This Preliminary Official Statement is deemed final for purposes of SEC Rule 15c2-12. Certain information contained herein is subject to completion and amendment or other change without notice. The securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, prior to registration or qualification under the securities laws of any such jurisdiction. The City has deemed this Preliminary Official Statement to be final for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, except for certain information which has been omitted in accordance with such Rule and which will be provided in the final Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 20, 2011

NEW ISSUE—BOOK ENTRY ONLY

This Official Statement has been prepared by the City of Pittsburgh to provide information on the Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

$95,000,000*
CITY OF PITTSBURGH
(Commonwealth of Pennsylvania)

$48,000,000 SERIES OF 2011A GENERAL OBLIGATION BONDS	$47,000,000 TAXABLE SERIES 2011B GENERAL OBLIGATION BONDS

Dated: Date of Delivery | **Maturity Dates and Prices — See inside front cover**

Bond Rating
"___" Moody's Investors Service (Underlying Rating) | "___" (Rating Based Upon Insurance)
"___" Fitch Rating (Underlying Rating) | No Fitch Rating Based Upon Insurance

Tax Matters
In the opinion of Bond Counsel, assuming compliance with certain covenants of the City, interest on the Series 2011A Bonds is excluded from gross income of the owners of the Series 2011A Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Series 2011A Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Series 2011A Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations as more fully described under the caption *"TAX MATTERS – FEDERAL – Series 2011A Bonds"* herein.

Interest on the Series 2011B Bonds is included in the gross income of the owners of the Series 2011B Bonds for federal income tax purposes. Bond Counsel will express no opinion on the federal income tax treatment of the Series 2011B Bonds.

Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

Redemption
The Bonds are subject to redemption prior to maturity. See "**THE BONDS** — Redemption" herein.

Security
The Bonds are general obligations of the City of Pittsburgh payable from its tax and other general revenues and to which the full faith, credit and taxing power of the City are pledged. See "**THE BONDS** — Security" herein.

Bond Insurance
The scheduled payment of principal of and interest on the Series 2011A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

Purpose
Proceeds of the Bonds will be used to (1) finance miscellaneous capital projects within the City; (2) finance the Refunding Program as defined herein, and (3) pay the costs and expenses of issuing the Bonds. See "**THE CAPITAL PROJECTS**" herein.

Interest Payment Dates
Series 2011A: March 1 and September 1
Series 2011B: December 15, 2011 (maturity)

First Interest Payment Date
Series 2011A: March 1, 2012 | **Series 2011B: December 15, 2011 (maturity)**

Denominations
$5,000 and integral multiples thereof

Book-Entry-Only Form
The Depository Trust Company

Delivery
On or about August 30, 2011 in New York, New York

Bond Counsel
Pepper Hamilton LLP

Paying Agent
U.S. Bank, National Association.

Boenning & Scattergood, Inc

* Preliminary, subject to change.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Municipal Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy.

MATURITY SCHEDULE

$95,000,000*

CITY OF PITTSBURGH

(Commonwealth of Pennsylvania)

GENERAL OBLIGATION BONDS, SERIES OF 2011A

Maturity (September 1)	Principal Amounts	Rate of Interest	Yield	Price	Cusip
2012	$________	____%	____%	____%	
2013	$________	____%	____%	____%	
2014	$________	____%	____%	____%	
2015	$________	____%	____%	____%	
2016	$________	____%	____%	____%	
2017	$________	____%	____%	____%	
2018	$________	____%	____%	____%	
2019	$________	____%	____%	____%	
2020	$________	____%	____%	____%	
2021	$________	____%	____%	____%	
2022	$________	____%	____%	____%	
2023	$________	____%	____%	____%	
2024	$________	____%	____%	____%	

TAXABLE GENERAL OBLIGATION BONDS, SERIES OF 2011B

Maturity (December 15)	Principal Amounts	Rate of Interest	Yield	Price	Cusip
2011	$________	____%	____%	____%	

* Preliminary, subject to change

CITY OF PITTSBURGH, PENNSYLVANIA
www.city.pittsburgh.pa.us

MAYOR
Luke Ravenstahl

MEMBERS OF CITY COUNCIL

Darlene M. Harris, President

Ricky Burgess	Bruce Kraus
Patrick Dowd	R. Daniel Lavelle
Theresa Kail-Smith	William Peduto
Doug Shields	Natalia Rudiak

CONTROLLER
Michael Lamb

DIRECTOR OF FINANCE
Scott Kunka

CITY SOLICITOR
Daniel D. Regan, Esquire

BOND COUNSEL
Pepper Hamilton LLP
Pittsburgh, Pennsylvania

UNDERWRITER
Boenning & Scattergood Inc.
Pittsburgh, Pennsylvania

PAYING AGENT AND SINKING FUND DEPOSITORY
U.S. Bank National Association
Pittsburgh, Pennsylvania

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make any representation in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS WITHOUT NOTICE.

THE BONDS ARE NOT AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS AND THE RESOLUTION HAS NOT BEEN AND WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, BECAUSE OF AVAILABLE EXEMPTIONS THEREFROM. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY FEDERAL, STATE, MUNICIPAL OR OTHER GOVERNMENTAL AGENCY WILL PASS UPON THE ACCURACY, COMPLETENESS OR ADEQUACY OF THIS OFFICIAL STATEMENT.

Other than with respect to information concerning AGM contained under the caption "MUNICIPALBOND INSURANCE" and "Appendix D specimen Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by AGM and AGM makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.]

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$95,000,000*
CITY OF PITTSBURGH
(Commonwealth of Pennsylvania)

GENERAL OBLIGATION BONDS, SERIES OF 2011A

TAXABLE GENERAL OBLIGATION BONDS, SERIES OF 2011B

INTRODUCTORY STATEMENT

This Official Statement, including the Cover Page and Appendices, relates to the offering by the City of Pittsburgh, Pennsylvania (the "City") of $95,000,000* aggregate principal amount of the City's General Obligation Bonds, Series of 2011, consisting of General Obligation Bonds, Series A of 2010 (the "Series 2011A Bonds") and Taxable General Obligation Bonds, Series of 2011B (the "Series 2011B Bonds and collectively with the Series 2011A Bonds, the "Bonds").

The Bonds will be issued pursuant to a Resolution to be adopted by City Council on July 27, 2011 (the "Resolution") and the Pennsylvania Local Government Unit Debt Act, Act of December 19, 1996, P.L. 1158, No. 177, as amended, as codified at 53 PA C.S.A. § 8001 *et seq.* (the "Act"), and with the approval of the Pennsylvania Department of Community and Economic Development under the Act, to refinance certain outstanding debt of the City, and to pay the costs and expenses of issuing the Bonds. See **"THE CAPITAL PROJECTS"** and **''REFUNDING PROGRAM"** herein.

THE SCHEDULED PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE WILL BE GUARANTEED UNDER AN INSURANCE POLICY TO BE ISSUED CONCURRENTLY WITH THE DELIVERY OF THE BONDS BY AGM SEE "BOND INSURANCE" HEREIN.]

THE REFUNDING PROGRAM

A portion of the proceeds of the 2011 Bonds will be applied to the refunding of a portion of the City's outstanding General Obligation Bonds, Series of 2002A (the "2002A Bonds"). Bond proceeds will be deposited with The Bank of New York Mellon Trust Company, N.A. as escrow agent for the Series 2002A Bonds and applied to the purchase of direct obligations of the United States Treasury which will mature on or before March 1, 2012. The United States Treasury investments held for the 2002A Bonds will provide sufficient funds for the payment the principal

* Preliminary, subject to change.

and accrued interest to the redemption date of the refunded 2002A Bonds. The sufficiency of these cash flows will be verified by an independent accounting firm. The 2002A Bonds will be optionally redeemed at a price of 100% plus accrued interest on March 1, 2012.

Additionally, the City will refinance portions of the September 1, 2011 debt service payment associated with all or a portion of each of the following outstanding general obligation bonds: Series 2008, Series 2006B, Series 2006C, Series 2005A, Series 2003 and Series 1993A. Collectively, the refunding of the 2002A Bonds and the above referenced series is the Refunding Program.

ESTIMATED SOURCES AND USES OF FUNDS

Sources	
Principal Amount	$
Original Issue Premium (Discount)	
Total Sources of Funds	$
Uses	
Refunding Deposits	$
Costs of Issuance*	
Total Uses of Funds	$

* Includes Underwriters' Discount, Bond Insurance Premium**,** Rating Agency Fees, Bond Counsel, Underwriters' Counsel, Paying Agent, printing and miscellaneous expenses.

THE BONDS

Description of the Bonds

The aggregate principal amount of the Bonds is $95,000,000*. The Bonds are initially dated as of the date of their delivery (the "Dated Date"), bear interest at the rates per annum and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the 2011A BONDS is payable semi-annually on March 1 and September 1 (each a "Regular Interest Payment Date") of each year, commencing March 1, 2012, and accrues from

* Preliminary, subject to change.

the Regular Interest Payment Date to which interest on the Bonds has been paid in full, or if no interest has been paid, from the Dated Date.

The interest payment date for the Series 2011B Bonds is December 15, 2011, which is the maturity date of the Series 2011B Bonds.

The Bonds are issued only as fully registered Bonds in denominations of $5,000 or any integral multiple thereof. The principal or redemption price of the Bonds shall be payable upon surrender thereof in lawful money of the United States of America at the office of U.S. Bank National Association, in Pittsburgh, Pennsylvania, or at the designated office of any additional or appointed alternate or successor paying agent or agents (the "Paying Agent"). Such payments shall be made to the registered owners of the Bonds so surrendered as shown on the registration books of the City. Interest on the Bonds shall be paid by check mailed to the registered owners thereof, as shown on the registration books kept by the Paying Agent as of the close of business on the applicable Regular or Special Record Date. In the case of an interest payment to any registered owner of $1,000,000 or more in aggregate principal amount of Bonds, such payment may be made by wire transfer to any designated account in a member bank of the Federal Reserve System as of the close of business on such Regular Interest Payment Date upon written request from such registered owner, which written request is received by the Paying Agent not less than five days prior to such payment date. The record date for any Regular Interest Payment Date (each, a "Regular Record Date") is the fifteenth (15^{th}) day of the calendar month (whether or not a business day) immediately preceding each Regular Interest Payment Date. In the event of a default in the payment of interest becoming due on any Regular Interest Payment Date, the interest so becoming due shall cease to be payable to the registered owners otherwise entitled thereto as of the Regular Record Date. Whenever funds become available for the payment of such overdue interest, the Paying Agent shall on behalf of the City establish a special interest payment date (the "Special Interest Payment Date") on which such overdue interest shall be paid and a special record date (which shall be a business day) relating thereto (the "Special Record Date"), and shall mail a notice of each such date to the registered owners of all Bonds of the affected series at least ten (10) days prior to the Special Record Date, but not more than thirty (30) days prior to the Special Interest Payment Date. The Special Record Date shall be at least ten (10) days but not more than fifteen (15) days prior to the Special Interest Payment Date.

If the date for payment of the principal or redemption price of, and interest on, the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania or in each of the cities in which the corporate trust or payment office of the Paying Agent are located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and the payment on such date shall have the same force and effect as if made on the nominal date of payment.

So long as The Depositary Trust Company, or its nominee, Cede & Co., is the registered owner of the Bonds, all payments of principal and premium, if any, and interest on, the Bonds shall be payable in the manner and at the times of payment provided for in the operating procedures of The Depositary Trust Company.

Redemption: Series 2011A Bonds

Optional Redemption

The Series 2011A Bonds maturing on or after ____________ are subject to optional redemption prior to maturity by the City at the direction of the City on or after ____________, in whole at any time, or in part from time to time, in any order of maturity and within a maturity by lot at a redemption price equal to 100% of the principal amount of Series 2011A Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The Series 2011A Bonds maturing on September 1, _____ and September 1, _________ are subject to mandatory redemption by the Authority in part, by lot, at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, on September 1 in the years and in amounts set forth below:

Bonds Maturing September 1, 20--	Bonds Maturing September 1, 20--

Redemption: Series 2011B Bonds

The Series 2011B Bonds are not subject to redemption prior to maturity.

Redemption Procedures

Manner of Redemption

If a Bond is of a denomination larger than $5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by $5,000, each $5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Notice of Redemption

Any redemption of Bonds shall be made upon notice of redemption which shall be conclusively presumed to have been given when mailed by first class mail, addressed to the registered owners of Bonds to be redeemed, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, at the addresses shown on the registration books of the Paying Agent on the day such Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof as it affects any Bond to be redeemed, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given. The notice of redemption for the Bonds may be a conditional notice of redemption.

All Bonds so called for redemption shall cease to bear interest after the date fixed for redemption provided sufficient funds shall have been provided for the payment of the principal thereof and interest thereon accrued to the date fixed for redemption.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from

DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE DESCRIPTIONS IN THIS OFFICIAL STATEMENT OF THE DEPOSITORY TRUST COMPANY, THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS TO PARTICIPANTS IN DTC, OR TO EACH ACTUAL PURCHASER OF EACH BOND, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS OR OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DTC PARTICIPANTS AND BENEFICIAL OWNERS ARE BASED SOLELY ON INFORMATION FURNISHED BY DTC TO THE CITY FOR INCLUSION IN THIS OFFICIAL STATEMENT. ACCORDINGLY, THE CITY DOES NOT AND CANNOT MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS AND NEITHER THE DTC PARTICIPANTS NOR THE BENEFICIAL OWNERS SHOULD RELY ON SUCH INFORMATION WITH RESPECT TO SUCH MATTERS, BUT SHOULD INSTEAD CONFIRM THE SAME WITH DTC OR THE DTC PARTICIPANTS, AS THE CASE MAY BE. THE CITY CANNOT GIVE ANY ASSURANCES THAT DTC, DTC PARTICIPANTS OR BANKS, BROKERS, DEALERS, TRUST COMPANIES AND OTHERS THAT CLEAR THROUGH OR MAINTAIN A CUSTODIAL RELATION WITH A DTC PARTICIPANT, EITHER DIRECTLY OR INDIRECTLY, WILL DISTRIBUTE PAYMENT OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, CEDE & CO., AS THE REGISTERED OWNER OF THE BONDS, OR ANY REDEMPTION OR OTHER NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL SERVE AND ACT IN A MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Security

The City's obligation to pay principal of, premium, if any, and interest on the Bonds is a direct and general obligation of the City. The full faith, credit and taxing power of the City (including the power to levy ad valorem taxes on all taxable real estate within its boundaries) are pledged for the payment of the principal of, premium, if any, and interest on the Bonds.

The City has covenanted in the Resolution, as required by the Act (1) to include in its budget for each fiscal year the amount of debt service on the Bonds payable that year, (2) to appropriate such amount from its general revenues for the payment of debt service on the Bonds, and (3) to duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on the Bonds. The Act provides that such covenant of the City shall be specifically enforceable. As required by the Act, the City has, in the Resolution, pledged its full faith, credit and taxing power for such budgeting, appropriation and payment in respect of the Bonds. The City, pursuant to the Act, the Pittsburgh Home Rule Charter, effective January 5, 1976, adopted pursuant to Article IX, Section 2 of the Constitution of the Commonwealth of Pennsylvania and the Home Rule Charter and Optional Plans Law, Act of April 13, 1972, P.L. 184 No. 162, together with the Second Class City Code, Act of March 7, 1901, P.L. 20, as amended, has the power to levy ad valorem taxes on all taxable real estate within its boundaries without limitation as to rate or amount for the payment of legally incurred debt service, and, by the Resolution has agreed to exercise such taxing power for the benefit of the Bondholders.

As required by the Act, the City has created a sinking fund for the Bonds designated as "Sinking Fund – General Obligation Bonds, Series of 2011" (the "Sinking Fund") with U.S. Bank National Association as Sinking Fund Depository for the payment of the Bonds. All moneys for the payment of principal of, premium, if any, and interest on the Bonds are required by the Act to be deposited in the Sinking Fund prior to or at the time when such payments become due and payable. Under the Act, all moneys in the Sinking Fund, including proceeds of investments, are subject to a perfected security interest for the equal benefit of the holders of the Bonds.

Under the Act, it is the duty of the City Treasurer (the "Treasurer") to deposit into the Sinking Fund moneys required to be deposited therein pursuant to the Resolution. If no appropriation is made for any such deposit, or if the funds appropriated are insufficient, it is the duty of the Treasurer under the Act to pay into the Sinking Fund that portion of each receipt of tax moneys and other available revenues of the City as will result in the deposit of sufficient moneys to pay when due the principal of, premium, if any, and interest on the Bonds.

Under the Act, if the City fails to pay the principal of, premium, if any, or interest on the Bonds when due, and such failure continues for thirty days, any holder of Bonds has the right to bring suit to recover the amount due. Upon such a default, or if the City otherwise fails to comply with any provision of the Bonds or the Resolution, the holders of 25 percent in aggregate principal amount of the Bonds then outstanding may appoint a trustee to represent all holders of the Bonds. The trustee will have the power to take various actions, including petitioning the court to levy upon all taxable property subject to ad valorem taxation in the City a tax sufficient to pay the amount due and, after thirty (30) days prior written notice to the City, declaring the unpaid principal of the Bonds due and payable. The taking of any such action will preclude similar action, whether previously or subsequently initiated, by individual holders. The rights of the holders of the Bonds are subject to the provisions of the Act with respect to priorities.

No specific revenues of the City are pledged for the payment of the principal of, premium, if any, or interest on the Bonds.

MUNICIPAL BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an Appendix D to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA+" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 13, 2011, S&P issued a release stating that it had affirmed the "AA+" financial strength rating of AGM, with a stable outlook. Reference is made to the release, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

On January 24, 2011, S&P published a Request for Comment: Bond Insurance Criteria (the "Bond Insurance RFC") in which it requested comments on its proposed changes to its bond insurance ratings criteria. In the Bond Insurance RFC, S&P notes that it could lower its financial strength ratings on existing investment-grade bond insurers (including AGM) by one or more rating categories if the proposed bond insurance ratings criteria are adopted, unless those bond insurers (including AGM) raise additional capital or reduce risk. Reference is made to the Bond Insurance RFC, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed by AGL with the Securities and Exchange Commission (the "SEC") on March 1, 2011, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which was filed by AGL with the SEC on May 10, 2011.

Capitalization of AGM

At March 31, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,058,791,206 and its total net unearned premium reserve was approximately $2,285,987,748, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (which was filed by AGL with the SEC on March 1, 2011); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (which was filed by AGL with the SEC on May 10, 2011).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE".

DEBT OF THE CITY

Article IX, Section 10, of the Constitution of the Commonwealth requires the General Assembly to prescribe the debt limits of units of local government in the Commonwealth, including the City, based on a percentage of total revenues of such units over a period immediately preceding the borrowing. Self-liquidating or subsidized debt and all debt approved by referendum are not treated as debt to which the Constitutional debt limits apply. The Act implements Article IX, Section 10 of the Constitution.

"Electoral debt" under the Act includes all debt incurred, or transferred to that category, with the assent of the electors. "Lease rental debt" includes all debt, other than electoral debt, secured by payments made from tax or other general revenues of the City, pursuant to leases, guarantees, subsidy contracts or other forms of agreement. "Nonelectoral debt" includes all debt except electoral debt or lease rental debt. The Act requires the City to classify its debt as electoral, nonelectoral or lease rental. Electoral and nonelectoral debt constitute general obligations for which the full faith and credit of the City is pledged, while lease rental debt represents obligations of duly incorporated governmental authorities for which the City has agreed to make certain payments, either absolutely or upon the event of certain contingencies, usually in the form of lease agreements or guaranties. The City may pledge its full faith and credit for the payment of lease rental debt. The Act also permits each category of debt to be classified as "self-liquidating" to the extent user charges imposed by the City or any of the contracting agencies are sufficient to pay all or a portion of such debt, or as "subsidized" to the extent that payments from another governmental body will be used to pay the debt. Self-liquidating and subsidized debt are not subject to any debt limitations under the Act. Debt incurred to fund an unfunded actuarial accrued liability in a pension plan is also not subject to any debt limitations under the Act.

Under the Act, the City may not incur any new nonelectoral debt if, following the issuance thereof, the aggregate net principal amount of outstanding nonelectoral debt of the City will exceed 250% of its borrowing base. In addition, the City may not incur any new lease rental debt or nonelectoral debt if, following the issuance thereof, the aggregate net principal amount of outstanding nonelectoral and lease rental debt of the City will exceed 350% of its borrowing base. The borrowing base of the City is defined in the Act as the arithmetic average of the total revenues of the City for the three full fiscal years of the City immediately preceding the date on which the new nonelectoral debt or new lease rental debt is incurred. Total revenues generally include all revenues of the City, but exclude certain revenues set forth in the Act. The Bonds will be issued as nonelectoral debt of the City, without the approval of the electorate, subject to the limitations on the incurring of non-electoral debt under the Act.

TABLE 1

CITY OF PITTSBURGH, PENNSYLVANIA

LOCAL GOVERNMENT UNIT DEBT ACT – DEBT STATEMENT

As of July 20, 2011

Gross Debt	Non-Electoral Debt	Lease Rental Debt
Outstanding Principal Amount of Bonds:		
General Obligation	$631,180,000	0
Capital Lease	0	0
Sports & Exhibition Authority	0	1,590,000
Stadium Authority	0	0
Urban Redevelopment Authority	0	0
Total Gross Debt	$631,180,000	1,590,000
Exclusions from Gross Debt		
Cash and Legal Investments held in sinking funds for payment of Bonds	0	0
Cash in Bond Fund Applicable to Debt	0	0
Delinquent Real Estate Taxes	0	0
Self-Liquidating and Subsidized Debt	0	0
Pension Debt (Series 1998ABC)	-248,940,000	0
Total Exclusions	-248,940,000	0
Total Net Non-Electoral and Lease Rental Debt	$383,830,000	

TABLE 2
CITY OF PITTSBURGH
Summary of Outstanding Debt Prior to the Issuance of the 2011 Bonds

General Obligation Bonds, Series of 2008	56,695,000
General Obligation Bonds, Series of 2006B	140,540,000
General Obligation Bonds, Series of 2006C	47,800,000
General Obligation Bonds, Series of 2005A	72,740,000
General Obligation Bonds, Series of 2003	13,540,000
General Obligation Bonds, Series of 2002	47,695,000
General Obligation Bonds, Series of 1998B	43,280,000
General Obligation Bonds, Series of 1998C	187,725,000
General Obligation Bonds, Series of 1993A	17,935,000
Total General Obligation Bonds	627,950,000
City Guaranty of Sport & Exhibition Auth. Series 2005	1,590,000
Total Outstanding Debt and Guaranty	629,540,000

TABLE 3
CITY OF PITTSBURGH
GENERAL OBLIGATION BOND AND AUTHORITY GUARANTY
DEBT SERVICE PRIOR TO ISSUANCE OF 2011 BONDS

Year	G.O. Bonds	SEA Guaranty	Total Obligations
2011	87,400,351	255,221	87,655,572
2012	87,429,604	258,555	87,688,159
2013	87,422,751	268,896	87,691,648
2014	87,434,078	268,521	87,702,599
2015	87,427,278	265,151	87,692,429
2016	87,435,815	268,983	87,704,798
2017	87,298,953	126,983	87,425,935
2018	68,697,515	127,400	68,824,915
2019	30,664,194		30,664,194
2020	30,669,235		30,669,235
2021	30,671,530		30,671,530
2022	28,793,045		28,793,045
2023	28,795,885		28,795,885
2024	28,794,875		28,794,875
Total	855,935,108	1,839,709	860,774,817

DEBT RATIOS AND FINANCIAL FACTORS

City of Pittsburgh 2010 Population	305,704
2010 Total Assessed Value	21,549,437,000
2010 Taxable Assessed Value	13,441,004,000
City of Pittsburgh General Obligation Debt	629,540,000
Allocable Portions of Overlapping Debt	
County of Allegheny (25%)	174,771,250
The School District of Pittsburgh (100%)	490,529,958
Total Overlapping Debt	665,301,208
Total Direct and Overlapping Debt	$1,294,841,208
Per Capita Direct Debt	$2,059
Per Capital Direct and Overlapping Debt	$4,235
Direct Debt to Total Assessed Value	2.92%
Direct Debt and Overlapping Debt to Total Assessed Value	6.01%
Direct Debt to Taxable Assessed Value	4.68%
Direct Debt and Overlapping Debt to Taxable Assessed Value	9.63%

COMMONWEALTH FISCAL OVERSIGHT

Since late December 2003, the City has operated as a "distressed municipality" under the Municipalities Financial Recovery Act ("Act 47"). In February 2004, the Pennsylvania General Assembly created additional City fiscal oversight authority under the Intergovernmental Cooperation Authority Act for Cities of the Second Class ("Act 11"). Act 47 and Act 11 are described below:

Act 47.

As part of its fiscal recovery and tax restructuring strategy, on or about December 29, 2003, the City successfully sought to be declared a "distressed" municipality by the Secretary of the Department of Community and Economic Development ("DCED") under the Municipalities Financial Recovery Act. Act 47 requires the Secretary of DCED (the "Secretary") to appoint a Coordinator to "prepare and administer a plan designed to relieve the financial distress" of the City. The Act 47 Coordinator is charged with the duty of developing and implementing a plan, which includes, among other things, assurance that "the recommendations in the plan are being accomplished by the dates set in the plan." In January 2004, the Secretary made the dual appointment of the law firm of Eckert Seamans Cherin & Mellot, LLC and Public Financial Management, Inc. as Act 47 Coordinators (collectively, the "Act 47 Coordinators").

Act 11.

> The Pennsylvania General Assembly also reacted to the City's financial crisis by enacting the Intergovernmental Cooperation Authority Act for Cities of the Second Class, which likewise was intended to help the City recover from its financial crisis and to bring long-term fiscal health and stability to the City. Act 11 establishes the Intergovernmental Cooperation Authority for Cities of the Second Class (the "ICA"), which is charged with fiscal oversight and approval of a financial plan for the City, which includes projected revenues and expenditures of the principal operating funds of the City for five (5) fiscal years. In accordance with Act 11, the City and the ICA entered into an Intergovernmental Cooperation Agreement (the "Cooperation Agreement") on September 21, 2004.

The ICA has five members. The President Pro Tempore and the Minority Leader of the Senate, the Speaker and the Minority Leader of the House of Representatives, and the Governor each appoint one member who serves at their respective pleasures. The Pennsylvania Secretary of Administration and Budget, and the City's Finance Director are ex officio, nonvoting members of the ICA.

The Pennsylvania General Assembly contemplated that the Act 47 Coordinators and the ICA would operate concurrently and equally in their separate legal capacities to assist the City in its return to fiscal stability.

A recovery plan prepared by the Act 47 Coordinators (the "Act 47 Plan") was approved and adopted by City Council on June 29, 2004 and approved by the Mayor of the City on June 30, 2004.

The Act 47 Plan was revised and the revised plan was adopted by City Council on June 30, 2009 and approved by the Mayor of the City on June 30, 2009. The Amended Recovery Plan prepared by the Act 47 Coordinators is a framework of financial management strategies for 2009 and beyond, to address critical issues such as pending legacy costs of debt, pensions and post retirement benefits while maintaining a sustainable capital plan and positive operating results.

How to View Certain Oversight Documents:

The revised Act 47 Plan of over 300 pages is available at:

http://www.city.pittsburgh.pa.us/council/assets/09_Ord16_Final_Amended_ACT47_Recovery_Plan_6-30-09.pdf.

The Cooperation Agreement is available at http://www.pghica.org/.

As required under the Cooperation Agreement, the City prepares and submits to the ICA quarterly financial and performance reports for each calendar quarter. Such reports also can be found at http//www.pghica.org/.

Certain Provisions of Act 11.

Under Act 11, after the Financial Plan is approved, the City is required to implement the Financial Plan.

Pursuant to Act 11, the City is required to prepare and submit, among other things, its proposed five-year plan, together with the Mayor's proposed annual operating budget and capital budget. The City also is required to submit supplemental reports including quarterly reports on performance (as noted above). If the ICA determines, based upon reports and information submitted by the City, that the City's actual revenues and expenditures vary from those estimated in the Financial Plan, Act 11 provides the ICA shall require the City to provide such additional information as the ICA deems necessary to explain the variation.

In response to the request for additional information concerning the variation, Act 11 provides the Mayor of the City shall provide to the ICA reports describing actual or current estimates of revenues and expenditures compared to budgeted revenues and expenditures for such period reflected in its cash flow forecast. Each such report shall indicate any variance between actual or current estimates and budgeted revenues, expenditures and cash for the period covered by such report.

If the City fails to submit to the ICA a revision to a Financial Plan, report or other information required to be filed pursuant to Act 11, Act 11 provides the ICA, in addition to all other rights which the ICA may have at law or in equity, shall have the right by mandamus to compel the City and the officers, employees and agents thereof to file with the ICA the Financial Plan, revision to a Financial Plan, report or other information which the City has failed to file.

Act 11 also provides the ICA and the City are not "authorized to file a petition for relief under 11 U.S.C.Ch.9 (relating to adjustments of debts of a municipality) or any successor Federal bankruptcy law, and no governmental agency shall authorize the authority [the ICA] or such city to become a debtor under 11 U.S.C.Ch.9 or any successor Federal bankruptcy law."

The Act goes on to state that "The Governor is designated in accordance with 11 U.S.C. §109(c)(2) (relating to who may be a debtor) as the organization of the Commonwealth which shall have power to approve or disapprove the filing of any such petition of a political subdivision and to approve or disapprove any plan of readjustment of the debts of any such political subdivision prepared, filed and submitted with the petition to the court, as provided under 11. U.S.C.Ch.9."

Certain Provisions of the Cooperation Agreement.

Under the provisions of the Cooperation Agreement, if the ICA determines – based upon reports submitted by the City, as well as reports necessitated by changed conditions or unexpected events which may affect the City's adherence to its then-current Financial Plan – that the City's actual revenues and expenditures vary from the Financial Plan, the ICA shall notify the City, in writing, of its determination that a variance exists. In response, the City shall within ten (10) days after the request by the ICA, provide the ICA such additional information as the ICA deems necessary to explain the variance.

The Cooperation Agreement provides that a "variance" for this purpose, which would change the reporting requirement from quarterly to monthly, shall be deemed to have occurred as of the end of a reporting period based on the reports submitted for such period if: (i) a net adverse change of more than one percent (1%) of the revenues or expenses for such fiscal year is reasonably projected to occur; or (ii) the actual net cash flows of the City for that fiscal year are reasonably projected to be less than ninety-eight percent (98%) of the net cash flows originally forecast at the time of the adoption of the budget.

In the event that the ICA, by a majority vote, determines that the City's written explanation for the variance is unsatisfactory, the ICA shall certify such non-compliance with the Secretary of the Budget and shall notify the City. Upon receipt of the prescribed notice, the City's Director of Finance and the Controller shall certify to the ICA forthwith the amount of New Revenue (as defined below), and shall cause such certified amount to be aggregated, transferred and deposited as directed by the ICA in trust for the exclusive benefit of the City in an account designated as the "New Revenue Account" established under the Cooperation Agreement.

> "New Revenue" is defined as
>
> . . . in the aggregate, any revenues received by the City with respect to any taxes or fees from any source whatsoever which are not solely derived by virtue of existing taxing or legislative power possessed by the City under its Home Rule Charter or applicable law, it being the intent of this provision that New Revenue shall not include taxes or fees, including any increases thereof, which the City presently levies or has the power to levy. New Revenue shall not be reduced, diminished or offset by any existing taxes or fees which may be eliminated or reduced in connection with the City's financial recovery.
>
> New Revenues shall not include (1) any moneys received by the City as grants from public or private entities, whether for profit or non profit, as a conduit for third parties, 2) any revenues pledged or held as security for bonded indebtedness or related insurance existing on the effective date of Act 11 and approved by the ICA as part of the City's Financial Plan . . . .
>
> New Revenue received after the date of initial deposit into the New Revenue Account also shall be deposited to the credit of the New Revenue Account.

Under the Cooperation Agreement, the City further agreed that as soon as they become available, it shall provide to the ICA copies of all significant or requested reports, documents, budgetary and financial planning data and any other information prepared by or on behalf of the City regarding the revenues, expenditures, budgets, costs, plans, operations, estimates and any other financial or budgetary matters of the City.

Additionally, if, after the approval of the Financial Plan, the City executes a contract or collective bargaining agreement which is not in compliance with the Financial Plan, neither such contract nor collective bargaining agreement shall be void or voidable solely by reason of such non-compliance but the City shall as soon as practicable (but in no event later than fifteen (15) days after the execution by the City of such contract or collective bargaining agreement) submit to the ICA a proposed revision to the Financial Plan which demonstrates to the reasonable satisfaction of the ICA that revenues sufficient to pay the costs of the contract or collective bargaining agreement will be available in the affected fiscal years of the Financial Plan.

Both Act 47 and Act 11 have specific provisions relating to the content and form of any approved Financial Plan. Similarly, both provide mechanisms for intercepting and escrowing of certain funds (with the exception of funds for capital projects under contract, disaster relief funds, pension fund disbursements, and funds pledged to repay bonds and notes) due the City from the Commonwealth in the event the City fails to adhere to the Act 47 Plan or permits a certain financial variance from the ICA approved Financial Plan. Certain other provisions are noted below:

Extraordinary Contracts.

