

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY AND ADDITIONAL INFORMATION

YEAR ENDED DECEMBER 31, 2004

WITH

INDEPENDENT AUDITOR'S REPORT

MAHER DUESSEL

CERTIFIED PUBLIC ACCOUNTANTS

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

YEAR ENDED DECEMBER 31, 2004

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URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

YEAR ENDED DECEMBER 31, 2004

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Independent Auditor's Report

Board of Directors
Urban Redevelopment Authority of Pittsburgh
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Urban Redevelopment Authority of Pittsburgh (URA), a component unit of the City of Pittsburgh, as of and for the year ended December 31, 2004, which collectively comprise the URA's financial statements as listed in the table of contents. These financial statements are the responsibility of URA'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 Pittsburgh Housing Development Corporation, whose statements reflect total assets and operating revenues comprising 97% and 62%, respectively, of the discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for it, is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the URA as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages i through vi is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Directors
Urban Redevelopment Authority of Pittsburgh
Independent Auditor's Report
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the URA's financial statements. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script, reading "Maher Duesel".

May 24, 2005

Management's Discussion and Analysis

December 31, 2004

As management of the Urban Redevelopment Authority of Pittsburgh (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and footnotes.

Financial Highlights

- In the government-wide financial statements (page 1), assets exceeded liabilities by \$227.8 million, of which \$16 million are capital assets and \$165.9 million is restricted by funding source or bond indenture. Within the \$45.9 million unrestricted net assets, \$22.8 million represents assets held for sale under restrictions of the state redevelopment statutes and \$12.8 million pertains to reservations within the General Fund for program funding gaps, bridge financing for projects, property repairs and improvements, and potential relocation costs in a large, current project.
- The Authority's total general revenues (page 2) were \$6.2 million for the year.
- The Authority's total program revenues were \$65.8 million for the year, of which \$41.3 million were operating grants, \$7.3 million were capital grants, and \$17.2 million were charges for services, primarily interest income within the housing loan programs' bond indentures.
- The fund balance for all governmental funds (page 3) totaled \$38.6 million, of which \$5.1 million is unreserved and undesignated.
- The Authority retired \$10.4 million of bond and note indebtedness during 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

well as the activities of the Authority's two component units, the URA Housing Corporation and the Pittsburgh Housing Development Corporation.

Government-wide financial statements include the statement of net assets and the statement of activities. They report the Authority's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the Authority's financial position.

In the statement of net assets and statement of activities, the Authority's activities are separated as follows:

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

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

Fund Financial Statements

Fund financial statements begin on page 3 of this report and provide detailed information about the Authority's most significant funds – not the Authority as a whole. The fund financial statements include statements for each of the three categories of activities – governmental, proprietary, and fiduciary. Only the major funds are presented individually in the fund financial statements. Detailed information for non-major funds, which are summarized under "Other Governmental Funds" in the fund financial statements, can be found in the additional information section following the footnotes.

Governmental Funds - Governmental Funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These statements provide a detailed shorter-term view of the Authority's general operations. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs and projects. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can be readily converted to cash. Since this is a different accounting method than what is used in the government-wide financial statements, the differences between the two sets of financial statements are explained in a reconciliation following each governmental fund financial statement (pages 3 and 5).

Proprietary Funds - The proprietary funds (pages 6, 7, and 8) are the same funds included in "business-type activities" in the government-wide financial statements. The accounting for the proprietary funds is the same as that of the business-type activities reported in the government-wide financial statements but provides more detail and additional information, such as cash flows.

Fiduciary Funds - The fiduciary funds (page 9) are agency funds held on behalf of other governments. Because the Authority cannot use these assets to finance its operations, they are not included in the government-wide financial statements and are presented with only a statement of net assets.

FINANCIAL ANALYSIS OF THE AUTHORITY

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

Summary of Net Assets

The Authority's net assets at December 31, 2004 and 2003 for governmental activities were approximately \$145.3 million and \$147.7 million, respectively. For the business-type activities, net assets were approximately \$82.5 million and \$81.4 million, respectively.

	Governmental Activities		% Change	Business-type Activities		% Change
	<u>2004</u>	<u>2003</u>		<u>2004</u>	<u>2003</u>	
Current and other assets	\$171,190,130	\$167,632,684	2.1	\$248,991,584	\$257,396,773	(3.3)
Capital assets	<u>38,121,505</u>	<u>28,525,168</u>	<u>33.6</u>	<u>9,602,325</u>	<u>10,109,165</u>	<u>(5.0)</u>
Total assets	<u>\$209,311,635</u>	<u>\$196,157,852</u>	<u>6.7</u>	<u>\$258,593,909</u>	<u>\$267,505,938</u>	<u>(3.3)</u>
Current and other liabilities	\$42,890,153	\$31,080,346	38.0	11,180,138	11,671,801	4.2
Long-term liabilities	<u>21,089,179</u>	<u>17,334,194</u>	<u>21.7</u>	<u>164,896,064</u>	<u>174,473,999</u>	<u>(5.5)</u>
Total liabilities	<u>63,979,332</u>	<u>48,414,540</u>	<u>32.1</u>	<u>\$176,076,202</u>	<u>\$186,145,800</u>	<u>(5.4)</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 10,172,345	\$ 9,934,847	2.4	\$ 5,878,207	\$ 6,092,112	(3.5)
Restricted for urban development	20,684,257	26,139,389	(20.9)	1,091,157	-	-
Restricted for lending programs	68,310,149	70,499,177	(3.1)	75,827,477	74,296,030	2.1
Unrestricted	<u>46,165,552</u>	<u>41,169,899</u>	<u>12.1</u>	<u>(279,134)</u>	<u>971,996</u>	<u>(128.7)</u>
Total net assets	<u>\$145,332,303</u>	<u>\$147,743,312</u>	<u>(1.6)</u>	<u>\$82,517,707</u>	<u>\$81,360,138</u>	<u>(1.4)</u>

Restricted net assets generally represent funds that have constraints on their use pursuant to grant agreements or bond indentures. In total, at December 31, 2004, assets of the governmental and business-type funds exceeded their liabilities by \$227.8 million, of which \$16 million are capital assets and \$165.9 million is restricted by funding source or bond indenture. Within the \$45.9 million unrestricted net assets, \$22.8 million represents assets held for sale under restrictions of the state redevelopment statutes and \$12.8 million pertains to reservations within the General Fund for program funding gaps, bridge financing for projects, property repairs and improvements, and potential relocation costs in a large, current project.

The increases in governmental assets and liabilities are due primarily to the construction of parking garages at the Southside Works project, property acquisitions for the African-American Cultural Center, and grants received but not expended at the end of the year.

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

Changes in Net Assets
Year ended December 31

	<u>Governmental</u> <u>Activities</u>			<u>Business-type</u> <u>Activities</u>		
	<u>2004</u>	<u>2003</u>	<u>%</u> <u>change</u>	<u>2004</u>	<u>2003</u>	<u>%</u> <u>change</u>
Program Revenues:						
Charges for services	\$ 4,306,307	\$ 3,974,431	8.4	\$12,845,872	\$12,593,665	2.0
Operating grants	41,091,818	40,190,477	2.2	251,238	264,658	(5.1)
Capital grants	7,348,778	4,730,587	55.3	-	-	-
General Revenues:						
Unrestricted investment earnings	878,221	1,186,026	(26.0)	918,502	190,928	381.1
Gain on sale of assets	-	48,351	(100.0)	-	-	-
Other	<u>4,447,348</u>	<u>3,721,428</u>	<u>19.5</u>	<u>-</u>	<u>718,033</u>	<u>(100.0)</u>
Total revenues	58,072,472	53,851,300	7.8	14,015,612	13,767,284	1.8
Program expenses:						
Urban development	50,167,424	38,531,132	30.2	-	-	-
General government	8,917,901	10,650,010	(16.3)	-	-	-
Interest on long-term debt	1,398,156	351,950	297.3	-	-	-
Lending programs	-	-	-	9,304,327	26,152,936	(64.4)
Property management	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,553,716</u>	<u>2,912,966</u>	<u>22.0</u>
Total expenses	<u>60,483,481</u>	<u>49,533,092</u>	<u>22.1</u>	<u>12,858,043</u>	<u>29,065,902</u>	<u>(55.8)</u>
Change in net assets before transfers and cost of land to be dedicated	(2,411,009)	4,318,208	(155.8)	1,157,569	(15,298,618)	107.6
Transfers	-	1,500,000	(100.0)	-	(1,500,000)	100.0
Cost of land to be dedicated	<u>-</u>	<u>(2,142,387)</u>	<u>(100.0)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets after transfers and cost of land to be dedicated	<u><u>\$(2,411,009)</u></u>	<u><u>\$ 3,675,821</u></u>	<u><u>(165.6)</u></u>	<u><u>\$ 1,157,569</u></u>	<u><u>\$(16,798,618)</u></u>	<u><u>106.9</u></u>

Governmental Activities - The cost of all governmental activities in 2004 was \$60.5 million as compared to \$49.5 million in 2003. Operating grants, capital grants, and charges for services covered all but \$7.7 million of these costs in 2004 as compared to all but \$637,597 in 2003. The difference was made up with investment earnings, gains on the sale of improved property within project areas, and other general revenues. The remaining shortfalls will be funded by future land sales and additional grants.

Business-Type Activities - The cost of all proprietary (business-type) activities in 2004 was \$12.9 million, as compared to \$29 million in 2003, the difference being an increase in non-cash loan reserves during 2003. As shown in the statement of activities, the amounts paid by borrowers (\$9.7 million in 2004; \$9.7 million in 2003), tenants of owned properties (\$3.2 million

in 2004; \$2.8 million in 2003) and by operating grants (\$251,238 in 2004; \$264,658 in 2003) covered a major portion of these costs. The difference was made up primarily with investment earnings, other general revenues and transfers.

THE AUTHORITY'S FUNDS

As of December 31, 2004, the Authority's governmental funds reported total ending fund balances of \$38.6 million, which is a decrease of \$7.3 million from the prior year. The decrease is due primarily to expenditures within the South Side Works project that were made in anticipation of grants not yet received by year-end. \$20.7 million of the fund balance is reserved to indicate that it is not available for new spending and is comprised of \$2 million reserved as collateral for lines of credit and \$18.7 million related to restrictions imposed by grantor agencies. Another \$12.8 has been designated for 2005 expenditures, bridge funds for programs and projects, property repairs and improvement, and potential relocation liabilities.

Major Funds

The Authority's General Fund balance of \$23.9 million at December 31, 2004 represents an increase of \$2 million from the December 31, 2003 balance, the result of an increase in rental income and a decrease in administrative costs.

The Community Development Block Grant (CDBG) Fund accounts for CDBG grants passed through to the Authority from the City of Pittsburgh. Its fund balance remains unchanged from its December 31, 2003 balance.

The Community Development Block Grant Program Income Fund accounts for inflows from transactions related to past usage of CDBG grants (i.e. repayment of loans originally funded with CDBG grants). There was a decrease in fund balance of \$158,198 resulting from a higher level of repayment re-use than what was received during the twelve month period.

The South Side Works Fund shows a deficit fund balance of \$3.4 million at December 31, 2004, a decrease of \$5.0 million resulting from project expenditures increasing more than project revenues recognized during the year.

As of December 31, 2004, all grant funds on hand for the Summerset at Frick Park Fund had been expended. The project continues with additional phases in 2005.

The Downtown Retail Corridor Fund accounts for the property acquisitions in the downtown area in preparation for future development. The fund balance decreased \$2.6 million during 2004 due to a transfer of funds to the South Side Works project.

The HOME Fund provides loans or grants for both housing rehabilitation and new construction. There was an increase in fund balance of \$856.

At December 31, 2004, the Mellon TIF Fund did not meet the criteria for classification as a major fund as it did in 2003. Its financial information can be found in the additional information section of these financial statements.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The Authority's investment in capital assets as of December 31, 2004 and 2003 totals to \$38.1 million and \$28.5 million, respectively, (net of accumulated depreciation) for its governmental activities. The increase is due to the garage construction at South Side Works and the purchase of various properties within redevelopment areas. Capital assets in its business-type activities were \$9.6 million at December 31, 2004, a decrease of \$506,840. The decrease was primarily due to depreciation of existing capital assets.

Additional information on capital assets may be found in Note 5 of the notes to financial statements.

Debt Administration

At December 31, 2004, the Authority had total long-term debt outstanding of \$192 million, including the portion due within one year. The bonds within that amount are secured solely by specified revenue sources (i.e. repayments on home mortgage loans and home improvement loans).

During the year, borrowings from a bank were made for individual projects in the amount of \$4.6 million. During 2004, retirement of Authority debt amounted to approximately \$10.4 million.

The outstanding debt is comprised primarily of \$120.4 million of Mortgage Revenue Bonds, \$11 million of Home Improvement Loan Program Bonds, \$35 million of Single Family Mortgage Revenue Draw Down Bonds, \$14.9 million of bank loans, and Section 108 loans in the amount of \$10.7 million. The Mortgage Revenue Bonds, comprised of various issues, are rated "A" to "AAA" by Standard and Poor's and "A1" to "Aa1" by Moody's. The Home Improvement Loan Program Bonds, also comprised of various issues, are rated "A" by Standard and Poor's and "A" to "A2" by Moody's.

Additional information on outstanding long-term liabilities may be found in Note 8 of the notes to financial statements.

