

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2007



Michael E. Lamb, City Controller
CITY OF PITTSBURGH
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

Prepared by: Office of City Controller

MICHAEL E. LAMB, CONTROLLER

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

City of Pittsburgh



Pennsylvania

OFFICE OF CITY CONTROLLER
Michael E. Lamb, Controller

Phone: 412-255-2055
Fax: 412-255-8990

April 28, 2008

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

I am pleased to submit The Comprehensive Annual Financial Report (CAFR) of the City of Pittsburgh (City) for the year ended December 31, 2007. The City's charter mandates that only a general purpose financial statement be issued by May 1st. This does not include component units, statements mandated under GASB 34, footnotes and the statistical section. This year we are issuing a full CAFR by May 1st that meets Government Finance Officers Association standards and that allows the City to get an unqualified opinion from the City's independent auditors.

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

Maher Duessel, Certified Public Accountants, have issued an unqualified ('clean') opinion on the City of Pittsburgh's financial statements for the year ended December 31, 2007. The independent auditor's report is located in front of the MD&A.

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

Profile of the Government

The City of Pittsburgh, incorporated in 1816, is located in the south-western part of the State of Pennsylvania. It currently occupies 58.3 square miles and serves a population of 334,563. The City is empowered to levy property taxes on real estate and earned income taxes on residents that live within the boundaries of the city. In addition, the City levies taxes on employees that work within the city and on businesses that operate within the City. Other usage taxes are charged when using certain facilities within the City. See the Revenue section of this letter that explains all taxes.

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

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

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

FINANCIAL INFORMATION

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

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

ECONOMIC CONDITION

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

Economic Background

The City continues to build and strengthen its economy not only by expanding existing businesses, but also by working to attract new businesses and industries to the region. The primary goal is to assist businesses both small and large in developing and enhancing working relationships among economic development practitioners throughout the state. By supporting the growth of the existing business core and marketing its competitive advantages to attract new businesses, the City has modernized its economy.

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

Over the past couple of years the City has focused on the revitalization of its downtown core, making aesthetic improvements to reestablish it as a regional destination point. With the formation of a Business Improvement District in 1996, the Pittsburgh Downtown Partnership spearheaded improvements in maintenance, safety, and marketing. Several large-scale economic development projects are underway. The projects include Piatt Place, the redevelopment of the former Lazarus/Macy's department store into 180,000 square feet of Class A Office space with 47 luxury residential units on the upper floors and the construction of Three PNC Plaza, a \$170 million, 25-30 story building which will house Class A office space, a hotel, and residential units.

The City is also working to make downtown the region's chief entertainment destination. The expansion of the convention center and the construction of two new sports facilities have attracted visitors from the surrounding regions and all over the world. In 2007, ground was broken for a new casino on the North Side and site preparation was started on a new arena in upper Downtown to replace the current Mellon Arena which would have the Pittsburgh Penguins as their prime tenant. Downtown housing has been on the rise. According to the Downtown Living Initiative nearly 3,900 people will call downtown home by 2008, up 60% from 1990. By fall, 2006 an estimated 1,000 new condos and apartments were available downtown with an additional 1,000 units to come on line by 2008. The downtown office climate is getting a boost from long-time Pittsburgh companies who have recently built new offices, such as ALCOA, GNC, Bank of America-Mellon Bank, PNC Bank, Seagate, Del Monte,

Heinz, Highmark Blue Cross/Blue Shield, and Kvaerner Metals. Corporate offices of the University of Pittsburgh Medical Center are relocating to the Central Business District in 2008.

The City has also implemented an aggressive strategy to reclaim the City's valuable riverfront property and reuse industrial sites left behind by the decline of the steel mills. Through the Urban Redevelopment Authority (URA), the City has acquired land and prepared sites to lay the groundwork for economic development. A variety of technology companies and university researchers have located their operations at the Pittsburgh Technology Center. Through the URA, the City purchased the 130 acre former LTV South Side Works site in late 1993. The site has been developed into a mixed use development including housing, office space, warehousing, restaurants, retail, entertainment, and light-industrial and high-technology space. The University of Pittsburgh Medical Center (UPMC) has finished an 80,000 square-foot distribution center and a 45,000-square foot office and laboratory facility called Pittsburgh Life Sciences Center which is under construction. Over 500,000 square feet of office space is either under construction or in the planning stages. The Mon Con/Hot Metal Bridge that once carried molten steel across the Monongohela River has been renovated to allow cars and pedestrians to travel between the South Side Works and the Pittsburgh Technology Center. In addition, residential and commercial developments completed on Washington's Landing on the banks of the Allegheny River proved that the strategy of land acquisition and site preparation can be used effectively as an economic development strategy.

The City is also strengthening and revitalizing its neighborhoods, encouraging new housing and mixed-use development throughout the City, providing both new and existing residents a higher quality of life. The City' has also partnered with developers to attract new stores and restaurants back into the neighborhoods, such as a new Shop N Save in the Lawrenceville Shopping Center and a Home Depot and Whole Foods in East Liberty. Both Home Depot and Whole Foods exceeded corporate projections at these sites. Whole Foods at this site is currently a corporate-wide leader in sales. Spurred by this success more than \$90 million in private investments is now underway or due to begin construction in the coming year in this corridor, including a full-service 140 room Holiday Inn, 84 market rate condominiums, 110,000 square feet of commercial space and 640 parking spaces.

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

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

REVENUES

Real Estate Tax - Real estate property in the City is assessed by the Allegheny County Board of Property Assessment, Appeals and Review at a rate of 100% of its fair market value. The rates for 2007 were 10.8 mills on buildings and on land. A mill is \$1 on each \$1,000 of assessed value. The 2007 total assessed valuation for the City is \$13,325,234,154 vs. the 2006 total of \$13,371,107,278, a decrease of approximately .3%.

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

Business Privilege Tax - The City taxes the gross receipts from operating or conducting a service business, trade or profession in, or attributable to, the City at a rate of 1 mill in 2006..

Parking Tax - A tax equal to 45% of the consideration paid for each parking transaction is levied on the patrons of non-residential parking places in the City; e.g. on a \$11.60 parking fee, \$3.60 is tax, or 45% of the \$8 underlying parking charge. The rate is to be reduced to 40.0% in 2008, 37.5% in 2009 and 35% in 2010.

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

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

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

Emergency and Municipal Services Tax - A \$52 tax levied upon each individual whose principal place of employment is located in the City, regardless of residency. If an employee's income is less than \$12,000, they only pay \$10. In 2008, the name of this tax is changing to Local Services Tax.

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

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

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

RISK MANAGEMENT

The City is self-insured for purposes of workers' compensation benefits. Provisions are recorded in the General Fund for benefits estimated to be payable from available spendable financial resources. As non-current amounts mature, they are liquidated from General Fund resources. In order to qualify for and maintain self-insurance status, the City must comply with certain Commonwealth of Pennsylvania requirements. The requirements for 2006 are as follows: (1) maintain an irrevocable trust fund; the City's contribution to the fund is determined annually in negotiations with the Commonwealth of Pennsylvania Department of Labor, (2) satisfy the financial responsibility requirements established by the Commonwealth of Pennsylvania, (3) establish liability reserves based upon expected future payments for all claims outstanding one year or more at the end of the fiscal year. The City complied with all of the above requirements during 2007. The irrevocable trust, which is recorded as an expendable trust fund, may only be used in the event of default by the City under the self-insurance regulations.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City covers all claim settlements and judgments, not covered by insurance, within its General and Capital Projects Funds.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last fifteen consecutive years (fiscal years ended 1992-2006). We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in black ink that reads "Michael E. Lamb". The signature is written in a cursive style with a large, prominent initial "M".

Michael E. Lamb
City Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pittsburgh
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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



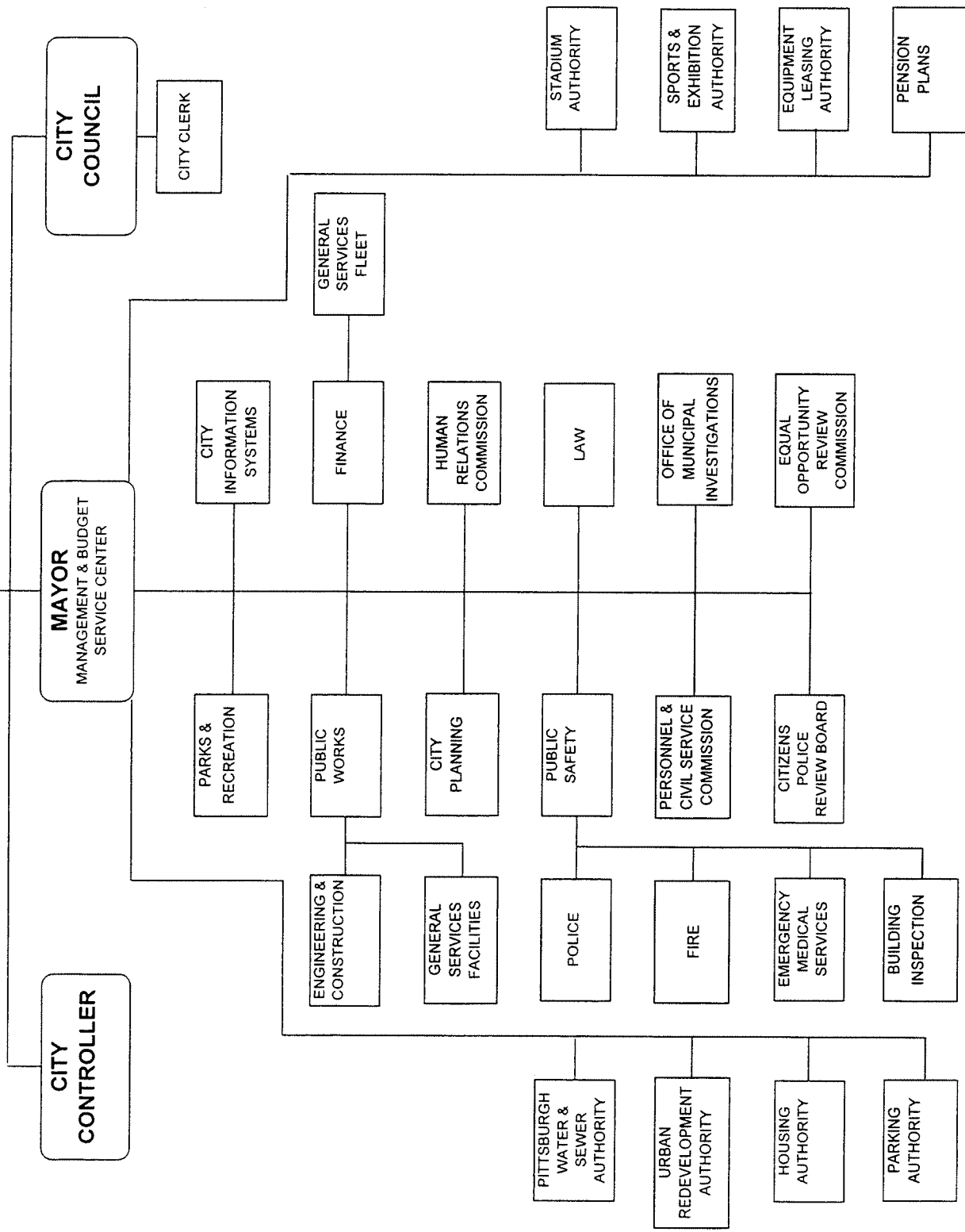
Charles S. Cox

President

Jeffrey R. Egan

Executive Director

CITIZENS OF THE CITY OF PITTSBURGH



CITY OF PITTSBURGH, PENNSYLVANIA

ELECTED CITY OFFICIALS

As of April 28, 2008

MAYOR

Luke Ravenstahl

CONTROLLER

Michael E. Lamb

MEMBERS OF COUNCIL

Doug Shields, President, District 5

William Peduto, Finance/Budget Committee, District 8

Darlene Harris, District 1
Daniel Deasy, District 2
Bruce Kraus, District 3
Jim Motznik, District 4
Tonya Payne, District 6
Patrick Dowd, District 7
Rev. Ricky Burgess, District 9

FINANCIAL SECTION

MAHER DUESSEL

CERTIFIED PUBLIC ACCOUNTANTS

THREE GATEWAY CENTER – SIX WEST
PITTSBURGH, PA 15222

(412) 471-5500
FAX (412) 471-5500

Independent Auditor's Report

The Honorable Members of Council
City of Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pittsburgh, Pennsylvania (City), as of and for the year ended December 31, 2007, which collectively comprise the City's financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Parking Authority of Pittsburgh (Parking Authority) and the Stadium Authority of the City of Pittsburgh (Stadium Authority), which collectively represent 19% of the assets and 22% of the revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Parking Authority and the Stadium Authority, are based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1(B), the City is considered a distressed community under the provisions of the "Municipalities Financial Recovery Act" (Act 47) of the

The Honorable Members of Council
City of Pittsburgh, Pennsylvania
Independent Auditor's Report
Page Two

Commonwealth of Pennsylvania. Under the provisions of Act 47, the City adopted a financial recovery plan (Plan), which among other things, permits the City to increase certain tax rates and fees, levy new taxes, and requires reduction of certain spending levels. The Plan is intended to enable the City to maintain services at the current level. The implementation of the Plan is subject to periodic review by the Pennsylvania Department of Community and Economic Development.

The Management's Discussion and Analysis on pages i through xiv, and the pension and other post-employment benefits schedules on pages 95 through 98 are not a required part of the financial statements but are 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual other governmental fund financial statements, Capital Projects Fund budgetary comparison, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual other governmental fund financial statements and the Capital Projects Fund budgetary comparison have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Maher Duessel
Pittsburgh, Pennsylvania
April 28, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Pittsburgh (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report, and in the basic financial statements and supplementary information.

Financial Highlights

- The liabilities of the City exceeded its assets at the close of the most recent fiscal year by \$591.8 million. As of December 31, 2007, the City, in its statement of net assets, has a net asset unrestricted deficit of \$623.5 million. The accumulated deficit results principally from the City's outstanding general obligation bonds being issued over the years to finance projects that do not result in recording assets; specifically to fund the payments to the Pension Trust Fund (\$242.6 million outstanding as of December 31, 2007), the City's borrowings to finance economic development efforts (including projects to the City's Authorities, principally the URA), and maintenance expenditures on City infrastructure and equipment needs.
- The City's total net assets increased by \$36.3 million in 2007.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$184.9 million, an increase of \$32.5 million from the previous year. Approximately 86% of this total amount, \$158.7 million, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$84.1 million (compared to \$73.9 million in 2006) or 21.7 % of total General Fund expenditures and debt service transfers for 2007, up from 18.5% in 2006 and 8.5% in 2005.

The City's gross bonded debt amounted to \$764.1 million at the end of the fiscal year.

Overview of the Financial Statements

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

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

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

The remaining statements (pages 3 through 23) are fund financial statements that focus on individual parts of City government, reporting operations in more detail than the government-wide statements.

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

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

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

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

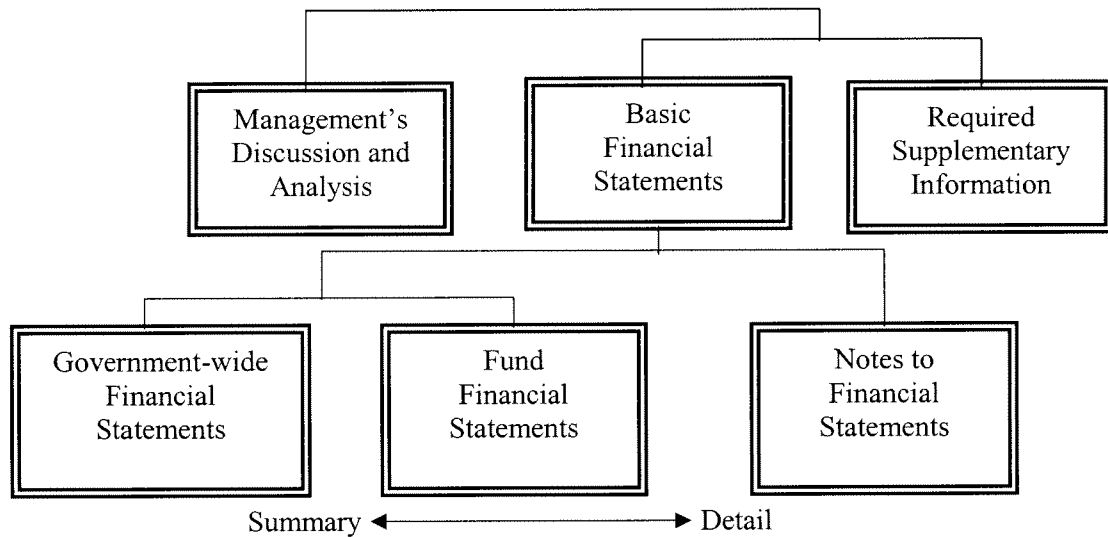


Figure A-2 summarizes the major features of the City’s financial statements. The remainder of this overview section of the Management’s Discussion and Analysis explains the structure and contents of each of the statements.

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

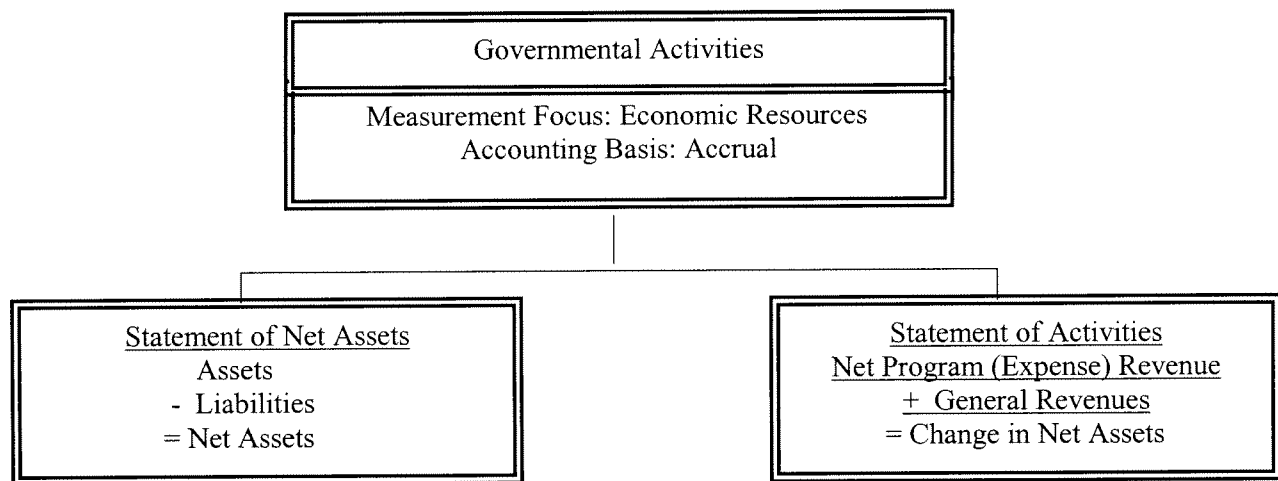
The statement of activities presents information showing how the government’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event gives rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only

result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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



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

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds. Some funds are required by State law.

The City has two kinds of funds:

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

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

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

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

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

- *Fiduciary Funds – (Pension Trust Funds and Agency Funds)* - The City administers three pension plans. One is for the general employees and the others are for police officers and firemen. These plans cover essentially all full-time employees. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate combined statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

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

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

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

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

Government-wide Financial Analysis

In the case of the City, liabilities exceeded assets by \$591.8 million at the close of the most recent fiscal year.

By far the largest portion of the City's deficit in net assets is its unrestricted deficit of \$623.5 million. This deficit is partially offset by investment in capital assets less any related debt still outstanding used to acquire those assets of \$28.1 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

Summary of Condensed Net Assets:

The following table presents a condensed summary of net assets:

City of Pittsburgh's Net Assets

	Governmental Activities	
	(\$ millions)	
	2007	2006
Assets		
Current assets:		
Unrestricted assets	\$ 207	\$ 133
Restricted assets	20	62
Capital assets	181	188
Total assets	408	383
Liabilities		
Current liabilities	130	117
Long-term liabilities, outstanding	870	894
Total liabilities	1,000	1,011
Net Assets		
Invested in capital assets, net of related debt	28	20
Restricted	4	17
Unrestricted	(624)	(665)
Total net assets	<u>\$ (592)</u>	<u>\$ (628)</u>

At the end of the current fiscal year, the City reports a \$591.8 million net deficit for the governmental activities due in part to its debt burden outstanding. This is consistent with the prior fiscal year.

Summary of Changes in Net Assets:

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

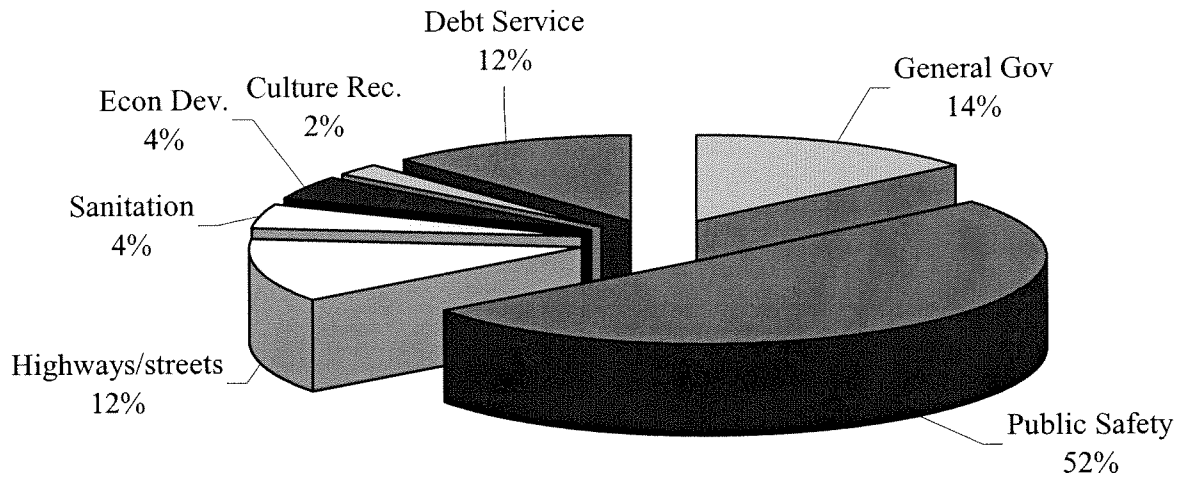
Governmental activities - Governmental activities increased the City's net assets by \$36.3 million. Key elements in the increase in net assets were increases of \$7.3 million in Earned income taxes, \$4.0 million in Payroll Preparation Tax, \$2.7 million in Interest on Investments, offset by the reduction of the Parking Tax of \$2.8 million. The remaining amounts are as follows:

City's of Pittsburgh Activities

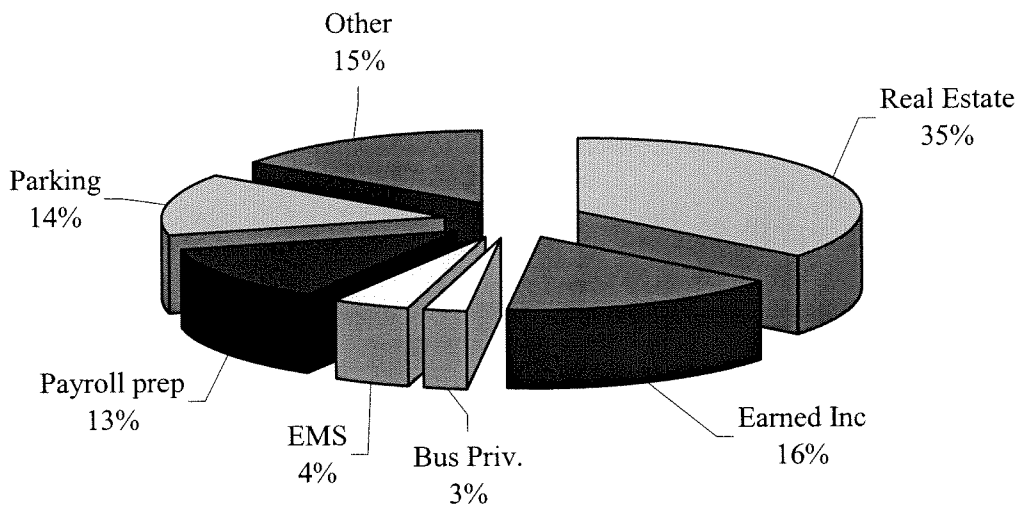
(\$ millions)	Governmental Activities	
	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 45	\$ 43
Operating grants and contributions	66	51
Capital grants and contributions	25	17
Total program revenues	136	111
General revenues:		
Real estate property taxes	129	139
Earned income taxes	57	50
Business privilege taxes	9	15
Emergency and municipal services taxes	16	16
Payroll preparation taxes	45	41
Parking taxes	49	52
RAD sales taxes	21	20
Deed transfer taxes	17	18
Amusement taxes	9	9
Payment in lieu of taxes	5	6
Facilities usage fee	3	2
Other taxes	2	2
Investment earnings	10	7
Other	3	1
Total general revenues	375	378
Total revenues	511	489
Expenses:		
General government	67	58
Public safety	242	207
Highways/streets	57	56
Sanitation	21	18
Economic development	21	16
Culture and recreation	10	12
Interest on debt	43	38
Bond issuance costs	-	3
Debt subsidies to Authorities and Component Units	14	14
Total expenses	475	422
Change in Net Assets	36	67
Net Assets:		
Beginning of year	(628)	(695)
End of year	\$ (592)	\$ (628)

Public Safety accounted for an increase in expenditures of \$35 million, an increase in General Government spending of \$10 million and an increase in Economic Development of \$5 million. The increases in Public Safety and General Government are mainly due to an increase in benefits and the implementation of the new GASB 45. The increase in expenditures for Economic Development is mainly due to increased funding to the Urban Redevelopment Authority.

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



General Fund tax revenues (73% of total revenue) are presented below by type of tax:



Governmental Funds

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

Revenues for the General Fund totaled \$453.1 million in 2007, an increase of \$11.4 million, or by 2.6%, compared to 2006. The net decrease of \$3.9 million in tax revenue was mostly due to a decrease of \$6.5 million in real estate taxes, \$2.8 million in parking tax, \$5.7 million decrease in the business privilege tax, offset by a \$7.3 million increase in the earned income tax and a \$3.1 million increase in the payroll preparation tax. All other taxes were relatively stable.

In addition to the above General Fund tax revenues, the City collected \$20.2 million in the Community Development Fund, \$5.1 million in Capital Projects, and \$29.8 million in Other Governmental Funds mostly from pass-thru of federal and state monies.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$184.9 million, an increase of \$32.5 million from 2006. Approximately 52% of this total fund balance, or \$96.1 million constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to: 1) liquidate contracts and purchase orders encumbered in the prior period, \$22.7 million; 2) pay debt service \$1.4 million; 3) other reserved purposes, \$3.5 million; and 4) designated for capital projects \$61.2 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$84.1 million, while total fund balance for the General Fund was \$89.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.9% of total General Fund expenditures and operating transfers, while total fund balance represents 20.2% of General Fund expenditures and operating transfers. A fund balance percentage of 15-20% of expenditures is typically considered a sign of financial health.

The fund balance of the City's General Fund increased by \$9.0 million during the current fiscal year and increased by \$42.4 million in 2006.

Expenditures and uses, including debt service payments/transfers, for the General Fund in 2007 increased to \$448.2 million, compared to \$403.4 million in 2006 representing a increase of 11.1% or \$44.8 million overall. This increase is due mainly to a \$60 million transfer to the capital projects fund offset by a decrease in the debt service transfer by \$22.6 million. Due to the \$60 million transfer, the City will not have to issue capital bonds until at least 2012.

Transfers to the Debt Service Fund of \$66.1 million combined with debt subsidies of \$14.1 million totaled \$80.2 million compared to \$101.6 million in 2006. The debt subsidies are for the URA and Auditorium Authority and are commitments made by the City over the life of their bonds. The decrease of \$21.4 million was due mainly to the use of \$19 million of Debt Service Fund balance to pay debt rather than transferring funds from the General Fund. Debt and debt subsidies accounted for 17.9% of the expenditures illustrating the magnitude of the City's annual debt service. The City's normal debt service percentage is between 22%-25%.

The Debt Service Fund has a total fund balance of \$1.4 million, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$13.9 million, due mainly to the use of fund balance to pay debt.

The Community Development Fund had intergovernmental revenues of \$20.2 million and expenditures of \$20.2 million. The Capital Projects Fund had \$5.1 million of revenues, \$21.5 million in maintenance costs, \$0.5 million in capital related expenditures and paid \$5.2 million in operating transfers. The Capital Projects Fund, fund balance increased by \$38.2 million in 2007 to \$81.4 million as of December 31, 2007. The increase was due mainly to the \$60.0 million that was transferred into Capital Projects from the General Fund.

General Fund Budgetary Highlights

Actual General Fund revenues were above the budgeted revenues by \$23.0 million mainly due to increases in Emergency and Municipal Services Tax by \$6.6 million, Earned Income Tax by \$5.8 million and Interest Earnings by \$3.8 million. In addition, the final cash basis revenues exceeded the final cash basis expenditures by \$9.9 million, in effect budgeting a surplus for the year. Some revenue sources exceeded budget estimates; real estate, earned income tax, deed transfer tax, emergency & municipal services tax, payroll preparation tax, interest income, fines and forfeitures and PWSA reimbursements all contributed to about \$19.9 million of the increase. But other revenue streams offset this; slots revenue by \$2.6 million and federal and state grants by \$3.5 million. Final budget General Fund expenditures were greater than original budget by \$8.7 million or about 1.9% and were less than the actual expenditures by \$4.3 million or 1.0%.

