097)	29,713,751	-	196,000	5,821,455	(23,696,296)	-
Culture and recreation (includes debt subsidies to Public Auditorium Authority of \$255,221)	12,300,170	1,679,201	2,308,032	1,035,754	(7,277,183)	-
Interest on long-term debt plus bond issuance cost and amortization of premiums and discounts	34,804,447	-	-	-	(34,804,447)	-
Total primary government	\$ 482,036,006	\$ 43,686,023	\$ 94,414,438	\$ 31,865,907	(312,069,638)	-
Total component units	\$ 270,456,442	\$ 212,084,440	\$ 64,410,240	\$ 2,277,000		8,315,238
General revenues:						
Real estate taxes					135,744,044	-
Earned income taxes					74,537,388	-
Business privilege taxes					231,821	-
Local services tax					13,138,226	-
Payroll preparation tax					51,057,843	-
Parking tax					48,242,776	-
Sales taxes from the Regional Asset District					20,857,014	-
Deed transfer tax					18,729,805	-
Amusement tax					13,132,370	-
Nonprofit payment in lieu of taxes					3,555,369	-
Facilities usage tax					3,909,197	-
Public service privilege					1,330,317	-
Mercantile tax					1,330	-
Other taxes					618,209	-
Unrestricted investment earnings					72,903	(10,351,780)
Donations and endowments					4,209,467	-
Gain (loss) of sale of assets					-	509,200
Miscellaneous					1,661,003	(313,194)
Total general revenues					391,029,082	(10,155,774)
Change in Net Assets					78,959,444	(1,840,536)
Net assets - beginning					(561,566,646)	238,854,550
Net assets - ending					\$ (482,607,202)	\$ 237,014,014

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2011

<u>Assets</u>	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 55,627,990	\$ 1,050,598	\$ 1,718,284	\$ 25,212,549	\$ 19,464,842	\$ 103,074,263
Cash and cash equivalents - restricted	341,188	-	-	-	-	341,188
Receivables:						
Real estate taxes (net of allowances for uncollectible accounts of \$18,887,029)	12,500,822	-	-	-	-	12,500,822
Taxpayer - assessed taxes receivable	18,334,297	-	-	-	-	18,334,297
Other receivables	9,272,763	-	-	-	2,002,110	11,274,873
Due from component units	-	-	-	-	-	-
Accrued interest	20,230	19	-	-	42	20,291
Advance to other fund	-	-	-	1,300,000	-	1,300,000
Due from other governments	2,957,074	-	2,790,418	3,771,215	372,115	9,890,822
Due from other funds	1,183,341	-	2,579	64,873	155,803	1,406,596
Total Assets	\$ 100,237,705	\$ 1,050,617	\$ 4,511,281	\$ 30,348,637	\$ 21,994,912	\$ 158,143,152

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2011

(Continued)

	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 5,286,702	\$ -	\$ 2,297,596	\$ 676,428	\$ 2,000,924	\$ 10,261,650
Accrued liabilities	10,558,444	-	23,679	-	280,763	10,862,886
Advance from other fund	-	-	1,300,000	-	-	1,300,000
Due to other funds	5,803	-	805,389	-	595,404	1,406,596
Due to other governments	854,245	-	-	-	944,735	1,798,980
Accrued claims and judgments	2,773,333	-	-	-	-	2,773,333
Deferred revenue, principally real estate taxes	11,477,340	-	-	-	-	11,477,340
Total Liabilities	30,955,867	-	4,426,664	676,428	3,821,826	39,880,785
Fund Balance:						
Non-spendable - Advance	-	-	-	1,300,000	-	1,300,000
Restricted:						
Endowments	4,734,488	-	-	-	-	4,734,488
Employee Benefits	1,535,186	-	-	-	-	1,535,186
State and Federal Purpose Grants	-	-	84,617	-	6,595,860	6,680,477
Enterprise Resource Planning System	-	-	-	5,257,195	-	5,257,195
Committed:						
Specified Program Services	-	-	-	-	11,144,721	11,144,721
Capital Projects	-	-	-	8,248,908	-	8,248,908
Assigned:						
Encumbrances	4,563,061	-	-	14,866,106	432,505	19,861,672
Debt Service	-	1,050,617	-	-	-	1,050,617
Unassigned	58,449,103	-	-	-	-	58,449,103
Total Fund Balance	69,281,838	1,050,617	84,617	29,672,209	18,173,086	118,262,367
Total Liabilities and Fund Balance	\$ 100,237,705	\$ 1,050,617	\$ 4,511,281	\$ 30,348,637	\$ 21,994,912	\$ 158,143,152

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2011

Total Fund Balance - Governmental Funds \$ 118,262,367

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

Capital assets including construction-in-progress used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$405,938,665 and the accumulated depreciation is \$248,706,489. 157,232,176

Property taxes receivable and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are deferred in the funds. Receivable amounts are shown net of allowances, but are not deferred in the government-wide financial statements. 11,477,340

Net pension assets are reported in the government-wide financial statements, but payments for pension are current expenditures in the governmental fund financial statements. 74,621,040

Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable, net of unamortized premiums/ discounts and bond issuance costs	\$ (581,007,897)	
Capital lease liability	(11,454,180)	
Accrued workers' compensation	(146,053,951)	
Accrued compensated absences	(29,300,234)	
Unfunded post-retirement employee benefits	(62,295,727)	
Accrued interest payable	(10,918,136)	
Accrued claims and judgments	(3,170,000)	(844,200,125)

Total Net Assets - Governmental Activities \$ (482,607,202)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2011

	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes, including penalties and interest	\$ 379,950,307	\$ -	\$ -	\$ 818,504	\$ -	\$ 380,768,811
Payment in lieu of taxes	3,555,369	-	-	-	-	3,555,369
Interest and dividends	62,814	1,554	-	7,730	806	72,904
Fines and forfeits	7,825,891	-	-	-	548,087	8,373,978
Intergovernmental revenues	61,846,350	-	20,990,427	10,875,482	32,568,088	126,280,347
Charges for user services	30,919,306	-	-	15,933	4,376,807	35,312,046
Donations and endowments	3,797,567	-	-	-	412,000	4,209,567
Miscellaneous	1,358,943	-	-	100,000	410,133	1,869,076
Total revenues	<u>489,316,547</u>	<u>1,554</u>	<u>20,990,427</u>	<u>11,817,649</u>	<u>38,315,921</u>	<u>560,442,098</u>
Expenditures:						
Current:						
General government	49,101,827	-	10,837,319	3,451,821	5,352,297	68,743,264
Public safety	249,485,000	-	182,073	3,538,365	3,210,625	256,416,063
Public works	28,074,806	-	4,949,442	11,695,401	11,029,650	55,749,299
Sanitation	15,481,562	-	-	-	-	15,481,562
Community, recreational, and cultural	7,742,354	-	1,008,922	156,068	3,169,110	12,076,454
Economic and physical development	-	-	4,007,621	1,030,806	9,331,455	14,369,882
Claims and judgments	1,244,902	-	-	-	-	1,244,902
Miscellaneous	6,576,367	-	-	-	-	6,576,367
Debt service:						
Principal retirement of bonds	-	51,845,000	-	-	-	51,845,000
Interest on bonds	683,364	35,573,693	-	-	-	36,257,057
Public Auditorium Authority subsidy	255,221	-	-	-	-	255,221
Urban Redevelopment Authority subsidy	14,363,097	-	-	-	-	14,363,097
Capital outlay:						
Highways, streets, and other construction projects	-	-	-	3,472,110	1,990,034	5,462,144
Total expenditures	<u>373,008,500</u>	<u>87,418,693</u>	<u>20,985,377</u>	<u>23,344,571</u>	<u>34,083,171</u>	<u>538,840,312</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>116,308,047</u>	<u>(87,417,139)</u>	<u>5,050</u>	<u>(11,526,922)</u>	<u>4,232,750</u>	<u>21,601,786</u>
Other Financing Sources (Uses):						
Transfers from other funds	3,030,607	84,900,351	-	13,337,471	5,444,826	106,713,255
Transfer to other funds	(98,987,822)	-	(5,050)	(3,851,955)	(3,868,428)	(106,713,255)
Total other financing sources (uses)	<u>(95,957,215)</u>	<u>84,900,351</u>	<u>(5,050)</u>	<u>9,485,516</u>	<u>1,576,398</u>	<u>-</u>
Net Change in Fund Balance	<u>20,350,832</u>	<u>(2,516,788)</u>	<u>-</u>	<u>(2,041,406)</u>	<u>5,809,148</u>	<u>21,601,786</u>
Fund Balance:						
Beginning of year	48,931,006	3,567,405	84,617	31,713,615	12,363,938	96,660,581
End of year	<u>\$ 69,281,838</u>	<u>\$ 1,050,617</u>	<u>\$ 84,617</u>	<u>\$ 29,672,209</u>	<u>\$ 18,173,086</u>	<u>\$ 118,262,367</u>

See accompanying notes to financial statements.

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

YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balance - Governmental Funds **\$ 21,601,786**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays less net deletions in the current period:

Capital outlays	\$ 5,639,153	
Less: net deletions	(208,073)	
Less: depreciation expense	<u>(12,607,359)</u>	(7,176,279)

Some taxes and other revenues will not be collected for several months after the City's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year.

761,430

Net pension assets are reported in the government-wide financial statements, but payments for pension are current expenditures in the governmental fund financial statements. The net pension assets increased by this amount during the year.

18,184,672

The issuance of long-term obligations (e.g., notes and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, interest, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

53,918,003

In the statement of activities, certain expenses - workers' compensation, compensated absences, other post-employment benefits, and claims and judgments are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount incurred versus the amount used.

(8,330,168)

Change in Net Assets of Governmental Activities

\$ 78,959,444

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes, net of refunds and banking fees:				
Real estate	\$ 128,790	\$ 128,790	\$ 129,486	\$ 696
Non-profit payment for services	2,800	2,800	3,503	703
Mercantile	-	-	2	2
Payroll preparation	46,970	46,970	50,371	3,401
Amusement	11,996	11,996	13,549	1,553
Earned income	70,398	70,398	72,176	1,778
Deed transfer	14,006	14,006	18,298	4,292
Parking	33,283	33,283	47,365	14,082
Local Services Tax	13,376	13,376	13,773	397
Business privilege	87	87	245	158
Institution and service privilege	442	442	455	13
Facility usage fee	3,134	3,134	3,843	709
Public service	1,333	1,333	1,330	(3)
Penalties and interest	1,990	1,990	1,457	(533)
Act 77 - tax relief	11,967	11,967	12,389	422
Total taxes, net of refunds and banking fees	<u>340,572</u>	<u>340,572</u>	<u>368,242</u>	<u>27,670</u>
Interest earnings	179	179	59	(120)
Fines and forfeits	8,825	8,825	9,517	692
Licenses and fees:				
Liquor and malt beverage	423	423	410	(13)
General government	1,000	1,000	690	(310)
Rentals and charges	5,867	5,867	4,352	(1,515)
Total licenses and fees	<u>7,290</u>	<u>7,290</u>	<u>5,452</u>	<u>(1,838)</u>
Federal and state grants	10,073	10,073	6,776	(3,297)
Reimbursement, CDBG	803	803	588	(215)
Public Parking Authority	2,600	2,600	1,197	(1,403)
PWSA reimbursement	7,300	7,300	7,300	-
Sports and Exhibition Authority	-	-	3	3
Urban Redevelopment Authority	1,500	1,500	-	(1,500)
State utility tax	470	470	459	(11)
Miscellaneous	253	253	2,267	2,014
Sale of public property	-	-	5	5
Breakeven centers	21,087	21,087	20,207	(880)
Joint operations	183	183	179	(4)
Provisions of services	8,772	8,772	5,518	(3,254)
State aid - pension	15,429	15,429	26,908	11,479
Economic development slots revenue	5,100	5,100	5,100	-
2% Local share of slots revenue	10,000	10,000	16,084	6,084
Operating transfer	300	300	1,906	1,606
Intergovernmental service fee	2,298	2,298	1,865	(433)
Fund Balance - Prior Year	12,076	12,076	-	(12,076)
Total revenues	<u>455,110</u>	<u>455,110</u>	<u>479,632</u>	<u>24,522</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Expenditures:							
General Government:							
City Council and City Clerk's Office:							
City Council:							
Salaries	1,311	23	1,334	1,291	-	1,291	43
Education and training	-	2	2	2	-	2	-
Supplies	-	-	-	-	-	-	-
Miscellaneous services	-	12	12	-	-	-	12
Total city council	1,311	37	1,348	1,293	-	1,293	55
City Clerk's Office:							
Salaries	480	27	507	498	-	498	9
Education and training	8	-	8	-	-	-	8
Miscellaneous services	161	67	228	101	2	103	125
Supplies	8	1	9	8	-	8	1
Rentals	-	8	8	8	-	8	-
Equipment	5	1	6	4	-	4	2
Transfers	-	3	3	3	-	3	-
Total city clerk's office	662	107	769	622	2	624	145
Total city council and city clerk's office	1,973	144	2,117	1,915	2	1,917	200
Mayor's Office:							
Salaries	857	-	857	847	-	847	10
Premium pay	2	-	2	-	-	-	2
Miscellaneous services	101	9	110	90	-	90	20
Education and training	41	-	41	32	-	32	9
Supplies	31	1	32	19	-	19	13
Equipment	3	-	3	2	-	2	1
Rentals	6	-	6	2	-	2	4
Total mayor's office	1,041	10	1,051	992	-	992	59
City Information Systems:							
Salaries	2,501	38	2,539	2,539	-	2,539	-
Premium pay	34	(27)	7	7	-	7	-
Miscellaneous services	1,783	37	1,820	1,804	-	1,804	16
Education and travel expense	25	(2)	23	22	-	22	1
Supplies	168	-	168	168	-	168	-
Equipment	39	11	50	39	-	39	11
Utilities	870	-	870	870	-	870	-
Total city information systems	5,420	57	5,477	5,449	-	5,449	28
Total Mayor's Office	6,461	67	6,528	6,441	-	6,441	87
Commission on Human Relations:							
Salaries	219	-	219	168	-	168	51
Miscellaneous services	10	20	30	4	-	4	26
Education and training	1	-	1	-	-	-	1
Supplies	1	-	1	1	-	1	-
Equipment	1	-	1	1	-	1	-
Total commission on human relations	232	20	252	174	-	174	78

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Office of City Controller:							
Salaries	2,202	-	2,202	2,136	-	2,136	66
Premium pay	8	-	8	-	-	-	8
Miscellaneous services	100	50	150	86	15	101	49
Education and training	17	-	17	14	-	14	3
Supplies	9	1	10	7	-	7	3
Equipment	15	1	16	13	1	14	2
Rentals	7	-	7	3	-	3	4
Total office of city controller	2,358	52	2,410	2,259	16	2,275	135
Department of Law:							
Salaries	1,568	46	1,614	1,610	-	1,610	4
Premium pay	-	-	-	-	-	-	-
Miscellaneous services	373	119	492	409	31	440	52
Education and training	17	-	17	15	-	15	2
Supplies	30	5	35	30	-	30	5
Equipment	17	2	19	17	-	17	2
Rentals	8	-	8	7	-	7	1
Total department of law	2,013	172	2,185	2,088	31	2,119	66
Department of Law - EORC:							
Salaries	228	17	245	245	-	245	-
Premium pay	1	-	1	-	-	-	1
Miscellaneous services	13	29	42	38	-	38	4
Education and training	7	2	9	9	-	9	-
Repairs	-	-	-	-	-	-	-
Supplies	3	-	3	-	-	-	3
Equipment	7	-	7	3	-	3	4
Total department of law - EORC	259	48	307	295	-	295	12
Department of Law - OMI:							
Salaries	457	-	457	413	-	413	44
Premium pay	1	-	1	-	-	-	1
Miscellaneous services	96	81	177	30	-	30	147
Education and training	10	-	10	3	-	3	7
Supplies	6	-	6	3	-	3	3
Equipment	7	-	7	6	-	6	1
Rentals	1	-	1	1	-	1	-
Total department of law - OMI	578	81	659	456	-	456	203
Total Department of Law	2,850	301	3,151	2,839	31	2,870	281
Department of Personnel and Civil Service Commission:							
Salaries	1,391	49	1,440	1,431	-	1,431	9
Premium pay	3	-	3	-	-	-	3
Miscellaneous services	316	199	515	214	48	262	253
Education and training	8	-	8	7	-	7	1
Supplies	25	6	31	25	-	25	6
Equipment	34	-	34	20	-	20	14
Materials	4	-	4	4	-	4	-
Repairs	1	-	1	-	-	-	1
Rentals	9	-	9	7	-	7	2
Total department of personnel and civil service commission	1,791	254	2,045	1,708	48	1,756	289

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Department of Finance:							
Administration:							
Salaries	3,522	-	3,522	3,370	-	3,370	152
Premium pay	22	-	22	8	-	8	14
Miscellaneous services	860	423	1,283	584	210	794	489
Education and training	32	-	32	18	-	18	14
Supplies	300	14	314	235	-	235	79
Materials	4	2	6	-	-	-	6
Equipment	43	10	53	13	2	15	38
Repairs	2	-	2	-	-	-	2
Rentals	29	-	29	19	-	19	10
Total administration	<u>4,814</u>	<u>449</u>	<u>5,263</u>	<u>4,247</u>	<u>212</u>	<u>4,459</u>	<u>804</u>
General Services:							
Salaries	848	-	848	813	-	813	35
Premium pay	16	-	16	6	-	6	10
Miscellaneous services	6,441	2,788	9,229	6,628	636	7,264	1,965
Education and training	6	-	6	6	-	6	-
Uniforms	3	-	3	1	-	1	2
Supplies	29	-	29	28	-	28	1
Equipment	4	-	4	1	-	1	3
Repairs	1,610	868	2,478	1,557	175	1,732	746
Rentals	1,999	366	2,365	1,885	100	1,985	380
Total general services	<u>10,956</u>	<u>4,022</u>	<u>14,978</u>	<u>10,925</u>	<u>911</u>	<u>11,836</u>	<u>3,142</u>
Fleet Management:							
Supplies	-	4	4	-	-	-	4
Utilities	-	21	21	-	-	-	21
Total fleet management	<u>-</u>	<u>25</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>
Total department of finance	<u>15,770</u>	<u>4,496</u>	<u>20,266</u>	<u>15,172</u>	<u>1,123</u>	<u>16,295</u>	<u>3,971</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Department of City Planning:							
Salaries	1,534	-	1,534	1,492	-	1,492	42
Premium pay	4	-	4	1	-	1	3
Miscellaneous services	238	47	285	223	15	238	47
Education and training	8	-	8	3	-	3	5
Supplies	27	-	27	25	-	25	2
Rentals	8	-	8	4	-	4	4
Utilities	2	-	2	2	-	2	-
Equipment	7	1	8	6	-	6	2
Grants	-	208	208	-	-	-	208
Total department of city planning	1,828	256	2,084	1,756	15	1,771	313
Total general government	33,263	5,590	38,853	32,264	1,235	33,499	5,354
Public Safety - Department of Public Safety:							
Bureau of Administration:							
Salaries and wages	786	-	786	749	-	749	37
Premium pay	11	-	11	9	-	9	2
Education and training	5	-	5	2	-	2	3
Supplies	3	-	3	2	-	2	1
Miscellaneous services	205	554	759	244	163	407	352
Equipment	2	4	6	-	-	-	6
Total bureau of administration	1,012	558	1,570	1,006	163	1,169	401
Bureau of Emergency Medical Services:							
Salaries and wages	9,692	(780)	8,912	8,743	-	8,743	169
Premium pay	2,608	829	3,437	3,431	-	3,431	6
Miscellaneous services	124	7	131	73	1	74	57
Education and training	29	-	29	25	-	25	4
Supplies and materials	255	24	279	251	1	252	27
Equipment	125	63	188	113	9	122	66
Rentals	5	-	5	1	-	1	4
Repairs	66	-	66	66	-	66	-
Uniforms	125	-	125	112	-	112	13
Total bureau of emergency medical services	13,029	143	13,172	12,815	11	12,826	346
Bureau of Police:							
Salaries	58,061	631	58,692	58,562	-	58,562	130
Premium pay	7,296	1,555	8,851	8,515	-	8,515	336
Miscellaneous services	445	91	536	443	-	443	93
Education and training	89	28	117	75	-	75	42
Supplies and materials	409	34	443	387	23	410	33
Equipment	207	29	236	202	20	222	14
Repairs	8	1	9	8	1	9	-
Rentals	147	104	251	134	22	156	95
Uniforms	1,182	30	1,212	1,020	4	1,024	188
Total bureau of police	67,844	2,503	70,347	69,346	70	69,416	931
Bureau of Fire:							
Salaries and wages	40,526	(1,350)	39,176	38,468	-	38,468	708
Premium pay	10,338	1,489	11,827	11,807	-	11,807	20
Miscellaneous services	128	4	132	128	-	128	4
Education and training	18	-	18	11	-	11	7
Supplies	148	14	162	148	-	148	14
Repairs	41	-	41	41	-	41	-
Equipment	469	-	469	469	-	469	-
Uniforms	468	-	468	467	-	467	1
Total bureau of fire	52,136	157	52,293	51,539	-	51,539	754

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Bureau of Building Inspection:							
Salaries	3,061	(206)	2,855	2,668	-	2,668	187
Premium pay	15	18	33	24	-	24	9
Miscellaneous services	67	3	70	36	-	36	34
Education and training	47	-	47	18	-	18	29
Supplies	13	1	14	9	-	9	5
Repairs	1	-	1	-	-	-	1
Rentals	6	-	6	2	-	2	4
Equipment	13	-	13	9	-	9	4
Uniforms	18	-	18	14	-	14	4
Total bureau of building inspection	3,241	(184)	3,057	2,780	-	2,780	277
Public Safety Animal Control:							
Salaries	611	(16)	595	497	-	497	98
Premium pay	73	16	89	79	-	79	10
Miscellaneous services	495	70	565	421	20	441	124
Education and training	7	-	7	-	-	-	7
Supplies	3	-	3	3	-	3	-
Equipment	9	-	9	3	-	3	6
Uniforms	10	-	10	10	-	10	-
Total public safety animal control	1,208	70	1,278	1,013	20	1,033	245
Total public safety - department of public safety	138,470	3,247	141,717	138,499	264	138,763	2,954
Department of Public Works.							
Administration:							
Salaries	545	-	545	530	-	530	15
Premium pay	47	-	47	-	-	-	47
Miscellaneous services	110	-	110	98	-	98	12
Education and training	10	-	10	9	-	9	1
Supplies	24	-	24	12	-	12	12
Equipment	51	3	54	32	-	32	22
Rentals	15	-	15	15	-	15	-
Total administration	802	3	805	696	-	696	109
Operations:							
Salaries	12,421	(120)	12,301	11,708	-	11,708	593
Premium pay	744	120	864	836	-	836	28
Miscellaneous services	316	-	316	277	-	277	39
Supplies	79	14	93	72	-	72	21
Equipment	56	22	78	39	-	39	39
Materials	1,165	33	1,198	1,160	-	1,160	38
Repairs	325	-	325	259	-	259	66
Rentals	495	33	528	481	27	508	20
Total operations	15,601	102	15,703	14,832	27	14,859	844
Environmental Services:							
Salaries	7,024	(129)	6,895	6,339	-	6,339	556
Premium pay	526	-	526	463	-	463	63
Miscellaneous services	3,031	21	3,052	2,680	-	2,680	372
Supplies	108	1	109	87	-	87	22
Equipment	31	3	34	11	-	11	23
Uniforms	76	-	76	76	-	76	-
Judgment	10	-	10	2	-	2	8
Materials	8	-	8	6	-	6	2
Rentals	8	-	8	-	-	-	8
Total environmental services	10,822	(104)	10,718	9,664	-	9,664	1,054
Engineering:							
Salaries	1,766	-	1,766	1,582	-	1,582	184
Education and training	65	-	65	65	-	65	-
Total engineering	1,831	-	1,831	1,647	-	1,647	184

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
General Services - Facilities:							
Salaries	2,092	95	2,187	2,153	-	2,153	34
Premium pay	37	32	69	68	-	68	1
Miscellaneous services	151	10	161	142	-	142	19
Education and training	1	-	1	1	-	1	-
Supplies	22	-	22	22	-	22	-
Equipment	8	-	8	7	-	7	1
Uniforms	25	-	25	25	-	25	-
Materials	208	7	215	208	-	208	7
Repairs	15	-	15	14	-	14	1
Rentals	150	-	150	150	-	150	-
Total general services - facilities	<u>2,709</u>	<u>144</u>	<u>2,853</u>	<u>2,790</u>	<u>-</u>	<u>2,790</u>	<u>63</u>
Total department of public works	<u>31,765</u>	<u>145</u>	<u>31,910</u>	<u>29,629</u>	<u>27</u>	<u>29,656</u>	<u>2,254</u>
Community, Recreational, and Cultural - Department of Parks and Recreation:							
Administration:							
Salaries	3,146	-	3,146	3,146	-	3,146	-
Premium pay	112	-	112	111	-	111	1
Miscellaneous services	440	116	556	435	-	435	121
Education and training	4	-	4	-	-	-	4
Supplies	226	1	227	212	-	212	15
Repairs	9	-	9	6	-	6	3
Rentals	44	-	44	44	-	44	-
Equipment	44	5	49	36	5	41	8
Grants	-	47	47	-	-	-	47
Total community, recreational, and cultural - department of parks and recreation	<u>4,025</u>	<u>169</u>	<u>4,194</u>	<u>3,990</u>	<u>5</u>	<u>3,995</u>	<u>199</u>
Nondepartmental:							
Employee Benefits:							
Pension	53,649	-	53,649	68,234	-	68,234	(14,585)
Fringe benefits	83,362	(648)	82,714	74,709	9	74,718	7,996
Total employee benefits	<u>137,011</u>	<u>(648)</u>	<u>136,363</u>	<u>142,943</u>	<u>9</u>	<u>142,952</u>	<u>(6,589)</u>
Claims and Judgments - Citywide	2,998	(82)	2,916	2,216	8	2,224	692
Citizens Review Board:							
Salaries	312	(3)	309	276	-	276	33
Miscellaneous services	91	55	146	62	15	77	69
Education and training	7	-	7	6	-	6	1
Supplies	5	3	8	5	-	5	3
Equipment	2	-	2	1	-	1	1
Rentals	58	12	70	55	8	63	7
Total citizens review board	<u>475</u>	<u>67</u>	<u>542</u>	<u>405</u>	<u>23</u>	<u>428</u>	<u>114</u>
Utilities - Citywide	7,445	92	7,537	7,408	-	7,408	129
Supplies - Citywide	3,350	1,200	4,550	3,727	-	3,727	823
GF Transfers - Citywide	10	-	10	10	-	10	-
GF Transfers - Other	-	-	-	-	-	-	-
GF Transfers - unbudgeted operating	-	-	-	13,337	-	13,337	(13,337)
GF Grants - Citywide	-	72	72	-	-	-	72
GF Grants - Other	40	-	40	40	-	40	-
Miscellaneous (postage/refunds) - Citywide	3,510	908	4,418	2,869	917	3,786	632
Debt Service							
Debt service	87,400	(1,200)	86,200	85,584	-	85,584	616
Debt service subsidy	256	(1)	255	255	-	255	-
Total debt service	<u>87,656</u>	<u>(1,201)</u>	<u>86,455</u>	<u>85,839</u>	<u>-</u>	<u>85,839</u>	<u>616</u>
Fund balance restoration	-	-	-	-	-	-	-
Total nondepartmental	<u>242,495</u>	<u>408</u>	<u>242,903</u>	<u>258,794</u>	<u>957</u>	<u>259,751</u>	<u>(16,848)</u>
Total expenditures	<u>450,018</u>	<u>9,559</u>	<u>459,577</u>	<u>463,176</u>	<u>2,488</u>	<u>465,664</u>	<u>(6,087)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 5,092</u>		<u>\$ (4,467)</u>			<u>\$ 13,968</u>	<u>\$ 18,435</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 479,632
Actual amounts not included on budgetary basis.	4,619
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>8,096</u>
Total General Fund revenue and other financing sources on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u><u>\$ 492,347</u></u>

Users/Outflows of Revenues:

Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison statement.	\$ 463,176
Actual amounts not included on budgetary basis.	510
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>8,310</u>
Total General Fund expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance.	<u><u>\$ 471,996</u></u>

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 42,094,310	\$ 42,094,310	\$ 16,213,601	\$ (25,880,709)
Expenditures:				
General government:				
Council and City Clerk's Office	5,185,041	5,185,041	1,687,871	3,497,170
Finance	57,729	57,729	1,974	55,755
Department of Personnel and Human Relations	1,385,071	1,385,071	660,400	724,671
Department of City Planning	5,516,797	5,516,797	2,147,899	3,368,898
General services	22,357	22,357	-	22,357
Public safety	854,818	854,818	217,301	637,517
Public works:				
Public works	12,529,696	12,529,696	4,975,074	7,554,622
Engineering and construction	361,660	361,660	79,927	281,733
Community, recreational, and cultural programs	2,913,152	2,913,152	1,031,840	1,881,312
Intergovernmental programs	13,267,989	13,267,989	3,924,902	9,343,087
Total expenditures	42,094,310	42,094,310	14,727,188	27,367,122
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ 1,486,413	\$ 1,486,413

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the budgetary comparison statement.	\$	16,214
Actual amounts not included on budgetary basis.		6,055
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.		<u>(1,279)</u>
Total Community Development Fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	\$	<u>20,990</u>

Users/Outflows of Revenues:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$	14,727
Actual amounts not included on budgetary basis.		6,023
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.		<u>240</u>
Total Community Development Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	\$	<u>20,990</u>

(Concluded)

See accompanying notes to financial statements.

FIDUCIARY FUND STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2011

Assets	Pension Trust Fund	Agency Fund
Cash and cash equivalents	\$ 28,681,157	\$ 13,460,537
Investments:		
Preferred and common stock	31,408,368	-
U.S. government and agency obligations	19,006,022	-
Corporate and other obligations	27,501,890	-
Mutual funds:		
U.S. equities	97,396,704	-
Non-U.S. equities	57,949,818	-
Fixed income	51,893,116	-
Private equity	11,438,594	-
Due from City of Pittsburgh	1,402,380	-
Other assets	-	588,549
Accrued interest and dividend receivables	506,858	-
Total Assets	327,184,907	14,049,086
Liabilities		
Benefits and related withholdings payable	2,624,661	-
Accounts payable	-	7,500
Deposits held in trust	-	911,276
Accrued liabilities and other payables	36,065	13,130,310
Total Liabilities	2,660,726	14,049,086
Net Assets		
Held in Trust for Pension Benefits	\$ 324,524,181	\$ -

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Pension Trust Fund
Additions:	
<hr/>	
Contributions:	
Employer - pension benefits	\$ 38,330,895
Employer - other benefits	3,444,984
Plan members	10,363,226
State aid	26,907,639
Wilksburg Fire Department	1,903,004
Total contributions	<hr/> 80,949,748 <hr/>
Investment income:	
Net appreciation (depreciation) in fair value of investments	(11,448,254)
Interest and dividends	5,241,252
Total investment income (loss)	<hr/> (6,207,002) <hr/>
Investment expense	<hr/> (359,050) <hr/>
Net investment income (loss)	(6,566,052)
Miscellaneous:	
Other	980,084
Total additions	<hr/> 75,363,780 <hr/>
Deductions:	
<hr/>	
Benefit payments	81,018,981
Refund of employee contributions	860,770
Administrative expense	1,756,934
Total deductions	<hr/> 83,636,685 <hr/>
Increase in Net Assets	(8,272,905)
Net Assets:	
<hr/>	
Beginning of year	332,797,086
End of year	<hr/> <u>\$ 324,524,181</u> <hr/>

See accompanying notes to financial statements.

