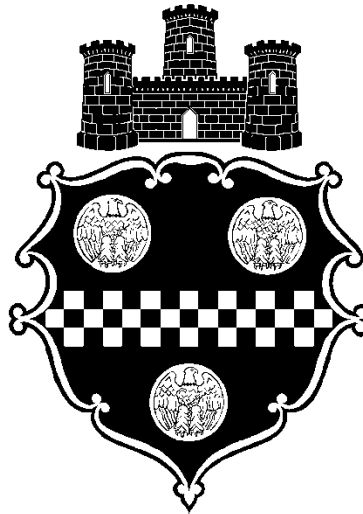


# Municipalities Financial Recovery Act

## Evaluation of the Fourth Quarter 2007 Financial & Performance Report

City of Pittsburgh  
Allegheny County, Pennsylvania



Prepared on behalf of the

**Commonwealth of Pennsylvania**  
**Department of Community and Economic Development**  
**Governor's Center for Local Government Services**  
**May 13, 2008**

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## **Scope and Context**

The Act 47 Coordinator, Eckert Seamans Cherin & Mellott LLP and Public Financial Management, Inc., have reviewed the City of Pittsburgh's Quarterly Financial and Performance Report, dated February 15, 2008 (the "Fourth Quarter Report"); this report covers the last quarter of the City's 2007 fiscal year, running from October 1, 2007 through December 31, 2007. The primary goal of this review was to assess the City's financial performance for FY2007, identify City revenue and expenditure trends, and consider the implications those trends hold for future City financial performance.

During this fiscal year, the Act 47 Coordinator identified threats to the City's financial performance, as well as opportunities for the City to improve on current projections. To the extent possible, potential variances under the Act 11 process were identified. Variances are defined as "adverse changes of more than one percent of any individual departmental budget or revenue line reasonably projected to occur at year end." Where variances have been identified, the Act 47 Coordinator has requested that the City provide a description of specific remedial actions to correct them. The Act 47 Coordinator has also identified areas where City financial performance has been better than expected in the budget.

Readers should review this report in the context of the long-term nature of Pittsburgh's challenge. Overall, the Coordinator found that based on the preliminary unaudited 2007 financial results provided by the City, Pittsburgh will end the year with a positive net operating balance. The Coordinator expects that overall revenues will be higher than budgeted. Expenditures are lower than budgeted once \$41 million in one-time adjustments related to the establishment of a pay-as-you-go capital fund for FY2008 are included.<sup>1</sup>

When the Act 47 Recovery Plan was adopted by the City in June 2004, the City's budget shortfall was estimated to be over \$34 million in 2004, over \$70 million in 2005 and nearly \$90 million in 2007 without corrective action. With the approval of new revenues by the General Assembly and the Governor and expenditure reductions, the conclusion of groundbreaking new labor agreements with the majority of the City's bargaining units, and the implementation of many initiatives identified in the Act 47 plan, the City will achieve an operating surplus for the fourth successive year. Implementation of major portions of the Act 47 Recovery Plan and enactment of the Commonwealth's tax and expenditure package helped improve City results by a positive \$118 million in 2006 compared to original baseline projections. Based on the City's fourth quarter report, that improvement over the original baseline grew to \$144 million in 2007.

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<sup>1</sup> The City transferred \$60.0 million from its General Fund to the PAY-GO fund and used \$19.0 million in its sinking fund for debt service, alleviating the need to spend the same amount from its General Fund budgeted debt service. The net effect of these adjustments is \$41 million in additional general fund expenditures. Unless otherwise noted, the total expenditure figures used in this report account for these one-time adjustments, showing the lower amount.

Overall, revenue results have been significantly better than Act 47 baseline (i.e., if no corrective actions were taken) projections,<sup>2</sup> as displayed in the table below:

<b>Fiscal Year</b>	<b>Act 47 Projection</b>	<b>Actual</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
2005	\$365,126,367	\$414,396,984	\$49,270,617	13.5
2006	\$376,665,716	\$440,019,089	\$63,353,373	16.8
2007	\$384,912,644	\$448,337,863	\$63,425,219	16.5

Similarly, overall expenditure reductions have been more robust than Act 47 baseline projections, as illustrated in the following table:

<b>Fiscal Year</b>	<b>Act 47 Projection</b>	<b>Actual</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
2005	\$437,055,007	\$399,389,834	(\$37,665,173)	(8.6)
2006	\$455,078,880	\$401,232,416	(\$53,846,464)	(11.8)
2007	\$474,856,852	\$393,981,638	(\$80,875,214)	(17.0)

However, even with these significant improvements in the City’s finances, challenges lie ahead. For example, concerns about a slowdown in the national economy could moderate growth in revenue categories that are impacted by changes in the business cycle including the payroll prep tax, earned income tax and deed transfer tax. It is notable that the 2008 budget and five-year projection approved by the Intergovernmental Cooperation Authority (ICA) in November 2007 projects minimal annual operating balances that become negative by 2011. While the better-than-expected revenue performance for the current year may mitigate some of the projected negative balance, the City must be prepared to take additional steps to improve efficiency and control costs in future years, as revenue growth slows and state-mandated reductions in key taxes take effect.

