Urban Redevelopment Authority of Pittsburgh

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

Financial Statements and Required
Supplementary Information

Year Ended December 31, 2011 with
Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

YEAR ENDED DECEMBER 31, 2011

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Independent Auditor's Report

Board of Directors
Urban Redevelopment Authority of Pittsburgh
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Urban Redevelopment Authority of Pittsburgh (URA), a component unit of the City of Pittsburgh, as of and for the year ended December 31, 2011, which collectively comprise the URA's financial statements as listed in the table of contents. These financial statements are the responsibility of URA's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pittsburgh Housing Development Corporation, the Authority's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the Pittsburgh Housing Development Corporation, is based solely upon the report of the other auditors.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the URA as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Maher Duessel

Pittsburgh, Pennsylvania
April 27, 2012

Management's Discussion and Analysis
December 31, 2011

As management of the Urban Redevelopment Authority of Pittsburgh (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and footnotes.

Financial Highlights

- In 2011, the Authority implemented Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*".

- In the government-wide financial statements (page 1), Total Net Assets were $213.4 Million, of which $31.8 Million was invested in capital assets, net of related debt and $129.3 Million was restricted by funding source or bond indenture. Of the $52.3 Million unrestricted net assets, $20 Million represents property held for redevelopment under restrictions of the state redevelopment statutes and $18 Million pertains to Board commitments for program funding gaps, bridge financing for projects, property repairs and improvements, and potential relocation costs in a large, current project.

- The Authority's total general revenues (page 2) were $1 Million for the year, which was mainly from investment earnings.

- The Authority's total program revenues were $83.3 Million for the year, of which $63.8 Million were operating grants, $19.5 Million were charges for services. The charges for services consisted of $13.4 Million in interest earned through lending programs and $6.1 Million earned through property management and rental income.

- The fund balance for all governmental funds (page 3) totaled $75.9 Million, a decrease of $2.7 Million from 2010 ($78.6 Million).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

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

Summary of Net Assets

The Authority's net assets at December 31, 2011 and 2010 for governmental activities were approximately $147.6 Million and $148.0 Million, respectively. For the business-type activities, net assets were approximately $65.8 Million and $59.3 Million, respectively.

	Governmental Activities		% Change	Business-type Activities		% Change
	2011	2010		2011	2010	
Assets:						
Current and other assets	$174,615,323	$179,026,942	-2.5%	$142,253,397	$160,689,432	-11.5%
Capital assets	44,100,534	45,053,562	-2.1%	5,824,981	6,379,640	-8.69%
Total assets	**$218,715,857**	**$224,080,504**	**-2.4%**	**$148,078,378**	**$167,069,072**	**-11.4%**
Liabilities:						
Current and other liabilities	$43,319,099	$48,764,176	-11.2%	$10,938,463	$11,563,751	-5.4%
Long-term liabilities	27,759,785	27,321,872	1.6%	71,343,506	96,184,080	-25.8%
Total liabilities	**$71,078,884**	**$76,086,048**	**-6.6%**	**$82,281,969**	**$107,747,831**	**-23.6%**
Net assets:						
Invested in capital assets, net of related debt	$28,919,593	$23,336,316	23.9%	$2,874,109	$3,320,979	-13.5%
Restricted for urban development	42,725,840	42,989,901	-0.6%	0	0	0.0%
Restricted for lending programs	28,958,999	28,016,253	3.4%	57,659,803	54,973,270	4.89%
Unrestricted	47,032,541	53,651,986	-12.3%	5,262,497	1,026,992	412.4%
Total net assets	**$147,636,973**	**$147,994,456**	**-0.2%**	**$65,796,409**	**$59,321,241**	**10.9%**

Restricted net assets generally represent funds that have constraints on their use pursuant to grant agreements or bond indentures. In total, at December 31, 2011, assets of the governmental and business-type funds exceeded their liabilities by $213.4 Million, of which $31.8 Million was invested in Capital Assets, net of related debt and $129.3 Million was restricted by funding source or bond indenture. Of the $52.3 Million Unrestricted Net Assets, $20.0 Million represents property held for redevelopment under restrictions of the state redevelopment statutes and $18 Million pertains to Board commitments for program funding gaps, bridge financing for projects, property repairs and improvements, and potential costs in a large, current project.

Overall, Governmental Activities Assets decreased by $5.4 from 2010. Liabilities decreased by $5.0 Million from 2010 and Net Assets decreased by $.4 Million with a decrease in Restricted Net Assets of $.7 Million and a decrease in Unrestricted Net Assets of $6.6 Million.

The Business Type Activities Total Assets had a decrease of $19.0 Million. The Total Liabilities decreased by $25.5 Million. The majority of this decrease was related to reductions in Bonds and Loans Payable for the MRBP ($19.5 Million) and PDF ($6.2 Million).

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

Changes in Net Assets
Year Ended December 31

	Governmental Activities			Business-type Activities		
	2011	**2010**	**% Change**	**2011**	**2010**	**% change**
Program Revenues:						
Charges for services	$11,559,193	$17,955,516	-35.6%	$7,981,598	$7,959,477	0.28%
Operating grants	56,282,132	56,616,315	-0.6%	7,500,000	7,500,000	0.0%
Capital grants	0	0	0.0%	0	0	0.0%
General Revenues:						
Unrestricted investment earnings	51,735	81,912	-36.8%	932,468	1,314,710	-29.1%
Other general income	0	0	0%	84,849	596,579	-85.8%
Total revenues	**67,893,060**	**74,653,743**	**-9.1%**	**16,498,915**	**17,370,766**	**-5.0%**
Program expenses:						
Urban development	58,334,522	56,088,608	4.0%	0	0	0.0%
General government	8,515,972	9,302,583	-8.5%	0	0	0.0%
Interest on long-term debt	1,261,976	1,373,524	-8.1%	0	0	0.0%
Lending programs	0	0	0.0%	6,816,143	10,872,689	-37.3%
Property management	0	0	0.0%	3,345,677	3,825,373	-12.5%
Total expenses	**68,112,470**	**66,764,715**	**2.0%**	**10,161,820**	**14,698,062**	**-30.9%**
Change in net assets before transfers	-219,410	7,889,028	-102.8%	6,337,095	2,672,704	137.1%
Transfers	-138,073	-264,831	47.9%	138,073	264,831	-47.9%
Change in net assets after transfers	**$-357,483**	**$7,624,197**	**-104.7%**	**$6,475,168**	**2,937,535**	**120.4%**