COMBINING STATEMENTS OF
DISCRETE COMPONENT UNITS

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET

COMPONENT UNITS

DECEMBER 31, 2011

Assets	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Current assets.					
Cash and cash equivalents	\$ 141,048,310	\$ 41,676,000	\$ 4,908,163	\$ 194,421	\$ 187,826,894
Cash and cash equivalents - restricted	4,785,180	-	-	9,464,602	14,249,782
Investments - unrestricted	44,085,024	-	-	19,806,479	63,891,503
Investments - restricted	-	-	-	4,624,876	4,624,876
Accounts receivable, net	-	19,450,000	-	643,300	20,093,300
Due from other governments	8,518,780	-	-	-	8,518,780
Grant receivable	-	-	-	-	-
Notes receivable	-	-	-	10,228	10,228
Inventory	-	1,718,000	-	-	1,718,000
Accrued interest	-	-	5,262	474,110	479,372
Other receivables	16,209,787	4,722,000	1,341,394	-	22,273,181
Prepays	-	211,000	8,054	-	219,054
Total current assets	214,647,081	67,777,000	6,262,873	35,218,016	323,904,970
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	-	3,479,000	-	-	3,479,000
Investments	-	46,729,000	-	19,604,277	66,333,277
Accrued interest receivable	-	-	-	-	-
Non-routine maintenance	-	-	175,264	-	175,264
Insurance escrow	-	-	44,126	-	44,126
Replacement reserve	-	-	125,375	-	125,375
Reserve/loans escrow	-	-	233,500	-	233,500
Total restricted assets	-	50,208,000	578,265	19,604,277	70,390,542
Capital assets.					
Buildings and building improvements	56,048,031	-	27,193,926	-	83,241,957
Land and land improvements	13,204,423	-	-	26,053,516	39,257,939
Parking facilities	-	-	-	160,398,676	160,398,676
Machinery and equipment	-	-	43,588	6,231,989	6,275,577
Utility plant	-	683,521,000	-	-	683,521,000
Non-utility plant	-	18,043,000	-	-	18,043,000
Infrastructure	-	-	2,241,369	-	2,241,369
Construction-in-progress	-	62,461,000	-	340,560	62,801,560
Less: accumulated depreciation	(19,326,939)	(220,422,000)	(3,447,272)	(78,605,252)	(321,801,463)
Total capital assets	49,925,515	543,603,000	26,031,611	114,419,489	733,979,615
Leasehold improvements	-	-	-	6,446,245	6,446,245
Other assets	1,376,985	-	-	-	1,376,985
Deferred outflow	-	100,118,000	-	-	100,118,000
Property held for redevelopment	25,246,989	-	-	-	25,246,989
Loans/notes receivable	79,970,630	-	-	3,239,164	83,209,794
Deposits held for development fund	-	-	2,706,748	-	2,706,748
Bond issue costs, net of amortization	-	24,176,000	-	1,792,134	25,968,134
Total noncurrent assets	156,520,119	718,105,000	29,316,624	145,501,309	1,049,443,052
Total Assets	371,167,200	785,882,000	35,579,497	180,719,325	1,373,348,022

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET COMPONENT UNITS

DECEMBER 31, 2011

(Continued)

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Liabilities					
Current liabilities:					
Bonds and loans payable, current portion	13,184,371	14,888,000	574,616	5,145,000	33,791,987
Accrued payroll and related obligations	-	662,000	-	-	662,000
Accounts payable - City of Pittsburgh	-	-	-	3,756,789	3,756,789
Accounts payable - wastewater treatment	-	16,305,000	-	-	16,305,000
Deferred revenue	11,143,677	-	-	875,461	12,019,138
Accrued expenses and deferred income	-	-	-	733,168	733,168
Accounts payable and other accrued expenses	30,629,847	15,520,000	1,194,900	2,162,614	49,507,361
Accrued interest payable	-	11,279,000	118,801	1,204,354	12,602,155
Total current liabilities	54,957,895	58,654,000	1,888,317	13,877,386	129,377,598
Noncurrent liabilities:					
Unearned revenue	-	292,000	-	-	292,000
Other liabilities	-	-	-	6,277,643	6,277,643
Accrued payroll and related obligations	-	972,000	-	-	972,000
Swap liability	-	117,907,000	-	-	117,907,000
Bonds and loans payable, net of current portion	99,103,291	651,562,000	19,778,815	88,288,493	858,732,599
Advances from the City of Pittsburgh	-	-	22,775,168	-	22,775,168
Total noncurrent liabilities	99,103,291	770,733,000	42,553,983	94,566,136	1,006,956,410
Total Liabilities	154,061,186	829,387,000	44,442,300	108,443,522	1,136,334,008
Net Assets					
Invested in capital assets, net of related debt	31,793,702	(52,350,000)	5,678,181	23,371,108	8,492,991
Restricted for:					
Capital projects	-	9,112,000	-	2,653,678	11,765,678
Debt service	-	-	3,212,736	8,104,958	11,317,694
Public Parking Authority	-	-	-	13,022,756	13,022,756
Urban Development	42,725,840	-	-	-	42,725,840
Lending programs	86,618,802	-	-	-	86,618,802
Housing program	3,672,632	-	-	-	3,672,632
Unrestricted	52,295,038	(267,000)	(17,753,720)	25,123,303	59,397,621
Total Net Assets	\$ 217,106,014	\$ (43,505,000)	\$ (8,862,803)	\$ 72,275,803	\$ 237,014,014

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2011

	Program Revenues				Urban Redevelopment Authority						Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets						
					Governmental Activities	Business-type Activities	URA Component Unit	Water and Sewer Authority	Stadium Authority	Public Parking Authority	
Urban Redevelopment Authority:											
Governmental activities:											
Urban development	\$ 58,334,522	\$ 7,990,026	\$ 54,332,132	\$ -	\$ 3,987,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,987,636
General government	8,515,972	3,569,167	1,950,000	-	(2,996,805)	-	-	-	-	-	(2,996,805)
Interest on long-term debt	1,261,976	-	-	-	(1,261,976)	-	-	-	-	-	(1,261,976)
Total governmental activities	68,112,470	11,559,193	56,282,132	-	(271,145)	-	-	-	-	-	(271,145)
Business-type activities:											
Lending programs	6,816,143	5,441,921	7,500,000	-	-	6,125,778	-	-	-	-	6,125,778
Property management	3,345,677	2,539,677	-	-	-	(806,000)	-	-	-	-	(806,000)
Total business-type activities	10,161,820	7,981,598	7,500,000	-	-	5,319,778	-	-	-	-	5,319,778
URA Component Unit	928,849	73,866	628,108	-	-	-	(226,875)	-	-	-	(226,875)
Total URA	79,203,139	19,614,657	64,410,240	-	(271,145)	5,319,778	(226,875)	-	-	-	4,821,758
Pittsburgh Water and Sewer Authority	144,496,000	140,552,000	-	2,277,000	-	-	-	(1,667,000)	-	-	(1,667,000)
Stadium Authority	3,904,341	4,302,010	-	-	-	-	-	-	397,669	-	397,669
Public Parking Authority	42,852,962	47,615,773	-	-	-	-	-	-	-	4,762,811	4,762,811
Total Component Units	\$ 270,456,442	\$ 212,084,440	\$ 64,410,240	\$ 2,277,000	(271,145)	5,319,778	(226,875)	(1,667,000)	397,669	4,762,811	8,315,238
General revenues:											
Investment income, net					51,735	932,468	-	(11,671,000)	8,106	326,911	(10,351,780)
Gain (loss) on sale of assets					-	-	509,200	-	-	-	509,200
Miscellaneous revenue (expense)					-	84,849	25,283	-	(1,082,979)	659,653	(313,194)
Transfer in (out)					(138,073)	138,073	-	-	-	-	-
Total general revenues					(86,338)	1,155,390	534,483	(11,671,000)	(1,074,873)	986,564	(10,155,774)
Change in Net Assets					(357,483)	6,475,168	307,608	(13,338,000)	(677,204)	5,749,375	(1,840,536)
Net assets - beginning					147,994,456	59,321,241	3,365,024	(30,167,000)	(8,185,599)	66,526,428	238,854,550
Net assets - ending					\$ 147,636,973	\$ 65,796,409	\$ 3,672,632	\$ (43,505,000)	\$ (8,862,803)	\$ 72,275,803	\$ 237,014,014

See accompanying notes to financial statements.

NOTES TO BASIC
FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Primary Government Disclosures:

Description of City

The City of Pittsburgh, Pennsylvania (City or primary government) was incorporated on July 20, 1816 and chartered as a home rule municipality on January 5, 1976. The City operates under a strong mayor form of government and provides the following services as authorized by its charter: public safety (police, fire, and emergency medical services), highways and streets, sanitation, economic development, cultural and recreational, public improvements, planning and zoning, and general administrative services.

The major accounting principles and practices followed by the City are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

(A) The Financial Reporting Entity

Consistent with the guidance contained in Governmental Accounting Standards Board (GASB) No. 14, "*The Financial Reporting Entity*," the criteria used by the City to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) outside of the legal City entity within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the City reviews the applicability of the following criteria:

The City is financially accountable for:

1. Legally separate organizations if City officials appoint a voting majority of the organization's governing body and the City is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
 - a. **Impose its Will** – If the City can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. **Financial Benefit or Burden** – Exists if the City (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
2. Legally separate organizations that are fiscally dependent on the City, fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges or issue bonded debt without approval by the City.

Based on the foregoing criteria, the reporting entity has been defined to include all the legally separate-government entities for which the City is financially accountable or for which there is a

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

significant relationship (component units). Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such organizations in the City's financial statements are provided in the following paragraphs. Audited financial statements for all of the component units are available for public inspection in the City Controller's office.

(B) Net Asset Deficit and Liquidity

As of December 31, 2011, the City, in its statement of net assets, shows a total net deficit of \$483 million with an unrestricted net asset deficit of \$544.7 million offset by \$62.1 million in capital and restricted assets. A structural imbalance exists as a result of demographic shifts of residents and businesses, non-profit legislation and a stagnant taxation authority for the City which has led to this deficit. The largest components of the unrestricted deficit are principally the general obligation debt to meet funding requirements to the Pension Trust Fund, borrowings to finance economic development efforts (including projects of the City's Authorities, related principally to the URA), maintenance, and equipment expenditures on City infrastructure. The City's debt service expenditures and debt subsidies in its governmental funds were \$88.1 million and \$14.6 million, respectively, or a combined 19.1% of its total expenditures; and the City used 27.0% of its current tax revenues to finance debt service requirements.

In November 2003, the City sought municipal self-help as a "financially distressed" municipality under the Municipalities Financial Recovery Act (Act 47) of the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania legislature also established an Intergovernmental Cooperation Authority (ICA) to provide fiscal oversight for the City for a period of seven years. The Act 47 coordinators appointed by the Commonwealth issued their five-year Recovery Plan, which was originally adopted by the City Council on June 29, 2004. On June 30, 2009, City Council adopted the amended Recovery Plan, making it a City ordinance, which further provides areas for Revenue enhancements and Expenditure reductions. During 2011, the City continued efforts to control costs, improve collections, and maintain solvency. The cash balance available for general operations of the City as of December 31, 2011 was \$55.6 million; this was enough to maintain normal function throughout the City in January 2012. Currently, the Act 47 coordinators and the ICA will provide continued oversight to ensure compliance with the operating budget and approved five-year plan.

By December 31, 2011, the 2012 Operating and Capital Budgets and Five-Year Financial Forecast and Performance Plan were submitted to the Act 47 coordinators and ICA oversight committee and subsequently approved. There were no significant changes from the initial five-year plan.

(C) Individual Component Unit Disclosures

Blended Component Units

Some component units, despite being legally separate from the City government, are so intertwined with the City government, whether through sharing common governing boards with the City or through providing services solely to the City that they are, in substance, the same as

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

the City government and are reported as part of the City government. The blended component units reported in this way are the following:

City of Pittsburgh Equipment Leasing Authority
City Pension Trust

City of Pittsburgh Equipment Leasing Authority (ELA)

The ELA was incorporated in 1980 to serve as a financing vehicle for the acquisition of equipment. The Board consists of a member of senior staff in the Office of the Mayor, Directors of the Department of General Services and the Department of Finance, one member of City Council, and one individual designated by City Council.

Although it is legally separate from the City, the ELA is reported as if it were part of the City government, because its sole purpose is to finance the City equipment needs. Its operations are included within other government funds. It operates on a December 31 fiscal year.

City Pension Trust

As described in Note 7, the City has a comprehensive pension trust for financial reporting purposes that is comprised of three defined benefit pension plans: the Municipal Pension Plan (Municipal); the Policemen's Relief and Pension Plan (Police); and the Firemen's Relief and Pension Plan (Fire), which together cover substantially all City employees. As required by Pennsylvania Law, a comprehensive Board oversees funding and investing activities. This Board consists of seven members, four of whom are appointed by the Mayor.

Plan benefit matters are administered by separate boards which include, for all plans, the president of the City Council and the City Controller and additionally, in the case of the Municipal and Fire plans, the Mayor.

The pension plans operate on a fiscal year ending December 31. Their operations are included in the Pension Trust Fund, as a fiduciary fund.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the primary government but the omission of which would cause the primary government's financial statements to be misleading or incomplete. As these component units do not meet the criteria for blended presentation, they are reported separately from the primary government. The component units presented in this manner are the following:

Pittsburgh Water and Sewer Authority
Stadium Authority of the City of Pittsburgh
Public Parking Authority of Pittsburgh
Urban Redevelopment Authority of Pittsburgh

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Pittsburgh Water and Sewer Authority (PWSA)

PWSA was incorporated in February 1984 under the Municipality Authorities Act of 1945 to assume responsibility for the operation and improvement of the City's water distribution and wastewater collection systems. In 1984, pursuant to a Lease and Management Agreement, PWSA leased the entire City water supply, distribution, and wastewater collection system (System) from the City and assumed responsibility for establishing and collecting user fees and charges and for maintaining and improving the System. The Lease and Management Agreement provided for the City to operate and maintain the System for PWSA subject to the general supervision of PWSA.

The City and PWSA agreed to terminate the Lease and Management Agreement in July 1995 and concurrently entered into a Cooperation Agreement and a Capital Lease Agreement (collectively referred to as the Agreements). The effect of these Agreements, as more fully described in Note 4, was to substantially transfer financial and management responsibility for the System to PWSA.

PWSA is legally separate from the City and is reported as a component unit. The PWSA Board consists of one City Council member, the City Treasurer, the City Finance Director, and four members chosen by the Mayor, which allows the City to impose its will on PWSA. PWSA operates on a fiscal year ending December 31.

The Stadium Authority of the City of Pittsburgh (Stadium Authority)

The Stadium Authority was organized on July 1, 1965 to provide increased commerce and prosperity and to promote educational, cultural, physical, civic, social, and moral welfare to the general public.

The Stadium Authority was responsible for the management of the former Three Rivers Stadium (Stadium) located in the City. The Stadium was home to the Pittsburgh Pirates (Pirates) and Pittsburgh Steelers (Steelers) professional sports teams and was also utilized for various concerts and other events. Subsequent to the razing of the Stadium, the Stadium Authority is responsible for development of the land between two newly constructed stadiums.

The Board of Directors (Board) of the Stadium Authority, a five-member group, is appointed by the Mayor of the City. The Board is responsible for all the activities and operations of the Authority. The City is the guarantor of the Authority's debt. The Stadium Authority operates on a fiscal year ending March 31.

Public Parking Authority of Pittsburgh (Parking Authority)

The Parking Authority was created for the purpose of acquiring, developing, and maintaining a coordinated system of public parking facilities. The Parking Authority is administered by a five-member Board, all of whom are appointed by the Mayor. The Parking Authority obtains its revenue from user charges and from street parking meter revenues. Under an agreement between the Parking Authority and the City, street parking revenues are allocated 93.5% to the

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Parking Authority and 6.5% to the City. Accordingly, the City derives a financial benefit from the Parking Authority. The Parking Authority operates on a fiscal year ending September 30.

Urban Redevelopment Authority of Pittsburgh (URA)

The 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 the City's 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 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 one entity, which qualifies as a component unit of the URA under the provisions of GASB Statement No. 14. The component unit of the URA is the Pittsburgh Housing Development Corporation.

The URA and all its component units operate on a fiscal year ending December 31. Separate financial statements for these component units can be obtained through the Finance Department of the URA.

Administrative Offices

City of Pittsburgh
Equipment Leasing Authority
City-County Building, 5th Floor
414 Grant Street
Pittsburgh, PA 15219

Pittsburgh Water and Sewer Authority
Penn Liberty Plaza I
1200 Penn Avenue
Pittsburgh, PA 15222

City of Pittsburgh Finance Department
Combined Pension Trust Funds
City-County Building
414 Grant Street
Pittsburgh, PA 15219

Public Parking Authority of Pittsburgh
232 Boulevard of the Allies
Pittsburgh, PA 15219

Stadium Authority of the City
of Pittsburgh
503 Martindale Street, 4th Floor
Pittsburgh, PA 15212

Urban Redevelopment Authority
of Pittsburgh
200 Ross Street
Pittsburgh, PA 15219

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Joint Venture

The Sports and Exhibition Authority of Pittsburgh and Allegheny County (formerly the Public Auditorium Authority)

The Public Auditorium Authority of Pittsburgh and Allegheny County (Authority) was incorporated on February 3, 1954 pursuant to the Public Auditorium Law Act of July 29, 1953 as a joint authority organized by the City and Allegheny County to provide educational, cultural, physical, civic, and social events for the benefit of the general public. Effective November 1999, the Public Auditorium Authority legally changed its name to the Sports and Exhibition Authority of Pittsburgh and Allegheny County (SEA). SEA is currently responsible for the management of the David L. Lawrence Convention Center (Convention Center) and leases the Mellon Arena (formerly the Civic Arena), the Benedum Center and the John Heinz History Center to other entities located in the City. SEA was also responsible for the construction of the new Pittsburgh Steelers Sports, Inc. (Pittsburgh Steelers) football stadium (Heinz Field), the Pittsburgh Associates' (Pittsburgh Pirates) baseball park (PNC Park), the Convention Center expansion project, New Arena Project, and various associated infrastructure improvements referred to collectively as the Regional Destination Financing Plan. For the year ended December 31, 2011, SEA's operating loss was \$41,881,202, and the change in net assets was a decline of \$24,848,224. SEA had total net assets of \$455,915,791.

The Board of Directors (Board) of SEA, a seven-member group, is appointed by the City and Allegheny County. Each executive appoints three members and the Mayor and County Executive jointly appoint the seventh member. The Board is responsible for the overall activities and operations of SEA. The Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In 2004, SEA borrowed \$20 million from local banks to be used for both operating and capital needs. The following revenues are pledged for repayment of this loan: parking revenues generated at the Convention Center parking garage, sponsorship revenues, and discretionary hotel tax receipts. Additionally, as part of the transaction, the City and Allegheny County reaffirmed their responsibilities under a 1978 Cooperation Agreement to finance the Convention Center's operating deficits, including principal and interest on this loan. As of December 31, 2011, the remaining balance is approximately \$15,558,480.

SEA has suffered operating deficits and has indicated that it may require funding from the City and Allegheny County in the future. No liability has yet been recorded for any such payments, as the City does not anticipate payment during 2012 and any future payments, if any, are yet to be determined.

SEA operates on a fiscal year ending December 31. Complete financial statements for SEA can be obtained from its administrative office at 425 Sixth Avenue, Regional Enterprise Tower, Suite 1410, Pittsburgh, PA 15219.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Related Organizations

Housing Authority of the City of Pittsburgh (Housing Authority)

The Housing Authority was established to acquire and maintain properties for the purpose of providing low-income housing for residents of the City. Rental charges and subsidies from Federal Housing and Urban Development grants are the principal revenue sources.

The Housing Authority is administered by a seven-member Board, all of whom are appointed by the Mayor. City Council approves five of the seven appointments. The City does not subsidize the operations of the Housing Authority and does not guarantee its debt service.

The Housing Authority operates on a fiscal year ended December 31.

Jointly Governed Organization

The Allegheny County Sanitary Authority (ALCOSAN) was organized under the Municipal Authority Act of 1945 to collect, transport, and treat wastewater for the City and seventy-seven (77) other Allegheny County municipalities. ALCOSAN'S Board has seven members: three are appointed by the City, three are appointed by Allegheny County, and one is appointed jointly by Allegheny County and the City. The City has no direct ongoing financial interest or responsibility for ALCOSAN. See Note 4 for transactions with the PWSA.

(D) Financial Statement Presentation

Government – Wide Financial Statements – Financial statements prepared using the economic resources measurement focus and full accrual basis of accounting for all the government's activities are required. These statements include all assets, liabilities, revenues, and expenses of the primary government and its component units, excluding fiduciary activities. The effect of inter-fund activity has been eliminated from these statements. The City does not allocate indirect expenses. The government-wide statements segregate governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, if any, which rely on user fees and charges for support. Component units, which are legally separate and discretely presented, are also segregated.

Statement of Net Assets – presents both governmental and business-type activities, if any, on the full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

Statement of Activities – presents the net cost of each individual function. Program revenues are presented as a reduction of the total cost of providing program services. Program revenues include charges for services, operating grants and contributions and capital grants that are directly associated with a specific function. Taxes and other revenue sources not reported as program revenue are included as general revenue.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Fund Financial Statements – These statements are very similar to financial statements presented in the previous model. However, the emphasis is now on major funds.

The City's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the basic financial statements in this report into two broad fund categories as follows:

Governmental Funds account for expendable financial resources. Governmental fund types use the flow of current financial resources measurement focus. The major governmental funds are:

General Fund – The General Fund is the general operating fund of the City. It finances the regular day-to-day operations of the City. It is used to account for all financial revenues and expenditures, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Special Revenue Community Development Block Grant Fund – Community Development Block Grant Fund is used to account for the cost of neighborhood development and improvement projects. These programs are financed primarily by the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG) program. A substantive portion of the funds received under the program have been allocated to the Urban Redevelopment Authority of Pittsburgh.

Capital Projects Fund – A Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Other Governmental Funds – This fund includes all other non-major governmental funds.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, or other funds. The fiduciary funds are:

Pension Trust Fund – The Comprehensive Fund accounts for the operations of the City's pension plans as described in Note 7. This is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net assets and financial position.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Agency Funds – Accounts for assets held for, and due to, employee benefits, payroll withholding, deposits, and other. These funds are custodial in nature and do not involve measurement of results of operations.

The basic financial statements also include the statement of net assets (deficit) and statement of activities of the following component units:

Pittsburgh Water and Sewer Authority
Stadium Authority of the City of Pittsburgh
Public Parking Authority of Pittsburgh
Urban Redevelopment Authority of Pittsburgh

Budgetary Comparison Statements – The statements are presented to demonstrate whether resources were obtained and used in accordance with the government’s legally adopted budget for the General Fund and the Community Development Fund. The City revises the original budget over the course of the year for various reasons. Under the current reporting model, budgetary information continues to be provided and includes a comparison of the government’s original adopted budget to the current comparison of final budget and actual results. The City’s budget is prepared on a non-GAAP basis as described in Note 2.

(E) Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental activities in the government-wide statement are presented using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recognized when earned, and expenses are recognized when a liability has been incurred, regardless of the timing of related cash flows.

Governmental funds are accounted for using the current resource measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. General Fund tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to accrual, the real estate taxes must be collected within the City’s period of availability of sixty (60) days. Uncollected real estate taxes at the end of this period are reported as deferred revenues. Interest income and intergovernmental receivables (state and federal grants to the extent of allowable expenditures) are considered susceptible to accrual. The City considers all non-real estate taxes and other revenues reported in the governmental fund to be available if the revenues are collected within sixty (60) days. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures and other long-term liabilities, such as workers’ compensation, accrued claims and judgments, and both short and long-term compensated absences are recorded only when payment is due and payable.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

The City generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific situation.

Non-exchange transactions, in which the City receives value without directly giving value in return, include real estate and other taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

(F) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments, including trust and restricted assets, with an original maturity of three months or less. Note 3, Deposits and Investments, provides a detailed disclosure regarding cash, cash equivalents, and investments held by the City.

(G) Investments

Investments in all funds are carried at fair value. Investments consist of direct obligations of the U.S. government, money market funds, corporate and other obligations, guaranteed investments, money market trust funds, and repurchase agreements. Note 3, Deposits and Investments, provides a detailed disclosure regarding cash, cash equivalents, and investments held by the City.

(H) Due To/From Other Governments

Outstanding balances between the City and other governments are reported as due to/from other governments.

(I) Taxpayer Assessed Taxes Receivable

Local wage taxes and other miscellaneous City taxes are recorded in the City's accounts as taxpayer assessed receivables and revenue at the time of the underlying transactions. Taxes for which there is an enforceable legal claim as of December 31, 2011 but which were levied to finance fiscal year 2012 operations have been recorded as deferred revenue until such time as the taxes become due.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

(J) Other Receivables

Other City accounts receivable are recorded in the City's accounts as other receivables when earned, less an allowance for uncollectible accounts.

(K) Capital Assets

Capital assets acquired or constructed by the City are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost. Capital assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year. Gifts or contributions are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the estimated useful life of each capital asset. No depreciation expense is recorded for land and construction-in-progress. The value of the City's art collection is indeterminable and would not be material to capital assets as a whole. The estimated useful lives for capital assets are as follows:

Furniture and fixtures	3-5 years
Building and structures	25-50 years
Equipment	2-10 years
Infrastructure	20-50 years
Vehicles	2-10 years

(L) Workers' Compensation

The City is self-insured for purposes of workers' compensation benefits. Both short-and-long-term amounts payable are reported within the government-wide financial statements only.

In order to qualify for and maintain self-insurance status, the City must comply with certain Commonwealth requirements. The requirements for 2011 are as follows:

- Maintain an irrevocable trust fund. The City's contribution to the fund is determined annually in negotiations with the Commonwealth Department of Labor.
- Satisfy the financial responsibility requirements of the Commonwealth of Pennsylvania.
- Establish liability reserves based upon expected future payments for all claims outstanding one year or more at the end of any fiscal year.

Presently, the irrevocable trust may be used by the State of Pennsylvania only in the event of default by the City under the self-insurance regulations. No risk financing activity is currently being recorded in this trust fund.

PWSA is also self-insured for general liability coverage and has established a Self-Insured Escrow Fund (general liability) to cover potential liability claims.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

(M) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered, and employees have earned the right to receive compensation for such services.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the fund financial statements for governmental funds, no expenditure is reported for compensated absences until they are due and payable. Current and non-current portions of compensated absences totaling \$29,300,234 are recorded in the government-wide financial statements, and represent a reconciling item between the government-wide and fund presentations.

(N) Pensions

Through 2009, because the City has had no prior excess contributions or contribution deficiencies, its annual pension cost on the accrual basis is equivalent to its actuarially determined annual required contributions (see Note 7). Pension expenditures are recognized under the modified accrual basis within government funds to the extent of the City contributions. Contributions made to the Plan represent 100% of the minimum municipal obligation plus, starting in 2010, additional contributions to increase the funding level of the Plan.

(O) Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in governmental activities in the statement of net assets in the government-wide financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt in the government-wide financial statements. Bond premiums, discount, and issuance costs are recorded as current period costs in the governmental funds.

(P) Interfund Transactions

On fund financial statements, receivables and payables resulting from outstanding balances are classified as "Interfund receivables/payables." These amounts are eliminated in the governmental column of the statement of net assets. Flow of cash or goods from one fund to another without a requirement for repayment is reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

(Q) Encumbrances

The City uses encumbrance accounting for budgetary reporting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Funding for all encumbrances lapses at year-end and re-

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

appropriation is required by the City Council with the exception of capital fund project encumbrances.

(R) Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt consist of capital assets, net of accumulated depreciation, and related debt used in the acquisition or construction of capital assets. Net assets are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Unrestricted net assets are available for use in the current period.

(S) Use of Estimates

Management of the City has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses, and the disclosure of contingent assets and liabilities to prepare their financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(T) Fund Balance

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

- Nonspendable – This category represents funds that are not in spendable form and includes an advance between funds.
- 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 legally restricted for endowments, employee benefits, state and federal specific grants purposes and the Enterprise Planning Resource System.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by City Council. Such commitment is made via a Council resolution or ordinance and must be made prior to the end of the fiscal year. Removal of this commitment requires an equal action by Council. Committed funds include funds for capital projects and specified program services as defined by the creation of the fund.
- Assigned – This category represents intentions of the City to use the funds for specific purposes. This category includes encumbrances and funds remaining for debt service.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

- Unassigned – This category represents all other funds not otherwise defined.

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

(U) Pending Pronouncements

GASB has issued Statement No. 61, "*The Financial Reporting Entity: Omnibus*," effective for periods beginning after June 15, 2012. The objective of this statement is to improve financial reporting for a governmental financial reporting entity by modifying existing requirements for the assessment of potential component units. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*," effective for periods beginning after December 15, 2011. This statement establishes accounting and financial reporting standards for the financial reporting statements of state and local governments by bringing together reporting literature in one place with the guidance modified as necessary. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," effective for the year ending December 31, 2012. This statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions*," effective for periods beginning after June 15, 2011. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is an amendment of GASB Statement No. 53 and sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The effect of implementation of this statement has not yet been determined.

(V) Adoption of Pronouncement

The City has adopted GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This statement's objective is to enhance the usefulness of fund balance information. As a result of this statement, the titles and definitions of governmental fund balances have changed. The statement requires that accounting changes to conform with the provisions of this statement should be applied retroactively by restating financial statements for all prior periods presented.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Component Unit Disclosures:

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. These assets are held at the lower of cost or estimated net realizable value, if less than cost, and is offset by deferred revenue in the governmental funds. Estimated net realizable value is calculated once plans or disposition agreements are in place to dispose of 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.

Loans Receivable

URA loans receivable are recognized when the loan is established for loans with terms of 30 years or less. Loans with amortization terms greater than 30 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 are recorded as expenditures when disbursed or are fully reserved.

URA amortizing loans are recorded at their principal balance due less an allowance for uncollectible accounts.