Request for Information

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF NET ASSETS

DECEMBER 31, 2004

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	URA Housing Corporation	Pittsburgh Housing Development Corporation
Assets					
Cash and investments	\$ 62,158,072	\$ 162,196,586	\$ 224,354,658	\$ 248,661	\$ 293,814
Due from other governments	8,817,512	-	8,817,512	4,902	-
Other receivables	9,444,387	687,292	10,131,679	-	465,411
Internal balances	(396,024)	396,024	-	-	-
Loans to component units	2,285,860	-	2,285,860	-	-
Loans receivable, net	66,024,289	83,912,275	149,936,564	-	1,897,488
Assets held for sale	22,856,034	-	22,856,034	-	6,234,190
Other assets	-	1,799,407	1,799,407	-	100
Capital assets:					
Non-depreciable	16,644,889	-	16,644,889	-	-
Depreciable, net of accumulated depreciation	21,476,616	9,602,325	31,078,941	-	-
Total Assets	\$ 209,311,635	\$ 258,593,909	\$ 467,905,544	\$ 253,563	\$ 8,891,003
Liabilities					
Accounts payable and other accrued liabilities	\$ 27,080,843	\$ 1,937,222	\$ 29,018,065	\$ 50,521	\$ 182,236
Deferred revenue	14,785,555	4,044,862	18,830,417	183,656	-
Loans payable to URA	-	-	-	-	2,285,860
Noncurrent liabilities:					
Due within one year	1,023,755	5,198,054	6,221,809	-	1,711,420
Due in more than one year	21,089,179	164,896,064	185,985,243	-	-
Total Liabilities	63,979,332	176,076,202	240,055,534	234,177	4,179,516
Net Assets					
Invested in capital assets, net of related debt	10,172,345	5,878,207	16,050,552	-	2,236,910
Restricted for urban development	20,684,257	1,091,157	21,775,414	-	-
Restricted for lending programs	68,310,149	75,827,477	144,137,626	-	-
Restricted for multi-family housing program	-	-	-	19,386	-
Unrestricted	46,165,552	(279,134)	45,886,418	-	2,474,577
Total Net Assets	145,332,303	82,517,707	227,850,010	19,386	4,711,487
Total Liabilities and Net Assets	\$ 209,311,635	\$ 258,593,909	\$ 467,905,544	\$ 253,563	\$ 8,891,003

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2004

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
					Primary Government		Component Units	
	Direct Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	URA Housing Corporation	Pittsburgh Housing Development Corporation
Primary Government:								
Governmental activities:								
Urban development	\$ 50,167,424	\$ -	\$ 38,591,818	\$ 7,348,778	\$ (4,226,828)	\$ -	\$ (4,226,828)	\$ -
General government	8,917,901	4,306,307	2,500,000	-	(2,111,594)	-	(2,111,594)	-
Interest on long-term debt	1,398,156	-	-	-	(1,398,156)	-	(1,398,156)	-
Total governmental activities	60,483,481	4,306,307	41,091,818	7,348,778	(7,736,578)	-	(7,736,578)	-
Business-type activities:								
Lending programs	9,304,327	9,666,034	251,238	-	-	612,945	612,945	-
Property management	3,553,716	3,179,838	-	-	-	(373,878)	(373,878)	-
Total business-type activities	12,858,043	12,845,872	251,238	-	-	239,067	239,067	-
Total primary government	\$ 73,341,524	\$ 17,152,179	\$ 41,343,056	\$ 7,348,778	(7,736,578)	239,067	(7,497,511)	-
Component Units:								
URA Housing Corporation	\$ 1,367,091	\$ -	\$ 702,281	\$ -	-	-	(664,810)	-
Pittsburgh Housing Development Corporation	1,172,290	93,011	-	943,877	-	-	-	(135,402)
Total component units	\$ 2,539,381	\$ 93,011	\$ 702,281	\$ 943,877	-	-	(664,810)	(135,402)
General revenues:								
Unrestricted investment earnings					878,221	918,502	1,796,723	38,942
Gain on sale of assets					-	-	-	614,001
Other general income					4,447,348	-	4,447,348	(3,457)
Total general revenues					5,325,569	918,502	6,244,071	649,486
Change in net assets					(2,411,009)	1,157,569	(1,253,440)	514,084
Net assets - beginning					147,743,312	81,360,138	229,103,450	4,197,403
Net assets - ending					\$ 145,332,303	\$ 82,517,707	\$ 227,850,010	\$ 4,711,487

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2004

Assets									
Cash and investments	\$ 20,821,503	\$ 1,460,356	\$ 138,527	\$ 2,838,670	\$ 1,104,630	\$ 36,236	\$ 148,570	\$ 35,609,580	\$ 62,158,072
Receivables (net, where applicable, of allowance for uncollectibles):									
Loans	3,007,000	-	31,297,666	172,830	-	-	2,227,438	31,605,215	68,310,149
Interest	-	-	-	601	-	-	175	23,655	24,431
Other	4,018,101	-	-	311,390	1,564,028	-	136,037	3,390,400	9,419,956
Due from other funds	6,088,262	-	100,911	1,958,353	1,508,288	-	358,630	1,837,995	11,852,439
Due from other governmental units	69,566	1,575,818	1,159	1,297,559	3,660,187	-	-	2,213,223	8,817,512
Assets held for sale	1,372,038	-	-	1,266,881	-	12,465,000	-	7,752,115	22,856,034
Total Assets	\$ 35,376,470	\$ 3,036,174	\$ 31,538,263	\$ 7,846,284	\$ 7,837,133	\$ 12,501,236	\$ 2,870,850	\$ 82,432,183	\$ 183,438,593
Liabilities and Fund Balance (Deficit)									
Liabilities:									
Accounts payable and other accrued liabilities	\$ 1,621,006	\$ 545,804	\$ 95,106	\$ 9,475,707	\$ 7,308,498	\$ -	\$ 62,951	\$ 7,758,339	\$ 26,867,411
Due to other funds	5,649,258	2,225,255	20,501	14,092	528,635	309,107	-	3,501,615	12,248,463
Due to other governments	19,095	-	-	-	-	-	-	-	19,095
Deferred revenue	4,167,094	-	31,297,666	1,726,035	-	12,465,000	2,227,438	53,820,378	105,703,611
Total Liabilities	11,456,453	2,771,059	31,413,273	11,215,834	7,837,133	12,774,107	2,290,389	65,080,332	144,838,580
Fund Balance (Deficit):									
Reserved for specified purposes	2,000,000	265,115	124,990	-	-	-	580,461	17,713,691	20,684,257
Unreserved, reported in the general fund	9,090,042	-	-	-	-	-	-	-	9,090,042
Unreserved, reported in special revenue funds	-	-	-	(3,369,550)	-	(272,871)	-	(361,840)	(4,004,261)
Unreserved, designated reported in the general fund	12,829,975	-	-	-	-	-	-	-	12,829,975
Total Fund Balance (Deficit)	23,920,017	265,115	124,990	(3,369,550)	-	(272,871)	580,461	17,351,851	38,600,013
Total Liabilities and Fund Balance (Deficit)	\$ 35,376,470	\$ 3,036,174	\$ 31,538,263	\$ 7,846,284	\$ 7,837,133	\$ 12,501,236	\$ 2,870,850	\$ 82,432,183	\$ 183,438,593

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

Fund balance

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets such as loans and assets held for sale are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

An accrual for interest payable is not reflected within the funds.

Long-term liabilities, including compensated absences, bonds payable, and potential legal settlements due in 2005, are not due and payable in the current period and therefore, are not reported in the funds.

Net assets of governmental activities

\$	38,600,013
	38,121,505
	90,918,056
	(194,337)
	(22,112,934)
\$	145,332,303

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

YEAR ENDED DECEMBER 31, 2004

	General	Community Development Block Grant	Community Development Block Grant Program Income	South Side Works	Summerset at Frick Park	Downtown Retail Corridor	HOME	Other Governmental Funds	Totals
Revenues:									
Intergovernmental	\$ 488,141	\$ 12,280,246	\$ -	\$ 7,681,819	\$ 6,511,174	\$ -	\$ 4,020,675	\$ 17,458,541	\$ 48,440,596
Interest	515,038	-	8,209	(35,893)	11,354	-	2,250	377,263	878,221
Rental income	1,979,414	-	-	770,488	-	-	-	164,933	2,914,835
Loan repayments	57,209	21,500	1,441,394	-	-	-	461,860	5,344,501	7,326,464
Other	2,610,226	-	4,110	563,496	1,662,956	1,472	1,160	1,079,411	5,922,831
Total revenues	5,650,028	12,301,746	1,453,713	8,979,910	8,185,484	1,472	4,485,945	24,424,649	65,482,947
Expenditures:									
Current:									
Urban development	322,724	-	670,942	17,880,554	8,054,062	23,379	2,845,372	37,000,777	66,797,810
Administrative	2,307,386	2,500,000	20,861	101,288	-	-	488,439	1,201,650	6,619,624
Other	518,129	-	1,902	762,058	131,422	5,577	15	626,453	2,045,556
Debt service	-	-	-	1,902,946	-	-	-	-	1,902,946
Total expenditures	3,148,239	2,500,000	693,705	20,646,846	8,185,484	28,956	3,333,826	38,828,880	77,365,936
Excess (Deficiency) of Revenues Over Expenditures	2,501,789	9,801,746	760,008	(11,666,936)	-	(27,484)	1,152,119	(14,404,231)	(11,882,989)
Other Financing Sources (Uses):									
Proceeds of debt	-	-	-	4,613,632	-	-	-	-	4,613,632
Transfers in	769,296	-	-	3,378,695	1,506,989	50,000	-	18,314,975	24,019,955
Transfers out	(1,288,984)	(9,801,746)	(918,206)	(1,353,426)	(1,506,989)	(2,657,240)	(1,151,263)	(5,342,101)	(24,019,955)
Total other financing sources (uses)	(519,688)	(9,801,746)	(918,206)	6,638,901	-	(2,607,240)	(1,151,263)	12,972,874	4,613,632
Net Change in Fund Balance	1,982,101	-	(158,198)	(5,028,035)	-	(2,634,724)	856	(1,431,357)	(7,269,357)
Fund Balance (Deficit):									
Beginning of year	21,937,916	265,115	283,188	1,658,485	-	2,361,853	579,605	18,783,208	45,869,370
End of year	\$23,920,017	\$ 265,115	\$ 124,990	\$ (3,369,550)	\$ -	\$ (272,871)	\$ 580,461	\$ 17,351,851	\$ 38,600,013

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

YEAR ENDED DECEMBER 31, 2004

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

Net change in fund balance - total governmental funds (page 4)	\$ (7,269,357)
The issuance of loans is a current expense to the governmental funds, while it has no effect on the net assets on the accrual basis.	6,673,663
The increase in the allowance for doubtful loans is reflected as an expense on the accrual basis.	(3,607,699)
In governmental funds, the repayment of loans, including principal and interest, is recognized as income when received since the loans were expensed when issued. On the statement of activities, only the interest income is reported as current revenue.	(5,934,992)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds.	(4,634,915)
The repayment of principal of long-term debt is reported as a reduction in the liability on the statement of net assets. On the fund statements, this transaction is recorded as an expense.	509,928
The cost of new capital assets is expensed in the funds but capitalized in the government-wide full accrual statements.	10,165,266
The cost of new assets held for sale is expensed in the funds but capitalized in the government-wide full accrual statements.	3,968,085
Compensated absences are reflected as a liability on the statement of net assets, but are not included in the fund statements. The reduction in this liability is shown here.	115,252
Depreciation expense related to the capital assets is not reflected in the fund statements but is recorded on the full-accrual basis.	(568,929)
Interest expense payable at year-end that is not paid until the following year is not reflected in the funds.	(5,138)
The adjustment to net realizable value of parcels held for sale at South Side Works has been reflected as an expense on the accrual basis.	(367,973)
The cost of parcels of land sold in the current year is netted against sales proceeds in the statement of activities but not on the fund statements.	<u>(1,454,200)</u>
Change in net assets of governmental activities (page 2)	<u>\$ (2,411,009)</u>

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2004

	Business-type Activities- Enterprise Funds						
	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Single Family Mortgage Revenue Draw Down Bonds Fund	Western Restoration Center Fund	Lexington Technology Park Fund
Totals							
Assets							
Current assets:							
Cash and investments	\$ 101,057,103	\$ 5,868,772	\$ 19,331,307	\$ 719,365	\$ 35,118,481	\$ 16,553	\$ 85,005
Receivables (net, where applicable, of allowance for uncollectibles):							
Loans	32,823,774	9,283,394	41,805,107	-	-	-	-
Interest	154,245	32,257	-	881	-	-	-
Other	382,639	113,553	-	3,717	-	-	-
Due from other funds	-	-	588,623	76,263	-	-	317
Loan to Lexington Technology Park Fund	-	-	-	303,189	-	-	-
Other assets	1,605,802	176,916	-	-	-	-	16,689
Noncurrent assets:							
Capital assets, net of applicable accumulated depreciation	-	-	-	1,880,880	-	-	7,721,445
Total Assets	\$ 136,023,563	\$ 15,474,892	\$ 61,725,037	\$ 2,984,295	\$ 35,118,481	\$ 16,553	\$ 7,823,456
Liabilities							
Current liabilities:							
Accounts payable and other accrued liabilities	\$ 1,597,359	\$ 246,309	\$ 1,541	\$ 12,258	\$ -	\$ -	\$ 79,755
Due to other funds	-	-	254,425	-	-	-	14,754
Deferred revenue	1,659,862	-	2,385,000	-	-	-	-
Bonds and loans payable	3,930,000	975,000	-	-	-	-	293,054
Noncurrent liabilities:							
Loan from Produce Terminal Fund	-	-	-	-	-	-	303,189
Bonds and loans payable	116,465,000	10,000,000	-	-	35,000,000	-	3,431,064
Total Liabilities	123,652,221	11,221,309	2,640,966	12,258	35,000,000	-	4,121,816
Net Assets							
Invested in capital assets, net of related debt	-	-	-	1,880,880	-	-	3,997,327
Restricted for lending programs	12,371,342	4,253,583	59,084,071	-	118,481	-	-
Restricted for urban development	-	-	-	1,091,157	-	-	-
Unrestricted	-	-	-	-	-	16,553	(295,687)
Total Net Assets	12,371,342	4,253,583	59,084,071	2,972,037	118,481	16,553	3,701,640
Total Liabilities and Net Assets	\$ 136,023,563	\$ 15,474,892	\$ 61,725,037	\$ 2,984,295	\$ 35,118,481	\$ 16,553	\$ 7,823,456