Governmental Activities. Total revenues decreased by $6.8 Million (-9.1%) from 2010 from $74.7 Million in 2010 to $67.9 Million in 2011. The major variance from 2011 was $6.3 Million (35.6%) decrease in Charges for Services primarily related to a large payoff of the Liberty Center Urban Development Action Grant Loan in 2010.

In 2011, the cost of Governmental activities increased by $1.3 Million from $66.8 Million in 2010 to $68.1 in 2011. Overall, net assets of Governmental activities decreased by $.4 Million, which was $8 Million less than 2010 ($7.6 Million).

Business-Type Activities. The majority of the Revenues were Charges for Services ($8 Million), which includes funds financed by borrowers in the form of Program Interest Income ($4.4 Million in 2011; $4.9 Million in 2010) and tenants of owned properties in the form of Property Management Revenues ($2.5 Million in 2011 and $3.0 Million in 2010).

The cost of all Proprietary (Business-Type) activities in 2011 was $10.2 Million, as compared to $14.7 Million in 2010, which represents a decrease of $4.6 Million (30.9%). This decrease is attributable to the change in bad debt expense in the Pittsburgh Development Fund.

THE AUTHORITY'S FUNDS

As of December 31, 2011, the Authority's governmental funds reported total ending fund balances of $75.9 Million, which represents a decrease of $2.7 Million from the prior year ($78.6 Million). Of the fund balance, $43 Million was restricted to indicate that it is limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. Another $18 Million has been committed for bridge funds for programs and projects, property repairs and improvement, and potential relocation liabilities.

Major Funds

The URA's General Fund balance of $28 Million at December 31, 2011 represents a decrease of $5.2 Million from the December 31, 2010 ($33.2 Million). This decrease is partially due to the movement of $3.5 Million of committed funds to the respective special revenue funds via transfers.

The Community Development Block Grant (CDBG) Fund accounts for CDBG grants passed through to the Authority from the City of Pittsburgh. Its fund balance increased from $337,982 in 2010 to $1.8 Million in 2011, this increase is due to a $1.5 Million transfer from the General Fund related to funds committed for CDBG fronting.

The HOME Fund provides loans or grants for both housing rehabilitation and new construction. The fund balance increased from $784,041 in 2010 to $873,667 in 2011. While $410,374 of program income fund balance was used during 2011, $500,000 was transferred from the General Fund related to funds committed for HOME fronting.

The Grants Fund accounts for various URA projects and programs not accounted for elsewhere. This activity includes grant programs, loan programs, housing and business development projects. Some of the Authority's major development projects accounted for in this fund include South Side Works, Downtown Retail Corridor, and Pittsburgh Technology Center, and East Liberty. Of the $45.2 Million of fund balance in this fund, $42.0 Million is restricted for various urban development projects and programs.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The Authority's investment in capital assets as of December 31, 2011 and 2010 equals $44.1 Million and $45.1 Million, respectively, (net of accumulated depreciation) for its governmental activities. Capital assets in business-type activities were $5.8 Million at December 31, 2011, which is a $0.6 Million decrease from 2010. The Capital assets were reduced by accumulated depreciation.

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

Debt Administration

At December 31, 2011, the Authority had total long-term debt outstanding of $111.7 Million. Approximately $79.8 Million of Proprietary bond debt is secured solely by specified revenue sources (e.g. repayments on home mortgage loans and home improvement loans).

The outstanding debt was comprised primarily as follows: $55.2 Million of Mortgage Revenue Bonds which are comprised of various issues and rated “A” to “AAA” by Standard and Poor’s and “A1” to “Aa1” by Moody’s; $24.6 Million of Special Tax Development Refunding Bonds (PDF) which are rated AAA by Standard and Poor’s; $9.4 Million of bank loans; and HUD Section 108 loans in the amount of $24.1 Million.

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

Request for Information

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pittsburgh Housing Development Corporation
Assets				
Cash and investments	$ 91,935,803	$ 92,946,660	$ 184,882,463	$ 250,871
Restricted cash and investments	-	4,785,180	4,785,180	-
Due from other governments	8,518,780	-	8,518,780	-
Other receivables	15,989,090	203,999	16,193,089	16,698
Internal balances	(826,111)	826,111	-	-
Loans to component units	2,703,131	-	2,703,131	-
Loans receivable, net	35,655,868	42,714,762	78,370,630	1,600,000
Property held for redevelopment	20,038,762	-	20,038,762	5,208,227
Other assets	600,000	776,685	1,376,685	300
Capital assets:				
Non-depreciable	13,204,423	-	13,204,423	-
Depreciable, net of accumulated depreciation	30,896,111	5,824,981	36,721,092	-
Total Assets	$ 218,715,857	$ 148,078,378	$ 366,794,235	$ 7,076,096
Liabilities				
Accounts payable and other accrued liabilities	$ 29,804,237	$ 712,788	$ 30,517,025	$ 112,822
Deferred revenue	10,158,302	985,375	11,143,677	-
Loans payable to URA	-	-	-	2,703,131
Noncurrent liabilities:				
Due within one year	3,356,560	9,240,300	12,596,860	587,511
Due in more than one year	27,759,785	71,343,506	99,103,291	-
Total Liabilities	71,078,884	82,281,969	153,360,853	3,403,464
Net Assets				
Invested in capital assets, net of related debt	28,919,593	2,874,109	31,793,702	-
Restricted for urban development	42,725,840	-	42,725,840	-
Restricted for lending programs	28,958,999	57,659,803	86,618,802	-
Restricted for housing program	-	-	-	3,672,632
Unrestricted	47,032,541	5,262,497	52,295,038	-
Total Net Assets	147,636,973	65,796,409	213,433,382	3,672,632
Total Liabilities and Net Assets	$ 218,715,857	$ 148,078,378	$ 366,794,235	$ 7,076,096