The Cooperation Agreement established a new requirement that the City provide notice to the ICA of the intention to enter into any "Extraordinary Contract." The term Extraordinary Contract is defined to mean, among other things, any agreement which relates to the borrowing of money by the City. At least seven days prior to entering into any Extraordinary Contract, the City must deliver to the ICA: (i) a summary of the terms of such Extraordinary Contract; and (ii) a written statement by the City's Director of Finance stating whether or not in the opinion of said officer the performance of the Extraordinary Contract would be consistent with the Financial Plan of the City then in effect. In the case of a bond purchase agreement, the City is required to provide such information regarding the agreement not less than three days prior to the execution of the agreement. The Cooperation Agreement provides that the ICA may make comments and suggestions with respect to such Extraordinary Contracts, which comments and suggestions the City is obligated to consider prior to its execution of the Extraordinary Contract. The Cooperation Agreement does not, however, grant the ICA the power to approve or disapprove Extraordinary Contracts.

Reporting Requirements.

On an ongoing basis, the City will be subject to the financial reporting requirements described in Act 11 and Act 47, and to the continuing financial oversight of the ICA. The financial reporting requirements now in effect provide, among other things, that within 45 days after the end of each fiscal quarter, the City will provide reports to the ICA describing actual or current estimates of revenues and expenditures compared to budgeted revenues and expenditures for the quarter as reflected in its cash flow forecast.

Termination of Oversight.

Under Act 47, termination of municipal financial distress status may be initiated either by the Secretary of DCED or by the City. This process is designed to determine whether or not the conditions which led to the earlier determination of distressed status have been addressed adequately, including the elimination of accrued deficits and municipal operations for a period of at least one year under a positive current operating fund balance.

Under Act 11, the ICA was established for a minimum term of seven years. If after seven years the City has had annual operating budgets and financial plans which satisfy prescribed standards, the ICA's existence and the status of the City as an "assisted city" may be terminated.

Mayor and City Council Remain Responsible for Management of City

Under both Act 11 and Act 47, the core functions and management of the City remain the responsibility of the Mayor and City Council. As confirmed in the Cooperation Agreement, the City retains all of its powers and authority granted under the Home Rule Charter of the City of Pittsburgh, except as specifically set forth in the Cooperation Agreement.

MUNICIPAL BANKRUPTCY

Under Chapter 9 of the Federal Bankruptcy Code, a municipality may file a petition for relief if it is authorized to do so under applicable state law. The Commonwealth enacted Act 47 which among other debt relief measures, sets forth procedures by which a municipality (including the City) may file a municipal debt adjustment action pursuant to the Federal Bankruptcy Code. A municipality seeking relief under Chapter 9 would have to meet the requirements of Act 47 and establish that it: (1) is insolvent or unable to meet its debts as they mature, (2) desires to effect a plan to adjust its debts, and (3) has satisfied certain other requirements primarily relating to negotiations with creditors.

The filing of a petition for relief under Chapter 9 generally operates to stay proceedings to enforce claims against the municipality. Under certain conditions the Federal bankruptcy court may authorize the municipality to borrow money and to issue certificates of indebtedness with priority over existing creditors and which under certain circumstances many be given senior secured status.

Under Chapter 9, the debtor is required to file a plan. If the plan is confirmed by the Court, the plan may modify or alter the rights of creditors. For a plan to be confirmed, it must first be approved by the requisite majority of creditors. A confirmed plan would be binding upon all creditors affected by it.

Act 11, the Intergovernmental Cooperation Authority for Cities of the Second Class, prohibits the City from filing a petition under the provisions of the Bankruptcy Code without the written approval of the Governor while the City is subject to Act 11.

CITY PENSION FUNDING AND ACT 44

The City is addressing the funding level of its pensions. The City's three pension plans (which are the Municipal Pension Plan of the City of Pittsburgh (for non-uniformed employees) 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 (collectively, the "Pension Plans") are currently underfunded.

Based upon the most recent actuarial report reflecting January 2009, the Pension Plans collectively carry an actuarial liability of $989,532,948. Plan assets as of the same date were valued at $339,179,908. This corresponds to an unfunded actuarial liability of approximately 650,353,040 or a funding level of 34.3%

The Commonwealth of Pennsylvania enacted pension legislation ("Act 44") that mandates that the City reach a funding level of at least 50% by December 31, 2010. In the event that the City is not able to reach such mandated level of funding, the City's Pension Plans will be merged into the Pennsylvania Municipal Retirement System ("PMRS") per the provisions of Act 44.

The Mayor's Office undertook a carefully constructed, deliberate study of the viability of the sale or long term lease of parking system assets within the City as a mechanism to fund the Pension Plans to at least the 50% level prescribed by Act 44. This process included developing a competitive process and lease structure to meet the City's objectives, as well as the identification of qualified investors which would be able to fulfill the lease and operational requirements of the parking system.

Following this process, which encompassed a nearly two year timeframe, the City received a winning bid of $451 million. This amount was sufficient to provide $110 million to defease existing Pittsburgh Parking Authority debt as well as to provide the minimum deposit level of $220 million required for 50% funding.

City Council rejected the parking lease proposal upon its introduction for approval.

City Council developed an alternative plan, which was adopted on December 31, 2010 following the override of the Mayor's veto of the plan. This plan requires the deposit of $45 million from the City's reserves to the Comprehensive Trust Fund for the pensions and of dedicated parking taxes of $13.4 million annually from 2011 through 2017, and $26.8 million from 2018 through 2041. The dedication of the parking taxes is "irrevocable" per Council action. The ICA approved the deposit of the $45 million, which was completed prior to the end of 2010.

Dedication of Parking Revenues to Pension Deposits

The plan adopted by Council relies upon the valuation of the dedicated future parking revenues to be deposited into the pension plans and the acceptance of this value by the Public Employee Retirement Commission ("PERC"). The Act 47 Coordinators issued a letter stating that the terms of the pension solution complied with the City's Amended Recovery Plan passed June 2009, as referenced above in "Commonwealth Fiscal Oversight".

<u>Public Employee Retirement Commission has not determined yet if this plan will satisfy the requirements of Act 44 to reach a minimum 50% funding threshold, as measured for January 1, 2011</u>.

Potential Impact of Public Employee Retirement Commission Rejection of City Plan

Potential Results and Consequences

If the PERC determines that the pension solution does not satisfy the requirements of Act 44, it is likely that the City's Pension Plans will be transferred to the control of the PMRS per Act 44.

Under Act 44, PMRS will have the authority to set the City's pension funding contributions per PMRS standards, which include a lower actuarial return assumption and a higher annual funding cost. While the City is waiting on updated PMRS reports which will provide indicative levels of the increased pension funding amount, the City's independent actuaries have calculated that the impact of entry into the PMRS system may require additional contributions to the Pension Plans which may exceed $25 million annually.

If PMRS assumes control of the pension upon the failure of the pension solution, the City has some flexibility in the timing of such additional contributions. There are alternatives available due to the bi-annual cycle of actuarial valuation of the Pension Plan which could defer the impact of such additional contributions to as late as the 2015 budget. Additionally, smoothing techniques are permitted under the PMRS' plan which would allow the City to phase the impact of such additional contributions over six to eight years following its start.

It is also important to note that while PMRS would gain control of the pension administration, investment and City deposit calculations if the plan is not satisfactory, the City would retain control of negotiating pension benefits with its collective bargaining units.

Fiscal Consequences

If merged into the PMRS plan, the City would eventually face significantly higher pension costs. To manage the City's budget in light of the anticipated higher costs of a PMRS merger, the City may significantly reduce costs and services where it is able. Additionally, the City may consider debt restructuring and other cost reduction tools to manage the higher cost of entering PMRS. The City has the ability to manage the timing of this impact, but not necessarily the magnitude.

Due to the significance of this impact potentially on the City's budget, the final resolution and fiscal management changes in response to the ultimate resolution of this issue will be an additional component of the City's Continuing Disclosure obligations.

Potential Impact of Dedicated Parking Revenues

The diversion of parking tax revenues to the pension funds is projected to produce revenue shortfalls to the City's general operating budget. In June 2011, the Pittsburgh Parking Authority increased parking meter rates with the intent to produce additional, offsetting revenues which could be transferred to the City's operating budget. The City owns the parking meters. At this time, the level of offsetting revenues versus the additional collection and enforcement costs, as well as changes in parking meter use due to higher rates, is not known.

In the event that increased meter rates do not produce sufficient offsetting revenues, the City will be required to seek other revenue enhancements and/or cost reductions.

SUMMARY CITY FINANCIAL RESULTS

The following discussion is intended to provide a summary of the City's finances and projections of current year results. It is not intended to be a comprehensive review or analysis, but rather to provide highlights of the City's financial results. Investors are directed to review the Official Statement and its contents in their entirety.

2011 Unaudited Internal Net Operating Results Are Positive

First Quarter 2011 Results (Period Jan. 1, 2011 to March 31, 2011, unaudited internal results)
The City's first period financial results and projections indicate a positive operating result of $6.1 million on a budgetary basis. Early projections of revenue trends during 2011 result in a shortfall of $800,000 versus a $455.1 million budget (0.18%) However, expenditures are projected to fall below budget by $1.9 million, resulting in a net budget positive outcome of $1.1 million, again based upon 1Q 2011 internal results.

Other factors influencing 2011 results include the following:

a) *Parking rate* increases and diversion of parking taxes

b) *Real estate taxes* continue to be impacted by the County reassessment plan and the continued appeal of tax assessments. The City actively challenges assessments where the selling price exceeds the assessment by 50%. In 2011, the City appealed 825 such properties. In 2010, the success rate of these efforts was 16%. The City has also engaged a third party tax agent to intensify collection efforts through the rest of 2011. Period to period comparison of 1Q 2010 vs. 1Q 2011 indicate an increase in real estate tax collections of $5.8 million.

c) *Sports Teams* Amusement and parking taxes have improved in part due to the success of the Pittsburgh Penguins hockey team with sell-out playoff games. However, labor disputes with the NFL and Players Association may cause a significant reduction in Amusement Taxes if the Pittsburgh Steeler Football schedule is impacted by a work stoppage and fewer games. City administration has assumed this will be resolved without loss of games.

d) *Expenses Control* The City 1Q 2010 vs. 1Q 2011 show expenses in 2011 decreased by $6.3 million, primarily due to a change in pension deposits. In 2010, the City budgeted the full Minimum Municipal Obligation ("MMO") plus

$11 million, whereas in 2011, the pension deposit is $10.3 million less, effectively removing the voluntary, additional payment paid in 2010.

e) *Fuel Costs* The City closely monitors fuel consumption, delivery and costs, particularly during summer months. Conservation, better driver awareness of fuel use and greater security at fueling sites are contributing to these efforts. New equipment which is more fuel efficient and a Green Vehicle policy are incorporated into purchasing decisions.

f) *Public Safety* Headcount remained at 865 for Police, however a recruit class will join the force in August 2011. Longevity pay increases are $77,000 higher for 1Q 2011 vs. same period 2010. Firefighter headcount is down to 591 firefighters, due to seven retirements. Callback costs are slightly higher as a result.

g) *Public Works* Salt price increases and a severe snowstorm in February 2011 which caused higher premium hours resulted in increased Public Work expenditures.

CITY OF PITTSBURGH
Summary of 2007-2010 General Fund Results

	CAFR 2007	CAFR 2008	CAFR 2009	CAFR 2010
Revenue:				
Taxes	356,662,496	366,144,497	362,664,855	359,966,903
PILOT	5,311,595	778,417	849,978	294,268
Interest and Dividends	6,621,592	2,313,394	62,651	160,086
Fines and Forfeits	7,073,883	5,858,420	7,077,126	8,781,623
Intergovernmental Revenues	40,536,983	41,648,554	34,511,886	33,655,422
Charges for User Services	34,233,296	34,011,143	32,267,098	31,808,644
Donations and Endowments	247,471	0	0	0
Miscellaneous	2,394,396	151,629	46,400	166,903
Total Revenues	453,081,712	450,906,054	437,479,994	434,833,849
Expenditures				
Current:				
General Government	44,825,038	47,671,539	45,535,773	52,887,452
Public Safety	204,881,165	212,150,449	229,333,677	281,516,184
Public Works	29,832,808	31,916,229	28,232,330	31,607,590
Sanitation	16,805,897	15,703,428	14,960,317	17,058,632
Communal, Recreational and Cultural	6,901,198	7,277,113	6,911,310	9,386,166
Economic and Physical Development	0	0	0	0
Claims and Judgments	961,705	1,047,156	5,361,200	539,199
Miscellaneous	3,817,972	5,111,416	5,175,071	5,892,933
URA and Public Auditorium Subsidies	14,118,006	13,444,389	13,623,248	14,141,637
Total Expenditures	322,143,789	334,321,719	349,132,926	413,029,793
Revenues Over Expenditures	130,937,923	116,584,335	88,347,068	21,804,056
Other Financing Sources (Uses)				
Transfers from Other Funds	4,091,500	4,098,500	4,272,500	48,843,242
Insurance Proceeds	0	0	0	1,871,939
Transfers from Other Funds	(126,073,169)	(157,327,294)	(84,113,923)	(84,976,789)
Total Other Financing Sources (Uses)	(121,981,669)	(153,228,794)	(79,841,423)	(34,261,608)
Net Change in Fund Balance	8,956,254	-36,644,459	8,505,645	-12,457,552
Fund Balance				
Beginning of Year	80,574,118	89,530,372	52,885,913	61,391,558
End of Year	89,530,372	52,885,913	61,391,558	48,934,006

CITY OF PITTSBURGH
Summary of 2011 Budget and Projected 2011 Results

Revenue:	Budget	Projected
Application of Fund Balance	12,076,000	0
Taxes	351,539,000	362,336,617
PILOT	2,800,000	2,879,788
Interest, Fines and Forfeits	9,004,000	8,986,628
Intergovernmental Revenues	38,174,700	36,369,066
Charges for User Services	38,481,600	38,896,853
Miscellaneous	3,034,300	4,832,521
Total Revenues	455,109,600	454,301,473
Expenditures		
Current:		
Salary Related	264,785,680	263,551,557
Materials and Supplies	12,944,418	12,637,393
Professional Services	19,605,980	19,333,968
Utilities	8,317,860	8,273,219
Judgments	3,008,333	2,967,999
Pension	53,648,500	53,648,500
Debt Service	87,656,044	87,656,044
Other	50,000	50,000
Total Expenditures	450,016,815	448,118,681
Revenues Over Expenditures	5,092,785	6,182,792
Fund Balance		
Beginning of Year	48,934,006	48,934,006
End of Year	41,950,791	55,116,798

LITIGATION

The City is a defendant in litigation incidental to the performance of its governmental and other functions and certain other litigation arising out of alleged constitutional violations, torts, breaches of contract, condemnation proceedings and other violations of law. In many cases, the City's liability exposure is limited by the Tort Claims Act, described below.

Under the Political Subdivision Tort Claims Act (the "Tort Claims Act"), the City is immune from liability for negligence unless a claim arises within eight enumerated areas of activity described in the Tort Claims Act. Liability for such claims is subject to an aggregate limit of $500,000 per claim. Verdicts in excess of the statutory limit are reduced to $500,000. There are no statutory limits on verdicts involving claims that are not covered by the Tort Claims Act. The City also may be subject to delay damages which, in certain cases, may be calculated on the entire verdict. Delay damages are calculated at the prime rate listed in the first edition of the Wall Street Journal published for each calendar year for which damages are awarded, plus one percent, not compounded and are not subject to any monetary limit.

It is not anticipated that any of the litigation pending against the City, if decided adversely to the City, would impair the ability of the City to operate or to meet its obligations in the ordinary course.

TAX MATTERS - FEDERAL

Series 2011A Bonds

In the opinion of Bond Counsel, assuming compliance with certain covenants of the City, interest on the Series 2011A Bonds is excluded from gross income of the owners of the Series 2011A Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Series 2011A Bonds is not an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on a Series 2011A Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on a Series 2011A Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Ownership of the Series 2011A Bonds may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with Code Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2011A Bonds. Bond Counsel expresses no opinion as to any such collateral federal income tax consequences. Purchasers of the Series 2011A Bonds should consult their own tax advisors as to collateral federal income tax consequences.

The initial public offering price of Series 2011A Bonds of certain maturities may be greater than the amount payable on such Series 2011A Bonds at maturity. Bond counsel expresses no opinion herein with respect to the treatment of such excess of offering price over amounts payable at maturity ("original issue premium"). Investors should seek advice thereon from their own tax advisor.

The initial public offering price of Series 2011A Bonds of certain maturities may be less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes original issue discount. Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Series 2011A Bonds.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2011A Bonds for interest thereon to remain excludible from the gross income of the owners of the Series 2011A Bonds for federal income tax purposes. The City has covenanted in the Resolution and a Tax Certificate to comply with such requirements. Noncompliance with such requirements may cause the interest on the Series 2011A Bonds to be includible in the gross income of the owners of the Series 2011A Bonds for federal income tax purposes, retroactive to the date of issue of the Series 2011A Bonds. The opinion of Bond Counsel assumes compliance with such covenants, and Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2011A Bonds may affect the tax status of interest on the Series 2011A Bonds.

Series 2011B Bonds

This advice with respect to the Series 2011B Bonds is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties under the Internal Revenue Code of 1986, as amended, and is provided in support of the promotion and marketing of the Series 2011B Bonds. Prospective owners of the 2011B Bonds should seek advice based on their particular circumstances from an independent tax advisor.

Interest on the Series 2011B Bonds is included in gross income of owners of the Series 2011B Bonds for federal income tax purposes. In addition, for tax years beginning after December 31, 2012, interest received by certain individual, trust and estate holders of the Series 2011B Bonds may, after certain adjustments and limitations, be subject to a 3.8% "unearned income Medicare contributions tax" by virtue of its inclusion in the "net investment income" of the holder under Section 1411 of the Code. Ownership of the Series 2011B Bonds may result in other tax consequences to certain taxpayers. Bond Counsel will express no opinion as to the federal income tax consequences of purchasing, owning, and disposing of the Series 2011B Bonds.

TAX MATTERS – COMMONWEALTH OF PENNSYLVANIA

Bond Counsel is of the opinion that, under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

Pursuant to the provisions of Act 68 of 1993 of the Commonwealth of Pennsylvania ("Act 68"), profits, gain or income from the sale of the Bonds shall be subject to Pennsylvania personal income tax and Pennsylvania corporate net income tax.

Bond Counsel expresses no opinion as to the treatment of original issue premium or original issue discount in the computation of profits, gain or income from the sale of the Series 2011A Bonds pursuant to Act 68.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 the City will agree pursuant to the Resolution and a Continuing Disclosure Agreement to be delivered on the date of delivery of the Bonds, to provide in a timely manner, to the Electronic Municipal Market Access ("EMMA") established by the Municipal Securities Rulemaking Board ("MSRB"), if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults;
(3) Unscheduled draws on debt service reserve reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinion or events affecting the tax-exempt status of the security;
(7) Modifications to rights of security holders;
(8) Bond calls, except for mandatory scheduled redemptions not otherwise dependent upon the occurrence of an event;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the securities; and
(11) Rating changes.

The Securities and Exchange Commission requires the listing of (1) through (11) although some of such events may not be applicable to the Bonds.

The Resolution or the Continuing Disclosure Agreement will provide Bondholders with certain enforcement rights in the event of a failure by the City to comply with the terms thereof; however, a default under the Continuing Disclosure Agreement does not constitute a default under the Resolution. The Resolution and the Continuing Disclosure Agreement may be revised from time to time as permitted or required by applicable law, without the consent of the Bondholders, and may be terminated as to Bonds upon the economic defeasance of all outstanding Bonds, or other arrangement, whereby the City is released from any further obligation with respect to the Bonds. Covenants in the Resolution and the Continuing Disclosure Agreement may also be terminated, without the consent of the Bondholders, at such time as continuing disclosure is no longer required by applicable law. The City shall promptly notify the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board as provided at http://www.emma.msrb.org, or any similar system that is acceptable to or as may be specified by the Securities and Exchange Commission from time to time ("EMMA"), if any, of any revision or termination of the disclosure covenants. The sole remedy for a breach by the City of its covenants to provide notices of material events shall be an action to compel performance of such covenants. Under no circumstances may monetary damage be assessed or recovered, nor shall any such breach constitute a default under the Bonds or a failure to comply with any provision of the Bonds for purposes of the Act.

Bondholders are advised that the Resolution and the Continuing Disclosure Agreement, copies of which are available at the office of the City, should be read in their entirety for more complete information regarding their contents.

The City has complied with all prior disclosure requirements under Rule 15c2-12, with the exception that the audited 1996 financial statements were unavailable on August 1, 1997, the due date, but were filed with the then appropriate nationally recognized municipal securities information repository on September 16, 1997.

Any filing in connection with the City’s continuing disclosure undertaking may be made solely by transmitting such filing to EMMA.

LEGALITY FOR INVESTMENT

Under the Probate, Estates and Fiduciaries Code of the Commonwealth, the Bonds are authorized investments for fiduciaries and personal representatives (as defined in that Code) in the Commonwealth and the Bonds are legal investments for Commonwealth banks and trust companies, savings banks and insurance companies and are acceptable security for deposits of the funds of the Commonwealth.

FINANCIAL STATEMENTS

The City's general purpose financial statements as and for the year ended December 31, 2010, appearing in the City's Comprehensive Annual Financial Report included in Appendix B to this Official Statement have been audited by Maher Duessel, Pittsburgh, Pennsylvania, independent public accountants, as stated in their report appearing herein.

No assurance can be given that financial results achieved in the future will be similar to historical results. Such future results may vary from historical results, and such variance may be material.

UNDERWRITING

The Bonds are being purchased for re-offering by Boenning & Scattergood Inc. (the "Underwriter"). Pursuant to a Bond Purchase Contract between the City and the Underwriter (the "Bond Purchase Agreement"), the Underwriters have agreed to purchase the Bonds at an aggregate purchase price equal to $_________, which represents the principal amount of the Bonds, plus net original issue premium of $_________ (less net original discount of $________) and less an underwriting discount of $__________. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds, if any are purchased, in accordance with the terms of the Bond Purchase Agreement.

The initial public offering prices of the Bonds may be changed by the Underwriters from time to time from the levels set forth on the inside front cover hereof without any requirement of prior notice. The Underwriter reserve the right to join with other dealers in offering the Bonds to the public, and Bonds may be offered to such other dealers in connection therewith at prices lower than the prices at which such Bonds are offered to the public. Also, the Underwriter may effect transactions that stabilize or maintain the market price of the Bonds above that which might otherwise prevail in the open market and may discontinue such stabilizing transactions at any time.

BOND RATINGS

__________ has assigned an underlying municipal bond ratings of "____" to the Bonds.

__________ has assigned an underlying municipal bond ratings of "____" to the Bonds.

______ is expected to assign the insured ratings of "____" (_____) to the Bonds based upon the issuance of the Policy by AGM at the time of delivery of the Bonds.

Any explanation of the significance of such rating may only be obtained from the rating agency furnishing the same. There is no assurance that such rating will be maintained for any given period of time or that it may not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any downward change in or the withdrawal of such rating may have an adverse effect on the price at which the Bonds may be resold by the holder of such Bonds.

LEGAL OPINIONS

Purchase of the Bonds by the Underwriters is subject to the receipt of the approving legal opinion of Pepper Hamilton LLP, Pittsburgh, Pennsylvania, Bond Counsel. The approving opinion of Bond Counsel will be in substantially the form attached to this Official Statement as Appendix C.

Certain legal matters relating to the City will be passed upon by Daniel D. Regan, Esquire, City Solicitor.

THE PAYING AGENT

Pursuant to the provisions of the Resolution, The U.S. Bank National Association has been appointed as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the City, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds. The Paying Agent may now or in the future have banking relationships with the City which involve making loans to the City; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the City or City authorities.

FURTHER INFORMATION

The references herein to and summaries of Federal, Commonwealth and City laws, including but not limited to the Constitution of the Commonwealth, the Act, the Charter and the Resolution, and documents, agreements and court decisions are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions, copies of which are available for inspection during normal business hours at the office of the Director of Finance.

All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered to be reliable, are not guaranteed by the Underwriters. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The information contained herein should not be construed as representing all conditions affecting the City or the Bonds.

The contents hereof, including the coverage page and the appendices hereto, are all part of this Official Statement. The distribution of this Official Statement has been authorized by the City.

* * * * * * * * * *

This Official Statement has been duly executed and delivered on behalf of the City the Director of Finance.

CITY OF PITTSBURGH

By: *\/ s / Scott Kunka*
Scott Kunka, Director of Finance

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APPENDIX A

CITY OF PITTSBURGH

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CITY OF PITTSBURGH, PENNSYLVANIA

The City of Pittsburgh located in western Pennsylvania, is the county seat of Allegheny County. As of the 2010 census, the City had a total population of 305,704 (2,388,076 metropolitan) making Pittsburgh the second-largest city in the state.

The Government of Pittsburgh

Three principal government entities provide services in the Pittsburgh area: the City, the County of Allegheny (the "County") and The School District of Pittsburgh (the "School District"). Information relating to the County and the School District may be found in the "OTHER GOVERNMENTAL ENTITIES" section below.

The City was incorporated in 1816 and became a home rule community on January 5, 1976. Its powers are set forth in the Charter which became effective January 5, 1976. The Charter was adopted by the electorate pursuant to Article IX, Section 2 of the Constitution of the Commonwealth and the Home Rule Charter and Optional Plans Law, Act of April 13, 1972, P.L. 184, No. 162. Under the Charter, the City has all home rule powers and may perform any function and exercise any power not denied by the Constitution of the Commonwealth, the laws of the Commonwealth or the Charter. The Charter provides, among other things, for the election of the Mayor and the powers and duties of the executive and administrative branch; the election, organization, powers and duties of the legislative branch; the method by which the City's capital and operating budgets are adopted; the rules which govern City personnel; and the financial disclosure requirements for elected officials.

Under the Charter, the executive, administrative and law enforcement powers of the City are vested in the Mayor, who is directed to control and be accountable for the executive branch of the City government. The Charter establishes a "strong mayor" form of government in which the Mayor controls and has wide powers of appointment over the units of the City government and has the power to initiate and veto legislation and to propose the City's operating and capital budgets, to which proposals the City's legislative body, the City Council, must react within a definite time period. The Mayor is elected to a four-year term and may be re-elected for subsequent consecutive terms without limitation.

The Controller of the City is elected to a four-year term in a different municipal election year from the mayoral election, and may be re-elected for subsequent consecutive terms without limitation. As provided in the Charter, the Controller audits all units of City government, countersigns all City contracts, controls all City disbursements and prepares reports on revenues, expenditures, debt and the financial condition of the City. The Controller serves ex-officio as controller of the School District.

The City's financial management functions are carried out by the Department of Finance, headed by the Director of Finance who is appointed by the Mayor, subject to confirmation by City Council. The Department of Finance is responsible for the treasury functions of revenue and tax collection, certain real estate functions, the investment of City funds and debt management, and for preparing and monitoring the operating and capital budgets.

The legislative power of the City is vested by the Charter in the City Council, which consists of nine members, all of whom are elected by district to four-year terms that are staggered so that four members are elected at the same time as the Mayor. Members may be re-elected for subsequent and consecutive terms without limitation. Under the Charter, the members of the City Council elect, by majority vote, one member to serve as President. The President of Council presides at meetings of City Council, appoints all committees, and refers proposed legislation to the proper committee.

CITY OF PITTSBURGH OFFICIALS

LUKE RAVENSTAHL	*Mayor* - Mr. Ravenstahl became the 59th Mayor of Pittsburgh on September 1, 2006 following the death of Mayor Bob O'Connor and was elected to a full term as Mayor on November 3, 2009. Mr. Ravenstahl was elected to City Council on November 4, 2003 and was elected President of City Council in December 2005. Mayor Ravenstahl is a graduate of North Catholic High School and received his B.A. Degree in Business Administration from Washington and Jefferson College in December 2002.
MICHAEL LAMB	*City Controller* - Mr. Lamb was elected Controller of the City of Pittsburgh in November of 2007, and took office on January 7, 2008. Prior to being elected City Controller, Michael was the Prothonotary of Allegheny County, the chief record keeper of the Court of Common Pleas. Prior to working in the Prothonotary's office, Michael Lamb served as a research and legislative assistant to Pittsburgh City Council and was the Assistant Regional Director of the Pennsylvania Higher Education Assistance Agency.
SCOTT KUNKA	*Director of Finance* - Mr. Kunka was appointed Director of the Office of Management and Budget in March 2006 and as Director of Finance in November 2006. He is responsible for overseeing the operating and capital budgets. Previously, Mr. Kunka held positions in the Controller's Office, Office of Management and Budget and Department of General Services, and as the Budget Director for City Council.
DANIEL REGAN, ESQ.	*City Solicitor* - Mr. Regan serves as counsel for the City of Pittsburgh. He is responsible for rendering legal opinions and advice to the Mayor, City officials, City Council and the administrative units of City government. The City Solicitor also functions as Solicitor for the Comprehensive Municipal Trust Fund Board. Mr. Regan was appointed to his position in December 18, 2009. He was a partner in the Pittsburgh law firm Caputo & Caputo, P.C. prior to such appointment.

MEMBERS OF CITY COUNCIL

DARLENE M. HARRIS	*President of City Council* - Ms. Harris was elected in a special election in November 2006 to represent District 1 following the appointment of Mr. Ravenstahl as Mayor in 2006. She was elected President of City Council in January 2010. Councilwoman Harris serves as the Chairperson for the Committee on Hearings (held by the President of Council).
DOUG SHIELDS	*Member of City Council* - Mr. Shields was elected to represent City Council District 5 and took office on January 5, 2004. Councilman Shields serves as the Chairman for the Committee on Land Use and Economic Development.
THERESA KAIL-SMITH	*Member of City Council* - Mrs. Kail-Smith was elected to represent District 2 in a special election and took office on February 19, 2009. Councilwoman Kail-Smith is currently the President Pro Tem for City Council, and serves as the Chairperson for the Committee on Public Safety Services.
PATRICK DOWD	*Member of City Council* - Dr. Dowd was elected to represent District 7 and took office on January 7, 2008. Councilman Dowd currently serves as the Chairman for the Committee on Intergovernmental Affairs.
BRUCE KRAUS	*Member of City Council* - Mr. Kraus was elected to represent District 3 and took office on January 7, 2008. Councilman Kraus serves as the Chairman for the Committee on Public Works.
NATALIA RUDIAK	*Member of City Council* - Ms. Rudiak was elected to represent District 4 and took office on January 5, 2010. Councilwoman Rudiak serves as the Chairperson for the Committee on Performance and Asset Management.
R. DANIEL LAVELLE	*Member of City Council* - Mr. Lavelle was elected to represent District 6 and took office on January 5, 2010. Councilman Lavelle serves as the Chairman for the Committee on Urban Recreation.
WILLIAM PEDUTO	*Member of City Council* - Mr. Peduto was elected to represent District 8 and took office in 2001. Councilman Peduto serves as the Chairman for the Committee on Finance and Law.
RICKY BURGESS	*Member of City Council* - Mr. Burgess was elected to represent District 9 and took office on January 7, 2008. He currently serves as the Chairman for the Committee on Human Resources.

City Departments and Services

The Charter provides that all units of the City government, except those mandated by the Charter as described below, may be established, revised, or abolished by ordinance, which may be introduced by the Mayor or City Council. Under the Charter, the Mayor appoints the heads of all major administrative units, subject to the approval of City Council. The Charter also provides that the Mayor shall, subject to the approval of City Council, appoint the City Solicitor, the members of all boards and commissions and, except as otherwise required by law, all board members of authorities. Under the Charter, a member of City Council must serve on each authority board, but no member may serve concurrently on more than one board.

The Charter mandates the establishment of a 15-member Human Relations Commission, which is directed to investigate, report, hold hearings and otherwise enforce the rights of citizens in connection with unlawful discrimination. The Charter also mandates the appointment by the Mayor, subject to the approval of City Council, of City Magistrates who preside in the City's Magistrate Courts, which are part of the Commonwealth's unified judiciary system. The Mayor is required to designate a Chief Magistrate to administer the Magistrate Courts.

The City Solicitor acts as counsel for the City and its officials, although the City Controller, City Council and the Human Relations Commission are empowered to retain their own counsel.

The Department of Personnel and the Civil Service Commission administer all the City's personnel policies, civil service requirements and the City's Workforce Investment Act (formerly JTPA) Program. The Department of Personnel and the Civil Service Commission are also responsible for City payroll, benefits and workers' compensation matters.

The Department of City Planning makes recommendations to the Mayor and City Council regarding the allocation of resources for the orderly development and redevelopment of the City. It also assists the Department of Finance in formulating the City's Capital Improvement Program, undertakes planning studies and administers zoning requirements.

The Department of Public Safety, created in 1985, carries out the traditional police, fire and emergency medical service functions, as well as the enforcement of building codes.

The Department of Public Works exercises responsibility for the maintenance of all the City's streets, sewers, parks, bridges and steps, for the construction of minor public works capital improvements, and operates sanitation services and is responsible for engineering and the design of projects in the City's Capital Improvement Program.

The Department of Parks and Recreation provides recreational opportunities to City residents.

Financial Management

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 strategic and development planning is done by the Urban Redevelopment Authority.