Before its financial health is assured, the City must achieve and sustain financial performance for several years with a recurring audited cumulative General Fund balance in the range of five to fifteen percent of revenues. This means annual net operating results that allow the City to consistently maintain an ongoing cumulative balance or fund balance of at least \$25 million, and preferably much more. To do this, the City must remain dedicated to a long-term plan for maintaining fiscal stability. Such a plan must be multi-faceted, including substantial and stable annual capital budgets supported by operating funds and borrowing, tax revenues that grow, and strategies to strengthen pension funds, pay for other post-employment benefits (OPEBs), and manage a heavy debt service burden. Aggressive, creative expenditure control and reduction efforts must also be included.

In the Fourth Quarter Report, the City of Pittsburgh’s Department of Finance identified year-end FY2007 revenues of \$448.3 million, a positive variance of \$22.7 million or 5.3 percent from budget. In particular, City revenues related to jobs and the economy have

<sup>2</sup> Act 47 baseline projections also used prior City budgeting practice, which did not reflect the Commonwealth’s annual pension contribution and certain grants as revenues.

shown strength, including the earned income tax, the local services tax, and the payroll prep tax. Revenues have also benefited from higher interest rates on City investments.

The Department of Finance projected in the Fourth Quarter Report that year-end FY2007 expenditures were \$31.7 million, or 7.4 percent, below the budgeted amount of \$425.7 million. The expenditure reduction is largely a result of lower spending on salaries and fringe benefits, as well as savings on expenditures for miscellaneous services and equipment.

### **Methodology**

Projecting government financial results is by necessity an inexact science. Even with sound financial planning, governments by nature are subject to unexpected events necessitating changes in planned expenditures. The goal of financial reporting is to regularly evaluate projected results and identify contingencies, making spending adjustments to account for known budget threats and creating some level of reserve for unplanned expenditures or revenue shortfalls. Consistent with the provisions of Act 47, the Coordinator takes part in a regular quarterly cycle of financial performance reviews as the City works its way back to financial health.

To complete this analysis, the Act 47 Coordinator reviewed revenue information by source, departmental and categorical expenditure summaries, and expenditure detail by department. The revenue and expenditure summaries appear after the narrative section of this report. This analysis sought to identify seasonal and other revenue and expenditure anomalies. In many cases, City projections were also compared to prior year trends (especially data from 2006) and other relevant actual experience.

### **Budget Reporting**

The City generally meets biweekly with the Act 47 Coordinator, Commonwealth officials, and the ICA's designee to discuss short and long-term financial issues. These meetings allow parties to raise emerging and recurring issues in a constructive, problem-solving environment. Pursuant to Act 11, the City has filed twelve Quarterly Reports that provide the public, community leaders, the press, City and Commonwealth legislators, and other stakeholders with important information about the details of the City's financial condition on an ongoing basis. While a unique format has evolved, the original template for the report was derived from other governments' reporting protocols, such as the one used by the City of Philadelphia for reports to the Pennsylvania Intergovernmental Cooperation Authority.

To date, the reports include much valuable information about the City's financial performance; however, it is vital that they continue to evolve to make them more comprehensive and informative. The City has enhanced the quarterly reports over time, including comparative year-to-date expenditures, greater breakout of certain categories of spending, and additional analysis of premium pay expenditures for the Police Bureau, Fire Bureau, and the Department of Public Works.

Working collaboratively with the City of Pittsburgh, the Act 47 Coordinator and the ICA anticipate that in future quarterly reports the City will continue to enhance and refine the content so that it presents additional relevant budgetary, staffing, and operational data that informs collaborative oversight.