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2004

Business-type Activities- Enterprise Funds

	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Single Family Mortgage Revenue Draw Down Bonds Fund	Western Restoration Center Fund	Lexington Technology Park Fund	Totals
Operating Revenues:								
Program interest income	\$ 6,257,937	\$ 344,885	\$ 1,620,257	\$ 24,880	\$ 613,726	\$ -	\$ -	\$ 8,861,685
Property management revenues	-	-	-	489,544	-	28,105	2,637,309	3,154,958
Other	-	251,238	829,229	-	-	-	-	1,080,467
Total operating revenues	6,257,937	596,123	2,449,486	514,424	613,726	28,105	2,637,309	13,097,110
Operating Expenses:								
Fair value discount	-	(289,560)	-	-	-	-	-	(289,560)
Originating lender service fees	144,883	63,289	-	-	-	-	-	208,172
Administrative expenses	469,589	-	-	-	-	15,000	35,000	519,589
Depreciation expense	-	-	-	306,325	-	-	342,444	648,769
Property management and improvements	-	-	-	174,100	-	14,445	2,011,081	2,199,626
Other	193,711	265,289	2,229	403,685	-	-	2,129	867,043
Total operating expenses	808,183	39,018	2,229	884,110	-	29,445	2,390,654	4,153,639
Operating Income (Loss)	5,449,754	557,105	2,447,257	(369,686)	613,726	(1,340)	246,655	8,943,471
Non-Operating Revenues (Expenses):								
Earnings on investments	676,188	102,476	139,838	-	-	-	-	918,502
Interest expense	(6,793,062)	(762,398)	-	-	(616,467)	-	(249,507)	(8,421,434)
Other	(282,970)	-	-	-	-	-	-	(282,970)
Net non-operating revenues (expenses)	(6,399,844)	(659,922)	139,838	-	(616,467)	-	(249,507)	(7,785,902)
Excess (Deficiency) of Revenues Over Expenses	(950,090)	(102,817)	2,587,095	(369,686)	(2,741)	(1,340)	(2,852)	1,157,569
Net Assets:								
Beginning of year	13,321,432	4,356,400	56,496,976	3,341,723	121,222	17,893	3,704,492	81,360,138
End of year	\$ 12,371,342	\$ 4,253,583	\$ 59,084,071	\$ 2,972,037	\$ 118,481	\$ 16,553	\$ 3,701,640	\$ 82,517,707

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2004

	Business-type Activities- Enterprise Funds						
	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Single Family Mortgage Revenue Draw Down Bonds Fund	Western Restoration Center Fund	Lexington Technology Park Fund
Cash Flows From Operating Activities:							
Receipts from tenants	\$ -	\$ -	\$ -	\$ 538,189	\$ -	\$ 28,105	\$ 2,637,309
Payments from borrowers	8,384,169	2,618,616	12,573,229	-	-	-	-
Loan disbursements to borrowers	(769,518)	(577,883)	(12,898,294)	-	-	-	-
Payments for property management services	-	-	-	(187,895)	-	(29,445)	(2,063,487)
Receipts from mortgage-backed securities	13,901,851	-	-	-	-	-	-
Payments made to purchase mortgage-backed securities	(4,890,022)	-	-	-	-	-	-
Other receipts (payments)	(831,647)	60,904	(65,229)	(379,179)	613,726	-	(2,129)
Net cash provided by (used in) operating activities	15,794,833	2,101,637	(440,294)	(28,885)	613,726	(1,340)	571,693
Cash Flows From Non-Capital Financing Activities:							
Other income (expense)	150,450	-	-	-	-	-	-
Principal repayments-borrowings	(3,630,000)	(5,855,000)	-	-	-	-	(292,935)
Transfer (to)/from other funds	-	-	(234,312)	(42,552)	-	-	24,026
Interest paid	(6,835,019)	(892,065)	-	-	(616,467)	-	(249,507)
Net cash provided by (used in) non-capital financing activities	(10,314,569)	(6,747,065)	(234,312)	(42,552)	(616,467)	-	(518,416)
Cash Flows From Capital and Related Financing Activities:							
Purchase of capital assets	-	-	-	-	-	-	(141,928)
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-	-	(141,928)
Cash Flows From Investing Activities:							
Purchase of investments	(1,561,364)	-	-	(143,691)	(558,117)	-	-
Proceeds from sales and maturities of investments	2,378,749	-	-	329,000	558,540	-	-
Earnings on investments	693,072	148,321	139,838	-	-	-	-
Net cash provided by (used in) investing activities	1,510,457	148,321	139,838	185,309	423	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	6,990,721	(4,497,107)	(534,768)	113,872	(2,318)	(1,340)	(88,651)
Cash and Cash Equivalents:							
Beginning of year	27,931,002	9,045,049	19,866,075	28,539	120,799	17,893	173,656
End of year	<u>\$ 34,921,723</u>	<u>\$ 4,547,942</u>	<u>\$ 19,331,307</u>	<u>\$ 142,411</u>	<u>\$ 118,481</u>	<u>\$ 16,553</u>	<u>\$ 85,005</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ 5,449,754	\$ 557,105	\$ 2,447,257	\$ (369,686)	\$ 613,726	\$ (1,340)	\$ 246,655
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	126,987	188,244	-	306,325	-	-	342,444
Provision for uncollectible loans receivable	(61,613)	(50,000)	(892,229)	-	-	-	-
Changes in operating assets and liabilities:							
Loans issued	(769,518)	(577,883)	(12,898,294)	-	-	-	-
Loan repayments received	5,957,485	1,916,897	10,892,941	-	-	-	-
Receipts from mortgage-backed securities	10,155,634	-	-	-	-	-	-
Purchase of mortgage-backed securities	(4,890,022)	-	-	-	-	-	-
(Increase) decrease in receivables	(85,036)	67,274	10,031	48,271	-	-	-
Increase (decrease) in accounts payable	-	-	-	(13,795)	-	-	(17,406)
Increase (decrease) in deferred revenue	(88,838)	-	-	-	-	-	-
Total adjustments	10,345,079	1,544,532	(2,887,551)	340,801	-	-	325,038
Net cash provided by (used in) operating activities	<u>\$ 15,794,833</u>	<u>\$ 2,101,637</u>	<u>\$ (440,294)</u>	<u>\$ (28,885)</u>	<u>\$ 613,726</u>	<u>\$ (1,340)</u>	<u>\$ 571,693</u>
Supplemental Information:							
Cash and investments	\$ 101,057,103	\$ 5,868,772	\$ 19,331,307	\$ 719,365	\$ 35,118,481	\$ 16,553	\$ 85,005
Long-term investments	(66,135,380)	(1,320,830)	-	(576,954)	(35,000,000)	-	-
Cash and cash equivalents	<u>\$ 34,921,723</u>	<u>\$ 4,547,942</u>	<u>\$ 19,331,307</u>	<u>\$ 142,411</u>	<u>\$ 118,481</u>	<u>\$ 16,553</u>	<u>\$ 85,005</u>

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2004

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 3,883,301
Other receivables	<u>234,106</u>
Total Assets	<u><u>\$ 4,117,407</u></u>
Liabilities	
Accounts payable and other accrued liabilities	\$ 577,843
Due to other governments:	
City	1,329,228
County	530,032
School District	<u>1,680,304</u>
Total Liabilities	<u><u>\$ 4,117,407</u></u>

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

The reporting entity of the URA includes the accounts of all URA operations as well as two entities that qualify as component units of the URA. The component units of the URA, which are discretely presented in separate columns, are:

- The URA Housing Corporation (Housing Corporation)

The URA appoints the Board of Directors of this non-profit corporation and has the ability to impose its will upon the corporation. The Housing Corporation engages and assists in the development of low-income housing and acts as a "Public Housing Agency" under the United States Housing Act of 1937, primarily in regard to the Hazelwood Towers Housing Project. The operations of the Housing Corporation will be transferred to the Housing Authority of the City of Pittsburgh in 2005.

- Pittsburgh Housing Development Corporation (PHDC)

The URA appoints the Board of Directors of this non-profit corporation and has the ability to impose its will upon the PHDC. The PHDC initiates, plans, finances, develops, and manages housing development throughout the City, with particular emphasis on activities in low- and moderate-income census tracts.

All component units operate on a fiscal year ending December 31. Separate financial statements and information for these component units can be obtained through the Finance Department of the URA to the extent they are a matter of public record.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

The Pittsburgh Economic and Industrial Development Corporation (PEIDC)

The PEIDC is a non-profit corporation which was formed to formulate, implement, and promote commercial, industrial and other economic development goals, strategies, and projects in and for the City of Pittsburgh. The Board members are elected by the PEIDC membership and there are no common Board members between the organizations. As a result, the PEIDC is not considered a component unit of the URA. Financial information is available for PEIDC at the URA's offices.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental grants, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially responsible.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

recognized as soon as all eligibility requirements imposed by the grantor have been met.

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

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

The URA reports the following major governmental funds:

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

The *CDBG and CDBG Program Income Funds* account for substantially all of the URA's Community Development Block Grant program which provides grants and loans for economic development and housing in the City of Pittsburgh.

The *South Side Works Fund* accounts for the significant development activities in process on the City's South Side, including office, housing, entertainment, and recreation components.

The *Summerset at Frick Park Fund* accounts for the development of a 238-acre environmentally degraded area into a new community of 713 homes spanning the Squirrel Hill and Swisshelm Park neighborhoods.

The *Downtown Retail Corridor Fund* accounts for the property acquisitions in the downtown area in preparation for future development.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

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

The URA reports the following major proprietary funds:

The *Mortgage Revenue Bond Program* provides below-market rate mortgages for the purchase and rehabilitation of residential property within the City of Pittsburgh.

The *Home Improvement Loan Program* accounts for the activities of the issuance of tax-exempt and taxable bonds to finance the rehabilitation of residential housing for persons and families of low to middle income throughout the City of Pittsburgh but without regard to borrower's income in certain designated targeted areas within the City of Pittsburgh.

The *Pittsburgh Development Fund* accounts for the activities of a major loan fund making funds available for large initiatives and projects within the City of Pittsburgh that serve to attract new businesses, expand and retain existing businesses, and encourage downtown, riverfront, and neighborhood development.

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

The *Single Family Mortgage Revenue Draw Down Bonds Fund* accounts for the activities of a facility put in place to preserve the URA's private-activity volume cap for its housing bond programs.

The *Western Restoration Center Fund* accounts for the activities of property located in the City's Hill District that is leased primarily to an area college as a satellite campus.

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

Additionally, the URA reports the following fiduciary funds:

Agency Funds are used to account for assets held by the URA as an agent for other governments. The URA has a Tax Lien Fund, Fulton Debt Service Reserve Fund, and Tax Increment Financing Fund, which are classified as agency funds as they are custodial in nature and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The URA has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers for rents, property management services, interest on loans in its lending programs and investment interest earned which is to be used to further the programs, 2) operating grants and 3) capital grants. Internally dedicated resources are reported as *general revenues* rather than program revenues. Likewise, operating grants to support the URA's general functions are reported as a general revenue.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the URA's loan program enterprise funds (Mortgage Revenue Bond Program, Home Improvement Loan Program, Pittsburgh Development Fund, and the Single Family Mortgage Revenue Draw Down Bonds) are interest earned on loans and for the Produce Terminal Fund, the Western Restoration Center Fund, and the Lexington Technology Park Fund are property management service fees. Operating expenses for the enterprise funds include the cost of fair value discounts on loans, originating lender service fees, administrative expenses, depreciation expense on capital assets and property management and improvement costs. All revenues and

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expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Cash and Cash Equivalents

The URA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash and deposits are classified as restricted assets because the use of those assets is contractually restricted.

Investments

Investments are recorded at fair value based on quoted market prices with the exception of investment agreements, which are recorded at cost.

Interfund Receivables and Payables

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

Loans Receivable

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

In the proprietary funds, amortizing loans are recorded at their principal balance due less an allowance for uncollectible accounts.

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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 collectibility.