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, 2011, the total allowance for uncollectible loans, including those only repayable on a contingent basis and fully reserved at the time of issuance, was \$133 million.

Other Long-term Liabilities

An Agreement of Sale in Lieu of Condemnation (Agreement) was executed on April 14, 2004 between the Public Parking Authority and Greyhound Lines, Inc. (Greyhound). As stipulated in the Agreement, the Public Parking Authority purchased from Greyhound the property located at the corner of Liberty Avenue and 11th street for the purchase price of \$6,242,000 for the construction of the bus terminal that became fully operational on October 1, 2008. This amount will be recognized as revenue over the term of the initial lease. Greyhound leases the bus terminal from the Public Parking Authority. The lease calls for an annual base rent of \$1 for an initial term of 30 years with three consecutive 10 year extensions for an annual base rent of \$100,000. The balance of deferred rent/revenue at September 30, 2011 is \$5,617,800.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

2. BUDGETS AND BUDGETARY ACCOUNTING

1. **General Budget Policies** – As required by the Home Rule Charter, the City follows these procedures in establishing the budgetary data reflected in the financial statement:
 - a. On the second Monday of November preceding the fiscal year, the Mayor presents to City Council a General Fund and Community Development Fund operating budget and a capital budget for the succeeding fiscal year.
 - b. Public hearings are conducted to obtain the advice of other officials and citizens as part of the preparation of these budgets.
 - c. Before the beginning of the fiscal year, City Council adopts, by resolution, these budgets.
 - d. The adoption of the operating and capital budgets constitutes an appropriation or setting apart of funds from general resources of the City for purposes set forth in the budgets.
 - e. City Council may amend, by resolution, the operating budget within five weeks after the beginning of the fiscal year, but not thereafter except with the approval of the Mayor. The capital budget may, by resolution, be amended by City Council at any time.
 - f. City Council at all times may, by resolution, transfer funds from one account to another if the total operating budget amount is not exceeded. No revision to the budget may be made without City Council approval. The operating budget shall in any event, remain balanced at all times.
 - g. The capital budget is generally based on a proposed six year capital program, which must be updated each year and submitted to City Council by the Mayor at least 30 days prior to the day the operating budget is submitted. The capital budget also includes appropriations for the Community Development Fund. Budget and actual data for the Community Development Fund is reflected in the Community Development Fund. The remainder of the capital budget is reflected in the Capital Projects Fund.
 - h. Formal budgetary integration is employed as management control device for the General, the Community Development, and the Capital Projects Funds. Formal budgetary integration is not employed for the debt service fund since effective budgetary control is alternatively achieved through general obligation bond indenture provisions, nor for the other governmental funds since control is prepared on a project basis. The General, Community Development, and Capital Projects Funds have legally adopted annual budgets.
 - i. All budgets are prepared and controlled at the department level on a line item basis (i.e., salaries, supplies, equipment, miscellaneous services). Due to the voluminous number of projects, separately issued line item capital budget reports are available from the City Controller's Office. The General Fund and the Community Development Fund budget to actual comparisons at the legal level of appropriation are located within the financial statements.
 - j. Operating appropriations lapse at year-end. City Council can, however, authorize, by resolution, the carryover of appropriations to the following year. The Community Development and Capital Projects Funds appropriations carryover to subsequent years without formal re-appropriation.
 - k. Operation budget figures are amended by City Council with Mayoral approval. These budget amendments represent line item transfers between expenditures accounts and carryover of appropriations from the previous year. The approved original General Fund budget includes revenues of \$455.1 million and expenditures of approximately \$450.0

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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million in 2011. The budgetary expenditures, as amended, include carryover appropriation and other changes approved by City Council during 2011 of \$9.6 million; budgeted revenues were not amended during 2011 and remained as adopted.

2. Budgetary Basis of Accounting

The General Fund budget is adopted on a cash basis. Budgeted encumbrances for purchase commitments are treated as restrictions of available cash and as expenditures. Budgets in Capital Projects Funds are also adopted on a cash basis, except that budgets for each project are adopted on a project basis, which may encompass a period longer than one year. Accordingly, budget figures, as amended, for Community Development and Capital Projects Funds reflect current year appropriations and unexpended prior year's appropriations.

3. Excess Expenditures over Appropriations

The City had two negative variances in the General Fund where the amount spent exceeded the budget. They were:

- The amount transferred to the Capital Projects Fund of \$13.3 million was not budgeted. This was offset by local shares of slots revenue that was restricted by the ICA to go to capital projects and;
- The amount spent on pension exceeded the budget by \$14.6 million. This was funded mostly from Parking Tax Revenue committed for pension payments.

In both cases, the City decided to show the variances rather than amend the budget.

3. DEPOSITS AND INVESTMENTS

Both Pennsylvania statutes and City code provide guidelines for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. Both allow the pooling of funds for investment purposes. Neither the statutes, nor City code prescribe regulations related to demand deposits, however, all depositories of City funds must meet qualifying criteria set forth in Section 223 of the City code.

The investment policy of the City compliments state statutes and adheres to prudent business practice. There were no investment transactions during the year that were in violation of either the state statutes or the policy of the City.

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 City and its component units deposit and investment policies and related risk:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

(A) Primary Government Funds and Agency Funds

Cash balances available for investment by most City funds are maintained in pooled bank and investment accounts to improve investment opportunities. Income from investment of pooled cash is recorded in the General Fund. Certain unrestricted and restricted cash and short-term investment balances in the accompanying balance sheet represent the undivided interest of each respective fund in the pooled accounts.

Investment policies permit the City to invest in the following:

1. U.S. Treasury Securities (bills, notes, bonds).
2. Obligations of specific agencies of the federal government where principal and interest is guaranteed by the U.S. government.
3. Fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations accepted as depository institutions under the Pittsburgh City Code.
4. Money market mutual funds authorized by City Council whose portfolio consists of government securities issued by the U.S. government and that are fully guaranteed as to principal and interest.
5. Local government investment pools and or trusts as approved by the state legislature or City Council from time to time.
6. Repurchase agreements collateralized by the U.S. Treasury securities and marked to market. In order to participate in the repurchase agreement market, a depository must execute a master repurchase agreement contract with the City.

To ensure adequate liquidity, at least 10% but no more than 40% of the portfolio shall be in overnight repurchase agreements, money market funds, or other secure and liquid forms of acceptable investments. Unless specifically matched to a cash flow, at least 20% of the portfolio shall mature within 91 days with the maximum maturity of any investment to be no longer than one year from the date of purchase unless specifically approved in writing by the Director of Finance.

The City maintains compensating balances with some of its depository banks to offset specific charges for check clearing and other services.

Governmental Funds

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank or counterparty failure, the City's funds may not be returned to it. The City policy does not specifically address custodial credit risk. As of December 31, 2011, \$5,703,399 of the City's combined bank balances of \$25,670,645 subject to custodial credit risk were 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.

CITY OF PITTSBURGH, PENNSYLVANIA

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Interest Rate Risk – The City’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; the City investments must have maturities no greater than ten years within the constraint of meeting cash flow requirements. As of December 31, 2011, the City’s exposure to interest rate risk was limited to \$12,600,000, 12.4% of deposit and investment funds available, with a weighted average maturity period of 263 days.

Credit Risk – The City’s investment policy limits its investment choices based on government backed instruments and credit ratings by nationally recognized statistical rating organizations. \$62,153,444 of the City’s cash and cash equivalents are held in U.S. Treasuries and are therefore not exposed to this type of risk.

Agency Funds

Custodial Credit Risk – As of December 31, 2011, the City Agency Funds’ combined bank balances of \$9,829,222 were 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.

Interest Rate Risk – The City’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; the City investments must have maturities no greater than ten years within the constraint of meeting cash flow requirements. As of December 31, 2011, the City’s Agency Funds had no exposure to interest rate risk.

Credit Risk – The City’s investment policy limits its investment choices based on government backed instruments and credit ratings by nationally recognized statistical rating organizations. \$5,000,000 of the City’s Agency Fund investments are held in U.S. Treasuries and are therefore not exposed to this type of risk.

(B) Pension Trust

Deposits are maintained by all entities within the Funds. The Comprehensive Municipal Pension Trust Fund (CMPTF) holds all investment vehicles on behalf of the Funds. The CMPTF was established on January 1, 1988 by combining the assets and liabilities of the three prior investment plans representing the City of Pittsburgh Police and Fire Departments and Non-uniformed Municipal workers in order to provide a consolidated investment strategy to support the City of Pittsburgh pension obligation.

The CMPTF is governed by a formal investment policy established by its Board of Directors (Board). The policy dictates that investments must be managed in a manner consistent with the Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act (Act 205) and the Pennsylvania Fiduciaries Code. The policy covers the two components of the CMPTF: 1) the Operating Fund and 2) the Long-Term Assets. The Operating Fund is a liquidity pool to accept employee, employer and supplemental state contributions and to make benefit dispersals. As

CITY OF PITTSBURGH, PENNSYLVANIA

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such, the Operating Fund investments are restricted to high quality, very short duration fixed income instruments whose average maturity must not exceed six months and whose quality is restricted to investment grade and above securities. The Long-Term Asset component includes restrictions on both fixed income and equity investments as discussed below.

Deposits

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the combined deposits of the City’s pension funds may not be returned to it. There are no formal deposit policies specifically addressing custodial credit risk.

As of December 31, 2011, \$4,013,965 of the City’s pension \$29,531,045 combined bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance 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. \$3,878,641 of cash and cash equivalents were held at December 31, 2011 in the separate pension funds; the remaining \$25,652,404 was held in the CMPTF.

Investments

Long-term investments are all held by the CMPTF. These investments are assigned to professional asset managers that specialize in certain types of investments with oversight by an outside investment consultant and the Board in order to achieve an appropriate, diversified and balanced asset class mix to minimize portfolio risk.

The Investment Policy of the CMPTF dictates an allocation of 65% equity, 35% fixed income with a variation of 10% above or below these targets for each classification. At December 31, 2011, the CMPTF had been in compliance with this policy. Within each investment category there are specific policies to further address various types of risk compared to return.

As of December 31, 2011, the CMPTF had the following cash, cash equivalents, and investments in its pension trust fund:

CITY OF PITTSBURGH, PENNSYLVANIA

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Investment Type	Fair Market Value
U.S. government and agency obligations	\$ 19,006,022
Corporate debt	18,872,964
Other	8,628,926
Total debt securities	46,507,912
Cash and cash equivalents	25,652,404
Mutual funds:	
U.S. equities	97,396,704
Non-U.S. equities	57,949,818
Fixed income	51,893,116
Preferred and common stocks	31,408,368
Private equity	11,438,594
Total cash, cash equivalents, and investments	275,739,004
Combined total	\$ 322,246,916

Concentration of Credit Risk – The CMPTF investment guidelines address this risk by requiring diversity and investment percentage limits. With the exception of Federal Government and Agency obligations, no one issue will comprise more than 10% of the aggregate fixed-income portfolio without the Board’s prior approval. In addition equity investment concentration in any single industry and in any company shall not exceed 25% and 5%, respectively, of the market value of the plan assets. To further reduce risk, diversification will also be achieved by using multiple managers whose styles and strategies are sufficiently distinctive. As of December 31, 2011, these limits have been met.

Interest Rate Risk - The CMPTF has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The schedule below details maturity by investment type.

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2011			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government and agency obligations	\$ 19,006,022	\$ -	\$ 1,605,426	\$ 4,172,340	\$ 13,228,256
Corporate debt	18,872,964	1,348,166	7,581,435	7,777,824	2,165,539
Other	8,628,926	1,615,506	3,417,508	-	3,595,912
Total debt securities	\$ 46,507,912	\$ 2,963,672	\$ 12,604,369	\$ 11,950,164	\$ 18,989,707

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The policy guidelines of the CMPTF limit investments to Federal Government and Agency issues and corporate issues having a Moody’s rating of Aaa to Baa, with the exception that up to 20% of the fixed income assets may be allocated to high yield

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fixed-income securities. The Pension trust fund's December 31, 2011 investments in corporate bonds have received the following ratings from Moody's:

	<u>Moody's Credit Rating</u>	<u>% of Corporate Debt Portfolio</u>
Corporate debt	Aaa	20.38%
Corporate debt	Aa1	0.33%
Corporate debt	Aa2	2.94%
Corporate debt	Aa3	0.30%
Corporate debt	A2	0.95%
Corporate debt	BAA & below	75.10%
		<u>100.0%</u>

The City's investment in mutual funds and U.S. Government agencies implicitly guaranteed by the U.S. Government were unrated.

(C) Pittsburgh Water and Sewer Authority (PWSA)

PWSA is authorized to invest in obligations of the U.S. government and government-sponsored agencies and instrumentalities; fully insured or collateralized certificates of deposit; commercial paper of the highest rating; repurchase agreements collateralized by government obligations or securities and highly rated bank promissory notes or investment funds or trusts; and, as to trustee assets, as otherwise permitted by the trust indenture as supplemented and amended in 1998. Throughout the year ended December 31, 2011, PWSA invested its funds in such authorized investments. PWSA does not have a formal investment policy that addresses custodial credit risk, interest rate risk, credit risk, or concentration of credit risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, PWSA's deposits may not be returned to it. As of December 31, 2011, \$32,889,000 of PWSA's bank balance of \$39,115,000 was exposed to custodial credit risk. These amounts are 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. These deposits have carrying amounts of \$41,676,000 as of December 31, 2011, all of which is reported as current assets in the statement of net assets.

In addition to the deposits noted above, included in cash and cash equivalents as noncurrent restricted assets on the statement of net assets are the following short-term investments: money market funds of \$2,901,000 and repurchase agreements of \$578,000.

At December 31, 2011, PWSA held the following investment balances:

CITY OF PITTSBURGH, PENNSYLVANIA

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	<u>Carrying value</u>	<u>Maturity in years Less than 1 year</u>
Commonwealth of PA		
Revenue Bonds (Guaranteed		
Investment Contracts)	\$ 8,536	\$ 8,536
Money market	2,901	2,901
Repurchase agreements	578	578
Commercial paper	<u>38,193</u>	<u>38,193</u>
Total Investments	<u>\$ 50,208</u>	<u>\$ 50,208</u>

The fair value of PWSA's investments is the same as their carrying amount, with the exception of the guaranteed investment contracts, which are carried at amortized cost. Investments of \$46,729,000 are included as noncurrent restricted investments on the statement of net assets. Investments of \$3,479,000, consisting of money market funds and repurchase agreements, are included as noncurrent restricted cash and cash equivalents on the statement of net assets.

Interest Rate Risk – Interest rate risk, the risk that changes in the interest rates will adversely affect the fair market value of the PWSA's investments. PWSA is not subject to interest rate risk as all of its investments at December 31, 2011 had maturities of less than one year.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2011, PWSA's investments in the guaranteed investment contracts were rated AA by Standard & Poor's. The counterparty to PWSA's guaranteed investment contracts is the Commonwealth of Pennsylvania. PWSA's investments in money markets were rated AA by Standard & Poor's. PWSA's investments in commercial paper at December 31, 2011 were rated A-1 by Standard & Poor's. Not all of the investments in commercial paper were rated. Additionally, at December 31, 2011, PWSA had various repurchase agreements. The underlying securities of these repurchase agreements consist primarily of U.S. Treasuries, and are therefore not subject to credit risk.

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PWSA places no limit on the amount it may invest in any one issuer. More than five percent of PWSA's investments are in Fidelity Institutional Money Market, Wells Fargo/BLB Investment Agent, and Commonwealth of Pennsylvania. These investments are 5.8%, 65.2%, and 17.0%, respectively, of PWSA's total investments at December 31, 2011.

As further described in Note 9, PWSA has a derivative instrument that is accounted for as an investment. Credit and interest rate risks related to this investment are described in Note 9.

CITY OF PITTSBURGH, PENNSYLVANIA

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(D) The Stadium Authority of the City of Pittsburgh (Stadium Authority)

The carrying amounts of the Stadium Authority included cash deposits and money market pooled investments held with banks as of March 31, 2011.

Interest Rate Risk – Although the Stadium Authority does not have a formal investment policy, it limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All the Stadium Authority's investments have short-term maturities.

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

Concentration of Credit Risk – The Stadium Authority places no limit on the amount that may be invested in any one issuer. The Stadium Authority maintains its cash and cash equivalent balances at three financial institutions. Non-interest bearing accounts are fully insured through December 31, 2012. Interest bearing deposits up to \$250,000 per institution constitute federally insured amounts. At March 31, 2011, \$629,902 of the Stadium Authority's cash and cash equivalent deposits were insured under federal insurance programs, with the balance of the cash and cash equivalents uninsured and uncollateralized. Credit risk is low, however, as a majority of the uninsured and uncollateralized balance is in either a bank money market product that invests in government-backed securities or a certificate of deposit.

(E) Public Parking Authority of Pittsburgh (Parking Authority)

Cash and Deposits

The Parking Authority's cash deposits and time deposits, which are insured by the Federal Deposit Insurance Corporation or which were not insured or collateralized in the Parking 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. At September 30, 2011, the Parking Authority had a bank and book balance of \$9,305,682 and \$9,659,023, respectively. \$9,464,602 of the cash balance is restricted at September 30, 2011.

Investments

As of September 30, 2011, the Parking Authority had the following investments of which \$24,229,153 are restricted as to their use. Blackrock and J.P. Morgan investments are in Mutual Fund investment pools.

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Investment	Amount	% of Total Investment	Maturity	September 30, 2011 Rating	
				Standard & Poor's	Moody's
J.P. Morgan US Gov Securities	\$ 21,448,173	49%		AAAm	Aaa-mf
Blackrock Pif Temporary Fund	18,897,427	43%		AAAm	Aaa-mf
Federal Home Loan Bank Discount	3,588,063	8%	11/30/2011	AAAm	Aaa-mf
Federated Prime Obligations Fund	777			AAAm	Aaa-mf
PNC Moneymarket	101,192				
Total	\$ 44,035,632	100%			

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

Credit Risk – The Pennsylvania Municipality Authorities Act of 1945 provides for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits; however, they do allow pooling of governmental funds for investment. The Parking Authority has no investment policy that would further limit its investment choices. The deposit and investment policy of the Parking Authority adheres to State statutes, related trust indentures, and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Parking Authority.

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

(F) Urban Redevelopment Authority (URA)

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.

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Custodial Credit Risk – 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, 2011, \$94,548,917 of the URA’s bank balance of \$113,994,783 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, 2011, the carrying amounts of the URA’s deposits were \$113,477,588.

As of December 31, 2011, \$871 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, 2011, the carrying amounts of the component unit’s deposits were \$250,871.

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

	Fair market value	Maturity in years						
		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	\$ 32,105,031	\$ 32,105,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bonds	3,491,095	-	-	3,491,095	-	-	-	-
Freddie Mac	1,235,088	-	-	-	-	-	1,235,088	-
GNMA	12,079,497	-	15,768	1,495,262	-	72,879	7,766,734	2,728,854
FNMA	27,279,344	-	141,123	73,006	8,215,418	12,447,959	6,293,546	108,292
Total	\$ 76,190,055	\$ 32,105,031	\$ 156,891	\$ 5,059,363	\$ 8,215,418	\$ 12,520,838	\$ 15,295,368	\$ 2,837,146

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 a specific cash flow, 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, 2011, the URA’s investments in money market funds were rated AAA by Standard & Poor’s. The URA’s investments in Freddie Mac and FNMA were not rated as of December 31, 2011.

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Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The URA has a concentration of credit risk policy to monitor concentrations to single issuers on a quarterly basis. More than 5% of the URA's investments are in Fannie Mae asset-backed securities (49%).

4. TRANSACTIONS WITH THE PITTSBURGH WATER AND SEWER AUTHORITY (PWSA)

In July 1995, the City entered into a Cooperation Agreement and a Capital Lease Agreement (collectively referred to as the Agreements with PWSA).

(A) Cooperation Agreement

On January 1, 1995, the City water department employees became employees of PWSA. PWSA assumed workers' compensation and compensated absence liabilities, which had accrued during the era of the City's Water Department.

Direct costs of the System's water operations are now generally paid directly by PWSA under the Cooperation Agreement. The City continues to provide PWSA with various services in accordance with the Cooperation Agreement, and PWSA reimburses the City for direct and indirect costs attributed by the City to the operation and maintenance of the System.

Under the Agreements, PWSA provides up to 600 million gallons of water annually for the City's use without charge. PWSA also continues to reimburse the City for the cost of subsidizing water service to those residents of the City situated beyond PWSA's service area so that those water users pay charges that mirror the rates of PWSA.

(B) System Lease

The City and PWSA entered into a Capital Lease Agreement (Capital Lease), effective July 27, 1995, with a term of thirty years, commencing as of July 15, 1995 and ending on September 1, 2025. The Capital Lease stipulates minimum lease payments of approximately \$101,000,000, including interest, all of which have been paid. PWSA has the option to purchase the System in 2025 for \$1.

(C) Pension

As of December 31, 2003, the City has retained the pension obligation for PWSA's employees who participate in the City's Municipal Pension Plan. The extent of PWSA's participation in such obligation with respect to these employees whose membership continued upon becoming employees of PWSA is determined by the shared interpretation of the City and the PWSA of the intent of the Cooperation Agreement.

Uncertainty exists about the future obligation of PWSA and its employees to make contributions to the Plan. Such contributions are contingent upon the continuing eligibility of PWSA's

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employees to participate in the City's Plan. Eligibility for ongoing employee participation in the City's Plan could end if PWSA was to introduce another pension plan. At this time, PWSA and the City have no definite plans to establish another pension plan for PWSA, other than an agreement in principle that PWSA should have its own plan in the future. Future obligations of PWSA to make contributions to the Plan may also be subject to other amendments of the existing arrangement agreed upon by PWSA and the City.

See additional related party transaction disclosures for the URA, Stadium Authority, and Parking Authority in Note 14.

5. REAL ESTATE TAXES AND PROPERTY TAX REASSESSMENTS

Real Estate Taxes

The City has the power to levy and collect ad valorem taxes on all taxable real estate within its boundaries. Real estate is assessed by Allegheny County Office of Property Assessment pursuant to the terms of the General County Assessment Law and the Second Class County Assessment Law, which require property to be assessed at actual market value. Property is assessed by the Board at 100% of fair market value. The assessed value for 2011 was \$13,486,434,282.

A unified tax levy for land and buildings is made annually on January 1 and collected by the City. Taxes are payable annually or in three installments, at the taxpayers' option, normally due the last day of February, April 30, and July 31. A 2% discount is allowed on either the first installment or the full year tax payment, normally if paid by February 10. If no payment is received by the last day of February, the installment payment privilege is forfeited, and the entire tax for the year is considered delinquent. Penalty and interest is imposed on delinquent payments.

Delinquent taxes are liened every three years after the levy date. The City provides programs of tax abatement, administered by Allegheny County, for new construction and rehabilitation of residential and commercial/industrial properties pursuant to Commonwealth legislative authority. The residential abatement program provides for the abatement of taxes for a period of three years on the increased assessment attributable to new construction or rehabilitation up to an annually indexed average housing construction cost ceiling. The City makes tax abatements available for commercial/industrial properties for the assessment increase attributable to new construction.

Property Tax Reassessments

The City, as part of Allegheny County, had all property reassessed for the year 2001. Assessments are now based on 100% of market value. Due to the magnitude of the changes from the previous assessments, particularly in the ratio of land to building values, the City was forced to abandon its two-tiered or bifurcated tax, which had been in existence since 1913. The City now taxes land and building at the same unified rate and plans to maintain a unified rate unless land values are reassessed in the future. A court-ordered reassessment for Allegheny County, including the City of Pittsburgh, occurred during 2011. Currently, these reassessed values are to be used for the 2013 tax levy.

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City and School Real Estate Taxes (property taxes) are based on the assessed value of the property as determined by the Allegheny County Board of Assessors. The assessed value of a property is broken down by land value and building value. For 2011, the City's tax rate was 10.8 mills on the assessed value of the property. The School District of Pittsburgh's tax rate was 13.92 on mills assessed value. A mill is 1/10 of a cent. For example, on a property assessed at \$1,000, the City Real Estate tax would be \$10.80. The School District of Pittsburgh Real Estate Tax would be \$13.92.

Taxes are billed on a calendar year. There are two tax relief programs in the City. They are: Homestead and Senior tax relief.

The City has accrued for tax refunds and tax credits within accounts payable on the statement of net assets and governmental funds balance sheet (general fund) for payments received that are subject to refund.

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6. CAPITAL ASSETS

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Governmental activities:				
Non-depreciable assets:				
Land	\$ 45,602,091	\$ -	\$ -	\$ 45,602,091
Construction-in-progress	3,372,001	3,472,111	(2,109,622)	4,734,490
Total	<u>48,974,092</u>	<u>3,472,111</u>	<u>(2,109,622)</u>	<u>50,336,581</u>
Depreciable assets:				
Buildings and systems	88,778,564	-	-	88,778,564
Accumulated depreciation	<u>(78,340,234)</u>	<u>(1,254,019)</u>	<u>-</u>	<u>(79,594,253)</u>
Net	<u>10,438,330</u>	<u>(1,254,019)</u>	<u>-</u>	<u>9,184,311</u>
Furniture and fixtures	4,192,053	-	-	4,192,053
Accumulated depreciation	<u>(4,067,873)</u>	<u>(35,067)</u>	<u>-</u>	<u>(4,102,940)</u>
Net	<u>124,180</u>	<u>(35,067)</u>	<u>-</u>	<u>89,113</u>
Machinery and equipment	4,304,531	-	-	4,304,531
Accumulated depreciation	<u>(4,017,271)</u>	<u>(199,212)</u>	<u>-</u>	<u>(4,216,483)</u>
Net	<u>287,260</u>	<u>(199,212)</u>	<u>-</u>	<u>88,048</u>
Vehicles	63,307,145	2,167,042	(2,501,693)	62,972,494
Accumulated depreciation	<u>(44,267,540)</u>	<u>(4,935,172)</u>	<u>2,293,620</u>	<u>(46,909,092)</u>
Net	<u>19,039,605</u>	<u>(2,768,130)</u>	<u>(208,073)</u>	<u>16,063,402</u>
Infrastructure	177,810,167	2,109,622	-	179,919,789
Accumulated depreciation	<u>(102,426,667)</u>	<u>(5,412,156)</u>	<u>-</u>	<u>(107,838,823)</u>
Net	<u>75,383,500</u>	<u>(3,302,534)</u>	<u>-</u>	<u>72,080,966</u>
Capitalized leases	15,434,653	-	-	15,434,653
Accumulated depreciation	<u>(5,273,165)</u>	<u>(771,733)</u>	<u>-</u>	<u>(6,044,898)</u>
Net	<u>10,161,488</u>	<u>(771,733)</u>	<u>-</u>	<u>9,389,755</u>
Total depreciable assets	353,827,113	4,276,664	(2,501,693)	355,602,084
Total accumulated depreciation	<u>(238,392,750)</u>	<u>(12,607,359)</u>	<u>2,293,620</u>	<u>(248,706,489)</u>
Net	<u>115,434,363</u>	<u>(8,330,695)</u>	<u>(208,073)</u>	<u>106,895,595</u>
Governmental activities, capital assets, net	<u>\$ 164,408,455</u>	<u>\$ (4,858,584)</u>	<u>\$ (2,317,695)</u>	<u>\$ 157,232,176</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

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General government	\$ 1,611,909
Public safety	3,466,147
Highways, streets, and other capital improvements	5,412,157
Sanitation	902,553
Public works	1,050,831
Culture and recreation	163,762
	<u>\$ 12,607,359</u>

Component unit's capital asset activity as presented for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Component Units:				
Non-depreciable assets:				
Land	\$ 39,257,939	\$ -	\$ -	\$ 39,257,939
Construction-in-progress	41,328,000	37,494,414	16,020,854	62,801,560
Total	<u>80,585,939</u>	<u>37,494,414</u>	<u>16,020,854</u>	<u>102,059,499</u>
Depreciable assets:				
Building and building improvements	83,160,555	81,402	-	83,241,957
Parking facilities	160,418,503	15,349	35,176	160,398,676
Machinery and equipment	6,198,930	433,641	356,994	6,275,577
Utility plant	665,717,000	17,804,000	-	683,521,000
Non-utility plant	17,106,000	937,000	-	18,043,000
Infrastructure	2,241,369	-	-	2,241,369
Total	<u>934,842,357</u>	<u>19,271,392</u>	<u>392,170</u>	<u>953,721,579</u>
Less: accumulated depreciation	<u>(302,063,301)</u>	<u>(20,353,859)</u>	<u>(615,697)</u>	<u>(321,801,463)</u>
Net	<u>\$ 713,364,995</u>	<u>\$ 36,411,947</u>	<u>\$ 15,797,327</u>	<u>\$ 733,979,615</u>

7. PENSION PLANS

(A) Organization and Description of Plans

The City is responsible for the funding of retirement benefits for the three pension plans described below. Investments of the plans are held by the Comprehensive Municipal Pension Trust Fund (Comprehensive Trust), in accordance with the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205), and are administered under the direction of that fund's Board.

In accordance with Act 205 and the Acts under which the Municipal Pension Plan of the City of Pittsburgh, the Policemen's Relief and Pension Plan of the City of Pittsburgh, and the Firemen's Relief and Pension Plan of the City of Pittsburgh were established; a separate accounting for the activities of these three plans is maintained including the employees' contributions, allocation of

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state aid and the City's annual contribution and a calculation of each Plan's undivided interest in the investments held by the Comprehensive Trust. Additionally, separate actuarial valuations are performed annually for each plan. However, the individual plans do not record the undivided interest in the investments in their individual plans since the assets of the Comprehensive Trust are available for the payments of benefits and expenses of any of the three pension plans without limitations. Therefore, in accordance with Governmental Accounting Standards, the City is considered to be administering a single plan for financial reporting purposes. The three pension plans plus the Comprehensive Trust constitute the City's Pension Plan.

The retirement plans issue a publicly available combined financial report that includes financial statements and required supplementary information. This report may be obtained by writing or calling the following:

City of Pittsburgh
Combined Pension Fund
C/O Department of Finance
City/County Building
Pittsburgh, PA 15219

The Municipal Pension Plan

The Municipal Pension Plan of the City of Pittsburgh (Municipal Plan) was established by Act 259 of May 28, 1915, P.L. 596. Every full-time employee of the City and the PWSA who is not covered by the Policemen's Plan or the Firemen's Plan is required to join the Municipal Plan after serving a 90-day probationary period. The Municipal Plan is a single employer defined benefit plan, and its purpose is to provide retirement, disability, and other benefits to its members. The City and members of the Municipal Plan are required to make contributions to the Municipal Plan for the purpose of paying benefits and administrative expenses. At January 1, 2011, the date of the most recent actuarial valuation, the Municipal Plan has 3,486 total members of which 1,829 are active members; 1,597 retirees, disabled, and survivors; and 60 terminated but vested members.