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 and Community Development Funds are also controlled on a multi-year basis.

Revenues of the City

General

During 2010, Real Estate Taxes accounted for approximately 26% of the receipts of the General Fund, followed by Earned Income Tax with 13.8%, Payroll Preparation Tax at 9.3% and Parking Tax at 9.3%. RAD Sales Tax is 4.1% and Deed Transfer Tax comprises 2.7% The remaining receipts was from miscellaneous non-tax revenue. Under the City’s new tax structure, it is expected that Real Estate Taxes will continue to be the City’s most significant source of revenue. See "Revenues of the City" – "Non-Real Estate Taxes" below. As noted below, the Business Privilege Tax was eliminated in 2010. Payroll Preparation Tax revenues are expected to offset the loss of Business Privilege Tax revenues in the coming years.

Real Estate Taxes

The City has the power to levy and collect ad valorem taxes, without limitation as to rate or amount, on all taxable real estate located within the City. The City shares the real estate tax base with the County of Allegheny and the School District of Pittsburgh, separate taxing bodies. Information regarding real estate, tax rates and major taxpayers is provided in the following tables.

CITY OF PITTSBURGH
REAL ESTATE TAX RATES
CITY OF PITTSBURGH AND OVERLAPPING JURISDICTIONS (mills)

Year	Land	Building	Total City (1)	School District	County (2)	Total
2006	10.8	10.8	10.8	13.92	4.69	29.41
2007	10.8	10.8	10.8	13.92	4.69	29.41
2008	10.8	10.8	10.8	13.92	4.69	29.41
2009	10.8	10.8	10.8	13.92	4.69	29.41
2010	10.8	10.8	10.8	13.92	4.69	29.41
2011	10.8	10.8	10.8	13.92	4.69	29.41

(1) Determined by multiplying the respective assessed valuation by the millage rate and dividing by the total assessed valuation.
(2) Includes levy by Allegheny County Institution District (the "Institution District").
(3) Four changes took place that affected the 2001 real estate tax rates: (i) the County conducted a property revaluation program that resulted in an approximate 57% increase in taxable property values for the City; (ii) the County changed the ratio of assessed value to market value from 25% to 100%; (iii) the City changed from a bifurcated (land and building) tax rate to a single, unified tax rate for both land and buildings; and (iv) the School District raised its effective millage rate by approximately 27%.

CITY OF PITTSBURGH
ASSESSED VALUE AND LEVY (1,000s)

Fiscal Year	Assessed Valuation Real Estate	Original Net Levy	Adjusted Net Levy	Budgeted Net Levy
2006	13,371,108	143,649	129,451	121,000
2007	13,325,234	144,972	128,926	121,257
2008	13,254,877	142,526	129,768	122,300
2009	13,348,821	145,967	128,830	123,673
2010	13,441,004	145,163	134,998	127,118

CITY OF PITTSBURGH
REAL ESTATE TAX COLLECTIONS AND BUDGET

Fiscal Year	Receipts Net of Refunds	Original Net Levy	Adjusted Net Levy	Budget
2006	127,114	88.489%	98.195%	105.053%
2007	127,505	87.951%	98.898%	105.153%
2008	127,273	89.298%	98.077%	104.066%
2009	125,104	85.707%	97.108%	101.157%
2010	124,250	85.593%	92.038%	97.744%

CITY OF PITTSBURGH
TEN LARGEST REAL ESTATE TAXPAYERS
DECEMBER 31, 2010

TAXPAYER	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAX LEVIED TOTAL ASSESSMENT
500 Grant Street Associates / Mellon Bank	349,940,300	2.604%
Holdings Acquisition Co LP	203,091,800	1.511%
PNC	192,480,800	1.432%
Buncher Company	192,367,374	1.431%
Martket Associates Limited	185,000,000	1.376%
600 GS Prop LP	175,000,000	1.302%
Oxford Development	115,000,000	0.856%
Grant Liberty Development Group	110,000,000	0.818%
North Shore Developers	64,297,550	0.478%
Liberty Avenue Holdings	49,210,000	0.366%
Total	1,636,387,824	12.175%

Real Estate Assessments

The City has the power to levy and collect ad valorem taxes on all taxable real estate within its boundaries without limitation as to rate or amount. The City does not have a statutory limit on real estate taxes.

In recent years, changes have occurred to the system by which real estate taxes are assessed by the County. These changes have affected revenues from taxable real property in the City.

Beginning in 2001, the County changed the ratio of assessed value to market value to 100% from 25%. As a result of the County's related assessment, land values in the City significantly increased. To lessen the burden on residential property owners while maintaining an adequate tax base, the City determined to change from a bifurcated system of taxation (where land was taxed at a higher rate than buildings) to a unified system. Thus in February of 2001, the City of Pittsburgh amended its City Code to provide for a unified tax rate of 10.8 mills, while also enacting a Homestead Exemption (which allowed qualifying homeowners to exempt the first $10,000 of property value from taxation) to lessen the burden the unified system would have on neighborhoods where the land values did not significantly increase.

Currently, the County is using 2002 as a "base year" for assessments (i.e. generally setting a property's assessment value at its worth in 2002, with exceptions for situations such as improvements having been made to the property). The Pennsylvania Supreme Court ruled on April 29, 2009 that the base year method for property valuation as applied by Allegheny County violates the uniformity clause of the State Constitution and as such is unconstitutional. A reassessment was ordered and is to be overseen by Judge R. Stanton Wettick. The County and Judge Wettick agreed to a reassessment schedule, to be complete by January 1, 2012, which is anticipated to provide a boost in future revenue. In addition, there have been, and will continue to be, appeals to assessed values. The City makes tax abatements available for commercial and industrial properties for certain assessment increases attributable to rehabilitation and for new construction in varying degrees. The abatements have not had a substantial impact on the City's revenues.

The City's Urban Redevelopment Authority has been active in promoting tax increment financings to finance certain types of development within the City. The Tax Increment Financing Act of the Commonwealth precludes a municipality from allowing the aggregate value of taxable property of all tax increment financing districts to exceed ten percent of the total value of "equalized taxable property within the municipality." Typically the tax increment financings undertaken by the URA only provide for 60 to 75% of the tax increment attributable to such projects (representing the increase in real estate taxes above the base year when the tax increment financing district was established) to be diverted to the projects or related infrastructure.

On January 1, 2010, the City entered into an agreement with Jordan Tax Service to outsource properties with delinquent taxes of one year or more for aggressive collection services. The City coordinates with Jordan to lien eligible properties that are subject to Treasurer's sales.

Non-Real Estate Taxes

In addition to ad valorem taxes on real estate, the City is empowered by the Local Tax Enabling Act and the Home Rule Charter and Optional Plans Law to levy taxes for general revenue purposes, on persons, transactions, occupations, privilege, and upon the transfer of real property or interest therein. All non-real estate taxes, except the Deed Transfer Tax, which is payable at the time of transfer, are payable annually, by April 15, quarterly or monthly depending on the tax.

In 2004, in connection with the Recovery Plan, legislation was passed eliminating the occupational privilege tax payable by residents and nonresident employees at $10 per year and replaced it with the Emergency and Municipal Services Tax, now named the Local Services Tax, payable by residents and nonresident employees at $1 per week, exempting those earning less than $12,000 per year and authorized the City to levy a gross payroll tax at the rate of 0.55% on all non-charitable businesses. The legislation also required the City to eliminate the 2 mill mercantile tax and to eliminate the City's business privilege tax, which occured in 2010.

The City currently levies the following non-real estate taxes:

Earned Income Tax	The Earned Income Tax or "Wage-Tax" is levied at the rate of 1.25%, (of which the City retains 1% and the School District of Pittsburgh receives the remaining 0.25%) on the wages or net profits earned by residents of the City. The majority of the tax payments are deducted from payrolls and remitted by employers to the City.
Parking Tax	A tax equal to 37.5% of the consideration paid for each parking transaction is levied on the patrons of non-residential parking places in the City.
Amusement Tax	This tax is levied at the rate of 5% on the admission price paid by patrons of all manner and forms of amusement. Nonprofit charitable performing arts groups were granted exempt status in 2008.

Deed Transfer Tax	The Deed Transfer Tax is levied on real property sales within the City at the rate of 4% of the gross sales price, with 2% going to the City, 1% to the Commonwealth and 1% to the School District of the City.
Local Services Tax	This $52 tax is levied upon each individual whose principal place of employment is located in the City, regardless of residence. Legislative action requires collection at $1 per week, remitted according to a calendar quarter, with an exemption for wage earners making less than $12,000 per year, persons on active military duty and employees who are honorably discharged veterans with 100% service-connected disabilities.
Facility Usage Fee	The Facility Usage Fee is levied on all non-resident individuals who use the City's sport stadiums or arena to engage in an athletic event or otherwise render a performance for which they receive remuneration. The fee is assessed at 3% of payroll amounts generated as a result of the business activity.
Institution Service Privilege	This 6 mill tax is levied on certain receipts of non-profit, non-charitable organizations providing a service within the City.
Payroll Preparation Tax	This tax is imposed on all for-profit companies in an amount equal to .55% of the total wages of all employees who perform work in the City.

RAD Tax Revenues

The Allegheny Regional Asset District (the "RAD"), a special purpose area wide unit of local government created in 1993 to provide supplemental sources of revenue for local governments in the southwestern region of Pennsylvania, imposes a 1% regional sales tax (the "RAD Tax") on sales of products and services in the County that are subject to the Pennsylvania State Sales Tax. The proceeds of the RAD Tax are distributed as follows: one-half to the RAD, one-fourth to the County and one-fourth to all other eligible municipalities, including the City.

Other Contingencies: ALCOSAN

As described in note 17 to 2010 CAFR, (see Appendix B) in addition to potential contingencies from lawsuits, real estate tax appeals and possible disallowance of federal and state program costs, the Pittsburgh Water and Sewer Authority and the City entered into a Consent Order and Agreement regarding wet weather sewer overflows in the City with the United States Environmental Protection Agency, the Pennsylvania Department of Environmental Protection and the Allegheny County Health Department. Work is ongoing with respect to such order and, as described in note 17, "Given the scope of the Order, the size of the City's 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…"

CITY OF PITTSBURGH
DEMOGRAPHIC INFORMATION

Fiscal Year	Estimate Population	Per Capita Income	Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	334,563	34,260	74,361	35.5	35,146	5.40%
2003	334,563	32,381	76,354	36	34,619	4.90%
2004	334,563	33,015	77,738	35.5	34,167	5.40%
2005	334,563	34,897	79,478	40.9	32,529	5.20%
2006	334,563	36,680	83,116	38.4	31,148	4.20%
2007	334,563	36,894	85,876	39	29,445	4.20%
2008	334,563	38,550	91,101	41.9	28,265	6.00%
2009	334,563	42,819	100,675	35.5	26,123	8.80%
2010	305,704	44,191	102,135	35.5	25,326	6.50%

Pittsburgh's Economy

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 Commonwealth. By supporting the growth of the existing business core and marketing its competitive advantages to attract new businesses, the City has modernized its economy.

The City increased its number of jobs from 2009 to 2010 by .2%. As of December 31, 2010, the City's unemployment rate was 6.5% compared to 8.0% for the Commonwealth and 9.8% nationally.

Initiatives such as "one-stop service providers" allow firms doing business in the City to be assigned a project coordinator who will serve as a single point of contact throughout the development process. Tax credits granted by both the federal government and the Commonwealth 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. PNC recently announced the development of a new $400 million office building in the downtown area which will significantly increase downtown commerce and real estate values.

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 2009, the new Rivers Casino opened on the North Side and in 2010 the new Consol Energy Center opened in upper Downtown replacing Mellon Arena as the home of the Pittsburgh Penguins. Downtown housing has been on the rise. According to the Downtown Living Initiative nearly 5,000 people will call downtown home by 2010, up 105% from 1990. 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 were relocated 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, 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 Urban Redevelopment Authority, 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 has finished an 80,000 square-foot distribution center and a 45,000-square foot office and laboratory facility called Rivertech Office Works. Over 500,000 square feet of office space is either under construction or in the planning stages. The Mon 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. In 2011, Google opened a 40,000 square-foot office with 150 employees and a II 0 room Marriott Springhill Suites opened hiring 28 employees. Both of these are in the newly developed Bakery Square at the site of the old Nabisco Plant. A new state of the arts Target Store is opening in 2011. 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 research and development spending will spin off new companies, new jobs, and new wealth. During the past 15 years, the City 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. The City is also the third largest environmental technology hub in the country. In aggregate, technology companies have produced over 30,000 new jobs since 1980, sharply offsetting job losses from other industries in the region.

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

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

In September of 2009, the City hosted the G-20 Summit. The world's financial representatives and leaders came together to discuss economic policies and discuss the global financial crisis. The reason Pittsburgh was chosen was that Pittsburgh today serves as a model for economic and environmental transformation in the United States and abroad.

In cooperation with the Pittsburgh School District, the City has created a program called Pittsburgh Promise. If a student in the Pittsburgh School District meets certain criteria, the Program promises to provide scholarships up to $5,000 per year to any accredited post-secondary institution within the Commonwealth. As of the end of 2010, more that 1,800 students took advantage of this promise. This should help to grow the City's population and make it attractive for families to stay or move into the City.

Green Industry In Pittsburgh

Mayor Ravenstahl has led the City with the creation of the City’s Office of Sustainability and Energy Efficiency, which seeks to integrate climate protection, recycling, green development and renewable energy strategies into the City’s operations and economy. Pittsburgh is one of only 25 U.S. cities to be named a Solar America City.

Pittsburgh is a leader in green development, with more than 30 LEED certified green buildings

The David L. Lawrence Convention Center, home to the 2009 G-20 Summit is the world’s first and largest green engineered convention center.

Pittsburgh G-20 Summit (2009)

Pittsburgh hosted the September 2009 G-20 summit, allowing the City to showcase itself to world leaders. Pittsburgh's economic diversity, recovery from the loss of steel and its technologically based industry were all illustrated to a global audience. Public safety and security costs of over $12 million were incurred under budget, and with reimbursements to the City which resulted in all of these costs being covered by various state and federal agencies.

CITY OF PITTSBURGH
LARGEST EMPLOYERS

Rank	Employer	Employees
1	UPMC	36,755
2	US Government	18,738
3	Commonwealth of Pennsylvania	13,805
4	University of Pittsburgh	11,328
5	West Penn Allegheny Health System	10,616
6	Giant Eagle	10,440
7	Wal-Mart Stores	10,030
8	PNC Financial Services Group	9,150
9	Westinghouse Electric	8,000
10	Mellon Financial Corp.	7,017
Total		135,879

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APPENDIX B

CITY OF PITTSBURGH

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED DECEMBER 31, 2010

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2010

Michael E. Lamb, City Controller

CITY OF PITTSBURGH

PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Prepared by: Office of City Controller

MICHAEL E. LAMB, CONTROLLER

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2010

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

MICHAEL E. LAMB
CITY CONTROLLER

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

April 28, 2011

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, 2010. 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 Statement No. 34, notes, and the statistical section. This year we are issuing a full CAFR by May 1st that meets Government Finance Officers Association (GFOA) standards and that allows the City to get an unqualified opinion from the City's independent auditors.

We believe that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. These statements 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's financial statements for the year ended December 31, 2010. The independent auditor's report is located in front of the Management's Discussion and Analysis (MD&A).

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

Profile of the Government

The City, incorporated in 1816, is located in the southwestern part of the Commonwealth of Pennsylvania (Commonwealth). 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

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within the City. Other usage taxes are charged when using certain facilities within the City. See the Revenues 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 notes 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, Monongahela, and Allegheny Rivers, the City serves as the seat for Allegheny County. The City is the largest of the County's 130 municipalities.

Downtown Pittsburgh is commonly known as the Golden Triangle and serves as the regional center for Southwestern Pennsylvania, Eastern Ohio, and Northern West Virginia.

Economic Background

The City continues to build and strengthen its economy not only by expanding existing businesses, but also by working to attract new businesses and industries to the region. The primary goal is to assist businesses both small and large in developing and enhancing working relationships among economic development practitioners throughout the Commonwealth. By supporting the growth of the existing business core and marketing its competitive advantages to attract new businesses, the City has modernized its economy. Nationally the number of jobs has increased. The City has followed the national trend by increasing its number of jobs from 2009 to 2010 by .2%. As of December 31, 2010, the City's unemployment rate was 6.5% compared to 8.0% for the Commonwealth and 9.8% nationally.

Initiatives such as "*one-stop service providers*" allow firms doing business in the City to be assigned a project coordinator who will serve as a single point of contact throughout the development process. Tax credits granted by both the federal government and the Commonwealth 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 2009, the new Rivers Casino opened on the North Side and in 2010 the new Consol Energy Center opened in upper Downtown replacing Mellon Arena as the home of the Pittsburgh Penguins.

Downtown housing has been on the rise. According to the Downtown Living Initiative nearly 5,000 people will call downtown home by 2010, up 105% from 1990. 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 were relocated to the Central Business District in 2008.

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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 research and development spending will spin off new companies, new jobs, and new wealth. During the past 15 years, the City 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. The City is also the third largest environmental technology hub in the country. In aggregate, technology companies have produced over 30,000 new jobs since 1980, sharply offsetting job losses from other industries in the region.

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

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In September of 2009, the City hosted the G20 Summit. The world's financial representatives and leaders came together to discuss economic policies and discuss the global financial crisis. The reason Pittsburgh was chosen was that Pittsburgh today serves as a model for economic and environmental transformation in the United States and abroad.

In cooperation with the Pittsburgh School District, the City has created a program called Pittsburgh Promise. If a student in the Pittsburgh School District meets certain criteria, the City promises to provide scholarships up to $5,000 per year to any accredited post-secondary institution within the Commonwealth. As of the end of 2010, more that 1,800 students took advantage of this promise. This should help to grow the City's population and make it attractive for families to stay or move into the City.

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

REVENUES

Real Estate Tax - Real estate property in the City is assessed by the Allegheny County Board of Property Assessment, Appeals, and Review at a rate of 100% of its fair market value. The rates for 2010 were 10.8 mills on buildings and on land. A mill is $1 on each $1,000 of assessed value. The 2010 total assessed valuation for the City is $13,441,003,778 vs. the 2009 total of $13,348,820,505, an increase of approximately .7%.

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

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

Business Privilege Tax - This tax will be eliminated in 2010.

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

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

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 requirements. The requirements for 2010 are as follows: (1) maintain an irrevocable trust fund; the City's contribution to the General Fund is determined annually in negotiations with the Commonwealth Department of Labor, (2) satisfy the financial responsibility requirements established by the Commonwealth, and (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 2010. 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 GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2009. 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 eighteen consecutive years (fiscal years ended 1992-2009). 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,

Michael E Lamb

Michael E. Lamb
City Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

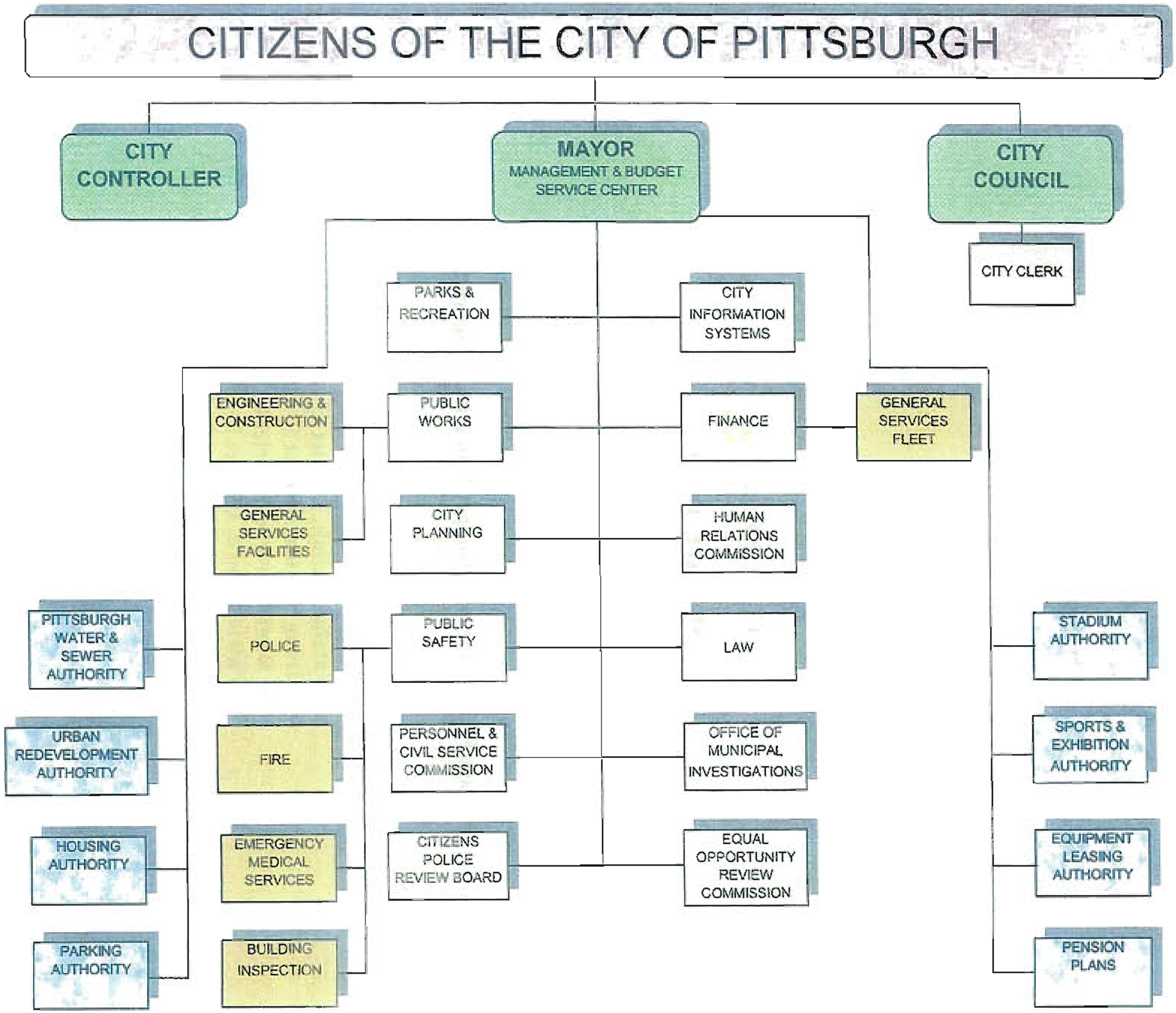
City of Pittsburgh
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.

President

Executive Director



CITIZENS OF THE CITY OF PITTSBURGH
CITY CONTROLLER
MAYOR
MANAGEMENT & BUDGET SERVICE CENTER
CITY COUNCIL
CITY CLERK
PARKS & RECREATION
CITY INFORMATION SYSTEMS
ENGINEERING & CONSTRUCTION
PUBLIC WORKS
FINANCE
GENERAL SERVICES FLEET
GENERAL SERVICES FACILITIES
CITY PLANNING
HUMAN RELATIONS COMMISSION
PITTSBURGH WATER & SEWER AUTHORITY
POLICE
PUBLIC SAFETY
LAW
STADIUM AUTHORITY
URBAN REDEVELOPMENT AUTHORITY
FIRE
PERSONNEL & CIVIL SERVICE COMMISSION
OFFICE OF MUNICIPAL INVESTIGATIONS
SPORTS & EXHIBITION AUTHORITY
HOUSING AUTHORITY
EMERGENCY MEDICAL SERVICES
CITIZENS POLICE REVIEW BOARD
EQUAL OPPORTUNITY REVIEW COMMISSION
EQUIPMENT LEASING AUTHORITY
PARKING AUTHORITY
BUILDING INSPECTION
PENSION PLANS

CITY OF PITTSBURGH, PENNSYLVANIA

ELECTED CITY OFFICIALS

As of April 28, 2011

MAYOR

Luke Ravenstahl

CONTROLLER

Michael E. Lamb

MEMBERS OF COUNCIL

Darlene M. Harris, President, District 1

William Peduto, Finance/Budget Committee, District 8

Theresa Kail-Smith, District 2
Bruce Kraus, District 3
Natalia Rudiak, District 4
Doug Shields, District 5
R. Daniel Lavelle, District 6
Patrick Dowd, District 7
Rev. Ricky Burgess, District 9

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Certified Public Accountants

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Suite 204
Butler, PA 16001
Main 724.285.6800
Fax 724.285.6875

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, 2010, 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 represents 19% of the assets and 16% 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, 2010 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other postemployment benefits schedules on pages i through xiv and 95 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual other governmental fund financial statements, Capital Projects Fund budgetary comparison, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual other governmental fund financial statements and the Capital Projects Fund budgetary comparison are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Maher Duessel

Pittsburgh, Pennsylvania
April 28, 2011

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, 2010. 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 $562 million. As of December 31, 2010, the City, in its statement of net assets, has a net asset unrestricted deficit of $604 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 ($234.2 million outstanding as of December 31, 2010), 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 decreased by $4.1 million in 2010.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $96.6 million, a decrease of $80.5 million from the previous year. Approximately 64% of this total amount, $60.8 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 $42.6 million (compared to $55.4 million in 2009) or 8.6 % of total General Fund expenditures and debt service transfers for 2010, down from 12.9% in 2009 and down from 11.1% in 2008.

The City's gross bonded debt amounted to $633.3 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 financial statements and detailed budgetary comparison schedules), and combining and individual fund statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements:

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

The remaining statements (pages 4 through 23) are fund financial statements that focus on individual parts of City government, reporting operations in more detail than the government-wide financial 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 financial statements because the resources cannot be used to support City activities.

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

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

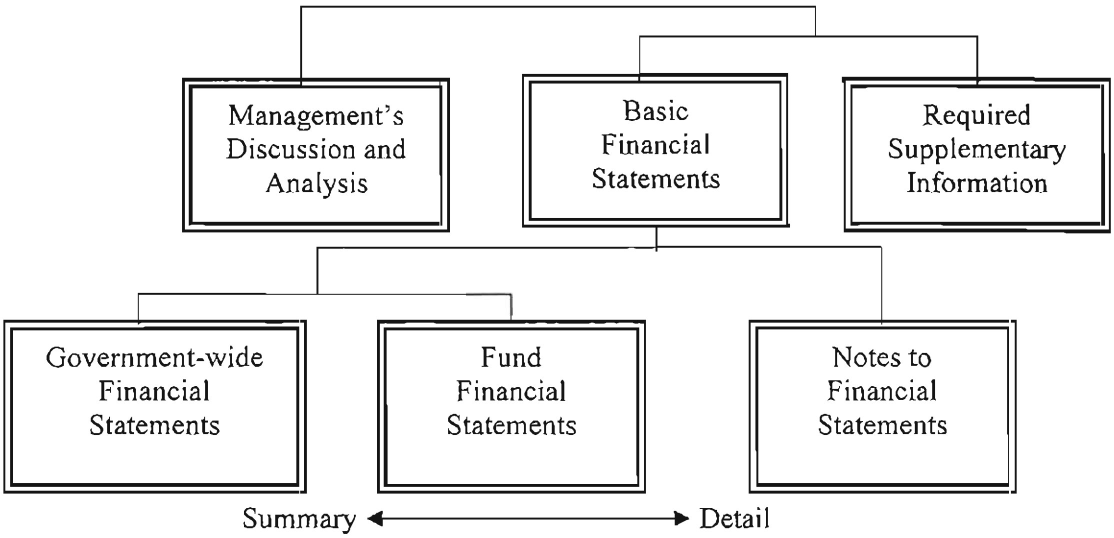


Figure A-2 summarizes the major features of the City's financial statements. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of City's Government-Wide and Fund Financial Statements

		Fund Statements	
	Government-wide Statements	Governmental Funds	Fiduciary Funds
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	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balance	• Statement of fiduciary net assets • Combined statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial 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 City'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, the Stadium Authority, and the Public Parking 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 financial 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

Measurement Focus: Economic Resources
Accounting Basis: Accrual

<u>Statement of Net Assets</u>
Assets
- Liabilities
= Net Assets

<u>Statement of Activities</u>
Net Program (Expense) Revenue
+ General Revenues
= Change in Net Assets

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

FUND FINANCIAL STATEMENTS

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

The City has two kinds of funds:

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

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

  The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the 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 statements because the resources of those funds are not available to support the City'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 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 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 $562 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 $604 million. This deficit is partially offset by investment in capital assets less any related debt still outstanding used to acquire those assets of $37 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and the assets have been financed with debt in an amount that exceeds the capital assets carrying value.

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

Summary of Condensed Net Assets

The following table presents a condensed summary of net assets:

City of Pittsburgh's Net Assets

	Governmental Activities ($ millions)	
	2010	2009
Assets		
Current assets:		
Unrestricted assets	$ 143	$ 168
Restricted assets	56	49
Capital assets	164	172
Total assets	363	389
Liabilities		
Current liabilities	135	131
Long-term liabilities, outstanding	790	816
Total liabilities	925	947
Net Assets		
Invested in capital assets, net of related debt	37	32
Restricted	5	51
Unrestricted	(604)	(641)
Total net assets	$ (562)	$ (558)

At the end of the current fiscal year, the City reports a $562 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.

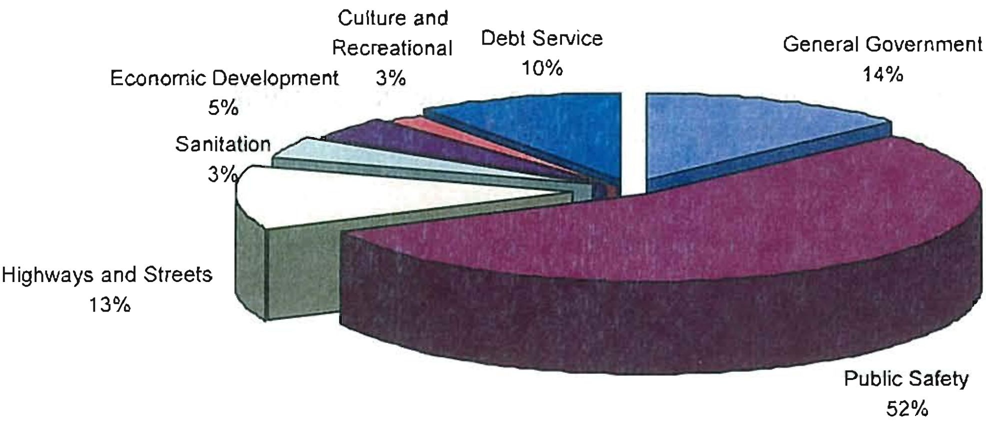
Governmental activities - Governmental activities decreased the City's net assets by $4.1 million.

The remaining amounts are as follows:

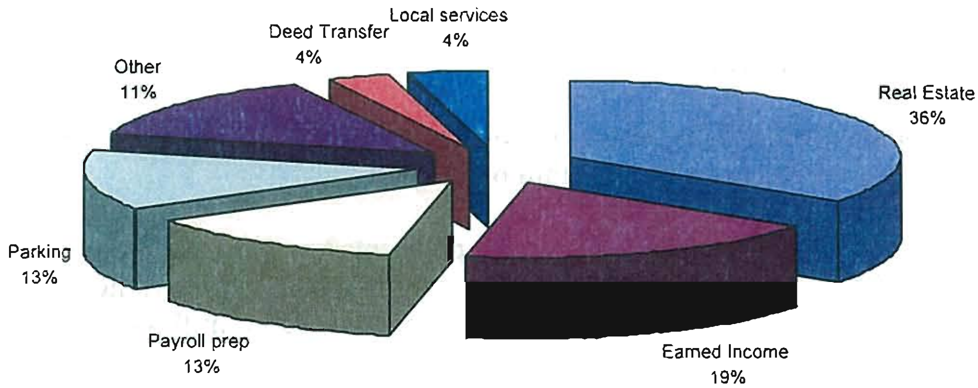
City of Pittsburgh's Activities

($ millions)	Governmental Activities 2010	Governmental Activities 2009
Revenues:		
Program revenues:		
Charges for services	$ 44	$ 44
Operating grants and contributions	66	63
Capital grants and contributions	32	37
Total program revenues	142	144
General revenues:		
Real estate property taxes	132	132
Earned income taxes	70	68
Business privilege taxes	1	9
Emergency and municipal services taxes	14	13
Payroll preparation taxes	47	46
Parking taxes	47	45
RAD sales taxes	21	20
Deed transfer taxes	14	12
Amusement taxes	11	11
Payment in lieu of taxes	-	1
Facilities usage tax	3	3
Other taxes	2	2
Investment earnings	-	1
Other	2	1
Total general revenues	364	364
Total revenues	506	508
Expenses:		
General government	72	69
Public safety	265	269
Highways andstreets	65	62
Sanitation	17	17
Economic development	41	22
Culture and recreation	13	12
Interest on long-term debt plus amortz. of issuance cost and premium/discounts	37	53
Total expenses	510	504
Change in Net Assets	(4)	4
Net Assets:		
Beginning of year	(558)	(562)
End of year	$ (562)	$ (558)

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



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



Governmental Funds

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

Revenues for the General Fund totaled $436.7 million in 2010, a decrease of $.8 million, or by .2%, compared to 2009. The net decrease of $2.7 million in tax revenue was mostly due to a decrease of $8.7 million in the business privilege tax, which was eliminated in 2010, offset by a $2.6 million increase in the earned income tax, and a $2.6 million increase in the deed transfer tax. All other taxes were relatively stable.