During fiscal year 2007, City Council amended the budget primarily for the following reasons:

- To appropriate funds to pay prior year commitments in the form of encumbrances for General Fund purchase orders authorized and issued, but for which goods and services were not received nor paid for by December 31, 2006 totaled \$8.7 million.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental-type activities as of December 31, 2007, amounts to \$181.4 million net of accumulated depreciation. This investment in capital assets includes building and building improvements, land, machinery and equipment, furniture and fixtures, vehicles, infrastructure, capital lease, and construction-in-progress.

Major capital asset events during the current fiscal year were limited due to the lack of working capital to invest in assets. The only major increase in assets was the purchase of \$4.7 million in vehicles. Also, furniture and machinery and equipment totaling \$.5 million were purchased.

City of Pittsburgh's Capital Assets

(\$ millions)	Governmental Activities	
	2007	2006
Land and land improvements	\$ 46	\$ 46
Construction in progress	3	2
Buildings and building improvements	89	89
Capital leases	15	15
Infrastructure	178	178
Vehicles	49	47
Furniture and fixtures	4	4
Machinery and equipment	3	3
Total capital assets	387	384
Less accumulated depreciation for:		
Buildings	(74)	(73)
Infrastructure	(86)	(79)
Vehicles	(36)	(35)
Furniture and fixtures	(4)	(4)
Capital leases	(3)	(2)
Machinery and equipment	(3)	(3)
Total accumulated depreciation	(206)	(196)
Total capital net assets	\$ 181	\$ 188

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

Long-term debt - At the end of the current fiscal year, the City had total debt outstanding of \$764.1 million which comprises debt backed by the full faith and credit of the government.

City of Pittsburgh's Outstanding Debt

(\$ millions)	Governmental Activities	
	2007	2006
General obligation bonds:		
Beginning balance at January 1	\$ 803	\$ 787
Debt issued and other	-	242
Refinanced bonds	-	(195)
Principal payments and other	(39)	(31)
Ending balance at December 31	\$ 764	\$ 803

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

Significant Events

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

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

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

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

On November 21, 2004, the State Legislature approved legislation providing Pittsburgh with new taxing authority that was intended to balance its 2005 and subsequent operating budget allowing for a surplus each year to build a fund balance of \$21.9 million by 2009. As of December 31, 2007, the City has exceeded these expectations by having a funds balance of \$89.5 million. Taxes included: a 0.55% tax on the gross payroll of all for-profit businesses, \$52 on individuals working in the City, 3.0% tax on wages earned by non-resident sports players and performers using the stadium and arena, a shift in earned income away from the school district and to the City beginning in 2007, elimination of the \$4.0 million payment of regional asset district sales tax to the school district and a gradual reduction in the City’s parking tax beginning in 2007. The tax package provided for the gradual reduction of the business privilege tax and total elimination of the mercantile tax.

During the first quarter of 2005, the City signed a 5-year contract with the Firefighter’s Union that provided the City with a budget savings of \$9.1 million in 2005, \$13.2 million in 2006 and \$15.4 million in 2007. A combination of staff reduction, station closings and benefit renegotiation produced those savings.

By April of 2005, all three bond rating agencies boosted the rating of City bonds to investment grade status, thereby providing the City with the opportunity to take advantage of favorable bond rates. On June 7, 2005, the City closed on refinancing \$195.0 million worth of bonds which will produce a \$6.0 million cash savings in debt financing costs for the year. This savings in the operations will make available needed funds for capital purchases and programs, such as street repair, vacant building demolition and other immediate needs of the City not able to be funded from other sources.

Also on June 10, 2006, the City closed on \$194.2 million of refinancing bonds and \$47.8 million of general obligation bonds to be used for capital improvements over the next three years. The

refinancing saved the City \$4.2 million in debt service costs (cash flows) between the new bonds and the bonds refinanced over the next 20 years.

Cash Position

During 2007, the City continued efforts begun in the latter half of 2003 to control costs, improve collections and maintain solvency. These efforts combined with remaining available fund balance produced benefits into 2007 by allowing the City to meet its beginning of the year obligations without executing a bank note at the beginning of 2008. The City expects cash flows to be sufficient enough in 2008 to maintain a positive cash position.

Due to the revenue increase combined with the cost reductions in the budget, at the end of 2007, the City projected a 2008 General Fund ending cash balance of \$91.2 million, an increase of \$13.1 million, or 17.0%, in liquidity over one year ago. There is every indication at this time that this projection is realistic and that there should be no need to seek outside funding for continuing operations into early 2009.

Requests for information

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

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	Primary Governmental Activities	Component Units
Assets		
Current assets:		
Cash, cash equivalents, and investments	\$ 152,236,858	\$ 270,975,062
Restricted cash	20,089,836	12,538,345
Investments - restricted	-	6,130,998
Real estate taxes (net of allowance for uncollectible accounts of \$11,925,164)	16,463,825	-
Accounts receivable, net	-	24,002,145
Accrued interest receivable	802,078	1,059,909
Due from other governments	9,907,523	12,844,860
Due from component unit	264,319	-
Taxpayer - assessed taxes receivable	14,389,048	-
Inventory	-	1,572,000
Notes receivable	-	2,115,546
Other receivables	12,853,101	10,660,009
Grant receivable	-	290,000
Prepaid expenses	-	443,800
Total current assets	227,006,588	342,632,674
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	-	6,593,000
Investments	-	79,883,052
Accrued interest receivable	-	338,000
Insurance escrow	-	32,441
Replacement escrow	-	52,202
Accounts receivable - parking	-	2,570,746
Total restricted assets	-	89,469,441
Capital assets:		
Capital assets not being depreciated:		
Land and land improvement	45,602,091	38,923,943
Construction-in-progress	2,560,243	57,806,978
Capital assets being depreciated:		
Buildings and building improvements	88,778,564	70,426,745
Parking facilities	-	115,992,257
Machinery and equipment	3,485,203	5,592,969
Utility plant	-	570,724,000
Non-utility plant	-	15,842,000
Furniture and fixtures	4,039,988	-
Vehicles	49,494,258	-
Infrastructure	177,810,167	-
Capital lease	15,434,653	-
Less accumulated depreciation	(205,832,399)	(242,048,470)
Total net capital assets	181,372,768	633,260,422
Leasehold improvements	-	429,443
Other assets	-	1,487,680
Bond issuance costs, net of amortization	-	9,637,455
Loans/notes receivable	-	105,195,484
Property held for redevelopment	-	24,093,118
Development fund	-	2,285,003
Total noncurrent assets	181,372,768	865,858,046
Total Assets	408,379,356	1,208,490,720

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

(Continued)

	Primary Governmental Activities	Component Units
Liabilities		
Current liabilities:		
Accounts payable - wastewater treatment	-	12,168,000
Accrued expenses and deferred income	-	1,135,286
Accounts and retainage payable	12,800,268	2,418,312
Accrued payroll and related obligations	11,532,649	52,166,044
Accrued interest payable	14,280,364	9,483,941
Accrued worker's compensation	20,724,001	-
Unfunded post-retirement employee benefits	7,587,219	-
Accrued compensated absences	15,744,736	-
Accrued claims and judgments	1,775,000	-
Unearned revenue	-	16,588,672
Due to other governments	747,149	-
Capital lease liability, current portion	518,334	-
Note due to City of Pittsburgh, current portion	-	2,025,000
Bonds and loans payable, current portion	44,485,000	33,503,276
Total current liabilities	130,194,720	129,488,531
Noncurrent liabilities:		
Unearned revenue	-	378,000
Other liabilities	-	6,676,177
Accrued payroll - related obligations	-	1,183,000
Note due to the City of Pittsburgh	-	4,645,000
Bonds and loans payable, net of unamortized premiums/ discounts and bond issuance costs	719,638,904	845,514,184
Accrued workers' compensation	122,269,655	-
Accrued compensated absences	13,256,602	-
Accrued claims and judgments	1,650,000	-
Capital lease liability	13,209,021	-
Advance from the City of Pittsburgh	-	22,775,168
Total noncurrent liabilities	870,024,182	881,171,529
Total Liabilities	1,000,218,902	1,010,660,060
Net Assets		
Invested in capital assets, net of related debt	28,068,983	(19,655,810)
Restricted for:		
Capital projects	-	3,095,869
Debt service	1,433,493	18,987,903
Employee benefits	1,452,644	-
Endowments	704,456	-
Public Parking Authority	-	11,854,086
Urban development	-	33,931,178
Lending programs	-	73,486,310
Multi-family Housing Program	-	5,821,216
Unrestricted net assets	(623,499,122)	70,309,908
Total Net Assets	\$ (591,839,546)	\$ 197,830,660

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2007

Functions/Programs Primary government: Governmental activities: General government Public safety Highway and streets Sanitation Economic development (includes debt subsidies to URA of \$13,135,236) Culture and recreation (includes debt subsidies to Public Auditorium Authority of \$982,770) Interest on long-term debt plus bond issuance cost and amortization of premiums and discounts Total primary government Total component units	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
\$ 67,454,774	\$ 20,122,440	\$ 42,485,238	\$ 5,710,783	\$ 863,687	\$ -
242,305,419	19,366,360	11,819,315	2,603,401	(208,516,343)	-
57,079,918	3,013,764	9,267,903	7,308,896	(37,489,355)	-
20,615,151	501,152	71,940	-	(20,042,059)	-
34,362,550	-	-	8,149,974	(26,212,576)	-
10,200,857	1,841,009	2,261,718	947,894	(5,150,236)	-
42,688,605	-	-	-	(42,688,605)	-
\$ 474,707,274	\$ 44,844,725	\$ 65,906,114	\$ 24,720,948	(339,235,487)	-
\$ 224,751,596	\$ 152,672,977	\$ 63,909,467	\$ 2,618,897	(5,550,255)	(5,550,255)
General revenues:					
Real estate taxes				129,076,234	-
Earned income taxes				57,329,470	-
Business privilege taxes				9,298,694	-
Emergency services tax				16,448,473	-
Payroll preparation tax				44,436,947	-
Parking tax				49,294,644	-
Sales taxes from the Regional Asset District				20,869,051	-
Deed transfer tax				16,677,181	-
Amusement tax				8,919,870	-
Nonprofit payment for municipal services				5,311,595	-
Facilities usage fee				2,986,354	-
Public service privilege				1,128,025	-
Mercantile tax				64,609	-
Other taxes				1,016,584	-
Unrestricted investment earnings				9,497,563	12,664,333
Donations and endowments				-	2,582,528
Easement revenue				-	1,271,900
Gain (loss) of sale of assets				-	5,264,738
Miscellaneous				2,727,556	-
Total general revenues				375,565,371	21,783,499
Change in net assets				36,329,884	16,233,244
Net assets - beginning				(628,169,430)	181,597,416
Net assets - ending				\$ (591,839,546)	\$ 197,830,660

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2007

	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 77,738,079	-	\$ 1,725,391	\$ 60,000,000	\$ 12,773,390	\$ 152,236,860
Cash and cash equivalents - restricted	338,227	1,035,609	-	18,716,000	-	20,089,836
Receivables:						
Real estate taxes (net of allowances for uncollectible accounts of \$11,925,164)	16,463,825	-	-	-	-	16,463,825
Taxpayer - assessed taxes receivable	14,389,048	-	-	-	-	14,389,048
Other receivables	11,958,291	-	-	-	894,811	12,853,102
Due from component units	264,319	-	-	-	-	264,319
Accrued interest	396,180	397,884	-	-	8,014	802,078
Advance to other fund	1,968,416	-	-	1,300,000	-	1,300,000
Due from other governments	1,110,306	-	2,272,792	3,551,613	2,114,702	9,907,523
Due from other funds	-	-	3,732	64,873	239,703	1,418,614
Total Assets	\$ 124,626,691	\$ 1,433,493	\$ 4,001,915	\$ 83,632,486	\$ 16,030,620	\$ 229,725,205

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2007
(Continued)

	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 6,371,389	-	\$ 1,671,735	\$ 2,164,355	\$ 2,552,131	\$ 12,759,610
Accrued liabilities	10,913,390	-	36,893	-	511,268	11,461,551
Retainage payable	-	-	-	40,658	-	40,658
Advance from other fund	-	-	1,300,000	-	-	1,300,000
Due to other funds	9,496	-	908,670	-	500,448	1,418,614
Due to other governments	707,659	-	-	-	39,490	747,149
Accrued claims and judgments	1,775,000	-	-	-	-	1,775,000
Deferred revenue, principally real estate taxes	15,319,385	-	-	-	-	15,319,385
Total Liabilities	35,096,319	-	3,917,298	2,205,013	3,603,337	44,821,967
Fund Balance:						
Reserved:						
Encumbrances	3,273,535	-	-	18,879,648	551,529	22,704,712
Reserved for endowments	704,456	-	-	-	-	704,456
Reserved for employee benefits	1,452,644	-	-	-	-	1,452,644
Advance	-	-	-	1,300,000	-	1,300,000
Unreserved:						
Undesignated:						
General Fund	84,099,737	-	-	-	-	84,099,737
Special Revenue Fund	-	-	84,617	-	11,875,754	11,960,371
Designated for subsequent years expenditures	-	1,433,493	-	61,247,825	-	62,681,318
Total Fund Balance	89,530,372	1,433,493	84,617	81,427,473	12,427,283	184,903,238
Total Liabilities and Fund Balance	\$ 124,626,691	\$ 1,433,493	\$ 4,001,915	\$ 83,632,486	\$ 16,030,620	\$ 229,725,205

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

Total Fund Balance - Governmental Funds		\$ 184,903,238
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets including construction-in-progress used in governmental activities are not current financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$387,205,167 and the accumulated depreciation is \$205,832,399.</p>		
		181,372,768
<p>Property taxes receivable and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and therefore, are deferred in the funds. Receivable amounts are shown net of allowances, but are not deferred in the government-wide financial statements.</p>		
		15,319,382
<p>Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
	Bonds payable, net of unamortized premiums/ discounts and bond issuance costs	\$ (764,123,904)
	Capital lease liability	(13,727,355)
	Accrued workers' compensation	(142,993,656)
	Accrued compensated absences	(29,001,338)
	Unfunded post-retirement employee benefits	(7,587,219)
	Accrued other payable	(71,098)
	Accrued interest payable	(14,280,364)
	Accrued claims and judgments	(1,650,000)
		<u>(973,434,934)</u>
Total Net Assets - Governmental Activities		<u>\$ (591,839,546)</u>

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2007

	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes, including penalties and interest	\$ 356,662,496	\$ -	\$ -	\$ 563,058	\$ -	\$ 357,225,554
Payment in lieu of taxes	5,311,595	-	-	-	-	5,311,595
Interest and dividends	6,621,592	2,573,407	-	-	302,564	9,497,563
Fines and forfeits	7,073,883	-	-	-	312,931	7,386,814
Intergovernmental revenues	40,536,983	2,530,000	20,205,651	4,515,000	25,369,130	93,156,764
Charges for user services	34,233,296	-	-	-	3,224,614	37,457,910
Donations and endowments	247,471	-	-	-	235,050	482,521
Miscellaneous	2,394,396	-	-	-	366,710	2,761,106
Total revenues	453,081,712	5,103,407	20,205,651	5,078,058	29,810,999	513,279,827
Expenditures:						
Current:						
General government	44,825,038	-	6,922,026	1,597,426	1,012,165	54,356,655
Public safety	204,881,165	-	2,014,499	1,417,401	1,624,550	209,937,615
Public works	29,832,808	-	3,253,549	16,729,338	6,488,097	56,303,792
Sanitation	16,805,897	-	-	-	18,969	16,824,866
Community, recreational, and cultural	6,901,198	-	726,557	-	3,281,538	10,909,293
Economic and physical development	-	-	7,289,020	1,800,000	12,138,292	21,227,312
Claims and judgments	961,705	-	-	-	-	961,705
Miscellaneous	3,817,972	-	-	-	-	3,817,972
Debt service:						
Principal retirement of bonds	-	40,670,000	-	-	-	40,670,000
Interest on bonds	-	44,409,731	-	-	-	44,409,731
Public Auditorium Authority subsidy	982,770	-	-	-	-	982,770
Urban Redevelopment Authority subsidy	13,135,236	-	-	-	-	13,135,236
Capital outlay:						
Highways, streets, and other construction projects	-	-	-	516,615	6,690,647	7,207,262
Total expenditures	322,143,789	85,079,731	20,205,651	22,060,780	31,254,258	480,744,209
Excess (Deficiency) of Revenues Over Expenditures	130,937,923	(79,976,324)	-	(16,982,722)	(1,443,259)	32,535,618
Other Financing Sources (Uses):						
Transfers from other funds	4,091,500	66,050,169	-	60,300,057	5,283,524	135,725,250
Transfer to other funds	(126,073,169)	-	-	(5,160,524)	(4,491,557)	(135,725,250)
Total other financing sources (uses)	(121,981,669)	66,050,169	-	55,139,533	791,967	-
Net Change in Fund Balance	8,956,254	(13,926,155)	-	38,156,811	(651,292)	32,535,618
Fund Balance:						
Beginning of year	80,574,118	15,359,648	84,617	43,270,662	13,078,575	152,367,620
End of year	\$ 89,530,372	\$ 1,433,493	\$ 84,617	\$ 81,427,473	\$ 12,427,283	\$ 184,903,238

See accompanying notes to financial statements.

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

YEAR ENDED DECEMBER 31, 2007

Net Change in Fund Balance - Governmental Funds

\$ 32,535,618

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

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

	Capital outlays	\$ 5,692,753	
	Less: net deletions	(33,551)	
	Less: depreciation expense	<u>(11,997,690)</u>	(6,338,488)

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

320,582

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

38,699,358

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

(28,887,186)

Change in Net Assets of Governmental Activities

\$ 36,329,884

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes, net of refunds and banking fees:				
Real estate	\$ 123,998	\$ 123,998	\$ 126,279	\$ 2,281
Payment in lieu of taxes	5,700	5,700	5,170	(530)
Mercantile	-	-	25	25
Payroll preparation	42,100	42,100	44,627	2,527
Amusement	9,140	9,140	8,962	(178)
Earned income	50,950	50,950	56,705	5,755
Deed transfer	16,828	16,828	17,093	265
Parking	47,043	47,043	48,059	1,016
Occupation privilege	-	-	116	116
Emergency municipal service	9,820	9,820	16,387	6,567
Business privilege	8,043	8,043	8,957	914
Institution and service privilege	449	449	434	(15)
Facility usage fee	2,250	2,250	2,564	314
Public service	870	870	1,478	608
Penalties and interest	2,078	2,078	2,544	466
Act 77 - tax relief	12,696	12,696	12,617	(79)
	<u>331,965</u>	<u>331,965</u>	<u>352,017</u>	<u>20,052</u>
Total taxes, net of refunds and banking fees				
Interest earnings	3,100	3,100	6,891	3,791
Fines and forfeits	5,061	5,061	6,916	1,855
Licenses and fees:				
Liquor and malt beverage	425	425	401	(24)
Business	-	-	1	1
General government	1,020	1,020	633	(387)
Rentals and charges	4,154	4,154	4,483	329
	<u>5,599</u>	<u>5,599</u>	<u>5,518</u>	<u>(81)</u>
Total licenses and fees				
Federal and state grants	17,270	17,270	13,751	(3,519)
Reimbursement, CDBG	735	735	1,606	871
Public Parking Authority	1,300	1,300	1,282	(18)
PWSA reimbursement	5,300	5,300	7,800	2,500
Sports and Exhibition Authority	2,530	2,530	1	(2,529)
State utility tax	470	470	483	13
Miscellaneous	325	325	2,027	1,702
Breakeven centers	21,018	21,018	20,924	(94)
Joint operations	100	100	132	32
Provisions of services	8,730	8,730	7,562	(1,168)
State aid - pension	13,775	13,775	15,182	1,407
Sale of public property	-	-	7	7
Economic development slots revenue	7,658	7,658	5,100	(2,558)
Operating transfer	-	-	688	688
Intergovernmental service fee	722	722	722	-
	<u>425,658</u>	<u>425,658</u>	<u>448,609</u>	<u>22,951</u>
Total revenues				

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Expenditures:							
General Government:							
City Council and City Clerk's Office:							
City Council:							
Salaries	1,206	13	1,219	1,174	-	1,174	45
Supplies	-	1	1	1	-	1	-
Equipment	-	-	-	-	-	-	-
Miscellaneous services	-	43	43	21	-	21	22
Total city council	1,206	57	1,263	1,196	-	1,196	67
City Clerk's Office:							
Salaries	427	64	491	452	-	452	39
Miscellaneous services	119	94	213	87	5	92	121
Supplies	8	1	9	8	-	8	1
Rentals	-	12	12	-	-	-	12
Equipment	5	6	11	4	2	6	5
Transfers	-	6	6	-	-	-	6
Total city clerk's office	559	183	742	551	7	558	184
Total city council and city clerk's office	1,765	240	2,005	1,747	7	1,754	251
Mayor's Office:							
Salaries	879	-	879	869	-	869	10
Premium pay	2	3	5	4	-	4	1
Miscellaneous services	100	12	112	92	4	96	16
Education and training	84	-	84	81	-	81	3
Supplies	31	1	32	31	-	31	1
Equipment	3	-	3	3	-	3	-
Utilities	6	-	6	3	-	3	3
Total mayor's office	1,105	16	1,121	1,083	4	1,087	34
City Information Systems:							
Salaries	2,752	-	2,752	2,426	-	2,426	326
Premium pay	34	-	34	1	-	1	33
Miscellaneous services	1,138	-	1,138	1,137	-	1,137	1
Education and travel expense	25	-	25	19	-	19	6
Supplies	168	-	168	168	-	168	-
Equipment	150	11	161	150	-	150	11
Utilities	771	-	771	771	-	771	-
Total city information systems	5,038	11	5,049	4,672	-	4,672	377
Commission on Human Relations:							
Salaries	212	-	212	198	-	198	14
Miscellaneous services	23	32	55	8	35	43	12
Education and training	1	-	1	-	-	-	1
Supplies	1	-	1	1	-	1	-
Equipment	1	-	1	1	-	1	-
Total commission on human relations	238	32	270	208	35	243	27

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Office of City Controller:							
Salaries	2,050	-	2,050	1,931	-	1,931	119
Premium pay	7	-	7	-	-	-	7
Miscellaneous services	106	49	155	109	8	117	38
Education and training	11	-	11	4	-	4	7
Supplies	10	3	13	7	6	13	-
Equipment	15	13	28	14	-	14	14
Rentals	14	3	17	14	-	14	3
Total office of city controller	2,213	68	2,281	2,079	14	2,093	188
Department of Law:							
Salaries	1,425	1	1,426	1,268	-	1,268	158
Premium pay	-	12	12	12	-	12	-
Miscellaneous services	341	66	407	235	-	235	172
Education and training	17	-	17	13	-	13	4
Supplies	25	4	29	24	-	24	5
Equipment	24	-	24	21	-	21	3
Rentals	8	-	8	4	-	4	4
Total department of law	1,840	83	1,923	1,577	-	1,577	346
Department of Law - EORC:							
Salaries	234	-	234	115	-	115	119
Premium pay	-	2	2	2	-	2	-
Miscellaneous services	10	45	55	4	-	4	51
Education and training	4	-	4	1	-	1	3
Supplies	1	-	1	-	-	-	1
Equipment	3	-	3	-	-	-	3
Rentals	13	-	13	2	-	2	11
Total department of law - EORC	265	47	312	124	-	124	188
Department of Law - OMI:							
Salaries	428	-	428	360	-	360	68
Premium pay	1	-	1	-	-	-	1
Miscellaneous services	100	81	181	27	-	27	154
Education and training	10	-	10	6	-	6	4
Supplies	6	-	6	3	-	3	3
Equipment	3	-	3	2	-	2	1
Rentals	2	-	2	2	-	2	-
Total department of law - OMI	550	81	631	400	-	400	231
Department of Personnel and Civil Service Commission:							
Salaries	1,110	-	1,110	1,088	-	1,088	22
Premium pay	3	-	3	3	-	3	-
Miscellaneous services	379	366	745	438	123	561	184
Education and training	7	-	7	2	-	2	5
Supplies	18	5	23	13	-	13	10
Equipment	58	-	58	31	-	31	27
Materials	4	-	4	3	-	3	1
Rentals	9	-	9	7	-	7	2
Total department of personnel and civil service commission	1,588	371	1,959	1,585	123	1,708	251

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Department of Finance:							
Administration:							
Salaries	3,605	-	3,605	3,042	-	3,042	563
Premium pay	32	-	32	21	-	21	11
Miscellaneous services	1,320	241	1,561	1,117	120	1,237	324
Education and training	18	-	18	7	-	7	11
Supplies	300	12	312	300	-	300	12
Materials	3	3	6	2	-	2	4
Equipment	43	7	50	13	-	13	37
Repairs	2	-	2	2	-	2	-
Rentals	29	-	29	19	-	19	10
Total administration	5,352	263	5,615	4,523	120	4,643	972
General Services:							
Salaries	976	-	976	777	-	777	199
Premium pay	16	10	26	25	-	25	1
Miscellaneous services	5,412	195	5,607	5,402	101	5,503	104
Education and training	1	-	1	1	-	1	-
Uniforms	3	-	3	2	-	2	1
Supplies	3,015	4	3,019	3,010	-	3,010	9
Equipment	4	1	5	3	-	3	2
Repairs	1,505	-	1,505	911	592	1,503	2
Rentals	2,012	1,147	3,159	1,959	549	2,508	651
Total general services	12,944	1,357	14,301	12,090	1,242	13,332	969
Fleet Management:							
Miscellaneous services	-	408	408	-	-	-	408
Uniforms	-	2	2	-	-	-	2
Supplies	-	8	8	-	-	-	8
Utilities	-	21	21	-	-	-	21
Equipment	-	1	1	-	-	-	1
Repairs	-	413	413	159	-	159	254
Total fleet management	-	853	853	159	-	159	694
Total department of finance	18,296	2,473	20,769	16,772	1,362	18,134	2,635

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Department of City Planning:							
Salaries	1,148	116	1,264	1,200	-	1,200	64
Premium pay	5	7	12	10	-	10	2
Miscellaneous services	89	32	121	71	-	71	50
Education and training	4	-	4	1	-	1	3
Supplies	22	-	22	20	-	20	2
Rentals	8	-	8	4	-	4	4
Equipment	7	1	8	7	-	7	1
Grants	-	50	50	-	-	-	50
Total department of city planning	1,283	206	1,489	1,313	-	1,313	176
Total general government	34,181	3,628	37,809	31,560	1,545	33,105	4,704
Public Safety - Department of Public Safety:							
Bureau of Administration:							
Salaries and wages	116	-	116	107	-	107	9
Premium pay	-	5	5	2	-	2	3
Miscellaneous services	-	101	101	-	-	-	101
Equipment	-	3	3	-	-	-	3
Total bureau of administration	116	109	225	109	-	109	116
Bureau of Emergency Medical Services:							
Salaries and wages	8,939	-	8,939	8,598	-	8,598	341
Premium pay	2,458	300	2,758	2,758	-	2,758	-
Miscellaneous services	96	30	126	117	-	117	9
Education and training	14	-	14	13	-	13	1
Supplies and materials	219	30	249	230	19	249	-
Equipment	1,106	36	1,142	115	7	122	1,020
Rentals	5	-	5	3	-	3	2
Repairs	66	-	66	65	-	65	1
Uniforms	125	-	125	114	-	114	11
Total bureau of emergency medical services	13,028	396	13,424	12,013	26	12,039	1,385
Bureau of Police:							
Salaries	55,104	-	55,104	52,196	-	52,196	2,908
Premium pay	7,119	300	7,419	7,042	-	7,042	377
Miscellaneous services	1,679	90	1,769	1,678	43	1,721	48
Education and training	67	27	94	63	-	63	31
Fringe benefits	-	17	17	-	-	-	17
Supplies and materials	288	18	306	249	-	249	57
Equipment	1,307	10	1,317	164	6	170	1,147
Repairs	8	-	8	8	-	8	-
Rentals	147	97	244	134	5	139	105
Uniforms	923	161	1,084	1,044	5	1,049	35
Total bureau of police	66,642	720	67,362	62,578	59	62,637	4,725
Bureau of Fire:							
Salaries and wages	38,279	-	38,279	36,227	-	36,227	2,052
Premium pay	9,997	-	9,997	9,328	-	9,328	669
Miscellaneous services	132	30	162	99	-	99	63
Education and training	18	-	18	12	-	12	6
Supplies	125	13	138	125	-	125	13
Repairs	41	-	41	35	-	35	6
Equipment	29	-	29	28	-	28	1
Uniforms	408	-	408	407	-	407	1
Total bureau of fire	49,029	43	49,072	46,261	-	46,261	2,811