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			Component Unit
Functions/Programs	Direct Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	Total	Pittsburgh Housing Development Corporation
Primary Government:								
Governmental activities:								
Urban development	$ 58,334,522	$ 7,990,026	$ 54,332,132	$ -	$ 3,987,636	$ -	$ 3,987,636	$ -
General government	8,515,972	3,569,167	1,950,000	-	(2,996,805)	-	(2,996,805)	-
Interest on long-term debt	1,261,976	-	-	-	(1,261,976)	-	(1,261,976)	-
Total governmental activities	68,112,470	11,559,193	56,282,132	-	(271,145)	-	(271,145)	-
Business-type activities:								
Lending programs	6,816,143	5,441,921	7,500,000	-	-	6,125,778	6,125,778	-
Property management	3,345,677	2,539,677	-	-	-	(806,000)	(806,000)	-
Total business-type activities	10,161,820	7,981,598	7,500,000	-	-	5,319,778	5,319,778	-
Total primary government	$ 78,274,290	$ 19,540,791	$ 63,782,132	$ -	(271,145)	5,319,778	5,048,633	-
Component Unit:								
Pittsburgh Housing Development Corporation	$ 928,849	$ 73,866	$ 628,108	$ -	-	-	-	(226,875)
General revenues:								
Investment earnings					51,735	932,468	984,203	-
Proceeds from sales of real estate					-	-	-	509,200
Other income					-	84,849	84,849	25,283
Transfers					(138,073)	138,073	-	-
Total general revenues and transfers					(86,338)	1,155,390	1,069,052	534,483
Change in Net Assets					(357,483)	6,475,168	6,117,685	307,608
Net assets - beginning					147,994,456	59,321,241	207,315,697	3,365,024
Net assets - ending					$ 147,636,973	$ 65,796,409	$ 213,433,382	$ 3,672,632

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	General	Community Development Block Grant	HOME	Grants	Totals
Assets					
Cash and investments	$ 22,208,744	$ 3,578,345	$ -	$ 66,148,714	$ 91,935,803
Receivables (net, where applicable, of allowance for uncollectibles):					
Loans	1,073,942	-	680,728	36,604,329	38,358,999
Other	7,437,626	-	-	8,551,464	15,989,090
Due from other funds	1,404,973	-	877,855	-	2,282,828
Due from other governmental units	-	1,337,399	-	7,181,381	8,518,780
Property held for redevelopment	3,682,374	61,539	-	16,294,849	20,038,762
Total Assets	$ 35,807,659	$ 4,977,283	$ 1,558,583	$ 134,780,737	$ 177,124,262
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and other accrued liabilities	$ 1,047,197	$ 463,427	$ 4,188	$ 28,033,735	$ 29,548,547
Due to other funds	-	2,614,335	-	494,604	3,108,939
Deferred revenue	6,794,055	61,539	680,728	61,019,741	68,556,063
Total Liabilities	7,841,252	3,139,301	684,916	89,548,080	101,213,549
Fund Balance:					
Restricted	-	337,982	373,667	42,014,191	42,725,840
Committed	14,500,000	1,500,000	500,000	1,500,000	18,000,000
Assigned	-	-	-	1,718,466	1,718,466
Unassigned	13,466,407	-	-	-	13,466,407
Total Fund Balance	27,966,407	1,837,982	873,667	45,232,657	75,910,713
Total Liabilities and Fund Balance	$ 35,807,659	$ 4,977,283	$ 1,558,583	$ 134,780,737	$ 177,124,262

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

Fund balance	$ 75,910,713
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,100,534
Other long-term assets such as loans and property held for redevelopment are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	58,997,761
An accrual for interest payable is not reflected within the funds.	(255,690)
Long-term liabilities, including compensated absences and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(31,116,345)
Net assets of governmental activities	$ 147,636,973

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

YEAR ENDED DECEMBER 31, 2011

	General	Community Development Block Grant	HOME	Grants	Totals
Revenues:					
Intergovernmental	$ 83,853	$ 4,664,621	$ 4,505,000	$ 47,028,658	$ 56,282,132
Interest	10,898	4,967	1,654	34,216	51,735
Rental income	1,499,686	-	-	3,354,589	4,854,275
Loan repayments	90,547	-	308,139	8,207,483	8,606,169
Other	1,978,934	34,369	-	2,646,029	4,659,332
Total revenues	3,663,918	4,703,957	4,814,793	61,270,975	74,453,643
Expenditures:					
Current:					
Urban development	1,588,996	2,750,635	4,825,477	55,844,374	65,009,482
Administrative	3,534,862	1,953,322	399,690	1,974,202	7,862,076
Other	139,154	-	-	514,742	653,896
Debt service	-	-	-	8,023,556	8,023,556
Total expenditures	5,263,012	4,703,957	5,225,167	66,356,874	81,549,010
Excess (Deficiency) of Revenues Over Expenditures	(1,599,094)	-	(410,374)	(5,085,899)	(7,095,367)
Other Financing Sources (Uses):					
Loan proceeds	-	-	-	4,575,000	4,575,000
Transfers in	-	1,500,000	500,000	1,500,000	3,500,000
Transfers out	(3,638,073)	-	-	-	(3,638,073)
Total other financing sources (uses)	(3,638,073)	1,500,000	500,000	6,075,000	4,436,927
Net Change in Fund Balance	(5,237,167)	1,500,000	89,626	989,101	(2,658,440)
Fund Balance (Deficit):					
Beginning of year	33,203,574	337,982	784,041	44,243,556	78,569,153
End of year	$ 27,966,407	$ 1,837,982	$ 873,667	$ 45,232,657	$ 75,910,713