Assets Held For Sale

Assets held for sale relate mainly to land and buildings held by the URA with the intention of selling it to a third party for development. These assets are held at cost or estimated net realizable value, if less than cost, and are offset by deferred revenue in the governmental funds, as these assets are not considered to be available as current resources. When assets are sold, the proceeds are either returned to the program to further its purposes or returned to the grantor agency that funded the original purchase.

Capital Assets

Capital assets, which include land, land improvements, and buildings are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the URA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities would be included as part of the capitalized value of the assets constructed if the projects were financed. No capital assets were constructed using external, interest-bearing financing during 2004 in the URA's business-type funds; accordingly, no interest was capitalized.

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as

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liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as other assets and amortized over the term of the related debt.

Compensated Absences

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

Urban Development Expenditures

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

Budgets

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

Tax Increment Financing

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

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Nature and Purpose of Reservations and Designations of Fund Balances

The General Fund fund balance reservation for specified purposes is for collateral related to the FNMA lines of credit as described in Note 8. The Special Revenue Fund balance reservations for specified purposes relate to use restrictions imposed by the grantor agencies on the residual funds held.

General Fund fund balance designations relate to funds to be used for subsequent year's expenditures (\$1,329,975), funds designated for housing programs and current projects that may require bridge financing (\$6.5 million), and funds designated for property repairs and other improvements (\$1 million). A designation of \$4 million has also been established by the Board for potential relocation costs associated with one of the URA's current projects.

Deficit Fund Balance

The South Side Works Fund has a deficit of \$3,369,550 at December 31, 2004. The URA intends to fund the deficit with proceeds of future land sales and funds from the Pennsylvania Department of Conservation and Natural Resources (DCNR), the Pennsylvania Department of Transportation (PennDOT), the Economic Development Initiative (EDI), and the Redevelopment Assistance Capital Program (RACP). The Downtown Retail Corridor Fund has a deficit of \$272,871 at December 31, 2004. The URA intends to fund the deficit with proceeds of future land sales. The African American Cultural Center Fund has a deficit of \$173,252 at December 31, 2004. The URA intends to fund the deficit with a State Department of Community and Economic Development (DCED) – Housing Redevelopment Assistance grant in the amount of \$500,000 awarded in 2005 by the State for the 2004/2005 funding year. The Community Development Investment Fund has a deficit of \$122,976 at December 31, 2004. Future grants for which applications are pending and expected to be approved will fund the eligible costs to date.

Estimates

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

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Reclassifications

Certain reclassifications to prior year amounts have been made to conform to the current year's presentation.

2. CASH AND INVESTMENTS

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

The deposit and investment practices of the URA and its component units 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.

The following is a summary of the URA's cash deposits which are insured by the Federal Depository Insurance Company (Category 1) and the balance which was not insured or collateralized in the URA's name, but was 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 (Category 3).

	<u>Total</u> <u>Category 1</u>	<u>Total</u> <u>Category 3</u>	<u>Bank</u> <u>Amount</u>	<u>Carrying</u> <u>Amount</u>
Deposits	<u>\$ 604,904</u>	<u>\$43,148,077</u>	<u>\$43,752,981</u>	<u>\$42,464,187</u>

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Component Units:

	<u>Total Category 1</u>	<u>Total Category 3</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>
Deposits	<u>\$ 200,000</u>	<u>\$ 356,421</u>	<u>\$ 556,421</u>	<u>\$ 542,475</u>

The investments of the URA consist of U.S. Government and agency securities of \$82,288,799, cash equivalent investments in short-term pooled investment funds of \$67,321,130, and guaranteed investment agreements for \$36,163,843. The investments of the URA at December 31, 2004 have been categorized to indicate the level of credit risk assumed by the URA. Category 1 investments, with a carrying value of \$4,356,305, are those which are insured or registered, or held by URA or its agent in the URA's name. Category 3 investments, with a carrying value of \$78,474,334, are those which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in URA's name. Cash equivalent investments of \$102,943,133 are held in a variety of short-term pooled investment funds and cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the URA's position in the external investment pools is the same as the value of the pool shares. All investments in any external investment pool that are not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

3. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables, payables, and transfers as of December 31, 2004 consisted of:

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<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General	\$ 6,088,262	\$ 5,649,258
Community Development Block Grant	-	2,225,255
Community Development Block		
Grant Program Income	100,911	20,501
South Side Works	1,958,353	14,092
Summerset at Frick Park	1,508,288	528,635
Downtown Retail Corridor	-	309,107
HOME	358,630	-
Pittsburgh Development	588,623	254,425
Produce Terminal	76,263	-
Lexington Technology Park	317	14,754
Other Funds	1,837,995	3,501,615
	<u>\$12,517,642</u>	<u>\$12,517,642</u>

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$ 769,296	\$ 1,288,984
Community Development Block Grant	-	9,801,746
Community Development Block		
Grant Program Income	-	918,206
South Side Works	3,378,695	1,353,426
Summerset at Frick Park	1,506,989	1,506,989
Downtown Retail Corridor	50,000	2,657,240
HOME	-	1,151,263
Other Funds	18,314,975	5,342,101
	<u>\$24,019,955</u>	<u>\$24,019,955</u>

The URA transfers between its funds to accommodate the need to account for CDBG funds through a clearing account and to fill funding gaps.

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4. LOANS RECEIVABLE

Loans receivable from individual property-owners and enterprises within the City of Pittsburgh are reported net of any applicable allowances for uncollectible loans in the following funds at December 31, 2004:

<u>Governmental Funds:</u>	<u>Amount</u>
Major Funds:	
General Fund	\$ 3,007,000
Community Development Block Grant	
Program Income, net of an allowance for uncollectible loans of \$1,073,373	31,297,666
South Side Works	172,830
HOME, net of allowance of \$775,639	2,227,438
Other Funds, net of an allowance for uncollectible loans of \$20,304,838	<u>31,605,215</u>
	<u>\$68,310,149</u>
<u>Enterprise Funds:</u>	<u>Amount</u>
Mortgage Revenue Bond Program, net of an allowance for uncollectible loans of \$346,446	\$ 32,823,774
Home Improvement Loan Program, net of an allowance for uncollectible loans of \$150,000 and fair value discount of \$2,106,547	9,283,394
Pittsburgh Development Fund, net of an allowance for uncollectible loans of \$13,359,083	<u>41,805,107</u>
	<u>\$ 83,912,275</u>
<u>Component Units:</u>	
URA Housing Corporation	\$ -
Pittsburgh Housing Development Corporation	<u>1,897,488</u>
	<u>\$ 1,897,488</u>

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In 2001, the URA executed a \$3.5 million Redevelopment Note for a tax increment financing on the renovation of a downtown hotel. The loan is recorded in the general fund. The loan will be repaid from the tax increments resulting from the development. The loan bears interest at 10%. The URA is holding \$281,247 of the proceeds as a debt service reserve in one of its agency funds.

The most significant of the governmental fund loans other than the note described above relates to the UDAG Program and the Community Development Block Grant (CDBG) Program. UDAG loans are made to individual businesses. The CDBG loans are made to individual homeowners as well as to businesses.

In 1985, the URA loaned the Grant Liberty Development Group Associates (Grant Liberty) \$20.85 million to aid in the construction of the Liberty Center. The loan has a twenty-five year term and bears interest at 8.0%. In accordance with the terms of the loan agreement, principal and interest payments are to be equal to 50% of Grant Liberty's 40% share of the venture's positive net cash flow. If cash flow for the year is negative, the scheduled interest payment is deferred and added to the outstanding balance upon which interest is accrued. As of December 31, 2004, the outstanding balance of the loan has increased to \$57 million. URA established a loan reserve equal to the outstanding balance because of uncertainties surrounding the ultimate repayment of the loan.

The Mortgage Revenue Bond Program provides below market rate mortgages for the purchase and rehabilitation of residential property. Funds to finance the mortgages have been provided principally through the issuance of tax-exempt bonds. The Home Improvement Loan program also finances the rehabilitation of residential housing through the issuance of tax-exempt and taxable bonds as well as grants. The Pittsburgh Development Fund loans were made to targeted and strategic commercial development ventures to encourage and expand economic development within the City of Pittsburgh.

The URA Housing Corporation mortgage loan receivable represents the principal balance due from Hazelwood Associates on a HUD-insured mortgage loan.

Loans receivable include \$2,285,860 due from PHDC, the URA's discretely-presented component unit, as described at Note 8.

As of December 31, 2004, the URA had committed to purchase approximately \$2,130,124 in new loans for the Mortgage Revenue Bond Program and \$101,191 for the Home Improvement Loan Program. The funding of these commitments is

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pending receipt of signed documents from the issuers and final authorization by the URA.

5. CAPITAL ASSETS

Capital Assets

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

	Balance at December 31, 2003	Additions	Disposals	Balance at December 31, 2004
Non-Depreciable Assets:				
Land and improvements	\$ 15,077,285	\$ -	\$ -	\$15,077,285
Construction in progress	814,279	1,567,604	814,279	1,567,604
	<u>15,891,564</u>	<u>1,567,604</u>	<u>814,279</u>	<u>16,644,889</u>
Depreciable Assets:				
Buildings	13,057,943	9,411,941	-	22,469,884
Less: accumulated depreciation	<u>(424,339)</u>	<u>(568,929)</u>	<u>-</u>	<u>(993,268)</u>
	<u>12,633,604</u>	<u>8,843,012</u>	<u>-</u>	<u>21,476,616</u>
Governmental activities capital assets, net	<u>\$ 28,525,168</u>	<u>\$10,410,616</u>	<u>\$ 814,279</u>	<u>\$38,121,505</u>

Business-Type Capital Assets

The business-type funds' capital assets are valued at cost less accumulated depreciation determined using the straight-line method. The capital assets are included in the Produce Terminal Fund and Lexington Technology Park Fund. Depreciation charged to expenses was \$306,325 and \$342,444 for Produce Terminal Fund and Lexington Technology Park Fund, respectively.

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

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	Balance at December 31, 2003	Additions	Disposals	Balance at December 31, 2004
Buildings and improvements	\$ 17,345,276	\$ 141,929	\$ -	\$ 17,487,205
Less: accumulated depreciation	(7,236,111)	(648,769)	-	(7,884,880)
	<u>\$ 10,109,165</u>	<u>\$ (506,840)</u>	<u>\$ -</u>	<u>\$ 9,602,325</u>

6. ASSETS HELD FOR SALE

The URA holds assets for sale which are valued at cost or net realizable value, if less than cost. A summary of the assets held for sale by fund at December 31, 2004 is as follows:

Valued at cost:	# of Parcels	Amount
Major Funds:		
General Fund	8	\$ 1,372,038
Downtown Retail Corridor Fund	9	12,465,000
Other Governmental Funds	21	7,752,115
		<u>21,589,153</u>
Valued at Estimated Net Realizable Value:		
South Side Works Fund	20.187 acres	<u>1,266,881</u>
		<u>1,266,881</u>
Total assets held for sale		<u>\$ 22,856,034</u>

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

The second section includes funds with assets held for sale which are valued at estimated net realizable value based on management's estimate at December 31, 2004. The recorded value of assets held for sale by the South Side Works Fund at December 31, 2004 are based on the number of remaining acres valued at

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approximately \$63,000, which is the average net proceeds realized over the last eleven land sale transactions.

7. DEFINED CONTRIBUTION PLAN

The URA provides a defined contribution retirement plan covering all employees who have completed one year of service. The total contribution for any plan participant is 10% of their base salary. Participants who were employed after January 1, 1985 contribute 5% of their base salary and receive a matching contribution by the URA. Participants hired before December 31, 1984 make no contribution to the plan as the URA funds the entire 10% contribution. Employer contributions, net of forfeitures, for the year ended December 31, 2004 were \$111,468 and employee contributions were \$293,490.

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

8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2004:

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	December 31, 2003	Additions	Retirements	December 31, 2004
Primary Government:				
Mortgage Revenue Bond Program	\$ 124,025,000	\$ -	\$ 3,630,000	\$ 120,395,000
Home Improvement Loan Program	16,830,000	-	5,855,000	10,975,000
Single Family Mortgage Revenue Draw Down Bonds	35,000,000	-	-	35,000,000
Bank loan	4,017,053	-	292,935	3,724,118
Total Proprietary Fund Debt	179,872,053	-	9,777,935	170,094,118
Bank loans and line of credit	6,296,196	4,634,915	234,928	10,696,183
HUD Section 108 loans	11,000,000	-	275,000	10,725,000
Compensated absences	569,003	-	115,252	453,751
Other	238,000	-	-	238,000
Total Debt and Other Long-Term Obligations-Primary Government	197,975,252	4,634,915	10,403,115	192,207,052
Component Units:				
URA Housing Corporation:				
Bonds payable	3,670,000	-	3,670,000	-
Pittsburgh Housing Development Corporation:				
Loans payable to the URA	2,174,623	659,225	547,988	2,285,860
Bank construction loans	497,559	1,329,950	116,089	1,711,420
Total Component Unit Debt	6,342,182	1,989,175	4,334,077	3,997,280
Total Debt and Other Long-Term Obligations-Reporting Entity	<u>\$ 204,317,434</u>	<u>\$ 6,624,090</u>	<u>\$ 14,737,192</u>	<u>\$ 196,204,332</u>

The Proprietary Fund debt payables at December 31, 2004 are composed of the following individual issues:

Mortgage Revenue Bonds

The Mortgage Revenue Bond Program was created to provide below market rate mortgages for the purchase and rehabilitation of residential property within the City of Pittsburgh. The bonds, including various series and term bonds, bear interest at rates from 2.20% to 7.00% and mature through 2033. \$3,930,000 is due in 2005.