In addition to the above General Fund tax revenues, the City collected $24.2 million in the Community Development Fund, $8.8 million in Capital Projects, and $36.2 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 $96.7 million, a decrease of $80.5 million from 2009. Approximately 56.4% of this total fund balance, or $54.5 million constitutes unreserved, undesignated fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is to: 1) liquidate contracts and purchase orders encumbered in the prior period, $32.7 million; 2) pay debt service $3.6 million; 3) other reserved purposes $3.1 million; and 4) restricted for capital projects $2.8 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was $42.6 million, while total fund balance for the General Fund was $48.9 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 8.6% of total General Fund expenditures and operating transfers, while total fund balance represents 9.8% 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 decreased by $12.5 million during the current fiscal year compared to an increased by $8.5 million in 2009.

Expenditures and uses, including debt service payments/transfers, for the General Fund in 2010 increased to $498 million, compared to $433.2 million in 2009 representing an increase of 15.0% or $64.8 million overall. This increase is due mainly to a $55.0 million increase in payments to the pension plans and a $3.1 million increase in debt service.

Transfers to the Debt Service Fund of $84.9 million combined with debt subsidies of $14.1 million totaled $99 million compared to $95.9 million in 2009. The debt subsidies are for the URA and Auditorium Authority and are commitments made by the City over the life of their bonds. Debt and debt subsidies accounted for 19.9% of the expenditures illustrating the magnitude of the City's annual debt service. The City's normal debt service percentage has been between 22%-25%.

The Debt Service Fund has a total fund balance of $3.6 million, all of which is designated for the payment of debt service.

The Community Development Fund had intergovernmental revenues of $24.2 million and expenditures of $24.2 million. The Capital Projects Fund had $8.8 million of revenues, $24.9 million in maintenance and non-capital related expenses, $0.7 million in capital related expenditures, and $4.2 million in operating transfers. The Capital Projects Fund, fund balance decreased by $21.0 million in 2010 to $31.7 million as of December 31, 2010.

General Fund Budgetary Highlights

Actual General Fund revenues were above the budgeted revenues by $23.1 million mainly due to a transfer from the Debt Service Fund to pay for additional pension contributions offset by shortfalls in Local Share of Slots Revenue by $7.3 million, Federal and State grants by $5.5 million, Non-profit payment for services by $1.7 million, and Real Estate Taxes by $7.3 million. In addition, the final cash basis expenditures were greater than the final cash basis revenues by $17.1 million, in effect having a deficit for the year. Some revenue sources exceeded budget estimates; Deed Transfer tax, Earned Income tax, and Local Services tax all contributed to about $4.9 million of the increase. Final budget General Fund expenditures were greater than original budget by $8.1 million or about 1.8% and were less than the actual expenditures by $32.8 million or 7.2%.

During fiscal year 2010, 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, 2009 totaled $8.1 million.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental-type activities as of December 31, 2010, amounts to $164.4 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 $4.4 million in vehicles.

City of Pittsburgh's Changes in Capital Assets

($ millions)	Governmental Activities 2010	2009
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	63	61
Furniture and fixtures	4	4
Machinery and equipment	4	4
Total capital assets	402	399
Less accumulated depreciation for:		
Buildings and building improvements	(78)	(77)
Capital leases	(5)	(4)
Infrastructure	(103)	(97)
Vehicles	(44)	(41)
Furniture and fixtures	(4)	(4)
Machinery and equipment	(4)	(4)
Total accumulated depreciation	(238)	(227)
Total capital net assets	$ 164	$ 172

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 $633.3 million which comprises debt backed by the full faith and credit of the government.

City of Pittsburgh's Outstanding Debt

($ millions)	Governmental Activities 2010	Governmental Activities 2009
General obligation bonds:		
Beginning balance at January 1	$ 680	$ 723
Debt issued and other	-	-
Refinanced bonds	-	-
Principal payments and other	(47)	(43)
Ending balance at December 31	$ 633	$ 680

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 June11, 2004, which was adopted by the City Council on June 29, 2004.

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

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

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

On November 21, 2004, the State Legislature approved legislation providing Pittsburgh with new taxing authority that was intended to balance its 2005 and subsequent operating budget allowing for a surplus each year to build a fund balance of $21.9 million by 2009. As of December 31, 2009, the City had exceeded these expectations by having a fund balance of $61.4 million. Taxes included: a 0.55% tax on the gross payroll of all for-profit businesses, $52 on individuals working in the City, 3.0% tax on wages earned by non-resident sports players and performers using the stadium and arena, a shift in earned income away from the school district and to the City beginning in 2007, elimination of the $4.0 million payment of regional asset district sales tax to the school district and a gradual reduction in the City's parking tax beginning in 2007. The tax package provided for the gradual reduction of the business privilege tax and total elimination of the mercantile tax.

On December 31, 2010, the 2011 Operating and Capital Budgets and Five-Year Financial Forecast and Performance Plan was submitted to and approved by the Act 47 coordinators and ICA oversight committee. There were no significant changes from the initial five year plan.

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

Pension Funding

Commonwealth of Pennsylvania Act 44 of 2009 requires the City's aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City's pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City's plan to meet this level of funding included transferring approximately $45 million to the Comprehensive Trust Fund which was in the Debt Service Reserve Fund in 2010 and dedicating parking tax revenues for the next 31 years. The City intends to contribute parking tax revenues of $13.4 million per year from 2011 through 2017 and $26.8 million per year from 2018 through 2041.

Cash Position

During 2010, 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 2010 by allowing the City to meet its beginning of the year obligations without executing a bank note at the beginning of 2011. The City expects cash flows to be sufficient enough in 2011 to maintain a positive cash position.

Due to the revenue increase combined with increased costs in the budget, at the end of 2010, the City projected a 2011 General Fund ending cash balance of $22.7 million, a decrease of $17.0 million, or 42.8%, 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 2013.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

Assets	Primary Government Governmental Activities	Component Units
Current assets:		
Cash, cash equivalents, and investments	$ 87,931,855	$ 257,668,162
Restricted cash	342,676	52,955,128
Investments - restricted	-	2,874,068
Real estate taxes (net of allowance for uncollectible accounts of $20,447,350)	11,568,875	-
Accounts receivable, net	-	21,074,822
Accrued interest receivable	20,822	568,526
Due from other governments	11,987,403	11,816,590
Taxpayer - assessed taxes receivable	18,125,766	-
Inventory	-	1,649,000
Notes receivable	-	259,730
Other receivables	13,166,360	23,672,828
Prepaid expenses	-	441,815
Total current assets	143,143,757	372,980,669
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	-	3,812,000
Investments	-	94,401,379
Accrued interest receivable	-	78,000
Loan collateral	-	2,517,308
Insurance escrow	-	41,041
Replacement escrow	-	125,816
Accounts receivable - parking	-	266,486
Net pension asset	56,436,368	-
Total restricted assets	56,436,368	101,242,030
Capital assets:		
Capital assets not being depreciated:		
Land and land improvement	45,602,091	39,257,939
Construction-in-progress	3,372,001	41,328,000
Capital assets being depreciated:		
Buildings and building improvements	88,778,564	83,160,555
Parking facilities	-	160,418,503
Machinery and equipment	4,304,531	6,198,930
Utility plant	-	665,717,000
Non-utility plant	-	17,106,000
Furniture and fixtures	4,192,053	-
Vehicles	63,307,145	-
Infrastructure	177,810,167	2,241,369
Capital lease	15,434,653	-
Less accumulated depreciation	(238,392,750)	(302,063,301)
Total net capital assets	164,408,455	713,364,995
Leasehold improvements	-	6,780,210
Other assets	-	930,983
Bond issuance costs, net of amortization	-	26,992,918
Loans/notes receivable	-	86,240,265
Property held for redevelopment	-	24,634,468
Development fund	-	2,410,223
Total noncurrent assets	164,408,455	994,043,092
Total Assets	363,988,580	1,367,023,761

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2010
(Continued)

	Primary Government Governmental Activities	Component Units
Liabilities		
Current liabilities:		
Accounts payable - wastewater treatment	-	17,631,000
Accrued expenses and deferred income	-	1,224,106
Accounts and retainage payable	17,008,575	2,359,211
Accrued payroll and related obligations	12,708,371	53,929,685
Accrued interest payable	11,885,430	12,971,377
Accrued worker's compensation	17,609,841	-
Accrued compensated absences	17,504,115	-
Accrued claims and judgments	3,491,666	-
Unearned revenue	-	12,844,911
Escrow deposit - system monetization	-	40,000,000
Due to other governments	2,560,994	-
Capital lease liability, current portion	620,286	-
Note due to City of Pittsburgh, current portion	-	-
Bonds and loans payable, current portion	51,845,000	36,495,483
Total current liabilities	135,234,278	177,455,773
Noncurrent liabilities:		
Unearned revenue	-	314,000
Other liabilities	-	6,189,873
Accrued payroll - related obligations	-	1,045,000
Note due to the City of Pittsburgh	-	36,856,000
Bonds and loans payable, net of unamortized premiums/ discounts and bond issuance costs	581,493,320	883,533,397
Accrued workers' compensation	135,386,170	-
Unfunded post-retirement employee benefits	43,274,201	-
Accrued compensated absences	12,266,411	-
Accrued claims and judgments	6,446,666	-
Capital lease liability	11,454,180	-
Advance from the City of Pittsburgh	-	22,775,168
Total noncurrent liabilities	790,320,948	950,713,438
Total Liabilities	925,555,226	1,128,169,211
Net Assets		
Invested in capital assets, net of related debt	36,763,941	16,093,063
Restricted for:		
Capital projects	-	14,312,210
Debt service	3,567,405	12,274,810
Employee benefits	875,410	-
Endowments	882,336	-
Public Parking Authority	-	12,606,956
Urban development	-	42,989,901
Lending programs	-	82,989,523
Multi-family Housing Program	-	3,365,024
Unrestricted net assets	(603,655,738)	54,223,063
Total Net Assets	$ (561,566,646)	$ 238,854,550

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary government:						
Governmental activities:						
General government	$ 71,614,406	$ 22,366,390	$ 36,725,445	$ 9,538,296	$ (2,984,275)	$ -
Public safety	265,453,864	17,203,765	15,273,087	2,100,236	(230,876,776)	-
Highway and streets	65,409,264	2,190,565	10,987,382	9,275,925	(42,955,392)	-
Sanitation	16,830,263	102,560	485,680	-	(16,242,023)	-
Economic development (includes debt subsidies to URA of $13,888,916)	40,566,038	-	-	10,426,726	(30,139,312)	-
Culture and recreation (includes debt subsidies to Public Auditorium Authority of $252,721)	13,104,511	2,322,421	2,201,510	664,870	(7,915,710)	-
Interest on long-term debt plus bond issuance cost and amortization of premiums and discounts	36,743,860	-	-	-	(36,743,860)	-
Total primary government	$ 509,722,206	$ 44,185,701	$ 65,673,104	$ 32,006,053	(367,857,348)	-
Total component units	$ 279,633,080	$ 212,540,478	$ 66,188,278	$ 17,682,000		16,777,676
General revenues:						
Real estate taxes					131,832,591	-
Earned income taxes					70,217,088	-
Business privilege taxes					833,142	-
Local services tax					13,963,285	-
Payroll preparation tax					46,620,284	-
Parking tax					46,655,098	-
Sales taxes from the Regional Asset District					20,440,182	-
Deed transfer tax					14,108,533	-
Amusement tax					10,847,981	-
Nonprofit payment in lieu of taxes					294,268	-
Facilities usage tax					3,381,667	-
Public service privilege					1,331,761	-
Mercantile tax					10,051	-
Other taxes					208,690	-
Unrestricted investment earnings					244,691	1,971,097
Donations and endowments					287,500	-
Easement revenue					-	-
Gain (loss) of sale of assets					-	1,144,000
Insurance proceeds					1,871,939	-
Miscellaneous					595,082	(616,953)
Total general revenues					363,743,833	2,498,144
Change in Net Assets					(4,113,515)	19,275,820
Net assets - beginning					(557,453,131)	219,578,730
Net assets - ending					$ (561,566,646)	$ 238,854,550

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2010

Assets	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 39,335,880	$ 3,260,994	$ 1,093,296	$ 29,600,954	$ 14,640,731	$ 87,931,855
Cash and cash equivalents - restricted	342,676	-	-	-	-	342,676
Receivables:						
Real estate taxes (net of allowances for uncollectible accounts of $20,447,350)	11,568,875	-	-	-	-	11,568,875
Taxpayer - assessed taxes receivable	18,125,766	-	-	-	-	18,125,766
Other receivables	12,477,097	-	-	-	689,263	13,166,360
Due from component units	-	-	-	-	-	-
Accrued interest	16,608	4,194	-	-	20	20,822
Advance to other fund	-	-	-	1,300,000	-	1,300,000
Due from other governments	2,052,261	-	3,749,208	4,395,290	1,790,644	11,987,403
Due from other funds	589,204	302,217	3,047	64,873	226,110	1,185,451
Total Assets	$ 84,508,367	$ 3,567,405	$ 4,845,551	$ 35,361,117	$ 17,346,768	$ 145,629,208

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2010
(Continued)

Liabilities and Fund Balance	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Liabilities:						
Accounts payable	$ 6,123,301	$ -	$ 2,986,318	$ 3,647,502	$ 3,308,244	$ 16,065,365
Accrued liabilities	12,451,858	-	23,506	-	1,173,877	13,649,241
Advance from other fund	-	-	1,300,000	-	-	1,300,000
Due to other funds	310,377	-	451,110	-	423,964	1,185,451
Due to other governments	2,484,249	-	-	-	76,745	2,560,994
Accrued claims and judgments	3,491,666	-	-	-	-	3,491,666
Deferred revenue, principally real estate taxes	10,715,910	-	-	-	-	10,715,910
Total Liabilities	35,577,361	-	4,760,934	3,647,502	4,982,830	48,968,627
Fund Balance:						
Reserved:						
Encumbrances	4,563,061	-	-	27,592,060	604,075	32,759,196
Reserved for endowments	882,336	-	-	-	-	882,336
Reserved for employee benefits	875,410	-	-	-	-	875,410
Advance	-	-	-	1,300,000	-	1,300,000
Unreserved:						
Undesignated:						
General Fund	42,610,199	-	-	-	-	42,610,199
Special Revenue Fund	-	-	84,617	-	11,759,863	11,844,480
Designated for subsequent years expenditures	-	3,567,405	-	2,821,555	-	6,388,960
Total Fund Balance	48,931,006	3,567,405	84,617	31,713,615	12,363,938	96,660,581
Total Liabilities and Fund Balance	$ 84,508,367	$ 3,567,405	$ 4,845,551	$ 35,361,117	$ 17,346,768	$ 145,629,208

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

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

DECEMBER 31, 2010

Total Fund Balance - Governmental Funds		$ 96,660,581
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets including construction-in-progress used in governmental activities are not current financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is $402,801,205 and the accumulated depreciation is $238,392,750.		164,408,455
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.		10,715,910
Net pension assets are reported in the government-wide financial statements, but payments for pension are current expenditures in the governmental fund financial statements.		56,436,368
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable, net of unamortized premiums/ discounts and bond issuance costs	$ (633,338,320)	
Capital lease liability	(12,074,466)	
Accrued workers' compensation	(152,996,011)	
Accrued compensated absences	(29,770,526)	
Unfunded post-retirement employee benefits	(43,274,201)	
Accrued other payable	(2,340)	
Accrued interest payable	(11,885,430)	
Accrued claims and judgments	(6,446,666)	(889,787,960)
Total Net Assets - Governmental Activities		$ (561,566,646)

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, 2010

	General	Debt Service	Special Revenue CDBG	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes, including penalties and interest	$ 359,966,903	$ -	$ -	$ 794,279	$ -	$ 360,761,182
Payment in lieu of taxes	294,268	-	-	-	-	294,268
Interest and dividends	160,086	79,824	-	-	4,782	244,692
Fines and forfeits	8,781,623	-	-	-	443,730	9,225,353
Intergovernmental revenues	33,655,422	2,530,000	24,163,865	7,842,188	32,056,345	100,247,820
Charges for user services	31,808,644	-	-	2,181	3,239,784	35,050,609
Donations and endowments	-	-	-	-	287,500	287,500
Miscellaneous	166,903	-	-	125,000	212,794	504,697
Total revenues	434,833,849	2,609,824	24,163,865	8,763,648	36,244,935	506,616,121
Expenditures:						
Current:						
General government	52,887,452	-	8,747,137	1,427,191	3,191,059	66,252,839
Public safety	281,516,184	-	850,742	4,499,708	2,282,665	289,149,299
Public works	31,607,590	-	5,503,299	15,178,060	10,126,650	62,415,599
Sanitation	17,058,632	-	-	-	-	17,058,632
Community, recreational, and cultural	9,386,166	-	753,174	435,865	3,291,635	13,866,840
Economic and physical development	-	-	8,309,513	3,384,644	14,770,716	26,464,873
Claims and judgments	539,199	-	-	-	-	539,199
Miscellaneous	5,892,933	-	-	-	-	5,892,933
Debt service:						
Principal retirement of bonds	-	49,410,000	-	-	-	49,410,000
Interest on bonds	-	37,765,477	-	-	-	37,765,477
Public Auditorium Authority subsidy	252,721	-	-	-	-	252,721
Urban Redevelopment Authority subsidy	13,888,916	-	-	-	-	13,888,916
Capital outlay:						
Highways, streets, and other construction projects	-	-	-	685,378	5,360,469	6,045,847
Total expenditures	413,029,793	87,175,477	24,163,865	25,610,846	39,023,194	589,003,175
Excess (Deficiency) of Revenues Over Expenditures	21,804,056	(84,565,653)	-	(16,847,198)	(2,778,259)	(82,387,054)
Other Financing Sources (Uses):						
Transfers from other funds	48,843,242	84,876,789	-	-	5,087,411	138,807,442
Insurance proceeds	1,871,939	-	-	-	-	1,871,939
Transfer to other funds	(84,976,789)	(45,370,743)	-	(4,202,696)	(4,257,214)	(138,807,442)
Total other financing sources (uses)	(34,261,608)	39,506,046	-	(4,202,696)	830,197	1,871,939
Net Change in Fund Balance	(12,457,552)	(45,059,607)	-	(21,049,894)	(1,948,062)	(80,515,115)
Fund Balance:						
Beginning of year	61,388,558	48,627,012	84,617	52,763,509	14,312,000	177,175,696
End of year	$ 48,931,006	$ 3,567,405	$ 84,617	$ 31,713,615	$ 12,363,938	$ 96,660,581

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, 2010

Net Change in Fund Balance - Governmental Funds		$ (80,515,115)
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	$ 5,341,240	
Less: net deletions	(38,540)	
Less: depreciation expense	(13,113,911)	(7,811,211)
Some taxes and other revenues will not be collected for several months after the City's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year.		(310,828)
Net pension assets are reported in the government-wide financial statements, but payments for pension are current expenditures in the governmental fund financial statements.		56,436,368
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.		48,485,862
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.		(20,398,591)
Change in Net Assets of Governmental Activities		$ (4,113,515)

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, 2010
(Amounts expressed in thousands)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes, net of refunds and banking fees:				
Real estate	$ 133,572	$ 133,572	$ 126,271	$ (7,301)
Payment in lieu of taxes	1,945	1,945	242	(1,703)
Mercantile	-	-	5	5
Payroll preparation	46,436	46,436	46,643	207
Amusement	11,336	11,336	11,229	(107)
Earned income	68,346	68,346	69,857	1,511
Deed transfer	12,321	12,321	14,255	1,934
Parking	44,203	44,203	44,739	536
Local Services Tax	12,498	12,498	13,966	1,468
Business privilege	437	437	647	210
Institution and service privilege	429	429	459	30
Facility usage fee	3,184	3,184	3,248	64
Public service	1,126	1,126	1,332	206
Penalties and interest	2,254	2,254	1,393	(861)
Act 77 - tax relief	12,450	12,450	12,008	(442)
Total taxes, net of refunds and banking fees	350,537	350,537	346,294	(4,243)
Interest earnings	799	799	162	(637)
Fines and forfeits	7,860	7,860	7,104	(756)
Licenses and fees:				
Liquor and malt beverage	421	421	407	(14)
General government	671	671	568	(103)
Rentals and charges	4,443	4,443	5,719	1,276
Total licenses and fees	5,535	5,535	6,694	1,159
Federal and state grants	12,754	12,754	7,225	(5,529)
Reimbursement, CDBG	761	761	792	31
Public Parking Authority	1,300	1,300	123	(1,177)
PWSA reimbursement	7,800	7,800	6,800	(1,000)
Sports and Exhibition Authority	-	-	2	2
Urban Redevelopment Authority	1,500	1,500	1,500	-
State utility tax	460	460	472	12
Miscellaneous	363	363	111	(252)
Sale of public property	500	500	37	(463)
Breakeven centers	19,780	19,780	20,236	456
Joint operations	167	167	178	11
Provisions of services	7,336	7,336	5,741	(1,595)
State aid - pension	15,352	15,352	15,595	243
Economic development slots revenue	5,100	5,100	5,100	-
2% Local share of slots revenue	7,300	7,300	-	(7,300)
Operating transfer	1,200	1.200	-	(1,200)
Unbudgeted Operating transfer - Debt Service	-	-	45,371	45,371
Intergovernmental service fee	796	796	796	-
Total revenues	447,200	447,200	470,333	23,133

(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, 2010
(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	1,339	30	1,369	1,329	-	1,329	40
Supplies	-	4	4	4	-	4	-
Miscellaneous services	-	22	22	-	-	-	22
Total city council	1,339	56	1,395	1,333	-	1,333	62
City Clerk's Office:							
Salaries	479	38	517	510	-	510	7
Miscellaneous services	115	112	227	88	88	176	51
Supplies	8	1	9	8	-	8	1
Rentals	-	12	12	4	-	4	8
Equipment	5	8	13	11	-	11	2
Transfers	-	10	10	-	-	-	10
Total city clerk's office	607	181	788	621	88	709	79
Total city council and city clerk's office	1,946	237	2,183	1,954	88	2,042	141
Mayor's Office:							
Salaries	909	-	909	876	-	876	33
Premium pay	2	-	2	-	-	-	2
Miscellaneous services	100	10	110	100	-	100	10
Education and training	84	-	84	70	-	70	14
Supplies	31	1	32	24	-	24	8
Equipment	3	-	3	3	-	3	-
Rentals	6	-	6	3	-	3	3
Total mayor's office	1,135	11	1,146	1,076	-	1,076	70
City Information Systems:							
Salaries	2,699	-	2,699	2,678	-	2,678	21
Premium pay	34	-	34	12	-	12	22
Miscellaneous services	1,669	48	1,717	1,712	-	1,712	5
Education and travel expense	25	-	25	20	-	20	5
Supplies	168	-	168	168	-	168	-
Equipment	100	11	111	100	-	100	11
Utilities	870	-	870	868	-	868	2
Total city information systems	5,565	59	5,624	5,558	-	5,558	66
Total Mayor's Office	6,700	70	6,770	6,634	-	6,634	136
Commission on Human Relations:							
Salaries	237	-	237	202	-	202	35
Miscellaneous services	10	16	26	8	9	17	9
Education and training	1	-	1	-	-	-	1
Supplies	1	-	1	1	-	1	-
Equipment	1	-	1	-	-	-	1
Total commission on human relations	250	16	266	211	9	220	46

(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, 2010
(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	2,266	-	2,266	2,231	-	2,231	35
Premium pay	8	-	8	-	-	-	8
Miscellaneous services	100	120	220	175	17	192	28
Education and training	10	-	10	10	-	10	-
Supplies	9	1	10	8	1	9	1
Equipment	15	1	16	11	-	11	5
Rentals	14	-	14	6	-	6	8
Total office of city controller	2,422	122	2,544	2,441	18	2,459	85
Department of Law:							
Salaries	1,731	(94)	1,637	1,500	-	1,500	137
Miscellaneous services	373	388	761	644	17	661	100
Education and training	17	-	17	16	-	16	1
Supplies	30	4	34	30	-	30	4
Equipment	17	2	19	17	-	17	2
Rentals	8	-	8	-	-	-	8
Total department of law	2,176	300	2,476	2,207	17	2,224	252
Department of Law - EORC:							
Salaries	233	-	233	223	-	223	10
Premium pay	1	-	1	-	-	-	1
Miscellaneous services	14	45	59	22	-	22	37
Education and training	6	-	6	6	-	6	-
Supplies	1	-	1	-	-	-	1
Equipment	3	-	3	1	-	1	2
Rentals	7	-	7	2	-	2	5
Total department of law - EORC	265	45	310	254	-	254	56
Department of Law - OMI:							
Salaries	468	-	468	452	-	452	16
Miscellaneous services	97	81	178	23	49	72	106
Education and training	16	-	16	1	-	1	15
Supplies	6	-	6	3	-	3	3
Equipment	7	-	7	3	-	3	4
Rentals	1	-	1	-	-	-	1
Total department of law - OMI	595	81	676	482	49	531	145
Total Department of Law	3,036	426	3,462	2,943	66	3,009	453
Department of Personnel and Civil Service Commission:							
Salaries	1,440	-	1,440	1,435	-	1,435	5
Premium pay	4	2	6	5	-	5	1
Miscellaneous services	316	221	537	245	-	245	292
Education and training	8	-	8	6	-	6	2
Supplies	25	6	31	25	-	25	6
Equipment	34	-	34	34	-	34	-
Materials	4	-	4	4	-	4	-
Rentals	9	-	9	4	-	4	5
Total department of personnel and civil service commission	1,840	229	2,069	1,758	-	1,758	311

(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, 2010

(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	3,872	(264)	3,608	3,413	-	3,413	195
Premium pay	32	-	32	7	-	7	25
Miscellaneous services	960	288	1,248	664	221	885	363
Education and training	23	-	23	18	-	18	5
Supplies	300	13	313	252	-	252	61
Materials	4	3	7	-	-	-	7
Equipment	43	9	52	22	-	22	30
Repairs	2	-	2	-	-	-	2
Rentals	29	-	29	21	-	21	8
Total administration	5,265	49	5,314	4,397	221	4,618	696
General Services:							
Salaries	933	-	933	864	-	864	69
Premium pay	16	-	16	15	-	15	1
Miscellaneous services	6,421	665	7,086	6,147	252	6,399	687
Education and training	6	-	6	3	-	3	3
Uniforms	3	-	3	1	-	1	2
Supplies	29	-	29	25	-	25	4
Equipment	54	-	54	7	-	7	47
Repairs	1,555	136	1,691	1,400	70	1,470	221
Rentals	1,999	261	2,260	1,987	-	1,987	273
Total general services	11,016	1,062	12,078	10,449	322	10,771	1,307
Fleet Management:							
Supplies	-	4	4	-	-	-	4
Utilities	-	21	21	-	-	-	21
Total fleet management	-	25	25	-	-	-	25
Total department of finance	16,281	1,136	17,417	14,846	543	15,389	2,028

(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, 2010

(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	1,625	-	1,625	1,459	-	1,459	166
Premium pay	4	-	4	-	-	-	4
Miscellaneous services	238	25	263	209	-	209	54
Education and training	8	-	8	8	-	8	-
Supplies	27	-	27	22	-	22	5
Rentals	8	-	8	4	-	4	4
Utilities	2	-	2	2	-	2	-
Equipment	7	1	8	6	-	6	2
Grants	-	208	208	(4)	-	(4)	212
Total department of city planning	1,919	234	2,153	1,706	-	1,706	447
Total general government	34,394	2,470	36,864	32,493	724	33,217	3,647
Public Safety - Department of Public Safety:							
Bureau of Administration:							
Salaries and wages	841	-	841	778	-	778	63
Premium pay	10	-	10	7	-	7	3
Education and training	5	-	5	1	-	1	4
Supplies	3	-	3	-	-	-	3
Miscellaneous services	705	326	1,031	423	70	493	538
Equipment	2	3	5	-	-	-	5
Total bureau of administration	1,566	329	1,895	1,209	70	1,279	616
Bureau of Emergency Medical Services:							
Salaries and wages	9,610	(750)	8,860	8,857	-	8,857	3
Premium pay	2,608	750	3,358	3,358	-	3,358	-
Miscellaneous services	124	1	125	106	6	112	13
Education and training	28	-	28	14	-	14	14
Supplies and materials	255	25	280	243	13	256	24
Equipment	125	64	189	121	-	121	68
Rentals	5	-	5	1	-	1	4
Repairs	66	-	66	65	-	65	1
Uniforms	125	-	125	109	-	109	16
Total bureau of emergency medical services	12,946	90	13,036	12,874	19	12,893	143
Bureau of Police:							
Salaries	60,885	(1,800)	59,085	58,582	-	58,582	503
Premium pay	7,296	1,850	9,146	8,522	-	8,522	624
Miscellaneous services	445	91	536	434	-	434	102
Education and training	89	28	117	75	-	75	42
Supplies and materials	409	39	448	402	3	405	43
Equipment	146	9	155	125	5	130	25
Repairs	8	1	9	7	-	7	2
Rentals	147	99	246	139	-	139	107
Uniforms	1,182	126	1,308	1,185	3	1,188	120
Total bureau of police	70,607	443	71,050	69,471	11	69,482	1,568
Bureau of Fire:							
Salaries and wages	40,626	(825)	39,801	39,374	-	39,374	427
Premium pay	10,265	825	11,090	10,814	-	10,814	276
Miscellaneous services	128	4	132	128	-	128	4
Education and training	18	-	18	18	-	18	-
Supplies	145	14	159	145	-	145	14
Repairs	41	-	41	41	-	41	-
Rentals	335	-	335	334	-	334	1
Equipment	457	-	457	447	-	447	10
Uniforms	-	-	-	-	-	-	-
Total bureau of fire	52,015	18	52,033	51,301	-	51,301	732

(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, 2010
(Amounts expressed in thousands)
(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Bureau of Building Inspection:							
Salaries	3,257	(283)	2,974	2,780	-	2,780	194
Premium pay	5	30	35	22	-	22	13
Miscellaneous services	77	3	80	53	-	53	27
Education and training	47	-	47	11	-	11	36
Supplies	13	1	14	8	1	9	5
Repairs	1	-	1	-	-	-	1
Rentals	6	-	6	3	-	3	3
Equipment	13	-	13	10	-	10	3
Uniforms	18	-	18	17	-	17	1
Total bureau of building inspection	3,437	(249)	3,188	2,904	1	2,905	283
Public Safety Animal Control:							
Salaries	586	(10)	576	487	-	487	89
Premium pay	73	10	83	76	-	76	7
Miscellaneous services	485	14	499	452	-	452	47
Education and training	7	-	7	-	-	-	7
Supplies	3	-	3	1	-	1	2
Equipment	9	-	9	4	-	4	5
Uniforms	10	-	10	4	-	4	6
Total public safety animal control	1,173	14	1,187	1,024	-	1,024	163
Total public safety - department of public safety	141,744	645	142,389	138,783	101	138,884	3,505
Department of Public Works:							
Administration:							
Salaries	559	75	634	609	-	609	25
Premium pay	47	-	47	-	-	-	47
Miscellaneous services	110	-	110	107	-	107	3
Education and training	10	-	10	3	-	3	7
Supplies	24	-	24	18	-	18	6
Equipment	51	4	55	49	-	49	6
Rentals	15	-	15	14	-	14	1
Total administration	816	79	895	800	-	800	95
Operations:							
Salaries	12,489	(340)	12,149	11,470	-	11,470	679
Premium pay	744	354	1,098	1,079	-	1,079	19
Miscellaneous services	317	-	317	315	-	315	2
Supplies	79	14	93	76	-	76	17
Equipment	56	22	78	52	-	52	26
Materials	1,165	33	1,198	1,157	-	1,157	41
Repairs	325	-	325	300	-	300	25
Rentals	495	21	516	496	-	496	20
Total operations	15,670	104	15,774	14,945	-	14,945	829
Environmental Services:							
Salaries	7,020	(500)	6,520	6,131	-	6,131	389
Premium pay	526	40	566	527	-	527	39
Miscellaneous services	3,031	21	3,052	2,766	-	2,766	286
Supplies	108	1	109	87	-	87	22
Equipment	31	3	34	26	-	26	8
Uniforms	76	-	76	76	-	76	-
Judgement	10	-	10	2	-	2	8
Materials	8	-	8	7	-	7	1
Rentals	8	-	8	-	-	-	8
Total environmental services	10,818	(435)	10,383	9,622	-	9,622	761
Engineering:							
Salaries	1,754	(135)	1,619	1,517	-	1,517	102
Total engineering	1,754	(135)	1,619	1,517	-	1,517	102

(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, 2010

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
General Services - Facilities:							
Salaries	2,059	-	2,059	1,940	-	1,940	119
Premium pay	37	60	97	81	-	81	16
Miscellaneous services	151	10	161	151	-	151	10
Education and training	1	-	1	1	-	1	-
Supplies	22	-	22	22	-	22	-
Equipment	8	-	8	8	-	8	-
Uniforms	25	-	25	25	-	25	-
Materials	209	3	212	202	3	205	7
Repairs	15	-	15	15	-	15	-
Rentals	150	-	150	150	-	150	-
Total general services - facilities	2,677	73	2,750	2,595	3	2,598	152
Total department of public works	31,735	(314)	31,421	29,479	3	29,482	1,939
Community, Recreational, and Cultural - Department of Parks and Recreation:							
Administration:							
Salaries	3,333	-	3,333	3,333	-	3,333	-
Premium pay	111	-	111	111	-	111	-
Miscellaneous services	441	128	569	447	-	447	122
Education and training	4	-	4	-	-	-	4
Supplies	226	5	231	223	-	223	8
Repairs	9	-	9	9	-	9	-
Rentals	44	-	44	44	-	44	-
Equipment	44	2	46	42	-	42	4
Grants	-	47	47	-	-	-	47
Total community, recreational, and cultural - department of parks and recreation	4,212	182	4,394	4,209	-	4,209	185
Nondepartmental:							
Employee Benefits:							
Pension	60,057	-	60,057	104,140	-	104,140	(44,083)
Fringe benefits	82,055	1,419	83,474	75,333	474	75,807	7,667
Total employee benefits	142,112	1,419	143,531	179,473	474	179,947	(36,416)
Claims and Judgments - Citywide	1,740	881	2,621	2,576	33	2,609	12
Citizens Review Board							
Salaries	320	-	320	282	-	282	38
Miscellaneous services	91	51	142	76	4	80	62
Education and training	7	-	7	3	-	3	4
Supplies	5	3	8	3	-	3	5
Equipment	2	-	2	1	-	1	1
Rentals	58	-	58	58	-	58	-
Total citizens review board	483	54	537	423	4	427	110
Utilities - Citywide	6,045	792	6,837	6,722	-	6,722	115
Supplies - Citywide	3,350	-	3,350	3,345	-	3,345	5
GF Education and training - Citywide	-	-	-	-	-	-	-
GF Transfers - Citywide	10	-	10	10	-	10	-
GF Transfers - Other	2,000	(36)	1,964	1,964	-	1,964	-
GF Grants - Citywide	-	72	72	-	-	-	72
GF Grants - Other	-	600	600	600	-	600	-
Miscellaneous (postage/refunds) - Citywide	1,808	1,296	3,104	2,200	469	2,669	435
Debt Service:							
Debt service	76,649	-	76,649	84,877	-	84,877	(8,228)
Debt service subsidy	254	-	254	253	-	253	1
Total debt service	76,903	-	76,903	85,130	-	85,130	(8,227)
Fund balance restoration	-	-	-	-	-	-	-
Total nondepartmental	234,451	5,078	239,529	282,443	980	283,423	(43,894)
Total expenditures	446,536	8,061	454,597	487,407	1,808	489,215	(34,618)
Excess (Deficiency) of Revenues over Expenditures	$ 664		$ (7,397)			$ (18,882)	$ (11,485)

(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, 2010
(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.	$ 470,333
Actual amounts not included on budgetary basis.	704
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	14,512
Total General Fund revenue and other financing sources on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	$ 485,549

Users/Outflows of Revenues:

Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison statement.	$ 487,407
Actual amounts not included on budgetary basis.	1,301
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	9,299
Total General Fund expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance.	$ 498,007

(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, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 45,150,840	$ 45,150,840	$ 17,656,736	$ (27,494,104)
Expenditures:				
General government:				
Council and City Clerk's Office	4,656,663	4,656,663	1,533,145	3,123,518
Finance	177,055	177,055	169,326	7,729
Department of Personnel and Human Relations	1,507,572	1,507,572	952,501	555,071
Department of City Planning	5,885,509	5,885,509	2,723,712	3,161,797
General services	22,357	22,357	-	22,357
Public safety	895,536	895,536	671,956	223,580
Public works:				
Public works	12,194,198	12,194,198	5,039,502	7,154,696
Engineering and construction	436,366	436,366	74,706	361,660
Community, recreational, and cultural programs	2,539,396	2,539,396	659,744	1,879,652
Intergovernmental programs	16,836,188	16,836,188	6,796,450	10,039,738
Total expenditures	45,150,840	45,150,840	18,621,042	26,529,798
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ (964,306)	$ (964,306)

(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, 2010
(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.	$	17,657
Actual amounts not included on budgetary basis.		4,621
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.		1,886
Total Community Development Fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	$	24,164

Users/Outflows of Revenues:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	$	18,621
Actual amounts not included on budgetary basis.		4,616
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.		927
Total Community Development Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	$	24,164

(Concluded)

See accompanying notes to financial statements.