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Bureau of Building Inspection:							
Salaries	2,872	-	2,872	2,674	-	2,674	198
Premium pay	5	-	5	-	-	-	5
Miscellaneous services	186	3	189	131	-	131	58
Education and training	27	-	27	23	-	23	4
Supplies	13	-	13	12	-	12	1
Repairs	1	-	1	-	-	-	1
Rentals	6	-	6	2	-	2	4
Equipment	13	-	13	13	-	13	-
Uniforms	18	-	18	15	-	15	3
Total bureau of building inspection	3,141	3	3,144	2,870	-	2,870	274
Total public safety - department of public safety	131,956	1,271	133,227	123,831	85	123,916	9,311
Department of Public Works:							
Administration:							
Salaries	508	-	508	499	-	499	9
Premium pay	47	-	47	4	-	4	43
Miscellaneous services	161	-	161	135	-	135	26
Education and training	10	-	10	7	-	7	3
Supplies	24	-	24	21	-	21	3
Equipment	51	3	54	49	-	49	5
Rentals	15	-	15	12	-	12	3
Total administration	816	3	819	727	-	727	92
Operations:							
Salaries	12,043	-	12,043	11,477	-	11,477	566
Premium pay	744	-	744	734	-	734	10
Miscellaneous services	324	-	324	291	-	291	33
Supplies	99	14	113	84	-	84	29
Equipment	56	21	77	54	-	54	23
Materials	1,116	23	1,139	1,025	12	1,037	102
Repairs	325	3	328	277	-	277	51
Rentals	645	6	651	630	16	646	5
Total operations	15,352	67	15,419	14,572	28	14,600	819
Environmental Services:							
Salaries	7,190	-	7,190	6,250	-	6,250	940
Premium pay	606	-	606	481	-	481	125
Miscellaneous services	3,089	-	3,089	2,947	135	3,082	7
Supplies	118	-	118	86	-	86	32
Equipment	33	6	39	32	-	32	7
Uniforms	86	-	86	86	-	86	-
Materials	8	-	8	2	-	2	6
Rentals	8	-	8	2	-	2	6
Total environmental services	11,138	6	11,144	9,886	135	10,021	1,123
Engineering:							
Salaries	1,689	-	1,689	1,329	-	1,329	360
Total engineering	1,689	-	1,689	1,329	-	1,329	360

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
General Services - Facilities							
Salaries	1,637	-	1,637	1,538	-	1,538	99
Premium pay	37	-	37	26	-	26	11
Miscellaneous services	91	7	98	90	-	90	8
Education and training	1	-	1	-	-	-	1
Supplies	2	6	8	1	-	1	7
Equipment	8	2	10	8	-	8	2
Uniforms	25	-	25	25	-	25	-
Materials	120	31	151	119	5	124	27
Repairs	15	-	15	14	-	14	1
Rentals	-	-	-	-	-	-	-
Total general services - facilities	1,936	46	1,982	1,821	5	1,826	156
Total department of public works	30,931	122	31,053	28,335	168	28,503	2,550
Community, Recreational, and Cultural - Department of Parks and Recreation:							
Administration:							
Salaries	2,887	-	2,887	2,872	-	2,872	15
Premium pay	86	-	86	78	-	78	8
Miscellaneous services	479	215	694	507	46	553	141
Education and training	4	-	4	1	-	1	3
Supplies	226	22	248	223	3	226	22
Repairs	9	-	9	9	-	9	-
Rentals	44	-	44	44	-	44	-
Equipment	44	2	46	44	-	44	2
Grants	-	47	47	-	-	-	47
Total community, recreational, and cultural - department of parks and recreation	3,779	286	4,065	3,778	49	3,827	238
Nondepartmental:							
Employee Benefits:							
Pension	41,537	-	41,537	41,302	-	41,302	235
Fringe benefits	79,595	1,022	80,617	71,034	1,117	72,151	8,466
Total employee benefits	121,132	1,022	122,154	112,336	1,117	113,453	8,701
Claims and Judgments - Citywide	1,960	528	2,488	1,102	171	1,273	1,215
Citizens Review Board:							
Salaries	275	-	275	247	-	247	28
Miscellaneous services	92	20	112	80	21	101	11
Education and training	7	-	7	4	-	4	3
Supplies	5	3	8	5	-	5	3
Equipment	2	-	2	1	-	1	1
Repairs	-	1	1	-	-	-	1
Rentals	53	7	60	51	7	58	2
Total citizens review board	434	31	465	388	28	416	49
Utilities-Citywide	8,375	92	8,467	6,978	-	6,978	1,489
GF Transfers-unbudgeted operating	-	-	-	60,000	-	60,000	(60,000)
GF Grants-Citywide	-	72	72	-	-	-	72
GF Grants-Other	40	-	40	40	-	40	-
Miscellaneous (Postage/refunds)-Citywide	1,675	2,943	4,618	3,315	637	3,952	666
Debt Service:							
Debt service	91,195	(2,279)	88,916	66,050	-	66,050	22,866
Debt service subsidy	-	984	984	983	-	983	1
Total debt service	91,195	(1,295)	89,900	67,033	-	67,033	22,867
Total nondepartmental	224,811	3,393	228,204	251,192	1,953	253,145	(24,941)
Total expenditures	425,658	8,700	434,358	438,696	3,800	442,496	(8,138)
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>		<u>\$ (8,700)</u>			<u>\$ 6,113</u>	<u>\$ 14,813</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007
(Amounts expressed in thousands)
(Continued)

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 448,609
Actual amounts not included on budgetary basis.	917
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>7,647</u>
Total General Fund revenue and transfers in on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 457,173</u>

Users/Outflows of Revenues:

Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison statement.	\$ 438,694
Actual amounts not included on budgetary basis.	580
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>8,943</u>
Total General Fund expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 448,217</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 44,120,612	\$ 44,120,612	\$ 20,064,022	\$ (24,056,590)
Expenditures:				
General government:				
Council and City Clerk's Office	4,518,713	4,518,713	1,641,200	2,877,513
Finance	38,055	38,055	2,600	35,455
Department of Personnel and Human Relations	1,523,371	1,523,371	1,075,631	447,740
Department of City Planning	6,519,153	6,519,153	3,548,853	2,970,300
General services	22,357	22,357	-	22,357
Public safety	2,634,698	2,634,698	2,278,852	355,846
Public works:		-		
Public works	6,099,862	6,099,862	3,184,410	2,915,452
Engineering and construction	1,111,307	1,111,307	105,933	1,005,374
Community, recreational, and cultural programs	1,746,823	1,746,823	687,159	1,059,664
Intergovernmental programs	19,906,273	19,906,273	6,963,648	12,942,625
Total expenditures	44,120,612	44,120,612	19,488,286	24,632,326
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ 575,736	\$ 575,736

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

(Continued)

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the budgetary comparison statement.	\$ 20,064
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>142</u>
Total community development fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u><u>\$ 20,206</u></u>

Users/Outflows of Revenues:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 19,488
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>718</u>
Total community development fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	<u><u>\$ 20,206</u></u>

(Concluded)

See accompanying notes to financial statements.

FIDUCIARY FUND STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2007

	Pension Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 33,413,639	\$ 12,613,707
Investments:		
Preferred and common stock	102,193,272	-
U.S. government and agency obligations	41,503,711	-
Corporate and other obligations	69,975,253	-
Mutual funds	111,712,084	-
Hedge funds	26,982,698	-
Private equity	1,116,717	-
Accounts receivable	-	344,650
Other assets	-	242,741
Accrued interest and dividend receivables	1,074,391	-
	387,971,765	13,201,098
Liabilities		
Benefits and related withholdings payable	2,685,527	-
Accounts payable	49,145	26,384
Deposits held in trust	-	1,275,272
Accrued liabilities and other payables	18,064	11,899,442
	2,752,736	13,201,098
Net Assets		
Held in trust for pension benefits	\$ 385,219,029	\$ -
(Schedules of funding progress for each plan are presented on page 95)		

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2007

	Pension Trust Fund
Additions:	
<hr/>	
Contributions:	
Employer - pension benefits	\$ 22,944,682
Employer - other benefits	3,963,894
Plan members	9,201,118
State aid	15,182,262
	<hr/>
Total contributions	51,291,956
Investment income:	
Net appreciation in fair value of investments	16,179,386
Interest and dividends	23,105,840
	<hr/>
Total investment income	39,285,226
Investment expense	(1,318,099)
	<hr/>
Net investment income	37,967,127
Miscellaneous:	
Other	2,006,117
	<hr/>
Total additions	91,265,200
Deductions:	
<hr/>	
Benefit payments	79,094,748
Refund of employee contributions	999,454
Administrative expense	1,320,693
	<hr/>
Total deductions	81,414,895
Increase in Net Assets	9,850,305
Net Assets:	
<hr/>	
Beginning of year	375,368,724
End of year	\$ 385,219,029
	<hr/> <hr/>

See accompanying notes to financial statements.

COMBINING STATEMENTS OF DISCRETE COMPONENT UNITS

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET

COMPONENT UNITS

DECEMBER 31, 2007

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 222,656,693	\$ 35,024,000	\$ 2,944,440	\$ 139,914	\$ 260,765,047
Cash and cash equivalents - restricted	6,159,056	-	-	6,379,289	12,538,345
Investments - unrestricted	-	-	-	10,210,015	10,210,015
Investments - restricted	-	-	-	6,130,998	6,130,998
Accounts receivable, net	-	23,533,000	-	469,145	24,002,145
Due from other governments	12,844,860	-	-	-	12,844,860
Grant receivable	-	-	290,000	-	290,000
Notes receivable	-	-	235,000	1,880,546	2,115,546
Inventory	-	1,572,000	-	-	1,572,000
Accrued interest	-	-	17,717	1,042,192	1,059,909
Other receivables	9,212,364	1,339,000	108,645	-	10,660,009
Prepays	-	434,000	9,800	-	443,800
Total current assets	250,872,973	61,902,000	3,605,602	26,252,099	342,632,674
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	-	6,593,000	-	-	6,593,000
Investments	-	44,616,000	-	35,267,052	79,883,052
Accrued interest receivable	-	338,000	-	-	338,000
Insurance escrow	-	-	32,441	-	32,441
Replacement reserve	-	-	52,202	-	52,202
Reserve/loans escrow	-	-	2,570,746	-	2,570,746
Total restricted assets	-	51,547,000	2,655,389	35,267,052	89,469,441
Capital assets:					
Buildings and building improvements	43,512,300	-	26,914,445	-	70,426,745
Land and land improvements	14,260,885	-	-	24,663,058	38,923,943
Parking facilities	-	-	-	115,992,257	115,992,257
Machinery and equipment	-	-	-	5,592,969	5,592,969
Utility plant	-	570,724,000	-	-	570,724,000
Non-utility plant	-	15,842,000	-	-	15,842,000
Construction-in-progress	-	22,901,000	965,205	33,940,773	57,806,978
Less: accumulated depreciation	(12,846,483)	(166,446,000)	(504,645)	(62,251,342)	(242,048,470)
Total capital assets	44,926,702	443,021,000	27,375,005	117,937,715	633,260,422
Leasehold improvements	-	-	-	429,443	429,443
Other assets	1,487,680	-	-	-	1,487,680
Property held for redevelopment	24,093,118	-	-	-	24,093,118
Loans/notes receivable	99,532,621	-	2,112,194	3,550,669	105,195,484
Deposits held for development fund	-	-	2,285,003	-	2,285,003
Bond issue costs, net of amortization	-	7,073,000	-	2,564,455	9,637,455
Total noncurrent assets	170,040,121	501,641,000	34,427,591	159,749,334	865,858,046
Total Assets	420,913,094	563,543,000	38,033,193	186,001,433	1,208,490,720

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET

COMPONENT UNITS

DECEMBER 31, 2007

(Continued)

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Liabilities					
Current liabilities:					
Bonds and loans payable, current portion	\$ 10,046,051	\$ 17,936,000	\$ 249,225	\$ 5,272,000	\$ 33,503,276
Note due to City of Pittsburgh, current portion	-	-	2,025,000	-	2,025,000
Accrued payroll and related obligations	-	940,000	-	-	940,000
Accounts payable - City of Pittsburgh	-	-	-	2,418,312	2,418,312
Accounts payable - wastewater treatment	-	12,168,000	-	-	12,168,000
Deferred revenue	16,482,827	-	-	105,845	16,588,672
Accrued expenses and deferred income	-	-	-	1,135,286	1,135,286
Accounts payable and other accrued expenses	34,735,055	7,642,000	1,209,858	7,639,131	51,226,044
Accrued interest payable	-	8,007,000	24,167	1,452,774	9,483,941
Total current liabilities	61,263,933	46,693,000	3,508,250	18,023,348	129,488,531
Noncurrent liabilities:					
Unearned revenue	-	378,000	-	-	378,000
Other liabilities	-	-	-	6,676,177	6,676,177
Accrued payroll and related obligations	-	1,183,000	-	-	1,183,000
Note due to the City of Pittsburgh	-	-	4,645,000	-	4,645,000
Bonds and loans payable, net of current portion	170,159,566	549,892,000	21,200,775	104,261,843	845,514,184
Advances from the City of Pittsburgh	-	-	22,775,168	-	22,775,168
Total noncurrent liabilities	170,159,566	551,453,000	48,620,943	110,938,020	881,171,529
Total Liabilities	231,423,499	598,146,000	52,129,193	128,961,368	1,010,660,060
Net Assets					
Invested in capital assets, net of related debt	22,879,868	(64,959,000)	-	22,423,322	(19,655,810)
Restricted for:					
Capital projects	-	-	-	3,095,869	3,095,869
Debt service	-	8,837,000	-	10,150,903	18,987,903
Public Parking Authority	-	-	-	11,854,086	11,854,086
Urban Development	33,931,178	-	-	-	33,931,178
Lending programs	73,486,310	-	-	-	73,486,310
Housing program	5,821,216	-	-	-	5,821,216
Unrestricted	53,371,023	21,519,000	(14,096,000)	9,515,885	70,309,908
Total Net Assets	\$ 189,489,595	\$ (34,603,000)	\$ (14,096,000)	\$ 57,040,065	\$ 197,830,660

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2007

	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues					Urban Redevelopment Authority					Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	URA Component Unit	Water and Sewer Authority	Stadium Authority	Public Parking Authority	
Urban Redevelopment Authority:											
Governmental activities:											
Urban development	\$ 61,027,802	\$ 2,283,096	\$ 51,466,319	\$ -	\$ (7,278,387)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,278,387)
General government	9,600,466	4,363,175	2,300,000	-	(2,937,291)	-	-	-	-	-	(2,937,291)
Interest on long-term debt	1,497,934	-	-	-	(1,497,934)	-	-	-	-	-	(1,497,934)
Total governmental activities	<u>72,126,202</u>	<u>6,646,271</u>	<u>53,766,319</u>	<u>-</u>	<u>(11,713,612)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,713,612)</u>
Business-type activities:											
Lending programs	14,552,962	7,420,034	7,656,078	-	523,150	-	-	-	-	-	523,150
Property management	3,440,953	3,096,615	-	-	(344,338)	-	-	-	-	-	(344,338)
Total business-type activities	<u>17,993,915</u>	<u>10,516,649</u>	<u>7,656,078</u>	<u>-</u>	<u>178,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,812</u>
Component units	2,368,896	90,122	2,487,070	-	-	208,296	-	-	-	-	208,296
Total URA	<u>92,489,013</u>	<u>17,253,042</u>	<u>63,909,467</u>	<u>-</u>	<u>(11,713,612)</u>	<u>178,812</u>	<u>208,296</u>	<u>731,000</u>	<u>3,129,261</u>	<u>1,915,988</u>	<u>(11,326,504)</u>
Pittsburgh Water and Sewer Authority	91,795,000	92,526,000	-	-	-	-	-	731,000	-	-	731,000
Stadium Authority	2,259,639	2,858,900	-	2,530,000	-	-	-	-	3,129,261	-	3,129,261
Public Parking Authority	38,207,944	40,035,035	-	88,897	-	-	-	-	-	1,915,988	1,915,988
Total Component Units	<u>\$ 224,751,596</u>	<u>\$ 152,672,977</u>	<u>\$ 63,909,467</u>	<u>\$ 2,618,897</u>	<u>(11,713,612)</u>	<u>178,812</u>	<u>208,296</u>	<u>731,000</u>	<u>3,129,261</u>	<u>1,915,988</u>	<u>(5,550,255)</u>
General revenues:											
Investment income					4,093,432	3,208,443	45,894	2,598,000	49,125	2,669,439	12,664,333
Gain (loss) on sale of assets					-	-	1,271,900	-	-	-	1,271,900
Easement revenue					-	-	-	-	2,582,528	-	2,582,528
Miscellaneous					2,961,406	810,732	59,148	-	838,351	575,101	5,264,738
Total general revenues					<u>7,054,838</u>	<u>4,019,175</u>	<u>1,376,942</u>	<u>2,598,000</u>	<u>3,490,004</u>	<u>3,244,540</u>	<u>21,783,499</u>
Change in net assets					(4,658,774)	4,197,987	1,585,238	3,329,000	6,619,265	5,160,528	16,233,244
Net assets - beginning					137,204,836	46,924,330	4,235,978	(37,932,000)	(20,715,265)	51,879,537	181,597,416
Net assets - ending					<u>\$ 132,546,062</u>	<u>\$ 51,122,317</u>	<u>\$ 5,821,216</u>	<u>\$ (34,603,000)</u>	<u>\$ (14,096,000)</u>	<u>\$ 57,040,065</u>	<u>\$ 197,830,660</u>

See accompanying notes to financial statements.

NOTES TO BASIC
FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – PRIMARY GOVERNMENT

Description of City

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

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

(A) The Financial Reporting Entity

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

The City is financially accountable for:

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

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

CITY OF PITTSBURGH, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2007

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

(B) Net Asset Deficit and Liquidity

As of December 31, 2007, the City, in its statement of net assets, shows a total net deficit of \$591.8 million with an unrestricted net asset deficit of \$623.5 million offset by \$31.7 million in capital and restricted assets. A structural imbalance had been growing over years as a result of demographic shifts of residents and businesses, non-profit legislation and a stagnant taxation authority for the City which has led to this deficit. The largest components of the unrestricted deficit are principally the general obligation debt to meet funding requirements to the Pension Trust Fund, borrowings to finance economic development efforts (including projects of the City's Authorities, related principally to the URA), maintenance, and equipment expenditures on City infrastructure. The City's debt service expenditures and debt subsidies in its governmental funds were \$85.1 million and \$14.1 million, respectively, or a combined 20.6% of its total expenditures; and the City used 27.8% of its current tax revenues to finance debt service requirements.

In November 2003, the City sought municipal self-help as a "financially distressed" municipality under the Municipalities Financial Recovery Act (Act 47) of the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania legislature also established an Intergovernmental Cooperation Authority (ICA) to provide fiscal oversight for the City for a period of seven years. The Act 47 coordinators appointed by the Commonwealth issued their five-year Recovery Plan, which was adopted by the City Council on June 29, 2004, making it a City ordinance. The Plan provides for a package of new revenues and significant expenditure reductions. During 2007, the City continued efforts to control costs, improve collections, and maintain solvency. The cash balance available for general operations of the City as of December 31, 2007 was \$77.7 million, this was enough to maintain normal function throughout the City in January 2007. Moving forward in 2008, the City submitted for approval "The 2008 Operating and Capital Budgets and Five-Year Financial Forecast & Performance Plan" based on the approval Act 47 Recovery Plan. Currently, the Act 47 coordinators and the ICA will provide continued oversight to ensure compliance with the 2008 operating budget and approved five-year plan. On April 8, 2008, a public hearing was held to discuss whether the City should be relieved of its Act 47 status. The Secretary of the Commonwealth's Department of Community and Economic Development is currently deliberating the dismissal of the City from Act 47 status. The result of this deliberation is expected to be announced in May 2008.

CITY OF PITTSBURGH, PENNSYLVANIA

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(C) Individual Component Unit Disclosures

Blended Component Units

Some component units, despite being legally separate from the City government, are so intertwined with the City government, whether through sharing common governing boards with the City or through providing services solely to the City, that they are, in substance, the same as the City government and are reported as part of the City government. The blended component units reported in this way are the following:

City of Pittsburgh Equipment Leasing Authority
City Pension Trust

City of Pittsburgh Equipment Leasing Authority (ELA)

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

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

City Pension Trust

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

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

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

CITY OF PITTSBURGH, PENNSYLVANIA

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Discretely Presented Component Units

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

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

Pittsburgh Water and Sewer Authority (PWSA)

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

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

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

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

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

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

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Stadium Authority is responsible for development of the land between two newly constructed stadiums.

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

Public Parking Authority of Pittsburgh (Parking Authority)

The Parking Authority was created for the purpose of acquiring, developing, and maintaining a coordinated system of public parking facilities. The Parking Authority is administered by a five-member Board, all of whom are appointed by the Mayor. The Parking Authority obtains its revenue from user charges and from street parking meter revenues. Under an agreement between the Parking Authority and the City, street parking revenues are allocated 93.5% to the Parking Authority and 6.5% to the City. Accordingly, the City derives a financial benefit from the Parking Authority. The Parking Authority operates on a fiscal year ending September 30.

Urban Redevelopment Authority of Pittsburgh (URA)

The URA was established in 1946 under the Pennsylvania Urban Redevelopment Law. The URA acquires and clears blighted property; initiates rebuilding with the private sector; negotiates with the federal, state, county, and local governments for public funds and facilities; and works to maintain and improve the City's neighborhoods and business districts. Funding for the URA projects and programs is obtained primarily through intergovernmental grants. Additionally, the URA has incurred note and bond indebtedness to finance specific programs.

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

The reporting entity of the URA includes the accounts of all URA operations as well as one entity, which qualifies as a component unit of the URA under the provisions of GASB Statement No. 14. The component unit of the URA is the Pittsburgh Housing Development Corporation.

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

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Administrative Offices

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

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

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

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

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

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

Joint Venture

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

The Public Auditorium Authority of Pittsburgh and Allegheny County (Authority) was incorporated on February 3, 1954 pursuant to the Public Auditorium Law Act of July 29, 1953 as a joint authority organized by the City and Allegheny County to provide educational, cultural, physical, civic, and social events for the benefit of the general public. Effective November 1999, the Public Auditorium Authority legally changed its name to the Sports and Exhibition Authority of Pittsburgh and Allegheny County (SEA). SEA is currently responsible for the management of the David L. Lawrence Convention Center (Convention Center) and leases the Mellon Arena (formerly the Civic Arena), the Benedum Center and the John Heinz History Center to other entities located in the City. SEA was also responsible for the construction of the new Pittsburgh Steelers Sports, Inc. (Pittsburgh Steelers) football stadium (Heinz Field), the Pittsburgh Associates' (Pittsburgh Pirates) baseball park (PNC Park), the Convention Center expansion project, and various associated infrastructure improvements referred to collectively as the Regional Destination Financing Plan. For the year ended December 31, 2006 (the latest available financial statements), SEA's operating loss was \$35,057,100, and the change in net assets was a decline of \$657,301. SEA had total net assets of \$513,041,636.

The Board of Directors (Board) of SEA, a seven-member group, is appointed by the City and Allegheny County. The Board is responsible for the overall activities and operations of SEA. The Board members have decision-making authority, the power to designate

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management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In 2004, SEA borrowed \$20 million from local banks to be used for both operating and capital needs. The following revenues are pledged for repayment of this loan: parking revenues generated at the Convention Center parking garage, sponsorship revenues, and discretionary hotel tax receipts. Additionally, as part of the transaction, the City and Allegheny County reaffirmed their responsibilities under a 1978 Cooperation Agreement to finance the Convention Center's operating deficits, including principal and interest on this loan. As of December 31, 2006 (the latest available financial statements), the remaining balance is \$18,888,889.

SEA has suffered operating deficits and has indicated that it may require funding from the City and Allegheny County in the future. No liability has yet been recorded for any such payments, as the City does not anticipate payment during 2008 and any future payments, if any, are yet to be determined.

SEA operates on a fiscal year ending December 31. Complete financial statements for SEA can be obtained from its administrative office at 425 Sixth Avenue, Regional Enterprise Tower, Suite 1410, Pittsburgh, PA 15219. The financial statements for December 31, 2006 are the most recent available audited financial statements.

Related Organizations

Housing Authority of the City of Pittsburgh (Housing Authority)

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

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

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

Jointly Governed Organization

The Allegheny County Sanitary Authority (ALCOSAN) was organized under the Municipal Authority Act of 1945 to collect, transport, and treat wastewater for the City and seventy-seven (77) other Allegheny County municipalities. ALCOSAN'S Board has seven members: three are appointed by the City, three are appointed by Allegheny County, and one is appointed jointly by Allegheny County and the City. The City has no

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NOTES TO FINANCIAL STATEMENTS

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direct ongoing financial interest or responsibility for ALCOSAN. See Note 4 for transactions with the PWSA.

(D) Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.*” GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions. The basic financial statements and required supplementary information under GASB Statement No. 34 include:

Management’s Discussion and Analysis (MD&A) – MD&A introduces the basic financial statements and provides an analytical overview of the government’s financial activities in a narrative format. An analysis of the government’s overall financial position and results of operations is included to assist users in assessing whether financial position has improved or deteriorated as a result of the year’s activities. This is considered required supplementary information and is not part of the basic financial statements.

Government – Wide Financial Statements – Financial statements prepared using the economic resources measurement focus and full accrual basis of accounting for all the government’s activities are required. These statements include all assets, liabilities, revenues, and expenses of the primary government and its component units, excluding fiduciary activities.

The effect of inter-fund activity has been eliminated from these statements. The City does not allocate indirect expenses. The government-wide statements segregate governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, if any, which rely on user fees and charges for support. Component units, which are legally separate and discretely presented, are also segregated.

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF PITTSBURGH, PENNSYLVANIA

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

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

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

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

(E) Basis of Accounting

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

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

Governmental funds are accounted for using the current resource measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. General Fund tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to accrual, the real estate taxes must be collected within the City’s period of availability of sixty (60) days. Uncollected real estate taxes at the end of this period are reported as deferred revenues. Interest income and intergovernmental receivables (state and federal grants to the extent of allowable expenditures) are considered susceptible to accrual. The City considers all non-real estate taxes and other revenues reported in the governmental fund to be available if the revenues are collected within sixty (60) days. Expenditures are

CITY OF PITTSBURGH, PENNSYLVANIA

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generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures and other long-term liabilities, such as workers' compensation, accrued claims and judgments, and both short and long-term compensated absences are recorded only when payment is due and payable.

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

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

(F) Cash and Cash Equivalents

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

(G) Investments

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

(H) Due To/From Other Governments

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

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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(I) Taxpayer Assessed Taxes Receivable

Local wage taxes and other miscellaneous City taxes are recorded in the City's accounts as taxpayer assessed receivables and revenue at the time of the underlying transactions. Taxes for which there is an enforceable legal claim as of December 31, 2007 but which were levied to finance fiscal year 2008 operations have been recorded as deferred revenue until such time as the taxes become due.

(J) Other Receivables

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

(K) Capital Assets

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

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

(L) Workers' Compensation

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

In order to qualify for and maintain self-insurance status, the City must comply with certain Commonwealth requirements. The requirements for 2007 are as follows:

- Maintain an irrevocable trust fund. The City's contribution to the fund is determined annually in negotiations with the Commonwealth Department of Labor.
 - Satisfy the financial responsibility requirements of the Commonwealth of Pennsylvania.
-

CITY OF PITTSBURGH, PENNSYLVANIA

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- Establish liability reserves based upon expected future payments for all claims outstanding one year or more at the end of any fiscal year.

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

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

(M) Compensated Absences

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

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the fund financial statements for governmental funds, no expenditure is reported for compensated absences until they are due and payable. Current and non-current portions of compensated absences totaling \$29,001,338 are recorded in the government-wide statements, and represent a reconciling item between the government-wide and fund presentations.

(N) Pensions

Because the City has had no prior excess contributions or contribution deficiencies, its annual pension cost on the accrual basis is equivalent to its actuarially determined annual required contributions (see Note 7). Pension expenditures are recognized under the modified accrual basis within government funds to the extent of the City contributions. Contributions made to the plans represent 100% of the minimum municipal obligation.

(O) Long-Term Obligations

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

CITY OF PITTSBURGH, PENNSYLVANIA

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(P) Interfund Transactions

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

(Q) Encumbrances

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

(R) Net Assets

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

(S) Use of Estimates

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

(T) Adoption of Pronouncement

During 2007, the City adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement provides the accounting and reporting requirements for the benefit plans as well as require that public sector employers accrue the cost of any postretirement healthcare or similar benefits (OPEB) they may offer to employees. For the purpose of the financial statements, GASB Statement No. 45 requires that

CITY OF PITTSBURGH, PENNSYLVANIA

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governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. Accordingly, the City's net OPEB obligation for 2007 has been reported on the statements of net assets. As retroactive application of the measurement requirements of GASB Statement No. 45 is not required, the liability at the beginning of 2007 is zero. The disclosure requirements of GASB Statement No. 45 are included in Note 8.

(U) Pending Pronouncements

In November 2006, GASB issued Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations.*" This statement provides the accounting and reporting standards for pollution remediation obligations. In May 2007, GASB issued Statement No. 50, "*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*" This statement most closely aligns the financial reporting requirements for pensions with other post-employment benefits. No significant impact to the City's financial statements is anticipated from the adoption of either standard.

Component Unit Disclosures:

Property Held for Redevelopment

Property held for redevelopment relates mainly to land and buildings held by the URA that is available for redevelopment. Depending on the nature of the redevelopment activity, the transfer of this property may consist of many forms: grant, subsidized or below-market sale, or an independent, market-based sale. These assets are held at the lower of cost or estimated net realizable value.