Home Improvement Loan Program Bonds

The URA issued various series of bonds over the life of the program to finance the rehabilitation of residential housing for persons and families of low to middle income

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throughout the City of Pittsburgh but without regard to borrower's income in certain designated redevelopment areas within the City of Pittsburgh. Serial bonds of \$3,555,000 are currently outstanding. They bear interest at rates varying from 4.35% to 7.20% and mature through 2010. There are also term bonds outstanding of \$7,420,000 with stated interest rates from 5.15% to 6.375% and maturity dates ranging from 2004 through 2021. \$975,000 is due in 2005.

Single Family Mortgage Revenue Draw Down Bonds

The purpose of the program is to preserve tax-exempt private activity volume cap by warehousing note proceeds resulting from prepayment redemptions, maturing principal, or other special redemptions of the URA until the issuance of long-term bonds. Merrill Lynch has committed to purchase over a three-year period beginning on June 1, 2001 and ended on June 1, 2004 up to \$35,000,000 of tax-exempt short-term notes. As of December 31, 2004, \$35,000,000 is outstanding, of which \$26,513,000 accrues interest subject to alternative minimum tax. The bonds accrue interest at a variable rate determined as follows: 1) interest on bonds subject to alternative minimum tax shall accrue interest at a rate equal to the BMA Index plus 0.70%; 2) interest on bonds not subject to alternative minimum tax shall accrue interest at a rate equal to the BMA Index plus 0.60%; 3) interest, at a minimum, shall not accrue at a rate less than 95% of LIBOR; and 4) interest, at a maximum, shall not exceed the rate of interest on the underlying investment contract in which the proceeds of the bonds have been invested. The note proceeds are invested in a guaranteed investment agreement at a rate higher than the note rate. Upon the issuance of long-term bonds, the notes are refunded. The bonds have a mandatory tender date of June 1, 2009 and no principal payments are due until 2031.

Bank Loan

The URA received a loan to finance renovations to the Lexington Technology Park buildings. Monthly interest payments are currently being made at an effective rate between 5.62% and 8.30%. Lease rental payments are pledged as collateral for this loan. Final maturity is April 1, 2009. \$312,134 is due in 2005.

General long-term debt loans payable are described below:

Bank Loans

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 7%, which is the 3-year FHLB rate plus 2.75%. Rental payments and a mortgage are

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pledged as collateral for this loan. At December 31, 2004, \$3,539,594 is outstanding. Final maturity is February 28, 2019.

In 2003, the URA received a second loan to finance construction costs incurred to build garage #2 at the South Side Works. Interest payments are at an effective rate of 7.28%, which is the 5-year FHLB rate plus 2.75%. A mortgage is pledged as collateral for this loan. At December 31, 2004, \$2,550,000 is outstanding. Final maturity is April 1, 2018. \$270,756 is due on these loans in 2005.

On March 26, 2004, the Authority entered into a construction loan agreement with Citizens Bank. The amount of the loan commitment is a maximum of \$5.5 million and will be drawn down over the initial construction period. As of December 31, 2004, the outstanding loan balance was \$4,346,589 with the remainder to be drawn in the first half of 2005. No principal payments are due in 2005.

The construction loan accrues interest at a variable rate. During the construction phase of the loan, the rate is prime less 25 basis points. The Authority makes interest only payments during the construction period. The loan becomes a term loan on the earlier of either March 1, 2006 or another agreed upon commencement date once the construction is completed. After the loan becomes a term loan the loan will bear interest at one month LIBOR plus 225 basis points and the Authority will make monthly payments of both principal and interest.

Revolving Line of Credit

During 2000, the URA entered into a \$4 million line of credit agreement with Fannie Mae for the acquisition, construction, development, and rehabilitation of for-sale single-family housing and multi-family rental housing within the City of Pittsburgh. The line carries a term of five years, and each advance will bear interest ranging from LIBOR plus 92 basis points to LIBOR plus 141 basis points, depending on whether a first mortgage is available as a security. As a condition of the line, the URA has provided Fannie Mae with a bank letter of credit backed by \$1 million of the URA's General Fund. There were no draws or payments associated with this loan during 2004. In addition, no balance was outstanding as of December 31, 2004.

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During 2002, the URA entered into a \$5 million line of credit agreement with Fannie Mae to finance site improvements related to the Summerset at Frick Park project. This line carries a term of 45 months, and each advance will bear interest of LIBOR plus 141 basis points. The loan is secured by a non-recourse promissory note and a \$1 million pledge from the general fund. There is a balance outstanding of \$260,000 as of December 31, 2004, which was drawn during 2002.

HUD Section 108 Loans

During 2003, the URA received two HUD Section 108 loans to provide funding for the construction of garages at South Side Works. The first loan, in the original principal amount of \$4.5 million is for an 850-space parking garage, known as Garage #3. The loan bears interest at 4%, with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. The loan is secured by 60% of the tax increment from certain properties located in the South Side. At December 31, 2004, \$4.5 million is outstanding. \$175,000 is due in 2005.

The second loan, in the original principal amount of \$6.5 million is for the construction of a 367-space parking garage (Garage #2) and site improvements in the South Side. The loan bears interest at 4%, with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. The loan is secured by 60% of the tax increment from certain properties located in the South Side as well as future Community Development Block Grants. At December 31, 2004, \$6.225 million is outstanding. \$340,000 is due in 2005.

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

Years	Principal	Interest	Total
2005	\$ 6,002,890	\$ 8,945,622	\$ 14,948,512
2006	5,936,275	8,601,797	14,538,072
2007	5,971,497	8,305,495	14,276,992
2008	6,481,535	8,023,610	14,505,145
2009	8,462,843	7,601,881	16,064,724
2010-2014	34,404,979	32,484,250	66,889,229
2015-2019	33,180,282	22,817,237	55,997,519
2020-2024	25,630,000	14,712,334	40,342,334
2025-2029	23,455,000	7,672,916	31,127,916
2030-2033	41,990,000	1,302,892	43,292,892
	<u>\$ 191,515,301</u>	<u>\$ 120,468,034</u>	<u>\$ 311,983,335</u>

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

Component unit debt consists of the following:

URA Housing Corporation - Bonds Payable

The URA Housing Corporation issued Multi-Family Refunding Bonds Series 1998 to refund the outstanding Series 1982 Bonds. The bonds bear interest at 5.40%, per annum and mature on July 1, 2022. Interest is payable semi-annually on January 1 and July 1 each year. The outstanding balance at December 31, 2004 was \$0.

PHDC-URA Loans

PHDC had outstanding construction loans payable to the URA of \$2,285,860. The loans are non-interest bearing. The loans mature through 2005, and are secured by a third lien position on real property and improvement.

PHDC-Bank Loans

The PHDC had outstanding construction loans payable to banks of \$1,711,420. Interest accrues on the loans at rates between 0% and 6.0%. Loans are due on demand or through 2005.

Future Maturities

Principal payments of \$3,997,280 are due in 2005 for the component units.

All interest expense on loans of the primary government 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.

9. NO-COMMITMENT DEBT

The URA is involved in a number of debt transactions for which the URA issued debt in its name but retained no obligation for the repayment of the debt. The responsibility for repayment belongs either to the City of Pittsburgh, other taxing authorities, or to private borrowers. As of December 31, 2004, the aggregate amount of no-commitment debt outstanding was \$147,524,917. The amount is comprised of \$12,225,000 Multi-Family Revenue Bonds, \$2,500,363 Industrial Development Bonds, \$81,744,554 Tax Increment Financing Bonds and Notes (TIF debt), and \$51,055,000 of Redevelopment Bonds.

Responsibility for repayment of the Multi-Family Revenue Bonds and the Industrial Development Bonds rests with private borrowers. TIF debt is repaid from incremental Allegheny County, City of Pittsburgh, and School District of the City of

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

Pittsburgh tax revenues. Generally, third parties are responsible for the repayment of TIF debt to the extent incremental tax revenues are not sufficient to meet debt service requirements.

The Redevelopment Bonds consist primarily of \$51,055,000 of the Authority's 1995 Special Tax Development Bonds (1995 Bonds), the proceeds of which were used to create the URA's Pittsburgh Development Fund (PDF). The City of Pittsburgh has irrevocably assigned a portion of its share of the Regional Asset District Tax (imposed by the County of Allegheny and collected by the Commonwealth of Pennsylvania) to the Authority and the Authority has pledged its interest in these assigned receipts to the Trustee for repayment of the 1995 Bonds. The 1995 Bonds are limited obligations of the Authority payable solely from that portion of the Regional Asset District Tax paid to the Authority or the Trustee and certain funds held under the related indenture and the earning thereon.

10. INTEREST RATE SWAP

During fiscal year 2004, the Authority entered into a pay-fixed, receive-variable interest rate swap contract. The interest rate swap is effective on the first day of each month which began on October 1, 2004 and terminates on March 1, 2011.

The intention of the swap is to effectively change the Authority's variable interest rate on the 2004 construction loan agreement (construction loan) to a synthetic fixed rate of 5.00% plus 225 basis points.

Per the construction loan, during the construction period, the Authority would pay interest on the loan at the variable rate of prime less 25 basis points. The construction period will terminate on or before March 1, 2006. After the construction period the loan converts to a term loan and will accrue interest at 1 month LIBOR (London Interbank Offered Rate) plus 225 basis points. Per the interest rate swap agreement the Authority will receive 1 month LIBOR while paying a fixed rate of 5.00%.

The interest payments on the interest rate swap are calculated based on a notional amount of \$4,500,000, which reduces beginning on April 1, 2006 so that the notional amount approximates or is less than the principal outstanding on the underlying construction loan. The swap will expire on March 1, 2011 consistent with the last anticipated principal payment on the construction loan.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

The Authority makes net swap payments as required by the terms of the contract, that is, receiving a variable rate as noted above for the term of the swap from the counterparty and making a fixed rate payment to the counterparty.

As of December 31, 2004, the swap had a fair value of \$(232,137). The mark to market value is an estimated net present value of the expected cash flows calculated using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation.

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

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

- Credit risk is the risk that a counterparty will not fulfill its obligations. On December 31, 2004, the interest rate swap counterparty was rated Aa2 by Moody's Investors Services, Inc., a nationally recognized statistical rating organization. If the counterparty failed to perform according to the terms of the swap agreement, there is some risk of loss to the Authority, up to the fair market value of the swap. Performance of the counterparty as it relates to this transaction is unsecured.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's financial instruments or the Authority's cash flows. The Authority could be exposed to interest rate risk if the long-term interest rates are less than 5.00%.
- Termination risk is the risk that a derivative's unscheduled end will affect the Authority's asset/liability strategy or will present the Authority with potentially significant unscheduled termination payments to the counterparty. The counterparty to the transaction does not have the ability to voluntarily terminate the swap; however, the Authority is exposed to termination risk in the event that the counterparty defaults.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

- 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. The Authority is subject to basis risk during the construction period as the interest index on the variable rate arm of the swap is based on 1-month LIBOR and the variable interest rate on the construction loan is based on a different index, prime. Although expected to correlate, the relationships between different indexes vary and that variance could adversely affect the Authority's calculated payments, and as a result cost savings or synthetic interest rates may not be realized.

11. RISK MANAGEMENT

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

12. COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

Construction Commitments

At December 31, 2004, the URA had entered into contracts for the construction of Garage #4 at South Side Works. The outstanding balance of the contracts is approximately \$1.2 million and is expected to be paid in 2005. There are \$2.1 million in other construction commitments within other projects' funds.