FIDUCIARY FUND STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

DECEMBER 31, 2010

	Pension Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	$ 198,520,596	$ 11,619,373
Investments:		
Preferred and common stock	31,300,337	-
U.S. government and agency obligations	16,210,994	-
Corporate and other obligations	23,803,701	-
Mutual funds	52,884,227	-
Private equity	12,208,033	-
Other assets	-	3,418,094
Accrued interest and dividend receivables	540,982	-
Total Assets	335,468,870	15,037,467
Liabilities		
Benefits and related withholdings payable	2,637,469	-
Accounts payable	-	12,044
Deposits held in trust	-	1,413,402
Accrued liabilities and other payables	34,315	13,612,021
Total Liabilities	2,671,784	15,037,467
Net Assets		
Held in Trust for Pension Benefits	$ 332,797,086	$ -

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2010

	Pension Trust Fund
Additions:	
Contributions:	
Employer - pension benefits	$ 86,013,337
Employer - other benefits	3,461,563
Plan members	10,143,686
State aid	15,595,175
Total contributions	115,213,761
Investment income:	
Net appreciation in fair value of investments	12,757,573
Interest and dividends	4,678,249
Total investment income	17,435,822
Investment expense	(666,944)
Net investment income	16,768,878
Miscellaneous:	
Other	46,324
Total additions	132,028,963
Deductions:	
Benefit payments	80,345,242
Refund of employee contributions	925,200
Administrative expense	1,283,428
Total deductions	82,553,870
Increase in Net Assets	49,475,093
Net Assets:	
Beginning of year	283,321,993
End of year	$ 332,797,086

See accompanying notes to financial statements.

COMBINING STATEMENTS OF DISCRETE COMPONENT UNITS

CITY OF PITTSBURGH, PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET
COMPONENT UNITS
DECEMBER 31, 2010

Assets	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Current assets:					
Cash and cash equivalents	$ 203,902,693	$ 37,129,000	$ 1,636,740	$ 252,029	$ 242,920,462
Cash and cash equivalents - restricted	5,022,733	-	-	47,932,395	52,955,128
Investments - unrestricted	-	-	-	14,747,700	14,747,700
Investments - restricted	-	-	-	2,874,068	2,874,068
Accounts receivable, net	-	20,091,000	-	983,822	21,074,822
Due from other governments	11,816,590	-	-	-	11,816,590
Grant receivable	-	-	-	-	-
Notes receivable	-	-	250,000	9,730	259,730
Inventory	-	1,649,000	-	-	1,649,000
Accrued interest	-	-	3,510	565,016	568,526
Other receivables	15,606,158	7,853,000	213,670	-	23,672,828
Prepaids	-	433,000	8,815	-	441,815
Total current assets	236,348,174	67,155,000	2,112,735	67,364,760	372,980,669
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	-	3,812,000	-	-	3,812,000
Investments	-	74,180,000	-	20,221,379	94,401,379
Accrued interest receivable	-	78,000	-	-	78,000
Loan collateral	-	-	2,517,308	-	2,517,308
Insurance escrow	-	-	41,041	-	41,041
Replacement reserve	-	-	125,816	-	125,816
Reserve/loans escrow	-	-	266,486	-	266,486
Total restricted assets	-	78,070,000	2,950,651	20,221,379	101,242,030
Capital assets:					
Buildings and building improvements	55,982,032	-	27,178,523	-	83,160,555
Land and land improvements	13,204,423	-	-	26,053,516	39,257,939
Parking facilities	-	-	-	160,418,503	160,418,503
Machinery and equipment	-	-	-	6,198,930	6,198,930
Utility plant	-	665,717,000	-	-	665,717,000
Non-utility plant	-	17,106,000	-	-	17,106,000
Infrastructure	-	-	2,241,369	-	2,241,369
Construction-in-progress	-	41,328,000	-	-	41,328,000
Less: accumulated depreciation	(17,753,253)	(207,122,000)	(2,702,672)	(74,485,376)	(302,063,301)
Total capital assets	51,433,202	517,029,000	26,717,220	118,185,573	713,364,995
Leasehold improvements	-	-	-	6,780,210	6,780,210
Other assets	930,983	-	-	-	930,983
Deferred outflow	-	31,447,000	-	-	31,447,000
Property held for redevelopment	24,634,468	-	-	-	24,634,468
Loans/notes receivable	81,589,128	-	1,401,745	3,249,392	86,240,265
Deposits held for development fund	-	-	2,410,223	-	2,410,223
Bond issue costs, net of amortization	-	25,011,000	-	1,981,918	26,992,918
Total noncurrent assets	158,587,781	651,557,000	33,479,839	150,418,472	994,043,092
Total Assets	394,935,955	718,712,000	35,592,574	217,783,232	1,367,023,761

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET
COMPONENT UNITS

DECEMBER 31, 2010
(Continued)

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Liabilities					
Current liabilities:					
Bonds and loans payable, current portion	15,738,097	15,711,000	241,386	4,805,000	36,495,483
Accrued payroll and related obligations	-	672,000	-	-	672,000
Accounts payable - City of Pittsburgh	-	-	-	2,359,211	2,359,211
Accounts payable - wastewater treatment	-	17,631,000	-	-	17,631,000
Deferred revenue	12,511,673	-	-	333,238	12,844,911
Accrued expenses and deferred income	-	-	-	1,224,106	1,224,106
Escrow deposit - system monetization	-	-	-	40,000,000	40,000,000
Accounts payable and other accrued expenses	32,499,512	18,008,000	281,271	2,468,902	53,257,685
Accrued interest payable	-	11,563,000	126,918	1,281,459	12,971,377
Total current liabilities	60,749,282	63,585,000	649,575	52,471,916	177,455,773
Noncurrent liabilities:					
Unearned revenue	-	314,000	-	-	314,000
Other liabilities	-	-	-	6,189,873	6,189,873
Accrued payroll and related obligations	-	1,045,000	-	-	1,045,000
Swap liability	-	36,856,000	-	-	36,856,000
Bonds and loans payable, net of current portion	123,505,952	647,079,000	20,353,430	92,595,015	883,533,397
Advances from the City of Pittsburgh	-	-	22,775,168	-	22,775,168
Total noncurrent liabilities	123,505,952	685,294,000	43,128,598	98,784,888	950,713,438
Total Liabilities	184,255,234	748,879,000	43,778,173	151,256,804	1,128,169,211
Net Assets					
Invested in capital assets, net of related debt	26,657,295	(40,489,000)	6,122,403	23,802,365	16,093,063
Restricted for:					
Capital projects	-	11,053,000	-	3,259,210	14,312,210
Debt service	-	-	4,453,181	7,821,629	12,274,810
Public Parking Authority	-	-	-	12,606,956	12,606,956
Urban Development	42,989,901	-	-	-	42,989,901
Lending programs	82,989,523	-	-	-	82,989,523
Housing program	3,365,024	-	-	-	3,365,024
Unrestricted	54,678,978	(731,000)	(18,761,183)	19,036,268	54,223,063
Total Net Assets	$ 210,680,721	$ (30,167,000)	$ (8,185,599)	$ 66,526,428	$ 238,854,550

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets						
					Urban Redevelopment Authority						
	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	Total
Urban Redevelopment Authority:											
Governmental activities:											
Urban development	$ 56,088,608	$ 15,184,033	$ 54,416,315	$ -	$ 13,511,740	$ -	$ -	$ -	$ -	$ -	$ 13,511,740
General government	9,302,583	2,771,483	2,200,000	-	(4,331,100)	-	-	-	-	-	(4,331,100)
Interest on long-term debt	1,373,524	-	-	-	(1,373,524)	-	-	-	-	-	(1,373,524)
Total governmental activities	66,764,715	17,955,516	56,616,315	-	7,807,116	-	-	-	-	-	7,807,116
Business-type activities:											
Lending programs	10,872,689	4,911,596	7,500,000	-	-	1,538,907	-	-	-	-	1,538,907
Property management	3,825,373	3,047,881	-	-	-	(777,492)	-	-	-	-	(777,492)
Total business-type activities	14,698,062	7,959,477	7,500,000	-	-	761,415	-	-	-	-	761,415
URA Component Unit	3,619,902	57,489	2,071,963	-	-	-	(1,490,450)	-	-	-	(1,490,450)
Total URA	85,082,679	25,972,482	66,188,278	-	7,807,116	761,415	(1,490,450)	-	-	-	7,078,081
Pittsburgh Water and Sewer Authority	149,775,000	139,753,000	-	15,152,000	-	-	-	5,130,000	-	-	5,130,000
Stadium Authority	4,133,117	4,113,452	-	2,530,000	-	-	-	-	2,510,335	-	2,510,335
Public Parking Authority	40,642,284	42,701,544	-	-	-	-	-	-	-	2,059,260	2,059,260
Total Component Units	$ 279,633,080	$ 212,540,478	$ 66,188,278	$ 17,682,000	7,807,116	761,415	(1,490,450)	5,130,000	2,510,335	2,059,260	16,777,676
General revenues:											
Investment income, net					81,912	1,314,710	-	241,000	5,647	327,828	1,971,097
Gain (loss) on sale of assets					-	-	1,144,000	-	-	-	1,144,000
Miscellaneous revenue (expense)					-	596,579	1,291	-	(1,498,047)	283,224	(616,953)
Transfer in (out)					(264,831)	264,831	-	-	-	-	-
Total general revenues					(182,919)	2,176,120	1,145,291	241,000	(1,492,400)	611,052	2,498,144
Change in Net Assets					7,624,197	2,937,535	(345,159)	5,371,000	1,017,935	2,670,312	19,275,820
Net assets - beginning, as restated (1)					140,370,259	56,383,706	3,710,183	(35,538,000)	(9,203,534)	63,856,116	219,578,730
Net assets - ending					$ 147,994,456	$ 59,321,241	$ 3,365,024	$ (30,167,000)	$ (8,185,599)	$ 66,526,428	$ 238,854,550

(1) Pittsburgh Water and Sewer Authority beginning net asset balance restated for GASB Statement No. 53 implementation.

See accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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 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, 2010, the City, in its statement of net assets, shows a total net deficit of $573 million with an unrestricted net asset deficit of $615.1 million offset by $42.1 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 lead 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 $87.2 million and $14.1 million, respectively, or a combined 20.3% of its total expenditures; and the City used 28.1% of its current tax revenues to finance debt service requirements.

In November 2003, the City sought municipal self-help as a "financially distressed" municipality under the Municipalities Financial Recovery Act (Act 47) of the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania legislature also established an Intergovernmental Cooperation Authority (ICA) to provide fiscal oversight for the City for a period of seven years. The Act 47 coordinators appointed by the Commonwealth issued their five-year Recovery Plan, which was originally adopted by the City Council on June 29, 2004. On June 30, 2009 City Council adopted the amended Recovery Plan, making it a City ordinance, which further provides areas for Revenue enhancements and Expenditure reductions. During 2010, 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, 2010 was $39.3 million; this was enough to maintain normal function throughout the City in January 2011. Currently, the Act 47 coordinators and the ICA will provide continued oversight to ensure compliance with the operating budget and approved five-year plan.

On December 31, 2010, the 2011 Operating and Capital Budgets and Five-Year Financial Forecast and Performance Plan was submitted to and approved by the Act 47 coordinators and ICA oversight committee. There were no significant changes from the initial five year plan.

(C) Individual Component Unit Disclosures

Blended Component Units

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

City of Pittsburgh Equipment Leasing Authority
City Pension Trust

City of Pittsburgh Equipment Leasing Authority (ELA)

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

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

City Pension Trust

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

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

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

Discretely Presented Component Units

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

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

Pittsburgh Water and Sewer Authority (PWSA)

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

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

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

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

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

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

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

Public Parking Authority of Pittsburgh (Parking Authority)

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

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

Urban Redevelopment Authority of Pittsburgh (URA)

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

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

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

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

Administrative Offices

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

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

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

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

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

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

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 Country to provide educational, cultural, physical, civic, and social events for the benefit of the general public. Effective November 1999, the Public Auditorium Authority legally changed its name to the Sports and Exhibition Authority of Pittsburgh and Allegheny County (SEA). SEA is currently responsible for the management of the David L. Lawrence Convention Center (Convention Center) and leases the Mellon Arena (formerly the Civic Arena), the Benedum Center and the John Heinz History Center to other entities located in the City. SEA was also responsible for the construction of the new Pittsburgh Steelers Sports, Inc. (Pittsburgh Steelers) football stadium (Heinz Field), the Pittsburgh Associates' (Pittsburgh Pirates) baseball park (PNC Park), the Convention Center expansion project, New Arena Project, and various associated infrastructure improvements referred to collectively as the Regional Destination Financing Plan. For the year ended December 31, 2010, SEA's operating loss was $48,987,927, and the change in net assets was a decline of $8,287,023. SEA had total net assets of $480,764,015.

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

In 2004, SEA borrowed $20 million from local banks to be used for both operating and capital needs. The following revenues are pledged for repayment of this loan: parking revenues generated at the Convention Center parking garage, sponsorship revenues, and discretionary hotel tax receipts. Additionally, as part of the transaction, the City and Allegheny County reaffirmed their responsibilities under a 1978 Cooperation Agreement to finance the Convention Center's operating deficits, including principal and interest on this loan. As of December 31, 2010, the remaining balance is approximately $16,086,576.

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 2011 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.

Related Organizations

Housing Authority of the City of Pittsburgh (Housing Authority)

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

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

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

Jointly Governed Organization

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

(D) Financial Statement Presentation

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

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

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

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.

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

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

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

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

(E) Basis of Accounting

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

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

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

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 in recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

(F) Cash and Cash Equivalents

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

(G) Investments

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

(H) Due To/From Other Governments

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

(I) Taxpayer Assessed Taxes Receivable

Local wage taxes and other miscellaneous City taxes are recorded in the City's accounts as taxpayer assessed receivables and revenue at the time of the underlying transactions. Taxes for which there is an enforceable legal claim as of December 31, 2010 but which were levied to finance fiscal year 2011 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 a 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 2010 are as follows:

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

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

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

(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 $29,770,526 are recorded in the government-wide financial 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 Plan represent 100% of the minimum municipal obligation plus, starting in 2010, additional contributions to increase the funding level of the Plan.

(O) Long-Term Obligations

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

(P) Interfund Transactions

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

(Q) Encumbrances

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

In March 2009, GASB issued Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."* This Statement's objective is to enhance the usefulness of fund balance information. The guidance in this Statement will be effective for the City's financial statements for the year ended December 31, 2011. The City is currently considering the impact that this new pronouncement will have on the financial statements.

In December 2009, GASB issued Statement No. 57, *"OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans."* This Statement's objective is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The guidance in this Statement will be effective for the City's financial statements for the year ended December 31, 2012. The City is currently considering the impact that this new pronouncement will have on the financial statements.

In November 2010, GASB issued Statement No. 61, *"The Financial Reporting Entity."* The objective of this Statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement will become effective for the December 31, 2013 year-end. The City is currently considering the impact that this new pronouncement will have on the financial statements.

Component Unit Disclosures:

Property Held for Redevelopment

Property held for redevelopment relates mainly to land and buildings held by the URA that is available for redevelopment. Depending on the nature of the redevelopment activity, the transfer of this property may consist of many forms: grant, subsidized or below-market sale, or an independent, market-based sale. These assets are held at the lower of cost or estimated net realizable value, if less than cost, and is offset by deferred revenue in the governmental funds. Estimated net realizable value is calculated once plans or disposition agreements are in place to dispose of property at less than cost. When assets are sold, the proceeds are either returned to the program to further its purposes or returned to the grantor agency that funded the original purchase.

Loans Receivable

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

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

It is the URA's policy to provide for future losses on loans based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the URA's judgment, may impact collectability. At December 31, 2010, the total allowance for uncollectible loans, including those only repayable on a contingent basis and fully reserved at the time of issuance, was $99 million.

Adoption of Pronouncements

Effective January 1, 2010, the PWSA adopted, GASB Statement No. 53, *"Accounting and Financial Reporting for Derivative Instruments."* This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the accrual basis of accounting. The Statement requires that accounting changes to conform with the provisions of this Statement should be applied retroactively by restating financial statements for all prior periods presented. As such, net assets as of December 31, 2008 and 2009 were restated to comply with the provision of this Statement as follows:

Net assets, December 31, 2008	$	(34,997)
Establish deferred outflow		71,098
Establish swap liability		(83,385)
Net assets, December 31, 2008, as restated		(47,284)
Change in deferred outflow		(41,141)
Change in swap liability		48,328
Change in net assets - 2009 financial statements		4,559
Net assets, December 31, 2009, as restated	$	(35,538)

Other Long-term Liabilities

An Agreement of Sale in Lieu of Condemnation (Agreement) was executed on April 14, 2004 between the Public Parking Authority and Greyhound Lines, Inc. (Greyhound). As stipulated in the Agreement, the Public Parking Authority purchased from Greyhound the property located at the corner of Liberty Avenue and 11th street for the purchase price of $6,242,000 for the construction of the bus terminal. This amount will be recognized as revenue over the term of the initial lease. Greyhound leases the bus terminal from the Public Parking Authority. The lease calls for an annual base rent of $1 for an initial term of 30 years with three consecutive 10 year extensions for an annual base rent of $100,000. On October 1, 2008, the new Greyhound Bus Terminal was fully operational. The balance of deferred rent/revenue at September 30, 2010 is $5,825,866.

2. BUDGETS AND BUDGETARY ACCOUNTING

1. **General Budget Policies** – As required by the Home Rule Charter, the City follows these procedures in establishing the budgetary data reflected in the financial statement:

   a. On the second Monday of November preceding the fiscal year, the Mayor presents to City Council a General Fund and Community Development Fund operating budget and a capital budget for the succeeding fiscal year.
   b. Public hearings are conducted to obtain the advice of other officials and citizens as part of the preparation of these budgets.
   c. Before the beginning of the fiscal year, City Council adopts, by resolution, these budgets.
   d. The adoption of the operating and capital budgets constitutes an appropriation or setting apart of funds from general resources of the City for purposes set forth in the budgets.
   e. City Council may amend, by resolution, the operating budget within five weeks after the beginning of the fiscal year, but not thereafter except with the approval of the Mayor. The capital budget may, by resolution, be amended by City Council at any time.
   f. City Council at all times may, by resolution, transfer funds from one account to another if the total operating budget amount is not exceeded. No revision to the budget may be made without City Council approval. The operating budget shall in any event, remain balanced at all times.

g. The capital budget is generally based on a proposed six year capital program, which must be updated each year and submitted to City Council by the Mayor at least 30 days prior to the day the operating budget is submitted. The capital budget also includes appropriations for the Community Development Fund. Budget and actual data for the Community Development Fund is reflected in the Community Development Fund. The remainder of the capital budget is reflected in the Capital Projects Fund.
h. Formal budgetary integration is employed as management control device for the General, the Community Development, and the Capital Projects Funds. Formal budgetary integration is not employed for the debt service fund since effective budgetary control is alternatively achieved through general obligation bond indenture provisions, nor for the other governmental funds since control is prepared on a project basis. The General, Community Development, and Capital Projects Funds have legally adopted annual budgets.
i. All budgets are prepared and controlled at the department level on a line item basis (i.e., salaries, supplies, equipment, miscellaneous services). Due to the voluminous number of projects, separately issued line item capital budget reports are available from the City Controller's Office. The General Fund and the Community Development Fund budget to actual comparisons at the legal level of appropriation are located within the financial statements.
j. Operating appropriations lapse at year-end. City Council can, however, authorize, by resolution, the carryover of appropriations to the following year. The Community Development and Capital Projects Funds appropriations carryover to subsequent years without formal re-appropriation.
k. Operation budget figures are amended by City Council with Mayoral approval. These budget amendments represent line item transfers between expenditures accounts and carryover of appropriations from the previous year. The approved original General Fund budget includes revenues of $447.2 million and expenditures of approximately $446.5 million in 2010. The budgetary expenditures, as amended, include carryover appropriation and other changes approved by City Council during 2010 of $8.1 million; budgeted revenues were not amended during 2010 and remained as adopted.

2. Budgetary Basis of Accounting

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

3. Excess Expenditures over Appropriations

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

- The amount spent on debt service exceeded budget by $8.2 million and;

- The amount spent on pension exceeded the budget by $44.1 million. This represents the additional $45 million the City contributed to the pension fund. This was offset by an unbudgeted transfer from the Debt Service Fund of $45 million.

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

3. Deposits and Investments

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

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

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

(A)Primary Government Funds and Agency Funds

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

Investment policies permit the City to invest in the following:

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

6. Repurchase agreements collateralized by the U.S. Treasury securities and marked to market. In order to participate in the repurchase agreement market, a depository must execute a master repurchase agreement contract with the City.

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

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

Governmental Funds

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank or counterparty failure, the City's funds may not be returned to it. The City policy does not specifically address custodial credit risk. As of December 31, 2010, $21,551,448 of the City's combined bank balances of $23,810,372 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, 2010, the City's exposure to interest rate risk was limited to $5,100,000, 6.7% of deposit and investment funds available, with a weighted average maturity period of 228 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. $67,489,339 of the City's cash and cash equivalents are held in U.S. Treasuries and are therefore not exposed to this type of risk.

Agency Funds

Custodial Credit Risk – As of December 31, 2010, the City Agency Funds' combined bank balances of $7,761,558 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, 2010, the City's Agency Funds had no exposure to interest rate risk.

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

(B) Pension Trust

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

The CMPTF is governed by a formal investment policy established by its Board of Directors (Board). The policy dictates that investments must be managed in a manner consistent with the Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act (Act 205) and the Pennsylvania Fiduciaries Code. The policy covers the two components of the CMPTF: 1) the Operating Fund and 2) the Long-Term Assets. The Operating Fund is a liquidity pool to accept employee, employer and supplemental state contributions and to make benefit dispersals. As 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, 2010, $1,142,656 of the City's pension cash and cash equivalents of the $199,336,128 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. $3,111,487 of cash and cash equivalents were held at December 31, 2010 in the separate pension funds; the remaining $195,409,109 was held in the CMPTF.

Investments

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

The Investment Policy of the CMPTF dictates an allocation of 65% equity, 35% fixed income with a variation of 10% above or below these targets for each classification. At December 31, 2010, the CMPTF had a conservative allocation different from the investment policy in an attempt to mitigate further decline in market value. Within each investment category are specific policies to further address various types of risk compared to return.

As of December 31, 2010, the CMPTF had the following cash, cash equivalents. and investments in its pension trust fund:

Investment Type	Fair Market Value
U.S. government and agency obligations	$ 16,210,994
Corporate debt	15,387,318
Other	8,416,383
Total debt securities	40,014,695
Cash and cash equivalents	195,409,109
Mutual funds	52,884,227
Preferred and common stocks	31,300,337
Private equity	12,208,033
Total cash, cash equivalents, and investments	291,801,706
Combined total	$ 331,816,401

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, 2010, these limits have been met.

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

		Investment Maturities from December 31, 2010			
Cash or Investment Type	Fair Market Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government and agency obligations	$ 16,210,994	$ 2,109,337	$ 11,255	$ 4,851,875	$ 9,238,527
Corporate debt	15,387,318	1,293,067	4,985,868	7,272,546	1,835,837
Other	8,416,383	250,597	607,730	3,046,737	4,511,319
Total debt securities	$ 40,014,695	$ 3,653,001	$ 5,604,853	$ 15,171,158	$ 15,585,683

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, 2010 investments in corporate bonds have received the following ratings from Moody's:

	Moody's Credit Rating	% of Corporate Debt Portfolio
Corporate debt	Aaa	27.56%
Corporate debt	Aa1	1.43%
Corporate debt	Aa2	1.83%
Corporate debt	Aa3	3.48%
Corporate debt	A2	1.11%
Corporate debt	BAA & below	64.59%
		100.0%

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 indenture as supplemented and amended in 1998. Throughout the year ended December 31, 2010, 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, 2010, $32,289,000 of PWSA's bank balance of $33,539,000 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 $37,129,000 as of December 31, 2010, 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 $10,073,000.

At December 31, 2010, the PWSA held the following investment balances:

	Carrying Value	Maturity in years Less Than 1 Year
Commonwealth of PA Revenue Bonds (Guaranteed Investment Contracts)	$ 8,531,000	$ 8,531,000
Money market	3,812,000	3,812,000
Commercial paper	65,649,000	65,649,000
Total	$ 77,992,000	$ 77,992,000

The fair value of PWSA's investments is the same as their carrying amount, with the exception of the guaranteed investment contracts which are carried at amortized cost. Investments of $74,180,000 are included as noncurrent restricted investments on the statement of net assets. Investments of $3,812,000 consisting of money market funds are included as noncurrent restricted cash and cash equivalents on the statement of net assets.

Interest Rate Risk – Interest rate risk, the risk that changes in the interest rates will adversely affect the fair market value of the PWSA's investments. PWSA is not subject to interest rate risk as all of its investments at December 31, 2010 had maturities of less than one year.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2010, PWSA's investments in the guaranteed investment contracts were rated AA by Standard & Poor's. The counterparty to PWSA's guaranteed investment contracts is the Commonwealth of Pennsylvania. PWSA's investments in money markets were rated AA by Standard & Poor's. PWSA's investments in commercial paper at December 31, 2010 were rated A-1 by Standard & Poor's. Not all of the investments in commercial paper were rated. Additionally, at December 31, 2010, PWSA had various repurchase agreements. The underlying securities of these repurchase agreements consist primarily of U.S. Treasuries, and are therefore not subject to credit risk.

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PWSA places no limit on the amount it may invest in any one issuer. More than five percent of PWSA's investments are in Abbey National, Wells Fargo/BLB Investment Agent, and Commonwealth of Pennsylvania.

These investments are 6.0%, 72.6%, and 10.9%, respectively, of PWSA's total investments at December 31, 2010.

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

(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, 2010.

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 $250,000 constitute federally uninsured amounts. At March 31, 2010, $300,000 of the Stadium Authority's cash and cash equivalent deposits were insured under federal insurance programs, with the balance of the cash and cash equivalents uninsured and uncollateralized. Credit risk is low, however, as a majority of the uninsured and uncollateralized balance is in either a bank money market product that invests in government-backed securities or a certificate of deposit.

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

<u>Cash and Deposits</u>

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, 2010, the Parking Authority had a bank and book balance of $7,836,576 and $7,971,884, respectively. $47,932,395 of the cash balance is restricted at September 30, 2010.

Investments

As of September 30, 2010, the Parking Authority had the following investments of which $23,095,448 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, 2010 Rating Standard & Poor's	Moody's
J.P. Morgan US Gov Securities	$ 20,314,472	54%		AAAm	Aaa
Blackrock Pif Temporary Fund	13,839,021	37%		AAAm	Aaa
Federal Home Loan Bank Discount	3,588,448	9%	11/30/2010	AAAm	Aaa
Federated Prime Obligations Fund	777	0%		AAAm	Aaa
PNC Moneymarket	100,818	0%			
Total	$ 37,843,536	100%			

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

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

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

(F) Urban Redevelopment Authority (URA)

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

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

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, 2010, $112,509,339 of the URA's bank balance of $114,009,339 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, 2010, the carrying amounts of the URA's deposits were $112,708,388.

As of December 31, 2010, $27,838 of the component unit's bank balance of was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature. As of December 31, 2010, the carrying amounts of the component unit's deposits were $277,838.

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

		Maturity in years						
	Fair market value	Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	26-30 years
Ioney Market Funds	$ 48,109,385	$ 48,109,385	$ -	$ -	$ -	$ -	$ -	$ -
J.S. Treasury Bonds	3,176,645	-	-	1,527,358	1,649,287	-	-	-
iNMA	12,890,294	-	9,209	1,823,101	94,020	72,892	5,197,576	5,693,496
reddie Mac	1,303,643	-	-	-	-	-	345,957	957,686
NMA	30,459,233	-	77,414	177,091	6,575,370	13,920,455	8,339,903	1,369,000
Total	$ 95,939,200	$ 48,109,385	$ 86,623	$ 3,527,550	$ 8,318,677	$ 13,993,347	$ 13,883,436	$ 8,020,182

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

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The URA has an investment policy that limits its investment choices based on credit qualifications by investment type. As of December 31, 2010, the URA's investments in money market funds were rated AAA by Standard & Poor's. The URA's investments in Freddie Mac and FNMA were not rated as of December 31, 2010.

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 (32%).

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

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

(A) Cooperation Agreement

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

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

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

(B) System Lease

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

(C) Pension

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

Uncertainty exists about the future obligation of PWSA and its employees to make contributions to the Plan. Such contributions are contingent upon the continuing eligibility of PWSA's employees to participate in the City's Plan. Eligibility for ongoing employee participation in the City's Plan could end if PWSA was to introduce another pension plan. At this time, PWSA and the City have no definite plans to establish another pension plan for PWSA, other than an agreement in principle that PWSA should have its own plan in the future. Future obligations of PWSA to make contributions to the Plan may also be subject to other amendments of the existing arrangement agreed upon by PWSA and the City.
See additional related party transaction disclosures for the URA, Stadium Authority, and Parking Authority in Note 14.