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

YEAR ENDED DECEMBER 31, 2011

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

Net change in fund balance - total governmental funds (page 4)	$	(2,658,440)
In governmental funds, the issuance of loans is a current expenditure while the repayment of loans, including principal and interest, is recognized as income when received. On the statement of activities, only the interest income is reported as current revenue. Also, the change in the allowance for doubtful accounts is shown as an increase or decrease in net assets on the statement of activities while it has no effect on fund balance in the governmental funds. The net change in loans receivable is shown here.		942,746
The repayment of principal of long-term debt is reported as a reduction in the liability on the statement of net assets. On the fund statements, this transaction is recorded as an expenditure.		6,742,470
The issuance of debt is reported as an increase in the liability on the statement of net assets. On the fund statements, this transaction is recorded as an other financing source.		(4,575,000)
The cost of property held for redevelopment is expended in the funds when purchased but capitalized in the statement of net assets. The net change in property held for redevelopment is shown here.		123,699
Compensated absences and accrued interest payable are reflected as liabilities on the statement of net assets, but are not included in the fund statements. The change in these liabilities is shown here.		20,070
Depreciation expense related to the capital assets is not reflected in the fund statements but is recorded on the statement of activities.		(953,028)
Change in net assets of governmental activities (page 2)	$	(357,483)

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds						
	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Lexington Technology Park Fund	Other	Totals
Assets							
Current assets:							
Cash and investments	$ 56,013,332	$ 1,166,124	$ 35,761,783	$ -	$ -	$ 5,421	$ 92,946,660
Restricted cash and investments	-	-	4,785,180	-	-	-	4,785,180
Receivables (net, where applicable, of allowance for uncollectibles):							
Loans	15,259,317	3,274,157	24,181,288	-	-	-	42,714,762
Interest	300	-	-	-	-	-	300
Other	187,705	15,994	-	-	-	-	203,699
Due from other funds	-	-	-	681,422	149,000	-	830,422
Loan to Lexington Technology Park Fund, net	-	-	-	80,138	-	-	80,138
Other assets	592,088	-	184,597	-	-	-	776,685
Noncurrent assets:							
Capital assets, net of applicable accumulated depreciation	-	-	-	-	5,824,981	-	5,824,981
Total Assets	$ 72,052,742	$ 4,456,275	$ 64,912,848	$ 761,560	$ 5,973,981	$ 5,421	$ 148,162,827
Liabilities							
Current liabilities:							
Accounts payable and other accrued liabilities	$ 687,478	$ -	$ -	$ 15,558	$ 9,752	$ -	$ 712,788
Due to other funds	-	-	-	-	-	4,311	4,311
Deferred revenue	985,375	-	-	-	-	-	985,375
Bonds and loans payable	2,600,000	-	6,525,000	-	115,300	-	9,240,300
Noncurrent liabilities:							
Loan from Produce Terminal Fund	-	-	-	-	80,138	-	80,138
Bonds and loans payable	52,635,000	-	15,872,934	-	2,835,572	-	71,343,506
Total Liabilities	56,907,853	-	22,397,934	15,558	3,040,762	4,311	82,366,418
Net Assets							
Invested in capital assets, net of related debt	-	-	-	-	2,874,109	-	2,874,109
Restricted for lending programs	15,144,889	-	42,514,914	-	-	-	57,659,803
Unrestricted	-	4,456,275	-	746,002	59,110	1,110	5,262,497
Total Net Assets	15,144,889	4,456,275	42,514,914	746,002	2,933,219	1,110	65,796,409
Total Liabilities and Net Assets	$ 72,052,742	$ 4,456,275	$ 64,912,848	$ 761,560	$ 5,973,981	$ 5,421	$ 148,162,827

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

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

YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds						
	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Lexington Technology Park Fund	Other	Totals
Operating Revenues:							
Program interest income	$ 3,245,282	$ 142,696	$ 1,026,385	$ -	$ -	$ -	$ 4,414,363
Property management revenues	-	-	-	204,689	2,321,308	13,680	2,539,677
Other	-	-	1,027,558	-	-	-	1,027,558
Total operating revenues	3,245,282	142,696	2,053,943	204,689	2,321,308	13,680	7,981,598
Operating Expenses:							
Originating lender service fees	70,011	-	-	-	-	-	70,011
Administrative expenses	214,917	373,679	-	-	-	-	588,596
Depreciation and amortization expense	92,464	-	61,534	87,306	533,352	-	774,656
Property management and improvements	-	-	139,205	362,555	2,010,864	60,170	2,572,794
Other	56,325	1,113	6,330	53,324	93,031	-	210,123
Total operating expenses	433,717	374,792	207,069	503,185	2,637,247	60,170	4,216,180
Operating Income (Loss)	2,811,565	(232,096)	1,846,874	(298,496)	(315,939)	(46,490)	3,765,418
Non-Operating Revenues (Expenses):							
Earnings on investments	911,771	173	20,237	287	-	-	932,468
Intergovernmental revenue	-	-	7,500,000	-	-	-	7,500,000
Interest expense	(3,546,334)	-	(2,254,231)	-	(145,075)	-	(5,945,640)
Other	84,849	-	-	-	-	-	84,849
Net non-operating revenues (expenses)	(2,549,714)	173	5,266,006	287	(145,075)	-	2,571,677
Excess (Deficiency) of Revenues Over Expenses Before Transfers	261,851	(231,923)	7,112,880	(298,209)	(461,014)	(46,490)	6,337,095
Transfers in (out)	-	-	-	-	93,073	45,000	138,073
Change in Net Assets	261,851	(231,923)	7,112,880	(298,209)	(367,941)	(1,490)	6,475,168
Net Assets:							
Beginning of year	14,883,038	4,688,198	35,402,034	1,044,211	3,301,160	2,600	59,321,241
End of year	$ 15,144,889	$ 4,456,275	$ 42,514,914	$ 746,002	$ 2,933,219	$ 1,110	$ 65,796,409