Loans Receivable

URA loans receivable are recognized when the loan is established for loans with terms of 30 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 30 years or which are repayable on a contingent basis, such as the sale of the property or completion of development, are treated as grants for accounting purposes and are recorded as expenditures when disbursed.

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

It is the URA's policy to provide for future losses on loans based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the URA's judgment, may impact collectibility.

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Other Long-term Liabilities

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

2. BUDGETS AND BUDGETARY ACCOUNTING

1. **General Budget Policies** – As required by the Home Rule Charter, the City follows these procedures in establishing the budgetary data reflected in the financial statement:
 - a. On the second Monday of November preceding the fiscal year, the Mayor presents to City Council a General Fund and Community Development Fund operating budget and a capital budget for the succeeding fiscal year.
 - b. Public hearings are conducted to obtain the advice of other officials and citizens as part of the preparation of these budgets.
 - c. Before the beginning of the fiscal year, City Council adopts, by resolution, these budgets.
 - d. The adoption of the operating and capital budgets constitutes an appropriation or setting apart of funds from general resources of the City for purposes set forth in the budgets.
 - e. City Council may amend, by resolution, the operating budget within five weeks after the beginning of the fiscal year, but not thereafter except with the approval of the Mayor. The capital budget may, by resolution, be amended by City Council at any time.
 - f. City Council at all times may, by resolution, transfer funds from one account to another if the total operating budget amount is not exceeded. No revision to the budget may be made without City Council approval. The operating budget shall in any event, remain balanced at all times.
 - g. The capital budget is generally based on a proposed six year capital program, which must be updated each year and submitted to City Council by the Mayor at least 30 days prior to the day the operating budget is submitted. The capital budget also includes appropriations for the Community Development Fund. Budget and actual data for the Community Development Fund is reflected in the Community Development Fund. The remainder of the capital budget is reflected in the Capital Project Fund.
 - h. Formal budgetary integration is employed as management control device for the General, the Community Development, and the Capital Projects Funds. Formal
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CITY OF PITTSBURGH, PENNSYLVANIA

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budgetary integration is not employed for the debt service fund since effective budgetary control is alternatively achieved through general obligation bond indenture provisions, nor for the other governmental funds since control is prepared on a project basis. The General, Community Development, and Capital Projects Funds have legally adopted annual budgets.

- i. All budgets are prepared and controlled at the department level on a line item basis (i.e., salaries, supplies, equipment, miscellaneous services). Due to the voluminous number of projects, separately issued line item capital budget reports are available from the City Controller's Office. The General Fund budget to actual comparison at the legal level of appropriation is located within the financial statements. For the year ended December 31, 2007, expenditures within in the General Fund exceeded appropriations, in transfers. The excess of expenditures within the General Fund was due an unbudgeted transfer.
- j. Operating appropriations lapse at year-end. City Council can, however, authorize, by resolution, the carryover of appropriations to the following year. The Community Development and Capital Projects Funds appropriations carryover to subsequent years without formal re-appropriation.
- k. Operation budget figures are amended by City Council with Mayoral approval. These budget amendments represent line item transfers between expenditures accounts and carryover of appropriations from the previous year. The original approved General Fund budget includes revenues and expenditures of \$425.7 million in 2007. The budgetary expenditures, as amended, include carryover appropriation and other changes approved by City Council during 2007.

2. Budgetary Basis of Accounting

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

3. DEPOSITS AND INVESTMENTS

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

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

GASB 40 "*Deposit and Investment Risk Disclosures*," requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the City and its component units deposit and investment policies and related risk:

(A) Primary Government Funds and Agency Funds

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

Investment policies permit the City to invest in the following:

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

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

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

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Governmental Funds

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank or counterparty failure, the City’s funds may not be returned to it. The City policy does not specifically address custodial credit risk. As of December 31, 2007, \$17,072,929 of the City’s combined bank balances of \$18,072,929 subject to custodial credit risk were exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution’s name.

Interest Rate Risk – The City’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; the City investments must have maturities no greater than ten years within the constraint of meeting cash flow requirements. As of December 31, 2007, the City’s exposure to interest rate risk was limited to \$41,100,000, 25.35% of deposit and investment funds available, with a weighted average maturity period of 87 days.

Credit Risk – The City’s investment policy limits its investment choices based on government backed instruments and credit ratings by nationally recognized statistical rating organizations. \$96,753,187 of the City’s cash and cash equivalents are held in U.S. Treasuries and are therefore not exposed to this type of risk.

The City invested \$47.8 million of the proceeds from the 2006 bond sale in a Repurchase and Custody Agreement. The term of the agreement is for three years with periodic, scheduled draws to fund capital projects. The agreement is insured and all funds are collateralized, either directly or indirectly, by the United States government or any agency, instrumentality or establishment of the United States government and registered. As such, the City is not exposed to credit risk. As of December 31, 2007, there remained \$15.9 million in the Repurchase and Custody account. This investment’s maturity period is within 1 year.

Agency Funds

Custodial Credit Risk – As of December 31, 2007, the City Agency Funds’ combined bank balances of \$10,367,618 were exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution’s name.

Interest Rate Risk – The City’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; the City investments must have maturities no greater than ten years within the constraint of

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meeting cash flow requirements. As of December 31, 2007, the City's Agency Funds had no exposure to interest rate risk.

Credit Risk – The City's investment policy limit its investment choices based on government backed instruments and credit ratings by nationally recognized statistical rating organizations. \$5,500,000 of the City's Agency Fund investments are held in U.S. Treasuries and are therefore not exposed to this type of risk.

(B) Pension Trust

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

The CMPTF is governed by a formal investment policy established by its Board of Directors (Board). The policy dictates that investments must be managed in a manner consistent with the Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act (Act 205) and the Pennsylvania Fiduciaries Code. The policy covers the two components of the CMPTF: 1) the Operating Fund and 2) the Long Term Assets. The Operating Fund is a liquidity pool to accept employee, employer and supplemental state contributions and to make benefit dispersals. As such, the Operating Fund investments are restricted to high quality, very short duration fixed income instruments whose average maturity must not exceed six months and whose quality is restricted to investment grade and above securities. The Long Term Asset component includes restrictions on both fixed income and equity investments as discussed below.

Deposits

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

As of December 31, 2007, \$400,000 of the City's pension cash and equivalents of the \$34,328,218 combined bank balance was insured by the Federal Depository Insurance Corporation. The remaining bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. \$2,921,063 of cash and cash equivalents were held at December 31, 2007 in the separate pension funds; the remaining \$30,492,576 was held in the CMPTF.

CITY OF PITTSBURGH, PENNSYLVANIA

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Investments

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

The Investment Policy of the CMPTF dictates an allocation of 65% equity, 35% fixed income with a variation of 10% above or below these targets for each classification. At December 31, 2007, the CMPTF had an allocation of 63% equity and 37% fixed income. Within each investment category are specific policies to further address various types of risk compared to return.

As of December 31, 2007, the CMPTF had the following cash and investments in its pension trust fund:

<u>Investment Type</u>	<u>Fair Market Value</u>
U.S. Treasury bills and government & related agency debt	\$ 41,503,711
Corporate debt	29,296,794
Other	40,678,459
Total debt securities	<u>111,478,964</u>
Cash and cash equivalents	30,492,576
Mutual funds	111,712,084
Stocks	102,193,272
Hedge funds	26,982,698
Private equity	1,116,717
Total cash and other investments	<u>272,497,347</u>
Combined total	<u>\$ 383,976,311</u>

Concentration of Credit Risk – The CMPTF investment guidelines address this risk by requiring diversity and investment percentage limits. With the exception of Federal Government and Agency obligations, no one issue will comprise more than 10% of the aggregate fixed-income portfolio without the Board's prior approval. In addition equity investment concentration in any single industry and in any company shall not exceed 25% and 5%, respectively, of the market value of the plan assets. To further reduce risk, diversification will also be achieved by using multiple managers whose styles and strategies are sufficiently distinctive. As of December 31, 2007, these limits have been met.

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

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2006			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury bills and government and related agency debt	\$ 41,503,711	\$ 848,018	\$ 6,109,457	\$ 5,527,508	\$ 29,018,728
Corporate debt	29,296,794	2,410,546	10,711,877	6,829,078	9,345,293
Other	40,678,459	-	5,009,002	1,036,884	34,632,573
Total debt securities	<u>\$ 111,478,964</u>	<u>\$ 3,258,564</u>	<u>\$ 21,830,336</u>	<u>\$ 13,393,470</u>	<u>\$ 72,996,594</u>

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The policy guidelines of the CMPTF limit investments to Federal Government and Agency issues and corporate issues having a Moody's rating of Aaa to Baa, with the exception that up to 20% of the fixed income assets may be allocated to high yield fixed-income securities. The Pension trust fund's December 31, 2007 investments in corporate bonds have received the following ratings from Moody's:

	Moody's Credit Rating	% of Corporate Debt Portfolio
Corporate debt	Aaa	24.04%
Corporate debt	Aa1	3.82%
Corporate debt	Aa2	3.99%
Corporate debt	Aa3	8.71%
Corporate debt	A1	6.82%
Corporate debt	A2	13.73%
Corporate debt	BAA & below	29.94%
Corporate debt	Unrated	8.90%
		<u>100.0%</u>

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

(C) Pittsburgh Water and Sewer Authority (PWSA)

PWSA is authorized to invest in obligations of the U.S. government and government-sponsored agencies and instrumentalities; fully insured or collateralized certificates of deposit; commercial paper of the highest rating; repurchase agreements collateralized by government obligations or securities and highly rated bank promissory notes or investment funds or trusts; and, as to trusteed assets, as otherwise permitted by the trust

CITY OF PITTSBURGH, PENNSYLVANIA

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indenture as supplemented and amended in 1998. Throughout the year ended December 31, 2007, PWSA invested its funds in such authorized investments. PWSA does not have a formal investment policy which addresses custodial credit risk, interest rate risk, credit risk, or concentration of credit risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, PWSA's deposits may not be returned to it. As of December 31, 2007, \$34,828,000 of PWSA's bank balance of \$35,128,000 was exposed to custodial credit risk. These amounts are collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$35,024,000 as of December 31, 2007, all of which is reported as current assets in the statement of net assets.

In addition to the deposits noted above, included in cash and cash equivalents as noncurrent restricted assets on the statement of net assets are the following short-term investments: money market funds of \$6,027,000 and repurchase agreements of \$566,000. Of PWSA's \$566,000 investment in repurchase agreements, all of the underlying securities are held by the investment's counterparty, not in the name of the PWSA.

At December 31, 2007, the PWSA held the following investment balances:

	Fair market value	Maturity in years Less than 1 year
Guaranteed Investment		
Contracts	\$ 25,221,000	\$ 25,221,000
Money market	6,027,000	6,027,000
Repurchase agreements	566,000	566,000
Commercial paper	11,149,000	11,149,000
INVEST	8,246,000	8,246,000
Total	<u>\$ 51,209,000</u>	<u>\$ 51,209,000</u>

The fair value of PWSA's investments is the same as their carrying amount. Investments of \$44,616,000 are included as noncurrent restricted investments on the statement of net assets. Investments of \$6,593,000 consisting of money market funds of \$6,027,000 and repurchase agreements of \$566,000 are included as noncurrent restricted cash and cash equivalents on the statement of net assets. The fair value of PWSA's investments in the external investment pool (INVEST) is the same as the value of the pool shares.

Interest Rate Risk – Interest rate risk, the risk that changes in the interest rates will adversely affect the fair market value of the PWSA's investments. PWSA is not subject to interest rate risk as all of its investments at December 31, 2007 had maturities of less than one year.

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Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2006, PWSA's investments in the state investment pool (INVEST) and the guaranteed investment contracts were rated AAA by Standard & Poor's. PWSA's investments in commercial paper at December 31, 2007 was rated A1+ by Standard & Poor's. Additionally, at December 31, 2007, PWSA had various repurchase agreements. The underlying securities of these repurchase agreements consist primarily of U.S. Treasuries, and are therefore not subject to credit risk.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PWSA places no limit on the amount it may invest in any one issuer. More than five percent of PWSA's investments are in Trinity Plus Fund guaranteed investment contracts, Bank of New York money markets, General Electric commercial paper, CFPI Investment Agreement, and INVEST. These investments are 36.8%, 10.1%, 22.0%, 12.5%, and 16.1%, respectively, of PWSA's total investments.

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

The carrying amounts of the Stadium Authority included cash deposits and money market pooled investments held with banks as of March 31, 2007.

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

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

Concentration of Credit Risk – The Stadium Authority places no limit on the amount that may be invested in any one issuer. The Stadium Authority maintains its cash and cash equivalent balances at four banks. Deposits that exceed \$100,000 constitute federally uninsured amounts. At March 31, 2007, \$388,829 of the Stadium Authority's cash and cash equivalent deposits were insured under federal insurance programs, with the balance of the cash and cash equivalents uninsured and uncollateralized. Credit risk is low, however, as a majority of the uninsured and uncollateralized balance is in either a bank money market product that invests in government-backed securities or a certificate of deposit.

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

Cash and Deposits

The Parking Authority's cash deposits and time deposits which are insured by the Federal Depository Insurance Company or which were not insured or collateralized in the Parking Authority's name, but were collateralized in accordance with Act 72 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. At September 30, 2007, the Parking Authority had a bank and book balance of \$6,379,289 and \$6,519,203, respectively. \$6,379,289 of the cash balance is restricted at September 30, 2007.

Investments

As of September 30, 2007, the Parking Authority had the following investments of which \$41,398,050 are restricted as to their use. Blackrock and J.P. Morgan investments are in Mutual Fund investment pools.

Investment	Amount	% of Total Investment	Maturity	September 30, 2007 Rating	
				Standard & Poor's	Moody's
FSA Capital Management	\$ 16,780,981	32%		AAA	Aaa
J.P. Morgan US Gov Securities	18,602,830	36%		AAAm	Aaa
BlackrockPif Temporary Fund	10,109,840	20%		AAAm	Aaa
FHLMC	3,588,059	7%	11/30/2007	AAAm	Aaa
General Electric Capital Corp	2,040,492	4%	12/3/2007	AAA	Aaa
FDRT government obligation	385,688	1%		A1+	none
Dwelling House Account	100,175	0%			
Total	\$ 51,608,065	100%			

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

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

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

(F) Urban Redevelopment Authority (URA)

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

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the URA’s deposits may not be returned to it. The URA does not have a formal policy for custodial credit risk. As of December 31, 2007, \$21,375,677 of the URA’s bank balance of \$22,387,914 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution’s name. As of December 31, 2007, the carrying amounts of the URA’s deposits were \$20,856,155.

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

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	Fair market value	Maturity in years						
		Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	26-30 years
Money Market Funds	\$ 107,551,336	\$ 107,551,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bonds	3,067,728	3,067,728	-	-	-	-	-	-
GNMA	12,253,998	-	1,591	45,533	3,130,903	-	132,401	8,943,570
Guaranteed Investment Contracts	27,500,000	-	27,500,000	-	-	-	-	-
Federal Farm Credit Bank	1,825,138	1,810,223	14,915	-	-	-	-	-
FHLB	4,593,255	2,074,707	1,715,560	802,988	-	-	-	-
FNMA	40,622,555	90,081	1,772,579	661,714	1,248,061	15,073,971	15,363,311	6,412,838
FHLMC	10,545,584	8,732,460	479,317	-	-	-	-	1,333,807
Total	\$ 207,959,594	\$ 123,326,535	\$ 31,483,962	\$ 1,510,235	\$ 4,378,964	\$ 15,073,971	\$ 15,495,712	\$ 16,690,215

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The URA has an investment policy that limits its investment choices based on credit qualifications by investment type. As of December 31, 2007, the URA’s investments in money market funds, Federal Farm Credit Bank investments, FHLB investments, FNMA investments, and FHLMC investments were rated AAA by Standard & Poor’s. The Authority’s investments in guaranteed investment contracts are unrated. The URA’s investment with INVEST is rated AAA by Standard & Poor’s and has a maturity of less than one year.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investments in a single issuer. The URA has a concentration of credit risk policy to monitor concentrations to single issuers on a quarterly basis. More than 5% of the URA’s investments are in Fannie Mae asset-backed securities (21%) and guaranteed investment contracts (14%).

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

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

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(A) Cooperation Agreement

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

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

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

(B) System Lease

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

(C) Pension

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

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

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

5. REAL ESTATE TAXES AND PROPERTY TAX REASSESSMENTS

Real Estate Taxes

The City has the power to levy and collect ad valorem taxes on all taxable real estate within its boundaries. Real estate is assessed by Allegheny County Office of Property Assessment pursuant to the terms of the General County Assessment Law and the Second Class County Assessment Law, which require property to be assessed at actual market value. Property is assessed by the Board at 100% of fair market value. The assessed value for 2007 was \$13,325,234,154.

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

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

Property Tax Reassessments

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

City and School Real Estate Taxes (property taxes) are based on the assessed value of the property as determined by the Allegheny County Board of Assessors. The assessed value of a property is broken down by land value and building value. For 2007, the City's tax rate was 10.8 mills on the assessed value of the property. The School District of Pittsburgh's tax rate

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was 13.92 on mills assessed value. A mill is 1/10 of a cent. For example, on a property assessed at \$1,000, the City Real Estate tax would be \$10.80. The School District of Pittsburgh Real Estate Tax would be \$13.92.

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

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

CITY OF PITTSBURGH, PENNSYLVANIA

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6. CAPITAL ASSETS

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Governmental activities:				
Non-depreciable assets:				
Land	\$ 45,602,091	\$ -	\$ -	\$ 45,602,091
Construction-in-progress	2,043,629	516,614	-	2,560,243
Total	47,645,720	516,614	-	48,162,334
Depreciable assets:				
Buildings and systems	88,778,564	-	-	88,778,564
Accumulated depreciation	(73,015,056)	(1,371,298)	-	(74,386,354)
Net	15,763,508	(1,371,298)	-	14,392,210
Furniture and fixtures	3,727,988	312,000	-	4,039,988
Accumulated depreciation	(3,410,738)	(200,503)	-	(3,611,241)
Net	317,250	111,497	-	428,747
Machinery and equipment	3,274,436	210,767	-	3,485,203
Accumulated depreciation	(2,993,044)	(161,160)	-	(3,154,204)
Net	281,392	49,607	-	330,999
Vehicles	47,581,196	4,653,371	(2,740,309)	49,494,258
Accumulated depreciation	(35,488,596)	(3,510,317)	2,678,362	(36,320,551)
Net	12,092,600	1,143,054	(61,947)	13,173,707
Infrastructure	177,810,167	-	-	177,810,167
Accumulated depreciation	(79,447,800)	(5,954,282)	-	(85,402,082)
Net	98,362,367	(5,954,282)	-	92,408,085
Capitalized leases	15,434,653	-	-	15,434,653
Accumulated depreciation	(2,186,234)	(771,733)	-	(2,957,967)
Net	13,248,419	(771,733)	-	12,476,686
Total depreciable assets	336,607,004	5,176,138	(2,740,309)	339,042,833
Total accumulated depreciation	(196,541,468)	(11,969,293)	2,678,362	(205,832,399)
Net	140,065,536	(6,793,155)	(61,947)	133,210,434
Governmental activities, capital assets, net	<u>\$ 187,711,256</u>	<u>\$ (6,276,541)</u>	<u>\$ (61,947)</u>	<u>\$ 181,372,768</u>

CITY OF PITTSBURGH, PENNSYLVANIA

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

General government	\$ 2,483,927
Public safety	2,028,508
Highways, streets, and other capital improvements	5,925,885
Sanitation	746,547
Public works	666,801
Culture and recreation	117,625
	<u>\$ 11,969,293</u>

Component unit's capital asset activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Component Units:				
Non-depreciable assets:				
Land	\$ 40,231,208	\$ 910,995	\$ 2,218,260	\$ 38,923,943
Construction-in-progress	48,893,938	36,061,592	27,148,552	57,806,978
Total	89,125,146	36,972,587	29,366,812	96,730,921
Depreciable assets:				
Buildings and building improvements	39,754,831	30,786,914	115,000	70,426,745
Parking facilities	115,590,390	671,671	269,804	115,992,257
Machinery and equipment	5,527,297	233,823	168,151	5,592,969
Utility plant	556,882,000	13,891,000	49,000	570,724,000
Non-utility plant	12,774,000	3,089,000	21,000	15,842,000
Total	730,528,518	48,672,408	622,955	778,577,971
Less: accumulated depreciation	(220,041,455)	(22,234,945)	(227,930)	(242,048,470)
Net	\$ 599,612,209	\$ 63,410,050	\$ 29,761,837	\$ 633,260,422

7. PENSION PLANS

(A) Organization and Description of Plans

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

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In accordance with Act 205 and the Acts under which the Municipal Pension Plan of the City of Pittsburgh, the Policemen's Relief and Pension Plan of the City of Pittsburgh, and the Firemen's Relief and Pension Plan of the City of Pittsburgh were established; a separate accounting for the activities of these three plans is maintained including the employees' contributions, allocation of state aid and the City's annual contribution and a calculation of each Plan's undivided interest in the investments held by the Comprehensive Trust. Additionally, separate actuarial valuations are performed annually for each plan. However, the individual plans do not record the undivided interest in the investments in their individual plans since the assets of the Comprehensive Trust are available for the payments of benefits and expenses of any of the three pension plans without limitations. Therefore, in accordance with Government Accounting Standards, the City is considered to be administering a single plan for financial reporting purposes. The three pension plans plus the Comprehensive Trust constitute the City's Pension Plan.

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

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

The Municipal Pension Plan

The Municipal Pension Plan of the City of Pittsburgh (Municipal Plan) was established by Act 259 of May 28, 1915, P.L. 596. Every full-time employee of the City and the PWSA who is not covered by the Policemen's Plan or the Firemen's Plan is required to join the Municipal Plan after serving a 90-day probationary period. The Municipal Plan is a single employer defined benefit plan, and its purpose is to provide retirement, disability, and other benefits to its members. The City and members of the Municipal Plan are required to make contributions to the Municipal Plan for the purpose of paying benefits and administrative expenses. At January 1, 2007, the date of the most recent actuarial valuation, the Municipal Plan has 3,479 total members of which 1,778 are active members; 1,634 retirees, disabled, and survivors; and 67 terminated but vested members.

Effective January 1, 1995, the City terminated employment of the 255 employees of its Water Department. As part of a Cooperation Agreement with PWSA, the 255 terminated employees became employees of PWSA. The new PWSA employees' membership in the Municipal Plan continues with no break in service, as provided for by the Municipal Pension Act, because PWSA has no retirement plan. The City

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considers PWSA a part of the reporting entity and thus believes the plan continues to be a single employer plan. As of the date of these financial statements, no separate allocations of contributions to the Plan, Plan assets, or Plan liabilities have been allocated to the employees of PWSA, nor have any actuarial determinations been made. PWSA reimburses the City's General Fund for its portion of employer contributions in an amount which is not actuarially determined.

Retirement benefits are available at the employee's option upon attainment of age 60, and completion of 20 years of service, normal retirement. A plan member is eligible for early retirement upon attainment of age 50 and completion of eight years of service. For early retirees, benefit payments may be deferred until 60 years of age, or paid immediately at reduced amounts, as defined by the Plan. Upon completion of eight years of service and attainment of age 40, an employee may terminate and remain eligible to receive benefits by continuing to make contributions to age 50. An employee who was a member prior to January 1, 1975 may terminate at any age after 15 years of service and be vested by continuing contributions to age 50.

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

The retirement benefit for employees who became members of the Municipal Fund before January 1, 1975, is 55% of the first \$650 of average monthly compensation plus 30% of the amount in excess of \$650. Prior to January 1, 2002, the benefits for employees who became members after December 31, 1974, were reduced by 50% of the Social Security benefit. Beginning January 1, 2002, such benefits are no longer reduced by the Social Security benefits for certain classes of employees. All members receive a service increment of 1% of three year average pay, four year average pay if hired after December 31, 1987, for each year of service in excess of 20, to a maximum of \$100 per month. The retirement benefit for employees with less than 20 years of service is prorated. The percentage calculation is $240/\text{actual \# of years of service}$. In addition, for employees electing the program who have not attained the age of 60, the retirement benefit is reduced by $\frac{1}{2}\%$ for each month that payments commence prior to age 60, except for those hired before January 1, 1975, with 25 years of service. Average monthly compensation is defined as the average of salaries and wages during the highest 36 months of the final 60 months preceding retirement, excluding overtime. In 2001, an ordinance was passed to permit an election to change the method of calculation to be consistent with employees hired after January 1, 1988 and the elimination of the offset from social securities benefits received. Under the 2001 Ordinance, average monthly compensation is defined as the last 48 consecutive months of contributory earnings immediately preceding retirement or termination of services.

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

- a. If an employee is age 60 or older with eight years of service, the employee will receive his normal retirement benefit.
- b. If an employee becomes disabled before attaining age 60, but with at least eight years of service, his benefit will be calculated as though he was age 60 with his service being the greater of 1) his service at disablement or 2) the lesser of 20 years and his completed service assuming he had continued to work until age 60.
- c. The above benefit will be reduced so that the combination of this benefit and the employee's monthly workers' compensation benefit shall not exceed the employee's regular salary level at the time of disablement.

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

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

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

In May 1995, the City offered its employees, who are covered by the Municipal Pension Plan and who had attained the age of 50 with a minimum of eight (8) years of service an Early Retirement Incentive Program (Program). The Program became effective July 1, 1995, for those employees who elected to participate by June 30, 1995, who had become members of the Municipal Plan prior to January 1, 1988. The Program provides each of the employees who elected to retire under its provisions a monthly benefit of \$350 until attainment of 65 years of age. There are 23 retirees in this group with a total cost to the City in 2007 of \$78,050.

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

The Policemen's Relief and Pension Plan

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

All employees of the Bureau of Police, including substitute uniformed employees, are eligible for membership in the Plan. At January 1, 2007, the Policemen Plan has 2,483 total members of which 848 are active members; 1,630 retirees, disabled, and survivors; and 5 terminated members not yet receiving benefits.

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

Employees hired prior to January 1, 1992 receive pension benefits is equal to 50% of the highest 12 months' base salary at the time of retirement. Employees hired after December 31, 1991 receive a pension benefit based on highest 36-month base salary. An arbitration award dated March 30, 1992 changed the method used to calculate pension benefits for employees. Under the new method, pension benefits are determined on the basis of the last 36 months base salary instead of the last 48 months average pay for employees hired on or after January 1, 1992.

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

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

An employee who terminates employment after 20 years of service, and before age 50, is considered fully vested in the plan. The accrued benefit is payable at age 50 and is

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

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

The Firemen's Relief and Pension Plan

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

All employees of the Bureau of Fire, including the commanding officer and chief of the bureau, are eligible for membership in the Firemen Plan. At January 1, 2007, the Firemen Plan had 1,824 total members of which 622 are active members; 1,198 retirees, disabled, and survivors; and 4 terminated member not yet receiving benefits.

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

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

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

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

(B) *Funding Status and Progress*

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

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

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

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

Act 205 contains both mandatory and optional remedies for municipalities to design a program for dealing with unfunded pension liabilities. The mandatory remedies implemented by the City were the development and adoption of an administrative improvement plan for its pension fund, the establishment of lower cost pension plans for new hires, and the aggregation of all the City's pension assets for investment purposes under the guidance of a new oversight board (the Comprehensive Municipal Pension Trust Fund Board). The Comprehensive Trust, which is comprised of seven members, four appointed by the Mayor and approved by Council and one elected from each plan, manages the investments of all pension assets and provides funds for each plan's monthly payment of benefits and administrative expenses from plan net assets. The optional remedies initially selected by the City were: 40-year amortization of the unfunded liability, level percent amortization, and a 15-year phase-in allowing the City to gradually increase its pension contributions.

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In 1988, the City opted out of the 15-year phase-in optional remedy since its pension contributions were already exceeding the amount required by Act 205. In its place, the City adopted a planned schedule of pension contributions, which began in 1989 at a level of \$12 million and increases by \$500,000 every other year or the City can fund the actuarially determined minimum municipal obligation, as defined, whichever is less.

Act 189 of 1990 amended the provisions of Chapter 3 of Act 205. Amendments require (1) annual payroll used in the calculation of financial requirements to be that of the current year (of the calculation) plus projected payroll to the end of the year and (2) an estimated state aid amount not be deducted from the total financial requirements in determining the minimum municipal obligation. The revised definition of the Minimum Municipal Obligation (MMO) is effective for MMO's developed and adopted for budgeting purposes subsequent to 1991. Additionally, the provisions for payment of the MMO were revised to require any one of three alternative methods, more fully described in Act 189, and payment of the MMO is to occur by December 31 of each year. The City received \$15.2 million in State Aid.

Annual Pension Cost

The City's annual pension cost for the past three years was as follows:

Fiscal Year Ended	(\$ in Thousands)		
	Municipal	Policemen	Firemen
December 31, 2007:			
Annual required contribution	\$ 10,457	\$ 19,769	\$ 7,901
Contribution made	10,457	19,769	7,901
December 31, 2006:			
Annual required contribution	10,692	19,537	7,750
Contribution made	10,692	19,537	7,750
December 31, 2005:			
Annual required contribution	10,143	17,531	9,046
Contribution made	10,143	17,531	9,046

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

CITY OF PITTSBURGH, PENNSYLVANIA

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	<u>Municipal</u>	<u>Policemen</u>	<u>Firemen</u>
Actuarial valuation date	1/1/2007	1/1/2007	1/1/2007
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar Closed	Level dollar Closed	Level dollar Closed
Remaining amortization period	31 years	31 years	31 years
Asset valuation method	Market related	Market related	Market related
Actuarial assumptions:			
Investment rate of return	8.75%	8.75%	8.75%
Projected salary increases	4.00%	5.75%	5.75%
Cost-of-living adjustments	3.50%	3.50%	3.50%

Required contributions have been reduced as a result of the City's 1998 general obligation bond issue, which was used to make a \$250,000,000 contribution to the plan and reduce an accumulated unfunded actuarial liability.