5. Real Estate Taxes and Property Tax Reassessments

Real Estate Taxes

The City has the power to levy and collect ad valorem taxes on all taxable real estate within its boundaries. Real estate is assessed by Allegheny County Office of Property Assessment pursuant to the terms of the General County Assessment Law and the Second Class County Assessment Law, which require property to be assessed at actual market value. Property is assessed by the Board at 100% of fair market value. The assessed value for 2010 was $13,441,003,778.

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 2010, the City's tax rate was 10.8 mills on the assessed value of the property. The School District of Pittsburgh's tax rate was 13.92 on mills assessed value. A mill is 1/10 of a cent. For example, on a property assessed at $1,000, the City Real Estate tax would be $10.80. The School District of Pittsburgh Real Estate Tax would be $13.92.

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

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

CITY OF PITTSBURGH, PENNSYLVANIA

6. CAPITAL ASSETS

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Governmental activities:				
Non-depreciable assets:				
Land	$ 45,602,091	$ -	$ -	$ 45,602,091
Construction-in-progress	2,686,624	685,377	-	3,372,001
Total	48,288,715	685,377	-	48,974,092
Depreciable assets:				
Buildings and systems	88,778,564	-	-	88,778,564
Accumulated depreciation	(77,028,015)	(1,312,219)	-	(78,340,234)
Net	11,750,549	(1,312,219)	-	10,438,330
Furniture and fixtures	4,063,392	128,661	-	4,192,053
Accumulated depreciation	(3,984,238)	(83,635)	-	(4,067,873)
Net	79,154	45,026	-	124,180
Machinery and equipment	4,226,561	77,970	-	4,304,531
Accumulated depreciation	(3,722,329)	(294,942)	-	(4,017,271)
Net	504,232	(216,972)	-	287,260
Vehicles	60,945,996	4,449,232	(2,088,083)	63,307,145
Accumulated depreciation	(41,211,028)	(5,106,055)	2,049,543	(44,267,540)
Net	19,734,968	(656,823)	(38,540)	19,039,605
Infrastructure	177,810,167	-	-	177,810,167
Accumulated depreciation	(96,881,340)	(5,545,327)	-	(102,426,667)
Net	80,928,827	(5,545,327)	-	75,383,500
Capitalized leases	15,434,653	-	-	15,434,653
Accumulated depreciation	(4,501,432)	(771,733)	-	(5,273,165)
Net	10,933,221	(771,733)	-	10,161,488
Total depreciable assets	351,259,333	4,655,863	(2,088,083)	353,827,113
Total accumulated depreciation	(227,328,382)	(13,113,911)	2,049,543	(238,392,750)
Net	123,930,951	(8,458,048)	(38,540)	115,434,363
Governmental activities, capital assets, net	$ 172,219,666	$ (7,772,671)	$ (38,540)	$ 164,408,455

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

General government	$ 2,412,403
Public safety	2,836,104
Highways, streets, and other capital improvements	5,545,327
Sanitation	1,105,344
Public works	1,050,695
Culture and recreation	164,038
	$ 13,113,911

Component unit's capital asset activity as presented for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Component Units:				
Non-depreciable assets:				
Land	$ 39,480,189	$ -	$ 222,250	$ 39,257,939
Construction-in-progress	26,267,328	49,782,271	34,721,599	41,328,000
Total	65,747,517	49,782,271	34,943,849	80,585,939
Depreciable assets:				
Building and building improvements	82,943,487	217,068	-	83,160,555
Parking facilities	159,544,173	1,500,505	626,175	160,418,503
Machinery and equipment	6,416,438	418,523	636,031	6,198,930
Utility plant	622,977,000	43,133,000	393,000	665,717,000
Non-utility plant	16,529,000	577,000	-	17,106,000
Infrastructure	2,241,369	-	-	2,241,369
Total	890,651,467	45,846,096	1,655,206	934,842,357
Less: accumulated depreciation	(283,478,352)	(19,847,155)	(1,262,206)	(302,063,301)
Net	$ 672,920,632	$ 75,781,212	$ 35,336,849	$ 713,364,995

7. Pension Plans

(A) Organization and Description of Plans

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

In accordance with Act 205 and the Acts under which the Municipal Pension Plan of the City of Pittsburgh, the Policemen's Relief and Pension Plan of the City of Pittsburgh, and the Firemen's Relief and Pension Plan of the City of Pittsburgh were established; a separate accounting for the activities of these three plans is maintained including the employees' contributions, allocation of 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, 2009, the date of the most recent actuarial valuation, the Municipal Plan has 3,466 total members of which 1,783 are active members; 1,606 retirees, disabled, and survivors; and 77 terminated but vested members.

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

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

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

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

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

a. If an employee is age 60 or older with eight years of service, the employee will receive his normal retirement benefit.
b. If an employee becomes disabled before attaining age 60, but with at least eight years of service, his benefit will be calculated as though he was age 60 with his service being the greater of 1) his service at disablement or 2) the lesser of 20 years and his completed service assuming he had continued to work until age 60.
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 two retirees in this group with a total cost to the City in 2010 of $2,450.

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, 2009, the Policemen Plan has 2,494 total members of which 898 are active members; 1,592 retirees, disabled, and survivors; and 4 terminated members not yet receiving benefits.

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

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

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

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

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

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

The Firemen's Relief and Pension Plan

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

All employees of the Bureau of Fire, including the commanding officer and chief of the bureau, are eligible for membership in the Firemen Plan. At January 1, 2009, the Firemen Plan had 1,808 total members of which 642 are active members; 1,165 retirees, disabled, and survivors; and 1 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.

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.

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 and disbursed $15.6 million in State Aid in 2010.

Act 44 of 2009 requires the City's aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City's pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City's plan to meet this level of funding included transferring approximately $45 million to the Comprehensive Trust Fund which was in the Debt Service Reserve Fund in 2010 and dedicating parking tax revenues for the next 31 tax revenues of $13.4 million per year from 2011 through 2017 and $26.8 million per year from 2018 through 2041.

The ICA approved moving the $45 million in Debt Service Reserve Fund to the Pension Fund. The Act 47 Coordinators provided a letter stating that the terms of the City's pension solution complied with the City's Amended Recovery Plan passed in June 2009. The Public Employee Retirement Commission will determine whether the City reached the 50 percent pension funding threshold based on the City's actuary report on the Pension Fund's value as of January 1, 2011.

Annual Pension Cost

The City's annual pension cost for the past three years are depicted in the following table.

	($ in Thousands)		
Fiscal Year Ended	Municipal	Policemen	Firemen
December 31, 2010:			
Annual required contribution	$ 10,334	$ 20,429	$ 14,408
Contribution made	23,246	45,952	32,410
December 31, 2009:			
Annual required contribution	$ 10,158	$ 20,241	$ 14,116
Contribution made	10,158	20,241	14,116
December 31, 2008:			
Annual required contribution	$ 10,457	$ 19,769	$ 7,901
Contribution made	10,457	19,769	7,901

Significant increase in Firemen annual required contribution, between 2008 and 2009, is due to increase in the amortization amount in the 1/1/07 actuarial valuation report, which was used to compute the 2009 annual required contribution.

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

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2009	1/1/2009	1/1/2009
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	29 years	29 years	29 years
Asset valuation method	Tabular Smoothing	Tabular Smoothing	Tabular Smoothing
Actuarial assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases	4.00%	5.75%	5.75%
Inflation rate	3.50%	3.50%	3.50%
Merit and longivity increases	0.50%	2.25%	2.25%

The 1/1/09 actuarial reports reflect the City's decision to change the earnings assumptions from 8.75% to 8.00% and to decrease the amortization period from 40 years to 30 years; all changes were to increase the City's funding of the plans.

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

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

The City has a net pension asset (a negative net pension obligation (NPO)) as of December 31, 2010 calculated as follows:

(Amounts expressed in thousands)

	Municipal	Policemen	Firemen
Annual required contribution	$ 10,334	$ 20,429	$ 14,408
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual pension cost	10,334	20,429	14,408
Contribution made	23,246	45,952	32,410
Change in NPO	(12,912)	(25,523)	(18,002)
NPO, 12/31/2009	-	-	-
NPO, 12/31/2010	$ (12,912)	$ (25,523)	$ (18,002)

Three Year Trend Information

(Amounts expressed in thousands)

Fiscal Year Ending	Pension Plan	Pension Cost (ARC)	Total Contributions as a Percentage of Annual Required Contributions	Net Pension Obligation (Asset)
12/31/2010	Municipal	$ 10,334	224.9%	$ (12,912)
	Policemen	20,429	224.9%	(25,523)
	Firemen	14,408	224.9%	(18,002)
12/31/2009	Municipal	$ 10,158	100.0%	$ -
	Policemen	20,241	100.0%	-
	Firemen	14,116	100.0%	-
12/31/2008	Municipal	$ 10,457	100.0%	$ -
	Policemen	19,769	100.0%	-
	Firemen	7,901	100.0%	-

At January 1, 2009, the membership of the three pension plans consisted of:

Status	Municipal	Policemen	Firemen	Total
Retirees and beneficiaries of deceased retirees currently receiving benefits	1,606	1,592	1,165	4,363
Terminated employees - vested	77	4	1	82
Total	1,683	1,596	1,166	4,445
Active members	1,783	898	642	3,323
Total membership	3,466	2,494	1,808	7,768

The City's funded status and related information as of the latest actuarial valuation date, January 1, 2009, is as follows (in thousands):

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
Municipal:					
$ 115,323	$ 267,616	$ (152,293)	43.09%	$ 73,072	(208.41)%
Policemen:					
$ 105,565	$ 387,858	$ (282,293)	27.22%	$ 63,787	(442.56)%
Firemen:					
$ 118,292	$ 334,060	$ (215,768)	35.41%	$ 47,509	(454.16)%

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

8. Other Postemployment Benefits

In addition to the pension benefits disclosed in Note 7, resolutions of City Council, State statutes, and labor agreements have provided for certain postemployment benefits, other than pension benefits, 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 2010, the City contributed $20,619,535 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 financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Annual required contribution	$ 38,199,505
Interest on net OPEB obligation	1,175,509
Adjustment to annual required contribution	(1,603,695)
Annual OPEB cost	37,771,319
Contributions made	20,619,535
Increase (decrease) in net OPEB obligation	17,151,784
Net OPEB obligation (asset) beginning of year	26,122,417
Net OPEB obligation (asset) end of year	$ 43,274,201

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

1 - Projected salary increase for municipal is 4.00%.

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

Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2010	$ 37,771,319	68%	$ 43,274,201
December 31, 2009	29,521,658	68%	26,122,417
December 31, 2008	29,521,658	69%	16,821,009

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, 2010:

Annual OPEB cost (expense)	$ 182,738
Interest on net OPEB obligation	27,165
Adjustment to annual required contribution	(81,102)
Contributions made	(31,360)
Increase in net OPEB obligation	97,441
Net OPEB obligation - beginning of year	452,742
Net OPEB obligation - end of year	$ 550,183

The Parking Authority's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan was $128,801 and 24.35%, respectively. As of October 1, 2010, the date of the most recent actuarial valuation date, the actuarial accrued liability for benefits was $857,983, all of which was unfunded. The covered payroll was $2,675,858, and the ratio of unfunded actuarial accrued liability to cover payroll was 32.10%. The contributions made as a percentage of required contributions were 56.39%. The contributions were made on a pay-as-you-go basis.

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

9. LONG-TERM LIABILITIES

The maximum amount payable for future maturities of bond and interest on general long-term debt at December 31, 2010 and changes in bond principal for the year then ended are summarized below:

CITY OF PITTSBURGH, PENNSYLVANIA

	Principal				
	Outstanding at December 31, 2009	Bonds paid or defeased and discount amortized during 2010	Bonds issued during 2010	Outstanding at December 31, 2010	Interest
Council and Public Election General Obligation Bonds:					
Twelve general obligation bond issues with rates ranging from 4.0% to 6.60%. The bonds are payable from general revenues.					
2010	$ 49,410,000	$ 49,410,000	$ -	$ -	$ -
2011	51,845,000	-	-	51,845,000	35,555,331
2012	54,675,000	-	-	54,675,000	32,754,603
2013	57,535,000	-	-	57,535,000	29,887,752
2014	60,580,000	-	-	60,580,000	26,849,077
2015	63,865,000	-	-	63,865,000	23,557,491
2016-2020	239,635,000	-	-	239,635,000	65,141,137
2021-2024	103,045,000	-	-	103,045,000	14,010,335
Subtotal	680,590,000	49,410,000	-	631,180,000	227,755,726
Less: discount on zero coupons	(27,535)	(27,535)	-	-	
Unamortized bond issuance costs	(5,156,428)	(637,203)	-	(4,519,225)	-
Unamortized bond discounts/premiums	18,723,880	2,167,175	-	16,556,705	-
Excess cost on debt refinancing	(11,915,047)	(2,035,887)	-	(9,879,160)	-
Less bonds funded by Stadium Authority	(1,834,260)	(1,834,260)	-	-	-
	$ 680,380,610	$ 47,042,290	$ -	$ 633,338,320	$ 227,755,726

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, 2010 are as follows:

	Principal				
	Outstanding at December 31, 2009	Bonds paid or defeased and discount amortized during 2010	Bonds issued during 2010	Outstanding at December 31, 2010	Interest
Urban Redevelopment Authority taxable Revenue Bonds:					
One Special Tax Development Bond with interest rates of 5.0%. The bonds are payable solely from the City's assignment to URA of certain Allegheny Regional Asset District revenues.					
2010	$ 5,885,000	$ 5,885,000	$ -	$ -	$ -
2011	6,205,000	-	-	6,205,000	1,526,875
2012	6,525,000	-	-	6,525,000	1,218,750
2013	6,880,000	-	-	6,880,000	894,875
2014	11,175,000	-	-	11,175,000	553,625
	36,670,000	5,885,000	-	30,785,000	4,194,125

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

	Principal				
	Outstanding at December 31, 2009	Bonds paid during 2010	Bonds issued during 2010	Outstanding at December 31, 2010	Interest
Urban Redevelopment Authority					
Taxable Revenue Bonds:					
Eight tax increment financing (TIF) bonds with interest rates ranging from 5.4% to 10.5% and one TIF note with variable interest rates. Terms of the TIF require repayments of principal and interest soley from tax increment generated in districts and related agreements.					
2010	1,379,080	1,379,080	-	-	-
2011	1,793,980	-	-	1,793,980	1,179,546
2012	1,336,967	-	-	1,336,967	1,060,206
2013	1,451,652	-	-	1,451,652	959,484
2014	1,575,922	-	-	1,575,922	849,595
2015	1,885,615	-	-	1,885,615	724,163
2016-2020	6,226,245	-	-	6,226,245	2,012,680
2021-2025	3,116,817	-	-	3,116,817	531,255
	18,766,278	1,379,080	-	17,387,198	7,316,929
Total Urban Redevelopment Authority debt supported by the City	$ 55,436,278	$ 7,264,080	$ -	$ 48,172,198	$ 11,511,054

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, 2010:

	Balance at December 31, 2009	Additions	Retirements	Balance at December 31, 2010
URA:				
Mortgage Revenue Bond Program	$ 77,965,000	$ -	$ 3,255,000	$ 74,710,000
Home Improvement Loan Program	4,325,000	-	4,325,000	-
PDF Trust bonds	36,670,000	-	5,885,000	30,785,000
Bank loan	3,161,577	-	102,916	3,058,661
Total proprietary fund debt	122,121,577	-	13,567,916	108,553,661
Bank loans	7,643,208	-	361,324	7,281,884
HUD Section 108 loans	15,590,000	14,000,000	4,121,000	25,469,000
Compensated absences	489,114	44,777	-	533,891
Original issue premium	443,382	-	88,676	354,706
Deferred interest	(4,080,160)	-	(816,032)	(3,264,128)
Total debt and other long-term obligations	142,207,121	14,044,777	18,050,240	138,929,014
URA Component Units:				
Pittsburgh Housing Development Corporation:				
Bank construction loans	757,130	165,813	607,908	315,035
Total Component Unit Debt	757,130	165,813	607,908	315,035
Total debt and other long-term obligations - reporting entity	$ 142,964,251	$ 14,210,590	$ 18,658,148	$ 139,244,049

Stadium Authority Debt

Future maturities of bond principal on Stadium Authority indebtedness at March 31, 2010 are as follows:

	Principal: Outstanding at March 31, 2009	Principal: Bonds paid or defeased during 2010	Principal: Bonds and Notes issued during 2010	Principal: Outstanding at March 31, 2010
Stadium Authority Revenue Bonds and Notes:				
Gen. Oblig. Bonds funded by Stadium Authority (reflected as Note due to City of Pittsburgh, see Note 14)	$ 2,425,000	$ 2,425,000	$ -	$ -
	$ 2,425,000	$ 2,425,000	$ -	$ -

Parking Authority Debt

Future maturities of bond and note principal on Parking Authority indebtedness at September 30, 2010 are as follows:

	Principal: Outstanding at September 30, 2009	Principal: Bonds paid or defeased and discount amortized during 2010	Principal: Bonds and notes issued during 2010	Principal: Outstanding at September 30, 2010	Interest
Parking Authority Revenue Bonds and Notes:					
Seven revenue bond issues with interest rates ranging from 2.70% to 5.0%. These bonds are payable from revenue from Parking Authority operations.					
2010	$ 4,680,000	$ 4,680,000	$ -	$ -	$ -
2011	4,805,000	-	-	4,805,000	3,728,721
2012	5,145,000	-	-	5,145,000	3,489,568
2013	5,515,000	-	-	5,515,000	3,233,737
2014	4,553,239	-	-	4,553,239	4,196,558
2015	4,503,814	-	-	4,503,814	4,248,347
2016-2020	23,671,909	-	-	23,671,909	19,259,341
2021-2025	29,440,000	-	-	29,440,000	7,597,162
2026-2027	17,165,000	-	-	17,165,000	710,753
	99,478,962	4,680,000	-	94,798,962	46,464,187
Plus: Appreciated value on Cap. Apprec. Bonds	3,006,673	725,483	-	3,732,156	-
Plus: Bond premium	2,231,573	(323,292)	-	1,908,281	-
Less: Unamortized discount	(48,610)	2,831	-	(45,779)	-
Less: Deferred amount on refinancing	(3,395,830)	402,225	-	(2,993,605)	-
Total	$ 101,272,768	$ 5,487,247	$ -	$ 97,400,015	$ 46,464,187

Pittsburgh Water and Sewer Authority Debt

Future maturities of bond and note principal on PWSA indebtedness at December 31, 2010 are as follows:

	Principal				
	Outstanding at December 31, 2009	Bonds paid or defeased and discount amortized during 2010	Bonds and notes issued during 2010	Outstanding at December 31, 2010	Interest
Pittsburgh Water and Sewer Authority Revenue Bonds:					
Seven revenue bond issues with interest rates ranging from 4.04% to 6.61%, with five revenue refunding bonds with interest rates ranging from 3.375% to 6.5%, and one note with variable interest rate. The bonds are payable from revenue from Water and Sewer operations.					
2010	$ 16,435,000	$ 16,435,000	$ -	$ -	$ -
2011	15,711,000	-	358,000	16,069,000	28,713,037
2012	13,302,000	-	437,000	13,739,000	27,873,417
2013	15,004,000	-	444,000	15,448,000	27,163,200
2014	16,111,000	-	452,000	16,563,000	26,302,712
2015	16,892,200	-	435,800	17,328,000	25,602,365
2016-2020	94,757,200	-	7,399,800	102,157,000	121,686,947
2021-2025	118,287,600	167,600	-	118,120,000	103,196,305
2026-2030	135,845,000	-	-	135,845,000	173,343,647
2031-2035	149,500,000	-	-	149,500,000	59,549,362
2036-2040	185,740,000	-	-	185,740,000	23,347,206
	777,585,000	16,602,600	9,526,600	770,509,000	616,778,198
Less net bond discount (premium)	2,233,000	147,000	-	2,086,000	-
Less unamortized discount on 1998 bonds	(87,642,000)	(3,200,000)	-	(84,442,000)	-
Less deferred refunding loss	(27,106,000)	(1,743,000)	-	(25,363,000)	-
Total	$ 665,070,000	$ 11,806,600	$ 9,526,600	$ 662,790,000	$ 616,778,198

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, 2010, the City continues to guarantee the debt.

	Principal				
	Outstanding at December 31, 2009	Bonds paid or defeased and discount amortized during 2010	Bonds and notes issued during 2010	Outstanding at December 31, 2010	Interest
Public Auditorium Authority Revenue Bonds:					
One bond issue with interest rates ranging from 3.38% to 4.0%. The City's share of debt service on these bonds is payable from general revenues.					
2010	$ 187,500	$ 187,500	$ -	$ -	$ -
2011	197,500	-	-	197,500	57,720
2012	207,500	-	-	207,500	51,055
2013	225,000	-	-	225,000	43,896
2014	232,500	-	-	232,500	36,021
2015	237,500	-	-	237,500	27,651
2016-2018	490,000	-	-	490,000	33,366
Total	$ 1,777,500	$ 187,500	$ -	$ 1,590,000	$ 249,709

(A) Council and Public Election General Obligation Bonds

General Obligation Bonds - Series of 2008 A

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

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

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

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

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

Below is a schedule of the City's General Obligation Bonds as of December 31, 2010:

Serial Bonds	Coupon or Ceiling Rate of Interest		Amount Outstanding
1993A	5.50%	$	17,935,000
1998A, B, C	6.25% - 6.60%		234,235,000
2002A	5.00% - 5.50%		47,695,000
2003A	5.00% - 5.50%		13,540,000
2005A	5.00%		72,740,000
2006 B	4.00% - 5.25%		140,540,000
2006 C	4.25% - 5.25%		47,800,000
2008 A	5.00% - 5.25%		56,695,000
Subtotal			631,180,000
Less: Unamortized bond issuance costs			(4,519,225)
Add: Unamortized bond discounts/premiums			16,556,705
Less: Prepaid interest on debt refinancing			(9,879,160)
Total general obligation bonds payable		$	633,338,320

The City's uninsured Bond Debt ratings are Moody's Baa1 and Standard & Poor's BBB and the City's insured Bond Debt ratings are Moody's A-1, and Standard & Poor's BBB as of December 31, 2010.

In 1993, 1998, 2002, 2005, 2006, and 2008 the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on 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, 2010 is $370,315,000.

(B) Stadium Authority

During the Stadium Authority's fiscal year March 31, 2006, the Stadium Authority obtained three long-term loans to finance the West General Robinson Street Garage. The Employee Real Estate Construction Fund loan totaling \$16.7 million has a 25-year amortization and a 10-year term. Principal and interest at a rate of 7.5% through June 30, 2010, and 7% beginning July 1, 2010 are payable annually. The Strategic Investment Fund loan totaling \$3.5 million has a 15-year amortization and a 10-year term. Principal and interest at a rate of 6.5% are payable annually. The Infrastructure Development Program loan for \$1.25 million has a term of 20 years with a 2% interest rate. The first principal payment is due December 1, 2011. The outstanding balances at March 31, 2010 are \$16,164,377, \$3,180,439, and \$1,250,000, respectively for the three loans.

(C) Pittsburgh Water and Sewer Authority

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

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

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

During March 2007, PWSA issued \$158,895,000 Series 2007 First Lien Water and Sewer Revenue Bonds ("2007 Bonds"): \$43,720,000 Series A of 2007 (fixed rate), \$57,585,000 Series B-1 of 2007 (variable rate demand), and \$57,590,000 Series B-2 of 2007 (variable rate demand). The purpose of this bond issue was to refund the Series 2002 and Series 2005 Bonds (the refunded bonds). In connection with the debt refundings, PWSA recorded a deferred refunding loss of \$6,032,000 which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method. At December 31, 2010, the principal of the defeased Series 2002 Bonds outstanding was \$92,370,000 and the defeased 2005 Bonds outstanding was \$45,450,000.

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

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

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

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

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

In connection with these advance refundings, portions of the proceeds of the 2008 Bonds were deposited into irrevocable trusts with an escrow agent to provide for certain debt service payments on the refunded bonds. The advance refunding resulted in a deferred refunding loss of $18,119,000 that will be amortized as an adjustment to interest expense over the life of the 2008 Bonds using the effective interest method. At December 31, 2010, the principal of the defeased Series 1993A Bonds outstanding was $21,875,000 and the defeased 2003 Bonds outstanding was $26,130,000. The maturity value of defeased 1998B compound interest bonds outstanding at December 31, 2010 was $19,300,000.

The Taxable 2008 Series A Bonds bear interest at rates ranging from 6.36% to 6.61%. Interest is payable in semi-annual installments on March 1 and September 1 until maturity. The Taxable 2008 Series A Bonds are subject to optional redemption, in whole or in part, on any date, at the option of the Authority. The Taxable 2008 Series A Bonds that mature in 2018 and 2024 are subject to mandatory sinking fund payments beginning in 2017 and continuing through 2024.

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

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

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

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

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

During November 2009 the remaining C-1 Bonds were reoffered as the C1-D Series of $26,910,000. These bonds were also issued in a term interest rate mode, fixing the interest rate at 2.625%. It is the Authority's understanding that this rate is only fixed for one year before it will reset.

Credit facilities for the 2008 Series C1-A, C1-B, and C1-C bonds are provided by the Northwest Savings Bank, ESB Bank, and Washington Federal Savings bank, respectively. Liquidity facilities continue to be provided by JP Morgan Chase on the 2007-B1, 2007-B2, 2008-C2, and 2008-D2 Series bonds and are set to expire on June 11, 2010. PWSA renewed the standby purchase agreements on the Series 2007 B-1 (face $41.32 million)and 2007 B-2 (face $41.33 million) bonds for two years, expiring June of 2012, and Series 2008 C-2 (face $51.89 million) for one year, expiring June 2011, with JP Morgan Chase. For the Series 2008 D-2 (face $71.23 million) issue, PWSA replaced JP Morgan Chase with PNC Bank as standby provider for a term of one year, expiring August of 2011.

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

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

The 2008 Fixed Rate Bonds were issued at a bond premium of $824,000 which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method. Bond issuance costs of $7,459,000 including $5,036,000 of swap termination fees, are also being amortized over the life of the Bonds using the effective interest method.
The 2008 Variable Rate Bonds issuance costs of $9,337,000 including $594,000 of swap termination fees, are being amortized over the life of the Bonds using the effective interest method.

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

Swap Transactions

Notional Amount	Effective Date	Maturity Date	Interest Rate Paid	Interest Rate Received	Counterparty Credit Rating	Underlying Bonds
Hedging derivatives, cash flow hedges, receive variable - pay fixed, interest rate swaps:						
$ 41,325,000	3/9/2007	9/1/2033	3.932%	SIFMA	AA3	Series 2007 B-2
41,320,000	3/9/2007	9/1/2033	3.932%	SIFMA	Aa1	Series 2007 B-1
72,747,500	6/12/2008	9/1/2039	4.038%	SIFMA	AA3	Series 2008 B-1
41,518,000	6/12/2008	9/1/2035	3.998%	SIFMA	AA3	Series 2008 C
72,747,500	6/12/2008	9/1/2039	4.038%	SIFMA	Aa1	Series 2008 B-2
71,225,000	6/12/2008	9/4/2040	4.103%	SIFMA	Aa1	Series 2008 D-2
Investment derivatives, receive variable - pay fixed, interest rate swaps:						
$ 62,277,000	6/12/2008	9/4/2035	3.998%	SIFMA	Aa1	Series 2008 C

Total swap market value at December 31, 2010 is ($36,856,000).

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

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

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

The interest payments on the interest rate swaps are calculated based on notional amounts, all of which reduce, beginning on September 1, 2035, so that the notional amounts approximate the principal outstanding on the respective bonds. The interest rate swaps expire consistent with the final maturity of the respective bonds.

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

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

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

The interest payments on the interest rate swaps are calculated based on notional amounts, both of which reduce, beginning on September 1, 2018, so that the notional amounts approximate the principal outstanding on the respective bonds. The interest rate swaps expire on September 1, 2033 consistent with the final maturity of the bonds.

Accounting and Risk Disclosures

During the year ended December 31, 2010, PWSA paid $16,042,000, fixed and received $942,000, variable related to their outstanding swap agreements.

As noted in the tables above, current period changes in market value for the interest rate swaps that are accounted for as hedges are recorded on the statement of net assets as deferred outflows.

Additionally, current period changes in market value for the interest rate swap accounted for as an investment is recorded on the statement of revenues, expenses and changes in net assets as a component of investment income.

The cumulative fair market value of the outstanding interest rate swaps of December 31, 2010 are reported on the statement of net assets as a swap liability.

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

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

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

  PWSA currently does not enter into master netting arrangements with its counterparties as such each derivative instrument should be evaluated on an individual basis for credit risk.

  Concentration of credit risk: PWSA currently has two counterparties, with four and three outstanding interest rate swaps respectively. PWSA's outstanding market value as of December 31, 2010 and 2009, respectively, is $(22,688,459) and $(21,758,170) with one counterparty and $(14,167,909) and $(13,298,959) with the second counterparty. Both counterparties operate in the same markets and could be similarly impacted by changes in economic or other conditions.

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

- Termination risk is the risk that a derivative's unscheduled end will affect the Authority's asset/liability strategy or will present PWSA with potentially significant unscheduled termination payments to the counterparty. The counterparties to the interest rate swaps do not have the ability to voluntarily terminate the interest rate swap; however, PWSA is exposed to termination risk in the event that the one or more of the counterparties default.

- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of a government's financial instruments or cash flows. The interest rate swap that is accounted for as an investment exposes PWSA to interest rate risk. The interest rate swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair market value. The interest rate swap will terminate on September 4, 2035.

- Basis risk is the risk that arises when variable interest rates on a derivative and an associated bond or other interest-paying financial instrument are based on different indexes. PWSA is subject to basis risk as the interest index on the variable rate arm of the swaps is based on the SIFMA Municipal Swap Index and the variable interest rate on the bonds is based on a different index, a weekly rate that is determined by a remarketing agent. Although expected to correlate, the relationships between different indexes vary and that variance could adversely affect PWSA's calculated payments, and as a result cost savings or synthetic interest rates may not be realized.
  PWSA is further subject to basis risk in the event that the underlying bonds become fixed rate Bank Bonds or that the maturity of the underlying bonds is accelerated.

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

Contingencies

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

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

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

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

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

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

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

The Bonds bear interest an interest rate of 5.0% and mature through 2014. $6,205,000 is due in 2011.

(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.

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 2010, the City's share of the TIF revenue was $6,338,916, whereas the City's share of the principal and interest paid on the TIF Bonds and Note were $2,657,517.

As of December 31, 2010, the following is a list of the TIF Bonds and Notes outstanding:

Serial Bonds	Coupon Rate of Interest	Total Outstanding	City Portion
1995A (Penn Avenue Place)	6.00%	$ 1,470,000	$ 556,395
1995B (Lazarus)	6.25%	2,170,000	821,346
2008 Refunded (Alcoa)	8.01%	3,595,000	1,358,191
2009 Refunded (Mellon)	7.68%-8.05%	9,690,000	3,950,614
2001 (Heinz)	6.61%-7.16%	2,535,000	930,093
2003A (Station Square)	8.25%-8.50%	3,035,000	1,113,543
2003B (Station Square)	10.50%	2,780,000	1,019,985
2003 Note (Panther Hollow)	Variable	3,450,000	1,265,809
2006 Bond (Fifth and Market)	5.40%-5.88%	17,365,000	6,371,222
Total		$ 46,090,000	$ 17,387,198

(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, 2010 is as follows:

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 3.75% to 6.25% and mature through 2036. $3,145,000 is due in 2011.

Home Improvement Loan Program Bonds

These bonds were issued 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.

The bonds were repaid in full during the year given lack of demand for home improvement products and the existence of sufficient repayments in the Indenture to repay the higher interest rate debt on the bonds.

Bank Loans

The URA received a loan to finance renovations to the Lexington Technology Park buildings. The loan is fixed at an interest rate of 4.57%. At December 31, 2010, $3,058,661 is outstanding. Final maturity is February 28, 2019. Monthly payments are based on a twenty year amortization with a balloon payment due at maturity. $110,159 is due on this loan in 2011.

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, 2010, $2,093,837 is outstanding. Final maturity is February 28, 2019. $217,820 is due on this loan in 2011.

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 for this loan. At December 31, 2010, $824,610 is outstanding. Final maturity is February 28, 2025. $37,646 is due on this loan in 2011.

On March 26, 2004, the Authority entered into a construction loan agreement. As of December 31, 2010, the outstanding loan balance was $2,863,437. 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.

In 2009, the URA assumed a loan in the amount of $1.5 million. The loan principal is due upon sale of the Highland Hotel property.

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, 2010, $2.949 million is outstanding. $320,000 is due in 2011.

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, 2010, $3.920 million is outstanding. $430,000 is due in 2011.

During 2008, the URA received three additional HUD Section 108 loans to provide funding for the Pittsburgh Technology Center. The first loan, in the original principal amount of $3 million is for site improvements and streets and utilities relocation. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2010, $3 million is outstanding. $110,000 is due in 2011.

The second loan, in the original principal amount of $2 million is for the construction of a 160-space parking condominium. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2010, $2 million is outstanding. $73,000 is due in 2011.