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

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds						
	Mortgage Revenue Bond Program	Home Improvement Loan Program	Pittsburgh Development Fund	Produce Terminal Fund	Lexington Technology Park Fund	Other	Totals
Cash Flows From Operating Activities:							
Receipts from tenants	$ -	$ -	$ -	$ 260,786	$ 2,321,308	$ 13,680	$ 2,595,774
Payments from borrowers	3,039,860	771,933	8,770,505	-	-	-	12,582,298
Loan disbursements to borrowers	-	-	(7,294,259)	-	-	-	(7,294,259)
Payments for property management services	-	-	(139,205)	(363,124)	(2,015,453)	(60,170)	(2,577,952)
Receipts from mortgage-backed securities	6,971,335	-	-	-	-	-	6,971,335
Payments made to purchase mortgage-backed securities	(426,102)	-	-	-	-	-	(426,102)
Other receipts (payments)	-	(355,393)	9,699	(53,324)	(93,031)	-	(492,049)
Net cash provided by (used in) operating activities	9,585,093	416,540	1,346,740	(155,662)	212,824	(46,490)	11,359,045
Cash Flows From Non-Capital Financing Activities:							
Grants	-	-	7,500,000	-	-	-	7,500,000
Interest paid	(3,822,854)	-	(1,526,875)	-	(145,075)	-	(5,494,804)
Principal repayments-borrowings	(19,475,000)	-	(6,205,000)	-	(107,789)	-	(25,787,789)
Interfund receipts (payments)	-	-	-	(256,914)	106,039	45,000	(105,875)
Other income (expense)	84,849	-	-	(15,314)	-	-	69,535
Net cash provided by (used in) non-capital financing activities	(23,213,005)	-	(231,875)	(272,228)	(146,825)	45,000	(23,818,933)
Cash Flows From Investing Activities:							
Purchase of investments	(20,618,660)	-	-	-	-	-	(20,618,660)
Proceeds from sales and maturities of investments	20,304,210	-	-	-	-	-	20,304,210
Purchase of capital assets	-	-	-	-	(65,999)	-	(65,999)
Earnings on investments	185,041	210	20,237	287	-	-	205,775
Net cash provided by (used in) investing activities	(129,409)	210	20,237	287	(65,999)	-	(174,674)
Net Increase (Decrease) in Cash and Cash Equivalents	(13,757,321)	416,750	1,135,102	(427,603)	-	(1,490)	(12,634,562)
Cash and Cash Equivalents:							
Beginning of year	25,685,629	749,374	39,411,861	427,603	-	6,911	66,281,378
End of year	$ 11,928,308	$ 1,166,124	$ 40,546,963	$ -	$ -	$ 5,421	$ 53,646,816
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	$ 2,811,565	$ (232,096)	$ 1,846,874	$ (298,496)	$ (315,939)	$ (46,490)	$ 3,765,418
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	92,464	-	61,534	87,306	533,352	-	774,656
Provision for uncollectible loans receivable	-	-	(972,627)	-	-	-	(972,627)
Change in operating assets and liabilities:							
Loans issued	-	-	(7,294,259)	-	-	-	(7,294,259)
Loan repayments received	1,978,984	629,237	7,744,120	-	-	-	10,352,341
Receipts from mortgage-backed securities	4,786,929	-	-	-	-	-	4,786,929
Other assets	-	19,399	-	56,097	-	-	75,496
Accounts payable	-	-	(38,902)	(569)	(4,589)	-	(44,060)
Deferred revenue	(84,849)	-	-	-	-	-	(84,849)
Total adjustments	6,773,528	648,636	(500,134)	142,834	528,763	-	7,593,627
Net cash provided by (used in) operating activities	$ 9,585,093	$ 416,540	$ 1,346,740	$ (155,662)	$ 212,824	$ (46,490)	$ 11,359,045
Supplemental Information:							
Cash and investments	$ 56,013,332	$ 1,166,124	$ 40,546,963	$ -	$ -	$ 5,421	$ 97,731,840
Investments not considered to be cash and cash equivalents	(44,085,024)	-	-	-	-	-	(44,085,024)
Cash and cash equivalents	$ 11,928,308	$ 1,166,124	$ 40,546,963	$ -	$ -	$ 5,421	$ 53,646,816

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

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

The Pittsburgh Economic and Industrial Development Corporation (PEIDC)

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The URA reports the following major governmental funds:

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

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

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

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

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

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

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

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

Downtown Retail Corridor - property acquisitions in the downtown area in preparation for future development.

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

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

The URA reports the following major proprietary funds:

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

The *Home Improvement Loan Program (HILP)* accounts for the activities of the issuance of tax-exempt and taxable bonds to finance the rehabilitation of residential housing for persons and families of low to middle income throughout the City but without regard to borrower's income in certain designated targeted areas within the City. All bonds were paid in full as of 2010. The HILP Program is currently being funded with loan repayments.