ADDITIONAL INFORMATION

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET ALL GOVERNMENTAL FUNDS EXCEPT THE GENERAL FUND

DECEMBER 31, 2004

Assets	Community Development Block Grant Fund		Community Development Block Grant Program Income		South Side Works		Summerset at Frick Park		Downtown Retail Corridor		HOME		Other Governmental Funds		Totals	
	Community Development Block Grant Fund	Community Development Block Grant Program Income	Community Development Block Grant Program Income	Community Development Block Grant Program Income	South Side Works	South Side Works	Summerset at Frick Park	Summerset at Frick Park	Downtown Retail Corridor	Downtown Retail Corridor	HOME	HOME	Other Governmental Funds	Other Governmental Funds	Totals	Totals
Cash and investments	\$1,460,356	\$	138,527	\$	2,838,670	\$	1,104,630	\$	36,236	\$	148,570	\$	35,609,580	\$	41,336,569	
Loans receivable	-	31,297,666			172,830		-		-		2,227,438		31,605,215		65,303,149	
Interest receivable	-	-	-	-	601		-		-		175		23,655		24,431	
Other receivable	-	-	-	-	311,390		1,564,028		-		136,037		3,390,400		5,401,855	
Due from other funds	-	100,911			1,958,353		1,508,288		-		358,630		1,837,995		5,764,177	
Due from other governmental units	1,575,818	1,159			1,297,559		3,660,187		-		-		2,213,223		8,747,946	
Assets held for sale	-	-	-	-	1,266,881		-		12,465,000		-		7,752,115		21,483,996	
Total Assets	\$3,036,174	\$ 31,538,263			\$ 7,846,284		\$ 7,837,133		\$ 12,501,236		\$ 2,870,850		\$ 82,432,183		\$ 148,062,123	
Liabilities and Fund Balance																
Liabilities:																
Accounts payable and other accrued liabilities	\$ 545,804	\$ 95,106	\$ 9,475,707	\$ 7,308,498	\$		\$ 7,308,498	\$	-	\$	62,951	\$	7,758,339	\$	25,246,405	
Due to other funds	2,225,255	20,501	14,092	528,635					309,107		-		3,501,615		6,599,205	
Deferred revenue	-	31,297,666	1,726,035	-			-		12,465,000		2,227,438		53,820,378		101,536,517	
Total Liabilities	2,771,059	31,413,273	11,215,834	7,837,133	11,215,834		7,837,133		12,774,107		2,290,389		65,080,332		133,382,127	
Fund Balance:																
Reserved for specified purposes	265,115	124,990	-	-	-		-		-		580,461		17,713,691		18,684,257	
Unreserved, undesignated	-	-	(3,369,550)	-	(3,369,550)		-		(272,871)		-		(361,840)		(4,004,261)	
Total Fund Balance	265,115	124,990	(3,369,550)	-	(3,369,550)		-		(272,871)		580,461		17,351,851		14,679,996	
Total Liabilities and Fund Balance	\$3,036,174	\$ 31,538,263	\$ 7,846,284	\$ 7,837,133	\$ 12,501,236		\$ 12,501,236		\$ 2,870,850		\$ 82,432,183		\$ 148,062,123		\$ 148,062,123	

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUNDS EXCEPT THE GENERAL FUND

YEAR ENDED DECEMBER 31, 2004

	Community Development Block Grant Program Income						Summerset at Frick Park		Downtown Retail Corridor		HOME		Other Governmental Funds		Totals
	Community Development Block Grant	Income	South Side Works												
Revenues:															
Intergovernmental	\$ 12,280,246	\$ -	\$ 7,681,819	\$ 6,511,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,020,675	\$ 17,458,541	\$ 47,952,455		
Interest	-	8,209	(35,893)	11,354	-	-	-	-	-	-	2,250	377,263	363,183		
Rental income	-	-	770,488	-	-	-	-	-	-	-	-	164,933	935,421		
Loan repayments	21,500	1,441,394	-	-	-	-	-	-	-	-	461,860	5,344,501	7,269,255		
Other	-	4,110	563,496	1,662,956	-	-	-	-	-	-	1,160	1,079,411	3,312,605		
Total revenues	12,301,746	1,453,713	8,979,910	8,185,484	-	-	-	-	-	-	4,485,945	24,424,649	59,832,919		
Expenditures:															
Current:															
Urban development	-	670,942	17,880,554	8,054,062	-	-	-	-	-	-	2,845,372	37,000,777	66,475,086		
Administrative	2,500,000	20,861	101,288	-	-	-	-	-	-	-	488,439	1,201,650	4,312,238		
Other	-	1,902	762,058	131,422	-	-	-	-	-	-	15	626,453	1,527,427		
Debt service	-	-	1,902,946	-	-	-	-	-	-	-	-	-	1,902,946		
Total expenditures	2,500,000	693,705	20,646,846	8,185,484	-	-	-	-	-	-	3,333,826	38,828,880	74,217,697		
Excess (Deficiency) of Revenues Over Expenditures	9,801,746	760,008	(11,666,936)	-	-	-	-	-	-	-	1,152,119	(14,404,231)	(14,384,778)		
Other Financing Sources (Uses):															
Proceeds of debt	-	-	4,613,632	-	-	-	-	-	-	-	-	-	-	4,613,632	
Transfers in	-	-	3,378,695	1,506,989	-	-	-	-	-	-	-	18,314,975	23,250,659		
Transfers out	(9,801,746)	(918,206)	(1,353,426)	(1,506,989)	-	-	-	-	-	-	(1,151,263)	(5,342,101)	(22,730,971)		
Total other financing sources (uses)	(9,801,746)	(918,206)	6,638,901	-	-	-	-	-	-	-	(1,151,263)	12,972,874	5,133,320		
Net Change in Fund Balance	-	(158,198)	(5,028,035)	-	-	-	-	-	-	-	856	(1,431,357)	(9,251,458)		
Fund Balance:															
Beginning of year	265,115	283,188	1,658,485	-	-	-	-	-	-	-	579,605	18,783,208	23,931,454		
End of year	\$ 265,115	\$ 124,990	\$ (3,369,550)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,461	\$ 17,351,851	\$ 14,679,996		

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2004

	African American Cultural Center	Bausman Street	Bedford	Bloomfield	Broad Street	Business Infrastructure	Business Reinvestment	Center Avenue Corridor	Chartiers Valley	Closeout	Commercial Loan Repayments
Assets											
Cash and investments	\$ -	\$ -	\$ 2,017,527	\$ -	\$ 32,899	\$ 314,184	\$ 493,961	\$ 337,151	\$ 313,253	\$ 167,224	\$ 247,806
Loans receivable	-	-	-	-	-	27,011	-	-	-	-	11,812,963
Interest receivable	-	-	-	-	-	-	478	-	-	-	-
Other receivable	6,919	-	1,269,065	-	-	-	-	-	-	104	-
Due from other funds	-	-	334,398	-	-	10,100	-	-	-	578,072	134,723
Due from other governmental units	-	-	532,562	-	-	-	-	-	-	-	-
Assets held for sale	4,125,778	-	-	-	-	-	-	-	60,000	-	-
Total Assets	\$ 4,132,697	\$ -	\$ 4,153,552	\$ -	\$ 32,899	\$ 351,295	\$ 494,439	\$ 337,151	\$ 373,253	\$ 745,400	\$ 12,195,492
Liabilities and Fund Balance											
Liabilities:											
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ 2,048,170	\$ -	\$ -	\$ 69,197	\$ 55,291	\$ 17,108	\$ -	\$ 414,729	\$ 30,766
Due to other funds	180,171	-	130,668	-	-	20,717	114,429	30	7,500	241	-
Deferred revenue	4,125,778	-	1,839,687	-	32,899	27,011	166,105	20,650	69,792	38,890	11,812,963
Total Liabilities	4,305,949	-	4,018,525	-	32,899	116,925	335,825	37,788	77,292	453,860	11,843,729
Fund Balance:											
Reserved for specified purposes	-	-	135,027	-	-	234,370	158,614	299,363	295,961	291,540	351,763
Unreserved, undesignated	(173,252)	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	(173,252)	-	135,027	-	-	234,370	158,614	299,363	295,961	291,540	351,763
Total Liabilities and Fund Balance	\$ 4,132,697	\$ -	\$ 4,153,552	\$ -	\$ 32,899	\$ 351,295	\$ 494,439	\$ 337,151	\$ 373,253	\$ 745,400	\$ 12,195,492

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2004

	Community Development Investment Fund	Crawford Square	Cultural District	Design and Promotion	District Improvement Fund	Down Payment Assistance	East Liberty	East Liberty Enterprise Zone	Elm Street	Federal Hill	Federal North
Assets											
Cash and investments	\$ 160,005	\$ 606,686	\$ 234,261	\$ -	\$ 1,255,582	\$ 251,766	\$ -	\$ 31,300	\$ -	\$ -	\$ 139,226
Loans receivable	-	-	40,192	-	729,474	-	-	185,369	-	-	-
Interest receivable	-	808	313	-	1,919	387	-	-	-	-	-
Other receivable	43,183	-	-	-	-	-	-	-	78,833	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	680
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	35,500	-	-	-	-	-	-	-	-	100,000
Total Assets	\$ 203,188	\$ 642,994	\$ 274,766	\$ -	\$ 1,986,975	\$ 252,153	\$ -	\$ 216,669	\$ 78,833	\$ -	\$ 239,906
Liabilities and Fund Balance											
Liabilities:											
Accounts payable and other accrued liabilities	\$ 50,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,241	\$ 78,833	\$ -	\$ 122
Due to other funds	61,966	97	302	-	27,848	705	-	-	-	-	57,676
Deferred revenue	213,468	35,500	82,909	-	729,474	252,153	-	185,369	-	-	100,006
Total Liabilities	326,164	35,597	83,211	-	757,322	252,858	-	186,610	78,833	-	157,804
Fund Balance:											
Reserved for specified purposes	-	607,397	191,555	-	1,229,653	-	-	30,059	-	-	82,102
Unreserved, undesignated	(122,976)	-	-	-	-	(705)	-	-	-	-	-
Total Fund Balance	(122,976)	607,397	191,555	-	1,229,653	(705)	-	30,059	-	-	82,102
Total Liabilities and Fund Balance	\$ 203,188	\$ 642,994	\$ 274,766	\$ -	\$ 1,986,975	\$ 252,153	\$ -	\$ 216,669	\$ 78,833	\$ -	\$ 239,906

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2004

	Former Schiffler Plant	Garfield	Glenwood and Strip District	Harbor Gardens Greenhouse	Hazelwood	Hazelwood Koez	Highland Building	Hill District and Homewood	Hill District Shopping Center	Homewood	HOPE 3 Fund	Housing Assistance Program
Assets												
Cash and investments	\$ 65,605	\$ 10,398	\$ 7,476	\$ 1,000	\$ (2,336)	\$ 144,000	\$ 24,348	\$ 37,940	\$ 19,345	\$ -	\$ 1,905	\$ 11,126
Loans receivable	455,004	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable	-	29,564	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	230	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 520,609	\$ 39,962	\$ 7,476	\$ 1,000	\$ (2,336)	\$ 144,000	\$ 24,348	\$ 37,940	\$ 19,575	\$ -	\$ 1,905	\$ 11,126
Liabilities and Fund Balance												
Liabilities:												
Accounts payable and other accrued liabilities	\$ -	\$ 29,644	\$ 2,585	\$ -	\$ -	\$ 76,550	\$ -	\$ 891	\$ 4,927	\$ -	\$ -	\$ 536
Due to other funds	-	1,374	-	-	-	-	-	11,735	-	-	-	-
Deferred revenue	455,004	8,944	4,891	-	-	67,450	24,348	25,314	14,648	-	1,905	-
Total Liabilities	455,004	39,962	7,476	-	-	144,000	24,348	37,940	19,575	-	1,905	536
Fund Balance:												
Reserved for specified purposes	65,605	-	-	1,000	-	-	-	-	-	-	-	10,590
Unreserved, undesignated	-	-	-	-	(2,336)	-	-	-	-	-	-	-
Total Fund Balance	65,605	-	-	1,000	(2,336)	-	-	-	-	-	-	10,590
Total Liabilities and Fund Balance	\$ 520,609	\$ 39,962	\$ 7,476	\$ 1,000	\$ (2,336)	\$ 144,000	\$ 24,348	\$ 37,940	\$ 19,575	\$ -	\$ 1,905	\$ 11,126

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2004

Housing Recovery Program	Hybrid Technology Zone	Industrial Land Reserve	Industrial Site	Interlocking Deck Systems	IPCA	Land Bank	Landlord Loan Escrow Account	Lawrenceville Enterprise Zone	Liberty Building	Lincoln- Lemington	Main Street
\$ 870,804	\$ 273,663	\$ 2,102,473	\$ 102	\$ -	\$ 300,887	\$ 1,139,900	\$ 2,126,008	\$ 55,892	\$ 76,030	\$ -	\$ 303,402
-	-	381,598	-	257,500	1,169,992	-	4,785,564	231,999	-	-	-
-	-	-	-	-	-	-	3,777	-	-	-	-
20,000	-	60,609	-	-	-	-	78,833	-	-	-	-
157,496	-	240,360	-	-	-	33,527	23,517	-	-	-	-
77,157	-	5,544	-	-	2,452	-	-	-	-	-	-
-	-	-	-	-	-	2,979,837	-	-	-	-	-
\$1,125,457	\$ 273,663	\$ 2,790,584	\$ 102	\$ 257,500	\$ 1,473,331	\$ 4,153,264	\$ 7,017,699	\$ 287,891	\$ 76,030	\$ -	\$ 303,402
Liabilities and Fund Balance											
Liabilities:											
Accounts payable and other accrued liabilities											
\$ 791,794	\$ -	\$ 96,431	\$ -	\$ -	\$ -	\$ -	\$ 975,822	\$ 6	\$ 76,030	\$ -	\$ 1,340
1,929	250,000	1,388,923	-	-	11,650	95,611	-	-	-	-	20,000
331,734	23,663	998,717	-	257,500	1,169,992	2,979,837	4,785,564	275,177	-	-	271,617
1,125,457	273,663	2,484,071	-	257,500	1,181,642	3,075,448	5,761,386	275,183	76,030	-	292,957
Fund Balance:											
Reserved for specified purposes											
-	-	306,513	102	-	291,689	1,077,816	1,256,313	12,708	-	-	10,445
-	-	-	-	-	-	-	-	-	-	-	-
-	-	306,513	102	-	291,689	1,077,816	1,256,313	12,708	-	-	10,445
\$1,125,457	\$ 273,663	\$ 2,790,584	\$ 102	\$ 257,500	\$ 1,473,331	\$ 4,153,264	\$ 7,017,699	\$ 287,891	\$ 76,030	\$ -	\$ 303,402

(Continued)