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

During 2009, the URA received a HUD Section 108 loan for the South Side Works Infrastructure Project, for an amount not to exceed $4,000,000. $3 million was drawn during 2009 representing interim financing which was converted into permanent financing with HUD on June 17, 2010. The new loan bears interest at 2% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. At December 31, 2010, $3.6 million is outstanding. $411,000 is due in 2011. The loan is secured by pledged tax increment revenues of the project.

In 2010, The URA received a $10,000,000 HUD Section 108 loan to provide funding for the East Liberty Portal Project. The loan bears interest at 3.30% and is interest only until maturity on August 1, 2019. The proceeds of the loan were used to provide a portion of the financing for the project through certain qualified community development entities (CDE's). The loan is secured by a note receivable and a Pledge and Assignment of CDE membership interest to the URA. As additional collateral, the URA obtained an assignment of the net lease proceeds from a certain property owned by an entity related to the developer of the project. The loan is also secured by the URA's future Community Development Block Grant grants. The note receivable bears interest at 5% and principal is due on August 1, 2018. Any excess of interest received on the note receivable over interest paid on the HUD 108 loan must be held in trust until the HUD 108 loan is repaid in full.

Annual debt service requirements of the URA are as follows:

Years	Principal	Interest	Total
2011	$ 15,423,062	$ 6,565,333	$ 21,988,395
2012	11,328,723	5,857,898	17,186,621
2013	11,779,061	5,327,310	17,106,371
2014	16,180,708	4,768,359	20,949,067
2015	4,957,744	20,100,404	25,058,148
2016-2020	36,785,575	16,121,020	52,906,595
2021-2025	20,802,672	10,182,475	30,985,147
2026-2030	18,972,000	4,137,091	23,109,091
2031-2035	4,940,000	714,723	5,654,723
2036	135,000	18,875	153,875
	$ 141,304,545	$ 73,793,488	$ 215,098,033

URA Component Unit Debt consists of the following:

PHDC-Bank Loans

The PHDC had outstanding construction loans payable to banks of $315,035. Interest accrues on the loans at rates of 4.25%. Loans are due on demand.

Future Maturities

Principal payments of $3,142,377 are due in 2011 for URA's component units.

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 2010:

	Accrued Workers' Compensation	Accrued Compensated Absences	Accrued Claims and Judgments	Capital Lease Obligation
Balance, January 1, 2010	$ 154,297,052	$ 25,746,089	$ 10,299,000	$ 12,658,713
Additions	16,088,476	14,584,726	2,216,494	-
Reductions/payments	(17,389,517)	(10,560,289)	(2,577,162)	(584,247)
Balance, December 31, 2010	152,996,011	29,770,526	9,938,332	12,074,466
Less amounts accrued within short-term	(17,609,841)	(17,504,115)	(3,491,666)	(620,286)
Long-term portion, December 31, 2010	$ 135,386,170	$ 12,266,411	$ 6,446,666	$ 11,454,180

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

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

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

	Year Ended December 31,
2011	$ 1,364,417
2012	1,385,300
2013	1,385,300
2014	1,385,300
2015	1,385,300
2016-2020	7,379,225
2021-2024	4,954,950
Total	19,239,792
Less interest:	(7,165,326)
Present value	$ 12,074,466

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, 2010:

General Fund:	
Commonwealth of Pennsylvania	$ 2,052,261
Special Revenue CDBG:	
Housing and Urban Development	3,749,208
Other Governmental Funds:	
Commonwealth of PA Department of Education	200,000
Job Training Partnership Program	1,216,579
Allegheny County - parks	374,065
	1,790,644
Capital Projects:	
Commonwealth of Pennsylvania - Highway Fund	735,667
Federal Government - Highway Fund	2,574,902
Regional Asset District	1,084,721
	4,395,290
Total due from other governments - governmental funds	$ 11,987,403

(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, 2010:

General Fund:	
Pittsburgh Board of Education	$ 2,404,862
Commonwealth of Pennsylvania	79,387
	2,484,249
Other Governmental Funds:	
Commonwealth of Pennsylvania	76,745
Total due to other governments - governmental funds	$ 2,560,994

11. Interfund Receivable and Payable Balances

	Due From			
	General	Other Governmental	Community Development	Total
Due To:				
General	$ -	$ 420,917	$ 168,287	$ 589,204
Debt Service	302,217	-	-	302,217
Other Governmental	8,160	-	217,950	226,110
Capital Projects	-	-	1,364,873	1,364,873
Community Development	-	3,047	-	3,047
	$ 310,377	$ 423,964	$ 1,751,110	$ 2,485,451

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

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

12. Transfers

Transfers between primary government funds:

	Transfer From				
	General	Debt Service	Capital Projects	Other Governmental	Total
Transfer To:					
General Fund	$ -	$ 45,370,743	$ -	$ 3,472,499	$ 48,843,242
Debt Service	84,876,789	-	-	-	84,876,789
Other Governmental	100,000	-	4,202,696	784,715	5,087,411
Total	$ 84,976,789	$ 45,370,743	$ 4,202,696	$ 4,257,214	$ 138,807,442

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, (4) to move funds to Capital Projects Fund for capital expenditures, and (5) to move debt service reserve to General Fund for payment to Pension Trust Fund as discussed in Note 7.

13. NET ASSET DEFICIT

Stadium Authority Deficit

The net asset deficit of the Stadium Authority of $8,185,599 is expected to be subsidized through future revenues from the RAD. The Stadium Authority will receive decreasing amounts of support through the year 2011.

PWSA Deficit

The net asset deficit of PWSA of $30,167,000 is expected to be subsidized through future rate increases. PWSA has raised rates for 2011.

14. RELATED PARTY TRANSACTIONS

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

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

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

As a result of a Modification Agreement dated August 10, 2005, the Improvements Note became an equity participation loan on June 1, 2009. The outstanding principal balance is

$4,936,275. No payments are due except from net proceeds of the operation of the mall, refinancing or sale. No payments were made in 2010.

(C) In February 2000, the Parking Authority and the City amended the cooperation agreement between them dated February 5, 1995. Among other things, the amended cooperation agreement increased from $1.4 million to $1.9 million the Parking Authority's annual payment in lieu of real estate taxes to the City. Under the terms of the agreement, however, the payment to the City is made only upon the Parking Authority successfully meeting its annual debt service requirements, determined each year on December 15. This amendment effectively subordinates the Authority's annual payment in lieu of taxes, providing additional security for Authority bondholders. The City has agreed that the annual payment in lieu of real estate taxes will be offset for two items. First, as a result of the June 2005 repayment of the outstanding URA Bonds on the Oliver Parking Facility, the Oliver Parking Tax TIF lapsed. In consideration of the increase in parking taxes received by the City for the Oliver Garage as a result of the lapsed TIF, the City agreed to a reduced payment in lieu of real estate taxes in amount equal to the Oliver Garage Parking Tax, being revenue neutral for both parties. The second reduction, beginning in fiscal year 2009, is for the costs incurred by the Parking Authority for the possible monetization of the Parking Authority's assets to help fund the City's pension liability. These two reductions have reduced the annual payment in lieu of real estate taxes from $1.9 million to $123,475 for the year ended September 30, 2010. The Parking Authority has reflected within their financial statements at September 30, 2010 as accounts payable and other accrued expenses amounts owed to the City for miscellaneous items totaling $2,359,211. However, the City does not have a corresponding receivable of the same amount recorded due to the difference in years-ended.

15. Construction and Lease Commitments

As of December 31, 2010, the City had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	
Forbes/Market Street Reconstruction	$	417,270
Bates Street/2nd Avenue Improvement		3,222,525
Penn-Bi-Direct-Traffic Conversion		3,955,558
	$	7,595,353

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, 2010, $41 million of the program is complete and $87 million is under active contract.

At December 31, 2010, URA had entered into contracts for professional services and construction totaling approximately $14 million. Approximately $3.5 million for public improvement work at Oakhill, $3.4 million for park construction at South Side Works, $2.4 million for the rehabilitation of the North Shore Underpasses, and $1.5 million for the construction of the Eastside Pedestrian Bridge. The remaining contract commitments are for various smaller projects.

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 2010. The City allocated approximately $4.7 million to park operations.

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

17. Contingencies

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

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

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

Component Units

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

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

Given the scope of the Order, the size of the City sewer system, and the various conditions and/or deficiencies that may be discovered by the assessment, it is difficult to predict the total cost of compliance with the Order. Moreover, it is difficult to predict what, if any, large-scale and/or regional capital improvements may be required after the completion of the assessment to address wet weather sewer overflows in the City and in the ALCOSAN service area. Large-scale and/or regional capital improvements are not covered by the Order. The Authority 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.

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, 2010, 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, 2010 and 2009 are as follows:

	2010	2009
Accrued claims and judgments, January 1	$ 10,299,000	$ 7,705,000
Current year claims	2,216,494	7,957,313
Claim payments	(2,577,162)	(5,363,313)
Accrued claims and judgments, December 31	$ 9,938,332	$ 10,299,000

These accruals are subject to potential losses in excess of the amount recorded at year-end; it is unlikely that the amount for such potential losses would be material.
Also, the City is fully self-insured for workers' compensation benefits. These amounts were calculated by actuaries, based on industry standards and utilizing discount rate of 2.5%. A self-insurance reserve fund in the amount of $341,902 (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, 2010 and 2009 are as follows:

	2010	2009
Accrued worker's compensation, January 1	$ 154,297,052	$ 143,792,504
Current year claims	16,088,476	30,614,286
Claim payments	(17,389,517)	(20,109,738)
Accrued worker's compensation, December 31	$ 152,996,011	$ 154,297,052

19. Subsequent Events

Component Units:

In January 2011, the URA entered in a five year term lease with the Buncher Company for the Produce Terminal site. For a monthly lease fee of $15,275, Buncher Company manages the Produce Terminal with an option to buy the site for $1.8 million during the lease term.

In April 2011, the URA received a bank loan totaling $4,575,000. The proceeds of the loan were used to consolidate and refinance the debt on the Southside Works Garage loans.

CITY OF PITTSBURGH, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA
PENSION TRUST FUNDS

SCHEDULES OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
Municipal:						
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%
1/1/2009	115,323	267,616	(152,293)	43.09%	73,072	-208.41%
Policemen:						
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%
1/1/2009	105,565	387,858	(282,293)	27.22%	63,787	-442.56%
Firemen:						
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%
1/1/2009	118,292	334,060	(215,768)	35.41%	47,509	-454.16%

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
Municipal:							
2005	$ 10,143	$ 3,328	32.8%	$ 6,815	67.2%	$ 10,143	100.0%
2006	10,692	4,086	38.2%	6,606	61.8%	10,692	100.0%
2007	11,950	6,252	52.3%	5,698	47.7%	11,950	100.0%
2008	10,457	4,810	46.0%	5,647	54.0%	10,457	100.0%
2009	10,158	4,589	45.2%	5,569	54.8%	10,158	100.0%
2010	10,334	19,678	190.4%	3,568	34.5%	23,246	224.9%
Policemen:							
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	17,466	11,996	68.7%	5,470	31.3%	17,466	100.0%
2008	19,769	14,327	72.5%	5,442	27.5%	19,769	100.0%
2009	20,241	14,584	72.1%	5,657	27.9%	20,241	100.0%
2010	20,429	38,899	190.4%	7,053	34.5%	45,952	224.9%
Firemen:							
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	8,742	4,728	54.1%	4,014	45.9%	8,742	100.0%
2008	7,901	3,842	48.6%	4,059	51.4%	7,901	100.0%
2009	14,116	10,312	73.1%	3,804	26.9%	14,116	100.0%
2010	14,408	27,436	190.4%	4,974	34.5%	32,410	224.9%

See accompanying note to required supplementary pension schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTE TO REQUIRED SUPPLEMENTARY PENSION SCHEDULES

YEAR ENDED DECEMBER 31, 2010

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

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2009	1/1/2009	1/1/2009
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	29 years	29 years	29 years
Asset valuation method	Tabular Smoothing	Tabular Smoothing	Tabular Smoothing
Actuarial assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases	4.00%	5.75%	5.75%
Cost-of-living adjustments	3.50%	3.50%	3.50%
Merit and longivity increases	0.50%	2.25%	2.25%

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLANS

YEAR ENDED DECEMBER 31, 2010
(Dollar Amounts in Thousands)

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

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

CITY OF PITTSBURGH, PENNSYLVANIA

SUPPLEMENTARY INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	Equipment Leasing Authority	Liquid Fuels Tax	JTPA	Public Safety	Civic and Cultural	Grants and Donations	Total
Assets							
Cash and cash equivalents	$ 259,684	$ 291,276	$ 1,344,690	$ 5,076,283	$ 6,723,293	$ 945,505	$ 14,640,731
Other receivables	-	-	-	148,209	391,054	150,000	689,263
Accrued interest	-	20	-	-	-	-	20
Due from other governments	-	-	1,216,579	-	374,065	200,000	1,790,644
Due from General Fund	-	-	-	8,160	-	-	8,160
Due from other Special Revenue Fund	-	-	16,000	-	201,950	-	217,950
Total Assets	$ 259,684	$ 291,296	$ 2,577,269	$ 5,232,652	$ 7,690,362	$ 1,295,505	$ 17,346,768
Liabilities and Fund Balance							
Liabilities:							
Account payable	$ 134,250	$ 92,256	$ 1,879,571	$ 45,760	$ 292,080	$ 864,327	$ 3,308,244
Accrued liabilities	-	-	471,776	-	702,101	-	1,173,877
Due to General Fund	-	-	201,352	174,377	20,000	25,188	420,917
Due to other Special Revenue Fund	-	-	-	3,047	-	-	3,047
Due to other governments	-	-	-	76,745	-	-	76,745
Total Liabilities	134,250	92,256	2,552,699	299,929	1,014,181	889,515	4,982,830
Fund Balance:							
Reserved for encumbrances	-	-	-	344,244	259,831	-	604,075
Unreserved	125,434	199,040	24,570	4,588,479	6,416,350	405,990	11,759,863
Total Fund Balance	125,434	199,040	24,570	4,932,723	6,676,181	405,990	12,363,938
Total Liabilities and Fund Balance	$ 259,684	$ 291,296	$ 2,577,269	$ 5,232,652	$ 7,690,362	$ 1,295,505	$ 17,346,768

CITY OF PITTSBURGH, PENNSYLVANIA

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

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2010

	Equipment Leasing Authority	Liquid Fuels Tax	JTPA	Public Safety	Civic and Cultural	Grants and Donations	Total
Revenues:							
Interest and dividends	$ -	$ 4,705	$ -	$ 77	$ -	$ -	$ 4,782
Fines and forfeits	-	-	-	443,730	-	-	443,730
Intergovernmental revenues	-	6,041,991	14,770,716	964,932	6,410,555	3,868,151	32,056,345
Charges for user services	-	-	-	753,929	2,485,855	-	3,239,784
Miscellaneous	164,744	-	-	-	48,050	287,500	500,294
Total revenues	164,744	6,046,696	14,770,716	2,162,668	8,944,460	4,155,651	36,244,935
Expenditures:							
General government	108,999	-	-	331,842	32,339	2,717,879	3,191,059
Public safety	-	-	-	1,256,406	-	1,026,259	2,282,665
Public works	-	2,645,093	-	-	5,856,726	1,624,831	10,126,650
Community, recreational, and cultural	-	-	-	-	3,291,635	-	3,291,635
Economic and physical development	-	-	14,770,716	-	-	-	14,770,716
Capital outlay	5,360,469	-	-	-	-	-	5,360,469
Total expenditures	5,469,468	2,645,093	14,770,716	1,588,248	9,180,700	5,368,969	39,023,194
Excess (Deficiency) of Revenues Over Expenditures	(5,304,724)	3,401,603	-	574,420	(236,240)	(1,213,318)	(2,778,259)
Other Financing Sources (Uses):							
Operating transfers in	4,987,411	-	-	-	100,000	-	5,087,411
Operating transfers out	-	(3,472,500)	-	(107,946)	(520,000)	(156,768)	(4,257,214)
Total other financing sources (uses)	4,987,411	(3,472,500)	-	(107,946)	(420,000)	(156,768)	830,197
Net Change in Fund Balance	(317,313)	(70,897)	-	466,474	(656,240)	(1,370,086)	(1,948,062)
Fund Balance:							
Beginning of year	442,747	269,937	24,570	4,466,249	7,332,421	1,776,076	14,312,000
End of year	$ 125,434	$ 199,040	$ 24,570	$ 4,932,723	$ 6,676,181	$ 405,990	$ 12,363,938

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS

DECEMBER 31, 2010

	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Assets					
Cash and cash equivalents	$ 195,409,109	$ 115,769	$ 2,976,245	$ 19,473	$ 198,520,596
Investments:					
Preferred and common stock	31,300,337	-	-	-	31,300,337
U.S. government and agency obligations	16,210,994	-	-	-	16,210,994
Corporate and other obligations	23,803,701	-	-	-	23,803,701
Mutual funds	52,884,227	-	-	-	52,884,227
Private equity	12,208,033	-	-	-	12,208,033
Due from (to) other fund	(435,783)	-	435,783	-	-
Accrued interest and dividend receivables	540,982	-	-	-	540,982
Total Assets	331,921,600	115,769	3,412,028	19,473	335,468,870
Liabilities					
Benefits and related withholdings payable	-	-	2,637,469	-	2,637,469
Due to City of Pittsburgh Trust and Agency Fund	-	-	6,640	4,420	11,060
Accrued liabilities and other payables	-	23,255	-	-	23,255
Total Liabilities	-	23,255	2,644,109	4,420	2,671,784
Net Assets Held in Trust for Pension Benefits	$ 331,921,600	$ 92,514	$ 767,919	$ 15,053	$ 332,797,086

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2010

	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Additions:					
Contributions:					
Employer - pension benefits	$ 86,013,337	$ -	$ -	$ -	$ 86,013,337
Employer - other benefits	2,533,689	-	927,874	-	3,461,563
Plan members	10,143,686	-	-	-	10,143,686
State aid	15,595,175	-	-	-	15,595,175
Total contributions	114,285,887	-	927,874	-	115,213,761
Investment income:					
Net appreciation in fair value of investments	12,757,573	-	-	-	12,757,573
Interest and dividends	4,676,671	-	-	1,578	4,678,249
Total investment income	17,434,244	-	-	1,578	17,435,822
Investment expense	(666,944)	-	-	-	(666,944)
Net investment income	16,767,300	-	-	1,578	16,768,878
Miscellaneous:					
Transfer in	-	21,144,863	31,874,578	28,243,000	81,262,441
Other	36,724	-	-	9,600	46,324
Total additions	131,089,911	21,144,863	32,802,452	28,254,178	213,291,404
Deductions:					
Benefit payments	-	20,105,804	32,261,808	27,977,630	80,345,242
Refund of employee contributions	-	749,363	133,196	42,641	925,200
Transfer out	81,262,441	-	-	-	81,262,441
Administrative expense	432,463	291,879	324,834	234,252	1,283,428
Total deductions	81,694,904	21,147,046	32,719,838	28,254,523	163,816,311
Net Increase (Decrease) in Plan Net Assets	49,395,007	(2,183)	82,614	(345)	49,475,093
Net Assets:					
Beginning of year	282,526,593	94,697	685,305	15,398	283,321,993
End of year	$ 331,921,600	$ 92,514	$ 767,919	$ 15,053	$ 332,797,086

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2010

	Balance at December 31, 2009	Additions	Deletions	Balance at December 31, 2010
EMPLOYEE BENEFITS				
Assets				
Cash and cash equivalents	$ 6,974,597	$ 62,868,787	$ 62,675,003	$ 7,168,381
Other assets	102,607	3,418,094	102,607	3,418,094
Total Assets	$ 7,077,204	$ 66,286,881	$ 62,777,610	$ 10,586,475
Liabilities				
Accrued liabilities	$ 7,077,204	$ 66,286,881	$ 62,777,610	$ 10,586,475
DEPOSITS				
Assets				
Cash and cash equivalents	$ 3,207,501	$ 9,995,101	$ 9,846,964	$ 3,355,638
Total Assets	$ 3,207,501	$ 9,995,101	$ 9,846,964	$ 3,355,638
Liabilities				
Accrued liabilities	$ 1,936,335	$ 9,497,604	$ 9,359,132	$ 2,074,807
Deposits held in trust	1,271,166	497,497	487,832	1,280,831
Total Liabilities	$ 3,207,501	$ 9,995,101	$ 9,846,964	$ 3,355,638
OTHER				
Assets				
Cash and cash equivalents	$ 1,041,376	$ 583,453	$ 529,475	$ 1,095,354
Total Assets	$ 1,041,376	$ 583,453	$ 529,475	$ 1,095,354
Liabilities				
Accrued liabilities	$ 860,510	$ 583,453	$ 493,224	$ 950,739
Accounts payable	12,044	-	-	12,044
Deposits held in trust	168,822	-	36,251	132,571
Total Liabilities	$ 1,041,376	$ 583,453	$ 529,475	$ 1,095,354
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	$ 11,223,474	$ 73,447,341	$ 73,051,442	$ 11,619,373
Other assets	102,607	3,418,094	102,607	3,418,094
Other receivables	-	-	-	-
Total Assets	$ 11,326,081	$ 76,865,435	$ 73,154,049	$ 15,037,467
Liabilities				
Accrued liabilities	$ 9,874,049	$ 76,367,938	$ 72,629,966	$ 13,612,021
Accounts payable	12,044	-	-	12,044
Deposits held in trust	1,439,988	497,497	524,083	1,413,402
Total Liabilities	$ 11,326,081	$ 76,865,435	$ 73,154,049	$ 15,037,467

CITY OF PITTSBURGH,
PENNSYLVANIA

CITY OF PITTSBURGH, PENNSYLVANIA

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

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Variance
Revenues:			
Intergovernmental	$ 21,641,917	$ 21,641,917	$ -
Total revenues	21,641,917	21,641,917	-
Expenditures:			
Capital projects:			
Engineering and construction	16,541,794	844,964	15,696,830
Parks and recreation	2,330,877	401,322	1,929,555
Public works	34,194,122	13,976,182	20,217,940
General services	880,438	232,750	647,688
Urban Redevelopment Authority	5,287,591	1,979,277	3,308,314
Capital outlay	2,002,111	484,298	1,517,813
Other	28,211,128	10,134,759	18,076,369
Total expenditures	89,448,061	28,053,552	61,394,509
Excess (Deficiency) of Revenues Over Expenditures	(67,806,144)	(6,411,635)	61,394,509
Net Change in Fund Balance	$ (67,806,144)	$ (6,411,635)	$ 61,394,509

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2010
(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.	$ 21,642
The adjustments to convert to GAAP basis, recording of receivables, and revenues not included in budget.	(12,878)
Total Capital Projects Fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	$ 8,764

Users/Outflows of Revenues:

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement.	$ 28,053
Transfer budgeted as project.	(4,203)
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	1,761
Total Capital Projects Fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balance.	$ 25,611

(Concluded)

CITY OF PITTSBURGH, PENNSYLVANIA

STATISTICAL SECTION

Statistical Section

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

Contents | **Page**

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 - 2010
ACCRUAL BASIS OF ACCOUNTING

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

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 NINE YEARS
ACCRUAL BASIS OF ACCOUNTING

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

Table 3

CITY OF PITTSBURGH, PENNSYLVANIA

PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST NINE YEARS
ACCRUAL BASIS OF ACCOUNTING

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:									
General government	$ 68,630,131	$ 72,158,419	$ 71,287,551	$ 68,318,461	$ 54,018,594	$ 41,685,156	$ 51,928,324	$ 53,644,160	$ 48,442,370
Public safety	34,577,088	36,872,062	34,142,202	33,789,076	32,358,373	37,581,019	33,312,992	37,628,587	34,730,729
Highways and streets	22,453,872	20,333,685	19,977,958	19,590,563	14,037,094	17,875,858	14,716,164	26,131,273	17,774,927
Sanitation	588,240	304,727	767,921	573,092	943,637	1,235,374	904,806	1,693,702	1,380,529
Economic development	10,426,726	8,973,109	5,783,512	8,149,974	5,374,674	8,701,367	13,445,922	8,342,979	9,972,930
Cultural and recreation	5,188,801	4,828,018	5,332,166	5,050,621	4,590,708	5,142,357	3,742,855	3,680,781	3,752,404
Total primary government	$ 141,864,858	$ 143,470,020	$ 137,291,310	$ 135,471,787	$ 111,323,080	$ 112,221,130	$ 118,051,063	$ 131,121,482	$ 116,053,889

Table 4

CITY OF PITTSBURGH, PENNSYLVANIA

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund:										
Reserved	$ 6,320,807	$ 5,941,959	$ 6,426,664	$ 5,430,635	$ 6,631,354	$ 4,070,482	$ 2,818,210	$ 4,052,375	$ 4,217,495	$ 2,795,308
Unreserved	42,610,199	55,446,599	46,459,249	84,099,737	73,942,764	34,057,309	11,711,220	31,140,963	58,035,143	31,402,265
Total General Fund	48,931,006	61,388,558	52,885,913	89,530,372	80,574,118	38,127,791	14,529,430	35,193,338	62,252,638	34,197,573
All Other Governmental Funds:										
Reserved and designated for subsequent (1)										
years expenditures, Reported in:	-	103,111,551	127,434,810	20,731,177	59,115,022	10,856,290	11,784,520	31,100,430	56,916,488	37,978,154
Debt service funds	3,567,405	-	-	-	-	-	-	-	-	-
Capital project funds	31,713,615	-	-	-	-	-	-	-	-	-
Other governmental funds - Special Revenue	604,075	-	-	-	-	-	-	-	-	-
Unreserved, Undesignated, Reported in:										
Community development funds	84,617	84,617	84,617	84,617	84,617	84,617	84,617	84,617	84,617	84,617
Other governmental funds - Special Revenue	11,759,863	12,590,970	13,250,599	74,557,072	12,593,863	13,890,134	19,295,079	10,923,059	11,880,112	9,872,552
Total All Other Governmental Funds	47,729,575	115,787,138	140,770,026	95,372,866	71,793,502	24,831,041	31,164,216	42,108,106	68,881,217	47,935,323
Total Governmental Funds	$ 96,660,581	$ 177,175,696	$ 193,655,939	$ 184,903,238	$ 152,367,620	$ 62,958,832	$ 45,693,646	$ 77,301,444	$ 131,133,855	$ 82,132,896

(1) Fund breakout not readily available for 2009-2001; will be presented in 2010 and forward.

Table 5

CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)

($'s in Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Taxes	$ 360,761	$ 363,582	$ 366,220	$ 357,226	$ 360,836	$ 352,034	$ 317,223	$ 302,991	$ 301,371	$ 292,943
Payment in lieu of taxes	294	850	778	5,312	5,874	5,373	688	510	837	1,612
Interest earnings	245	590	4,147	9,498	6,757	2,231	1,016	1,062	2,360	6,660
Fines and forfeits	9,225	7,768	6,409	7,387	8,256	4,239	8,527	7,693	8,556	7,739
Intergovernmental	84,614	86,755	80,781	77,974	53,663	55,972	58,797	72,400	57,963	66,607
Charges for user services	34,961	36,452	37,484	37,458	34,774	37,369	32,826	36,054	33,535	32,912
Pension state aid	15,595	15,030	15,148	15,182	14,630	17,166	17,902	18,214	16,000	16,000
Miscellaneous	921	436	924	3,243	1,314	1,634	2,987	3,291	4,911	1,297
Total revenues	506,616	511,463	511,891	513,280	486,104	476,018	439,966	442,215	425,533	425,770
Expenditures:										
General government	66,253	55,122	57,277	54,357	53,179	60,119	68,885	61,994	71,000	46,512
Public safety	289,149	250,384	220,309	209,937	205,168	208,740	211,894	221,946	207,966	157,684
Public works	62,416	54,564	61,109	56,304	50,877	48,053	41,289	51,655	53,624	27,121
Sanitation	17,059	14,960	15,721	16,825	15,394	13,668	13,997	10,942	12,684	10,600
Community, recreational, and cultural	13,866	11,536	11,670	10,909	11,045	7,324	8,563	10,631	11,978	9,220
Employee benefits, etc. (2)	-	-	-	-	-	-	-	-	-	65,273
Claims and judgments	539	5,361	1,047	962	552	728	2,796	1,113	2,180	1,531
Miscellaneous	5,893	5,175	5,112	3,818	1,696	1,038	1,276	3,024	2,365	2,816
Intergovernmental programs	26,465	22,221	19,694	21,227	16,057	17,962	19,879	25,281	20,083	21,568
Capital outlay	6,046	9,973	10,299	7,207	4,737	3,003	17,132	21,108	7,893	33,572
Bond issue costs	-	-	744	-	3,026	2,538	-	200	991	321
Debt service/authorities:	-	-								
Interest	37,765	40,699	42,717	44,410	41,528	43,845	48,077	43,282	44,573	50,948
Principal	49,410	44,325	44,490	40,670	36,035	40,420	40,760	30,850	32,705	33,843
Debt subsidies to component units	14,142	13,623	13,444	14,118	13,547	13,726	14,995	14,238	11,312	13,409
Total expenditures	589,003	527,943	503,633	480,744	452,841	461,164	489,543	496,264	479,354	474,418
Excess (Deficiency) of Revenues Over Expenditures	(82,387)	(16,480)	8,258	32,536	33,263	14,854	(49,577)	(54,049)	(53,821)	(48,648)

(Continued)

Table 5

CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)

($'s in Thousands)
(Continued)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Other Financing Sources (Uses):										
Bond issuance	-	-	66,775	-	241,975	-	-	13,766	129,091	-
Refunding bond issuance	-	-	-	-	-	194,995	-	-	-	-
Proceeds from capital asset disposition	-	-	-	-	-	-	-	-	-	-
Bond premium	-	-	3,293	-	13,117	12,151	-	-	-	-
Capital lease	-	-	-	-	-	-	15,435	-	-	-
Insurance proceeds	1,872	-	-	-	-	-	-	-	-	-
Transfers from other funds	138,807	96,560	170,519	135,725	96,713	86,679	88,235	75,236	66,618	77,768
Transfer from agency funds	-	-	-	-	-	-	-	-	-	-
Transfer from discretely presented component units	-	-	-	-	2,530	-	2,535	-	-	3,250
Payments to escrow agents	-	-	(69,574)	-	(201,480)	(204,732)	-	(13,550)	(65,632)	-
Transfers to other funds	(138,807)	(96,560)	(170,519)	(135,725)	(96,713)	(86,679)	(88,235)	(75,236)	(66,618)	(69,458)
Transfer to agency funds	-	-	-	-	-	-	-	-	-	(8,309)
Pension state aid	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,872	-	494	-	56,142	2,414	17,970	216	63,459	3,251
Net Change in Fund Balance	$ (80,515)	$ (16,480)	$ 8,752	$ 32,536	$ 89,405	$ 17,268	$ (31,607)	$ (53,833)	$ 9,638	$ (45,397)
Debt service as a percentage of noncapital expenditures	20.0%	18.5%	20.0%	20.9%	20.3%	21.4%	22.0%	18.6%	18.8%	22.3%

Notes: (Concluded)

(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.

Table 6

CITY OF PITTSBURGH, PENNSYLVANIA

GOVERNMENTAL FUND TAX REVENUES BY SOURCES

LAST TEN YEARS

($'s in Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Real estate tax	$ 131,625	$ 131,313	$ 130,970	$ 127,263	$ 133,735	$ 128,080	$ 128,037	$ 127,113	$ 123,756	$ 117,294
Mercantile tax	5	8	12	28	99	249	7,688	7,909	7,283	7,467
Amusement tax	10,845	11,450	11,589	8,914	8,468	10,722	7,471	9,456	9,554	8,809
Payroll preparation tax	46,346	46,235	46,479	44,248	41,172	38,290	-	-	-	-
Earned income tax	69,674	67,483	65,296	57,100	49,815	48,238	46,439	45,924	47,642	46,684
Facilities usage fee	3,375	3,163	2,791	2,986	2,397	1,931	-	-	-	-
Deed transfer tax	14,109	12,284	17,071	16,677	18,033	18,170	11,634	9,172	10,218	8,322
Parking tax	46,651	45,274	45,902	49,272	52,067	52,186	47,273	31,893	32,215	32,208
Emergency services tax	13,962	13,416	13,271	16,387	15,599	16,445	3,189	3,143	3,134	3,094
Business privilege tax	612	9,315	9,113	8,927	14,680	13,748	40,130	43,424	42,952	43,859
Institution/service tax	457	125	48	823	430	323	514	424	470	538
Penalties and interest	1,328	2,166	2,201	2,604	3,089	2,356	2,364	3,394	2,620	3,667
Public service privilege	1,332	1,336	1,299	1,128	925	352	1,024	1,103	967	1,016
Cable indirect cost	-	-	-	-	-	-	-	-	-	-
Regional Asset District	20,440	20,014	20,178	20,869	20,327	20,242	20,505	20,036	20,560	19,985
Total tax revenues	$ 360,761	$ 363,582	$ 366,220	$ 357,226	$ 360,836	$ 351,332	$ 316,268	$ 302,991	$ 301,371	$ 292,943

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.
In 2010, the business privilege 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
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
2008	21,032,626	7,777,749	13,254,877	10.800	143,153
2009	21,299,162	7,950,341	13,348,821	10.800	144,167
2010	21,549,437	8,108,433	13,441,004	10.800	145,163

(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 Land millage	City of Pittsburgh Building millage	City of Pittsburgh Average (1)	School district millage	County millage (2)	Total Millage
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
2008	10.800	10.800	10.800	13.920	4.690	29.410
2009	10.800	10.800	10.800	13.920	4.690	29.410
2010	10.800	10.800	10.800	13.920	4.690	29.410

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

	2010			2001		
Taxpayer	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	$ 349,940,300	1	2.60%	$ 517,850,000	1	3.53%
Holdings Acquistion Co Lp	203,091,800	2	1.51%	-		0.00%
PNC	192,480,800	3	1.43%	138,117,000	6	0.94%
Buncher Company	192,367,374	4	1.43%	137,959,000	7	0.94%
Market Associates Limited	185,000,000	5	1.38%	205,076,000	3	1.40%
600 GS Prop LP	175,000,000	6	1.30%	264,303,000	2	1.80%
Oxford Development	115,000,000	7	0.86%	139,111,000	5	0.95%
Grant Liberty Development Group	110,000,000	8	0.82%	146,661,000	4	1.00%
North Shore Developers	64,297,550	9	0.48%	-		0.00%
Liberty Avenue Holdings	49,210,000	10	0.37%	-		0.00%
Harrahs Forest Assoc.	-		0.00%	30,052,000	10	0.20%
Gateway Trizec, Inc.	-		0.00%	131,704,000	8	0.90%
Penn Liberty Holding	-		0.00%	84,970,000	9	0.58%
	$ 1,636,387,824		12.17%	$ 1,795,803,000		12.24%
Total Taxable Assessed Valuation	$ 13,441,003,778			$ 14,671,652,000		

Note: Information obtained from Real Estate Department assessments.