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

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

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

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

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

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

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

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

<u>Cash and Cash Equivalents</u>

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

<u>Investments</u>

Investments are recorded at fair value.

<u>Interfund Receivables and Payables</u>

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

Loans Receivable

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

It is the URA's policy to provide for future losses on loans based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the URA's judgment, may impact collectibility. At December 31, 2011, the total allowance for uncollectible loans in governmental funds, including those only repayable on a contingent basis and fully reserved at the time of issuance, was $133 million.

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

Property Held for Redevelopment

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities would be included as part of the capitalized value of the assets constructed if the projects were financed. No capital assets were constructed using external, interest-bearing financing during 2011 in the URA's business-type funds; accordingly, no interest was capitalized.

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

Long-Term Obligations

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

Compensated Absences

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

Urban Development Expenditures

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

Budgets

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

Tax Increment Financing

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

Estimates

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

Net Assets

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

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

- Restricted – This component of net assets consists of constraints placed on net asset use through external restrictions.

- Unrestricted – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Adopted Pronouncement

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."* This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The requirements of this Statement are effective (and were adopted) for the URA's 2011 financial statements.

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

- Nonspendable – This category represents funds that are not in spendable form. As of December 31, 2011, the URA has no nonspendable fund balance.

- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are restricted for specific expenditure under agreement with grantors. At December 31, 2011, the URA's restricted fund balance related to various urban development projects and programs restricted primarily by grant agreements or other intergovernmental agreements.

- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board of Directors (Board) by resolution. Such a commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment also requires a Board resolution. As of December 31, 2011, the URA had committed fund balances for the following: $12 million for temporary funding for projects in advance of the Authority's receipts of permanent financing and $6 million for specific projects.

- Assigned – This category represents intentions of the URA to use the funds for specific purposes. The authority to make assignments of fund balance may only be made by the Board and remains in place until the Board releases the assignments. The assignment cannot exceed the available spendable unassigned fund balance in any particular fund. Assigned fund balances as of December 31, 2011 represented funds assigned for housing development projects.

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

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

Pending Pronouncements

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

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

GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."* The objective of this Statement is to codify into the GASB standards guidance located in FASB and AICPA pronouncements. This Statement will become effective for the December 31, 2012 year-end.

GASB Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. This Statement will become effective for the December 31, 2012 year-end.

2. CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the URA's deposits may not be returned to it. The URA does not have a formal policy for custodial credit risk. As of December 31, 2011, $94,548,917 of the URA's bank balance of $113,994,783 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2011, the carrying amounts of the URA's deposits were $113,477,588.

As of December 31, 2011, $871 of the component unit's bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature. As of December 31, 2011, the carrying amounts of the component unit's deposits were $250,871.

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

		Maturity in years						
	Fair market value	Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	26-28 years
Money Market Funds	$ 32,105,031	$ 32,105,031	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Treasury Bonds	3,491,095	-	-	3,491,095	-	-	-	-
Freddie Mac	1,235,088	-	-	-	-	-	1,235,088	-
GNMA	12,079,497	-	15,768	1,495,262	-	72,879	7,766,734	2,728,854
FNMA	27,279,344	-	141,123	73,006	8,215,418	12,447,959	6,293,546	108,292
Total	$ 76,190,055	$ 32,105,031	$ 156,891	$ 5,059,363	$ 8,215,418	$ 12,520,838	$ 15,295,368	$ 2,837,146

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

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The URA has an investment policy that limits its investment choices based on credit qualifications by investment type. As of December 31, 2011, the URA's investments in money market funds were rated AAA by Standard & Poor's. The Authority's investments in Freddie Mac and FNMA were not rated as of December 31, 2011.

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

Reconciliation of cash and investments to financial statements:

Cash and investment footnote:	
Deposits	$ 113,477,588
Investments	76,190,055
	$ 189,667,643
Cash and investments per financial statements:	
Governmental Funds	$ 91,935,803
Proprietary Funds	97,731,840
	$ 189,667,643

3. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables, payables, and transfers as of December 31, 2011 consisted of:

Fund	Receivables	Payables
Major Funds:		
General	$ 1,404,973	$ -
Community Development Block Grant	-	2,614,335
HOME	877,855	-
Grants	-	494,604
Produce Terminal	681,422	-
Lexington Technology Park Fund	149,000	-
Other Enterprise Fund	-	4,311
	$ 3,113,250	$ 3,113,250

Fund	Transfers In	Transfers Out
Major Funds:		
General	$ -	$ 3,638,073
Community Development Block Grant	1,500,000	-
HOME	500,000	-
Grants	1,500,000	-
Lexington Technology Park	93,073	-
Other Enterprise Fund	45,000	-
	$ 3,638,073	$ 3,638,073

Transfers in 2011 primarily relate to movements of committed fund balance from the General Fund to the related Special Revenue Fund.

4. Loans Receivable

Governmental funds report total loans receivable, net of allowance for uncollectible loans, of $38 million at December 31, 2011. The most significant of the governmental fund loans relates to the UDAG Program, HOME, and various loan programs funded by the Community Development Block Grant (CDBG). UDAG loans are made to individual businesses. HOME loans are made to individual homeowners. The CDBG loans are made to individual homeowners as well as to businesses.

Loans receivable include $2.7 million due from PHDC, the URA's discretely-presented component unit, as described at Note 8.