**Total Liabilities and
Fund Balance**

Fund Balance:
Reserved for specified purposes
Unreserved, undesignated

Total Fund Balance

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2004

	Assets										
	Mellon TIF	Miscellaneous Small Project	NASA Robotics	NBDR Bid Match	NBDR Promotions & Marketing	NBDR Shared Management	Neighborhood Housing Program	North Shore	Northside Construction	Northside Enterprise Zone	Pittsburgh Business Grant Fund
Cash and investments	\$ 882,195	\$ (43,482)	\$ (2,692)	\$ -	\$ -	\$ -	\$ 1,433,293	\$ 994,840	\$ 311,755	\$ 113,787	\$ -
Loans receivable	-	-	-	-	-	-	-	-	918,219	-	-
Interest receivable	1,066	-	-	-	-	-	-	-	-	-	-
Other receivable	27,749	184,432	-	-	-	-	80,000	620,224	-	-	-
Due from other funds	-	-	14,201	-	-	-	20,000	55,825	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	6,000	-	-	-
Total Assets	\$ 911,010	\$ 140,950	\$ 11,509	\$ -	\$ -	\$ -	\$ 1,533,293	\$ 1,676,889	\$ 1,229,974	\$ 113,787	\$ -
Liabilities and Fund Balance											
Liabilities:											
Accounts payable and other accrued liabilities	\$ -	\$ 140,950	\$ 2,889	\$ -	\$ -	\$ -	\$ 10,850	\$ 648,821	\$ -	\$ 27,387	\$ -
Due to other funds	-	-	-	-	-	-	39,756	28,490	1,116	-	-
Deferred revenue	911,010	-	8,620	-	-	-	1,402,931	319,588	918,219	86,400	-
Total Liabilities	911,010	140,950	11,509	-	-	-	1,453,537	996,899	919,335	113,787	-
Fund Balance:											
Reserved for specified purposes	-	-	-	-	-	-	79,756	679,990	310,639	-	-
Unreserved, undesignated	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	79,756	679,990	310,639	-	-
Total Liabilities and Fund Balance	\$ 911,010	\$ 140,950	\$ 11,509	\$ -	\$ -	\$ -	\$ 1,533,293	\$ 1,676,889	\$ 1,229,974	\$ 113,787	\$ -

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS (Continued)

DECEMBER 31, 2004

Pittsburgh Home Rehabilitation Program		Pittsburgh Housing Construction Fund		Pittsburgh Technology Center		PNC TIF		Property Management		Public Space Improvement		Rental Housing Development and Improvement Program		Residential Land Reserve		River Avenue Development Project		Seagate		Section 108		Sister Cities	
Assets																							
Cash and investments		\$ 689,086	\$ 117,663	\$ 1,670,065	\$ 3,801,002	\$ -	\$ 50,000	\$ -	\$ 374,129	\$ 1,924,560	\$ 277,099	\$ 6,322	\$ 35,208										
Loans receivable		-	487,972	3,445,866	-	-	-	-	-	-	-	-	-										
Interest receivable		2,111	-	7,322	4,146	-	-	-	-	-	-	-	-										
Other receivable		-	440,000	120,000	283,794	-	-	-	-	-	-	-	-										
Due from other funds		6,328	-	9,272	-	-	-	-	3,000	-	-	-	-										
Due from other governmental units		-	-	-	-	-	-	-	-	-	-	-	-										
Assets held for sale		-	-	125,000	-	-	-	-	-	-	-	-	-										
Total Assets		\$ 697,525	\$ 1,045,635	\$ 5,377,525	\$ 4,088,942	\$ -	\$ 50,000	\$ 3,000	\$ 374,129	\$ 3,520,068	\$ 277,099	\$ 154,318	\$ 35,208										
Liabilities and Fund Balance																							
Liabilities:																							
Accounts payable and other accrued liabilities		\$ 236,140	\$ 111,820	\$ 12,155	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ 1,595,508	\$ 2,216	\$ 50,612	\$ 352										
Due to other funds		-	18,917	-	-	-	-	-	139	3,098	274,881	-	-										
Deferred revenue		-	754,038	3,471,053	4,088,942	-	50,000	-	373,990	1,919,044	-	-	34,856										
Total Liabilities		236,140	884,775	3,483,208	4,088,942	-	50,000	3,000	374,129	3,517,650	277,097	50,612	35,208										
Fund Balance:																							
Reserved for specified purposes		461,385	160,860	1,894,317	-	-	-	-	-	2,418	2	103,706	-										
Unreserved, undesignated		-	-	-	-	-	-	-	-	-	-	-	-										
Total Fund Balance		461,385	160,860	1,894,317	-	-	-	-	-	2,418	2	103,706	-										
Total Liabilities and Fund Balance		\$ 697,525	\$ 1,045,635	\$ 5,377,525	\$ 4,088,942	\$ -	\$ 50,000	\$ 3,000	\$ 374,129	\$ 3,520,068	\$ 277,099	\$ 154,318	\$ 35,208										
(Continued)																							

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2004

Assets	Site Acquisition	Small and Minority Contractors	South Side Riverfront	Streetface	Support for Housing	TANF Housing Collaboration	Top Shops	UDAG	Upfront Grant	Uptown Project	Urban Development Fund	Washington's Landing	Totals
Cash and investments	\$ 3,051	\$ 212,886	\$ 18,097	\$ 469,468	\$ -	\$ 3,500	\$ -	\$ 5,712,765	\$ 879,072	\$ 76,958	\$ 339,169	\$ 1,086,985	\$ 35,609,580
Loans receivable	-	-	-	-	-	-	-	2,995,139	-	-	1,006,588	2,674,765	31,605,215
Interest receivable	-	-	-	-	-	-	-	-	1,328	-	-	-	23,655
Other receivable	-	-	44,091	-	-	-	-	-	-	-	3,000	-	3,390,400
Due from other funds	-	-	-	44,255	-	-	-	955	-	-	4,454	18,606	1,837,995
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-	-	2,213,223
Assets held for sale	-	-	120,000	-	-	-	-	-	-	-	-	200,000	7,752,115
Total Assets	\$ 3,051	\$ 212,886	\$ 182,188	\$ 513,723	\$ -	\$ 3,500	\$ -	\$ 8,708,859	\$ 880,400	\$ 76,958	\$ 1,353,211	\$ 3,980,356	\$ 82,432,183
Liabilities and Fund Balance													
Liabilities:													
Accounts payable and other accrued liabilities	\$ 3,051	\$ 4,542	\$ -	\$ 24,606	\$ -	\$ -	\$ -	\$ 33,853	\$ -	\$ 24,050	\$ 2,794	\$ -	\$ 7,758,339
Due to other funds	62,571	-	10,000	-	-	-	-	925	678,150	-	-	-	3,501,615
Deferred revenue	-	-	127,478	353,217	-	3,500	-	2,995,139	185,660	52,908	1,274,626	3,060,200	53,820,378
Total Liabilities	65,622	4,542	137,478	377,823	-	3,500	-	3,029,917	863,810	76,958	1,277,420	3,060,200	65,080,332
Fund Balance:													
Reserved for specified purposes	-	208,344	44,710	135,900	-	-	-	5,678,942	16,590	-	75,791	920,156	17,713,691
Unreserved, undesignated	(62,571)	-	-	-	-	-	-	-	-	-	-	-	(361,840)
Total Fund Balance	(62,571)	208,344	44,710	135,900	-	-	-	5,678,942	16,590	-	75,791	920,156	17,351,851
Total Liabilities and Fund Balance	\$ 3,051	\$ 212,886	\$ 182,188	\$ 513,723	\$ -	\$ 3,500	\$ -	\$ 8,708,859	\$ 880,400	\$ 76,958	\$ 1,353,211	\$ 3,980,356	\$ 82,432,183

(Concluded)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

YEAR ENDED DECEMBER 31, 2004

	African American Cultural Center	Bausman Street	Bedford	Bloomfield	Broad Street	Business Infrastructure	Business Reinvestment	Center Avenue Corridor	Chartiers Valley	Closeout	Commercial Loan Repayments
Revenues:											
Intergovernmental	\$ -	\$ -	\$ 1,303,130	\$ -	\$ -	\$ -	\$ -	\$ 226,850	\$ -	\$ -	\$ -
Interest	-	-	16,650	-	-	3,679	3,345	396	-	7,852	842
Rental income	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	96,367	-	-	-	-	2,494,868
Other	-	-	-	-	-	-	-	350,000	-	-	-
Total revenues	-	-	1,319,780	-	-	100,046	3,345	577,246	-	7,852	2,495,710
Expenditures:											
Current:											
Urban development	3,470,403	42,848	1,178,665	-	-	34,800	-	475,272	-	-	26,799
Administrative	-	-	57,294	-	-	-	-	22,500	-	-	-
Other	356	-	15,730	-	-	3,679	254	-	8,323	12,539	808
Total expenditures	3,470,759	42,848	1,251,689	-	-	38,479	254	497,772	8,323	12,539	27,607
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,470,759)</u>	<u>(42,848)</u>	<u>68,091</u>	<u>-</u>	<u>-</u>	<u>61,567</u>	<u>3,091</u>	<u>79,474</u>	<u>(8,323)</u>	<u>(4,687)</u>	<u>2,468,103</u>
Other Financing Sources (Uses):											
Transfers in	3,347,507	42,848	-	-	-	-	-	219,889	-	-	-
Transfers out	(50,000)	-	-	-	-	-	-	-	-	-	(2,331,353)
Total other financing sources (uses)	3,297,507	42,848	-	-	-	-	-	219,889	-	-	(2,331,353)
Net Change in Fund Balance	<u>(173,252)</u>	<u>-</u>	<u>68,091</u>	<u>-</u>	<u>-</u>	<u>61,567</u>	<u>3,091</u>	<u>299,363</u>	<u>(8,323)</u>	<u>(4,687)</u>	<u>136,750</u>
Fund Balance:											
Beginning of year	-	-	66,936	-	-	172,803	155,523	-	304,284	296,227	215,013
End of year	<u>\$ (173,252)</u>	<u>\$ -</u>	<u>\$ 135,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,370</u>	<u>\$ 158,614</u>	<u>\$ 299,363</u>	<u>\$295,961</u>	<u>\$291,540</u>	<u>\$ 351,763</u>

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

(Continued)

YEAR ENDED DECEMBER 31, 2004

	Community Development Investment Fund	Crawford Square	Cultural District	Design and Promotion	District Improvement Fund	Down Payment Assistance	East Liberty Zone	Elm Street	Federal Hill	Federal North
Revenues:										
Intergovernmental	\$ 379,715	\$ -	\$ 868,534	\$ -	\$ -	\$ -	\$ -	\$ 78,833	\$ -	\$ 5,499
Interest	3,035	5,649	6,867	-	24,096	3,114	-	-	-	24
Rental income	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	3,141	-	-	-	11,118	-	-	-
Other	-	78,272	-	-	-	197,049	-	-	-	-
Total revenues	382,750	83,921	878,542	-	24,096	200,163	-	78,833	-	5,523
Expenditures:										
Current:										
Urban development	444,905	12,078	882,944	174,397	222,415	200,163	-	78,833	13,526	89,130
Administrative	50,000	-	-	-	-	-	-	-	-	-
Other	3,035	127	302	-	474	705	60	-	-	19,518
Total expenditures	497,940	12,205	883,246	174,397	222,889	200,868	60	78,833	13,526	108,648
Excess (Deficiency) of Revenues Over Expenditures	(115,190)	71,716	(4,704)	(174,397)	(198,793)	(705)	11,118	-	(13,526)	(103,125)
Other Financing Sources (Uses):										
Transfers in	115,190	3,160	-	174,397	-	-	-	-	13,526	83,631
Transfers out	-	-	-	-	(40,000)	-	-	-	-	-
Total other financing sources (uses)	115,190	3,160	-	174,397	(40,000)	-	-	-	13,526	83,631
Net Change in Fund Balance	-	74,876	(4,704)	-	(238,793)	(705)	11,118	-	-	(19,494)
Fund Balance:										
Beginning of year	(122,976)	532,521	196,259	-	1,468,446	-	18,941	-	-	101,596
End of year	\$ (122,976)	\$ 607,397	\$ 191,555	\$ -	\$ 1,229,653	\$ (705)	\$ 30,059	\$ -	\$ -	\$ 82,102

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

(Continued)

YEAR ENDED DECEMBER 31, 2004

	Former Schiffler Plant	Garfield	Glenwood and Strip District	Harbor Gardens Greenhouse	Hazelwood	Hazelwood Koez	Highland Building	Hill District and Homewood	Hill District Shopping Center	Homewood	HOPE 3 Fund	Housing Assistance Program
Revenues:												
Intergovernmental	\$ -	\$ 64,337	\$ -	\$ 1,000	\$ -	\$ 97,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	37	-	-	-	-	577	219	-	-	126
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	41,434	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	9,743	-
Total revenues	41,434	64,337	37	1,000	-	97,550	-	577	219	-	9,743	126
Expenditures:												
Current:												
Urban development	-	70,940	-	-	2,336	128,784	-	-	-	360,935	9,743	-
Administrative	-	-	-	-	-	15,000	-	-	-	-	-	-
Other	-	-	37	-	-	4,305	-	577	219	-	-	126
Total expenditures	-	70,940	37	-	2,336	148,089	-	577	219	360,935	9,743	126
Excess (Deficiency) of Revenues Over Expenditures	41,434	(6,603)	-	1,000	(2,336)	(50,539)	-	-	-	(360,935)	-	-
Other Financing Sources (Uses):												
Transfers in	-	6,603	-	-	-	50,539	-	-	-	360,935	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	6,603	-	-	-	50,539	-	-	-	360,935	-	-
Net Change in Fund Balance	41,434	-	-	1,000	(2,336)	-	-	-	-	-	-	-
Fund Balance:												
Beginning of year	24,171	-	-	-	-	-	-	-	-	-	-	10,590
End of year	\$ 65,605	\$ -	\$ -	\$ 1,000	\$ (2,336)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,590