Effective January 1, 1995, the City terminated employment of the 255 employees of its Water Department. As part of a Cooperation Agreement with PWSA, the 255 terminated employees became employees of PWSA. The PWSA employees' membership in the Municipal Plan continued with no break in service, as provided for by the Municipal Pension Act, because PWSA has no retirement plan. The City considers PWSA a part of the reporting entity and thus believes the plan continues to be a single employer plan. As of the date of these financial statements, no separate allocations of contributions to the Plan, Plan assets, or Plan liabilities have been allocated to the employees of PWSA, nor have any actuarial determinations been made. PWSA reimburses the City's General Fund for its portion of employer contributions in an amount which is not actuarially determined.

Retirement benefits are available at the employee's option upon attainment of age 60, and completion of 20 years of service, normal retirement. A plan member is eligible for early

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retirement upon attainment of age 50 and completion of eight years of service. For early retirees, benefit payments may be deferred until 60 years of age, or paid immediately at reduced amounts, as defined by the Plan. Upon completion of eight years of service and attainment of age 40, an employee may terminate and remain eligible to receive benefits by continuing to make contributions to age 50. An employee who was a member prior to January 1, 1975 may terminate at any age after 15 years of service and be vested by continuing contributions to age 50.

Employees who become permanently disabled during the performance of their duties and who are unable to continue to perform those duties are eligible to receive a disability pension. Employees who become otherwise disabled are eligible for a disability pension if eight years of service have been completed.

The retirement benefit for employees who became members of the Municipal Fund before January 1, 1975, is 55% of the first \$650 of average monthly compensation plus 30% of the amount in excess of \$650. Prior to January 1, 2002, the benefits for employees who became members after December 31, 1974, were reduced by 50% of the Social Security benefit. Beginning January 1, 2002, such benefits are no longer reduced by the Social Security benefits for certain classes of employees. All members receive a service increment of 1% of three year average pay, four year average pay if hired after December 31, 1987, for each year of service in excess of 20, to a maximum of \$100 per month. The retirement benefit for employees with less than 20 years of service is prorated. The percentage calculation is actual # of years of service/240. In addition, for employees electing the program who have not attained the age of 60, the retirement benefit is reduced by ½% for each month that payments commence prior to age 60, except for those hired before January 1, 1975, with 25 years of service. Average monthly compensation is defined as the average of salaries and wages during the highest 36 months of the final 60 months preceding retirement, excluding overtime. In 2001, an ordinance was passed to permit an election to change the method of calculation to be consistent with employees hired after January 1, 1988 and the elimination of the offset from social securities benefits received. Under the 2001 Ordinance, average monthly compensation is defined as the last 36 consecutive months of contributory earnings immediately preceding retirement or termination of services.

A member who meets the disability requirements, but who is not eligible to retire, is entitled to a disability benefit based upon his earnings at the date of disability without proration for service less than 20 years. For eligible employees hired on or after January 1, 1988, the following rules apply:

- a. If an employee is age 60 or older with eight years of service, the employee will receive his normal retirement benefit.
- b. If an employee becomes disabled before attaining age 60, but with at least eight years of service, his benefit will be calculated as though he was age 60 with his service being the greater of 1) his service at disablement or 2) the lesser of 20 years and his completed service assuming he had continued to work until age 60.

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- c. The above benefit will be reduced so that the combination of this benefit and the employee's monthly workers' compensation benefit shall not exceed the employee's regular salary level at the time of disablement.

A survivor benefit is available to the surviving spouse upon the death of an active member eligible for early retirement. The benefit amount is equal to 50% of the member's pension had the member retired at the date of death. A survivor benefit equal to the excess of the member's contributions over the retirement benefits paid is provided to the beneficiary of a member whose death occurs after the retirement date. The member's contributions are returned to the beneficiary of a member whose death occurs prior to eligibility for early retirement.

Normal retirement is upon attainment of age 60 and completion of 20 years of service. A plan member is eligible for early retirement upon attainment of age 50 and completion of eight years of service. For early retirees, benefit payments may be deferred until 60 years of age or paid immediately at reduced amounts.

Prior to January 1, 2002, upon termination and prior to vesting, a member's contributions were refundable without interest to the member. Beginning January 1, 2002, contributions were refundable with 5% interest for certain classes of employees. Employee contributions to the Plan are 5% of pre-tax pay for employees hired prior to January 1, 1988 and 4% of pre-tax pay for those hired thereafter.

Costs related to healthcare reimbursement and Medicare benefits are considered part of the pension plan and are included in the Municipal Plan's MMO calculation.

The Policemen's Relief and Pension Plan

The Policemen's Relief and Pension Plan of the City of Pittsburgh (Policemen Plan) was established by Act 99 of May 25, 1935, P.L. 233. The Policemen Plan is a single employer defined benefit plan and its purpose is to provide retirement, disability, and other benefits to its members. P.L. 233 requires the City and members of the Policemen Plan to make contributions to the Policemen Plan for the purpose of paying benefits and administrative expenses.

All employees of the Bureau of Police, including substitute uniformed employees, are eligible for membership in the Plan. At January 1, 2011, the Policemen Plan has 2,429 total members of which 880 are active members; 1,534 retirees, disabled, and survivors; and 15 terminated members not yet receiving benefits.

Retirement benefits are available at the employee's option upon completion of 20 years of service and attainment of age 50. Employees who become permanently disabled in the line of duty, and who are unable to perform the duties of their position, are eligible to receive a disability pension. Employees who become permanently disabled other than in the line of duty become eligible to receive a disability pension if they have completed ten years of service.

Employees hired prior to January 1, 1992 receive pension benefits equal to 50% of the highest 12 months' base salary at the time of retirement. Employees hired after December 31, 1991

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receive a pension benefit based on highest 36-month base salary. An arbitration award dated March 30, 1992 changed the method used to calculate pension benefits for employees. Under the new method, pension benefits are determined on the basis of the last 36 months base salary instead of the last 48 months average pay for employees hired on or after January 1, 1992.

Service increments of \$20 per month for each year of service between 20 and 25 years and \$25 per month for each year in excess of 25 years are included in the retirement benefit. A death benefit is available for the survivors, as defined by the plan, of any member who dies in the performance of his duties. A surviving spouse benefit, which is applicable to deaths not in the line of duty, may also be elected by plan participants.

Effective January 1, 1989, regular pensioners receiving benefits prior to January 1, 1984 and disabled pensioners receiving benefits prior to January 1, 1985 received an increase in benefits based upon retirement year.

An employee, who terminates employment after 20 years of service, and before age 50, is considered fully vested in the plan. The accrued benefit is payable at age 50 and is based on base salary at the time of termination. A terminated member may elect to continue making contributions to the plan, equal to the contribution rate of their rank at the time of termination. In this event, the monthly benefit payable at age 50 will be based on the rate of pay which would have been in effect had the employee continued to work until age 50. If a member terminates employment before completing 20 years of service, accumulated employee contributions are refundable.

Employee contributions to the Policemen Fund are 6% of pay plus \$1 per month. Those electing the surviving spouse benefit contribute an additional 1/2% of pay.

The Firemen's Relief and Pension Plan

The Firemen's Relief and Pension Plan of the City of Pittsburgh (Firemen Plan) was established by Act of May 25, 1933, P.L. 1050. The Firemen Plan is a single employer defined benefit plan. Its purpose is to provide retirement, disability, and other benefits to its members. P.L. 1050 requires the City and members of the Firemen Plan to make contributions to the Firemen Plan for the purpose of paying benefits and administrative expenses.

All employees of the Bureau of Fire, including the commanding officer and chief of the bureau, are eligible for membership in the Firemen Plan. At January 1, 2011, the Firemen Plan had 1,735 total members of which 611 are active members; 1,124 retirees, disabled, and survivors; and 0 terminated members not yet receiving benefits.

Retirement benefits are available at the employee's option upon completion of 20 years of service for any participant employed before January 1, 1976, or for those years employed thereafter, completion of 20 years service and attainment of age 50. Employees who become permanently disabled in the line of duty and who are unable to perform the duties of their position are eligible to receive a disability pension. Employees who become permanently

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disabled other than in the line of duty become eligible to receive a disability pension if they have completed ten years of service.

The regular pension benefit is equal to 50% of the average wages earned during any three calendar years of service or the last 36 months average pay immediately preceding retirement. A service increment of \$20 per month in 1991 and thereafter is paid each member for each year of service in excess of 20. A surviving spouse benefit may also be elected by plan participants, which is applicable to deaths not in the line of duty. A lump-sum death benefit of \$1,200 is paid to the beneficiary of any deceased member.

Normal vesting occurs upon attainment 20 years of service. If a retiree is under the age of 50, the retiree must make contributions to the plan until the age of 50 to qualify for a monthly pension at age 50. Upon termination of employment a member's contributions, without accumulation of interest, are refundable.

Employee contributions to the Firemen Plan are 6% of pay plus \$1 per month. Those electing the surviving spouse benefit contribute an additional 1/2% of pay.

(B) Funding Status and Progress

In 1984, the Pennsylvania General Assembly passed the "Municipal Pension Plan Funding Standard and Recovery Act" (Recovery Act), which has improved the administration and funding of all municipal pension plans. The Recovery Act made changes to the actuarial reporting requirements for municipalities, set forth minimum municipal pension contributions, and established the framework for customized recovery programs for municipalities with large unfunded pension liabilities.

In accordance with the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205), the City established the Comprehensive Municipal Pension Trust Fund Board (Comprehensive Trust) in August 1987. The Board's purpose is to oversee the activities of the City's pension plans and to receive and invest the City's pension assets.

The City has three defined benefit pension plans (Municipal, Policemen, and Firemen), which are administered by respective pension boards, the majority of whose members are elected by the employees. The Policemen and Firemen Plans cover all employees of the Bureau of Police and the Bureau of Fire, respectively. Each full-time employee not covered under either the Policemen's or Firemen's Plan is required to join the Municipal Plan after serving a 90-day probationary period.

The Commonwealth pension contributions are determined under Act 205. The City is eligible for the maximum remedies available under Act 205. To qualify, the City is required to fund an amount equal to normal cost and the amortization payment required to eliminate the unfunded liability over a 40-year period less any member contributions.

Act 205 contains both mandatory and optional remedies for municipalities to design a program for dealing with unfunded pension liabilities. The mandatory remedies implemented by the

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City were the development and adoption of an administrative improvement plan for its pension fund, the establishment of lower cost pension plans for new hires, and the aggregation of all the City's pension assets for investment purposes under the guidance of a new oversight board (the Comprehensive Municipal Pension Trust Fund Board). The Comprehensive Trust, which is comprised of seven members, four appointed by the Mayor and approved by Council and one elected from each plan, manages the investments of all pension assets and provides funds for each plan's monthly payment of benefits and administrative expenses from plan net assets. The optional remedies initially selected by the City were: 40-year amortization of the unfunded liability, level percent amortization, and a 15-year phase-in allowing the City to gradually increase its pension contributions.

Act 189 of 1990 amended the provisions of Chapter 3 of Act 205. Amendments require (1) annual payroll used in the calculation of financial requirements to be that of the current year (of the calculation) plus projected payroll to the end of the year and (2) an estimated state aid amount not be deducted from the total financial requirements in determining the minimum municipal obligation. The revised definition of the Minimum Municipal Obligation (MMO) is effective for MMO's developed and adopted for budgeting purposes subsequent to 1991. Additionally, the provisions for payment of the MMO were revised to require any one of three alternative methods, more fully described in Act 189, and payment of the MMO is to occur by December 31 of each year. The Commonwealth of Pennsylvania provides pension aid grants to local municipalities. The City received increased State aid (\$26.9 million) in 2011, due to a one-time increase in State pension funding.

Commonwealth of Pennsylvania Act 44 of 2009 required the City's aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City's pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City's plan to meet this level of funding included transferring approximately \$45 million to the Comprehensive Trust Fund which was in the Debt Service Reserve Fund in 2010 and dedicating parking tax revenues for the next 31 years. Per Council legislation, the City intends to contribute parking tax revenues of \$13.4 million per year from 2011 through 2017 and \$26.8 million per year from 2018 through 2041. While the present value of the dedicated future parking tax revenues for future pension contributions did not meet the criteria for recognition as an asset in the City's financial statements, it was treated as an actuarial asset for purposes of funding levels under Commonwealth of Pennsylvania Act 44 of 2009 and the City was determined to have met the required funding level to avoid takeover of the City pensions by the Pennsylvania Municipal Retirement System.

For the year ended December 31, 2011, the City did contribute \$68.7 million to the Pension Trust Fund, which included \$13.4 million in an additional contribution of dedicated parking tax revenue.

During 2011, the City assumed the fire department of a neighboring community, Wilkinsburg Borough. An amount of \$1.9 million was transferred directly into the Comprehensive Trust Fund from the neighboring community's pension plan to fund the pension obligations of the assumed employees for their service prior to employment by the City. This amount is reflected

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as Contributions-Wilkinsburg Fire Department on the Statement of Changes in Fiduciary Net Assets.

Annual Required Contribution

The City's annual required contribution for the past three years is depicted in the following table.

Fiscal Year Ended	(\$ in Thousands)		
	Municipal	Policemen	Firemen
December 31, 2011:			
Annual required contribution	\$ 10,637	\$ 21,028	\$ 14,831
Contribution made	14,922	29,506	20,811
December 31, 2010:			
Annual required contribution	\$ 10,334	\$ 20,429	\$ 14,408
Contribution made	23,246	45,952	32,410
December 31, 2009:			
Annual required contribution	\$ 10,158	\$ 20,241	\$ 14,116
Contribution made	10,158	20,241	14,116

Significant assumptions underlying the actuarial computations include mortality, termination, vesting, marital status, and retirement estimates, as well as the following:

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2011	1/1/2011	1/1/2011
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar Closed	Level dollar Closed	Level dollar Closed
Remaining amortization period	27 years	27 years	27 years
Asset valuation method	Tabular Smoothing	Tabular Smoothing	Tabular Smoothing
Actuarial assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases	4.00%	5.00%	5.75%
Inflation rate	3.50%	3.50%	3.50%
Merit and longevity increases	0.50%	1.50%	2.25%

The 1/1/11 Police actuarial report reflects the City's decision to change the salary scale assumptions from 5.75% to 5.00%; this change decreases the Police Plans actuarial accrued liability by \$3.5 million. The merit and longevity increases were also changed from 2.25% to 1.5%.

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Required contributions were impacted by the City's 1998 general obligation bond issue, which was used to make a \$250,000,000 contribution to the plan and reduce an accumulated unfunded actuarial liability.

Employer contributions reported in the statement of changes in fiduciary net assets include contributions for other post employment benefits which are not included in the Annual Required Contribution calculation, as further discussed in Note 8.

The City has a net pension asset (a negative net pension obligation (NPO)) as of December 31, 2011 calculated as follows:

(Amounts expressed in thousands)

	Municipal	Policemen	Firemen
Annual required contribution	\$ 10,637	\$ 21,028	\$ 14,831
Interest on NPO	(597)	(923)	(979)
Adjustment to the ARC	685	974	1,399
Annual pension cost	10,725	21,079	15,251
Contribution made	14,922	29,506	20,811
Change in NPO	(4,197)	(8,427)	(5,560)
NPO, 12/31/2010	(12,912)	(25,523)	(18,002)
NPO, 12/31/2011	\$ (17,109)	\$ (33,950)	\$ (23,562)

Three Year Trend Information

(Amounts expressed in thousands)

Fiscal Year Ending	Pension Plan	Annual Pension Cost (APC)	Total Contributions as a Percentage of Annual Pension Cost	Net Pension Obligation (Asset)
12/31/2011	Municipal	\$ 10,725	139.1%	\$ (17,109)
	Policemen	21,079	140.0%	(33,950)
	Firemen	15,251	136.5%	(23,562)
12/31/2010	Municipal	\$ 10,334	224.9%	\$ (12,912)
	Policemen	20,429	224.9%	(25,523)
	Firemen	14,408	224.9%	(18,002)
12/31/2009	Municipal	\$ 10,158	100.0%	\$ -
	Policemen	20,241	100.0%	-
	Firemen	14,116	100.0%	-

At January 1, 2011, the membership of the three pension plans consisted of:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Status	Municipal	Policemen	Firemen	Total
Retirees and beneficiaries of deceased retirees currently receiving benefits	1,597	1,534	1,124	4,255
Terminated employees - vested	60	15	-	75
Total	1,657	1,549	1,124	4,330
Active members	1,829	880	611	3,320
Total membership	3,486	2,429	1,735	7,650

The City's funded status and related information as of the actuarial valuation date, January 1, 2011, with the initial date of August 31, 2011, is as follows (in thousands):

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
Municipal:					
\$ 132,461	\$ 282,683	\$ (150,222)	46.86%	\$ 81,444	(184.45)%
Policemen:					
\$ 127,118	\$ 390,254	\$ (263,136)	32.57%	\$ 67,225	(391.43)%
Firemen:					
\$ 133,839	\$ 339,135	\$ (205,296)	39.46%	\$ 49,516	(414.61)%

The City's funded status and related information as of the actuarial valuation date, January 1, 2011, as revised, with a report date of September 12, 2011, is as follows (in thousands):

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
Municipal:					
\$ 187,042	\$ 282,683	\$ (95,641)	66.17%	\$ 81,444	(117.43)%
Policemen:					
\$ 235,013	\$ 390,254	\$ (155,241)	60.22%	\$ 67,225	(230.93)%
Firemen:					
\$ 209,937	\$ 339,135	\$ (129,198)	61.90%	\$ 49,516	(260.92)%

The revised information reflects assets reflected in the pension financial statements along with the dedicated stream of revenues created by Ordinances 42 and 44 of 2010, treated as an asset for purposes of submission to the Commonwealth of PA for Act 205 of 1984 and Commonwealth Act 44 of 2009.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

The required schedule of funding progress included as required supplementary information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Schedules of funding progress are presented on page 95.

8. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits disclosed in Note 7, resolutions of City Council, State statutes, and labor agreements have provided for certain postemployment benefits, other than pension benefits, known as (“OPEB”) to be provided to retirees or their beneficiaries. Through December 31, 2011, the City funds all City contributions on a pay-as-you-go basis. Such benefits are primarily funded through annual appropriations from the City's General Fund and trusts designated for those purposes. Post-retirement benefits consisting of health care benefits, Medicare reimbursements and life insurance for firefighters and police officers and life insurance for certain municipal employees.

Benefit provisions for the plan is established and amended through negotiations between the City and the respective unions.

Funding Policy. The City's contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011, the City contributed \$18,434,232 to the plan. By December 31, 2011, the City also put \$500,000 in an employee benefit agency fund awaiting transfer to an OPEB irrevocable trust. Employees are not required to make contributions for basic life insurance. Employees contribute to health care costs at a flat rate based on wages and family size. As of April 2012, the City is in the process of setting up an irrevocable trust fund to accumulate funds for the unfunded OPEB liability.

Annual OPEB Cost. The City's annual OPEB cost (expense) for the plan is calculated based on the annual required contribution of *the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plans, and changes in the City's net OPEB obligations, as well as the assumptions used to calculate the net OPEB obligation:

Annual required contribution	\$ 38,199,505
Interest on net OPEB obligation	2,041,824
Adjustment to annual required contribution	<u>(2,785,571)</u>
Annual OPEB cost	37,455,758
Contributions made	<u>18,434,232</u>
Increase (decrease) in net OPEB obligation	19,021,526
Net OPEB obligation (asset) beginning of year	<u>43,274,201</u>
Net OPEB obligation (asset) end of year	<u><u>\$ 62,295,727</u></u>

Actuarial valuation date	1/1/2010
Actuarial cost method	Entry Age
Amortization method	Level dollar
Asset valuation method	N/A - the plans are unfunded
Remaining amortization period	30 years - Open
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases - 1	5.75%
Health care inflation rate	9% in 2010, grading to 5% in 2018

1 - Projected salary increase for municipal is 4.00%.

For the Actuarial Valuation report dated January 1, 2010, the actuarial value of assets is zero, the actuarial accrued liability is \$488.6 million for a funded ratio of zero.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2011	\$ 37,455,758	49%	\$ 62,295,727
December 31, 2010	37,771,319	55%	43,274,201
December 31, 2009	29,521,658	68%	26,122,417

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Component Unit:

Parking Authority

The Parking Authority Post Employment Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Parking Authority. There is no separate audit requirement. The plan provides medical and dental insurance benefits to eligible retirees and their spouses. The following table shows the components of the Parking Authority's annual OPEB cost, the amount actuarially contributed to the plan, and the changes in the net OPEB obligation for the year ended September 30, 2011:

Annual OPEB cost (expense)	\$ 161,074
Interest on net OPEB obligation	33,011
Adjustment to annual required contribution	(98,557)
Contributions made	<u>(37,044)</u>
Increase in net OPEB obligation	58,484
Net OPEB obligation - beginning of year	<u>550,183</u>
Net OPEB obligation - end of year	<u><u>\$ 608,667</u></u>

The Parking Authority's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan was \$95,528 and 38.787%, respectively. As of October 1, 2010, the date of the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$857,983, all of which was unfunded. The covered payroll was \$2,675,858, and the ratio of unfunded actuarial accrued liability to cover payroll was 32.10%. The contributions made as a percentage of required contributions were 76.04%. The contributions were made on a pay-as-you-go basis.

In the October 1, 2010, actuarial valuation, the following actuarial assumptions were used: Actuarial cost method – Entry age normal; Interest rate – 6%; Amortization method – Level dollar; Amortization period – Seven years.

9. LONG-TERM LIABILITIES

The maximum amount payable for future maturities of bond and interest on general long-term debt at December 31, 2011 and changes in bond principal for the year then ended are summarized below:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

	Principal				Interest
	Outstanding at December 31, 2010	Bonds paid or defeased and discount amortized during 2011	Bonds issued during 2011	Outstanding at December 31, 2011	
Council and Public Election General Obligation Bonds:					
Eight general obligation bond issues with rates ranging from 4.0% to 6.60%. The bonds are payable from general revenues.					
2011	\$ 51,845,000	\$ 51,845,000	\$ -	\$ -	\$ -
2012	54,675,000	-	-	54,675,000	32,754,603
2013	57,535,000	-	-	57,535,000	29,887,752
2014	60,580,000	-	-	60,580,000	26,849,077
2015	63,865,000	-	-	63,865,000	23,557,491
2016	67,415,000	-	-	67,415,000	20,031,240
2017-2021	196,870,000	-	-	196,870,000	51,131,427
2022-2024	78,395,000	-	-	78,395,000	7,988,805
Subtotal	631,180,000	51,845,000	-	579,335,000	192,200,395
Less:					
Unamortized bond issuance costs	(4,519,225)	(552,786)	-	(3,966,439)	-
Unamortized bond discounts/premiums	16,556,705	2,186,888	-	14,369,817	-
Excess cost on debt refinancing	(9,879,160)	(1,148,679)	-	(8,730,481)	-
	\$ 633,338,320	\$ 52,330,423	\$ -	\$ 581,007,897	\$ 192,200,395

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Discretely Presented Component Units

Debt related to URA supported by the City (debt recorded in the separate URA financial statements)

Future maturities of bond principal on URA related indebtedness supported by the City as of December 31, 2011 are as follows:

	Principal				Interest
	Outstanding at December 31, 2010	Bonds paid or defeased and discount amortized during 2011	Bonds issued during 2011	Outstanding at December 31, 2011	
Urban Redevelopment Authority					
Taxable Revenue Bonds:					
One Special Tax Development Bond with interest rates of 5.0%. The bonds are payable solely from the City's assignment to URA of certain Allegheny Regional Asset District revenues.					
2011	\$ 6,205,000	\$ 6,205,000	\$ -	\$ -	\$ -
2012	6,525,000	-	-	6,525,000	1,218,750
2013	6,880,000	-	-	6,880,000	894,875
2014	11,175,000	-	-	11,175,000	553,625
	<u>\$ 30,785,000</u>	<u>\$ 6,205,000</u>	<u>\$ -</u>	<u>\$ 24,580,000</u>	<u>\$ 2,667,250</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Debt related to URA supported by the City (debt not recorded in the separate URA financial statements)

	Principal				Interest
	Outstanding at December 31, 2010	Bonds paid during 2011	Bonds issued during 2011	Outstanding at December 31, 2011	
Urban Redevelopment Authority					
Taxable Revenue Bonds:					
Seven tax increment financing (TIF) bonds with interest rates ranging from 5.4% to 8.1% and one TIF note with variable interest rates. Terms of the TIF require repayments of principal and interest solely from tax increment generated in districts and related agreements.					
2011	\$ 1,793,980	\$ 1,847,180	\$ 53,200	\$ -	\$ -
2012	1,336,967	141,257	176,112	1,371,822	990,611
2013	1,451,652	161,437	192,623	1,482,838	893,714
2014	1,575,922	177,947	205,464	1,603,439	788,616
2015	1,885,615	207,299	229,312	1,907,628	669,052
2016	1,322,108	229,313	243,989	1,336,784	559,874
2017-2021	5,526,033	1,089,694	1,065,845	5,502,184	1,506,615
2022-2025	2,494,921	-	-	2,494,921	349,950
	<u>17,387,198</u>	<u>3,854,127</u>	<u>2,166,545</u>	<u>15,699,616</u>	<u>5,758,432</u>
Total Urban Redevelopment Authority debt supported by the City	<u>\$ 48,172,198</u>	<u>\$ 10,059,127</u>	<u>\$ 2,166,545</u>	<u>\$ 40,279,616</u>	<u>\$ 8,425,682</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

URA debt recorded by URA (includes PDF Trust Bonds supported by the City)

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2011:

	Balance at December 31, 2010	Additions	Retirements	Balance at December 31, 2011
URA:				
Mortgage Revenue Bond Program	\$ 74,710,000	\$ -	\$ 19,475,000	\$ 55,235,000
PDF Trust bonds	30,785,000	-	6,205,000	24,580,000
Bank loan	3,058,661	-	107,789	2,950,872
Total proprietary fund debt	108,553,661	-	25,787,789	82,765,872
Bank loans	7,281,884	4,575,000	5,398,470	6,458,414
HUD Section 108 loans	25,469,000	-	1,344,000	24,125,000
Compensated absences	533,891	-	960	532,931
Original issue premium	354,706	-	88,676	266,030
Deferred interest	(3,264,128)	-	(816,032)	(2,448,096)
Total debt and other long-term obligations	138,929,014	4,575,000	31,803,863	111,700,151
URA Component Units:				
Pittsburgh Housing Development Corporation:				
Bank construction loans	315,035	425,411	152,935	587,511
Total Component Unit Debt	315,035	425,411	152,935	587,511
Total debt and other long-term obligations - reporting entity	\$ 139,244,049	\$ 5,000,411	\$ 31,956,798	\$ 112,287,662

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Parking Authority Debt

Future maturities of bond and note principal on Parking Authority indebtedness at September 30, 2011 are as follows:

	Principal				Interest
	Outstanding at September 30, 2010	Bonds paid or defeased and discount amortized during 2011	Bonds and notes issued during 2011	Outstanding at September 30, 2011	
Parking Authority Revenue Bonds and Notes:					
Seven revenue bond issues with interest rates ranging from 2.0% to 5.0%. These bonds are payable from revenue from Parking Authority operations.					
2011	\$ 4,805,000	\$ 4,805,000	\$ -	\$ -	\$ -
2012	5,145,000	-	-	5,145,000	3,728,721
2013	5,515,000	-	-	5,515,000	3,489,568
2014	4,553,239	-	-	4,553,239	3,233,737
2015	4,503,814	-	-	4,503,814	4,196,558
2016	4,459,795	-	-	4,459,795	4,248,347
2017-2021	24,877,114	-	-	24,877,114	19,259,341
2022-2026	32,645,000	-	-	32,645,000	7,597,162
2027	8,295,000	-	-	8,295,000	710,753
	94,798,962	4,805,000	-	89,993,962	46,464,187
Plus: Appreciated value on Cap. Apprec. Bonds	3,732,156	756,714	-	4,488,870	-
Plus: Bond premium	1,908,281	(323,293)	-	1,584,988	-
Less: Unamortized discount	(45,779)	2,832	-	(42,947)	-
Less: Deferred amount on refinancing	(2,993,605)	402,225	-	(2,591,380)	-
Total	\$ 97,400,015	\$ (3,966,522)	\$ -	\$ 93,433,493	\$ 46,464,187

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Pittsburgh Water and Sewer Authority Debt

Future maturities of bond and note principal on PWSA indebtedness at December 31, 2011 are as follows:

	Outstanding at December 31, 2010	Bonds paid or defeased and discount amortized during 2011	Bonds and notes issued during 2011	Outstanding at December 31, 2011	Interest
Pittsburgh Water and Sewer Authority					
Revenue Bonds:					
Five revenue refunding bonds with interest rates ranging from 4.04% to 6.61%, and one note with variable interest rate. The bonds are payable from revenue from Water and Sewer operations.					
2011	\$ 16,069,000	\$ 16,069,000	\$ -	\$ -	\$ -
2012	13,739,000	-	1,148,000	14,887,000	26,940,190
2013	15,448,000	-	1,166,000	16,614,000	26,214,534
2014	16,563,000	-	1,184,000	17,747,000	25,337,744
2015	17,328,000	-	1,202,000	18,530,000	24,618,394
2016	16,892,000	-	161,600	17,053,600	24,008,420
2017-2021	85,265,000	-	3,116,400	88,381,400	115,083,949
2022-2026	118,120,000	-	6,381,000	124,501,000	113,827,201
2027-2031	135,845,000	-	468,000	136,313,000	154,151,089
2032-2036	149,500,000	-	-	149,500,000	47,432,580
2037-2040	185,740,000	-	-	185,740,000	14,031,403
	770,509,000	16,069,000	14,827,000	769,267,000	571,645,504
Less net bond discount (premium)	2,086,000	138,000	-	1,948,000	-
Less unamortized discount on 1998 bonds	(84,442,000)	(3,377,000)	-	(81,065,000)	-
Less deferred refunding loss	(25,363,000)	(1,663,000)	-	(23,700,000)	-
Total	\$ 662,790,000	\$ 11,167,000	\$ 14,827,000	\$ 666,450,000	\$ 571,645,504

Guaranteed Debt of Non-Component Unit

The Public Auditorium Authority is now a part of the Sports and Exhibition Authority, which is not a component unit of the City. The following debt was guaranteed by the City when the Public Auditorium Authority was a component unit of the City. As of December 31, 2011, the City continues to guarantee the debt.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

	Principal				
	Outstanding at December 31, 2010	Bonds paid or defeased and discount amortized during 2011	Bonds and notes issued during 2011	Outstanding at December 31, 2011	Interest
Public Auditorium Authority Revenue Bonds:					
One bond issue with interest rates ranging from 3.45% to 4.0%. The City's share of debt service on these bonds is payable from general revenues.					
2011	\$ 197,500	\$ 197,500	\$ -	\$ -	\$ -
2012	207,500	-	-	207,500	51,055
2013	225,000	-	-	225,000	43,896
2014	232,500	-	-	232,500	36,021
2015	237,500	-	-	237,500	27,651
2016	250,000	-	-	250,000	18,983
2017-2018	240,000	-	-	240,000	14,383
Total	\$ 1,590,000	\$ 197,500	\$ -	\$ 1,392,500	\$ 191,989

(A) Council and Public Election General Obligation Bonds

During February 2012, the City issued General Obligation Bonds Series A of 2012 in the principal amount of \$43,220,000, and Series B of 2012 in the principal amount of \$71,275,000. The bond proceeds from Series A of 2012 will be used to currently refund the City's 2002A Bonds. The bond proceeds from Series B of 2012 will be used to finance various capital projects. The Series 2012 A General Obligation Bonds bear interest at rates ranging from 2.0% to 5.00%. The Series 2012 B General Obligation Bonds bear interest at 5.00%. Principal payments are due during various years through September 2026 on the Series 2010 A, and B Bonds. Interest is due semi-annually in March and September on Series A and B beginning in September 2012.