Enterprise fund and component unit loans receivable from individual property-owners and enterprises within the City are reported net of any applicable allowances for uncollectible loans in the following funds at December 31, 2011:

Enterprise Funds:	Amount
Mortgage Revenue Bond Program, net of allowance of $397,000	$ 15,259,317
Home Improvement Loan Program, no allowance deemed necessary	3,274,157
Pittsburgh Development Fund, net of allowance of $10.8 million	24,181,288
	$ 42,714,762
Component Unit:	
Pittsburgh Housing Development Corporation	$ 1,600,000

The Mortgage Revenue Bond Program provides below market rate mortgages for the purchase and rehabilitation of residential property. Funds to finance the mortgages have been provided principally through the issuance of tax-exempt bonds. The Home Improvement Loan program also finances the rehabilitation of residential housing. The Pittsburgh Development Fund loans were made to targeted and strategic commercial development ventures to encourage and expand economic development within the City. The Pittsburgh Development Fund loan allowance decreased by $927,627 from 2010 which is reflected as other income on the statement of revenues, expenses, and changes in net assets.

As of December 31, 2011, the URA had approved $5.1 million of PDF loans to various borrowers. These loans will close and begin to be paid out to the borrowers in 2012. Additionally, there was $2.4 million in remaining disbursements available to borrowers on closed PDF loans as of December 31, 2011.

5. CAPITAL ASSETS

Capital Assets

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

	Balance at December 31, 2010	Additions	Disposals	Balance at December 31, 2011
Non-Depreciable Assets:				
Land and improvements	$ 13,204,423	$ -	$ -	$13,204,423
Depreciable Assets:				
Buildings	37,406,972	-	-	37,406,972
Less: accumulated depreciation	(5,557,833)	(953,028)	-	(6,510,861)
	31,849,139	(953,028)	-	30,896,111
Governmental activities capital assets, net	$ 45,053,562	$ (953,028)	$ -	$44,100,534

Business-Type Capital Assets

The business-type funds' capital assets are valued at cost less accumulated depreciation determined using the straight-line method. The capital assets are included in the Produce Terminal Fund and Lexington Technology Park Fund. Depreciation charged to expenses was $87,306 and $533,352 for Produce Terminal Fund and Lexington Technology Park Fund, respectively.

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

	Balance at December 31, 2010	Additions	Disposals	Balance at December 31, 2011
Buildings and improvements	$18,575,060	$ 65,999	$ -	$18,641,059
Less: accumulated depreciation	(12,195,420)	(620,658)	-	(12,816,078)
	$ 6,379,640	$ (554,659)	$ -	$ 5,824,981

6. PROPERTY HELD FOR REDEVELOPMENT

The URA holds property for redevelopment which is valued at cost or net realizable value, if less than cost. A summary of the property held for redevelopment by fund at December 31, 2011 is as follows:

Valued at cost:	Amount
Major Funds:	
General Fund	$ 3,682,374
CDBG	61,539
Grants Fund:	
Downtown Retail Corridor	7,545,000
Lawrenceville (62nd Street)	2,424,964
North Shore	856,000
Southside Housing	842,467
Uptown	1,566,856
Other	2,818,206
	19,797,406
Valued at Estimated Net Realizable Value:	
Grants Fund:	
South Side Works	241,356
	241,356
Total property held for redevelopment	$ 20,038,762

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

The second section includes property held for redevelopment which is valued at estimated net realizable value based on management's estimate at December 31, 2011.

7. DEFINED CONTRIBUTION PLAN

The URA provides a defined contribution retirement plan covering all employees who have completed one year of service. The total contribution for any plan participant is 10% of their base salary. Participants who were employed after December 31, 1985 contribute 5% of their base salary and receive a matching contribution by the URA. Participants hired before January 1, 1986 make no contribution to the plan as the URA funds the entire 10% contribution. Employer contributions, net of forfeitures, for the year ended December 31, 2011 were $326,295 and employee contributions were $190,321.

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

8. Long-Term Debt

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

	Balance at December 31, 2010	Additions	Retirements	Balance at December 31, 2011
Primary Government:				
Governmental:				
Bank loans	$ 7,281,884	$ 4,575,000	$ 5,398,470	$ 6,458,414
HUD Section 108 loans	25,469,000	-	1,344,000	24,125,000
Compensated absences	533,891	-	960	532,931
Total Governmental Fund Debt	33,284,775	4,575,000	6,743,430	31,116,345
Proprietary:				
Mortgage Revenue Bond Program	74,710,000	-	19,475,000	55,235,000
Bank loans	3,058,661	-	107,789	2,950,872
PDF Trust bonds	30,785,000	-	6,205,000	24,580,000
Deferred amounts:				
Premiums	354,706	-	88,676	266,030
Refunding adjustments	(3,264,128)	-	(816,032)	(2,448,096)
Total Proprietary Fund Debt	105,644,239	-	25,060,433	80,583,806
Total Debt and Other Long-Term Obligations - Primary Government	$ 138,929,014	$ 4,575,000	$ 31,803,863	111,700,151
Component Unit:				
Pittsburgh Housing Development Corporation:				
Loans payable to the URA	$ 2,827,342	$ 187,759	$ 311,970	2,703,131
Bank construction loans	315,035	425,411	152,935	587,511
Total Component Unit Debt	$ 3,142,377	$ 613,170	$ 464,905	3,290,642
Total Debt and Other Long-Term Obligations - Reporting Entity				$ 114,990,793

Proprietary Fund debt at December 31, 2011 is composed of the following individual issues:

Mortgage Revenue Bonds

The Mortgage Revenue Bond Program was created to provide below market rate mortgages for the purchase and rehabilitation of residential property within the City. The bonds, including various series and term bonds, bear interest at rates from 3.90% to 6.25% and mature through 2036. $2,600,000 is due in 2012.