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

Three Year Trend Information

(Amounts expressed in thousands)

<u>Fiscal Year Ending</u>	<u>Pension Plan</u>	<u>Pension Cost (ARC)</u>	<u>Total Contributions as a Percentage of Annual Required Contributions</u>
12/31/2007	Municipal	\$ 10,457	100.0%
	Policemen	19,769	100.0%
	Firemen	7,901	100.0%
12/31/2006	Municipal	\$ 10,692	100.0%
	Policemen	19,537	100.0%
	Firemen	7,750	100.0%
12/31/2005	Municipal	\$ 10,143	100.0%
	Policemen	17,531	100.0%
	Firemen	9,046	100.0%

At January 1, 2007, the membership of the three pension plans consisted of:

CITY OF PITTSBURGH, PENNSYLVANIA

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Status	Municipal	Policemen	Firemen	Total
Retirees and beneficiaries of deceased retirees currently receiving benefits	1,634	1,630	1,198	4,462
Terminated employees - vested	67	5	4	76
Total	1,701	1,635	1,202	4,538
Active members	1,778	848	622	3,248
Total membership	3,479	2,483	1,824	7,786

8. OTHER POSTEMPLOYMENT BENEFITS

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

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

Funding Policy. The City's contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2007, the City contributed \$19,117,779 to the plan. Employees are not required to make contributions for basic life insurance. Employees contribute to health care costs at a flat rate based on wages and family size.

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the

CITY OF PITTSBURGH, PENNSYLVANIA

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financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Annual required contribution	\$ 26,704,998
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	26,704,998
Contributions made	19,117,779
Increase (decrease) in net OPEB obligation	7,587,219
Net OPEB obligation (asset) beginning of year	-
Net OPEB obligation (asset) end of year	\$ 7,587,219
Actuarial valuation date	1/1/2006
Actuarial cost method	Entry Age
Amortization method	Level dollar
Asset valuation method	N/A - the plans are unfunded
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases - 1	5.75%
Health care inflation rate	10% in 2006, grading to 5% in 2012

1 - Projected salary increase for municipal is 4.00%.

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For the Actuarial Valuation report dated 1/1/06, the actuarial value of assets is zero, the actuarial accrued liability is \$320.4 million for a funded ratio of zero.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2007	\$ 26,704,998	74%	\$ 6,882,221
December 31, 2006	N/A	N/A	N/A
December 31, 2005	N/A	N/A	N/A

N/A - Not Applicable, 2007 is implementation year for GASB Statement No. 45

Component Unit:

Parking Authority

The Parking Authority Post Employment Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Parking Authority. There is no separate audit requirement. The plan provides medical and dental insurance benefits to eligible retirees and their spouses. The following table shows the components of the Parking Authority's annual OPEB cost, the amount actuarially contributed to the plan, and the changes in the net OPEB obligation for the year ended September 30, 2007:

Annual required contribution (ARC)	\$ 10,200
Interest on net OPEB obligation	9,914
Adjustment to annual required contribution	<u>155,026</u>
Annual OPEB cost (expense)	175,140
Contributions made	<u>13,753</u>
Increase in net OPEB obligation	161,387
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 161,387</u></u>

The Parking Authority's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan was \$175,140 and 7.85%, respectively. As of October 1, 2006, the date of the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$917,342, all of which was unfunded. The covered payroll was \$502,496, and the ratio of unfunded actuarial accrued liability to cover payroll was 182.6%. The contributions made as a percentage of required contributions were 135%. The contributions were made on a pay-as-you-go basis.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

In the October 1, 2006, actuarial valuation, the following actuarial assumptions were used: Actuarial cost method – Entry age normal; Interest rate – 6%; Amortization method – Level dollar; Amortization period – Seven years.

9. LONG-TERM LIABILITIES

The maximum amount payable for future maturities of bond and interest on general long-term debt at December 31, 2007 and changes in bond principal for the year then ended are summarized below:

	Principal				
	Outstanding at December 31, 2006	Bonds paid or defeased and discount amortized during 2007	Bonds issued during 2007	Outstanding at December 31, 2007	Interest
Council and Public Election General					
Obligation Bonds:					
Twelve general obligation bond issues with rates ranging from 4.0% to 7.0%. The bonds are payable from general revenues.					
2007	\$ 40,665,000	\$ 40,665,000	\$ -	\$ -	\$ -
2008	44,485,000	-	-	44,485,000	43,889,955
2009	47,045,000	-	-	47,045,000	41,645,131
2010	49,390,000	-	-	49,390,000	39,302,470
2011	51,850,000	5,000	-	51,845,000	35,576,146
2012	54,670,000	-	-	54,670,000	32,760,761
2013-2017	320,465,000	-	-	320,465,000	116,564,831
2018-2022	150,160,000	-	-	150,160,000	39,335,519
2023-2024	53,970,000	-	-	53,970,000	3,620,760
Subtotal	812,700,000	40,670,000	-	772,030,000	352,695,573
Less: Discount on Zero Coupons	(1,047,306)	(484,461)	-	(562,845)	-
Unamortized bond issuance costs	(7,812,447)	(1,023,395)	-	(6,789,052)	-
Unamortized bond discounts/premiums	26,111,736	3,522,095	-	22,589,641	-
Excess cost on debt refinancing	(20,264,249)	(2,142,564)	-	(18,121,685)	-
Less bonds funded by Stadium Authority	(6,402,695)	(1,380,540)	-	(5,022,155)	(4,877,317)
	\$ 803,285,039	\$ 39,161,135	\$ -	\$ 764,123,904	\$ 347,818,256

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Discretely Presented Component Units

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

Future maturities of bond principal on URA related indebtedness supported by the City as of December 31, 2007 are as follows:

	Principal				Interest
	Outstanding at December 31, 2006	Bonds paid or defeased and discount amortized during 2007	Bonds issued during 2007	Outstanding at December 31, 2007	
Urban Redevelopment Authority					
taxable Revenue Bonds:					
One Special Tax Development Bond with interest rates ranging from 4.75% to 5.0%. The bonds are payable solely from the City's assignment to URA of certain Allegheny Regional Asset District revenues.					
2007	\$ 5,065,000	\$ 5,065,000	\$ -	\$ -	\$ -
2008	5,320,000	-	-	5,320,000	2,349,775
2009	5,585,000	-	-	5,585,000	2,097,500
2010	5,885,000	-	-	5,885,000	1,819,500
2011	6,205,000	-	-	6,205,000	1,526,875
2012	6,525,000	-	-	6,525,000	1,218,750
2013-2014	18,055,000	-	-	18,055,000	1,448,500
	\$ 52,640,000	\$ 5,065,000	\$ -	\$ 47,575,000	\$ 10,460,900

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

	Principal				Interest
	Outstanding at December 31, 2006	Bonds paid during 2007	Bonds issued during 2007	Outstanding at December 31, 2007	
Urban Redevelopment Authority					
Revenue Bonds:					
Eight tax increment financing (TIF) bonds with interest rates ranging from 4.75% to 10.5% and one TIF note with variable interest rates. Terms of the TIF require repayments of principal and interest in tax increment districts and related agreements.					
2007	\$ 1,048,799	\$ 1,048,799	\$ -	\$ -	\$ -
2008	1,130,339	195,696	-	934,643	1,438,715
2009	1,489,665	212,004	-	1,277,661	1,369,059
2010	1,607,392	228,312	-	1,379,080	1,278,437
2011	2,040,639	246,659	-	1,793,980	1,179,546
2012	1,604,011	267,044	-	1,336,967	1,060,206
2013-2017	9,347,203	1,685,840	-	7,661,363	3,647,668
2018-2022	5,716,844	850,055	-	4,866,789	1,223,049
2023-2025	1,728,099	-	-	1,728,099	206,460
	25,712,991	4,734,409	-	20,978,582	11,403,140
Total Urban Redevelopment Authority debt supported by the City	\$ 78,352,991	\$ 9,799,409	\$ -	\$ 68,553,582	\$ 21,864,040

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2007:

	Balance at December 31, 2006	Additions	Retirements	Balance at December 31, 2007
Primary Government:				
Mortgage Revenue Bond Program	\$ 98,785,000	\$ -	\$ 12,950,000	\$ 85,835,000
Home Improvement Loan Program	7,100,000	-	2,535,000	4,565,000
Single Family Mortgage Revenue Draw Down Bonds	27,500,000	-	-	27,500,000
PDF Trust bonds	52,640,000	-	5,065,000	47,575,000
Bank loan	3,080,275	-	351,159	2,729,116
	<hr/>	<hr/>	<hr/>	<hr/>
Total proprietary fund debt	189,105,275	-	20,901,159	168,204,116
Bank loans	8,101,840	-	1,300,601	6,801,239
HUD Section 108 loans	9,615,000	-	655,000	8,960,000
Compensated absences	450,962	26,516	-	477,478
	<hr/>	<hr/>	<hr/>	<hr/>
Original issue premium				620,735
Deferred interest				(5,712,224)
				<hr/>
Total debt and other long-term obligations	207,273,077	26,516	22,856,760	179,351,344
	<hr/>	<hr/>	<hr/>	<hr/>
Component Units:				
Pittsburgh Housing Development Corporation:				
Bank construction loans	1,364,239	40,881	550,847	854,273
	<hr/>	<hr/>	<hr/>	<hr/>
Total Component Unit Debt	1,364,239	40,881	550,847	854,273
	<hr/>	<hr/>	<hr/>	<hr/>
Total debt and other long-term obligations - reporting entity	\$ 208,637,316	\$ 67,397	\$ 23,407,607	\$ 180,205,617
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Stadium Authority Debt

Future maturities of bond principal on Stadium Authority indebtedness at March 31, 2007 are as follows:

	Principal			
	Outstanding at March 31, 2006	Bonds paid or defeased during 2007	Bonds and Notes issued during 2007	Outstanding at March 31, 2007
Stadium Authority Revenue Bonds and Notes:				
Gen. Oblig. Bonds				
funded by Stadium Authority	\$ 8,525,000	\$ 1,855,000	\$ -	\$ 6,670,000
(reflected as Note due to City of Pittsburgh, see footnote 14)				
	<u>\$ 8,525,000</u>	<u>\$ 1,855,000</u>	<u>\$ -</u>	<u>\$ 6,670,000</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Parking Authority Debt

Future maturities of bond and note principal on Parking Authority indebtedness at September 30, 2007 are as follows:

	Principal			
Outstanding at September 30, 2006	Bonds paid or defeased and discount amortized during 2007	Bonds and notes issued during 2007	Outstanding at September 30, 2007	Interest

Parking Authority Revenue Bonds and Notes:

Seven revenue bond issues with interest rates ranging from 2.20% to 5.0%. These bonds are payable from revenue from Parking Authority operations.

	\$	4,210,000	\$ 4,210,000	\$ -	\$ -
2007					
2008		4,350,000	-	-	4,350,000
2009		4,515,000	-	-	4,515,000
2010		4,680,000	-	-	4,680,000
2011		4,805,000	-	-	4,805,000
2012		22,835,472	-	-	22,835,472
2013-2017		26,218,490	-	-	26,218,490
2018-2022		32,645,000	-	-	32,645,000
2023-2027		8,295,000	-	-	8,295,000
		112,553,962	4,210,000	-	108,343,962
Plus: Appreciated value on Cap. Apprec. Bonds		1,004,941	-	639,336	1,644,277
Plus: Bond premium		3,201,451	-	(323,293)	2,878,158
Less: Unamortized discount		(57,104)	-	2,831	(54,273)
Less: Deferred amount on refinancing		(4,602,507)	-	402,226	(4,200,281)
Total	\$	112,100,743	\$ 4,210,000	\$ 721,100	\$ 108,611,843

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Pittsburgh Water and Sewer Authority Debt

Future maturities of bond and note principal on PWSA indebtedness at December 31, 2007 are as follows:

	Principal				
	Outstanding at December 31, 2006	Bonds paid or defeased and discount amortized during 2007	Bonds and notes issued during 2007	Outstanding at December 31, 2007	Interest
Pittsburgh Water and Sewer Authority Revenue Bonds:					
Three revenue bond issues with interest rates ranging from 5.0% to 5.31%, four revenue refunding bonds with interest rates ranging from 2.65% to 6.5%, and one note with variable interest rate. The bonds are payable from revenue from Water and Sewer operations.					
2007	\$ 17,995,000	\$ 20,400,000	\$ 2,405,000	\$ -	\$ -
2008	18,473,000	3,247,000	305,000	15,531,000	23,771,744
2009	18,981,000	3,365,000	3,815,000	19,431,000	23,367,280
2010	19,576,000	3,506,000	3,970,000	20,040,000	22,760,530
2011	20,221,000	3,636,000	4,130,000	20,715,000	22,088,481
2012	21,417,000	3,816,000	4,290,000	21,891,000	20,901,864
2013-2017	124,719,800	1,553,800	4,470,000	127,636,000	87,814,144
2018-2022	153,906,950	22,788,950	26,520,000	157,638,000	64,329,417
2023-2027	187,934,250	33,266,250	35,550,000	190,218,000	78,187,679
2028-2032	116,625,000	38,765,000	39,705,000	117,565,000	67,616,540
2033	2,925,000	33,725,000	33,735,000	2,935,000	114,699
	<u>702,774,000</u>	<u>168,069,000</u>	<u>158,895,000</u>	<u>693,600,000</u>	<u>410,952,378</u>
Less net bond discount (premium)	(884,000)	1,524,000	2,493,000	85,000	-
Less unamortized discount on 1998 bonds	(108,400,000)	-	3,086,000	(105,314,000)	-
Less deferred refunding loss	(14,784,000)	(1,834,000)	(7,593,000)	(20,543,000)	-
Total	<u>\$ 578,706,000</u>	<u>\$ 167,759,000</u>	<u>\$ 156,881,000</u>	<u>\$ 567,828,000</u>	<u>\$ 410,952,378</u>

Guaranteed Debt of Non-Component Unit

The Public Auditorium Authority is now a part of the Sports and Exhibition Authority, which is not a component unit of the City. The following debt was guaranteed by the City when the Public Auditorium Authority was a component unit of the City. As of December 31, 2007, the City continues to guarantee the debt.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

	Principal				
	Outstanding at December 31, 2006	Bonds paid or defeased and discount amortized during 2007	Bonds and notes issued during 2007	Outstanding at December 31, 2007	Interest
Public Auditorium Authority					
Revenue Bonds:					
One bond issue with interest rates ranging from 3.05% to 4.0%. The City's share of debt service on these bonds is payable from general revenues.					
2007	\$ 870,000	\$ 870,000	\$ -	\$ -	\$ -
2008	180,000	-	-	180,000	78,011
2009	182,500	-	-	182,500	72,520
2010	187,500	-	-	187,500	65,221
2011	197,500	-	-	197,500	57,720
2012	207,500	-	-	207,500	51,055
2013-2017	1,062,500	-	-	1,062,500	136,034
2018	122,500	-	-	122,500	4,900
Total	\$ 3,010,000	\$ 870,000	\$ -	\$ 2,140,000	\$ 465,461

(A) Council and Public Election General Obligation Bonds

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

On May 10, 2006, the City issued \$53,615,000 of General Obligation Bonds, Series 2006A with an average interest rate of 5.44%, \$140,560,000 of General Obligation Bonds, Series 2006B with an average interest rate of 5.16% and \$47,800,000 of General Obligation Bonds, Series 2006C, with an average interest rate of 5.25%. These consisted of serial bonds all bearing a fixed rate from 4.00% to 5.54% with maturities commencing on September 1, 2006 and continuing annually through September 2018. Net proceeds of \$201,483,507 (including a bond premium of \$9,650,477 and bond issuance costs of \$2,341,970) were used to advance refund various series of bonds. The proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds in the following schedule. As a result, the refundable bonds will be considered defeased and the related liability for the bonds is removed from the City's liabilities.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

<u>Issue/Series</u>	<u>Rate</u>	<u>Amount</u>
1992 A	6.66%	\$ 3,055,000
1996 B	5.48%	16,470,000
1997 AB	4.80%	6,090,000
1998 D	5.03%	30,110,000
1999 A	4.93%	1,530,000
2002 A	5.21%	73,135,000
2005 B	5.00%	64,300,000
		<u>\$194,690,000</u>

The City's advance refunding decreased total debt service over the next 20 years by approximately \$4.2 million. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately \$3.9 million.

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

The City's General Obligation Bonds Series 1992A, 1993A, 1998D, 2002A, 2003A, 2005A, and 2005B were issued to refunding previous series issued for capital projects. The 1998 Series ABC bonds were issued to fund the City's Pension Fund.

Below is a schedule of the City's General Obligation Bonds as of December 31, 2007:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Serial Bonds	Coupon or Ceiling Rate of Interest	Amount Outstanding
1992A*	6.65% - 6.75%	\$ 5,585,000
1993A	5.40% - 5.50%	29,085,000
1998A, B, C	6.30% - 7.00%	242,580,000
1998D	4.35% - 5.25%	77,170,000
2002A	4.50% - 5.50%	49,265,000
2003A	4.50% - 5.50%	13,555,000
2005A	5.00%	116,860,000
2005B	5.00%	11,265,000
2006 A	5.47% - 5.54%	38,310,000
2006 B	4.00% - 5.25%	140,555,000
2006 C	4.25% - 5.25%	47,800,000
Subtotal		772,030,000
Less: Discount on zero coupon bonds		(562,845)
Unamortized bond issuance costs		(6,789,052)
Unamortized bond discounts/premiums		22,589,641
Prepaid interest on debt refinancing		(18,121,685)
Less: Bonds funded by Stadium Authority		(5,022,155)
Total general obligation bonds payable		\$ 764,123,904

* Zero Coupon Bonds

The City's uninsured Bond Debt ratings are Moody's Baa3, Fitch BBB, and Standard & Poor's BBB and the City's insured Bond Debt ratings are Moody's Aaa, Fitch AAA, and Standard & Poor's AAA as of December 31, 2007.

In 1993, 1998, 2002, 2005, and 2006, the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, neither the assets held in trust nor the refunded bonds appear in the accompanying financial statements. The outstanding balance of defeased bonds at December 31, 2007 is \$510,725,000.

(B) Stadium Authority

During the Stadium Authority's fiscal year March 31, 2006, the Stadium Authority obtained three long-term loans to finance the West General Robinson Street Garage. The

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Employee Real Estate Construction Fund loan totaling \$16.7 million has a 25-year amortization and a 10-year term. No principal is due on the loan until month 28 and interest is payable immediately at a rate of 7.5%. The Strategic Investment Fund loan totaling \$3.5 million has a 15-year amortization and a 10-year term. No principal is due on the loan until month 28 and interest is payable immediately at a rate of 6.5%. The Infrastructure Development Program loan for \$1.25 million has a term of 20 years with a 2% interest rate. No principal or interest is due for 2006, 2007, and 2008. Interest only payments will be made in 2009 and 2010. The outstanding balances at March 31, 2007 are \$16.7 million, \$3.5 million, and \$1,250,000, respectively for the three loans.

(C) Pittsburgh Water and Sewer Authority

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

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

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

During March 2007, PWSA issued \$158,895,000 Series 2007 First Lien Water and Sewer Revenue Bonds ("2007 Bonds"): \$43,720,000 Series A of 2007 (fixed rate), \$57,585,000 Series B-1 of 2007 (variable rate demand), and \$57,590,000 Series B-2 of 2007 (variable rate demand). The purpose of this bond issue was to refund the Series 2002 and Series 2005 Bonds (the refunded bonds). In connection with the debt refundings, PWSA recorded a deferred refunding loss of \$8,099,000 which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method. As a result of this transaction, PWSA expects to recognize a present value savings on debt service payments, net of all transaction costs, of approximately \$6 million over the life of the new bonds.

The 2007 Bonds were issued at a bond premium of \$2,660,000, which is being amortized as an adjustment to interest expense over the life of the bonds using the

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

effective interest method. Bond issuance costs of \$598,000 are also being amortized over the life of the 2007 Bonds using the effective interest method.

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

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

Swap Transactions

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

The intention of the swaps is to effectively change PWSA's variable interest rate on the \$57,585,000 Water and Sewer System (Variable Rate Demand) First Lien Revenue Refunding Bonds Series B-1 of 2007 and on the \$57,590,000 Water and Sewer System (Variable Rate Demand) First Lien Revenue Refunding Bonds Series B-2 of 2007 (the bonds) to synthetic fixed rates of 3.932%, respectively.

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

The interest payments on the interest rate swaps are calculated based on a notional amounts of \$57,585,000 and \$57,590,000, respectively, both of which reduce, beginning on September 1, 2018, so that the notional amounts approximate the principal outstanding on the respective bonds. The interest rate swaps expire on September 1, 2033 consistent with the final maturity of the bonds.

As of December 31, 2007, the interest rate swaps had a fair market values of (\$1,902,000), and (\$1,345,000), respectively. 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.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Additionally, during 2007 in anticipation of the issuance of additional bonds, the Authority entered into four forward starting pay-fixed, receive-variable interest rate swaps. These contracts were revised subsequent to period end such that the forward starting swaps will be effective starting June 1, 2008 and will terminate on September 1, 2025.

Once effective, beginning September 1, 2008, PWSA will make semi-annual interest payments on the 1st of each March and September through September 1, 2025. The Counterparties will make monthly interest payments on the 1st of each calendar month, beginning June 1, 2008 through September 1, 2025.

The intention of the swaps is to effectively change PWSA's variable interest rate on the proposed 2008 Water and Sewer System (Variable Rate Demand) First Lien Revenue Refunding Bonds of 2008 to synthetic fixed rates of 3.953%.

The bonds will accrue interest at a weekly rate that is determined by a remarketing agent on each effective rate date. Per the interest rate swap agreements, PWSA will receive SIFMA Municipal Swap Index while paying a fixed rate of 3.953%.

The interest payments on the interest rate swaps are calculated based on notional amounts of \$50,185,000, \$50,185,000, \$47,080,000, and \$47,080,000, all of which reduce beginning on September 1, 2017 so that the notional amounts approximate the principal outstanding on the respective anticipated 2008 bonds. The interest rate swaps expire on September 1, 2025 consistent with the final maturity of the bonds.

As of December 31, 2007, the interest rate swaps had fair market values of (\$1,292,000), \$(1,335,000), (\$1,219,000) and (\$1,260,000). 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.

A termination event will occur related to the forward starting interest rate swaps if PWSA does not issue variable rate refunding bonds on or before July 30, 2008 in the amounts equal to the notional amounts on the respective interest rate swaps.

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

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

- Credit risk is the risk that a counterparty will not fulfill its obligations. On December 31, 2007, the interest rate swap counterparties were rated A+ and AA- by Moody's Investors Services, Inc., a nationally recognized statistical rating organization. If a counterparty failed to perform according to the terms of the interest rate swap agreement, there is some risk of loss to PWSA, up to the fair market value of the swaps.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of PWSA's financial instruments or PWSA's cash flows. PWSA could be exposed to interest rate risk if long-term interest rates are less than 3.932% or 3.953%, dependent on the transaction.
- Termination risk is the risk that a derivative's unscheduled end will affect PWSA's asset/liability strategy or will present PWSA with potentially significant unscheduled termination payments to the counterparty. The counterparties to the interest rate swaps do not have the ability to voluntarily terminate the interest rate swap; however, PWSA is exposed to termination risk in the event that one or more of the counterparties default.
- Basis risk is the risk that arises when variable interest rates on a derivative and an associated bond or other interest-paying financial instrument are based on different indexes. PWSA is subject to basis risk as the interest index on the variable rate arm of the swaps is based on the SIFMA Municipal Swap Index and the variable interest rate on the bonds is based on a different index, a weekly rate that is determined by a remarketing agent. Although expected to correlate, the relationships between different indexes vary and that variance could adversely affect PWSA's calculated payments, and as a result cost savings or synthetic interest rates may not be realized.

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

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

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

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

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

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

The Bonds bear interest at rates from 4.75% to 5.0% and mature through 2014. \$5,320,000 is due in 2008.

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

Tax Increment financing bonds are used to finance economic development within the City. The Bond proceeds are used to fund various construction projects within the City. Real estate value is thus increased and will provide increased future tax revenue to the City. Under a Tax Increment Financing Cooperative Agreement (the TIF Agreement) with the City, County, and the School District of Pittsburgh, each entity agrees to assign its respective rights to the incremental taxes derived from the TIF project to the URA for the term of the Bonds. The difference in the amount of real estate taxes attributable to the TIF property prior to and subsequent to the development of the property constitutes the "increment" that is available to pay debt service on the Bonds.

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

In the event that real estate tax revenues generated under the TIF Agreements are insufficient at any time to pay debt service on the Bonds, the respective parties under the Minimum Payment Agreements have agreed to make payments sufficient to remedy such shortfalls. Amounts payable under the Minimum Payment Agreements correspond to debt service requirements on the respective Bonds. Pursuant to the Tenant Agreement, each tenant has agreed to guarantee the full and punctual payment when due of all obligations. During 2007, the City's share of the TIF revenue was \$5,635,237, whereas the City's share of the principal and interest paid on the TIF Bonds and Note were \$2,815,891. In addition, the 1999 PNC Bond, with the City's portion being, \$3,685,610, was returned in 2007.

As of December 31, 2007, the following is a list of the TIF Bonds and Notes outstanding:

<u>Serial Bonds</u>	<u>Coupon Rate of Interest</u>	<u>Total Outstanding</u>	<u>City Portion</u>
1995A (Penn Avenue Place)	6.00%	\$ 3,310,000	\$ 1,252,836
1995B (Lazarus)	6.25%	2,925,000	1,107,114
1996 (Alcoa)	7.53%-8.01%	5,150,000	1,945,670
2000 (Mellon)	7.53%-8.05%	11,850,000	4,831,247
2001 (Heinz)	6.61%-7.16%	3,095,000	1,135,558
2003A (Station Square)	8.25%-8.50%	3,435,000	1,260,304
2003B (Station Square)	10.50%	3,100,000	1,137,394
2003 Note (Panther Hollow)	Variable	3,855,000	1,414,404
2006 Bond (Fifth and Market)	5.40%-5.88%	18,790,000	6,894,055
Total		<u>\$55,510,000</u>	<u>\$20,978,582</u>

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

The URA has various Bonds and Loans, which are the obligation of the URA and are not guaranteed or financed by the City. The proceeds of these Bonds and Loans are used to provide mortgages, loans, or grants to individuals or companies within the City to be used for urban redevelopment. The Bonds and Loans are payable from repayment of mortgages and loans and from other revenue and grants received by the URA. Debt issued for the URA as of December 31, 2007 is as follows:

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Mortgage Revenue Bonds

The Mortgage Revenue Bond Program was created to provide below market rate mortgages for the purchase and rehabilitation of residential property within the City. The Bonds, including various series and term bonds, bear interest at rates from 3.20% to 6.40% and mature through 2036.

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 throughout the City but without regard to borrower's income in certain designated redevelopment areas within the City. Serial Bonds of \$195,000 are currently outstanding. They bear interest at rates varying from 4.50% to 4.65% and mature through 2009. There are also term Bonds outstanding of \$4,370,000 with stated interest rates from 5.15% to 5.65% and maturity dates ranging from 2008 through 2021.

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. As of December 31, 2007, \$27,500,000 of tax-exempt, short-term notes is outstanding, of which \$19,013,000 accrues interest subject to alternative minimum tax. The Bonds accrue interest at a variable rate. The Note proceeds are invested in a guaranteed investment agreement at a fixed 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 Loans

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.

In 2002, the URA received a loan to finance construction costs incurred to build a garage located at the South Side Works. Interest payments are at an effective rate of 6.81%, which is the 3-year FHLB rate plus 2.75%. Rental payments and a mortgage are pledged as collateral for this loan. At December 31, 2007, \$2,806,338 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 6.75%, which is the 5-year FHLB rate plus 2.75%. A mortgage is pledged as collateral

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for this loan. At December 31, 2007, \$923,671 is outstanding. Final maturity is February 28, 2025.

On March 26, 2004, the Authority entered into a construction loan agreement. As of December 31, 2007, the outstanding loan balance was \$3,071,230. The loan accrues interest at a variable rate. The Authority makes interest only payments during the construction period. The loan bears interest at one month LIBOR plus 225 basis points and the URA will make monthly payments of both principal and interest. Final maturity is March 1, 2011.

HUD Section 108 Loans

During 2003, the URA received two HUD Section 108 loans to provide funding for the construction of garages at South Side Works. The first loan, in the amount of \$4.5 million is for an 850-space parking garage. The loan bears interest at 4%, with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. The loan is secured by 60% of the URA's interest in the tax increment from certain properties located in the South Side. At December 31, 2007, \$3.83 million is outstanding.

The second loan, in the amount of \$6.5 million is for the construction of a 367-space parking garage and site improvements in the South Side. The loan bears interest at 4%, with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. The loan is secured by 60% of the URA's interest in the tax increment from certain properties located in the South Side as well as future Community Development Block Grants. At December 31, 2007, \$5.13 million is outstanding.