General Obligation Bonds - Series of 2008 A

On September 11, 2008, the City issued \$66,775,000 of General Obligation Refunding Bonds, Series A with an average interest rate of 5.08%. These consisted of serial bonds all bearing a fixed rate ranging from 5.0% to 5.25% with maturities commencing on September 1, 2009 and continuing annually through September 2017. Net proceeds of \$69,573,696 (including a bond premium of \$3,292,711 and bond issuance costs of \$494,016) were used to advance refund the General Obligation Bonds, Series 1998D for \$69,400,000. The proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds will be considered defeased and related liability for the bonds is removed from the City's liabilities.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

General Obligation Bonds - Series of 2006 A, B, & C

On May 10, 2006, the City issued \$53,615,000 of General Obligation Bonds, Series 2006A with an average interest rate of 5.44%, \$140,560,000 of General Obligation Bonds, Series 2006B with an average interest rate of 5.16% and \$47,800,000 of General Obligation Bonds, Series 2006C, with an average interest rate of 5.25%. These consisted of serial bonds all bearing a fixed rate from 4.00% to 5.54% with maturities commencing on September 1, 2006 and continuing annually through September 2018. Net proceeds of \$201,483,507 (including a bond premium of \$9,650,477 and bond issuance costs of \$2,341,970) were used to advance refund various series of bonds.

The net proceeds of the General Obligation Bonds of \$50 million (including a bond premium of \$3,466,728, bond issuance costs of \$679,249 and a transfer of debt service of \$585,515) are being used to fund capital projects from 2006 through 2008.

The City's General Obligation Bonds Series 1993A, 2002A, 2003A, 2005A, and 2005B were issued to refunding previous series issued for capital projects. The 1998 Series ABC bonds were issued to fund the City's Pension Fund.

Below is a schedule of the City's General Obligation Bonds as of December 31, 2011:

Serial Bonds	Coupon or Ceiling Rate of Interest	Amount Outstanding
1993A	5.50%	\$ 13,805,000
1998A, B, C	6.30% - 6.60%	231,005,000
2002A	5.00% - 5.50%	46,455,000
2003A	5.00% - 5.50%	13,535,000
2005A	5.00%	35,355,000
2006 B	5.00% - 5.25%	140,535,000
2006 C	4.25% - 5.25%	47,800,000
2008 A	5.00% - 5.25%	50,845,000
Subtotal		579,335,000
Less: Unamortized bond issuance costs		(3,966,439)
Add: Unamortized bond discounts/premiums		14,369,817
Less: Prepaid interest on debt refinancing		(8,730,481)
Total general obligation bonds payable		\$ 581,007,897

The City's uninsured Bond Debt ratings are Moody's Baa1 and Standard & Poor's BBB and the City's insured Bond Debt ratings are Moody's A-1, and Standard & Poor's BBB as of December 31, 2011.

In 1993, 1998, 2002, 2005, 2006, and 2008 the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

the refunded bonds. Accordingly, neither the assets held in trust nor the refunded bonds appear in the accompanying financial statements. The outstanding balance of defeased bonds at December 31, 2011 is \$308,435,000.

(B) Stadium Authority

During the Stadium Authority's fiscal year March 31, 2006, the Stadium Authority obtained three long-term loans to finance the West General Robinson Street Garage. The Employee Real Estate Construction Fund loan totaling \$16.7 million has a 25-year amortization and a 10-year term. Principal and interest at a rate of 7.5% through June 30, 2010, and 7% beginning July 1, 2010 are payable annually. The Strategic Investment Fund loan totaling \$3.5 million has a 15-year amortization and a 10-year term. Principal and interest at a rate of 6.5% are payable annually. The Infrastructure Development Program loan for \$1.25 million has a term of 20 years with a 2% interest rate. The first principal payment is due December 1, 2011. The outstanding balances at March 31, 2011 are \$16,004,473, \$3,098,958, and \$1,250,000, respectively for the three loans.

(C) Pittsburgh Water and Sewer Authority

On September 23, 2003, PWSA issued \$167,390,000 of Water and Sewer System Revenue Refunding Bonds (2003 Bonds). The proceeds of the 2003 Bonds were used to provide funds for the current refunding of a portion of the 1993 Bond Series. In connection with the 2003 debt refundings, PWSA recorded a deferred refunding adjustment of \$3,162,000 which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method.

The 2003 Bonds were issued at a bond discount of \$830,000, which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method.

The 2003 Bonds bear interest at rates ranging from 1.45% to 4.75%. Interest is payable in semiannual installments on March 1 and September 1 until maturity. Stated maturities for the 2003 Bonds are at various face amounts on September 1 of each year beginning September 1, 2004 through 2023. The 2003 Bonds, which mature after September 1, 2014, are subject to redemption prior to maturity at the option of PWSA.

During March 2007, PWSA issued \$158,895,000 Series 2007 First Lien Water and Sewer Revenue Bonds ("2007 Bonds"): \$43,720,000 Series A of 2007 (fixed rate), \$57,585,000 Series B-1 of 2007 (variable rate demand), and \$57,590,000 Series B-2 of 2007 (variable rate demand). The purpose of this bond issue was to refund the Series 2002 and Series 2005 Bonds (the refunded bonds). In connection with the debt refundings, PWSA recorded a deferred refunding loss of \$6,032,000 which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method. At December 31, 2011, the principal of the defeased Series 2002 Bonds outstanding was \$89,830,000 and the defeased 2005 Bonds outstanding was \$44,355,000.

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The 2007 Bonds were issued at a bond premium of \$2,660,000, which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method. Bond issuance costs of \$598,000 are also being amortized over the life of the 2007 Bonds using the effective interest method.

The 2007 Series A Bonds bear interest at rates ranging from 4.00% to 5.00%. Interest is payable in semi-annual installments on March 1 and September 1 until maturity. The 2007 Series A Bonds are subject to extraordinary redemption prior to maturity at the option of PWSA in the event of a condemnation, damage or destruction of the water and sewer system.

The 2007 Series B Bonds bear interest at a variable rate with interest payments due on the first business day of each month. The 2007 Series B Bonds that mature on September 1 of 2018-2033 are subject to mandatory sinking fund redemption.

During May 2008, PWSA issued \$93,635,000 Series 2008 Water and Sewer System First Lien Revenue Bonds ("2008 Fixed Rate Bonds"): \$68,970,000 Series A of 2008 (fixed rate, taxable) and \$24,665,000 Series D-1 of 2008 (fixed rate). The purpose of this bond issue was to advance refund portions of certain maturities of the Series 1993A and Series 2003 Bonds, to fund the costs of certain capital additions, to fund the premium for the Bond Insurance Policy securing payments on 2008 Fixed Rate Bonds, and to fund termination payments on certain interest rate swaps.

During June 2008, PWSA issued \$320,515,000 Series 2008 Water and Sewer System First Lien Revenue Bonds ("2008 Variable Rate Demand Bonds"): \$145,495,000 Series B of 2008 (variable rate demand), \$51,910,000 Series C-1 of 2008 (variable rate demand), \$51,885,000 Series C-2 of 2008 (variable rate demand), and \$71,225,000 Series D-2 of 2008 (variable rate demand). The purpose of this bond issue was to currently refund the Series 1998A and Series 1998C, to currently refund certain maturities of the Series 2007 B-1 and Series 2007 B-2 Bonds, to advance refund certain maturities of the Series 1998B Bonds, to fund approximately \$98 million of certain capital additions, to fund the premium for the Bond Insurance Policy securing payments on 2008 Variable Rate Demand Bonds, and to fund termination payments on certain interest rate swaps.

In connection with these advance refundings, portions of the proceeds of the 2008 Bonds were deposited into irrevocable trusts with an escrow agent to provide for certain debt service payments on the refunded bonds. The advance refunding resulted in a deferred refunding loss of \$18,119,000 that will be amortized as an adjustment to interest expense over the life of the 2008 Bonds using the effective interest method. At December 31, 2011, the principal of the defeased Series 1993A Bonds outstanding was \$16,875,000 and the defeased 2003 Bonds outstanding was \$26,130,000. The maturity value of defeased 1998B compound interest bonds outstanding at December 31, 2011 was \$19,300,000.

The Taxable 2008 Series A Bonds bear interest at rates ranging from 6.36% to 6.61%. Interest is payable in semi-annual installments on March 1 and September 1 until maturity. The Taxable 2008 Series A Bonds are subject to optional redemption, in whole or in part, on any date, at the

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option of the Authority. The Taxable 2008 Series A Bonds that mature in 2018 and 2024 are subject to mandatory sinking fund payments beginning in 2017 and continuing through 2024.

The 2008 Series D-1 Bonds (together with the Taxable 2008 Series A Bonds are the 2008 Fixed Rate Bonds) bear interest at rates ranging from 4.50% to 5.00%. Interest is payable in semi-annual installments on March 1 and September 1 until maturity. The 2008 Series D-1 Bonds which mature on or after September 1, 2019 are subject to optional redemption, in whole or in part, on any date, at the option of the PWSA at any time on or after September 1, 2018, at 100% of the principal amount plus accrued interest.

The 2008 Series B, C, and D-2 Bonds (2008 Variable Rate Bonds) as originally offered bear interest at a variable rate with interest payments due on the first business day of each month. Interest rates are reset weekly; the fluctuating rate per annum to be determined by the respective remarketing agents. The weekly rate is subject to a cap of 12% per annum.

During the second part of 2009, the Authority reoffered the 2008 Series B Bonds and the 2008 Series C-1 variable rate bonds. The 2008 Series B Bonds had an outstanding principal amount of \$145,495,000 and the 2008 C-1 bonds had an outstanding principal balance of \$51,910,000 at the time of reoffering.

The Series B Bonds were reoffered on October 16, 2009. The reason for this reoffering was the replacement of expiring standby bond purchase agreements on these variable rate bonds with letters of credit. Bank of America is the letter of credit provider on the Series B-1 Bonds (\$72,750,000) and PNC is the letter of credit provider on the Series B-2 Bonds (\$72,745,000). The reoffering did not change the interest rate mode on these variable rate bonds.

The 2008 Series C-1 bonds were reoffered in two separate reofferings. On November 10, 2009, \$25,000,000 was reoffered in a term interest rate mode. The interest rate on these bonds is fixed at 2% for two years. After the two-year period, the interest rate will reset. During August 2011, the 2008 Series C-1-A, B and C bonds were again reoffered. The bonds were reoffered at a term rate of .45% through September 2012. The new reoffered bonds are as follows: Series C1-A \$10,000,000; Series C1-B \$10,000,000, and Series C1-C \$5,000,000.

During November 2009, the remaining C-1 Bonds were reoffered as the C1-D Series of \$26,910,000. These bonds were also issued in a term interest rate mode, fixing the interest rate at 2.625% through September of 2012.

Credit facilities for the 2008 Series C1-A, C1-B, and C1-C bonds are provided by the Federal Home Loan Bank. Liquidity facilities provided by JP Morgan Chase on the 2007 B-1, 2007 B-2 and 2008 C-2 Series bonds have been renewed and are set to expire on June 10, 2014 for the 2007 B-1 and B-2 Series and June 9, 2014 for the 2008 C-2 Series. The Authority renewed the standby purchase agreements on the Series 2007 B-1 (face \$41.32 million) and 2007 B-2 (face \$41.33 million) bonds for two years, expiring June of 2012. During 2011, the Authority renewed the Series 2008 C-2 (face \$51.89 million) and Series 2008 D-2 (face \$71.23 million) for two years, expiring June 2014, with JP Morgan Chase and PNC Bank respectively.

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Variable Rate Bonds are subject to optional redemption, in whole or in part, on any date, at the option of the Authority. The 2008 Series B Bonds that mature on September 1 of 2039 are subject to mandatory sinking fund redemption. The 2008 Series C Bonds that mature on September 1 of 2035 are subject to mandatory sinking fund redemption. The 2008 Series D-2 Bonds that mature on September 1 of 2040 are subject to mandatory sinking fund redemption.

The 2008 Series Bonds are subject to extraordinary redemption prior to maturity at the option of PWSA in the event of a condemnation, damage, or destruction of the water and sewer system.

The 2008 Fixed Rate Bonds were issued at a bond premium of \$824,000 which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method. Bond issuance costs of \$7,459,000 including \$5,036,000 of swap termination fees, are also being amortized over the life of the Bonds using the effective interest method.

The 2008 Variable Rate Bonds issuance costs of \$9,337,000 including \$594,000 of swap termination fees, are being amortized over the life of the Bonds using the effective interest method.

Variable rate bonds require a liquidity facility and/or a letter of credit. PWSA is subject to the risk that the bank does not renew the credit facility and/or that the pricing changes throughout the life of the bonds. Additionally, PWSA purchased insurance as a credit enhancement on the variable rate bonds. Trading spreads on the bonds and the preservation of the liquidity facility may be largely linked to the credit quality of the insurance provider. Therefore, if there is an event that would adversely affect the investor's perception of the credit quality of the insurer, PWSA could be subject to paying higher credit spreads on the bonds and risk losing the liquidity facility.

Swap Transactions

Notional Amount	Effective Date	Maturity Date	Interest Rate Paid	Interest Rate Received	Counterparty Credit Rating	Underlying Bonds
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Hedging derivatives, cash flow hedges, receive variable - pay fixed, interest rate swaps:

\$ 41,325,000	3/9/2007	9/1/2033	3.932%	SIFMA	Aaa	Series 2007 B-2
41,320,000	3/9/2007	9/1/2033	3.932%	SIFMA	Aa1	Series 2007 B-1
72,747,500	6/12/2008	9/1/2039	4.038%	SIFMA	Aaa	Series 2008 B-1
41,518,000	6/12/2008	9/1/2035	3.998%	SIFMA	Aaa	Series 2008 C
72,747,500	6/12/2008	9/1/2039	4.038%	SIFMA	Aa1	Series 2008 B-2
71,225,000	6/12/2008	9/1/2040	4.103%	SIFMA	Aa1	Series 2008 D-2

Investment derivatives, receive variable - pay fixed, interest rate swaps:

\$ 62,277,000	6/12/2008	9/1/2035	3.998%	SIFMA	Aa1	Series 2008 C
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Total swap market value at December 31, 2011 is (\$117,907,000).

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YEAR ENDED DECEMBER 31, 2011

During fiscal year 2008, PWSA entered into five pay-fixed, receive-variable interest rate swap contracts. The interest rate swaps were effective June 12, 2008. Beginning September 1, 2008, PWSA began to make semi-annual interest payments on the 1st of each March and September through September 1, 2035 (two swaps); September 1, 2039 (two swaps); and, September 1, 2040 (for one swap), respectively. The Counterparties make monthly interest payments on the 1st of each calendar month, which began July 1, 2008 through September 1, 2035 for two of the swaps; September 1, 2039 for two of the swaps; and, September 1, 2040 for one swap.

The intention of the 2008 swaps is to effectively change PWSA's variable interest rate on the \$145,495,000 Water and Sewer System (Variable Rate Demand) First Lien Revenue Refunding Bonds Series B of 2008, on the \$71,225,000 Water and Sewer System (Variable Rate Demand) First Lien Revenue Bonds Series D-2 of 2008, and on the \$103,795,000 Water and Sewer System (Variable Rate Demand) Subordinate Revenue Refunding Bonds Series C of 2008 (the bonds) to synthetic fixed rates of 4.038%, 4.103%, and 3.998%, respectively.

The bonds will accrue interest at a weekly rate that is determined by a remarketing agent on each effective rate date. The interest rate on the bonds may not exceed 12%. Per the interest rate swap agreements, PWSA will receive SIFMA Municipal Swap Index while paying fixed rates of 4.038%, 4.103%, and 3.998%, respectively.

The interest payments on the interest rate swaps are calculated based on notional amounts, all of which reduce, beginning on September 1, 2012 for the 2008 C Bonds, September 1, 2032 for the 2008 D2 Bonds, and September 1, 2035 for the 2008 B Bonds, so that the notional amounts approximate the principal outstanding on the respective bonds. The interest rate swaps expire consistent with the final maturity of the respective bonds.

During fiscal year 2007, PWSA entered into two pay-fixed, receive-variable interest rate swap contracts. The interest rate swaps were effective March 9, 2007. Beginning September 1, 2007, PWSA began to make semi-annual interest payments on the 1st of each March and September through September 1, 2033. The Counterparties makes monthly interest payments on the 1st of each calendar month, beginning April 1, 2007 through September 1, 2033.

The intention of the 2007 swaps is to effectively change PWSA's variable interest rate on the \$41,320,000 Water and Sewer System (Variable Rate Demand) First Lien Revenue Refunding Bonds Series B-1 of 2007 and on the \$41,325,000 Water and Sewer System (Variable Rate Demand) First Lien Revenue Refunding Bonds Series B-2 of 2007 (the bonds) to synthetic fixed rates of 3.932%, respectively.

The bonds will accrue interest at a weekly rate that is determined by a remarketing agent on each effective rate date. The interest rate on the bonds may not exceed 12%. Per the interest rate swap agreements, PWSA will receive SIFMA Municipal Swap Index while paying a fixed rate of 3.932%.

The interest payments on the interest rate swaps are calculated based on notional amounts, both of which reduce, beginning on September 1, 2018, so that the notional amounts approximate the

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principal outstanding on the respective bonds. The interest rate swaps expire on September 1, 2033 consistent with the final maturity of the bonds.

Accounting and Risk Disclosures

During the year ended December 31, 2011, PWSA paid \$17,016,000, fixed and received \$801,000, variable related to their outstanding swap agreements.

As noted in the tables above, current period changes in market value for the interest rate swaps that are accounted for as hedges are recorded on the statement of net assets as deferred outflows. Additionally, current period changes in market value for the interest rate swap accounted for as an investment is recorded on the statement of revenues, expenses and changes in net assets as a component of investment income.

The cumulative fair market value of the outstanding interest rate swaps of December 31, 2011 are reported on the statement of net assets as a swap liability.

PWSA has the ability to early terminate the interest rate swaps and to cash settle the transaction on any business day by providing at least two business days written notice to the counterparty. Evidence that PWSA has sufficient funds available to pay any amount payable to the counterparty must be provided at the time notice is given. At early termination, PWSA will be required to pay or receive a settlement amount which is comprised of the market value of the terminated transaction(s) based on market quotations and any amounts accrued under the contract(s).

Through the use of derivative instruments such as this interest rate swap, PWSA is exposed to a variety of risks, including credit risk, interest rate risk, termination risk, basis risk, and rollover risk.

- Credit risk is the risk that a counterparty will not fulfill its obligations. The credit ratings by Moody's Investors Service, Inc., a nationally recognized statistical rating organization for the respective counterparties are listed in the table above. If a counterparty failed to perform according to the terms of the interest rate swap agreement, there is some risk of loss to PWSA, up to the fair market value of the swaps.

PWSA currently does not enter into master netting arrangements with its counterparties; as such, each derivative instrument should be evaluated on an individual basis for credit risk. As PWSA's derivative instruments are all currently have a negative fair market value position to PWSA at year-end, PWSA is not exposed to credit risk at December 31, 2011.

Concentration of credit risk: PWSA currently has two counterparties, with four and three outstanding interest rate swaps respectively. PWSA's outstanding market value as of December 31, 2011 is \$(73,926,107) with one counterparty and \$(43,980,765) with the second counterparty. Both counterparties operate in the same markets and could be similarly impacted by changes in economic or other conditions.

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It is PWSA's policy to require counterparty collateral posting provisions in its non-exchange traded derivative instruments. Their terms require collateral to be posted if the respective counterparty's credit rating falls below BBB+ by Standard & Poor's and the swap insurer becomes bankrupt. The amount of collateral to be posted is calculated based on derivatives in asset positions to PWSA. As of year-end, the counterparties had not and were not required to post collateral for these transactions.

- Termination risk is the risk that a derivative's unscheduled end will affect PWSA's asset/liability strategy or will present PWSA with potentially significant unscheduled termination payments to the counterparty. The counterparties to the interest rate swaps do not have the ability to voluntarily terminate the interest rate swap; however, PWSA is exposed to termination risk in the event that the one or more of the counterparties default.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of a government's financial instruments or cash flows. The interest rate swap that is accounted for as an investment exposes PWSA to interest rate risk. The interest rate swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair market value. The interest rate swap will terminate on September 4, 2035.
- Basis risk is the risk that arises when variable interest rates on a derivative and an associated bond or other interest-paying financial instrument are based on different indexes. PWSA is subject to basis risk as the interest index on the variable rate arm of the swaps is based on the SIFMA Municipal Swap Index and the variable interest rate on the bonds is based on a different index, a weekly rate that is determined by a remarketing agent. Although expected to correlate, the relationships between different indexes vary and that variance could adversely affect PWSA's calculated payments and, as a result, cost savings or synthetic interest rates may not be realized.

PWSA is further subject to basis risk in the event that the underlying bonds become fixed rate Bank Bonds or that the maturity of the underlying bonds is accelerated.

- Rollover risk is the risk that a derivative associated with PWSA's debt does not extend to the maturity of that debt. When the derivative terminates, the associated debt will no longer have the benefit of the derivative. PWSA is not exposed to rollover risk as the swap agreements terminate on the same day the last payment is due on the respective bonds.

Contingencies

All of PWSA's derivative instruments, include provisions that require PWSA to post collateral in the event that the credit ratings of its credit support provider's senior long term, unsecured debt credit rating falls below BBB+ by Standard & Poor's and FSA, the swap insurer, becomes bankrupt. The amount of collateral to be posted is calculated based on derivatives in negative market value positions to PWSA. The collateral is to be posted in the form of cash, U.S. Treasuries or other approved securities. As of year-end, PWSA had not and was not required to post collateral for these transactions.

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(D) Debt Related to Urban Redevelopment Authority of Pittsburgh (URA) supported by the City

(1) URA - PDF - Special Tax Development Bonds, Taxable Series of 2005 (Debt recorded by URA)

In prior years, PDF bonds payable were issued by the URA as Special Tax Development Bonds, Taxable Series of 1995 for \$61,390,000 (Bonds). The Bonds proceeds were used to fund the Pittsburgh Development Fund to allow for development loans and investments to be made to certain projects in the City.

On September 1, 2005, the URA 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 URA of approximately \$2,450,500. Debt service payments remained materially consistent with the previous debt service requirements. In connection with the debt refunding, the URA recorded a deferred refunding adjustment 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 URA. The Bonds are limited obligations of the URA payable solely from that portion of the RAD Tax paid to the URA or the trustee and certain funds held under the indenture and the earnings thereon. The 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 URA payable from any source except that portion of the RAD Tax assigned to the URA or the Trustee pursuant to the City's agreement and certain funds held under the indenture and the earnings thereon. The URA has no taxing power.

The Bonds bear interest an interest rate of 5.0% and mature through 2014. \$6,525,000 is due in 2012.

(2) Urban Redevelopment Authority of Pittsburgh (URA) Tax Increment Financing Bonds and Notes - Noncommitment Debt (Debt not recorded in the separate URA financial statements)

Tax Increment financing bonds are used to finance economic development within the City. The Bond proceeds are used to fund various construction projects within the City. Real estate value is thus increased and will provide increased future tax revenue to the City. Under a Tax Increment Financing Cooperative Agreement (the TIF Agreement) with the City, County, and the School District of Pittsburgh, each entity agrees to assign its respective rights to the incremental taxes derived from the TIF project to the URA for the term of the

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Bonds. The difference in the amount of real estate taxes attributable to the TIF property prior to and subsequent to the development of the property constitutes the "increment" that is available to pay debt service on the Bonds.

The Bonds are not guaranteed by the full faith and credit of the City, and as a result of being jointly funded are not recorded in the City's financial statements.

In the event that real estate tax revenues generated under the TIF Agreements are insufficient at any time to pay debt service on the Bonds, the respective parties under the Minimum Payment Agreements have agreed to make payments sufficient to remedy such shortfalls. Amounts payable under the Minimum Payment Agreements correspond to debt service requirements on the respective Bonds. Pursuant to the Tenant Agreement, each tenant has agreed to guarantee the full and punctual payment when due of all obligations. During 2011, the City's share of the TIF revenue was \$6,863,097, whereas the City's share of the principal and interest paid on the TIF Bonds and Note were \$2,973,526.

In 2011, a Series A Bond was issued to refund the 2003 A&B Bonds.

As of December 31, 2011, the following is a list of the TIF Bonds and Notes outstanding:

<u>Serial Bonds</u>	<u>Coupon Rate of Interest</u>	<u>Total Outstanding</u>	<u>City Portion</u>
1995B (Lazarus)	6.25%	\$ 1,875,000	\$ 709,688
2008 Refunded (Alcoa)	8.01%	2,985,000	1,127,733
2009 Refunded (Mellon)	7.95%-8.05%	8,830,000	3,599,992
2001 (Heinz)	6.71%-7.16%	2,325,000	853,044
2003 Note (Panther Hollow)	Variable	3,290,000	1,207,105
2006 Bond (Fifth and Market)	5.40%-5.88%	16,595,000	6,088,709
2011 A Refunded (Station Square)	5.57%	5,760,000	2,113,345
Total		<u>\$ 41,660,000</u>	<u>\$ 15,699,616</u>

(E) Urban Redevelopment Authority of Pittsburgh (URA) Debt Recorded by URA and not Supported by the City

The URA has various Bonds and Loans, which are the obligation of the URA and are not guaranteed or financed by the City. The proceeds of these Bonds and Loans are used to provide mortgages, loans, or grants to individuals or companies within the City to be used for urban redevelopment. The Bonds and Loans are payable from repayment of mortgages and loans and from other revenue and grants received by the URA. Debt issued for the URA as of December 31, 2011 is as follows:

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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 series and term bonds, bear interest at rates from 3.90% to 6.25% and mature through 2036. \$2,600,000 is due in 2012.

Bank Loans

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, 2011, \$2,950,872 is outstanding. Final maturity is February 28, 2019. Monthly payments are based on a twenty year amortization with a balloon payment due at maturity. \$115,300 is due on this loan in 2012.

In 2002, the URA received a loan to finance construction costs incurred to build a garage located at the South Side Works. Interest payments are at an effective rate of 6.81%, which is the 3-year FHLB rate plus 2.75%. Rental payments and a mortgage are pledged as collateral for this loan. At December 31, 2011, \$529,470 is outstanding. Final maturity is February 28, 2019. \$319,385 is due on this loan in 2012.

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, 2011, \$4,442,620 is outstanding. Final maturity is March 1, 2021. \$158,851 is due on this loan in 2012.

In 2009, the URA assumed a loan in the amount of \$1.5 million from the Commonwealth Financing Authority. The loan principal was due upon sale of the Highland Hotel property; subsequent to year-end this property was sold and the entire balance of the loan was paid off. At December 31, 2011, \$1,486,324 is outstanding and is classified as current.

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 amount of \$4.5 million is for an 850-space parking garage. 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 URA's interest in the tax increment from certain properties located in the South Side. At December 31, 2011, \$2.629 million is outstanding. \$331,000 is due in 2012.

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The second loan, in the amount of \$6.5 million is for the construction of a 367-space parking garage 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 URA's interest in the tax increment from certain properties located in the South Side as well as future Community Development Block Grants. At December 31, 2011, \$3.490 million is outstanding. \$445,000 is due in 2012.

During 2008, the URA received three additional 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, 2011, \$2.89 million is outstanding. \$117,000 is due in 2012.

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, 2011, \$1.927 million is outstanding. \$78,000 is due in 2012.

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, 2011, \$3.189 million is outstanding. \$421,000 is due in 2012. 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 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 (CDE's). 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.

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Annual debt service requirements of the URA are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 12,596,860	\$ 5,244,091	\$ 17,840,951
2013	11,212,329	4,732,959	15,945,288
2014	15,533,962	4,218,869	19,752,831
2015	3,815,336	3,474,523	7,289,859
2016	3,320,397	3,315,795	6,636,192
2017-2021	34,322,402	12,766,824	47,089,226
2022-2026	9,088,000	7,112,267	16,200,267
2027-2031	11,850,000	4,426,828	16,276,828
2032-2036	11,610,000	1,546,150	13,156,150
	<u>\$ 113,349,286</u>	<u>\$ 46,838,306</u>	<u>\$ 160,187,592</u>

URA Component Unit Debt consists of the following:

PHDC-Bank Loans

The PHDC had outstanding construction loans payable to banks of \$587,511. Interest accrues on the loans at rates of 4.25%. Loans are due on demand.

Future Maturities

Loans payable to the URA from PHDC are \$2,703,131.

All interest expense on loans of the URA and its component units 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.

(F) Other Long-Term Obligations

The following is a summary of transactions affecting other long-term obligations of the City during 2011:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

	Accrued Workers' Compensation	Accrued Compensated Absences	Accrued Claims and Judgments	Capital Lease Obligation
Balance, January 1, 2011	\$ 152,996,011	\$ 29,770,526	\$ 9,938,332	\$ 12,074,466
Additions	9,183,603	14,114,434	825,000	-
Reductions/payments	(16,125,663)	(14,584,726)	(4,819,999)	(620,286)
Balance, December 31, 2011	146,053,951	29,300,234	5,943,333	11,454,180
Less amounts accrued within short-term	(15,357,573)	(18,102,039)	(2,773,333)	(658,554)
Long-term portion, December 31, 2011	\$ 130,696,378	\$ 11,198,195	\$ 3,170,000	\$ 10,795,626

1. The General Fund is used to liquidate the workers' compensation, compensated absences, claims and judgments, and capital lease obligations.

2. Commencing on July 3, 2002, the City entered into a twenty year, noncancelable (unless there is a default of the terms by either party) lease for office space to be used by the Department of Public Safety, Police Bureau. The lease includes additional renewal options to extend the lease for four consecutive terms of five years each. The terms of the lease did not start until the Police Bureau took possession of the property in March 2004. The first lease payment was made for March 2004. \$15,434,653 is included in capital assets as capital leases.