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

(Continued)

YEAR ENDED DECEMBER 31, 2004

Revenues:												
Intergovernmental	\$	245,946	\$	21,807	\$	603,265	\$	-	\$	-	\$	280,504
Interest	809	-	19,766	-	1,117	10,428	30,245	5	-	-	-	528
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	20,000	-	1,659	-	736,571	-	530,399	12,715	-	-	-	-
Other	-	-	115,256	-	3,009	97,624	16,358	-	-	-	-	12,170
Total revenues	266,755	21,807	739,946	-	740,697	108,052	577,002	12,720	145,319	-	-	293,202
Expenditures:												
Current:												
Urban development	235,643	21,807	(79,974)	1,182,441	-	172,696	-	1,029,722	-	76,030	31,350	218,504
Administrative	29,000	-	-	-	-	-	-	26,412	-	-	-	70,000
Other	2,112	-	21,900	-	-	121,171	-	198	12	-	-	1,253
Total expenditures	266,755	21,807	(58,074)	1,182,441	-	293,867	-	1,056,332	12	76,030	31,350	289,757
Excess (Deficiency) of Revenues Over Expenditures												
	-	-	798,020	(1,182,441)	-	446,830	108,052	(479,330)	12,708	69,289	(31,350)	3,445
Other Financing Sources (Uses):												
Transfers in	-	-	107,604	1,284,941	-	-	-	-	-	-	31,350	7,000
Transfers out	-	-	(1,039,997)	(145,000)	-	(273,901)	-	(778,480)	-	(69,289)	-	-
Total other financing sources (uses)	-	-	(932,393)	1,139,941	-	(273,901)	-	(778,480)	-	(69,289)	31,350	7,000
Net Change in Fund Balance												
	-	-	(134,373)	(42,500)	-	172,929	108,052	(1,257,810)	12,708	-	-	10,445
Fund Balance:												
Beginning of year	-	-	440,886	42,602	-	118,760	969,764	2,514,123	-	-	-	-
End of year	\$	-	\$	306,513	\$	102	\$	1,077,816	\$	12,708	\$	10,445
												(Continued)

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

(Continued)

YEAR ENDED DECEMBER 31, 2004

	Mellon TIF	Miscellaneous Small Projects	NASA Robotics	NBDR Bid Match	NBDR Promotion & Marketing	NBDR Shared Management	Neighborhood Housing Program	North Shore	Northside Construction	Northside Enterprise Zone	Party Wall	Pittsburgh Business Grant Fund
Revenues:												
Intergovernmental	\$ 300	\$ 188,182	\$ -	\$ -	\$ -	\$ -	\$ 451,789	\$ 5,494,251	\$ -	\$ -	\$ -	\$ -
Interest	7,180	-	-	-	-	-	10,738	-	3,026	1,577	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	301,842	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	7,480	188,182	-	-	-	-	764,369	5,494,251	3,026	1,577	-	-
Expenditures:												
Current:												
Urban development	7,480	188,182	-	31,333	123,753	22,500	581,369	5,544,581	48,012	-	83,260	1,237,922
Administrative	-	-	-	-	-	-	103,000	-	-	-	-	190,000
Other	-	-	-	-	-	-	244	358	-	1,577	-	562
Total expenditures	7,480	188,182	-	31,333	123,753	22,500	684,613	5,544,939	48,012	1,577	83,260	1,428,484
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	(31,333)	(123,753)	(22,500)	79,756	(50,688)	(44,986)	-	(83,260)	(1,428,484)
Other Financing Sources (Uses):												
Transfers in	-	-	-	31,333	123,753	22,500	-	401,234	-	-	83,260	1,428,484
Transfers out	-	-	-	-	-	-	-	(233,011)	-	-	-	-
Total other financing sources (uses)	-	-	-	31,333	123,753	22,500	-	168,223	-	-	83,260	1,428,484
Net Change in Fund Balance	-	-	-	-	-	-	79,756	117,535	(44,986)	-	-	-
Fund Balance:												
Beginning of year	-	-	-	-	-	-	-	562,455	355,625	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,756	\$ 679,990	\$ 310,639	\$ -	\$ -	\$ -

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

(Continued)

YEAR ENDED DECEMBER 31, 2004

	Pittsburgh Home Rehabilitation Program	Pittsburgh Housing Construction Fund	Pittsburgh Technology Center	PNC TIF	Property Management	Public Space Improvement	Rental Housing Development and Improvement Program	Residential Land Reserve	River Avenue Development Project	Seagate	Section 108	Sister Cities
Revenues:												
Intergovernmental	\$ -	\$ 393,934	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,723,452	\$ 107,408	\$ -	\$ 81,469
Interest	5,092	3,123	13,033	6,739	-	-	-	3,666	2,267	2,211	-	2,094
Rental income	-	-	57,542	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	427,214	-	-	-	-	-	-	-	-	-
Other	182,062	-	3	-	-	-	-	13,063	-	-	-	-
Total revenues	187,154	397,057	497,792	6,739	-	5,000	-	16,729	5,725,719	109,619	-	83,563
Expenditures:												
Current:												
Urban development	802,652	819,874	16,231	-	363,240	474,228	386,504	12,448	5,723,452	(1)	-	-
Administrative	9,300	20,000	53,500	-	-	5,000	-	-	-	-	-	23,017
Other	159,222	3,123	27	6,739	-	-	-	4,281	(151)	2,211	-	60,546
Total expenditures	971,174	842,997	69,758	6,739	363,240	479,228	386,504	16,729	5,723,301	2,210	-	83,563
Excess (Deficiency) of Revenues Over Expenditures	(784,020)	(445,940)	428,034	-	(363,240)	(474,228)	(386,504)	-	2,418	107,409	-	-
Other Financing Sources (Uses):												
Transfers in	413,217	445,940	-	-	363,240	474,228	386,504	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(107,604)	-	-
Total other financing sources (uses)	413,217	445,940	-	-	363,240	474,228	386,504	-	-	(107,604)	-	-
Net Change in Fund Balance	(370,803)	-	428,034	-	-	-	-	-	2,418	(195)	-	-
Fund Balance:												
Beginning of year	832,188	160,860	1,466,283	-	-	-	-	-	-	197	103,706	-
End of year	\$ 461,385	\$ 160,860	\$ 1,894,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,418	\$ 2	\$ 103,706	\$ -

(Continued)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

(Continued)

YEAR ENDED DECEMBER 31, 2004

	Site Acquisition	Small and Minority Contractors	South Side Riverfront	Streetface	Support for Housing	TANF Housing Collaboration	Top Shops	UDAG	Upfront Grant	Uptown Project	Urban Development Fund	Washington's Landing	Totals
Revenues:													
Intergovernmental	\$ -	\$ -	\$ (515,899)	\$ 526,941	\$ -	\$ 347,232	\$ -	\$ -	\$ -	\$ 332,092	\$ 101	\$ -	\$ 17,458,541
Interest	-	1,878	-	918	-	-	-	155,688	9,297	-	2,794	6,476	377,263
Rental income	-	-	-	-	-	-	-	-	-	-	-	107,391	164,933
Loan repayments	-	-	-	-	-	-	-	427,212	-	-	96,634	143,327	5,344,501
Other	-	-	272	-	-	-	-	-	-	4,530	-	-	1,079,411
Total revenues	-	1,878	(515,627)	527,859	-	347,232	-	582,900	9,297	336,622	99,529	257,194	24,424,649
Expenditures:													
Current:													
Urban development	-	-	384,731	535,891	1,320,480	322,575	4,864	1,157,705	-	321,677	1,892,998	310,476	37,000,777
Administrative	-	-	9,970	70,000	-	24,657	-	-	-	35,000	360,000	28,000	1,201,650
Other	-	-	-	3,474	-	-	-	130,156	217	-	23,786	7,099	626,453
Total expenditures	-	-	394,701	609,365	1,320,480	347,232	4,864	1,287,861	217	356,677	2,276,784	345,575	38,828,880
Excess (Deficiency) of Revenues Over Expenditures	-	1,878	(910,328)	(81,506)	(1,320,480)	-	(4,864)	(704,961)	9,080	(20,055)	(2,177,255)	(88,381)	(14,404,231)
Other Financing Sources (Uses):													
Transfers in	-	-	1,039,997	81,949	1,412,864	-	4,864	-	-	20,055	2,253,046	-	18,314,975
Transfers out	-	-	-	-	(92,384)	-	-	(181,082)	-	-	-	-	(5,342,101)
Total other financing sources (uses)	-	-	1,039,997	81,949	1,320,480	-	4,864	(181,082)	-	20,055	2,253,046	-	12,972,874
Net Change in Fund Balance	-	1,878	129,669	443	-	-	-	(886,043)	9,080	-	75,791	(88,381)	(1,431,357)
Fund Balance:													
Beginning of year	(62,571)	206,466	(84,959)	135,457	-	-	-	6,564,985	7,510	-	-	1,008,537	18,783,208
End of year	\$ (62,571)	\$ 208,344	\$ 44,710	\$ 135,900	\$ -	\$ -	\$ -	\$ 5,678,942	\$ 16,590	\$ -	\$ 75,791	\$ 920,156	\$ 17,351,851

(Concluded)

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING BALANCE SHEET ALL AGENCY FUNDS

DECEMBER 31, 2004

Assets	Fulton Debt				Total
	Tax Lien	Service Reserve	Increment Financing		
Cash and investments	\$ 1,262,585	\$ 281,247	\$ 2,339,469	\$	\$ 3,883,301
Other receivables	-	234,106	-		234,106
Total Assets	\$ 1,262,585	\$ 515,353	\$ 2,339,469	\$	\$ 4,117,407
Liabilities					
Accounts payable and other accrued liabilities	\$ -	\$ 515,353	\$ 62,490	\$	\$ 577,843
Due to other governments:					
City	475,631	-	853,597		1,329,228
County	-	-	530,032		530,032
School District	786,954	-	893,350		1,680,304
Total Liabilities	\$ 1,262,585	\$ 515,353	\$ 2,339,469	\$	\$ 4,117,407

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUND

YEAR ENDED DECEMBER 31, 2004

	Balance at 1/1/2004	Additions	Reductions	Balance at 12/31/2004
Tax Lien:				
Assets				
Cash and investments	\$ 1,279,985	\$ 17,190	\$ 34,590	\$ 1,262,585
Liabilities				
Due to other governments:				
City	\$ 489,777	\$ 6,544	\$ 20,690	\$ 475,631
School District	790,208	10,646	13,900	786,954
Total	\$ 1,279,985	\$ 17,190	\$ 34,590	\$ 1,262,585
Fulton Debt Service Reserve:				
Assets				
Cash and investments	\$ 129,801	\$ 409,279	\$ 257,833	\$ 281,247
Other receivables	-	234,106	-	234,106
Total	\$ 129,801	\$ 643,385	\$ 257,833	\$ 515,353
Liabilities				
Accounts payable and other accrued liabilities	\$ 129,801	\$ 643,385	\$ 257,833	\$ 515,353
Tax Increment Financing:				
Penn Liberty:				
Assets				
Cash and investments	\$ 758,081	\$ 156,899	\$ 1,735	\$ 913,245
Liabilities				
Due to other governments:				
City	\$ 263,502	\$ 62,552	\$ 604	\$ 325,450
County	274,197	27,163	627	300,733
School District	220,382	67,184	504	287,062
Total	\$ 758,081	\$ 156,899	\$ 1,735	\$ 913,245
Federal North:				
Assets				
Cash and investments	\$ 1,341,199	\$ 338,749	\$ 253,724	\$ 1,426,224
Liabilities				
Accounts payable and other accrued liabilities	\$ 60,408	\$ 2,082	\$ -	\$ 62,490
Due to other governments:				
City	490,853	134,532	97,238	528,147
County	214,068	57,638	42,407	229,299
School District	575,870	144,497	114,079	606,288
Total	\$ 1,341,199	\$ 338,749	\$ 253,724	\$ 1,426,224

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

LONG-TERM DEBT MATURITY SCHEDULE

YEAR ENDED DECEMBER 31, 2004

URA DEBT (excludes compensated absence liability, settlement agreement, and component unit debt)

	Outstanding at 12/31/2003	Debt Issued During 2004	Debt Paid During 2004	Outstanding at 12/31/2004
2004	\$ 6,167,059	\$ -	\$ (6,167,059)	\$ -
2005	6,243,314	-	(240,424)	6,002,890
2006	6,081,110	155,168	(300,003)	5,936,275
2007	6,080,365	200,754	(309,622)	5,971,497
2008	6,637,412	193,414	(349,291)	6,481,535
2009	8,676,641	185,698	(399,496)	8,462,843
2010-2014	31,601,576	3,899,881	(1,096,478)	34,404,979
2015-2019	34,340,772	-	(1,160,490)	33,180,282
2020-2024	25,895,000	-	(265,000)	25,630,000
2025-2029	23,455,000	-	-	23,455,000
2030-2033	41,990,000	-	-	41,990,000
	<u>\$ 197,168,249</u>	<u>\$ 4,634,915</u>	<u>\$ (10,287,863)</u>	<u>\$ 191,515,301</u>