Annual debt service requirements of the URA are as follows:

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 9,191,778	\$ 8,398,975	\$ 17,590,753
2009	12,333,781	7,861,055	20,194,836
2010	10,645,455	7,333,920	17,979,375
2011	13,657,303	6,737,633	20,394,936
2012	10,973,299	6,400,507	17,373,806
2013-2017	41,679,388	23,641,657	65,321,045
2018-2022	20,828,652	14,861,242	35,689,894
2023-2027	21,015,699	9,647,335	30,663,034
2028-2032	41,105,000	3,669,986	44,774,986
2033	2,535,000	244,225	2,779,225
	<u>\$183,965,355</u>	<u>\$ 88,796,535</u>	<u>\$272,761,890</u>

Interest Rate Swap

During fiscal year 2004, the URA 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. As of December 31, 2007, the swap had a fair value of \$(149,122). 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.

URA Component Unit Debt consists of the following:

PHDC-URA Loans

PHDC had outstanding construction loans payable to the URA of \$2,335,808. The loans are non-interest bearing. The loans mature through 2008, and are secured by a third lien position on real property and improvements.

PHDC-Bank Loans

The PHDC had outstanding construction loans payable to banks of \$854,273. Interest accrues on the loans at rates between 6% and 9%. Loans are due on demand.

Future Maturities

Principal payments of \$3,190,081 are due in 2008 for URA's component units.

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

(F) Other Long-Term Obligations

The following is a summary of transactions affecting other long-term obligations of the City during 2007:

	Accrued Workers' Compensation	Accrued Compensated Absences	Accrued Claims and Judgments	Capital Lease Obligation
Balance, January 1, 2007	\$ 120,874,825	\$ 27,791,852	\$ 2,750,000	\$14,215,587
Additions	45,814,511	13,815,588	1,776,705	-
Reductions/payments	(23,695,680)	(12,606,052)	(1,101,705)	(488,232)
Balance, December 31, 2007	142,993,656	29,001,388	3,425,000	13,727,355
Less amounts accrued within short-term	(20,724,001)	(15,744,736)	(1,775,000)	(518,334)
Long-term portion, December 31, 2007	\$ 122,269,655	\$ 13,256,652	\$ 1,650,000	\$13,209,021

1. The General Fund is used to liquidate the workers' compensation, compensated absences, claims and judgments, and capital lease obligations.
2. Commencing on July 3, 2002, the City entered into a twenty year, noncancelable (unless there is a default of the terms by either party) lease for office space to be used by the Department of Public Safety, Police Bureau. The lease includes additional renewal options to extend the lease for four consecutive terms of five years each. The terms of the lease did not start until the Police Bureau took possession of the property in March 2004. The first lease payment was made for March 2004. \$15,434,653 is included in capital assets as capital leases.
3. The minimum future rental payments required by the lease are as follows:

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	Year Ended December 31,
2008	\$ 1,260,000
2009	1,260,000
2010	1,260,000
2011	1,364,417
2012	1,385,300
2013-2017	6,926,500
2018-2020	9,218,300
Total	22,674,517
Less interest:	(8,947,162)
Present value	\$ 13,727,355

10. DUE FROM/TO OTHER GOVERNMENTS

(A) *Due From Other Governments*

The City receives funds from various government agencies as reimbursements for their share of City projects and as grants for City programs. The following amounts, as described below, are due from other governments at December 31, 2007:

General Fund:	
Commonwealth of Pennsylvania	\$ 1,968,416
Special Revenue CDBG:	
Housing and Urban Development	2,272,792
Other Governmental Funds:	
Job Training Partnership Program	1,777,123
Allegheny County - parks	337,579
	2,114,702
Capital Projects:	
Commonwealth of Pennsylvania - Highway Fund	732,830
Federal Government - Highway Fund	2,818,783
	3,551,613
Total due from other governments - governmental funds	\$ 9,907,523

(B) *Due To Other Governments*

Funds are collected by the City on behalf of other governments. The following amounts, as described below, are due to other governments at December 31, 2007:

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General Fund:	
Pittsburgh Board of Education	\$ 566,409
Commonwealth of Pennsylvania	133,682
Sports and Exhibition Authority	<u>7,568</u>
	<u>707,659</u>
Other Governmental Funds:	
Commonwealth of Pennsylvania	<u>39,490</u>
Total due to other governments - governmental funds	<u><u>\$ 747,149</u></u>

11. INTERFUND RECEIVABLE AND PAYABLE BALANCES

	Due From				Total
	General	Other Governmental	Capital Projects	Community Development	
Due To:					
General	\$ -	\$ 496,716	\$ -	\$ 613,590	\$ 1,110,306
Other Governmental	9,496	-	-	230,207	239,703
Capital Projects	-	-	-	1,364,873	1,364,873
Community Development	-	3,732	-	-	3,732
	<u>\$ 9,496</u>	<u>\$ 500,448</u>	<u>\$ -</u>	<u>\$ 2,208,670</u>	<u>\$ 2,718,614</u>

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

The Capital Projects Fund advanced funds to the CDBG Special Revenue Fund in the amount of \$1.3 million.

12. OPERATING TRANSFERS

Transfers between primary government funds:

	Transfer From			Total
	General	Capital Projects	Other Governmental	
Transfer To:				
General Fund	\$ -	\$ -	\$ 4,091,500	\$ 4,091,500
Debt Service	66,050,169	-	-	66,050,169
Capital Projects	60,000,000	-	300,057	60,300,057
Other Governmental	23,000	5,160,524	100,000	5,283,524
Total	<u>\$ 126,073,169</u>	<u>\$ 5,160,524</u>	<u>\$ 4,491,557</u>	<u>\$ 135,725,250</u>

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

13. FUND DEFICITS

(A) Stadium Authority Deficit

The net asset deficit of the Stadium Authority of \$14,096,000 is expected to be subsidized through future revenues from the RAD. The Stadium Authority will receive decreasing amounts of support through the year 2010.

(B) Pittsburgh Water and Sewer Authority

PWSA has a net asset deficit of \$34,603,000 as of December 31, 2007. PWSA has extended its contract with a nationally known service company to improve operations, has placed delinquent accounts with a collection agency to improve collections, and has approved rate increases in an effort to cover increased debt service and to reduce the deficit position.

14. RELATED PARTY TRANSACTIONS

(A) Under the terms of agreements dated July 1, 1965, December 1, 1985, and April 1, 1986, the City of Pittsburgh agreed to make annual grants to the Stadium Authority for the excess of the aggregate cost of operation and maintenance of the stadium complex and debt service on the stadium bonds over the total funds available to the Stadium Authority for those purposes. The Stadium Authority is required to repay these grants to the extent that its revenues are not required for operation and maintenance of the stadium complex and debt service on the stadium bonds. The Stadium Authority has this reflected as a long-term note due to the City. However, the City does not have a corresponding receivable recorded due to the unlikelihood of collection.

On June 17, 1992, the City and the Stadium Authority entered into an agreement to restructure the Stadium Authority's Series 1985 Bonds. Under the agreement, the City issued Bonds, and certain of these Bonds proceeds were escrowed for repayment of the Authority's Series 1985 Bonds. Funds provided by the City were used to fully redeem the Series 1985 Bonds during the fiscal year ended March 31, 1994. The funds provided are reflected by the Stadium Authority as long-term payable to the City for a total of \$6,670,000. However, the City does not have a corresponding receivable

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recorded due to the unlikelihood of collection since the stadium assets were significantly eliminated when the stadium was demolished.

- (B) The URA, acting as the City's agent under a 1981 cooperation agreement, made two loans from prior years' Urban Redevelopment Action Grant (UDAG) funds to a development company to assist in the construction of the Parkway Center Mall in the City's West End, which was completed in November 1982. Neither of these loans are reflected as a receivable in the City's financial statements due to the contingent nature of repayments and unspecified terms when the loans were made.

The first loan of \$2,000,000 was made under an agreement dated October 30, 1981, as amended April 22, 1982 and April 2, 1984, the purpose of which was to assist in the construction costs of the mall; repayments are contingent upon positive cash flows and other factors. The loan, which has a 27-year term with varying interest rates, is to be repaid to the City by the URA at the City's discretion. The Parkway Center Mall asked for and received a deferral of their loan payment for 2003 through 2007. The balance of the receivable from the URA, should the City continue to exercise its option, at December 31, 2007 was \$1,106,650.

The second loan of \$6,819,972 was made under an agreement dated April 2, 1984 for the construction of highway ramps to connect the mall with I-279. This loan agreement was amended on July 13, 1992. Repayment of the loan was to commence on June 1, 1992. The term of the loan is 30 years with varying fixed interest rates. The remaining balance including accrued interest is \$5,173,786 at December 31, 2007.

- (C) In February 2000, the Parking Authority and the City amended the cooperation agreement between them dated February 5, 1995. Among other things, the amended cooperation agreement increased from \$1.4 million to \$1.9 million the Parking Authority's annual payment in lieu of real estate taxes to the City. Under the terms of the agreement, however, the payment to the City is made only upon the Parking Authority successfully meeting its annual debt service requirements, determined each year on December 15. This amendment effectively subordinates the Authority's annual payment in lieu of taxes, providing additional security for Authority bondholders. As a result of the June 2005 repayment of the outstanding URA Bonds on the Oliver Parking Facility, the Oliver Parking Tax TIF lapsed. In consideration of the increase in parking taxes received by the City for the Oliver Garage as a result of the lapsed TIF, the City agreed to a reduced payment in lieu of real estate taxes for the year ended September 30, 2007. The Parking Authority has reflected within their financial statements at September 30, 2007 as accounts payable and other accrued expenses amounts owed to the City for miscellaneous items totaling \$2,418,312. However, the City does not have a corresponding receivable of the same amount recorded due to the difference in years-ended.

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15. CONSTRUCTION AND LEASE COMMITMENTS

As of December 31, 2007, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>
Millvale Ave Bridge	<u>\$ 878,344</u>

Component Units:

PWSA is proceeding with a capital improvement program which the PWSA's independent engineer has estimated will entail expenditure of the existing construction funds and potential future bond issues. As of December 31, 2007, \$61 million of the program is complete and \$68 million is under active contract.

PWSA plans to issue Series 2008 refunding Bonds to current refund the Series 1998 A and 1998 C Bonds sometime prior to July 31, 2008.

At December 31, 2007, URA had entered into contracts for professional services and construction totaling approximately \$7.6 million. Approximately, \$1.8 million relates to the Southside Works construction. The remaining construction commitments relate to various other projects.

At September 30, 2007, the Parking Authority had construction commitments of approximately \$18.7 million.

16. REGIONAL ASSET DISTRICT REVENUES

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

RAD revenue allocated to the City totaled approximately \$20.0 million in 2007. The City allocated approximately \$4.5 million to park operations.

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

17. CONTINGENCIES

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

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

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

Component units:

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

Generally, the Order requires PWSA and the City to assess the City sewers in order to develop a plan with ALCOSAN to address wet weather sewer overflows within the City. The Order is part of a sewer assessment program for all municipalities served by ALCOSAN. Most assessment activities for critical sewers and separate sanitary sewers are to be completed by 2010. Assessment activities for non-critical sewers are to be completed on a longer schedule with some tasks to be completed by 2012. In addition to the assessment, the Order requires PWSA and the City to implement the Nine Minimum Controls to reduce combined sewer overflows, and to perform repairs and maintenance of deficiencies revealed

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by the assessment. Deficiency corrections identified during assessment in critical sewers and separate sanitary sewers are to be completed by 2010, and in non-critical sewers are to be completed by 2012.

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

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

18. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The risk of loss to which the City is exposed for the above mentioned items is handled through various insurance coverages. As of December 31, 2007, there were no settlements exceeding coverage for the past three years. The City also covers certain claim settlements and judgments from its General and Capital Projects Fund resources due to the prohibitive cost of carrying certain commercial insurance. The City currently reports all risk management activities out of its General Fund. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Provisions are recorded within current liabilities for amounts payable within one year. Amounts not payable within one year are reported within long-term liabilities.

Changes in the accrued claims and judgments liability during the years ended December 31, 2007 and 2006 are as follows:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
Accrued claims and judgments, January 1	\$ 2,750,000	\$ 4,425,000
Current year claims	1,776,705	128,353
Claim payments	<u>(1,101,705)</u>	<u>(1,803,353)</u>
Accrued claims and judgments, December 31	<u>\$ 3,425,000</u>	<u>\$ 2,750,000</u>

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

Also, the City is fully self-insured for workers' compensation benefits. These amounts were calculated by actuaries, based on industry standards and utilizing discount rates ranging between 2.68% and 2.81%. A self-insurance reserve fund in the amount of \$338,227 (classified as restricted within the General Fund) is maintained, due to a legal requirement under self-insurance regulations of the State of Pennsylvania, in the General Fund.

Changes in the accrued workers' compensation liability during the years ended December 31, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Accrued worker's compensation, January 1	\$ 120,874,825	\$ 121,142,362
Current year claims	45,814,511	23,678,274
Claim payments	<u>(23,695,680)</u>	<u>(23,945,811)</u>
Accrued worker's compensation, December 31	<u>\$ 142,993,656</u>	<u>\$ 120,874,825</u>

19. SUBSEQUENT EVENTS

Component units:

On December 13, 2007, the Parking Authority's Board approved a resolution to decrease the transient all-day parking rate at eight of the Parking Authority's downtown parking facilities by \$0.25 effective January 1, 2008.

On February 27, 2008, the Parking Authority, the URA, and Millcraft Industries entered into an agreement that changed the primary structure of two existing agreements; the sale of 50 spaces of the Oliver Garage to Millcraft Industries, and the note from the URA for the development of the Wharton Square area parking lot. As to the sale of 50 spaces of the Oliver Garage, Millcraft Industries now desires to reduce its original purchase to 43 spaces. Therefore the original sales price of \$2 million is reduced to \$1.72 million. Millcraft Industries will assign the note to the URA. At the time of payment, \$1.3 million will be applied to pay the Wharton Square note from the URA to the Parking Authority.

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

PENSION TRUST FUNDS

SCHEDULES OF FUNDING PROGRESS

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
<u>Municipal:</u>						
1/1/2000	\$ 140,158	\$ 183,715	\$ (43,557)	76.29%	\$ 63,627	-68.46%
1/1/2001	124,935	185,656	(60,721)	67.29%	64,621	-93.96%
1/1/2002	111,528	205,300	(93,772)	54.32%	69,594	-134.74%
1/1/2003	91,604	212,206	(120,602)	43.17%	69,034	-174.70%
1/1/2005	109,791	234,134	(124,343)	46.89%	67,412	-184.45%
1/1/2007	117,692	237,314	(119,622)	49.59%	70,189	-170.43%
<u>Policemen:</u>						
1/1/2000	\$ 169,358	\$ 298,470	\$ (129,112)	56.74%	\$ 52,266	-247.03%
1/1/2001	150,833	305,282	(154,449)	49.41%	51,345	-300.81%
1/1/2002	133,280	314,033	(180,753)	42.44%	54,815	-329.75%
1/1/2003	106,340	323,466	(217,126)	32.88%	54,308	-399.80%
1/1/2005	117,822	353,479	(235,657)	33.33%	50,253	-468.94%
1/1/2007	114,889	353,522	(238,633)	32.50%	54,862	-434.97%
<u>Firemen:</u>						
1/1/2000	\$ 158,093	\$ 215,462	\$ (57,369)	73.37%	\$ 47,991	-119.54%
1/1/2001	147,291	222,041	(74,750)	66.34%	50,326	-148.53%
1/1/2002	136,442	233,373	(96,931)	58.47%	52,054	-186.21%
1/1/2003	114,527	230,092	(115,565)	49.77%	54,006	-213.99%
1/1/2005	145,995	255,770	(109,775)	57.08%	56,591	-193.98%
1/1/2007	142,787	308,412	(165,625)	46.30%	47,573	-348.15%

See accompanying note to required supplementary pension schedules.

CITY OF PITTSBURGH, PENNSYLVANIA PENSION TRUST FUNDS

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

Calendar Year	Annual Required Contributions	Employer Contributions	Employer Contributions as a Percentage of Annual Required Contributions	Commonwealth of Pennsylvania Contributions	Commonwealth of Pennsylvania Contributions as a Percentage of Annual Required Contributions	Total Contributions	Total Contributions as a Percentage of Annual Required Contributions
<u>Municipal:</u>							
2002	\$ 2,829	\$ 373	13.2%	\$ 2,456	86.8%	\$ 2,829	100.0%
2003	4,325	1,025	23.7%	3,300	76.3%	4,325	100.0%
2004	8,136	1,321	16.2%	6,815	83.8%	8,136	100.0%
2005	10,143	3,537	34.9%	6,606	65.1%	10,143	100.0%
2006	10,692	5,130	48.0%	5,562	52.0%	10,692	100.0%
2007	10,457	4,759	45.5%	5,698	54.5%	10,457	100.0%
<u>Policemen:</u>							
2002	\$ 10,565	\$ 1,391	13.2%	\$ 9,174	86.8%	\$ 10,565	100.0%
2003	12,926	3,065	23.7%	9,861	76.3%	12,926	100.0%
2004	14,892	8,796	59.1%	6,096	40.9%	14,892	100.0%
2005	17,531	11,636	66.4%	5,895	33.6%	17,531	100.0%
2006	19,537	14,416	73.8%	5,121	26.2%	19,537	100.0%
2007	19,769	14,299	72.3%	5,470	27.7%	19,769	100.0%
<u>Firemen:</u>							
2002	\$ 5,032	\$ 662	13.2%	\$ 4,370	86.8%	\$ 5,032	100.0%
2003	6,624	1,571	23.7%	5,053	76.3%	6,624	100.0%
2004	8,530	3,540	41.5%	4,990	58.5%	8,530	100.0%
2005	9,046	4,381	48.4%	4,665	51.6%	9,046	100.0%
2006	7,750	3,803	49.1%	3,947	50.9%	7,750	100.0%
2007	7,901	3,887	49.2%	4,014	50.8%	7,901	100.0%

See accompanying note to required supplementary pension schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTE TO REQUIRED SUPPLEMENTARY PENSION SCHEDULES

YEAR ENDED DECEMBER 31, 2007

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

	<u>Municipal</u>	<u>Policemen</u>	<u>Firemen</u>
Actuarial valuation date	1/1/2007	1/1/2007	1/1/2007
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	31 years	31 years	31 years
Asset valuation method	Market related	Market related	Market related
Actuarial assumptions:			
Investment rate of return	8.75%	8.75%	8.75%
Projected salary increases	4.00%	5.75%	5.75%
Cost-of-living adjustments	3.50%	3.50%	3.50%

CITY OF PITTSBURGH
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLANS

YEAR ENDED DECEMBER 31, 2007
(Dollar Amounts in Thousands)

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

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

ADDITIONAL INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2007

	Equipment Leasing Authority	Liquid Fuels Tax	JTPA	Public Safety	Civic and Cultural	Grants and Donations	Total
Assets							
Cash and cash equivalents	\$ 214,079	\$ 2,060,541	\$ 682,365	\$ 3,579,904	\$ 6,140,152	\$ 96,349	\$ 12,773,390
Other receivables	-	-	-	571,949	322,862	-	894,811
Accrued interest	-	8,014	-	-	-	-	8,014
Due from other governments	-	-	1,777,123	-	337,579	-	2,114,702
Due from General Fund	-	-	-	9,490	-	-	9,490
Due from other Special Revenue Fund	-	-	44,084	-	186,129	-	230,213
Due from capital projects	-	-	-	-	-	-	-
Total Assets	\$ 214,079	\$ 2,068,555	\$ 2,503,572	\$ 4,161,343	\$ 6,986,722	\$ 96,349	\$ 16,030,620
Liabilities and Fund Balance							
Liabilities:							
Account payable	-	\$ 358,590	\$ 1,986,152	\$ 81,255	\$ 123,566	\$ 2,568	\$ 2,552,131
Accrued liabilities	-	-	289,299	-	221,969	-	511,268
Due to General Fund	-	-	203,551	216,180	76,986	-	496,717
Due to other Special Revenue Fund	-	-	-	3,731	-	-	3,731
Due to other governments	-	-	-	39,490	-	-	39,490
Total Liabilities	-	358,590	2,479,002	340,656	422,521	2,568	3,603,337
Fund Balance:							
Reserve for encumbrances	-	-	-	277,487	274,042	-	551,529
Unreserved	214,079	1,709,965	24,570	3,543,200	6,290,159	93,781	11,875,754
Total Fund Balance	214,079	1,709,965	24,570	3,820,687	6,564,201	93,781	12,427,283
Total Liabilities and Fund Balance	\$ 214,079	\$ 2,068,555	\$ 2,503,572	\$ 4,161,343	\$ 6,986,722	\$ 96,349	\$ 16,030,620

CITY OF PITTSBURGH, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

	Equipment Leasing Authority	Liquid Fuels Tax	JTPA	Public Safety	Civic and Cultural	Grants and Donations	Total
Revenues:							
Interest and dividends	\$ -	\$ 212,578	\$ -	\$ 89,986	\$ -	\$ -	\$ 302,564
Fines and forfeits	-	-	-	312,931	-	-	312,931
Intergovernmental revenues	230,961	5,913,555	12,138,292	1,386,810	5,600,978	98,534	25,369,130
Charges for user services	-	-	-	721,307	2,503,307	-	3,224,614
Miscellaneous	297,988	-	-	-	21,722	282,050	601,760
Total revenues	528,949	6,126,133	12,138,292	2,511,034	8,126,007	380,584	29,810,999
Expenditures:							
General government	193,815	-	-	496,683	42,844	278,823	1,012,165
Public safety	-	-	-	1,616,570	-	7,980	1,624,550
Public works	-	2,965,582	-	-	3,522,515	-	6,488,097
Sanitation	-	-	-	-	18,969	-	18,969
Community, recreational, and cultural	-	-	-	-	3,281,538	-	3,281,538
Economic and physical development	-	-	12,138,292	-	-	-	12,138,292
Capital outlay	6,690,647	-	-	-	-	-	6,690,647
Total expenditures	6,884,462	2,965,582	12,138,292	2,113,253	6,865,866	286,803	31,254,258
Excess (Deficiency) of Revenues Over Expenditures	(6,355,513)	3,160,551	-	397,781	1,260,141	93,781	(1,443,259)
Other Financing Sources (Uses):							
Operating transfers in	5,283,524	-	-	-	-	-	5,283,524
Operating transfers out	-	(4,036,500)	-	(400,057)	(55,000)	-	(4,491,557)
Total other financing sources (uses)	5,283,524	(4,036,500)	-	(400,057)	(55,000)	-	791,967
Net Change in Fund Balance	(1,071,989)	(875,949)	-	(2,276)	1,205,141	93,781	(651,292)
Fund Balance:							
Beginning of year	1,286,068	2,585,914	24,570	3,822,963	5,359,060	-	13,078,575
End of year	\$ 214,079	\$ 1,709,965	\$ 24,570	\$ 3,820,687	\$ 6,564,201	\$ 93,781	\$ 12,427,283

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF PLAN NET ASSETS PENSION TRUST FUNDS

DECEMBER 31, 2007

Assets	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Cash and cash equivalents	\$ 30,492,576	\$ 101,225	\$ 2,800,481	\$ 19,357	\$ 33,413,639
Investments:					
Preferred and common stock	102,193,272	-	-	-	102,193,272
U.S. government and agency obligations	41,503,711	-	-	-	41,503,711
Corporate and other obligations	69,975,253	-	-	-	69,975,253
Mutual funds	111,712,084	-	-	-	111,712,084
Hedge funds	26,982,698	-	-	-	26,982,698
Private equity	1,116,717	-	-	-	1,116,717
Due from (to) other fund	(435,783)	-	435,783	-	-
Accrued interest and dividend receivables	1,074,391	-	-	-	1,074,391
Total Assets	384,614,919	101,225	3,236,264	19,357	387,971,765
Liabilities					
Benefits and related withholdings payable	-	-	2,685,527	-	2,685,527
Due to City of Pittsburgh Trust and Agency Fund	-	40,785	8,360	-	49,145
Accrued liabilities and other payables	-	7,004	6,640	4,420	18,064
Total Liabilities	-	47,789	2,700,527	4,420	2,752,736
Net Assets Held in Trust for Pension Benefits	\$ 384,614,919	\$ 53,436	\$ 535,737	\$ 14,937	\$ 385,219,029

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2007

	Comprehensive Trust	Municipal Fund	Police's Fund	Firemen's Fund	Total
Additions:					
Contributions:					
Employer - pension benefits	\$ 22,944,682	-	-	-	\$ 22,944,682
Employer - other benefits	3,179,818	-	784,076	-	3,963,894
Plan members	9,201,118	-	-	-	9,201,118
State aid	15,182,262	-	-	-	15,182,262
Total contributions	50,507,880	-	784,076	-	51,291,956
Investment income:					
Net appreciation in fair value of investments	16,179,386	-	-	-	16,179,386
Interest and dividends	23,103,385	-	-	2,455	23,105,840
Total investment income	39,282,771	-	-	2,455	39,285,226
Investment expense	(1,318,099)	-	-	-	(1,318,099)
Net investment income	37,964,672	-	-	2,455	37,967,127
Miscellaneous:					
Other	1,995,918	-	-	10,199	2,006,117
Total additions	90,468,470	-	784,076	12,654	91,265,200
Deductions:					
Benefit payments	-	19,160,847	32,212,494	27,721,407	79,094,748
Refund of employee contributions	-	602,802	261,139	135,513	999,454
Administrative expense	315,396	433,967	335,742	235,588	1,320,693
Total deductions	315,396	20,197,616	32,809,375	28,092,508	81,414,895
Increase (Decrease) in Net Assets before operating transfers	90,153,074	(20,197,616)	(32,025,299)	(28,079,854)	9,850,305
Transfers to Pension Funds	(80,804,008)	20,163,972	32,561,036	28,079,000	-
Net Increase (Decrease) in Plan Net Assets	9,349,066	(33,644)	535,737	(854)	9,850,305
Net Assets:					
Beginning of year	375,265,853	87,080	-	15,791	375,368,724
End of year	\$ 384,614,919	\$ 53,436	\$ 535,737	\$ 14,937	\$ 385,219,029

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

YEAR ENDED DECEMBER 31, 2007

	Balance at December 31, 2006	Additions	Deletions	Balance at December 31, 2007
EMPLOYEE BENEFITS				
Assets				
Cash and cash equivalents	\$ 6,114,221	\$ 64,112,303	\$ 60,540,036	\$ 9,686,488
Other assets	192,388	242,741	192,388	242,741
Total Assets	<u>\$ 6,306,609</u>	<u>\$ 64,355,044</u>	<u>\$ 60,732,424</u>	<u>\$ 9,929,229</u>
Liabilities				
Accrued liabilities	<u>\$ 6,306,609</u>	<u>\$ 64,355,044</u>	<u>\$ 60,732,424</u>	<u>\$ 9,929,229</u>
DEPOSITS				
Assets				
Cash and cash equivalents	\$ 2,611,744	\$ 15,711,142	\$ 16,174,981	\$ 2,147,905
Other receivables	330,310	-	-	330,310
Total Assets	<u>\$ 2,942,054</u>	<u>\$ 15,711,142</u>	<u>\$ 16,174,981</u>	<u>\$ 2,478,215</u>
Liabilities				
Accrued liabilities	\$ 1,164,862	\$ 14,936,466	\$ 14,741,289	\$ 1,360,039
Deposits held in trust	1,777,192	774,676	1,433,692	1,118,176
Total Liabilities	<u>\$ 2,942,054</u>	<u>\$ 15,711,142</u>	<u>\$ 16,174,981</u>	<u>\$ 2,478,215</u>
OTHER				
Assets				
Cash and cash equivalents	\$ 714,178	\$ 510,249	\$ 445,113	\$ 779,314
Other receivables	14,340	-	-	14,340
Total Assets	<u>\$ 728,518</u>	<u>\$ 510,249</u>	<u>\$ 445,113</u>	<u>\$ 793,654</u>
Liabilities				
Accrued liabilities	\$ 521,462	\$ 485,657	\$ 396,945	\$ 610,174
Accounts payable	26,384	-	-	26,384
Deposits held in trust	180,672	24,592	48,168	157,096
Total Liabilities	<u>\$ 728,518</u>	<u>\$ 510,249</u>	<u>\$ 445,113</u>	<u>\$ 793,654</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 9,440,143	\$ 80,333,694	\$ 77,160,130	\$ 12,613,707
Other assets	192,388	242,741	192,388	242,741
Other receivables	344,650	-	-	344,650
Total Assets	<u>\$ 9,977,181</u>	<u>\$ 80,576,435</u>	<u>\$ 77,352,518</u>	<u>\$ 13,201,098</u>
Liabilities				
Accrued liabilities	\$ 7,992,933	\$ 79,777,167	\$ 75,870,658	\$ 11,899,442
Accounts payable	26,384	-	-	26,384
Deposits held in trust	1,957,864	799,268	1,481,860	1,275,272
Total Liabilities	<u>\$ 9,977,181</u>	<u>\$ 80,576,435</u>	<u>\$ 77,352,518</u>	<u>\$ 13,201,098</u>