3. The minimum future rental payments required by the lease are as follows:

	Year Ended December 31,
2012	\$ 1,385,300
2013	1,385,300
2014	1,385,300
2015	1,385,300
2016	1,385,300
2017-2021	7,321,183
2022-2024	3,303,300
Total	17,550,983
Less interest:	(6,096,803)
Present value	\$ 11,454,180

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

10. DUE FROM/TO OTHER GOVERNMENTS

(A) Due From Other Governments

The City receives funds from various government agencies as reimbursements for their share of City projects and as grants for City programs. The following amounts, as described below, are due from other governments at December 31, 2011:

General Fund:	
Commonwealth of Pennsylvania	\$ 1,325,509
	<u>1,631,565</u>
	<u>2,957,074</u>
Special Revenue CDBG:	
Housing and Urban Development	<u>2,790,418</u>
Other Governmental Funds:	
Commonwealth of PA Department of Education	200,000
Allegheny County - parks	<u>172,115</u>
	<u>372,115</u>
Capital Projects:	
Commonwealth of Pennsylvania - Highway Fund	444,534
Federal Government - Highway Fund	3,050,492
Regional Asset District	<u>276,189</u>
	<u>3,771,215</u>
Total due from other governments - governmental funds	<u>\$ 9,890,822</u>

(B) Due To Other Governments

Funds are collected by the City on behalf of other governments. The following amounts, as described below, are due to other governments at December 31, 2011:

General Fund:	
Pittsburgh Board of Education	<u>\$ 854,245</u>
Other Governmental Funds:	
Commonwealth of Pennsylvania	<u>944,735</u>
Total due to other governments - governmental funds	<u>\$ 1,798,980</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

11. INTERFUND RECEIVABLE AND PAYABLE BALANCES

	Due From			Total
	General	Other Governmental	Community Development	
Due To:				
General	\$ -	\$ 592,825	\$ 590,516	\$ 1,183,341
Other Governmental	5,803	-	150,000	155,803
Capital Projects	-	-	1,364,873	1,364,873
Community Development	-	2,579	-	2,579
	<u>\$ 5,803</u>	<u>\$ 595,404</u>	<u>\$ 2,105,389</u>	<u>\$ 2,706,596</u>

Except as described below, interfund balances represent timing differences resulting from the difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments are made.

The Capital Projects Fund advanced funds to the CDBG Special Revenue Fund in the amount of \$1.3 million, which is included in the total above.

12. TRANSFERS

Transfers between primary government funds:

	Transfer From				Total
	General	Community Development	Capital Projects	Other Governmental	
Transfer To:					
General Fund	\$ -	\$ 5,050	\$ 82,858	\$ 2,942,699	\$ 3,030,607
Debt Service	84,900,351	-	-	-	84,900,351
Capital Projects	13,337,471	-	-	-	13,337,471
Community Development	-	-	3,769,097	925,729	4,694,826
Other Governmental	750,000	-	-	-	750,000
Total	<u>\$ 98,987,822</u>	<u>\$ 5,050</u>	<u>\$ 3,851,955</u>	<u>\$ 3,868,428</u>	<u>\$ 106,713,255</u>

Transfers are used (1) to move revenues from the funds that are required by statute or budget to collect them to the funds that are required by statute or budget to spend them, (2) to move receipts restricted for debt service from the funds collecting them to the Debt Service Fund as debt service payments become due, (3) to move unrestricted revenues collected in the General Fund, which finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) to move funds to Capital Projects Fund for capital expenditures.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

13. NET ASSET DEFICIT

Stadium Authority Deficit

The net asset deficit of the Stadium Authority of \$8,862,803 is expected to be subsidized through future revenues.

PWSA Deficit

The net asset deficit of PWSA of \$43,505,000 is expected to be subsidized through future rate increases. PWSA has raised rates for 2012.

14. RELATED PARTY TRANSACTIONS

- (A) Under the terms of agreements dated July 1, 1965, December 1, 1985, and April 1, 1986, the City of Pittsburgh agreed to make annual grants to the Stadium Authority for the excess of the aggregate cost of operation and maintenance of the stadium complex and debt service on the stadium bonds over the total funds available to the Stadium Authority for those purposes. The Stadium Authority is required to repay these grants to the extent that its revenues are not required for operation and maintenance of the stadium complex and debt service on the stadium bonds. The Stadium Authority has this reflected as a long-term note due to the City. However, the City does not have a corresponding receivable recorded due to the unlikelihood of collection.
- (B) The URA, acting as the City's agent under a 1981 cooperation agreement, made two loans from prior years' Urban Redevelopment Action Grant (UDAG) funds to a development company to assist in the construction of the Parkway Center Mall in the City's West End, which was completed in November 1982. Neither of these loans are reflected as a receivable in the City's financial statements due to the contingent nature of repayments and unspecified terms when the loans were made.

The loans were evidenced by two notes, a \$2,000,000 note funded by UDAG funds dated April 2, 1984, as amended by amendments dated July 13, 1992 and December 17, 1993 to finance construction of the mall (UDAG Note) and a \$6,971,172 note funded by non-UDAG funds to construct highway ramps to connect the mall with I-279 (Improvements Note). The Improvements Note dated April 2, 1984 and following amendments dated May 31, 1984 and July 13, 1992, was replaced and superseded by a Second Amended and Restated Note dated December 17, 1993. The Second Amended and Restated Note provided that payments made by the borrower on the Improvements Note would also be credited toward reducing principal and interest on the UDAG Note. As a result, the UDAG Note is now deemed to be paid in full.

As a result of a Modification Agreement dated August 10, 2005, the Improvements Note became an equity participation loan on June 1, 2009. The outstanding principal balance is \$4,936,275. No payments are due except from net proceeds of the operation of the mall, refinancing or sale. No payments were made in 2011.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

(C) In February 2000, the Parking Authority and the City amended the cooperation agreement between them dated February 5, 1995. Among other things, the amended cooperation agreement increased from \$1.4 million to \$1.9 million the Parking Authority's annual payment in lieu of real estate taxes to the City. Under the terms of the agreement, however, the payment to the City is made only upon the Parking Authority successfully meeting its annual debt service requirements, determined each year on December 15. This amendment effectively subordinates the Authority's annual payment in lieu of taxes, providing additional security for Authority bondholders. The City has agreed that the annual payment in lieu of real estate taxes will be offset for two items. First, as a result of the June 2005 repayment of the outstanding URA Bonds on the Oliver Parking Facility, the Oliver Parking Tax TIF lapsed. In consideration of the increase in parking taxes received by the City for the Oliver Garage as a result of the lapsed TIF, the City agreed to a reduced payment in lieu of real estate taxes in amount equal to the Oliver Garage Parking Tax, being revenue neutral for both parties. The second reduction, beginning in fiscal year 2009, is for the costs incurred by the Parking Authority for the possible monetization of the Parking Authority's assets to help fund the City's pension liability. These two reductions have reduced the annual payment in lieu of real estate taxes from \$1.9 million to \$1.2 million for the year ended September 30, 2011. The Parking Authority has reflected within their financial statements at September 30, 2011, as accounts payable and other accrued expenses, amounts owed to the City for miscellaneous items totaling \$3,756,789. However, the City does not have a corresponding receivable of the same amount recorded due to the difference in years-ended.

15. CONSTRUCTION AND LEASE COMMITMENTS

As of December 31, 2011, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>
Bates Street/2nd Avenue Improvement	\$ 377,476
McArdle Viaduct #1	2,958,609
Penn-Bi-Direct-Traffic Conversion	288,280
	<u>\$ 3,624,365</u>

Component Units:

PWSA is proceeding with a capital improvement program which the PWSA's independent engineer has estimated will entail expenditure of the existing construction funds and potential future bond issues. As of December 31, 2011, \$70 million of the program is complete and \$69 million is under active contract.

At December 31, 2011, URA had entered into contracts for professional services and construction totaling approximately \$4 million. Approximately \$600,000 for the East Carson Street Widening project, approximately \$1.6 million for the 62nd Street Industrial Park project, approximately \$450,000 for the building construction at Larimer, and \$650,000 for the construction of the Eastside Pedestrian Bridge. The remaining contract commitments are for various smaller projects.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

16. REGIONAL ASSET DISTRICT REVENUES

In December 1993, the Commonwealth legislature approved Act 77 of 1993 authorizing the creation of RAD by Allegheny County. RAD is a special purpose district whose primary purpose is to provide support and financing for regional community assets that were historically funded by the City, Allegheny County, or local municipalities. The City does not include RAD within its reporting entity since the City is not financially accountable for RAD's operations. These community assets include regional parks of the City and Allegheny County, municipal libraries, the Pittsburgh Zoo, the Pittsburgh Aviary, Phipps Conservatory, the old Three Rivers Stadium debt, PNC Park, Heinz Field, and community cultural facilities.

RAD revenue allocated to the City totaled approximately \$24.9 million in 2011. The City allocated approximately \$4.9 million to park operations.

The City has irrevocably allocated/pledged a portion of its future Regional Asset District revenues to the URA for the establishment of the Pittsburgh Development Fund. As further discussed in Note 9, the Pittsburgh Development Fund is an economic development fund that is used for making loans to and investments in certain projects located within the City. The amounts are pledged for 19 years, with \$6,200,000 annually allocated for the first nine years and \$7,500,000 annually through 2014.

17. CONTINGENCIES

The City has been named as a defendant in a number of lawsuits arising in the ordinary course of its operations against which the City is not insured. In the opinion of the City Solicitor, adequate accrual has been made in the financial statements for such lawsuits.

There are currently a number of real estate appeals in process for which the outcome and possible further reduction in the real estate tax levy cannot be determined at this time. The City has accrued an estimate for tax refunds within accounts payable on the statement of net assets and governmental funds (general) balance sheet.

The City receives federal and state grants under a number of programs. The expenditures of the City under such programs are subject to audit and possible disallowance. Historically, such audits have not resulted in significant disallowances of program costs, and City management believes that audits of existing programs will not result in significant liability to the City. Any contingent liability accrual deemed appropriate has been reflected in the financial statements as presented.

Component Units

PWSA is subject to federal regulation under the Clean Water Act (1977) and regulations adopted under that Act. Among the specific requirements applicable to PWSA's system are those imposed by the United States Environmental Protection Agency's Combined Sewer Overflow (CSO) Policy (1994). On January 29, 2004, PWSA and the City of Pittsburgh executed a Consent Order and Agreement (Order) regarding wet weather sewer overflows within the City. The other signatories to the Order are the Pennsylvania Department of Environmental Protection (DEP) and the Allegheny County Health Department (ACHD).

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Generally, the Order requires PWSA and the City to assess the City sewers in order to develop a plan with ALCOSAN to address wet weather sewer overflows within the City. The Order is part of a sewer assessment program for all municipalities served by ALCOSAN. To date, assessment activities have been completed for all accessible critical sewers and separate sanitary sewers with the exception of any additional sewers discovered through continued research and investigation. Ongoing pipe and manhole repairs are being completed in order to provide CCTV access to remaining inaccessible critical/sanitary sewer pipes. Assessment activities for non-critical sewers are to be completed on a longer schedule, including completing CCTV at an annual average rate that was utilized to complete the critical/sanitary televising. The majority of accessible non-critical manholes have been inspected with ongoing efforts to complete any remaining or newly identified. In addition to the assessment, the Order requires PWSA and the City to implement the Nine Minimum Controls to reduce combined sewer overflows, and to perform repairs and maintenance of deficiencies revealed by the assessment. PWSA maintains an expedited response to significant structural failures of the sewer system where imminent structural failures are determined by a professional engineer and prioritized for repair. Ongoing sewer line replacement, point repair, lining, point lining, and Gunite projects have been implemented to address structural deficiencies.

Given the scope of the Order, the size of the City sewer system, and the various conditions and/or deficiencies that may be discovered by the assessment, it is difficult to predict the total cost of compliance with the Order. Moreover, it is difficult to predict what, if any, large-scale and/or regional capital improvements may be required after the completion of the assessment to address wet weather sewer overflows in the City and in the ALCOSAN service area. Large-scale and/or regional capital improvements are not covered by the Order. PWSA has hired two engineering firms to assess and model the sewer system, and it is moving forward with its plans to comply with the Order. Costs associated with Order compliance will be reflected in the capital improvement program and funded by proceeds of potential future bond issuances.

Subsequent to year end, PWSA was assessed a penalty of \$110,000 by the Pennsylvania Department of Environmental Protection (DEP) under a consent order related to modifications to wastewater discharges at its water treatment plant. The non-compliance resulted from a failure by an engineering contractor to properly design required modifications, resulting in a delay in construction. Action is in process to correct the non-compliance; however, the potential exists for further penalties to be assessed by DEP. PWSA is exploring a claim against the engineering contractor that is responsible for the delay.

18. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The risk of loss to which the City is exposed for the above mentioned items is handled through various insurance coverages. As of December 31, 2011, there were no settlements exceeding coverage for the past three years. The City also covers certain claim settlements and judgments from its General and Capital Projects Fund resources due to the prohibitive cost of carrying certain commercial insurance. The City currently reports all risk management activities out of its General Fund. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

reported. Provisions are recorded within current liabilities for amounts payable within one year. Amounts not payable within one year are reported within long-term liabilities.

Changes in the accrued claims and judgments liability during the year ended December 31, 2011 are as follows:

	<u>2011</u>
Accrued claims and judgments, January 1	\$ 9,938,332
Current year claims	825,000
Claim payments	<u>(4,819,999)</u>
Accrued claims and judgments, December 31	<u>\$ 5,943,333</u>

These accruals are subject to potential losses in excess of the amount recorded at year-end; it is unlikely that the amount for such potential losses would be material.

Also, the City is fully self-insured for workers' compensation benefits. These amounts were calculated by actuaries, based on industry standards and utilizing discount rate of 2.5%. A self-insurance reserve fund in the amount of \$341,188 (classified as restricted within the General Fund) is maintained, due to a legal requirement under self-insurance regulations of the State of Pennsylvania, in the General Fund.

Changes in the accrued workers' compensation liability during the year ended December 31, 2011 are as follows:

	<u>2011</u>
Accrued worker's compensation, January 1	\$ 152,996,011
Current year claims	9,183,603
Claim payments	<u>(16,125,663)</u>
Accrued worker's compensation, December 31	<u>\$ 146,053,951</u>

19. SUBSEQUENT EVENTS

During February 2012, the City issued General Obligation Bonds Series A of 2012 in the principal amount of \$43,220,000, and Series B of 2012 in the principal amount of \$71,275,000. The bond proceeds from Series A of 2012 will be used to currently refund the City's 2002A Bonds. The bond proceeds from Series B of 2012 will be used to finance various capital projects. The Series 2012 A General Obligation Bonds bear interest at rates ranging from 2.0% to 5.00%. The Series 2012 B General Obligation Bonds bear interest at 5.00%. Principal payments are due during various years through September 2026 on the Series 2010 A, and B Bonds. Interest is due semi-annually in March and September on Series A and B beginning in September 2012.

Component Units:

In December 2011, the Parking Authority Board designated \$6 million of certain unrestricted net assets for the purpose of funding the modernization and replacement initiative of the on-street parking system.

CITY OF PITTSBURGH,
PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA PENSION TRUST FUNDS

SCHEDULES OF FUNDING PROGRESS (Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
<u>Municipal:</u>						
1/1/2002	\$ 111,528	\$ 205,300	\$ (93,772)	54.32%	\$ 69,594	-134.74%
1/1/2003	91,604	212,206	(120,602)	43.17%	69,034	-174.70%
1/1/2005	109,791	234,134	(124,343)	46.89%	67,412	-184.45%
1/1/2007	117,692	237,314	(119,622)	49.59%	70,189	-170.43%
1/1/2009	115,323	267,616	(152,293)	43.09%	73,072	-208.41%
1/1/2011	132,461	282,683	(150,222)	46.86%	81,444	-184.45%
<u>Policemen:</u>						
1/1/2002	\$ 133,280	\$ 314,033	\$ (180,753)	42.44%	\$ 54,815	-329.75%
1/1/2003	106,340	323,466	(217,126)	32.88%	54,308	-399.80%
1/1/2005	117,822	353,479	(235,657)	33.33%	50,253	-468.94%
1/1/2007	114,889	353,522	(238,633)	32.50%	54,862	-434.97%
1/1/2009	105,565	387,858	(282,293)	27.22%	63,787	-442.56%
1/1/2011	127,118	390,254	(263,136)	32.57%	67,225	-391.43%
<u>Firemen:</u>						
1/1/2002	\$ 136,442	\$ 233,373	\$ (96,931)	58.47%	\$ 52,054	-186.21%
1/1/2003	114,527	230,092	(115,565)	49.77%	54,006	-213.99%
1/1/2005	145,995	255,770	(109,775)	57.08%	56,591	-193.98%
1/1/2007	142,787	308,412	(165,625)	46.30%	47,573	-348.15%
1/1/2009	118,292	334,060	(215,768)	35.41%	47,509	-454.16%
1/1/2011	133,839	339,135	(205,296)	39.46%	49,516	-414.61%

Note: 1/1/2011 reflects the valuation dated August 31, 2011.

See accompanying note to required supplementary pension schedules.

**CITY OF PITTSBURGH, PENNSYLVANIA
PENSION TRUST FUNDS**

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS
AND OTHER CONTRIBUTING ENTITIES
(Dollar Amounts in Thousands)

Calendar Year	Annual Required Contributions	Employer Contributions	Employer Contributions as a Percentage of Annual Required Contributions	Commonwealth of Pennsylvania Pension Aid	Commonwealth of Pennsylvania Pension Aid as a Percentage of Annual Required Contributions	Total Contributions	Total Contributions as a Percentage of Annual Required Contributions
<u>Municipal:</u>							
2006	\$ 10,692	\$ 4,086	38.2%	\$ 6,606	61.8%	\$ 10,692	100.0%
2007	11,950	6,252	52.3%	5,698	47.7%	11,950	100.0%
2008	10,457	4,810	46.0%	5,647	54.0%	10,457	100.0%
2009	10,158	4,589	45.2%	5,569	54.8%	10,158	100.0%
2010	10,334	19,678	190.4%	3,568	34.5%	23,246	224.9%
2011	10,637	8,766	82.4%	6,156	57.9%	14,922	140.3%
<u>Policemen:</u>							
2006	\$ 19,537	\$ 14,416	73.8%	\$ 5,121	26.2%	\$ 19,537	100.0%
2007	17,466	11,996	68.7%	5,470	31.3%	17,466	100.0%
2008	19,769	14,327	72.5%	5,442	27.5%	19,769	100.0%
2009	20,241	14,584	72.1%	5,657	27.9%	20,241	100.0%
2010	20,429	38,899	190.4%	7,053	34.5%	45,952	224.9%
2011	21,028	17,337	82.4%	12,169	57.9%	29,506	140.3%
<u>Firemen:</u>							
2006	\$ 7,750	\$ 3,803	49.1%	\$ 3,947	50.9%	\$ 7,750	100.0%
2007	8,742	4,728	54.1%	4,014	45.9%	8,742	100.0%
2008	7,901	3,842	48.6%	4,059	51.4%	7,901	100.0%
2009	14,116	10,312	73.1%	3,804	26.9%	14,116	100.0%
2010	14,408	27,436	190.4%	4,974	34.5%	32,410	224.9%
2011	14,831	12,228	82.4%	8,583	57.9%	20,811	140.3%

See accompanying note to required supplementary pension schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTE TO REQUIRED SUPPLEMENTARY PENSION SCHEDULES

YEAR ENDED DECEMBER 31, 2011

The information presented in the required supplementary pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2011	1/1/2011	1/1/2011
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar Closed	Level dollar Closed	Level dollar Closed
Remaining amortization period	27 years	27 years	27 years
Asset valuation method	Tabular Smoothing	Tabular Smoothing	Tabular Smoothing
Actuarial assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases	4.00%	5.00%	5.75%
Cost-of-living adjustments	3.50%	3.50%	3.50%
Merit and longevity increases	0.50%	1.50%	2.25%

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLANS

YEAR ENDED DECEMBER 31, 2011

(Dollar Amounts in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Asset	(b) Actuarial Accrued Liability	(Overfunded) Unfunded Actuarial Accrued Liability	(a/b) Funded Ratio	(c) Covered Payroll	(Overfunded)/Unfunded Actuarial Accrued Liability (b-a) as a Percentage of Covered Payroll ((b-a)/c)
01/01/06	\$ -	\$ 320,367	\$ 320,367	0.0%	N/A	N/A
01/01/08	-	359,140	359,140	0.0%	N/A	N/A
01/01/10	-	488,631	488,631	0.0%	N/A	N/A

Note: Valuation as of 01/01/06 represents the initial valuation for the plan as required under GASB Statement No. 45 (implemented in 2007).

CITY OF PITTSBURGH,
PENNSYLVANIA



SUPPLEMENTARY INFORMATION

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	Equipment Leasing Authority	Liquid Fuels Tax	JTPA	Public Safety	Civic and Cultural	Grants and Donations	Total
Assets							
Cash and cash equivalents	\$ 2,917,778	\$ 995,180	\$ 929,853	\$ 5,181,301	\$ 8,175,270	\$ 1,265,460	\$ 19,464,842
Other receivables	-	-	-	221,258	724,005	1,056,847	2,002,110
Accrued interest	-	42	-	-	-	-	42
Due from other governments	-	-	-	-	172,115	200,000	372,115
Due from General Fund	-	-	-	5,803	-	-	5,803
Due from other Special Revenue Fund	-	-	-	-	150,000	-	150,000
Total Assets	\$ 2,917,778	\$ 995,222	\$ 929,853	\$ 5,408,362	\$ 9,221,390	\$ 2,522,307	\$ 21,994,912
Liabilities and Fund Balance							
Liabilities:							
Account payable	\$ 21,343	\$ 84,457	\$ 248,651	\$ 24,353	\$ 316,659	\$ 1,305,461	\$ 2,000,924
Accrued liabilities	-	-	123,158	-	157,605	-	280,763
Due to General Fund	-	-	190,638	324,261	54,069	23,857	592,825
Due to other Special Revenue Fund	-	-	-	2,579	-	-	2,579
Due to other governments	-	-	342,836	601,899	-	-	944,735
Total Liabilities	21,343	84,457	905,283	953,092	528,333	1,329,318	3,821,826
Fund Balance:							
Restricted - State and Federal Purpose Grants	\$ -	\$ 910,765	\$ 24,570	\$ 1,959,347	\$ 2,508,189	\$ 1,192,989	\$ 6,595,860
Committed - Specified Program Services	2,896,435	-	-	2,334,511	5,913,775	-	11,144,721
Assigned - encumbrances	-	-	-	161,412	271,093	-	432,505
Total Fund Balance	2,896,435	910,765	24,570	4,455,270	8,693,057	1,192,989	18,173,086
Total Liabilities and Fund Balance	\$ 2,917,778	\$ 995,222	\$ 929,853	\$ 5,408,362	\$ 9,221,390	\$ 2,522,307	\$ 21,994,912

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2011

	Equipment Leasing Authority	Liquid Fuels Tax	JTPA	Public Safety	Civic and Cultural	Grants and Donations	Total
Revenues:							
Interest and dividends	\$ -	\$ 766	\$ -	\$ 40	\$ -	\$ -	\$ 806
Fines and forfeits	-	-	-	548,087	-	-	548,087
Intergovernmental revenues	-	6,194,211	9,144,105	1,124,404	6,316,351	9,789,017	32,568,088
Charges for user services	-	-	-	875,788	3,501,019	-	4,376,807
Miscellaneous	231,140	-	-	143,266	35,707	412,020	822,133
Total revenues	<u>231,140</u>	<u>6,194,977</u>	<u>9,144,105</u>	<u>2,691,585</u>	<u>9,853,077</u>	<u>10,201,037</u>	<u>38,315,921</u>
Expenditures:							
General government	164,931	-	8,650	142,912	1,110,596	3,925,208	5,352,297
Public safety	-	-	-	1,918,999	-	1,291,626	3,210,625
Public works	-	3,168,252	-	-	4,032,810	3,828,588	11,029,650
Community, recreational, and cultural	-	-	-	-	3,169,110	-	3,169,110
Economic and physical development	-	-	9,135,455	-	-	196,000	9,331,455
Capital outlay	1,990,034	-	-	-	-	-	1,990,034
Total expenditures	<u>2,154,965</u>	<u>3,168,252</u>	<u>9,144,105</u>	<u>2,061,911</u>	<u>8,312,516</u>	<u>9,241,422</u>	<u>34,083,171</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,923,825)</u>	<u>3,026,725</u>	<u>-</u>	<u>629,674</u>	<u>1,540,561</u>	<u>959,615</u>	<u>4,232,750</u>
Other Financing Sources (Uses):							
Operating transfers in	4,694,826	-	-	-	750,000	-	5,444,826
Operating transfers out	-	(2,315,000)	-	(1,107,127)	(273,685)	(172,616)	(3,868,428)
Total other financing sources (uses)	<u>4,694,826</u>	<u>(2,315,000)</u>	<u>-</u>	<u>(1,107,127)</u>	<u>476,315</u>	<u>(172,616)</u>	<u>1,576,398</u>
Net Change in Fund Balance	<u>2,771,001</u>	<u>711,725</u>	<u>-</u>	<u>(477,453)</u>	<u>2,016,876</u>	<u>786,999</u>	<u>5,809,148</u>
Fund Balance:							
Beginning of year	125,434	199,040	24,570	4,932,723	6,676,181	405,990	12,363,938
End of year	<u>\$ 2,896,435</u>	<u>\$ 910,765</u>	<u>\$ 24,570</u>	<u>\$ 4,455,270</u>	<u>\$ 8,693,057</u>	<u>\$ 1,192,989</u>	<u>\$ 18,173,086</u>

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF PLAN NET ASSETS PENSION TRUST FUNDS

DECEMBER 31, 2011

	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Assets					
Cash and cash equivalents	\$ 25,652,404	\$ 179,790	\$ 2,829,500	\$ 19,463	\$ 28,681,157
Investments:					
Preferred and common stock	31,408,368	-	-	-	31,408,368
U.S. government and agency obligations	19,006,022	-	-	-	19,006,022
Corporate and other obligations	27,501,890	-	-	-	27,501,890
Mutual funds:					
U.S. equities	97,396,704				97,396,704
Non-U.S. equities	57,949,818				57,949,818
Fixed income	51,893,116	-	-	-	51,893,116
Private equity	11,438,594	-	-	-	11,438,594
Due from City of Pittsburgh	1,402,380	-	-	-	1,402,380
Due from (to) other fund	(435,783)	-	435,783	-	-
Accrued interest and dividend receivables	506,858	-	-	-	506,858
Total Assets	323,720,371	179,790	3,265,283	19,463	327,184,907
Liabilities					
Benefits and related withholdings payable	-	-	2,624,661	-	2,624,661
Accrued liabilities and other payables	-	25,006	-	-	25,006
Due to City of Pittsburgh Trust and Agency Fund	-	-	6,640	4,419	11,059
Total Liabilities	-	25,006	2,631,301	4,419	2,660,726
Net Assets Held in Trust for Pension Benefits	\$ 323,720,371	\$ 154,784	\$ 633,982	\$ 15,044	\$ 324,524,181

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2011

	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Additions:					
Contributions:					
Employer - pension benefits	\$ 38,330,895	\$ -	\$ -	\$ -	\$ 38,330,895
Employer - other benefits	2,500,757	-	944,227	-	3,444,984
Plan members	10,363,226	-	-	-	10,363,226
State aid	26,907,639	-	-	-	26,907,639
Wilkinsburg Fire Department	1,903,004	-	-	-	1,903,004
Total contributions	80,005,521	-	944,227	-	80,949,748
Investment income:					
Net appreciation in fair value of investments	(11,448,254)	-	-	-	(11,448,254)
Interest and dividends	5,239,715	-	-	1,537	5,241,252
Total investment income (loss)	(6,208,539)	-	-	1,537	(6,207,002)
Investment expense	(359,050)	-	-	-	(359,050)
Net investment income	(6,567,589)	-	-	1,537	(6,566,052)
Miscellaneous:					
Transfer in	-	21,410,739	31,795,209	28,382,000	81,587,948
Other	898,212	72,395	-	9,477	980,084
Total additions	74,336,144	21,483,134	32,739,436	28,393,014	156,951,728
Deductions:					
Benefit payments	-	20,562,562	32,297,162	28,159,257	81,018,981
Refund of employee contributions	-	571,172	248,129	41,469	860,770
Transfer out	81,587,948	-	-	-	81,587,948
Administrative expense	949,425	287,130	328,082	192,297	1,756,934
Total deductions	82,537,373	21,420,864	32,873,373	28,393,023	165,224,633
Net Increase (Decrease) in Plan Net Assets	(8,201,229)	62,270	(133,937)	(9)	(8,272,905)
Net Assets:					
Beginning of year	331,921,600	92,514	767,919	15,053	332,797,086
End of year	\$ 323,720,371	\$ 154,784	\$ 633,982	\$ 15,044	\$ 324,524,181

CITY OF PITTSBURGH, PENNSYLVANIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Balance at December 31, 2010	Additions	Deletions	Balance at December 31, 2011
EMPLOYEE BENEFITS				
Assets				
Cash and cash equivalents	\$ 7,168,381	\$ 65,879,701	\$ 63,344,854	\$ 9,703,228
Other assets	3,418,094	588,549	3,418,094	588,549
Total Assets	<u>\$ 10,586,475</u>	<u>\$ 66,468,250</u>	<u>\$ 66,762,948</u>	<u>\$ 10,291,777</u>
Liabilities				
Accrued liabilities	<u>\$ 10,586,475</u>	<u>\$ 66,468,250</u>	<u>\$ 66,762,948</u>	<u>\$ 10,291,777</u>
DEPOSITS				
Assets				
Cash and cash equivalents	\$ 3,355,638	\$ 9,667,090	\$ 9,912,047	\$ 3,110,681
Total Assets	<u>\$ 3,355,638</u>	<u>\$ 9,667,090</u>	<u>\$ 9,912,047</u>	<u>\$ 3,110,681</u>
Liabilities				
Accrued liabilities	\$ 2,074,807	\$ 8,845,930	\$ 8,721,332	\$ 2,199,405
Deposits held in trust	1,280,831	821,160	1,190,715	911,276
Total Liabilities	<u>\$ 3,355,638</u>	<u>\$ 9,667,090</u>	<u>\$ 9,912,047</u>	<u>\$ 3,110,681</u>
OTHER				
Assets				
Cash and cash equivalents	\$ 1,095,354	\$ 578,041	\$ 1,026,767	\$ 646,628
Total Assets	<u>\$ 1,095,354</u>	<u>\$ 578,041</u>	<u>\$ 1,026,767</u>	<u>\$ 646,628</u>
Liabilities				
Accrued liabilities	\$ 950,739	\$ 578,041	\$ 889,652	\$ 639,128
Accounts payable	12,044	-	4,544	7,500
Deposits held in trust	132,571	-	132,571	-
Total Liabilities	<u>\$ 1,095,354</u>	<u>\$ 578,041</u>	<u>\$ 1,026,767</u>	<u>\$ 646,628</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 11,619,373	\$ 76,124,832	\$ 74,283,668	\$ 13,460,537
Other assets	3,418,094	588,549	3,418,094	588,549
Other receivables	-	-	-	-
Total Assets	<u>\$ 15,037,467</u>	<u>\$ 76,713,381</u>	<u>\$ 77,701,762</u>	<u>\$ 14,049,086</u>
Liabilities				
Accrued liabilities	\$ 13,612,021	\$ 75,892,221	\$ 76,373,932	\$ 13,130,310
Accounts payable	12,044	-	4,544	7,500
Deposits held in trust	1,413,402	821,160	1,323,286	911,276
Total Liabilities	<u>\$ 15,037,467</u>	<u>\$ 76,713,381</u>	<u>\$ 77,701,762</u>	<u>\$ 14,049,086</u>

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2011

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 25,181,871	\$ 11,844,400	\$ (13,337,471)
Total revenues	25,181,871	11,844,400	(13,337,471)
Expenditures:			
Capital projects:			
Engineering and construction	8,088,679	4,135,880	3,952,799
Parks and recreation	3,063,508	215,251	2,848,257
Public works	31,466,515	8,457,702	23,008,813
General services	690,430	61,461	628,969
Urban Redevelopment Authority	4,623,681	2,436,173	2,187,508
Other	27,216,080	14,681,024	12,535,056
Total expenditures	75,148,893	29,987,491	45,161,402
Excess (Deficiency) of Revenues Over Expenditures	(49,967,022)	(18,143,091)	31,823,931
Other Financing Sources (Uses):			
Operating transfers in	-	13,337,471	13,337,471
Total other financing sources (uses)	-	13,337,471	13,337,471
Net Change in Fund Balance	\$ (49,967,022)	\$ (4,805,620)	\$ 45,161,402

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2011

(Amounts expressed in thousands)

(Continued)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the budgetary comparison statement. Includes unbudgeted transfers in	\$ 11,844
Unbudgeted transfer in	13,337
The adjustments to convert to GAAP basis, recording of receivables, and revenues not included in budget.	<u>(26)</u>
Total Capital Projects Fund revenue and other financing sources on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 25,155</u>

Users/Outflows of Revenues:

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement.	\$ 29,987
Transfer budgeted as project.	(3,769)
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>978</u>
Total Capital Projects Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 27,196</u>

(Concluded)

CITY OF PITTSBURGH,
PENNSYLVANIA

STATISTICAL SECTION

Statistical Section

This section of the City of Pittsburgh (City) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	106
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the earned income tax.	112
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	118
Demographic and Economic Information	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	126
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	129

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement No. 34 in 2002.