Table 10

CITY OF PITTSBURGH, PENNSYLVANIA

ASSESSED VALUE, TAX RATE, LEVY, AND COLLECTIONS

LAST TEN YEARS

($'s in Thousands)

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

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 2008 receipts are net of refunds.

Table 11

CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

	2010			2000		
Employer	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
University of Pittsburgh Medical Center	36,755	1	11.94 %	28,000	1	8.61 %
U.S. Government	18,738	2	6.09	20,200	2	6.21
Commonwealth of Pennsylvania	13,805	3	4.49	15,300	3	4.70
University of Pittsburgh	11,328	4	3.68	8,901	5	7.42
West Penn Allegheny Health System	10,616	5	3.45	-		-
Giant Eagle	10,440	6	3.39	6,993	8	132.44
Wal-Mart Stores Inc.	10,030	7	3.26	8,177	7	2.51
PNC Financial Services Group, Inc.	9,150	8	2.97			
Westinghouse Electric	8,000	9	2.60			
Mellon Financial Corp.	7,017	10	2.28	8,613	6	7.18
Allegheny County	-		0.00	6,699	9	2.06
US Airways, Inc.	-		-	11,717	4	3.60
USX Corporation	-		-	5,280	10	1.62
Total	135,879		44.15 %	119,880		176.37 %
Total Employees	307,764			325,318		

Source: Pittsburgh Business Times

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

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, 2010

	Nonelectoral debt	Lease rental debt
Gross debt (1):		
Principal amount of bonds issued and outstanding:		
General obligation	$ 633,338,319	$ -
Capital Leases	-	12,074,466
Auditorium Authority	-	1,590,000
Urban Redevelopment Authority	-	48,172,198
Total gross debt	633,338,319	61,836,664
Items deductible from gross debt:		
Cash and legal investments held in sinking fund for payment of bonds and notes	3,260,994	-
Cash in bond fund applicable to debt	2,008,894	-
Delinquent real estate taxes	7,458,882	-
Self-liquidating and subsidized debt:		
Taxable General Obligation Pension Bonds, 1996B	12,380,000	-
Taxable General Obligation Pension Bonds, 1998ABC	234,235,000	-
Total deductions	259,343,770	-
Net debt	$ 373,994,549	$ 61,836,664

(Continued)

(1) Direct obligations of the Pittsburgh Water and Sewer Authority in the amount of $648,678,000 are not considered debt of the City of Pittsburgh for purposes of this calculation.

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, 2010
(Continued)

Allocation of Total Net Debt

Net nonelectoral debt	$ 373,994,449
Net lease rental debt	61,836,664
Net nonelectoral and lease rental debt	$ 435,831,113

Debt Incurring Margin

	2008	2009	2010
Total net revenue of the City	$ 436,619,568	$ 419,924,380	$ 431,787,384
Borrowing base (arithmetic average of total net revenue for said three fiscal years)			$ 429,443,777

	Net nonelectoral debt (borrowing base x 250%)	**Net nonelectoral and lease rental debt (borrowing base x 350%)**
Debt limitations	$ 1,073,609,443	$ 1,503,053,221
Less existing net debt	(373,994,449)	(435,831,113)
Remaining debt incurring margin	$ 699,614,994	$ 1,067,222,108

(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 %
2010	$ 1,073,609	$ (373,994)	$ 699,615	65.16%
2009	1,080,213	(374,738)	705,475	65.31%
2008	1,088,171	(411,568)	676,603	62.18%
2007	1,056,263	(496,983)	559,280	52.95%
2006	993,016	(490,894)	502,122	50.57%
2005	933,880	(511,500)	422,380	45.23%
2004	901,314	(536,889)	364,425	40.43%
2003	895,645	(567,158)	328,487	36.68%
2002	892,028	(571,852)	320,176	35.89%
2001	896,699	(553,636)	343,063	38.26%

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
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
2008	335	13,254,877	723,032	48,287	674,745	5.09%	2,014
2009	335	13,348,821	680,381	48,627	631,754	4.73%	1,886
2010	306	13,441,004	633,338	3,567	629,771	4.69%	2,058

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
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%
2008	44,490	42,717	87,207	503,633	17.32%
2009	44,325	40,699	85,024	527,943	16.10%
2010	49,410	37,765	87,175	589,003	14.80%

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, 2010

($'s in Thousands)

Jurisdiction	Net debt outstanding	Percentage applicable to City	Amount applicable to City
Direct debt:			
City of Pittsburgh:			
General obligation	$ 633,338	100%	$ 633,338
Auditorium Authority	3,180	50%	1,590
Urban Redevelopment Authority	76,875	63%	48,431
Parking Authority	97,400	100%	97,400
Total direct debt	810,793		780,759
Overlapping debt:			
Pittsburgh Water and Sewer Authority (1)	662,790	0%	-
The School District of Pittsburgh	487,811	100%	487,811
Allegheny County	655,825	25%	163,956
Total overlapping debt	1,806,426		651,767
Total direct and overlapping debt	$ 2,617,219		$ 1,432,527

(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
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
2008	129,938	89,162	40,776	15,531	24,223	39,754	1.03
2009	134,175	93,799	40,376	14,625	37,984	52,609	0.77
2010	139,753	93,157	46,596	16,435	39,202	55,637	0.84

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	
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
2008	4,074	1,449	2,625	2,306	2,063	4,369	0.60
2009	3,857	1,712	2,145	2,620	1,862	4,482	0.48
2010	4,113	1,636	2,477	2,600	1,539	4,139	0.60

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) Personal income	(2) Median age	(3) School enrollment	(4) Unemployment rate percentage
2001	334,563	$ 30,644	$ 70,296	40.0	37,612	4.2%
2002	334,563	34,260	74,361	35.5	35,146	5.4%
2003	334,563	32,381	76,354	36.0	34,619	4.9%
2004	334,563	33,015	77,738	35.5	34,167	5.4%
2005	334,563	34,897	79,478	40.9	32,529	5.2%
2006	334,563	36,680	83,116	38.4	31,148	4.2%
2007	334,563	36,894	85,876	39.0	29,445	4.2%
2008	334,563	38,550	91,101	41.9	28,265	6.0%
2009	334,563	42,819	100,675	35.5	26,123	8.8%
2010	305,704	44,191	102,135	35.5	25,326	6.5%

Data Sources:

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

Table 20

CITY OF PITTSBURGH, PENNSYLVANIA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

LAST TEN YEARS

($'s in Thousands)

Fiscal Year	Property value (1)	Number of permits issued (2)	Dollar value	Bank deposits (3)
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
2008	13,254,877	2,277	980,645	95,371,463
2009	13,348,821	2,222	624,954	100,194,959
2010	13,441,004	2,893	325,449	110,870,210

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

Fiscal Year	Regular budgeted positions	Actual subsequent January payroll
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
2008	3,363	3,177
2009	3,310	3,213
2010	3,326	3,157

Table 22

CITY OF PITTSBURGH, PENNSYLVANIA

FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN YEARS

Function/program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government:										
City Council-City Clerk	39	39	39	39	21	22	22	26	26	25
Mayor's Office	14	14	16	16	17	22	29	36	35	36
City Information Systems	58	55	51	58	63	59	55	60	56	49
Magistrates Court	0	0	0	0	0	34	34	37	35	37
Human Relations Commission	8	8	8	8	8	8	8	9	9	9
City Controller	58	58	72	72	72	72	72	81	81	80
Finance Department	103	101	111	113	108	99	106	111	105	101
Finance-General Services	22	22	24	26	17	0	0	0	0	0
Law	45	43	46	43	43	44	44	45	45	44
Personnel & Civil Service	83	83	86	87	87	87	87	91	91	90
City Planning	49	46	48	41	36	35	35	41	42	43
General Services-Administration	0	0	0	0	0	26	22	30	30	30
General Services-Facilities	0	0	0	0	0	50	50	61	61	61
General Services-Fleet Management	0	0	0	0	0	2	66	76	76	76
General Services-Telecommunications	0	0	0	0	0	0	15	15	15	15
Public Safety:										
Administration	17	15	4	3	3	4	8	12	13	12
Emergency Operations Center-911	0	0	0	0	0	0	76	76	76	76
Police	1116	1116	1119	1102	1127	1227	1130	1367	1441	1461
Emergency Medical Services	181	180	183	183	183	182	185	209	215	216
City-County Integrated ID Program	0	0	0	0	0	0	31	27	27	30
Fire	660	660	668	669	644	834	849	905	905	903
Bureau of Building Inspection	75	74	72	72	72	67	66	66	66	66
Animal Control	16	16	18							
Public Works:										
Administration	12	12	12	12	12	12	31	26	25	24
Operations	317	317	323	323	327	323	327	404	403	404
Environmental Services	196	196	196	215	216	217	217	241	222	220
Redd Up Program	0	0	8	8	0	0	0	0	0	0
Engineering	35	34	39	37	34	37	61	131	131	130
Animal Control	0	0	0	0	0	0	1	1	1	1
General Services-Facilities	48	48	43	42	48	0	0	0	0	0
General Services-Fleet	0	0	0	0	2	0	0	0	0	0
Parks and Recreation	167	166	170	165	166	164	66	146	112	112
Non-Departmental	7	7	7	7	7	7	7	7	8	8
Totals:	3326	3310	3363	3341	3313	3634	3700	4337	4352	4359

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.

CITY OF PITTSBURGH, PENNSYLVANIA

OTHER INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

YEAR ENDED DECEMBER 31, 2010

Official	Budgeted Annual Salary	Amount of Surety Bond
Mayor	$ 101,397	$ 10,000
Director of Finance	99,381	20,000
Controller	64,041	10,000
Members of City council (9)	57,815	-

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
General Obligation Bonds, 1993 Series A	4/01/1993	$ 60,745,000	$ 17,935,000	$4,130,000 in 2011	5.50	$ 986,425	$ 4,130,000
				$4,360,000 in 2012	5.50		
				$4,595,000 in 2013	5.50		
				$4,850,000 in 2014	5.50		
General Obligation Bonds, 1998 Series ABC	3/01/1998	255,865,000	234,235,000	$3,230,000 in 2011	6.25	15,226,690	3,230,000
				$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		
Carry forward			252,170,000			16,213,115	7,360,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
Brought forward			252,170,000			16,213,115	7,360,000
General Obligation Bonds, 2002 Series A	1/17/2002	126,585,000	47,695,000	$1,240,000 in 2011	5.00	2,565,517	1,240,000
				$5,395,000 in 2012	5.00		
				$5,660,000 in 2013	5.50		
				$5,935,000 in 2014	5.50		
				$7,265,000 in 2015	5.50		
				$7,485,000 in 2016	5.50		
				$7,815,000 in 2017	5.13		
				$1,795,000 in 2018	5.13		
				$1,615,000 in 2019	5.13		
				$1,700,000 in 2020	5.20		
				$1,790,000 in 2021	5.25		
General Obligation Bonds, 2003 Series A	6/01/2003	13,575,000	13,540,000	$5,000 in 2011	5.00	516,619	5,000
				$6,655,000 in 2012	5.00		
				$6,880,000 in 2013	5.50		
General Obligation Bonds, 2005 Series A	5/01/2005	116,860,000	72,740,000	$37,385,000 in 2011	5.00	3,637,000	37,385,000
				$6,415,000 in 2012	5.00		
				$4,255,000 in 2013	5.00		
				$4,465,000 in 2014	5.00		
				$4,690,000 in 2015	5.00		
				$4,930,000 in 2016	5.00		
				$5,170,000 in 2017	5.00		
				$5,430,000 in 2018	5.00		
Carry forward			386,145,000			22,932,251	45,990,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
Brought Forward			386,145,000			22,932,251	45,990,000
General Obligation Bonds, 2006 Series B	05/10/06	140,560,000	140,540,000	$5,000 in 2011	4.00	7,246,062	5,000
				$14,485,000 in 2012	5.00		
				$15,220,000 in 2013	5.00		
				$23,185,000 in 2014	5.00		
				$31,395,000 in 2015	5.25		
				$33,230,000 in 2016	5.25		
				$23,020,000 in 2017	5.25		
General Obligation Bonds, 2006 Series C	05/10/06	47,800,000	47,800,000	$15,000 in 2016	4.25	2,509,350	-
				$11,905,000 in 2017	5.25		
				$35,880,000 in 2018	5.25		
General Obligation Bonds, 2008 Series A	05/10/06	66,775,000	56,695,000	$5,850,000 in 2011	5.00	2,867,688	5,850,000
				$9,475,000 in 2012	5.00		
				$9,940,000 in 2013	5.00		
				$10,455,000 in 2014	5.00		
				$7,800,000 in 2015	5.00		
				$8,195,000 in 2016	5.25		
				$4,980,000 in 2017	5.25		
Subtotal			631,180,000			35,555,351	51,845,000
Less: Unamortized bond issuance costs			(4,519,225)				
Unamortized bond discounts/premiums			16,556,705				
Excess costs on debt refinancing			(9,879,160)				
Total: General obligation bonds payable			$ 633,338,320			$ 35,555,351	$ 51,845,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
Public Auditorium Authority Revenue Bonds (City Share)							
Auditorium Bonds (Refunding), 2005 Series A	9/15/2005	$ 4,172,500	$ 1,590,000	$197,500 in 2011	3.38	$ 57,720	$ 197,500
				$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		
Total Auditorium Authority Revenue Bonds			$ 1,590,000			$ 57,720	$ 197,500

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
Urban Redevelopment Authority Tax Increment Financing Bonds, 1995 Series A	12/1/1995	$ 2,855,787	$ 556,395	$556,395 in 2011	6.00	$ 27,309	$ 556,395
Urban Redevelopment Authority Tax Increment Financing Bonds, 1995 Series B	12/1/1995	1,637,016	821,346	$111,658 in 2011	6.25	47,845	111,658
				$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, 2008 Refund Series	5/15/1996	3,179,187	1,358,191	$230,458 in 2011	8.01	99,561	230,458
				$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			2,735,932			174,715	898,511

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	2011 Maximum Debt Service Requirements Principal
Brought Forward			2,735,932			174,715	898,511
Urban Redevelopment Authority Tax Increment Fiuancing Bonds, 2009 Refund Series	3/15/2000	6,115,500	3,950,614	$350,622 in 2011	7.68	301,496	350,622
				$383,238 in 2012	7.95		
				$419,931 in 2013	7.95		
				$460,701 in 2014	7.95		
				$503,510 in 2015	7.95		
				$525,933 in 2016	8.05		
				$574,857 in 2017	8.05		
				$625,820 in 2018	8.05		
				$106,002 in 2019	8.05		
Carry forward			6,686,546			476,211	1,249,133

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	2011 Maximum Debt Service Requirements Principal
Brought Forward			6,686,546			476,211	1,249,133
Urban Redevelopment Authority Tax Increment Financing Bonds, 2001 Series	12/15/2001	1,456,593	930,093	$77,049 in 2011	6.61	62,857	77,049
				$82,553 in 2012	6.71		
				$88,056 in 2013	6.71		
				$95,560 in 2014	7.16		
				$100,898 in 2015	7.16		
				$108,236 in 2016	7.16		
				$117,408 in 2017	7.16		
				$124,746 in 2018	7.16		
				$135,753 in 2019	7.16		
Urban Redevelopment Authority Tax Increment Financing Bonds, 2003 Series A	1/1/2003	1,396,055	1,113,543	$69,711 in 2011	8.25	90,703	69,711
				$77,049 in 2012	8.25		
				$82,553 in 2013	8.25		
				$89,891 in 2014	8.25		
				$110,070 in 2015	8.25		
				$121,077 in 2016	8.50		
				$132,084 in 2017	8.50		
				$139,422 in 2018	8.50		
				$291,686 in 2019	8.50		
Carry forward			8,730,182			629,771	1,395,893

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	2011 Maximum Debt Service Requirements Principal
Brought Forward			8,730,182			629,771	1,395,893
Urban Redevelopment Authority Tax Increment Financing Bonds, 2003 Series B	1/1/2003	1,201,598	1,019,985	$56,870 in 2011	10.50	104,112	56,870
				$64,208 in 2012	10.50		
				$78,884 in 2013	10.50		
				$88,056 in 2014	10.50		
				$97,229 in 2015	10.50		
				$108,236 in 2016	10.50		
				$119,243 in 2017	10.50		
				$132,084 in 2018	10.50		
				$275,175 in 2019	10.50		
Urban Redevelopment Authority Tax Increment Financing Note, 2003 Series		1,515,297	1,265,809	$58,704 in 2011	Variable	80,369	58,704
				$64,208 in 2012	Variable		
				$69,711 in 2013	Variable		
				$78,884 in 2014	Variable		
				$84,387 in 2015	Variable		
				$89,891 in 2016	Variable		
				$93,560 in 2017	Variable		
				$104,567 in 2018	Variable		
				$115,574 in 2019	Variable		
				$121,077 in 2020	Variable		
				$133,919 in 2021	Variable		
				$146,760 in 2022	Variable		
				$104,567 in 2023	Variable		
Carry forward			11,015,976			814,252	1,511,467

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	2011 Maximum Debt Service Requirements Principal
Brought Forward			11,015,976			814,252	1,511,467
Urban Redevelopment Authority of Pittsburgh Special Tax Development Bonds, 2005 Series	09/01/05	57,470,000	30,785,000	$6,205,000 in 2011	5.00	1,526,875	6,205,000
				$6,525,000 in 2012	5.00		
				$6,880,000 in 2013	5.00		
				$11,175,000 in 2014	5.00		
Urban Redevelopment Authority of Pittsburgh Bonds, 2006 Series	10/15/06	18,790,000	6,371,222	$282,513 in 2011	5.40	365,294	282,513
				$299,024 in 2012	5.40		
				$313,700 in 2013	5.40		
				$332,045 in 2014	5.40		
				$348,555 in 2015	5.40		
				$368,735 in 2016	5.40		
				$388,914 in 2017	5.88		
				$410,928 in 2018	5.88		
				$434,777 in 2019	5.88		
				$460,460 in 2020	5.88		
				$487,977 in 2021	5.88		
				$515,495 in 2022	5.88		
				$546,681 in 2023	5.88		
				$579,702 in 2024	5.88		
				$601,716 in 2025	5.88		
Total Redevelopment Authority Bonds			$ 48,172,198			$ 2,706,421	$ 7,998,980

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
Public Parking Authority of Pittsburgh							
Parking Authority Revenue Bonds, Series 2002	11/01/2002	$ 38,595,000	$ 13,625,000	$4,320,000 in 2011	5.00	$ 573,250	$ 4,320,000
				$4,535,000 in 2012	5.00		
				$4,770,000 in 2013	5.00		
Parking Authority Current Interest Bonds, Series 2005A	01/15/2005	2,010,000	1,640,000	$115,000 in 2011	2.70	62,403	115,000
				$125,000 in 2012	3.00		
				$700,000 in 2019	4.00		
				$500,000 in 2020	4.10		
				$200,000 in 2026	4.30		
Parking Authority Capital Appreciation Bonds, Series 2005A	01/15/2005	4,439,665	4,439,665	$708,000 in 2014	3.95	-	-
				$1,175,510 in 2015	4.09		
				$1,113,420 in 2016	4.22		
				$602,490 in 2017	4.33		
				$570,020 in 2018	4.43		
				$270,225 in 2019	4.50		
Carry forward			19,704,665			635,653	4,435,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
Brought Forward			19,704,665			635,653	4,435,000
Parking Authority Current Interest Bonds, Series 2005 B	01/15/2005	29,780,000	29,780,000	$130,000 in 2013	3.10	1,376,930	-
				$2,850,000 in 2020	4.00		
				$3,100,000 in 2021	5.00		
				$2,850,000 in 2022	5.00		
				$2,950,000 in 2023	5.00		
				$3,100,000 in 2024	5.00		
				$3,250,000 in 2025	4.75		
				$5,755,000 in 2026	4.75		
				$5,795,000 in 2027	4.75		
Parking Authority Capital Appreciation Bonds, Series 2005 B	01/15/2005	9,444,297	9,444,297	$2,030,239 in 2013	3.98	-	-
				$1,423,304 in 2014	4.00		
				$1,341,375 in 2015	4.25		
				$1,645,096 in 2016	4.36		
				$1,408,342 in 2017	4.46		
				$1,595,941 in 2018	4.53		
Parking Authority Refunding Bonds, Series 2005 A	05/15/2005	34,745,000	34,515,000	$365,000 in 2013	3.60	1,674,543	
				$1,815,000 in 2014	5.00		
				$1,905,000 in 2015	5.00		
				$2,005,000 in 2016	5.00		
				$2,100,000 in 2017	5.00		
				$1,960,000 in 2018	5.00		
				$2,325,000 in 2019	5.00		
				$2,435,000 in 2020	5.00		
				$2,565,000 in 2021	5.00		
				$2,695,000 in 2022	5.00		
				$2,845,000 in 2023	5.00		
				$2,970,000 in 2024	5.00		
				$3,115,000 in 2025	5.00		
				$3,115,000 in 2026	5.00		
				$2,300,000 in 2027	4.50		
Carry forward			93,443,962			3,687,126	4,435,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
Brought Forward			93,443,962			3,687,126	4,435,000
Parking Authority Refunding Bonds, Series 2005 B	05/15/05	3,160,000	1,355,000	$370,000 in 2011	3.30	41,595	370,000
				$485,000 in 2012	3.40		
				$250,000 in 2013	3.60		
				$250,000 in 2018	4.00		
Subtotal			94,798,962			3,728,721	4,805,000
Plus: Appreciated value on Cap. Apprec. Bonds			3,732,156			-	-
Plus: Bond premium			1,908,281			-	-
Less: Unamortized discount			(45,779)			-	-
Less: Deferred amount on refinancing			(2,993,605)			-	-
Total Public Parking Authority Bonds and Notes Payable			$ 97,400,015			$ 3,728,721	$ 4,805,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	2011 Maximum Debt Service Requirements Principal
Water and Sewer Authority Bonds							
Revenue Refunding Bonds, 1993 Series A	10/15/1993	$ 278,970,000	$ 27,230,000	$10,350,000 in 2011	6.50	$ 1,769,950	$ 10,350,000
				$7,685,000 in 2012	6.50		
				$9,195,000 in 2013	6.50		
First Lien Revenue Bonds, 1998 Series B	3/1/1998	36,440,070	62,363,000	$2,300,000 in 2017	5.18	-	-
(zero coupon bonds)				$2,300,000 in 2018	5.21		
				$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		
				$26,930,000 in 2026	5.26		
				$26,930,000 in 2027	5.31		
				$26,930,000 in 2028	5.28		
				$26,930,000 in 2029	5.30		
				$14,660,000 in 2030	5.23		
				($87,642,000) Unamortized Bond Discount			
Carry forward			89,593,000			1,769,950	10,350,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			89,593,000			1,769,950	10,350,000
First Lien Revenue Refunding Bonds, 2003 Series	10/03/2003	167,390,000	45,350,000	$405,000 in 2011	3.375	1,857,632	405,000
				$415,000 in 2012	3.625		
				$430,000 in 2013	3.750		
				$10,560,000 in 2014	4.000		
				$11,050,000 in 2015	4.000		
				$11,535,000 in 2016	4.000		
				$1,375,000 in 2017	4.125		
				$1,430,000 in 2018	4.250		
				$1,490,000 in 2019	4.375		
				$1,560,000 in 2020	4.375		
				$1,625,000 in 2021	4.500		
				$1,700,000 in 2022	4.625		
				$1,775,000 in 2023	4.750		
Carry forward			134,943,000			3,627,582	10,755,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	Principal
Brought Forward			134,943,000			3,627,582	10,755,000
First Lien Revenue Refunding Bonds, 2007 Series A	3/15/2007	43,720,000	33,225,000	$4,130,000 in 2011	4.000	1,625,225	4,130,000
				$4,290,000 in 2012	4.000		
				$4,470,000 in 2013	5.000		
				$4,690,000 in 2014	5.500		
				$4,945,000 in 2015	5.500		
				$5,220,000 in 2016	5.000		
				$5,480,000 in 2017	5.000		
First Lien Revenue Refunding Bonds, 2007 Series B	3/15/2007	115,175,000	82,645,000	$6,185,000 in 2018	3.932	3,249,601	-
				$9,110,000 in 2019	3.932		
				$6,215,000 in 2020	3.932		
				$6,470,000 in 2021	3.932		
				$6,735,000 in 2022	3.932		
				$7,020,000 in 2023	3.932		
				$7,305,000 in 2024	3.932		
				$7,615,000 in 2025	3.932		
				$280,000 in 2026	3.932		
				$310,000 in 2027	3.932		
				$295,000 in 2028	3.932		
				$320,000 in 2029	3.932		
				$9,320,000 in 2030	3.932		
				$9,710,000 in 2031	3.932		
				$2,820,000 in 2032	3.932		
				$2,935,000 in 2033	3.932		
Carry forward			250,813,000			8,502,408	14,885,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	2011 Maximum Debt Service Requirements Principal
Brought Forward			250,813,000			8,502,408	14,885,000
First Lien Taxable Bonds, 2008 Series A	06/12/08	68,970,000	68,970,000	$8,005,000 in 2017	6.360	4,531,492	-
				$8,070,000 in 2018	6.520		
				$5,930,000 in 2019	6.610		
				$9,595,000 in 2020	6.610		
				$10,235,000 in 2021	6.610		
				$10,930,000 in 2022	6.610		
				$11,805,000 in 2023	6.610		
				$4,400,000 in 2024	6.610		
	06/12/08	145,495,000	145,495,000	$26,870,000 in 2035	4.038	5,875,088	-
				$34,020,000 in 2036	4.038		
				$35,520,000 in 2037	4.038		
				$37,085,000 in 2038	4.038		
				$12,000,000 in 2039	4.038		
Subordinate Revenue Refunding Bonds, 2008 Series C	06/12/08	103,795,000	103,795,000	$75,000 in 2012	Variable	5,356,112	-
				$60,000 in 2013			
				$2,940,000 in 2030			
				$15,345,000 in 2031			
				$25,505,000 in 2032			
				$26,475,000 in 2033			
				$27,645,000 in 2034			
				$5,750,000 in 2035			
Carry forward			569,073,000			24,265,100	14,885,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2010
(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2011 Maximum Debt Service Requirements Interest	2011 Maximum Debt Service Requirements Principal
Brought Forward			569,073,000			24,265,100	14,885,000
First Lien Revenue Bonds, 2008 Series D-1	06/12/08	24,665,000	24,665,000	$8,380,000 in 2024	4.46	1,221,575	-
				$13,950,000 in 2025	4.51		
				$2,335,000 in 2031	4.80		
First Lien Revenue Bonds, 2008 Series D-2	06/12/08	71,225,000	71,225,000	$240,000 in 2032	4.103	2,922,362	-
				$395,000 in 2033	4.103		
				$3,475,000 in 2034	4.103		
				$26,675,000 in 2039	4.103		
				$40,440,000 in 2040	4.103		
Pennvest Revolving Loan	Various	14,165,000	21,104,000	$826,000 in 2011	Variable	152,000	826,000
				$837,000 in 2012			
				$849,000 in 2013			
				$861,000 in 2014			
				$897,200 in 2015			
				$897,200 in 2016			
				$897,200 in 2017			
				$897,200 in 2018			
				$897,200 in 2019			
				$768,400 in 2020			
				$768,400 in 2021			
				$768,400 in 2022			
				$768,400 in 2023			
				$768,400 in 2024			
				$44,000 in 2025			
Gross Water and Sewer Authority Revenue Bonds			686,067,000			28,561,037	15,711,000
Plus: Net bond discount			2,086,000			-	-
Less: Deferred series refunding loss			(25,363,000)			-	-
Net Water and Sewer Authority Revenue Bonds			$ 662,790,000			$ 28,561,037	$ 15,711,000

(Concluded)

CITY OF PITTSBURGH,
PENNSYLVANIA

NEW HOME OF THE PITTSBURGH PENGUINS

414 Grant Street Pittsburgh, Pennsylvania 15219

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APPENDIX C

FORMS OF BOND COUNSEL OPINION

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August __, 2011

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019

City of Pittsburgh, Pennsylvania

Re: $48,000,000 City of Pittsburgh Series of 2011A General Obligation Bonds (the "2011A Bonds"), and $47,000,000 City of Pittsburgh Taxable Series of 2011B General Obligation Bonds (the "2011B Bonds," together with the 2011A Bonds, the "Bonds")

You have requested our opinion as to the legality of the Bonds. The Bonds are issued by the City of Pittsburgh, Allegheny County, Pennsylvania (the "City"), under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 *et seq*., as amended (the "Act"), and pursuant to a resolution duly enacted by the Council of the City (the "Resolution").

The 2011A Bonds are being issued to provide funds (i) to currently refund a portion of the City's outstanding General Obligation Bonds, Series of 2008, (ii) to currently refund a portion of the City's outstanding General Obligation Bonds, Series of 2005A, (iii) to currently refund a portion of the City's outstanding General Obligation Bonds, Series of 2002A, (iv) to currently refund a portion of the City's outstanding General Obligation Bonds, Series of 1993A, and (v) to pay the costs of issuing and insuring the 2011A Bonds or any or all of the same. The 2011B Bonds are being issued to provide funds (i) to advance refund a portion of the 2002A Bonds, and (ii) to pay the costs of issuing the 2011B Bonds or any or all of the same.

The City has covenanted in the Resolution (i) to include the amount of debt service for the Bonds for each fiscal year in which such sums are due and payable in its budget for that year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds, the principal of, and interest on, the Bonds at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof; for such budgeting, appropriation and payment the City in the Resolution has pledged its full faith, credit and taxing power.

As Bond Counsel for the City, we have examined the relevant provisions of the Constitution of the Commonwealth of Pennsylvania; the Acts of Assembly pursuant to which the Bonds are authorized, issued and sold; the transcript of proceedings filed with the Pennsylvania

Department of Community and Economic Development (the "Department"); and certain statements, affidavits and other documents which we have considered pertinent.

In rendering this opinion we have examined and relied upon (a) the opinion of counsel to the City with respect, *inter alia*, to the due enactment by the City of the Resolution in accordance with applicable laws; and (b) the accuracy of the statements and representations and the performance by the City of its covenants set forth in the Resolution and the City's Tax Certificate delivered on this date in connection with the issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is authorized under the provisions of the Constitution and laws of the Commonwealth of Pennsylvania to issue the Bonds for the purposes above set forth, and the City has authorized the issuance thereof.

2. As indicated in the City's debt statement filed with the Department in connection with the issuance of the Bonds, outstanding debt of the City, including debt represented by the Bonds, is within the debt limitations of the Act.

3. The Bonds are the valid and binding general obligations of the City payable from the revenues of the City from whatever source derived, which revenues, at the time of the issuance and sale of the Bonds, include, but are not limited to, *ad valorem* taxes levied upon all the taxable property within the City, without limitation as to rate or amount.

4. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

5. Interest on the 2011A Bonds is excluded from gross income of the owners of the 2011A Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the 2011A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. Interest on a 2011A Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on a 2011A Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Internal Revenue Code of 1986, as amended (the "Code").

Ownership of the 2011A Bonds may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2011A Bonds. We express no opinion as to such collateral federal income tax consequences.

In providing this opinion, we advise you that it may be determined in the future that interest on the Bonds, retroactive to the date of issuance thereof or prospectively, will not be excluded from the gross income of the owners of the 2011A Bonds for federal income tax purposes if certain requirements of the Code are not met. The City has covenanted in the Resolution to comply with such requirements.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

PEPPER HAMILTON LLP

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APPENDIX D

[FORM OF MUNICIPAL BOND INSURANCE POLICY]

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ____________________________________
Authorized Officer