CITY OF PITTSBURGH, PENNSYLVANIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 2,151,987	\$ 2,151,987	\$ -
Total revenues	<u>2,151,987</u>	<u>2,151,987</u>	<u>-</u>
Expenditures:			
Capital projects:			
Engineering and construction	20,317,119	1,638,029	18,679,090
Parks and recreation	1,245,479	-	1,245,479
Public works	27,557,028	13,785,683	13,771,345
General services	1,745,289	828,016	917,273
Urban Redevelopment Authority	4,736,204	3,441,204	1,295,000
Capital outlay	3,560,726	516,614	3,044,112
Other	<u>20,306,968</u>	<u>8,071,402</u>	<u>12,235,566</u>
Total expenditures	<u>79,468,813</u>	<u>28,280,948</u>	<u>51,187,865</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(77,316,826)</u>	<u>(26,128,961)</u>	<u>51,187,865</u>
Other Financing Sources (Uses):			
Operating transfers in	<u>-</u>	<u>60,300,057</u>	<u>60,300,057</u>
Net Change in Fund Balance	<u>\$ (77,316,826)</u>	<u>\$ 34,171,096</u>	<u>\$ 111,487,922</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in thousands)

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the budgetary comparison statement.	\$ 2,152
The adjustments to convert to GAAP basis, recording of receivables, and revenues not included in budget.	<u>2,926</u>
Total Capital Projects Fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u><u>\$ 5,078</u></u>

Users/Outflows of Revenues:

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement.	\$ 28,281
Transfer budgeted as project.	(5,161)
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>(1,059)</u>
Total Capital Projects Fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balance.	<u><u>\$ 22,061</u></u>

STATISTICAL SECTION

Statistical Section

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

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

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

Table 1
CITY OF PITTSBURGH, PENNSYLVANIA
NET ASSETS BY COMPONENT
2002 - 2007
ACCURAL BASIS OF ACCOUNTING

	2007	2006	2005	2004	2003	2002
Primary Governmental Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 28,068,983	\$ 19,855,494	\$ 32,093,268	\$ 33,115,655	\$ 14,047,401	\$ (491,045,970)
Restricted	3,590,593	17,410,647	2,024,893	1,902,998	1,386,497	1,418,005
Unrestricted	(623,499,122)	(665,435,571)	(729,337,724)	(776,978,604)	(728,071,303)	(209,557,174)
<i>Total Primary Government Net Assets</i>	<u>\$ (591,839,546)</u>	<u>\$ (628,169,430)</u>	<u>\$ (695,219,563)</u>	<u>\$ (741,959,951)</u>	<u>\$ (712,637,405)</u>	<u>\$ (699,185,139)</u>

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

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

	2007	2006	2005	2004	2003	2002
Expenses:						
Governmental Activities:						
General government	\$ 67,454,774	\$ 57,794,631	\$ 63,221,610	\$ 75,496,380	\$ 68,571,952	\$ 78,365,054
Public safety	242,305,419	207,121,913	213,197,078	242,704,887	221,439,681	202,591,954
Highways and streets	57,079,918	56,458,755	55,024,821	50,930,630	50,089,338	52,723,858
Sanitation	20,615,151	18,398,474	14,693,283	13,801,070	12,080,381	12,683,944
Economic development	21,227,314	28,882,084	27,981,189	23,088,545	36,577,174	31,846,181
Cultural and recreation	9,218,087	12,475,333	10,516,854	15,797,978	14,717,879	14,940,866
Interest on long-term debt and debt subsidies	56,806,611	41,304,870	45,374,017	48,709,900	50,274,609	47,493,951
<i>Total primary government expenses</i>	<u>\$ 474,707,274</u>	<u>\$ 422,436,060</u>	<u>\$ 430,008,851</u>	<u>\$ 470,529,390</u>	<u>\$ 453,751,014</u>	<u>\$ 440,645,808</u>
Program Revenues:						
Governmental Activities:						
Charges for services	\$ 44,844,725	\$ 43,029,916	\$ 41,607,781	\$ 41,352,194	\$ 43,746,708	\$ 42,091,115
Operating grants and contributions	65,906,114	50,681,637	43,884,590	43,312,756	48,693,028	44,845,500
Capital grants and contributions	24,720,948	17,611,527	26,728,759	33,386,113	38,681,746	29,117,274
<i>Total primary government program revenues</i>	<u>\$ 135,471,787</u>	<u>\$ 111,323,080</u>	<u>\$ 112,221,130</u>	<u>\$ 118,051,063</u>	<u>\$ 131,121,482</u>	<u>\$ 116,053,889</u>
Net (Expense)/Revenue:						
Governmental activities	<u>\$ (339,235,487)</u>	<u>\$ (311,112,980)</u>	<u>\$ (317,787,721)</u>	<u>\$ (352,478,327)</u>	<u>\$ (322,629,532)</u>	<u>\$ (324,591,919)</u>
General Revenues and Other Changes in Net Assets:						
Governmental Activities:						
Taxes:						
Real estate	\$ 129,076,234	\$ 138,586,332	\$ 132,619,472	\$ 131,606,692	\$ 127,941,152	\$ 122,365,096
Earned income	57,329,470	50,031,453	48,436,582	46,638,799	45,924,358	47,642,055
Business privilege	9,298,694	15,171,511	14,291,935	40,119,601	43,964,837	42,952,162
Emergency services	16,448,473	16,159,663	16,339,969	-	-	-
Payroll preparation	44,436,947	41,361,676	38,377,704	-	-	-
Parking	49,294,644	52,098,912	52,241,679	47,313,082	31,892,770	32,214,526
Sales tax from Regional Asset District	20,869,051	20,326,691	20,943,521	21,460,780	20,035,967	20,559,667
Deed transfer	16,677,181	18,033,290	18,170,377	11,633,787	9,172,513	10,218,095
Amusement	8,919,870	8,480,222	10,730,856	7,479,540	9,455,537	9,553,973
Nonprofit payment for municipal services	5,311,595	5,873,623	5,373,497	688,000	510,000	837,000
Mercantile	64,609	148,658	358,600	7,915,096	7,909,099	7,282,763
Other	5,130,963	3,820,311	2,861,880	4,850,445	8,063,064	7,191,445
Unrestricted investment earnings	9,497,563	6,757,044	2,231,226	1,016,417	1,061,600	2,359,523
Donations and endowments	482,521	168,209	100	267,995	546,387	523,799
Miscellaneous	2,727,556	1,145,518	1,550,712	2,165,547	2,699,982	4,388,461
<i>Total primary government</i>	<u>\$ 375,565,371</u>	<u>\$ 378,163,113</u>	<u>\$ 364,528,110</u>	<u>\$ 323,155,781</u>	<u>\$ 309,177,266</u>	<u>\$ 308,088,565</u>
Change in Net Assets:						
Primary government - governmental activities	<u>\$ 36,329,884</u>	<u>\$ 67,050,133</u>	<u>\$ 46,740,389</u>	<u>\$ (29,322,546)</u>	<u>\$ (13,452,266)</u>	<u>\$ (16,503,354)</u>

Table 3

CITY OF PITTSBURGH, PENNSYLVANIA

PROGRAM REVENUES BY FUNCTION/PROGRAM

LAST SIX YEARS

ACCRUAL BASIS OF ACCOUNTING

Function/Program	2007	2006	2005	2004	2003	2002
Governmental Activities:						
General government	\$ 68,318,461	\$ 54,018,594	\$ 41,685,156	\$ 51,928,324	\$ 53,644,160	\$ 48,442,370
Public safety	33,789,076	32,358,373	37,581,019	33,312,992	37,628,587	34,730,729
Highways and streets	19,590,563	14,037,094	17,875,858	14,716,164	26,131,273	17,774,927
Sanitation	573,092	943,637	1,235,374	904,806	1,693,702	1,380,529
Economic development	8,149,974	5,374,674	8,701,367	13,445,922	8,342,979	9,972,930
Cultural and recreation	5,050,621	4,590,708	5,142,357	3,742,855	3,680,781	3,752,404
Total primary government	<u>\$ 135,471,787</u>	<u>\$ 111,323,080</u>	<u>\$ 112,221,130</u>	<u>\$ 118,051,063</u>	<u>\$ 131,121,482</u>	<u>\$ 116,053,889</u>

Table 4

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund:										
Reserved	\$ 5,430,635	\$ 6,631,354	\$ 4,070,482	\$ 2,818,210	\$ 4,052,375	\$ 4,217,495	\$ 2,795,308	\$ 1,975,067	\$ 3,805,546	\$ 3,260,000
Unreserved	84,099,737	73,942,764	34,057,309	11,711,220	31,140,963	58,035,143	31,402,265	43,494,114	40,363,392	48,795,849
<i>Total General Fund</i>	89,530,372	80,574,118	38,127,791	14,529,430	35,193,338	62,252,638	34,197,573	45,469,181	44,168,938	52,055,849
All Other Governmental Funds:										
Reserved	20,731,177	59,115,022	10,856,290	11,784,520	31,100,430	56,916,488	37,978,154	63,769,592	89,983,461	66,627,370
Unreserved, Reported in:										
Community development funds	84,617	84,617	84,617	84,617	84,617	84,617	84,617	84,617	84,617	84,617
Other governmental funds	74,557,072	12,593,863	13,890,134	19,295,079	10,923,059	11,880,112	9,872,552	9,897,591	13,925,509	15,014,598
Total All Other Governmental Funds	95,372,866	71,793,502	24,831,041	31,164,216	42,108,106	68,881,217	47,935,323	73,751,800	103,993,587	81,726,585
<i>Total Governmental Funds</i>	\$ 184,903,238	\$ 152,367,620	\$ 62,958,832	\$ 45,693,646	\$ 77,301,444	\$ 131,133,855	\$ 82,132,896	\$ 119,220,981	\$ 148,162,525	\$ 133,782,434

Table 5

CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS (MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues:										
Taxes	\$ 357,226	\$ 360,836	\$ 352,034	\$ 317,223	\$ 302,991	\$ 301,371	\$ 292,943	\$ 283,277	\$ 275,291	\$ 269,472
Payment in lieu of taxes	5,312	5,874	5,373	688	510	837	1,612	1,966	1,821	2,313
Interest earnings	9,498	6,757	2,231	1,016	1,062	2,360	6,660	11,083	9,166	10,321
Fines and forfeits	7,387	8,256	4,239	8,527	7,693	8,556	7,739	8,048	8,565	8,031
Intergovernmental	77,974	53,663	55,972	58,797	72,400	57,963	66,607	60,152	66,217	62,401
Charges for user services	37,458	34,774	37,369	32,826	36,054	33,535	32,912	34,680	31,740	28,020
Pension state aid	15,182	14,630	17,166	17,902	18,214	16,000	16,000	13,250	13,258	14,632
Miscellaneous	3,243	1,314	1,634	2,987	3,291	4,911	1,297	3,838	3,080	2,987
Total revenues	513,280	486,104	476,018	439,966	442,215	425,533	425,770	416,294	409,138	398,177
Expenditures:										
General government	54,357	53,179	60,119	68,885	61,994	71,000	46,512	44,252	43,004	42,927
Public safety	209,937	205,168	208,740	211,894	221,946	207,966	157,684	150,360	143,878	139,567
Public works	56,304	50,877	48,053	41,289	51,655	53,624	27,121	27,619	28,129	29,901
Sanitation	16,825	15,394	13,668	13,997	10,942	12,684	10,600	10,640	10,062	9,981
Community, recreational, and cultural	10,909	11,045	7,324	8,563	10,631	11,978	9,220	7,286	8,403	7,920
Employee benefits, etc. (2)	-	-	-	-	-	-	65,273	60,596	58,582	310,299
Claims and judgments	962	552	728	2,796	1,113	2,180	1,531	1,012	10,409	2,519
Miscellaneous	3,818	1,696	1,038	1,276	3,024	2,365	2,816	1,448	633	1,885
Intergovernmental programs	21,227	16,057	17,962	19,879	25,281	20,083	21,568	15,495	21,176	15,542
Capital outlay	7,207	4,737	3,003	17,132	21,108	7,893	33,572	38,212	48,448	42,484
Bond issue costs	-	3,026	2,538	-	200	991	321	-	594	2,385
Debt service/authorities:										
Interest	44,410	41,528	43,845	48,077	43,282	44,573	50,948	50,581	48,101	41,366
Principal	40,670	36,035	40,420	40,760	30,850	32,705	33,843	32,567	24,179	25,160
Debt subsidies to component units	14,118	13,547	13,726	14,995	14,238	11,312	13,409	13,944	11,736	9,019
Total expenditures	480,744	452,841	461,164	489,543	496,264	479,354	474,418	454,012	457,334	680,955
Excess (Deficiency) of Revenues Over Expenditures	32,536	33,263	14,854	(49,577)	(54,049)	(53,821)	(48,648)	(37,718)	(48,196)	(282,778)

(Continued)

Table 5 (continued)

CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)(\$'s in Thousands)
(Continued)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Other Financing Sources (Uses):										
Bond issuance	-	241,975	-	-	13,766	129,091	-	-	56,393	255,082
Refunding bond issuance	-	-	194,995	-	-	-	-	-	-	150,994
Proceeds from capital asset disposition	-	-	-	-	-	-	-	-	-	237
Bond premium	-	13,117	12,151	-	-	-	-	-	-	-
Capital lease	-	-	-	15,435	-	-	-	-	-	-
Transfers from other funds	135,725	96,713	86,679	88,235	75,236	66,618	77,768	96,829	80,563	61,193
Transfer from agency funds	-	-	-	-	-	-	-	-	623	7,773
Transfer from discretely presented component units	-	2,530	-	2,535	-	-	3,250	3,260	3,265	3,260
Payments to escrow agents	-	(201,480)	(204,732)	-	(13,550)	(65,632)	-	-	-	(150,129)
Transfers to other funds	(135,725)	(96,713)	(86,679)	(88,235)	(75,236)	(66,618)	(69,458)	(91,312)	(77,646)	(68,966)
Transfer to agency funds	-	-	-	-	-	-	(8,309)	(5,517)	(3,540)	-
Pension state aid	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	56,142	2,414	17,970	216	63,459	3,251	3,260	59,658	259,444
Net Change in Fund Balance	\$ 32,536	\$ 89,405	\$ 17,268	\$ (31,607)	\$ (53,833)	\$ 9,638	\$ (45,397)	\$ (34,458)	\$ 11,462	\$ (23,334)
Debt service as a percentage of noncapital expenditures	20.9%	20.3%	21.4%	22.0%	18.6%	18.8%	22.3%	23.4%	20.5%	11.8%

Notes:

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

(2) Restated for GASB Statement No. 34 implementation. Employee benefits are distributed to the various departments/functions starting in 2002.

(Concluded)

Table 6

CITY OF PITTSBURGH, PENNSYLVANIA

GENERAL FUND TAX REVENUES BY SOURCE

LAST TEN YEARS

(\$'s in Thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Real estate tax	\$ 127,263	\$ 133,735	\$ 128,080	\$ 128,037	\$ 127,113	\$ 123,756	\$ 117,294	\$ 113,449	\$ 117,966	\$ 112,434
Mercantile tax	28	99	249	7,688	7,909	7,283	7,467	7,194	6,935	7,038
Amusement tax	8,914	8,468	10,722	7,471	9,456	9,554	8,809	8,256	5,584	7,813
Payroll preparation tax	44,248	41,172	38,290	-	-	-	-	-	-	-
Earned income tax	57,100	49,815	48,238	46,439	45,924	47,642	46,684	48,707	41,595	42,941
Facilities usage fee	2,986	2,397	1,931	-	-	-	-	-	-	-
Deed transfer tax	16,677	18,033	18,170	11,634	9,172	10,218	8,322	8,743	10,816	9,317
Parking tax	49,272	52,067	52,186	47,273	31,893	32,215	32,208	30,960	28,817	28,728
Emergency services tax	16,387	15,599	16,445	3,189	3,143	3,134	3,094	3,244	3,106	3,142
Business privilege tax	8,927	14,680	13,748	40,130	43,424	42,952	43,859	38,468	35,447	35,269
Institution/service tax	823	430	323	514	424	470	538	521	616	802
Penalties and interest	2,604	3,089	2,356	2,364	3,394	2,620	3,667	3,234	4,898	2,045
Public service privilege	1,128	925	352	1,024	1,103	967	1,016	936	680	641
Cable indirect cost	-	-	-	-	-	-	-	-	-	1,175
Regional Asset District	20,869	20,327	20,242	20,505	20,036	20,560	19,985	19,565	18,831	18,127
Total tax revenues	\$ 357,226	\$ 360,836	\$ 351,332	\$ 316,268	\$ 302,991	\$ 301,371	\$ 292,943	\$ 283,277	\$ 275,291	\$ 269,472

Note:

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

Table 7

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

(\$'s in Thousands)

Year	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Taxable Rate (mills)	Estimated Taxable Value
1998	\$ 3,218,098	\$ 1,133,084	\$ 2,085,014	58.483	\$ 121,937
1999	3,252,902	1,156,072	2,096,830	58.483	122,629
2000	3,281,678	1,155,910	2,125,768	58.483	124,321
2001	19,486,973	6,140,735	13,346,238	10.800	144,139
2002	20,315,705	6,022,449	14,293,256	10.800	154,367
2003	20,177,452	6,598,533	13,578,919	10.800	146,652
2004	19,985,680	6,747,998	13,237,682	10.800	142,967
2005	19,984,708	6,750,063	13,234,645	10.800	142,934
2006	20,562,685	7,191,577	13,371,108	10.800	144,408
2007	21,084,308	7,759,074	13,325,234	10.800	143,913

(1) Figure for Tax Exempt property not available

(2) In 2001, assessed value percent of market value increased to 100%.

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

Table 8
CITY OF PITTSBURGH, PENNSYLVANIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN YEARS

Fiscal Year	City of Pittsburgh			School district millage	County millage (2)	Total Millage
	Land millage	Building millage	Average (1)			
1998	184.500	32.000	58.483	59.700	25.200	143.383
1999	184.500	32.000	58.483	59.700	25.200	143.383
2000	184.500	32.000	58.483	59.700	25.200	143.383
2001	10.800	10.800	10.800	13.920	4.720	29.440
2002	10.800	10.800	10.800	13.920	4.720	29.440
2003	10.800	10.800	10.800	13.920	4.720	29.440
2004	10.800	10.800	10.800	13.310	4.690	28.800
2005	10.800	10.800	10.800	13.920	4.690	29.410
2006	10.800	10.800	10.800	13.920	4.690	29.410
2007	10.800	10.800	10.800	13.920	4.690	29.410

Notes:

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

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

Table 9

CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
500 Grant Street Associates/Mellon Bank	\$ 445,192,400	1	3.34%	\$ 52,000,000	1	2.49%
Market Associates Limited	185,000,000	2	1.39%	46,250,000	2	2.22%
PNC	179,493,800	3	1.35%	46,238,000	3	2.22%
Buncher Company	178,088,170	4	1.34%	-	-	-
600 GS Prop LP	160,000,000	5	1.20%	42,500,000	4	2.04%
Oxford Development	112,000,000	6	0.84%	26,480,000	5	1.27%
Grant Liberty Development Group	110,000,000	7	0.83%	18,750,000	6	0.90%
Hertz Gateway Center LP	45,700,000	8	0.34%	17,831,000	7	0.86%
Liberty Avenue Holdings	45,210,000	9	0.34%	-	-	-
Harrahs Forest Assoc.	37,180,400	10	0.28%	13,596,000	10	0.65%
Mellon Bank, N.A.	-	-	-	17,672,000	8	0.85%
Urban Redevelopment Authority	-	-	-	14,409,000	9	0.69%
	<u>\$ 1,497,864,770</u>		<u>11.25%</u>	<u>\$ 295,726,000</u>		<u>14.19%</u>
Total Taxable Assessed Valuation	<u>\$ 13,325,234,154</u>			<u>\$ 2,085,013,000</u>		

Table 10

CITY OF PITTSBURGH, PENNSYLVANIA

ASSESSED VALUE, TAX RATE, LEVY, AND COLLECTIONS

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	(2) Assessed valuation of land and buildings	Land millage	Building millage	Original net levy	Adjusted net levy (1)	Budgeted	(3) Receipts	Year of original levy		Delinquent taxes		Percent of budget collected	
								Percent of original net levy collected	Percent of adjusted net levy collected	Budget	Collection		Receipts
1998	2,085,013	184.50	32.00	121,674	105,822	110,715	112,562	92.5	99.3	101.6	5,521	6,644	120.3
1999	2,096,829	184.50	32.00	122,053	117,382	113,715	112,569	92.2	95.9	99.0	5,686	5,397	94.9
2000	2,125,768	184.50	32.00	125,422	119,649	112,010	110,644	88.2	92.5	98.8	4,500	2,967	65.9
2001	13,346,238	10.80	10.80	144,139	127,784	115,900	118,150	81.9	92.9	101.9	3,500	2,689	76.8
2002	14,677,667	10.80	10.80	158,454	131,245	121,500	123,692	78.1	94.2	102.0	4,300	4,359	101.0
2003	13,578,918	10.80	10.80	146,652	131,484	123,132	123,015	83.9	93.6	99.9	3,139	1,069	34.1
2004	13,237,682	10.80	10.80	142,966	127,864	122,500	119,918	83.9	93.8	97.9	5,500	4,435	80.6
2005	13,234,645	10.80	10.80	142,934	126,124	124,000	124,906	87.4	99.0	100.7	4,500	3,173	70.5
2006	13,371,108	10.80	10.80	143,596	126,077	121,000	127,114	88.5	100.8	105.1	3,758	6,622	176.2
2007	13,325,234	10.80	10.80	144,761	124,973	121,257	127,505	88.1	102.0	105.2	2,741	289	105.0

Notes:

- (1) Represents net levy as of December 31 of the tax year (i.e., net of exonerations, discounts, and additions granted in that year).
- (2) In 2001, assessed value percent of market value increased to 100% and a unified millage rate was enacted.
- (3) 2001 through 2005 receipts are net of refunds.

Table 11

CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND SIX YEARS AGO

Employer	2007			2000		
	Employees	Rank	Percentage of	Employees	Rank	Percentage of
			Total Municipal Employment			Total Municipal Employment
University of Pittsburgh Medical Center	32,000	1	10.40 %	28,000	1	8.61 %
U.S. Government	18,881	2	6.14	20,200	2	6.21
Commonwealth of Pennsylvania	13,616	3	4.43	15,300	3	4.70
Giant Eagle	13,386	4	4.35	-	-	-
West Penn Allegheny Health System	11,730	5	3.81	8,901	5	2.74
University of Pittsburgh	10,775	6	3.50	8,177	7	2.51
Wal-Mart Stores, Inc.	9,660	7	3.14	-	-	-
PNC Financial Services Group, Inc.	7,026	8	2.28	6,993	8	2.15
Allegheny County	6,756	9	2.20	6,699	9	2.06
Mellon Financial Corp.	6,100	10	1.98	8,613	6	2.65
US Airways, Inc.	-	-	-	11,717	4	3.60
USX Corporation	-	-	-	5,280	10	1.62
Total	<u>129,930</u>		<u>42.23 %</u>	<u>119,880</u>		<u>36.85 %</u>
Total Employees	<u>307,678</u>			<u>325,318</u>		

Source: Pittsburgh Business Times

Notes:

(1) The year 2000 is the first year available.

(2) 2007 figures are the same as 2006 because new statistics are not available until June.

Table 12

CITY OF PITTSBURGH, PENNSYLVANIA

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

LOCAL GOVERNMENT UNIT DEBT ACT

DECEMBER 31, 2007

	Nonelectoral debt	Lease rental debt
Gross debt (1):		
Principal amount of bonds issued and outstanding:		
General obligation	\$ 764,123,906	\$ -
Capital Lease	-	13,727,355
Auditorium Authority	-	2,140,000
Stadium Authority	-	6,670,000
Urban Redevelopment Authority	-	68,553,582
	764,123,906	91,090,937
Total gross debt	764,123,906	91,090,937
Items deductible from gross debt:		
Cash and legal investments held in sinking fund for payment of bonds and notes	1,035,609	-
Cash in bond fund applicable to debt	-	-
Delinquent real estate taxes	7,980,554	-
Self-liquidating and subsidized debt:		
Taxable General Obligation Pension Bonds, 1996B	15,545,000	-
Taxable General Obligation Pension Bonds, 1998ABC	242,580,000	-
	267,141,163	-
Total deductions	267,141,163	-
Net debt	\$ 496,982,743	\$ 91,090,937

(Continued)

- (1) Direct obligations of the Pittsburgh Water and Sewer Authority in the amount of \$567,828,000 are not considered debt of the City of Pittsburgh for purposes of this calculation.

Table 12 (continued)

CITY OF PITTSBURGH, PENNSYLVANIA

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

LOCAL GOVERNMENT UNIT DEBT ACT

DECEMBER 31, 2007
(Continued)

Allocation of Total Net Debt

Net nonelectoral debt	\$ 496,982,743
Net lease rental debt	<u>91,090,937</u>
Net nonelectoral and lease rental debt	<u><u>\$ 588,073,680</u></u>

Debt Incurring Margin

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total net revenue of the City	<u>\$ 398,330,261</u>	<u>\$ 429,473,960</u>	<u>\$ 439,711,441</u>
Borrowing base (arithmetic average of total net revenue for said three fiscal years)			<u><u>\$ 422,505,221</u></u>

	<u>Net nonelectoral debt (borrowing base x 250%)</u>	<u>Net nonelectoral and lease rental debt (borrowing base x 350%)</u>
Debt limitations	\$ 1,056,263,052	\$ 1,478,768,272
Less existing net debt	<u>(496,982,743)</u>	<u>(588,073,680)</u>
Remaining debt incurring margin	<u><u>\$ 559,280,309</u></u>	<u><u>\$ 890,694,592</u></u>

(Concluded)

Table 13

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

(dollars in thousands)

	Debt limit	Total Net Debt applicable to limit	Legal debt margin	Legal debt margin %
2007	\$ 1,056,263	\$ (496,983)	\$ 559,280	52.95%
2006	993,016	(490,894)	502,122	50.57%
2005	933,880	(511,500)	422,380	45.23%
2004	901,314	(536,889)	364,425	40.43%
2003	895,645	(567,158)	328,487	36.68%
2002	892,028	(571,852)	320,176	35.89%
2001	896,699	(553,636)	343,063	38.26%
2000	876,308	(548,403)	327,905	37.42%
1999	859,617	(540,731)	318,886	37.10%
1998	835,195	(538,837)	296,358	35.48%

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

Table 14

CITY OF PITTSBURGH, PENNSYLVANIA

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

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Population	Assessed value (1)	General bonded debt	Less debt service funds	Net general bonded debt	Ratio of net general bonded debt to assessed value	Net general bonded debt per capita
1998	370	\$ 2,085,013	\$ 879,185	\$ 12,512	\$ 866,673	41.57%	2,342
1999	370	2,096,829	914,640	15,705	898,935	42.87%	2,430
2000	335	2,125,768	884,428	14,798	869,630	40.91%	2,596
2001	335	13,348,278	852,821	11,044	841,777	6.31%	2,513
2002	335	14,669,013	891,423	510	890,913	6.08%	2,659
2003	335	13,578,918	860,353	172	860,181	6.34%	2,568
2004	335	13,237,682	822,272	215	822,057	6.21%	2,454
2005	335	13,234,645	786,656	177	786,479	5.94%	2,348
2006	335	13,371,107	803,285	15,360	787,925	5.89%	2,352
2007	335	13,325,234	764,124	1,433	762,691	5.72%	2,277

Notes:

(1) Method of assessing real estate was changed in 2001.