Table 1
CITY OF PITTSBURGH, PENNSYLVANIA
NET ASSETS BY COMPONENT
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Primary Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 43,879,623	\$ 36,763,941	\$ 32,478,809	\$ 28,406,314	\$ 28,068,983	\$ 19,855,494	\$ 32,093,268	\$ 33,115,655	\$ 14,047,401	\$ (491,045,970)
Restricted	18,207,346	5,325,151	50,937,825	50,312,990	3,590,593	17,410,647	2,024,893	1,902,998	1,386,497	1,418,005
Unrestricted	<u>(544,694,171)</u>	<u>(603,655,738)</u>	<u>(640,869,765)</u>	<u>(640,595,818)</u>	<u>(623,499,122)</u>	<u>(665,435,571)</u>	<u>(729,337,724)</u>	<u>(776,978,604)</u>	<u>(728,071,303)</u>	<u>(209,557,174)</u>
<i>Total Primary Government Net Assets</i>	<u>\$ (482,607,202)</u>	<u>\$ (561,566,646)</u>	<u>\$ (557,453,131)</u>	<u>\$ (561,876,514)</u>	<u>\$ (591,839,546)</u>	<u>\$ (628,169,430)</u>	<u>\$ (695,219,563)</u>	<u>\$ (741,959,951)</u>	<u>\$ (712,637,405)</u>	<u>\$ (699,185,139)</u>

Table 2
CITY OF PITTSBURGH, PENNSYLVANIA
 CHANGES IN NET ASSETS
 LAST TEN YEARS
 ACCRUAL BASIS OF ACCOUNTING

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:										
Governmental Activities:										
General government	\$ 72,151,719	\$ 71,614,406	\$ 68,959,502	\$ 72,646,015	\$ 67,454,774	\$ 57,794,631	\$ 63,221,610	\$ 75,496,380	\$ 68,571,952	\$ 78,365,054
Public safety	256,878,936	265,453,864	269,028,114	230,989,104	242,305,419	207,121,913	213,197,078	242,704,887	221,439,681	202,591,954
Highways and streets	60,616,098	65,409,264	62,239,814	67,275,379	57,079,918	56,458,755	55,024,821	50,930,630	50,089,338	52,723,858
Sanitation	15,570,885	16,830,263	16,905,288	16,568,056	20,615,151	18,398,474	14,693,283	13,801,070	12,080,381	12,683,944
Economic development	29,713,751	40,566,038	22,208,871	19,732,650	21,227,314	16,056,706	27,981,189	23,088,545	36,577,174	31,846,181
Cultural and recreation	12,300,170	13,104,511	11,680,075	11,818,117	9,218,087	11,754,122	10,516,854	15,797,978	14,717,879	14,940,866
Interest on long-term debt and debt subsidies	34,804,447	36,743,860	52,693,640	56,511,220	56,806,611	57,886,827	45,374,017	48,709,900	50,274,609	47,493,951
Total primary government expenses	\$ 482,036,006	\$ 509,722,206	\$ 503,715,304	\$ 475,540,541	\$ 474,707,274	\$ 425,471,428	\$ 430,008,851	\$ 470,529,390	\$ 453,751,014	\$ 440,645,808
Program Revenues:										
Governmental Activities:										
Charges for services										
General government	\$ 22,147,599	\$ 22,366,390	\$ 20,792,352	\$ 20,182,426	\$ 20,122,440	\$ 19,621,666	\$ 17,833,330	\$ 18,628,556	\$ 19,328,547	\$ 18,469,281
Public safety	16,993,800	17,203,765	18,320,376	18,821,117	19,366,360	19,348,266	20,600,780	19,921,883	20,171,829	19,088,959
Highway and streets	2,780,705	2,190,565	2,858,972	2,983,073	3,013,764	1,702,493	935,553	1,159,321	1,373,276	1,815,202
Sanitation	84,718	102,560	271,931	232,010	501,152	655,512	718,066	344,173	1,063,853	1,215,355
Culture and recreation	1,679,201	2,322,421	1,975,903	1,673,694	1,841,009	1,701,979	1,520,052	1,298,261	1,809,203	1,502,318
Operating grants and contributions	94,414,438	65,673,104	62,569,988	72,632,131	65,906,114	50,681,637	43,884,590	43,312,756	48,693,028	44,845,500
Capital grants and contributions	31,865,907	32,006,053	36,680,498	20,766,859	24,720,948	17,611,527	26,728,759	33,386,113	38,681,746	29,117,274
Total primary government program revenues	\$ 169,966,368	\$ 141,864,858	\$ 143,470,020	\$ 137,291,310	\$ 135,471,787	\$ 111,323,080	\$ 112,221,130	\$ 118,051,063	\$ 131,121,482	\$ 116,053,889
Net (Expense)/Revenue:										
Governmental activities	\$ (312,069,638)	\$ (367,857,348)	\$ (360,245,284)	\$ (338,249,231)	\$ (339,235,487)	\$ (314,148,348)	\$ (317,787,721)	\$ (352,478,327)	\$ (322,629,532)	\$ (324,591,919)
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Taxes:										
Real estate	\$ 135,744,044	\$ 131,832,591	\$ 131,913,614	\$ 128,532,482	\$ 129,076,234	\$ 138,586,332	\$ 132,619,472	\$ 131,606,692	\$ 127,941,152	\$ 122,365,096
Earned income	74,537,388	70,217,088	67,717,310	65,108,103	57,329,470	50,031,453	48,436,582	46,638,799	45,924,358	47,642,055
Business privilege	231,821	833,142	9,647,008	9,460,665	9,298,694	15,171,511	14,291,935	40,119,601	43,964,837	42,952,162
Emergency services	16,592,287	13,963,285	13,512,620	13,743,861	16,448,473	16,159,663	16,339,969	-	-	-
Payroll preparation	51,057,843	46,620,284	46,519,083	46,733,471	44,436,947	41,361,676	38,377,704	-	-	-
Parking	48,242,776	46,655,098	45,299,789	45,920,603	49,294,644	52,098,912	52,241,679	47,313,082	31,892,770	32,214,526
Sales tax from Regional Asset District	20,857,014	20,440,182	20,014,023	20,178,425	20,869,051	20,326,691	20,943,521	21,460,780	20,035,967	20,559,667
Deed transfer	18,729,805	14,108,533	12,283,957	17,071,424	16,677,181	18,033,290	18,170,377	11,633,787	9,172,513	10,218,095
Amusement	13,132,370	10,847,981	11,453,330	11,593,318	8,919,870	8,480,222	10,730,856	7,479,540	9,455,537	9,553,973
Nonprofit payment for municipal services	3,555,369	294,268	849,978	778,417	5,311,595	5,873,622	5,373,497	688,000	510,000	837,000
Mercantile	1,330	10,051	16,368	34,388	64,609	148,658	358,600	7,915,096	7,909,099	7,282,763
Other	2,403,662	4,922,118	4,609,767	4,145,482	5,130,963	3,820,311	2,861,880	4,850,445	8,063,064	7,191,445
Unrestricted investment earnings	72,903	244,691	590,130	4,147,306	9,497,563	6,757,044	2,231,226	1,016,417	1,061,600	2,359,523
Donations and endowments	4,209,467	287,500	204,000	575,000	482,521	168,209	100	267,995	546,387	523,799
Amortization of bond premium	-	-	-	-	-	3,035,368	-	-	-	-
Miscellaneous	1,661,003	2,467,021	37,691	189,317	2,727,556	1,145,517	1,550,712	2,165,547	2,699,982	4,388,461
Total primary government	\$ 391,029,082	\$ 363,743,833	\$ 364,668,668	\$ 368,212,262	\$ 375,565,371	\$ 381,198,479	\$ 364,528,110	\$ 323,155,781	\$ 309,177,266	\$ 308,088,565
Change in Net Assets:										
Primary government - governmental activities	\$ 78,959,444	\$ (4,113,515)	\$ 4,423,384	\$ 29,963,031	\$ 36,329,884	\$ 67,050,131	\$ 46,740,389	\$ (29,322,546)	\$ (13,452,266)	\$ (16,503,354)

Table 3
CITY OF PITTSBURGH, PENNSYLVANIA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental Activities:										
General government	\$ 85,450,651	\$ 68,630,131	\$ 72,158,419	\$ 71,287,551	\$ 68,318,461	\$ 54,018,594	\$ 41,685,156	\$ 51,928,324	\$ 53,644,160	\$ 48,442,370
Public safety	40,436,474	34,577,088	36,872,062	34,142,202	33,789,076	32,358,373	37,581,019	33,312,992	37,628,587	34,730,729
Highways and streets	32,381,395	22,453,872	20,333,685	19,977,958	19,590,563	14,037,094	17,875,858	14,716,164	26,131,273	17,774,927
Sanitation	657,406	588,240	304,727	767,921	573,092	943,637	1,235,374	904,806	1,693,702	1,380,529
Economic development	6,017,455	10,426,726	8,973,109	5,783,512	8,149,974	5,374,674	8,701,367	13,445,922	8,342,979	9,972,930
Cultural and recreation	5,022,987	5,188,801	4,828,018	5,332,166	5,050,621	4,590,708	5,142,356	3,742,855	3,680,781	3,752,404
 Total primary government	 <u>\$ 169,966,368</u>	 <u>\$ 141,864,858</u>	 <u>\$ 143,470,020</u>	 <u>\$ 137,291,310</u>	 <u>\$ 135,471,787</u>	 <u>\$ 111,323,080</u>	 <u>\$ 112,221,130</u>	 <u>\$ 118,051,063</u>	 <u>\$ 131,121,482</u>	 <u>\$ 116,053,889</u>

Table 4
CITY OF PITTSBURGH, PENNSYLVANIA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2011 (2)	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund:										
Restricted	\$ 6,269,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	4,563,061	-	-	-	-	-	-	-	-	-
Unassigned	58,449,103	-	-	-	-	-	-	-	-	-
Reserved	-	6,320,807	5,941,959	6,426,664	5,430,635	6,631,354	4,070,482	2,818,210	4,052,375	4,217,495
Unreserved	-	42,610,199	55,446,599	46,459,249	84,099,737	73,942,764	34,057,309	11,711,220	31,140,963	58,035,143
<i>Total General Fund</i>	<u>69,281,838</u>	<u>48,931,006</u>	<u>61,388,558</u>	<u>52,885,913</u>	<u>89,530,372</u>	<u>80,574,118</u>	<u>38,127,791</u>	<u>14,529,430</u>	<u>35,193,338</u>	<u>62,252,638</u>
All Other Governmental Funds:										
Non-spendable	1,300,000	-	-	-	-	-	-	-	-	-
Restricted	11,937,672	-	-	-	-	-	-	-	-	-
Committed	19,393,629	-	-	-	-	-	-	-	-	-
Assigned	16,349,228	-	-	-	-	-	-	-	-	-
Reserved and designated for subsequent (1) years expenditures. Reported in:										
Debt service funds	-	3,567,405	-	-	-	-	-	-	-	-
Capital project funds	-	31,713,615	-	-	-	-	-	-	-	-
Other governmental funds - Special Revenue	-	604,075	-	-	-	-	-	-	-	-
Unreserved, Undesignated. Reported in:										
Community development funds	-	84,617	84,617	84,617	84,617	84,617	84,617	84,617	84,617	84,617
Capital project fund	-	-	-	-	-	-	-	-	-	-
Other governmental funds - Special Revenue	-	11,759,863	12,590,970	13,250,599	74,557,072	12,593,863	13,890,134	19,295,079	10,923,059	11,880,112
<i>Total All Other Governmental Funds</i>	<u>48,980,529</u>	<u>47,729,575</u>	<u>115,787,138</u>	<u>140,770,026</u>	<u>95,372,866</u>	<u>71,793,502</u>	<u>24,831,041</u>	<u>31,164,216</u>	<u>42,108,106</u>	<u>68,881,217</u>
<i>Total Governmental Funds</i>	<u>\$ 118,262,367</u>	<u>\$ 96,660,581</u>	<u>\$ 177,175,696</u>	<u>\$ 193,655,939</u>	<u>\$ 184,903,238</u>	<u>\$ 152,367,620</u>	<u>\$ 62,958,832</u>	<u>\$ 45,693,646</u>	<u>\$ 77,301,444</u>	<u>\$ 131,133,855</u>

(1) Fund breakout not readily available for 2009-2001: was presented for 2010.

(2) The City implemented GASB 54 beginning in 2011.

Table 5
CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Taxes	\$ 380,769	\$ 360,761	\$ 363,582	\$ 366,220	\$ 357,226	\$ 360,836	\$ 352,034	\$ 317,223	\$ 302,991	\$ 301,371
Payment in lieu of taxes	3,555	294	850	778	5,312	5,874	5,373	688	510	837
Interest earnings	73	245	590	4,147	9,498	6,757	2,231	1,016	1,062	2,360
Fines and forfeits	8,374	9,225	7,768	6,409	7,387	8,256	4,239	8,527	7,693	8,556
Intergovernmental	99,372	84,614	86,755	80,781	77,974	53,663	55,972	58,797	72,400	57,963
Charges for user services	35,312	34,961	36,452	37,484	37,458	34,774	37,369	32,826	36,054	33,535
Pension state aid	26,908	15,595	15,030	15,148	15,182	14,630	17,166	17,902	18,214	16,000
Miscellaneous	6,079	921	436	924	3,243	1,314	1,634	2,987	3,291	4,911
Total revenues	560,442	506,616	511,463	511,891	513,280	486,104	476,018	439,966	442,215	425,533
Expenditures:										
General government	68,743	66,253	55,122	57,277	54,357	53,179	60,119	68,885	61,994	71,000
Public safety	256,416	289,149	250,384	220,309	209,937	205,168	208,740	211,894	221,946	207,966
Public works	55,730	62,416	54,564	61,109	56,304	50,877	48,053	41,289	51,655	53,624
Sanitation	15,501	17,059	14,960	15,721	16,825	15,394	13,668	13,997	10,942	12,684
Community, recreational, and cultural	12,077	13,866	11,536	11,670	10,909	11,045	7,324	8,563	10,631	11,978
Employee benefits, etc. (2)	-	-	-	-	-	-	-	-	-	-
Claims and judgments	1,245	539	5,361	1,047	962	552	728	2,796	1,113	2,180
Miscellaneous	6,576	5,893	5,175	5,112	3,818	1,696	1,038	1,276	3,024	2,365
Intergovernmental programs	14,370	26,465	22,221	19,694	21,227	16,057	17,962	19,879	25,281	20,083
Capital outlay	5,462	6,046	9,973	10,299	7,207	4,737	3,003	17,132	21,108	7,893
Bond issue costs	-	-	-	744	-	3,026	2,538	-	200	991
Debt service/authorities:										
Interest	36,257	37,765	40,699	42,717	44,410	41,528	43,845	48,077	43,282	44,573
Principal	51,845	49,410	44,325	44,490	40,670	36,035	40,420	40,760	30,850	32,705
Debt subsidies to component units	14,618	14,142	13,623	13,444	14,118	13,547	13,726	14,995	14,238	11,312
Total expenditures	538,840	589,003	527,943	503,633	480,744	452,841	461,164	489,543	496,264	479,354
Excess (Deficiency) of Revenues Over Expenditures	21,602	(82,387)	(16,480)	8,258	32,536	33,263	14,854	(49,577)	(54,049)	(53,821)

(Continued)

Table 5
CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)
(Continued)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Other Financing Sources (Uses):										
Bond issuance	-	-	-	66,775	-	241,975	-	-	13,766	129,091
Refunding bond issuance	-	-	-	-	-	-	194,995	-	-	-
Proceeds from capital asset disposition	-	-	-	-	-	-	-	-	-	-
Bond premium	-	-	-	3,293	-	13,117	12,151	-	-	-
Capital lease	-	-	-	-	-	-	-	15,435	-	-
Insurance proceeds	-	1,872	-	-	-	-	-	-	-	-
Transfers from other funds	106,713	138,023	96,560	170,519	135,725	96,713	86,679	88,235	75,236	66,618
Transfer from agency funds	-	-	-	-	-	-	-	-	-	-
Transfer from discretely presented component units	-	-	-	-	-	2,530	-	2,535	-	-
Payments to escrow agents	-	-	-	(69,574)	-	(201,480)	(204,732)	-	(13,550)	(65,632)
Transfers to other funds	(106,713)	(138,023)	(96,560)	(170,519)	(135,725)	(96,713)	(86,679)	(88,235)	(75,236)	(66,618)
Transfer to agency funds	-	-	-	-	-	-	-	-	-	-
Pension state aid	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	1,872	-	494	-	56,142	2,414	17,970	216	63,459
Net Change in Fund Balance	<u>\$ 21,602</u>	<u>\$ (80,515)</u>	<u>\$ (16,480)</u>	<u>\$ 8,752</u>	<u>\$ 32,536</u>	<u>\$ 89,405</u>	<u>\$ 17,268</u>	<u>\$ (31,607)</u>	<u>\$ (53,833)</u>	<u>\$ 9,638</u>
Debt service as a percentage of noncapital expenditures	19.3%	20.0%	18.5%	20.0%	20.9%	20.3%	21.4%	22.0%	18.6%	18.8%

Notes:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(Concluded)

Table 6
CITY OF PITTSBURGH, PENNSYLVANIA
 GOVERNMENTAL FUND TAX REVENUES BY SOURCES

LAST TEN YEARS

(\$'s in Thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Real estate tax	\$ 134,558	\$ 131,625	\$ 131,313	\$ 130,970	\$ 127,263	\$ 133,735	\$ 128,080	\$ 128,037	\$ 127,113	\$ 123,756
Mercantile tax	2	5	8	12	28	99	249	7,688	7,909	7,283
Amusement tax	13,128	10,845	11,450	11,589	8,914	8,468	10,722	7,471	9,456	9,554
Payroll preparation tax	50,641	46,346	46,235	46,479	44,248	41,172	38,290	-	-	-
Earned income tax	74,146	69,674	67,483	65,296	57,100	49,815	48,238	46,439	45,924	47,642
Facilities usage fee	3,909	3,375	3,163	2,791	2,986	2,397	1,931	-	-	-
Deed transfer tax	18,730	14,109	12,284	17,071	16,677	18,033	18,170	11,634	9,172	10,218
Parking tax	48,217	46,651	45,274	45,902	49,272	52,067	52,186	47,273	31,893	32,215
Emergency services tax	13,138	13,962	13,416	13,271	16,387	15,599	16,445	3,189	3,143	3,134
Business privilege tax	143	612	9,315	9,113	8,927	14,680	13,748	40,130	43,424	42,952
Institution/service tax	455	457	125	48	823	430	323	514	424	470
Penalties and interest	1,515	1,328	2,166	2,201	2,604	3,089	2,356	2,364	3,394	2,620
Public service privilege	1,330	1,332	1,336	1,299	1,128	925	352	1,024	1,103	967
Cable indirect cost	-	-	-	-	-	-	-	-	-	-
Regional Asset District	20,857	20,440	20,014	20,178	20,869	20,327	20,242	20,505	20,036	20,560
Total tax revenues	\$ 380,769	\$ 360,761	\$ 363,582	\$ 366,220	\$ 357,226	\$ 360,836	\$ 351,332	\$ 316,268	\$ 302,991	\$ 301,371

Note:

In 2005, the occupation privilege tax was replaced by the emergency services tax. The business privilege tax was reduced. Two additional revenues were the payroll preparation tax and the facility usage fee. The mercantile tax was eliminated.

Table 7

CITY OF PITTSBURGH, PENNSYLVANIA**ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
LAST TEN YEARS**

(\$'s in Thousands)

Year	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Taxable Rate (mills)	Estimated Taxable Value
2002	20,315,705	6,022,449	14,293,256	10.800	154,367
2003	20,177,452	6,598,533	13,578,919	10.800	146,652
2004	19,985,680	6,747,998	13,237,682	10.800	142,967
2005	19,984,708	6,750,063	13,234,645	10.800	142,934
2006	20,562,685	7,191,577	13,371,108	10.800	144,408
2007	21,084,308	7,759,074	13,325,234	10.800	143,913
2008	21,032,626	7,777,749	13,254,877	10.800	143,153
2009	21,299,162	7,950,341	13,348,821	10.800	144,167
2010	21,549,437	8,108,433	13,441,004	10.800	145,163
2011	21,980,818	8,494,384	13,486,434	10.800	145,653

Note: Information by major component of assessed value is not available.

Table 8
CITY OF PITTSBURGH, PENNSYLVANIA

PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN YEARS

Fiscal Year	City of Pittsburgh			School district millage	County millage (2)	Total Millage
	Land millage	Building millage	Average (1)			
2002	10.800	10.800	10.800	13.920	4.720	29.440
2003	10.800	10.800	10.800	13.920	4.720	29.440
2004	10.800	10.800	10.800	13.310	4.690	28.800
2005	10.800	10.800	10.800	13.920	4.690	29.410
2006	10.800	10.800	10.800	13.920	4.690	29.410
2007	10.800	10.800	10.800	13.920	4.690	29.410
2008	10.800	10.800	10.800	13.920	4.690	29.410
2009	10.800	10.800	10.800	13.920	4.690	29.410
2010	10.800	10.800	10.800	13.920	4.690	29.410
2011	10.800	10.800	10.800	13.920	4.690	29.410

Notes:

- (1) Determined by multiplying the respective assessed valuation by the millage rate and dividing by the total assessed valuation.
- (2) As of January 1, 1998, the Institution District was dissolved and its 3.5 tax rate (millage) was included in Allegheny County millage.

The basis for the property tax rates is per each \$1,000 of assessed valuation.

Table 9

CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
500 Grant Street Associates/Mellon Bank Holdings Acquisition Co Lp	\$ 349,940,300	1	2.59%	\$ 517,850,000	1	3.53%
PNC	276,789,000	2	2.05%	-		0.00%
Buncher Company	203,091,800	3	1.51%	138,117,000	6	0.94%
Market Associates Limited	192,073,974	4	1.42%	137,959,000	7	0.94%
600 GS Prop LP	185,000,000	5	1.37%	205,076,000	3	1.40%
Oxford Development	175,000,000	6	1.30%	264,303,000	2	1.80%
Grant Liberty Development Group	115,000,000	7	0.85%	139,111,000	5	0.95%
North Shore Developers	110,000,000	8	0.82%	146,661,000	4	1.00%
Liberty Avenue Holdings	64,297,550	9	0.48%	-		0.00%
Harrahs Forest Assoc.	62,100,000	10	0.46%	-		0.00%
Gateway Trizec, Inc.	-		0.00%	30,052,000	10	0.20%
Penn Liberty Holding	-		0.00%	131,704,000	8	0.90%
	-		0.00%	84,970,000	9	0.58%
	<u>\$ 1,733,292,624</u>		<u>12.85%</u>	<u>\$ 1,795,803,000</u>		<u>12.24%</u>
Total Taxable Assessed Valuation	<u>\$ 13,486,434,282</u>			<u>\$ 14,671,652,000</u>		

Note: Information obtained from Real Estate Department assessments.

Table 10
CITY OF PITTSBURGH, PENNSYLVANIA

ASSESSED VALUE, TAX RATE, LEVY, AND COLLECTIONS

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	(2) Assessed valuation of land and buildings	Land millage	Building millage	Original net levy	Adjusted net levy (1)	Budgeted	Year of original levy			Delinquent taxes			
							(3) Receipts	Percent of original net levy collected	Percent of adjusted net levy collected	Percent of budget collected	Collection		Percent of budget collected
								Budget	Receipts				
2001	\$ 13,346,238	10.80	10.80	\$144,139	\$127,784	\$115,900	\$ 118,150	81.9	92.9	101.9	\$ 3,500	\$ 2,689	76.8
2002	14,677,667	10.80	10.80	158,454	131,245	121,500	123,692	78.1	94.2	102.0	4,300	4,359	101.0
2003	13,578,918	10.80	10.80	146,652	131,484	123,132	123,015	83.9	93.6	99.9	3,139	1,069	34.1
2004	13,237,682	10.80	10.80	142,966	127,864	122,500	119,918	83.9	93.8	97.9	5,500	4,435	80.6
2005	13,234,645	10.80	10.80	142,934	126,124	124,000	124,906	87.4	99.0	100.7	4,500	3,173	70.5
2006	13,371,108	10.80	10.80	143,649	129,451	121,000	127,114	88.5	98.2	105.1	3,758	6,622	176.2
2007	13,325,234	10.80	10.80	144,972	128,926	121,257	127,505	88.0	98.9	105.2	2,741	289	10.5
2008	13,254,877	10.80	10.80	143,383	129,768	122,300	127,273	88.8	98.1	104.1	3,245	3,697	113.9
2009	13,348,821	10.80	10.80	145,967	128,830	123,673	125,104	85.7	97.1	101.2	3,201	4,972	155.3
2010	13,441,004	10.80	10.80	145,163	134,998	127,118	124,250	85.6	92.0	97.7	6,454	3,672	56.9
2011	13,486,434	10.80	10.80	145,653	139,547	128,790	129,924	89.2	93.1	100.9	3,830	3,928	102.6

Notes:

- (1) Represents net levy as of December 31 of the tax year (i.e., net of exonerations, discounts, and additions granted in that year).
- (2) In 2001, assessed value percent of market value increased to 100% and a unified millage rate was enacted.
- (3) Receipts are net of refunds.

Table 11

CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND 10 YEARS AGO

Employer	2011			2001		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
University of Pittsburgh Medical Center	38,700	1	12.57 %	28,000	1	8.61 %
U.S. Government	18,570	2	6.03	20,200	2	6.21
Commonwealth of Pennsylvania	13,610	3	4.42	15,300	3	4.70
University of Pittsburgh	12,215	4	3.97	8,901	5	7.42
West Penn Allegheny Health System	11,087	5	3.60	-	-	-
Giant Eagle	9,981	6	3.24	6,993	8	132.44
Wal-Mart Stores Inc.	7,550	7	2.45	8,177	7	2.51
PNC Financial Services Group, Inc.	7,032	8	2.28			
Westinghouse Electric	6,000	9	1.95			
Mellon Financial Corp.	5,266	10	1.71	8,613	6	7.18
Allegheny County	-		0.00	6,699	9	2.06
US Airways, Inc.	-		-	11,717	4	3.60
USX Corporation	-		-	5,280	10	1.62
Total	<u>130,011</u>		<u>42.24 %</u>	<u>119,880</u>		<u>176.37 %</u>
Total Employees	<u>307,764</u>			<u>325,318</u>		

Source: Pittsburgh Business Times

Table 12

CITY OF PITTSBURGH, PENNSYLVANIA

NET DEBT AND REMAINING DEBT INCURRING MARGIN IN ACCORDANCE WITH ACT NO. 52, APPROVED APRIL 28, 1978

LOCAL GOVERNMENT UNIT DEBT ACT

DECEMBER 31, 2011

	Nonelectoral debt	Lease rental debt
Gross debt (1):		
Principal amount of bonds issued and outstanding:		
General obligation	\$ 581,007,897	\$ -
Capital Leases	-	11,454,180
Auditorium Authority	-	1,392,500
Urban Redevelopment Authority	-	40,279,616
	581,007,897	53,126,296
Total gross debt	581,007,897	53,126,296
Items deductible from gross debt:		
Cash and legal investments held in sinking fund		
for payment of bonds and notes	1,050,598	-
Delinquent real estate taxes	5,353,069	-
Self-liquidating and subsidized debt:		
Taxable General Obligation Pension Bonds, 1996B (2)	11,180,000	-
Taxable General Obligation Pension Bonds, 1998ABC	231,005,000	-
	248,588,667	-
Total deductions	248,588,667	-
Net debt	\$ 332,419,230	\$ 53,126,296

(Continued)

- (1) Direct obligations of the Pittsburgh Water and Sewer Authority in the amount of \$666,450,000 are not considered debt of the City of Pittsburgh for purposes of this calculation.
- (2) Refunded by General Obligation Bonds, 2006B

Table 12

CITY OF PITTSBURGH, PENNSYLVANIA

NET DEBT AND REMAINING DEBT INCURRING MARGIN IN ACCORDANCE WITH ACT NO. 52, APPROVED APRIL 28, 1978

LOCAL GOVERNMENT UNIT DEBT ACT

DECEMBER 31, 2011

(Continued)

Allocation of Total Net Debt

Net nonelectoral debt	\$ 332,419,230
Net lease rental debt	<u>53,126,296</u>
Net nonelectoral and lease rental debt	<u><u>\$ 385,545,526</u></u>

Debt Incurring Margin

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total net revenue of the City	<u>\$ 419,924,380</u>	<u>\$ 431,787,384</u>	<u>\$ 438,569,789</u>
Borrowing base (arithmetic average of total net revenue for said three fiscal years)			<u><u>\$ 430,093,851</u></u>

	<u>Net nonelectoral debt (borrowing base x 250%)</u>	<u>Net nonelectoral and lease rental debt (borrowing base x 350%)</u>
Debt limitations	\$ 1,075,234,628	\$ 1,505,328,479
Less existing net debt	<u>(332,419,230)</u>	<u>(385,545,526)</u>
Remaining debt incurring margin	<u><u>\$ 742,815,398</u></u>	<u><u>\$ 1,119,782,953</u></u>

(Concluded)

Table 13

CITY OF PITTSBURGH, PENNSYLVANIA**LEGAL DEBT MARGIN INFORMATION****LAST TEN YEARS**

(dollars in thousands)

	<u>Debt limit</u>	<u>Total Net Debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Legal debt margin %</u>
2011	\$ 1,075,235	\$ (332,419)	\$ 742,816	69.08%
2010	1,073,609	(373,994)	699,615	65.16%
2009	1,080,213	(374,738)	705,475	65.31%
2008	1,088,171	(411,568)	676,603	62.18%
2007	1,056,263	(496,983)	559,280	52.95%
2006	993,016	(490,894)	502,122	50.57%
2005	933,880	(511,500)	422,380	45.23%
2004	901,314	(536,889)	364,425	40.43%
2003	895,645	(567,158)	328,487	36.68%
2002	892,028	(571,852)	320,176	35.89%

Note: The State of Pennsylvania's Local Government Unit Debt Act determines the calculation of the Legal Debt Margin. See Table 12.