Pittsburgh Development Fund (PDF) Bonds

On September 1, 2005, the Authority issued $57,470,000 of Special Tax Development Refunding Bonds (2005 Bonds). The proceeds of the 2005 Bonds were used to provide funds for the current refunding of the 1995 Bond Series. Including the upfront payment received, this refunding resulted in an economic gain to the Authority of approximately $2,450,500. Debt service payments remained materially consistent with the previous debt service requirements. In connection with the debt refunding, the Authority recorded a deferred 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 Authority. The 2005 Bonds are limited obligations of the Authority payable solely from that portion of the RAD Tax paid to the Authority or the trustee and certain funds held under the indenture and the earnings thereon. The 2005 Bonds shall not be deemed to be a debt of the Commonwealth of Pennsylvania, Allegheny County, or the City or a pledge of the faith and credit of the Commonwealth of Pennsylvania, Allegheny County, or the City, and shall not be an obligation of the Authority payable from any source except that portion of the RAD Tax assigned to the Authority or the Trustee pursuant to the City's agreement and certain funds held under the indenture and the earnings thereon. The Authority has no taxing power.

The 2005 Bonds bear interest at 5.00% and mature through 2014. $6,525,000 is due in 2012.

Bank Loan

The URA received a loan to finance renovations to the Lexington Technology Park buildings. The loan is fixed at an interest rate of 4.57%. At December 31, 2011, $2,950,872 is outstanding. Final maturity is February 28, 2019. Monthly payments are based on a twenty-year amortization with a balloon payment due at maturity. $115,300 is due on this loan in 2012.

General long-term debt loans payable are described below:

Bank Loans

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

In 2009, the Authority assumed a loan in the amount of $1,500,000 from the Commonwealth Financing Authority. The loan principal was due upon the sale of the Highland Hotel property; subsequent to year-end this property was sold and the entire balance of the loan was paid off. At December 31, 2011, $1,486,324 is outstanding and is classified as current on the statement of net assets.

In April 2011, the URA received a bank loan totaling $4,575,000. The proceeds of the loan were used to consolidate and refinance the debt on the South Side Works garages' loans. Interest is payable at a rate of 4.75% until April 1, 2016 at which time the rate adjusts to a fixed rate equal to 2.75% above the Five Year Federal Reserve Swap Index then in effect. The loan is collateralized by the related property and matures on March 1, 2021. Monthly payments are based on a twenty year amortization with a balloon payment due at maturity. At December 31, 2011, $4,442,620 is outstanding. $158,851 is due on this loan in 2012.

HUD Section 108 Loans

During 2003, the URA received two HUD Section 108 loans to provide funding for the construction of garages at South Side Works. The first loan, in the original principal amount of $4.5 million is for an 850-space parking garage, known as Garage #3. The loan bears interest at 4%, with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. The loan is secured by 60% of the tax increment from certain properties located in the South Side Works TIF District (South Side). At December 31, 2011, $2.629 million is outstanding. $331,000 is due in 2012.

The second loan, in the original principal amount of $6.5 million is for the construction of a 367-space parking garage (Garage #2) and site improvements in the South Side. The loan bears interest at 4%, with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. The loan is secured by 60% of the tax increment from certain properties located in the South Side as well as future Community Development Block Grants. At December 31, 2011, $3.490 million is outstanding. $445,000 is due in 2012.

During 2008, the URA received two HUD Section 108 loans to provide funding for the Pittsburgh Technology Center. The first loan, in the original principal amount of $3 million is for site improvements and streets and utilities relocation. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2011, $2.89 million is outstanding. $117,000 is due in 2012.

The second loan, in the original principal amount of $2 million is for the construction of a 160-space parking condominium. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2011, $1.927 million is outstanding. $78,000 is due in 2012.

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

During 2009, the URA received a HUD Section 108 loan for the South Side Works Infrastructure Project, for an amount not to exceed $4,000,000. $3 million was drawn during 2009 representing interim financing which was converted into permanent financing with HUD on June 17, 2010. The new loan bears interest at 2% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2018. At December 31, 2011, $3.189 million is outstanding. $421,000 is due in 2012. The loan is secured by pledged tax increment revenues of the project.

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

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

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

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

Component unit debt consists of the following:

PHDC-URA Loans

PHDC had outstanding construction loans payable to the URA of $2,703,131. The loans are non-interest bearing. The loans are due upon the sale of related project units but are not scheduled to mature past 2012. The loans are secured by a third lien position on real property and improvements.

PHDC-Bank Loan

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

Future Maturities

Principal payments of $3,290,642 are due in 2012 for the component unit.

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

9. NO-COMMITMENT DEBT

The URA is involved in a number of debt transactions for which the URA issued debt in its name but retained no obligation for the repayment of the debt. The responsibility for repayment belongs either to the City, other taxing authorities, or to private borrowers. As of December 31, 2011, the aggregate amount of no-commitment debt outstanding was $84 million. The amount is comprised of $18 million Multi-Family Revenue Bonds and $66 million Tax Increment Financing Bonds and Notes (TIF debt).

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

10. RISK MANAGEMENT

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

11. COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

Contract Commitments

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

Arena Land Agreement

In 2007, as part of a Memorandum of Understanding between the Commonwealth of Pennsylvania, the County of Allegheny (County), the City of Pittsburgh, the Sports and Exhibition Authority (SEA) and the Lemieux Group LP, as developer of a new arena, the developer received redevelopment rights to property surrounding the new arena site. The developer is entitled to an aggregate of $15 million of credits which may be applied to the purchase price of the property over a 10 year period. If all the property is not acquired for redevelopment by the developer, the URA entered into a Put Agreement with the SEA and the County whereby the URA and the Redevelopment Authority of Allegheny County, a component unit of the County, would each agree to purchase from the SEA one half (1/2) of the portion of the property that remains at the end of the draw down period, for a purchase price equal to one half (1/2) of any unpaid portion of the $15 million credit. At December 31, 2011, the balance of the credits was $14.575 million.