Table 15

CITY OF PITTSBURGH, PENNSYLVANIA

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

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Principal	Interest (2)	Total debt service	Total general governmental expenditures	Ratio of debt to general governmental expenditures
1998	\$ 25,160	\$ 41,345	\$ 66,505	\$ 680,955	9.77%
1999	24,178	48,100	72,278	457,334	15.80%
2000	32,566	50,581	83,147	454,012	18.31%
2001	33,843	50,881	84,724	474,419	17.86%
2002	32,705	44,573	77,278	483,975	15.97%
2003	30,850	43,278	74,128	496,264	14.94%
2004	40,760	48,078	88,838	489,543	18.74%
2005	40,420	43,690	84,110	461,164	18.24%
2006	36,035	41,528	77,563	452,841	17.13%
2007	40,670	44,410	85,080	480,744	17.78%

Notes:

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

Table 16
CITY OF PITTSBURGH, PENNSYLVANIA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2007

(\$'s in Thousands)

Jurisdiction	Net debt outstanding	Percentage applicable to City	Amount applicable to City
Direct debt:			
City of Pittsburgh:			
General obligation	\$ 762,691	100%	\$ 762,691
Stadium Authority	6,670	100%	6,670
Auditorium Authority	4,280	50%	2,140
Urban Redevelopment Authority	103,085	67%	68,554
Parking Authority	<u>107,891</u>	100%	<u>107,891</u>
Total direct debt	<u>984,617</u>		<u>947,946</u>
Overlapping debt:			
Pittsburgh Water and Sewer Authority (1)	567,828	0%	-
The School District of Pittsburgh	475,639	100%	475,639
Allegheny County	<u>632,406</u>	26%	<u>164,426</u>
Total overlapping debt	<u>1,675,873</u>		<u>640,065</u>
Total direct and overlapping debt	<u>\$ 2,660,490</u>		<u>\$ 1,588,011</u>

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

Table 17
CITY OF PITTSBURGH, PENNSYLVANIA

REVENUE BOND COVERAGE
PITTSBURGH WATER AND SEWER AUTHORITY

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Gross revenues	(1) Operating expenses	Net revenue available for debt service	Principal	Interest	Total	Coverage
1998	\$ 54,836	\$ 25,897	\$ 28,939	\$ 8,550	\$ 18,269	\$ 26,819	1.08
1999	59,319	28,728	30,591	8,885	22,953	31,838	0.96
2000	59,641	32,338	27,303	9,245	22,516	31,761	0.86
2001	60,401	38,378	22,023	9,635	22,123	31,758	0.69
2002	63,916	37,403	26,513	10,065	25,364	35,429	0.75
2003	65,187	40,347	24,840	14,055	26,631	40,686	0.61
2004	73,880	39,300	34,580	12,079	23,325	35,404	0.98
2005	85,031	39,403	45,628	17,159	23,180	40,339	1.13
2006	86,325	42,597	43,728	17,824	26,021	43,845	1.00
2007	92,526	46,375	46,151	17,299	30,493	47,792	0.97

Notes:

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

Table 18
CITY OF PITTSBURGH, PENNSYLVANIA

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

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Gross revenues (2)	Operating expenses (3)	Net revenue available for debt service	Debt service requirements (4)			Coverage (5)
				Principal	Interest	Total	
1998	\$ 6,132	\$ 7,173	\$ (1,041)	\$ 3,700	\$ 3,409	\$ 7,109	-
1999	5,326	7,485	(2,159)	7,101	2,854	9,955	-
2000	6,662	6,886	(224)	8,477	2,586	11,063	-
2001	6,997	8,468	(1,471)	4,817	2,218	7,035	-
2002 (6)	1,214	5,989	(4,775)	3,510	1,902	5,412	-
2003 (6)	1,339	678	661	3,750	1,679	5,429	0.12
2004	1,438	322	1,116	3,275	1,425	4,700	0.24
2005	1,458	358	1,100	3,485	1,204	4,689	0.23
2006	1,912	185	1,727	3,730	966	4,696	0.37
2007	2,859	825	2,034	1,855	954	2,809	0.72

Notes:

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

Table 19

CITY OF PITTSBURGH, PENNSYLVANIA

DEMOGRAPHIC STATISTICS

LAST TEN YEARS

Fiscal Year	(1) Population	(2) Per capita income	(2) Median age	(3) School enrollment	(4) Unemployment rate percentage
1998	369,879	\$ 26,878	38.7	39,603	4.2%
1999	369,879	28,014	40.0	38,846	4.0%
2000	334,563	29,587	40.0	38,560	4.4%
2001	334,563	30,644	40.0	37,612	4.2%
2002	334,563	34,260	35.5	35,146	5.4%
2003	334,563	32,381	36.0	34,619	4.9%
2004	334,563	33,015	35.5	34,167	5.4%
2005	334,563	34,897	40.9	32,529	5.2%
2006	334,563	36,680	38.4	31,148	4.2%
2007	334,563	36,894	39.0	29,445	4.2%

Data Sources:

- (1) Census Bureau
- (2) U.S. Department of Commerce, 17-month lag
- (3) School District of Pittsburgh
- (4) U.S. Department of Labor, Bureau of Labor Statistics

Table 20

CITY OF PITTSBURGH, PENNSYLVANIA**PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS**

LAST TEN YEARS

(\$'s in Thousands)

<u>Fiscal Year</u>	<u>Property value (1)</u>	<u>Number of permits issued (2)</u>	<u>Dollar value</u>	<u>Bank deposits (3)</u>
1998	\$ 2,085,014	\$ 2,405	\$ 388,570	\$ 80,400,721
1999	2,096,830	2,271	414,860	88,576,149
2000	2,125,768	2,283	827,765	78,406,393
2001	13,346,238	2,239	531,131	68,345,238
2002	14,293,256	2,216	344,222	68,208,452
2003	13,578,919	2,022	596,463	62,631,246
2004	13,237,682	1,926	597,596	69,486,367
2005	13,234,645	1,844	389,030	77,701,953
2006	13,371,108	2,069	484,249	75,738,573
2007	13,325,234	2,377	595,143	84,948,351

Notes:

(1) Assessed value from Table 7

Data Sources:

(2) Bureau of Building Inspection, City of Pittsburgh

(3) Federal Reserve Bank, Cleveland branch

Table 21

CITY OF PITTSBURGH, PENNSYLVANIA

CITY EMPLOYMENT

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Regular budgeted positions</u>	<u>Actual subsequent January payroll</u>
1998	4,285	4,044
1999	4,234	4,067
2000	4,365	4,236
2001	4,359	4,246
2002	4,352	4,099
2003	4,337	3,654
2004	3,700	3,312
2005	3,634	3,007
2006	3,313	3,221
2007	3,341	3,281

Table 22

CITY OF PITTSBURGH, PENNSYLVANIA

FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/program</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Government:										
City Council-City Clerk	39	21	22	22	26	26	25	25	25	24
Mayor's Office	16	17	22	29	36	35	36	37	36	40
City Information Systems	58	63	59	55	60	56	49	51	52	48
Magistrates Court	0	0	34	34	37	35	37	34	31	31
Human Relations Commission	8	8	8	8	9	9	9	8	8	8
City Controller	72	72	72	72	81	81	80	74	74	75
Finance Department	113	108	99	106	111	105	101	105	102	95
Finance-General Services	26	17	0	0	0	0	0	0	0	0
Law	43	43	44	44	45	45	44	46	44	35
Personnel & Civil Service	87	87	87	87	91	91	90	89	85	75
City Planning	41	36	35	35	41	42	43	44	41	40
General Services-Administration	0	0	26	22	30	30	30	31	30	27
General Services-Facilities	0	0	50	50	61	61	61	64	65	66
General Services-Fleet Management	0	0	2	66	76	76	76	77	79	86
General Services-Telecommunications	0	0	0	15	15	15	15	16	15	21
Public Safety:										
Administration	3	3	4	8	12	13	12	11	11	18
Emergency Operations Center-911	0	0	0	76	76	76	76	76	76	73
Police	1102	1127	1227	1130	1367	1441	1461	1450	1371	1435
Emergency Medical Services	183	183	182	185	209	215	216	215	183	193
City-County Integrated ID Program	0	0	0	31	27	27	30	30	30	30
Fire	669	644	834	849	905	905	903	902	903	903
Bureau of Building Inspection	72	72	67	66	66	66	66	66	65	65
Public Works:										
Administration	12	12	12	31	26	25	24	24	24	25
Operations	323	327	323	327	404	403	404	411	411	411
Environmental Services	215	216	217	217	241	222	220	238	238	238
Redd Up Program	8	0	0	0	0	0	0	0	0	0
Engineering	37	34	37	61	131	131	130	136	130	118
Animal Control	0	0	0	1	1	1	1	0	0	0
General Services-Facilities	42	48	0	0	0	0	0	0	0	0
General Services-Fleet	0	2	0	0	0	0	0	0	0	0
Parks and Recreation	165	166	164	66	146	112	112	98	98	99
Non-Departmental	7	7	7	7	7	8	8	7	7	6
Totals:	<u>3341</u>	<u>3313</u>	<u>3634</u>	<u>3700</u>	<u>4337</u>	<u>4352</u>	<u>4359</u>	<u>4365</u>	<u>4234</u>	<u>4285</u>

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

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

OTHER INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

YEAR ENDED DECEMBER 31, 2007

<u>Official</u>	<u>Budgeted Annual Salary</u>	<u>Amount of Surety Bond</u>
Mayor	\$ 96,511	\$ 10,000
Director of Finance	94,592	20,000
Controller	60,955	10,000
Members of City council (9)	55,029	-

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
General Obligation Bonds, 1992 Series A (Zero Coupon Bond)	6/01/1992	\$ 29,894,645	\$ 5,022,155	\$1,860,000 in 2008	6.65	\$ 1,195,997	\$ 1,860,000
				\$1,865,000 in 2009	6.70		
				\$1,860,000 in 2010	6.75		
				\$(562,845) Unamortized Bond Discount			
General Obligation Bonds, 1993 Series A	4/01/1993	60,745,000	29,085,000	\$3,525,000 in 2008	5.40	1,596,150	3,525,000
				\$3,710,000 in 2009	5.50		
				\$3,915,000 in 2010	5.50		
				\$4,130,000 in 2011	5.50		
				\$4,360,000 in 2012	5.50		
General Obligation Bonds, 1998 Series ABC	3/01/1998	255,865,000	242,580,000	\$4,595,000 in 2013	5.50	15,788,205	2,565,000
				\$4,850,000 in 2014	5.50		
				\$2,565,000 in 2008	6.13		
				\$2,770,000 in 2009	7.00		
				\$3,010,000 in 2010	6.25		
Carry forward				\$3,230,000 in 2011	6.25	18,580,352	7,950,000
				\$7,890,000 in 2012	6.30		
				\$10,985,000 in 2013	6.35		
				\$11,690,000 in 2014	6.50		
				\$12,715,000 in 2015	6.50		
				\$13,560,000 in 2016	6.50		
				\$18,245,000 in 2017	6.50		
				\$13,235,000 in 2018	6.50		
				\$20,030,000 in 2019	6.60		
				\$21,400,000 in 2020	6.60		
				\$22,860,000 in 2021	6.60		
				\$24,425,000 in 2022	6.60		
			\$26,095,000 in 2023	6.60			
			\$27,875,000 in 2024	6.60			

276,687,155

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Brought forward			\$ 276,687,155			\$ 18,580,352	\$ 7,950,000
General Obligation Bonds, 1998 Series D	3/01/1998	129,490,000	77,170,000	\$7,770,000 in 2008 \$8,195,000 in 2009 \$4,595,000 in 2010 \$5,835,000 in 2011 \$9,470,000 in 2012 \$9,900,000 in 2013 \$10,435,000 in 2014 \$7,795,000 in 2015 \$8,195,000 in 2016 \$4,980,000 in 2017	5.25 4.35 5.00 5.25 4.60 5.25 5.13 5.13 5.25 5.25	3,881,840	7,770,000
General Obligation Bonds, 2002 Series A	1/17/2002	126,585,000	49,265,000	\$1,020,000 in 2008 \$180,000 in 2009 \$370,000 in 2010 \$1,240,000 in 2011 \$5,395,000 in 2012 \$5,660,000 in 2013 \$5,935,000 in 2014 \$7,265,000 in 2015 \$7,485,000 in 2016 \$7,815,000 in 2017 \$1,795,000 in 2018 \$1,615,000 in 2019 \$1,700,000 in 2020 \$1,790,000 in 2021	4.50 5.00 5.00 5.00 5.00 5.50 5.50 5.50 5.50 5.13 5.13 5.13 5.20 5.25	2,638,918	1,020,000
General Obligation Bonds, 2003 Series A	6/01/2003	13,575,000	13,555,000	\$5,000 in 2008 \$5,000 in 2009 \$5,000 in 2010 \$5,000 in 2011 \$6,655,000 in 2012 \$6,880,000 in 2013	4.50 5.00 5.00 5.00 5.00 5.50	517,056	5,000
Carry forward			416,677,155			25,618,166	16,745,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			\$ 416,677,155			\$ 25,618,166	\$ 16,745,000
General Obligation Bonds, 2005 Series A	5/01/2005	116,860,000	116,860,000	\$3,470,000 in 2008 \$5,015,000 in 2009 \$35,635,000 in 2010 \$37,385,000 in 2011 \$6,415,000 in 2012 \$4,255,000 in 2013 \$4,465,000 in 2014 \$4,690,000 in 2015 \$4,930,000 in 2016 \$5,170,000 in 2017 \$5,430,000 in 2018	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00	5,843,000	3,470,000
General Obligation Bonds, 2005 Series B	6/01/2005	78,135,000	11,265,000	\$5,630,000 in 2008 \$5,635,000 in 2009	5.00 5.00	563,250	5,630,000
General Obligation Bonds, 2006 Series A	05/10/06	53,615,000	38,310,000	\$18,640,000 in 2008 \$19,670,000 in 2009	5.47 5.54	2,109,326	18,640,000
General Obligation Bonds, 2006 Series B	05/10/06	140,560,000	140,555,000	\$20,000 in 2011 \$14,485,000 in 2012 \$15,220,000 in 2013 \$23,185,000 in 2014 \$31,395,000 in 2015 \$33,230,000 in 2016 \$23,020,000 in 2017	4.00 5.00 5.00 5.00 5.25 5.25	7,246,863	-
General Obligation Bonds, 2006 Series C	05/10/06	47,800,000	47,800,000	\$15,000 in 2016 \$11,905,000 in 2017 \$35,880,000 in 2018	4.25 5.25 5.25	2,509,350	-
Subtotal			<u>771,467,155</u>			<u>43,889,955</u>	<u>44,485,000</u>
Less: Unamortized bond issuance costs			(6,789,052)				
Unamortized bond discounts/premiums			22,589,641				
Excess costs on debt refinancing			(18,121,685)				
Less bonds funded by Stadium Authority			(5,022,155)			(1,195,997)	(1,860,000)
Total: General obligation bonds payable			<u>\$ 764,123,904</u>			<u>\$ 42,693,958</u>	<u>\$ 42,625,000</u>

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	Interest	Principal
Public Auditorium Authority Revenue Bonds (City Share)								
Auditorium Bonds (Refunding), 2005 Series A	9/15/2005	\$ 4,172,500	\$ 2,140,000	\$180,000 in 2008	3.05	\$ 78,011	\$ 78,011	\$ 180,000
				\$182,500 in 2009	4.00			
				\$187,500 in 2010	4.00			
				\$197,500 in 2011	3.38			
				\$207,500 in 2012	3.45			
				\$225,500 in 2013	3.50			
				\$232,500 in 2014	3.60			
				\$237,500 in 2015	3.65			
				\$250,000 in 2016	3.80			
				\$117,500 in 2017	3.90			
				\$122,500 in 2018	4.00			
			<u>\$ 2,140,000</u>				<u>\$ 78,011</u>	<u>\$ 180,000</u>
Total Auditorium Authority Revenue Bonds			<u>\$ 2,140,000</u>				<u>\$ 78,011</u>	<u>\$ 180,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Urban Redevelopment Authority Tax Increment Financing Bonds, 1995 Series B	12/1/1995	\$ 2,855,787	\$ 1,252,836	\$215,745 in 2008	6.00	\$ 69,833	\$ 215,745
				\$232,778 in 2009	6.00		
				\$247,918 in 2010	6.00		
				\$556,395 in 2011	6.00		
Urban Redevelopment Authority Tax Increment Financing Bonds, 1995 Series C	12/1/1995	1,637,016	1,107,114	\$88,948 in 2008	6.25	66,415	88,948
				\$94,625 in 2009	6.25		
				\$102,195 in 2010	6.25		
				\$111,658 in 2011	6.25		
				\$119,228 in 2012	6.25		
				\$128,690 in 2013	6.25		
\$140,045 in 2014	6.25						
Urban Redevelopment Authority Tax Increment Financing Bonds, 1996 Series	5/15/1996	3,179,187	1,945,670	\$179,455 in 2008	7.53	148,230	179,455
				\$196,456 in 2009	8.01		
				\$211,568 in 2010	8.01		
				\$230,458 in 2011	8.01		
				\$247,459 in 2012	8.01		
				\$270,127 in 2013	8.01		
\$290,906 in 2014	8.01						
\$319,241 in 2015	8.01						
Carry forward			4,305,620			284,478	484,148

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			\$ 4,305,620			\$ 284,478	\$ 484,148
Urban Redevelopment Authority Tax Increment Financing Bonds, 2000 Series	3/15/2000	6,115,500	4,831,247	\$267,044 in 2008 \$291,506 in 2009 \$322,083 in 2010 \$350,622 in 2011 \$383,238 in 2012 \$419,931 in 2013 \$460,701 in 2014 \$503,510 in 2015 \$525,933 in 2016 \$574,857 in 2017 \$625,820 in 2018 \$106,002 in 2019	7.53 7.58 7.63 7.68 7.95 7.95 7.95 7.95 8.05 8.05 8.05 8.05	371,685	267,044
Carry forward			9,136,867			656,163	751,192

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt	
						Service Requirements Interest	Principal
Urban Redevelopment Authority Tax Increment Financing Bonds, 2001 Series	12/15/2001	1,456,593	1,135,558	\$64,208 in 2008 \$67,877 in 2009 \$73,380 in 2010 \$77,049 in 2011 \$82,553 in 2012 \$88,056 in 2013 \$95,560 in 2014 \$100,898 in 2015 \$108,236 in 2016 \$117,408 in 2017 \$124,746 in 2018 \$135,753 in 2019	6.61	76,862	64,208
Urban Redevelopment Authority Tax Increment Financing Bonds, 2003 Series A	1/1/2003	1,396,055	1,260,304	\$44,028 in 2008 \$49,532 in 2009 \$53,201 in 2010 \$69,711 in 2011 \$77,049 in 2012 \$82,553 in 2013 \$89,891 in 2014 \$110,070 in 2015 \$121,077 in 2016 \$132,084 in 2017 \$139,422 in 2018 \$291,686 in 2019	8.25	103,869	44,028
Carry forward			<u>11,532,729</u>			<u>836,894</u>	<u>859,428</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount		Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
		Sold	Outstanding			Interest	Principal
Brought Forward							
Urban Redevelopment Authority Tax Increment Financing Bonds, 2003 Series B	1/1/2003	1,201,598	1,137,394	\$31,187 in 2008 \$40,359 in 2009 \$45,863 in 2010 \$56,870 in 2011 \$64,208 in 2012 \$78,884 in 2013 \$88,056 in 2014 \$97,229 in 2015 \$108,236 in 2016 \$119,243 in 2017 \$132,084 in 2018 \$275,175 in 2019	10.50 10.50 10.50 10.50 10.50 10.50 10.50 10.50 10.50 10.50 10.50 10.50	\$ 836,894	\$ 859,428
Urban Redevelopment Authority Tax Increment Financing Note, 2003 Series		1,515,297	1,414,404	\$44,028 in 2008 \$49,532 in 2009 \$55,035 in 2010 \$58,704 in 2011 \$64,208 in 2012 \$69,711 in 2013 \$78,884 in 2014 \$84,387 in 2015 \$89,891 in 2016 \$93,560 in 2017 \$104,567 in 2018 \$115,574 in 2019 \$121,077 in 2020 \$133,919 in 2021 \$146,760 in 2022 \$104,567 in 2023	Variable Variable Variable Variable Variable Variable Variable Variable Variable Variable Variable Variable Variable Variable Variable	90,505	44,028
Carry forward			14,084,527			1,045,188	934,643

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			\$ 14,084,527			\$ 1,045,188	\$ 934,643
Urban Redevelopment Authority of Pittsburgh Special Tax Development Bonds, 2005 Series	09/01/05	57,470,000	47,575,000	\$5,320,000 in 2008 \$5,585,000 in 2009 \$5,885,000 in 2010 \$6,205,000 in 2011 \$6,525,000 in 2012 \$6,880,000 in 2013 \$11,175,000 in 2014	4.75 5.00 5.00 5.00 5.00 5.00 5.00	2,349,775	5,320,000
Urban Redevelopment Authority of Pittsburgh Bonds, 2006 Series	10/15/06	18,790,000	6,894,055	\$254,996 in 2009 \$267,837 in 2010 \$282,513 in 2011 \$299,024 in 2012 \$313,700 in 2013 \$332,045 in 2014 \$348,555 in 2015 \$368,735 in 2016 \$388,914 in 2017 \$410,928 in 2018 \$434,777 in 2019 \$460,460 in 2020 \$487,977 in 2021 \$515,495 in 2022 \$546,681 in 2023 \$579,702 in 2024 \$601,716 in 2025	5.40 5.40 5.40 5.40 5.40 5.40 5.40 5.40 5.88 5.88 5.88 5.88 5.88 5.88 5.88 5.88 5.88	393,527	-
Total Redevelopment Authority Bonds			<u>\$ 68,553,582</u>			<u>\$ 3,788,490</u>	<u>\$ 6,254,643</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Gen. Oblig Bonds funded by Stadium Authority			\$ 6,670,000			\$ 1,605,826	\$ 1,855,000
Net Stadium Authority Bonds and Notes Payable			<u>\$ 6,670,000</u>			<u>\$ 1,605,826</u>	<u>\$ 1,855,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Public Parking Authority of Pittsburgh Parking Authority Revenue Bonds, Series 2002	11/01/2002	\$ 38,595,000	\$ 25,575,000	\$3,845,000 in 2008 \$3,975,000 in 2009 \$4,130,000 in 2010 \$4,320,000 in 2011 \$4,535,000 in 2012 \$4,770,000 in 2013	4.00 3.25 4.50 5.00 5.00 5.00	\$ 1,073,188	\$ 3,845,000
Parking Authority Current Interest Bonds, Series 2005A	01/15/2005	2,010,000	1,930,000	\$85,000 in 2008 \$100,000 in 2009 \$105,000 in 2010 \$115,000 in 2011 \$125,000 in 2012 \$700,000 in 2019 \$500,000 in 2020 \$200,000 in 2026	2.20 2.30 2.50 2.70 3.00 4.00 4.10 4.30	69,815	85,000
Parking Authority Capital Appreciation Bonds, Series 2005A	01/15/2005	4,439,665	4,439,665	\$708,000 in 2014 \$1,175,510 in 2015 \$1,113,420 in 2016 \$602,490 in 2017 \$570,020 in 2018 \$270,225 in 2019	3.95 4.09 4.22 4.33 4.43 4.50	-	-
Carry forward			31,944,665			1,143,003	3,930,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007

(Continued)

Serial Bonds	Date of Issue	Amount		Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
		Sold	Outstanding			Interest	Principal
Brought Forward							
Parking Authority Current Interest Bonds, Series 2005 B	01/15/2005	29,780,000	\$ 31,944,665	\$130,000 in 2013 \$2,850,000 in 2020 \$3,100,000 in 2021 \$2,850,000 in 2022 \$2,950,000 in 2023 \$3,100,000 in 2024 \$3,250,000 in 2025 \$5,755,000 in 2026 \$5,795,000 in 2027	3.10 4.00 5.00 5.00 5.00 5.00 4.75 4.75	\$ 1,143,003	\$ 3,930,000
Parking Authority Capital Appreciation Bonds, Series 2005 B	01/15/2005	9,444,297	9,444,297	\$2,030,239 in 2013 \$1,423,304 in 2014 \$1,341,375 in 2015 \$1,645,096 in 2016 \$1,408,342 in 2017 \$1,595,941 in 2018	3.98 4.00 4.25 4.36 4.46 4.53	-	-
Parking Authority Refunding Bonds, Series 2005 A	05/15/2005	34,745,000	34,685,000	\$70,000 in 2008 \$100,000 in 2010 \$365,000 in 2013 \$1,815,000 in 2014 \$1,905,000 in 2015 \$2,005,000 in 2016 \$2,100,000 in 2017 \$1,960,000 in 2018 \$2,325,000 in 2019 \$2,435,000 in 2020 \$2,565,000 in 2021 \$2,695,000 in 2022 \$2,845,000 in 2023 \$2,970,000 in 2024 \$3,115,000 in 2025 \$3,115,000 in 2026 \$2,300,000 in 2027	2.80 3.00 3.60 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 4.50	1,678,522	70,000
Carry forward			\$ 105,853,962			\$ 4,198,455	\$ 4,000,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Parking Authority Refunding Bonds, Series 2005 B	05/15/05	3,160,000	2,490,000	\$350,000 in 2008 \$440,000 in 2009	2.80 3.00	76,150	350,000
				\$345,000 in 2010	3.00		
				\$370,000 in 2011	3.30		
				\$485,000 in 2012	3.40		
				\$250,000 in 2013	3.60		
				\$250,000 in 2018	4.00		
Subtotal			108,343,962			4,274,605	4,350,000
Plus: Appreciated value on Cap. Apprec. Bonds			1,644,277			-	-
Plus: Bond premium			2,878,158			-	-
Less: Unamortized discount			(54,273)			-	-
Less: Deferred amount on refinancing			(4,200,281)			-	-
Total Public Parking Authority Bonds and Notes Payable			\$ 108,611,843			\$ 4,274,605	\$ 4,350,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Water and Sewer Authority Bonds Revenue Refunding Bonds, 1993 Series A	10/15/1993	\$ 278,970,000	\$ 49,105,000	\$15,350,000 in 2011	6.50	\$ 3,191,825	\$ -
				\$16,345,000 in 2012	6.50		
				\$17,410,000 in 2013	6.50		
First Lien Revenue Bonds, 1998 Series A	3/1/1998	93,355,000	92,925,000	\$8,455,000 in 2017	5.00	4,703,618	-
				\$8,450,000 in 2018	5.00		
				\$9,325,000 in 2019	5.00		
				\$9,790,000 in 2020	5.00		
				\$10,280,000 in 2021	5.00		
				\$10,790,000 in 2022	5.10		
				\$11,345,000 in 2023	5.25		
				\$11,940,000 in 2024	5.10		
				\$12,550,000 in 2025	5.05		
					5.18		
First Lien Revenue Bonds, 1998 Series B (zero coupon bonds)	3/1/1998	36,440,070	60,791,000	\$2,300,000 in 2017	5.21	-	-
				\$2,300,000 in 2018	5.22		
				\$2,300,000 in 2019	5.22		
				\$2,300,000 in 2020	5.22		
				\$2,300,000 in 2021	5.26		
				\$2,305,000 in 2022	5.26		
				\$2,300,000 in 2023	5.26		
				\$4,160,000 in 2024	5.27		
				\$4,160,000 in 2025	5.27		
				\$31,755,000 in 2026	5.26		
				\$31,755,000 in 2027	5.31		
				\$31,755,000 in 2028	5.28		
				\$31,755,000 in 2029	5.30		
\$14,660,000 in 2030	5.23						
	(\$105,314,000) Unamortized Bond Discount						
Subordinate Revenue Bonds, 1998 Series C	3/1/1998	101,970,000	98,850,000	\$9,225,000 in 2017	5.00	5,029,326	-
				\$9,685,000 in 2018	5.00		
				\$7,050,000 in 2019	5.00		
				\$10,680,000 in 2020	5.10		
				\$11,225,000 in 2021	5.10		
	5.25						
	5.13						
	5.10						
	5.10						
	5.10						
	5.10						
	5.10						
	5.05						
Carry forward			301,671,000			12,924,769	-

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
			\$ 301,671,000			\$ 12,924,769	-
First Lien Revenue Refunding Bonds, 2003 Series	10/03/2003	167,390,000	115,960,000	\$14,425,000 in 2008 \$14,805,000 in 2009 \$15,250,000 in 2010 \$405,000 in 2011 \$415,000 in 2012 \$430,000 in 2013 \$18,990,000 in 2014 \$19,750,000 in 2015 \$20,535,000 in 2016 \$1,375,000 in 2017 \$1,430,000 in 2018 \$1,490,000 in 2019 \$1,560,000 in 2020 \$1,625,000 in 2021 \$1,700,000 in 2022 \$1,775,000 in 2023	2.650 3.000 3.300 3.375 3.625 3.750 4.000 4.000 4.000 4.125 4.250 4.375 4.375 4.500 4.625 4.750	4,232,494	14,425,000
			417,631,000			17,157,263	14,425,000

Carry forward

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA
SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			\$ 417,631,000			\$ 17,157,263	\$ 14,425,000
First Lien Revenue Refunding Bonds, 2007 Series A	3/15/2007	43,720,000	41,315,000	\$305,000 in 2008 \$3,815,000 in 2009 \$3,970,000 in 2010 \$4,130,000 in 2011 \$4,290,000 in 2012 \$4,470,000 in 2013 \$4,690,000 in 2014 \$4,945,000 in 2015 \$5,220,000 in 2016 \$5,480,000 in 2017	4.000 4.000 4.000 4.000 4.000 5.000 5.500 5.500 5.000 5.000	1,948,825	305,000
First Lien Revenue Refunding Bonds, 2007 Series B	3/15/2007	115,175,000	115,175,000	\$6,185,000 in 2018 \$9,110,000 in 2019 \$6,215,000 in 2020 \$6,470,000 in 2021 \$6,735,000 in 2022 \$7,020,000 in 2023 \$7,305,000 in 2024 \$7,615,000 in 2025 \$7,930,000 in 2026 \$8,260,000 in 2027 \$8,595,000 in 2028 \$8,950,000 in 2029 \$9,320,000 in 2030 \$9,710,000 in 2031 \$2,820,000 in 2032 \$2,935,000 in 2033	3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932 3.932	4,499,656	-
Carry forward			574,121,000			23,605,744	14,730,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2007
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2008 Maximum Debt Service Requirements	
Brought Forward			\$			Interest	Principal
Pennvest Revolving Loan	Various	14,165,000	14,165,000	\$801,000 in 2008 \$811,000 in 2009 \$820,000 in 2010 \$830,000 in 2011 \$841,000 in 2012 \$872,200 in 2013 \$872,200 in 2014 \$872,200 in 2015 \$872,200 in 2016 \$872,200 in 2017 \$908,600 in 2018 \$908,600 in 2019 \$908,600 in 2020 \$908,600 in 2021 \$908,600 in 2022 \$386,000 in 2023 \$386,000 in 2024 \$386,000 in 2025	Variable	166,000	801,000
Gross Water and Sewer Authority Revenue Bonds			588,286,000			23,771,744	15,531,000
Plus: Net bond discount			85,000			-	-
Less: Deferred series refunding loss			(20,543,000)			-	-
Net Water and Sewer Authority Revenue Bonds			\$ 567,828,000			\$ 23,771,744	\$ 15,531,000

(Concluded)



Carnegie Museum of Natural History – Photograph by Melinda McNaugher



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