Table 14

CITY OF PITTSBURGH, PENNSYLVANIA

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Population	Assessed value	General bonded debt	Less debt service funds	Net general bonded debt	Ratio of net general bonded debt to assessed value	Net general bonded debt per capita
2002	\$ 335	\$ 14,669,013	\$ 891,423	\$ 510	\$ 890,913	6.08%	\$ 2,659
2003	335	13,578,918	860,353	172	860,181	6.34%	2,568
2004	335	13,237,682	822,272	215	822,057	6.21%	2,454
2005	335	13,234,645	786,656	177	786,479	5.94%	2,348
2006	335	13,371,107	803,285	15,360	787,925	5.89%	2,352
2007	335	13,325,234	764,124	1,433	762,691	5.72%	2,277
2008	335	13,254,877	723,032	48,287	674,745	5.09%	2,014
2009	335	13,348,821	680,381	48,627	631,754	4.73%	1,886
2010	306	13,441,004	633,338	3,567	629,771	4.69%	2,058
2011	306	13,486,434	581,008	1,050	579,958	4.30%	1,895

Table 15

CITY OF PITTSBURGH, PENNSYLVANIA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Principal	Interest (2)	Total debt service	Total general governmental expenditures	Ratio of debt to general governmental expenditures
2002	\$ 32,705	\$ 44,573	\$ 77,278	\$ 483,975	15.97%
2003	30,850	43,278	74,128	496,264	14.94%
2004	40,760	48,078	88,838	489,543	18.74%
2005	40,420	43,690	84,110	461,164	18.24%
2006	36,035	41,528	77,563	452,841	17.13%
2007	40,670	44,410	85,080	480,744	17.78%
2008	44,490	42,717	87,207	503,633	17.32%
2009	44,325	40,699	85,024	527,943	16.10%
2010	49,410	37,765	87,175	589,003	14.80%
2011	51,845	36,257	88,102	538,840	16.35%

Notes:

- (1) City of Pittsburgh bonds only.
- (2) Excludes bond issuance and other costs.

Table 16
CITY OF PITTSBURGH, PENNSYLVANIA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2011

(\$'s in Thousands)

Jurisdiction	Net debt outstanding	Percentage applicable to City	Amount applicable to City
Direct debt:			
City of Pittsburgh:			
General obligation	\$ 581,008	100%	\$ 581,008
Auditorium Authority	2,785	50%	1,393
Urban Redevelopment Authority	66,240	61%	40,280
Parking Authority	<u>93,433</u>	100%	<u>93,433</u>
Total direct debt	<u>743,466</u>		<u>716,114</u>
Overlapping debt:			
Pittsburgh Water and Sewer Authority (1)	666,450	0%	-
The School District of Pittsburgh	451,760	100%	451,760
Allegheny County	<u>771,641</u>	25%	<u>192,910</u>
Total overlapping debt	<u>1,889,851</u>		<u>644,670</u>
Total direct and overlapping debt	<u>\$ 2,633,317</u>		<u>\$ 1,360,784</u>

(1) - Direct obligations of the Pittsburgh Water and Sewer Authority are not considered debt of the City of Pittsburgh.

Table 17
CITY OF PITTSBURGH, PENNSYLVANIA

REVENUE BOND COVERAGE
PITTSBURGH WATER AND SEWER AUTHORITY

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Gross revenues	(1) Operating expenses	Net revenue available for debt service	Principal	Interest	Total	Coverage
2002	63,916	37,403	26,513	10,065	25,364	35,429	0.75
2003	65,187	40,347	24,840	14,055	26,631	40,686	0.61
2004	73,880	39,300	34,580	12,079	23,325	35,404	0.98
2005	85,031	39,403	45,628	17,159	23,180	40,339	1.13
2006	86,325	42,597	43,728	17,824	26,021	43,845	1.00
2007	92,526	46,375	46,151	17,299	30,493	47,792	0.97
2008	129,938	89,162	40,776	15,531	24,223	39,754	1.03
2009	134,175	93,799	40,376	14,625	37,984	52,609	0.77
2010	139,753	93,157	46,596	16,435	39,202	55,637	0.84
2011	140,552	102,227	38,325	14,885	36,747	51,632	0.72

Notes:

(1) Total operating expenses exclusive of depreciation and amortization.

Table 18
CITY OF PITTSBURGH, PENNSYLVANIA

REVENUE BOND COVERAGE
THE STADIUM AUTHORITY OF THE CITY OF PITTSBURGH (1)

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Gross revenues (2)	Operating expenses (3)	Net revenue available for debt service	Debt service requirements (4)			Coverage (5)
				Principal	Interest	Total	
2002 (6)	\$ 1,214	\$ 5,989	\$ (4,775)	\$ 3,510	\$ 1,902	\$ 5,412	-
2003 (6)	1,339	678	661	3,750	1,679	5,429	0.12
2004	1,438	322	1,116	3,275	1,425	4,700	0.24
2005	1,458	358	1,100	3,485	1,204	4,689	0.23
2006	1,912	185	1,727	3,730	966	4,696	0.37
2007	2,859	825	2,034	1,855	954	2,809	0.72
2008	4,074	1,449	2,625	2,306	2,063	4,369	0.60
2009	3,857	1,712	2,145	2,620	1,862	4,482	0.48
2010	4,113	1,636	2,477	2,600	1,539	4,139	0.60
2011	4,302	1,712	2,590	241	1,387	1,628	1.59

Notes:

- (1) Figures presented are for the fiscal year end of March 31.
- (2) Total revenues including interest.
- (3) Total operating expenses exclusive of depreciation, interest, baseball lease credit adjustments, and loss on disposal of turf.
- (4) Debt service payments on notes are excluded.
- (5) The City of Pittsburgh guarantees the payment of Stadium Authority debt service and/or operating losses.
- (6) The stadium was demolished in February 2001 to make way for PNC Park and Heinz Field, both financed by the Sports and Exhibition Authority.

Table 19

CITY OF PITTSBURGH, PENNSYLVANIA

DEMOGRAPHIC STATISTICS

LAST TEN YEARS

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Per capita income</u>	<u>(2) Personal income</u>	<u>(2) Median age</u>	<u>(3) School enrollment</u>	<u>(4) Unemployment rate percentage</u>
2002	334,563	34,260	74,361	35.5	35,146	5.4%
2003	334,563	32,381	76,354	36.0	34,619	4.9%
2004	334,563	33,015	77,738	35.5	34,167	5.4%
2005	334,563	34,897	79,478	40.9	32,529	5.2%
2006	334,563	36,680	83,116	38.4	31,148	4.2%
2007	334,563	36,894	85,876	39.0	29,445	4.2%
2008	334,563	38,550	91,101	41.9	28,265	6.0%
2009	334,563	42,819	100,675	35.5	26,123	8.8%
2010	305,704	44,191	102,135	35.5	25,326	6.5%
2011	305,704	43,787	106,800	35.6	24,997	6.6%

Data Sources:

- (1) Census Bureau
- (2) U.S. Department of Commerce, 12-month lag
- (3) School District of Pittsburgh
- (4) U.S. Department of Labor, Bureau of Labor Statistics

Table 20

CITY OF PITTSBURGH, PENNSYLVANIA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Property value (1)	Number of permits issued (2)	Dollar value	Bank deposits (3)
2002	\$ 14,293,256	2,216	\$ 344,222	\$ 68,208,452
2003	13,578,919	2,022	596,463	62,631,246
2004	13,237,682	1,926	597,596	69,486,367
2005	13,234,645	1,844	389,030	77,701,953
2006	13,371,108	2,069	484,249	75,738,573
2007	13,325,234	2,377	595,143	84,948,351
2008	13,254,877	2,277	980,645	95,371,463
2009	13,348,821	2,222	624,954	100,194,959
2010	13,441,004	2,893	325,449	110,870,210
2011	13,486,434	2,518	402,186	81,120,698

Notes:

(1) Assessed value from Table 7

Data Sources:

(2) Bureau of Building Inspection, City of Pittsburgh

(3) FDIC, Deposits as of June 30, 2011 Changed basis of calculation from 2010

Table 21

CITY OF PITTSBURGH, PENNSYLVANIA

CITY EMPLOYMENT

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Regular budgeted positions</u>	<u>Actual subsequent January payroll</u>
2002	4,352	4,099
2003	4,337	3,654
2004	3,700	3,312
2005	3,634	3,007
2006	3,313	3,221
2007	3,341	3,281
2008	3,363	3,177
2009	3,310	3,213
2010	3,326	3,157
2011	3,303	3,131

Table 22

CITY OF PITTSBURGH, PENNSYLVANIA

FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN YEARS

<u>Function/program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government:										
City Council-City Clerk	39	39	39	39	39	21	22	22	26	26
Mayor's Office	15	14	14	16	16	17	22	29	36	35
City Information Systems	55	58	55	51	58	63	59	55	60	56
Magistrates Court	0	0	0	0	0	0	34	34	37	35
Human Relations Commission	8	8	8	8	8	8	8	8	9	9
City Controller	58	58	58	72	72	72	72	72	81	81
Finance Department	98	103	101	111	113	108	99	106	111	105
Finance-General Services	21	22	22	24	26	17	0	0	0	0
Law	43	45	43	46	43	43	44	44	45	45
Personnel & Civil Service	83	83	83	86	87	87	87	87	91	91
City Planning	48	49	46	48	41	36	35	35	41	42
General Services-Administration	0	0	0	0	0	0	26	22	30	30
General Services-Facilities	0	0	0	0	0	0	50	50	61	61
General Services-Fleet Management	0	0	0	0	0	0	2	66	76	76
General Services-Telecommunications	0	0	0	0	0	0	0	15	15	15
Public Safety:										
Administration	17	17	15	4	3	3	4	8	12	13
Emergency Operations Center-911	0	0	0	0	0	0	0	76	76	76
Police	1090	1116	1116	1119	1102	1127	1227	1130	1367	1441
Emergency Medical Services	180	181	180	183	183	183	182	185	209	215
City-County Integrated ID Program	0	0	0	0	0	0	0	31	27	27
Fire	676	660	660	668	669	644	834	849	905	905
Bureau of Building Inspection	75	75	74	72	72	72	67	66	66	66
Animal Control	16	16	16	18						
Public Works:										
Administration	12	12	12	12	12	12	12	31	26	25
Operations	312	317	317	323	323	327	323	327	404	403
Environmental Services	196	196	196	196	215	216	217	217	241	222
Redd Up Program	0	0	0	8	8	0	0	0	0	0
Engineering	36	35	34	39	37	34	37	61	131	131
Animal Control	0	0	0	0	0	0	0	1	1	1
General Services-Facilities	50	48	48	43	42	48	0	0	0	0
General Services-Fleet	0	0	0	0	0	2	0	0	0	0
Parks and Recreation	168	167	166	170	165	166	164	66	146	112
Non-Departmental	7	7	7	7	7	7	7	7	7	8
Totals:	<u>3303</u>	<u>3326</u>	<u>3310</u>	<u>3363</u>	<u>3341</u>	<u>3313</u>	<u>3634</u>	<u>3700</u>	<u>4337</u>	<u>4352</u>

Note: In 2005, the Emergency Operations Center and the City-County Integrated ID program were merged with Allegheny County.

In 2006, General Services was split between Public Works and Finance.

Regular budgeted positions are displayed.

CITY OF PITTSBURGH,
PENNSYLVANIA



OTHER INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

YEAR ENDED DECEMBER 31, 2011

<u>Official</u>	<u>Budgeted Annual Salary</u>	<u>Amount of Surety Bond</u>
Mayor	\$ 103,425	\$ 10,000
Director of Finance	101,369	20,000
Controller	65,322	10,000
Members of City Council (9)	58,971	-

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
General Obligation Bonds, 1993 Series A	4/01/1993	\$ 60,745,000	\$ 13,805,000	\$4,360,000 in 2012 \$4,595,000 in 2013 \$4,850,000 in 2014	5.50 5.50 5.50	\$ 759,275	\$ 4,360,000
General Obligation Bonds, 1998 Series ABC	3/01/1998	255,865,000	231,005,000	\$7,890,000 in 2012 \$10,985,000 in 2013 \$11,690,000 in 2014 \$12,715,000 in 2015 \$13,560,000 in 2016 \$18,245,000 in 2017 \$13,235,000 in 2018 \$20,030,000 in 2019 \$21,400,000 in 2020 \$22,860,000 in 2021 \$24,425,000 in 2022 \$26,095,000 in 2023 \$27,875,000 in 2024	6.30 6.35 6.50 6.50 6.50 6.50 6.50 6.60 6.60 6.60 6.60 6.60 6.60	14,877,217	7,890,000
Carry forward			<u>244,810,000</u>			<u>15,636,492</u>	<u>12,250,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought forward			244,810,000			15,636,492	12,250,000
General Obligation Bonds, 2002 Series A	1/17/2002	126,585,000	46,455,000	\$5,395,000 in 2012 \$5,660,000 in 2013 \$5,935,000 in 2014 \$7,265,000 in 2015 \$7,485,000 in 2016 \$7,815,000 in 2017 \$1,795,000 in 2018 \$1,615,000 in 2019 \$1,700,000 in 2020 \$1,790,000 in 2021	5.00 5.50 5.50 5.50 5.50 5.13 5.13 5.13 5.20 5.25	2,503,518	5,395,000
General Obligation Bonds, 2003 Series A	6/01/2003	13,575,000	13,535,000	\$6,655,000 in 2012 \$6,880,000 in 2013	5.00 5.50	516,443	6,655,000
General Obligation Bonds, 2005 Series A	5/01/2005	116,860,000	35,355,000	\$6,415,000 in 2012 \$4,255,000 in 2013 \$4,465,000 in 2014 \$4,690,000 in 2015 \$4,930,000 in 2016 \$5,170,000 in 2017 \$5,430,000 in 2018	5.00 5.00 5.00 5.00 5.00 5.00 5.00	1,767,750	6,415,000
Carry forward			<u>340,155,000</u>			<u>20,424,203</u>	<u>30,715,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			340,155,000			20,424,203	30,715,000
General Obligation Bonds, 2006 Series B	05/10/06	140,560,000	140,535,000	\$14,485,000 in 2012 \$15,220,000 in 2013 \$23,185,000 in 2014 \$31,395,000 in 2015 \$33,230,000 in 2016 \$23,020,000 in 2017	5.00 5.00 5.00 5.25 5.25 5.25	7,245,863	14,485,000
General Obligation Bonds, 2006 Series C	05/10/06	47,800,000	47,800,000	\$15,000 in 2016 \$11,905,000 in 2017 \$35,880,000 in 2018	4.25 5.25 5.25	2,509,350	-
General Obligation Bonds, 2008 Series A	05/10/06	66,775,000	50,845,000	\$9,475,000 in 2012 \$9,940,000 in 2013 \$10,455,000 in 2014 \$7,800,000 in 2015 \$8,195,000 in 2016 \$4,980,000 in 2017	5.00 5.00 5.00 5.00 5.25 5.25	2,575,187	9,475,000
Subtotal			<u>579,335,000</u>			<u>32,754,603</u>	<u>54,675,000</u>
Less: Unamortized bond issuance costs			(3,966,439)				
Unamortized bond discounts/premiums			14,369,817				
Excess costs on debt refinancing			<u>(8,730,481)</u>				
Total: General obligation bonds payable			<u>\$ 581,007,897</u>			<u>\$ 32,754,603</u>	<u>\$ 54,675,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Public Auditorium Authority Revenue Bonds (City Share)							
Auditorium Bonds (Refunding), 2005 Series A	9/15/2005	\$ 4,172,500	\$ 1,392,500	\$207,500 in 2012	3.45	\$ 51,055	\$ 207,500
				\$225,500 in 2013	3.50		
				\$232,500 in 2014	3.60		
				\$237,500 in 2015	3.65		
				\$250,000 in 2016	3.80		
				\$117,500 in 2017	3.90		
				\$122,500 in 2018	4.00		
Total Auditorium Authority Revenue Bonds			<u>\$ 1,392,500</u>			<u>\$ 51,055</u>	<u>\$ 207,500</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Urban Redevelopment Authority Tax Increment Financing Bonds, 1995 Series B	12/1/1995	\$ 1,637,016	\$ 709,688	\$119,228 in 2012 \$128,690 in 2013 \$140,045 in 2014	6.25 6.25 6.25	\$ 40,630	\$ 119,228
Urban Redevelopment Authority Tax Increment Financing Bonds, 1996 Series	5/15/1996	3,179,187	1,127,733	\$247,459 in 2012 \$270,127 in 2013 \$290,906 in 2014 \$319,241 in 2015	8.01 8.01 8.01 8.01	80,421	247,459
Carry forward			<u>1,837,421</u>			<u>121,051</u>	<u>366,687</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			1,837,421			121,051	366,687
Urban Redevelopment Authority Tax Increment Financing Bonds, 2000 Refund Series	3/15/2000	6,115,500	3,599,992	\$383,238 in 2012 \$419,931 in 2013 \$460,701 in 2014 \$503,510 in 2015 \$525,933 in 2016 \$574,857 in 2017 \$625,820 in 2018 \$106,002 in 2019	7.95 7.95 7.95 7.95 8.05 8.05 8.05 8.05	272,798	383,238
Carry forward			<u>5,437,413</u>			<u>393,849</u>	<u>749,925</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			5,437,413			393,849	749,925
Urban Redevelopment Authority Tax Increment Financing Bonds, 2001 Series	12/15/2001	1,456,593	853,044	\$82,553 in 2012 \$88,056 in 2013 \$95,560 in 2014 \$100,898 in 2015 \$108,236 in 2016 \$117,408 in 2017 \$124,746 in 2018 \$135,753 in 2019	6.71 6.71 7.16 7.16 7.16 7.16 7.16 7.16	57,540	82,553
Urban Redevelopment Authority Tax Increment Financing Note, 2003 Series		1,515,297	1,207,105	\$64,208 in 2012 \$69,711 in 2013 \$78,884 in 2014 \$84,387 in 2015 \$89,891 in 2016 \$93,560 in 2017 \$104,567 in 2018 \$115,574 in 2019 \$121,077 in 2020 \$133,919 in 2021 \$146,760 in 2022 \$104,567 in 2023	Variable Variable Variable Variable Variable Variable Variable Variable Variable Variable Variable	76,375	64,208
Carry forward			<u>7,497,562</u>			<u>527,764</u>	<u>896,686</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
			7,497,562			527,764	896,686
Urban Redevelopment Authority of Pittsburgh Special Tax Development Bonds, 2005 Series	09/01/05	57,470,000	24,580,000	\$6,525,000 in 2012 \$6,880,000 in 2013 \$11,175,000 in 2014	5.00 5.00 5.00	1,218,750	6,525,000
Urban Redevelopment Authority of Pittsburgh Bonds, 2006 Series	10/15/06	18,790,000	6,088,709	\$299,024 in 2012 \$313,700 in 2013 \$332,045 in 2014 \$348,555 in 2015 \$368,735 in 2016 \$388,914 in 2017 \$410,928 in 2018 \$434,777 in 2019 \$460,460 in 2020 \$487,977 in 2021 \$515,495 in 2022 \$546,681 in 2023 \$579,702 in 2024 \$601,716 in 2025	5.40 5.40 5.40 5.40 5.40 5.88 5.88 5.88 5.88 5.88 5.88 5.88 5.88 5.88	350,038	299,024
Urban Redevelopment Authority of Pittsburgh Bonds, 2011 Series	9/15/11	2,166,545	2,113,345	\$ 176,112 in 2012 \$ 192,623 in 2013 \$ 205,464 in 2014 \$ 229,312 in 2015 \$ 243,989 in 2016 \$ 256,830 in 2017 \$ 266,003 in 2018 \$ 543,012 in 2019	5.57 5.57 5.57 5.57 5.57 5.57 5.57 5.57	112,809	176,112
Total Redevelopment Authority Bonds			\$ 40,279,616			\$ 2,209,361	\$ 7,896,822

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
<u>Public Parking Authority of Pittsburgh</u>							
Parking Authority Revenue Bonds, Series 2002	11/01/2002	\$ 38,595,000	9,305,000	\$4,535,000 in 2012 \$4,770,000 in 2013	5.00 5.00	351,875	4,535,000
Parking Authority Current Interest Bonds, Series 2005A	01/15/2005	2,010,000	1,525,000	\$125,000 in 2012 \$700,000 in 2019 \$500,000 in 2020 \$200,000 in 2026	3.00 4.00 4.10 4.30	58,975	125,000
Parking Authority Capital Appreciation Bonds, Series 2005A	01/15/2005	4,439,665	4,439,665	\$708,000 in 2014 \$1,175,510 in 2015 \$1,113,420 in 2016 \$602,490 in 2017 \$570,020 in 2018 \$270,225 in 2019	3.95 4.09 4.22 4.33 4.43 4.50	-	-
Carry forward			<u>15,269,665</u>			<u>410,850</u>	<u>4,660,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			15,269,665			410,850	4,660,000
Parking Authority Current Interest Bonds, Series 2005 B	01/15/2005	29,780,000	29,780,000	\$130,000 in 2013 \$2,850,000 in 2020 \$3,100,000 in 2021 \$2,850,000 in 2022 \$2,950,000 in 2023 \$3,100,000 in 2024 \$3,250,000 in 2025 \$5,755,000 in 2026 \$5,795,000 in 2027	3.10 4.00 5.00 5.00 5.00 5.00 4.75 4.75 4.75	1,376,930	-
Parking Authority Capital Appreciation Bonds, Series 2005 B	01/15/2005	9,444,297	9,444,297	\$2,030,239 in 2013 \$1,423,304 in 2014 \$1,341,375 in 2015 \$1,645,096 in 2016 \$1,408,342 in 2017 \$1,595,941 in 2018	3.98 4.00 4.25 4.36 4.46 4.53	-	-
Parking Authority Refunding Bonds, Series 2005 A	05/15/2005	34,745,000	34,515,000	\$365,000 in 2013 \$1,815,000 in 2014 \$1,905,000 in 2015 \$2,005,000 in 2016 \$2,100,000 in 2017 \$1,960,000 in 2018 \$2,325,000 in 2019 \$2,435,000 in 2020 \$2,565,000 in 2021 \$2,695,000 in 2022 \$2,845,000 in 2023 \$2,970,000 in 2024 \$3,115,000 in 2025 \$3,115,000 in 2026 \$2,300,000 in 2027	3.60 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 4.50	1,674,543	-
Carry forward			89,008,962			3,462,323	4,660,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			89,008,962			3,462,323	4,660,000
Parking Authority Refunding Bonds, Series 2005 B	05/15/05	3,160,000	985,000	\$485,000 in 2012 \$250,000 in 2013 \$250,000 in 2018	3.40 3.60 4.00	27,245	485,000
Subtotal			<u>89,993,962</u>			<u>3,489,568</u>	<u>5,145,000</u>
Plus: Appreciated value on Cap. Apprec. Bonds			4,488,870			-	-
Plus: Bond premium			1,584,988			-	-
Less: Unamortized discount			(42,947)			-	-
Less: Deferred amount on refinancing			<u>(2,591,380)</u>			-	-
Total Public Parking Authority Bonds and Notes Payable			<u>\$ 93,433,493</u>			<u>\$ 3,489,568</u>	<u>\$ 5,145,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
<u>Water and Sewer Authority Bonds</u>							
Revenue Refunding Bonds, 1993 Series A	10/15/1993	\$ 278,970,000	16,880,000	\$7,685,000 in 2012 \$9,195,000 in 2013	6.50 6.50	1,097,200	\$ 7,685,000
First Lien Revenue Bonds, 1998 Series B (zero coupon bonds)	3/1/1998	36,440,070	65,740,000	\$2,300,000 in 2017 \$2,300,000 in 2018 \$2,300,000 in 2019 \$2,300,000 in 2020 \$2,300,000 in 2021 \$2,305,000 in 2022 \$2,300,000 in 2023 \$4,160,000 in 2024 \$4,160,000 in 2025 \$26,930,000 in 2026 \$26,930,000 in 2027 \$26,930,000 in 2028 \$26,930,000 in 2029 \$14,660,000 in 2030	5.18 5.21 5.22 5.22 5.26 5.26 5.26 5.27 5.27 5.26 5.31 5.28 5.30 5.23	-	-
				(\$87,642,000) Unamortized Bond Discount			
Carry forward			<u>82,620,000</u>			<u>1,097,200</u>	<u>7,685,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			82,620,000			1,097,200	7,685,000
First Lien Revenue Refunding Bonds, 2003 Series	10/03/2003	167,390,000	44,945,000	\$415,000 in 2012 \$430,000 in 2013 \$10,560,000 in 2014 \$11,050,000 in 2015 \$11,535,000 in 2016 \$1,375,000 in 2017 \$1,430,000 in 2018 \$1,490,000 in 2019 \$1,560,000 in 2020 \$1,625,000 in 2021 \$1,700,000 in 2022 \$1,775,000 in 2023	3.625 3.750 4.000 4.000 4.000 4.125 4.250 4.375 4.375 4.500 4.625 4.750	1,843,962	415,000
Carry forward			<u>127,565,000</u>			<u>2,941,162</u>	<u>8,100,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			127,565,000			2,941,162	8,100,000
First Lien Revenue Refunding Bonds, 2007 Series A	3/15/2007	43,720,000	29,095,000	\$4,290,000 in 2012 \$4,470,000 in 2013 \$4,690,000 in 2014 \$4,945,000 in 2015 \$5,220,000 in 2016 \$5,480,000 in 2017	4.000 5.000 5.500 5.500 5.000 5.000	1,460,027	4,290,000
First Lien Revenue Refunding Bonds, 2007 Series B	3/15/2007	115,175,000	82,645,000	\$6,185,000 in 2018 \$9,110,000 in 2019 \$6,215,000 in 2020 \$6,470,000 in 2021 \$6,735,000 in 2022 \$7,020,000 in 2023 \$7,305,000 in 2024 \$7,615,000 in 2025 \$280,000 in 2026 \$310,000 in 2027 \$295,000 in 2028 \$320,000 in 2029 \$9,320,000 in 2030 \$9,710,000 in 2031 \$2,820,000 in 2032 \$2,935,000 in 2033	3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932	3,993,396	-
Carry forward			<u>239,305,000</u>			<u>8,394,585</u>	<u>12,390,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			239,305,000			8,394,585	12,390,000
First Lien Taxable Bonds, 2008 Series A	06/12/08	68,970,000	68,970,000	\$8,005,000 in 2017 \$8,070,000 in 2018 \$5,930,000 in 2019 \$9,595,000 in 2020 \$10,235,000 in 2021 \$10,930,000 in 2022 \$11,805,000 in 2023 \$4,400,000 in 2024	6.360 6.520 6.610 6.610 6.610 6.610 6.610 6.610	4,531,492	-
First Lien Taxable Bonds, 2008 Series B	06/12/08	145,495,000	145,495,000	\$26,870,000 in 2035 \$34,020,000 in 2036 \$35,520,000 in 2037 \$37,085,000 in 2038 \$12,000,000 in 2039	4.038 4.038 4.038 4.038 4.038	5,875,088	-
Subordinate Revenue Refunding Bonds, 2008 Series C	06/12/08	103,795,000	103,795,000	\$75,000 in 2012 \$60,000 in 2013 \$2,940,000 in 2030 \$15,345,000 in 2031 \$25,505,000 in 2032 \$26,475,000 in 2033 \$27,645,000 in 2034 \$5,750,000 in 2035	Variable	3,281,087	75,000
Carry forward			<u>557,565,000</u>			<u>22,082,252</u>	<u>12,465,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2011

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			557,565,000			22,082,252	12,465,000
First Lien Revenue Bonds, 2008 Series D-1	06/12/08	24,665,000	24,665,000	\$8,380,000 in 2024 \$13,950,000 in 2025 \$2,335,000 in 2031	4.46 4.51 4.80	1,221,575	-
First Lien Revenue Bonds, 2008 Series D-2	06/12/08	71,225,000	71,225,000	\$240,000 in 2032 \$395,000 in 2033 \$3,475,000 in 2034 \$26,675,000 in 2039 \$40,440,000 in 2040	4.103 4.103 4.103 4.103 4.103	2,922,362	-
Pennvest Revolving Loan	Various	14,165,000	34,747,000	\$837,000 in 2012 \$849,000 in 2013 \$861,000 in 2014 \$897,200 in 2015 \$897,200 in 2016 \$897,200 in 2017 \$897,200 in 2018 \$897,200 in 2019 \$768,400 in 2020 \$768,400 in 2021 \$768,400 in 2022 \$768,400 in 2023 \$768,400 in 2024 \$44,000 in 2025	Variable	714,000	2,422,000
Gross Water and Sewer Authority Revenue Bonds			<u>688,202,000</u>			<u>26,940,189</u>	<u>14,887,000</u>
Plus: Net bond discount			1,948,000			-	-
Less: Deferred series refunding loss			<u>(23,700,000)</u>			-	-
Net Water and Sewer Authority Revenue Bonds			<u>\$ 666,450,000</u>			<u>\$ 26,940,189</u>	<u>\$ 14,887,000</u>

(Concluded)

CITY OF PITTSBURGH,
PENNSYLVANIA



UNIVERSITY OF PITTSBURGH

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