**Discussion**

Based on revenues and expenditures reported through the end of December, the City’s year end results are as follows:

**Reported FY2007 Year End Results at February 15  
(\$000)**

General Fund Revenues	448,338
General Fund Expenditures	393,981
<b>Net Operating Balance</b>	<b>54,356</b>

The budget approved in March 2007 did not include a year-end operating balance. In the Third Quarter Report issued on November 15, the City projected that its year-end results would be \$18.6 million better than projected in the budget. At year end, revenues were \$22.7 million higher and expenditures \$31.7 million lower than the budget approved in March 2007.

**Comparison of City's Reported Year-End Results**

	<b>Budget (\$000)</b>	<b>4Q Report (\$000)</b>	<b>Difference (\$000)</b>
General Fund Revenues	425,658	448,338	22,680
General Fund Expenditures	425,658	393,981	(31,676)
<b>Net Operating Balance</b>	<b>0</b>	<b>54,356</b>	<b>54,356</b>

The City’s fourth quarter projections suggested that revenues would be \$11.8 million higher and expenditures \$6.9 million lower than it anticipated at the time the Third Quarter Report was issued in mid-November of 2007. As a consequence, on February 15, the City expected that its net operating balance would be about \$5.3 million lower than projected at the end of the third quarter, as shown below.

**Comparison of City's Projected-Year End Results**

	<b>3Q Report (\$000)</b>	<b>4Q Report (\$000)</b>	<b>Difference (\$000)</b>
General Fund Revenues	437,414	448,338	10,924
General Fund Expenditures	418,765	393,981	(24,784)
<b>Net Operating Balance</b>	<b>18,649</b>	<b>54,356</b>	<b>35,708</b>

The net operating balance of \$54.4 million for this year is a positive development in contrast to earlier year-end projections, a combination of higher revenues and lower expenditures versus the adopted budget.

As noted earlier, one of the uses of this report, with the data for the entire fiscal year now available, is to provide guidance on how the issues identified may affect the 2008 budget and performance in future years. As a consequence, in reviewing the City's Fourth Quarter Report, the Coordinator has focused on revenue and expenditure categories where the City's projections show likely year-end differences greater than \$1,000,000. Certain other select areas where policy issues may affect FY2007 and FY2008 results are also discussed.

**Initiative Implementation Update**

The Act 47 Plan included scores of initiatives to change City spending and operations to achieve its financial recovery. While many have been completed, work continues on others. This section of the report includes updates on several of the initiatives of particular focus during the fourth quarter.

**Intergovernmental Cooperation:** The City conducted a joint energy auction with Allegheny County, the Sports and Exhibition Authority, the Water and Sewer Authority and the Zoological Society through which they combined their usage and received a lower rate for electricity on General Service Large accounts, such as the City-County Building and Police Headquarters. The City, County and other entities are exploring similar opportunities to reduce costs for electricity at smaller facilities and natural gas usage. The City also completed its first year collecting refuse for the Borough of Wilkinsburg and is considering expanding this intergovernmental contracting to other municipalities.

**Fleet Management Outsourcing:** The City's vehicle fleet is composed of approximately 1,000 vehicles; 45 percent are light-duty and 55 are heavy-duty vehicles. In February 2005, the City initiated a three-year contract for fleet management services. Compared to original Department of General Services (DGS) projections, the outsourced operation is yielding significant savings and providing higher levels of service than the previous in-house system. In anticipation of the end of the contract early in 2008, the Administration and City Council established a review committee to review the original cost projections, consider changes made in the final contract and actual operations, and

determine the comparative costs of the outsourced operation. Subsequently, the Council and Administration extended the existing contract.

**Automated Vehicle Sharing (AVS):** The Administration and City Council have agreed to become a charter member of the Downtown Pittsburgh Partnership's automated vehicle sharing program. The Downtown Pittsburgh Partnership is working with a for-profit car sharing vendor and the City has executed a contract with this vendor. The City is now aiming for a summer 2008 launch date.

Automated vehicle sharing is an important mechanism that will enable the City to advance fleet reductions pursuant to initiative FL02 from the Act 47 Plan. Participation in and active support of this program would put Pittsburgh in the forefront of a growing number of progressive cities (including Minneapolis, Minnesota; Berkeley, California; and Portland, Oregon) using AVS as a way of reducing fleet expenditures (by downsizing and at some point eliminating the City's non-emergency vehicle pool, as well as other passenger vehicles) and advancing broader Citywide goals such as improving air quality, aiding traffic decongestion efforts, and facilitating transportation savings to individuals and businesses.

**Market-Based Revenue Opportunities (MBROs):** The City has finalized a contract with an MBRO vendor that began an inventory of potential revenue opportunities in December 2007. The City has projected \$500,000 in MBRO revenues for FY2008. MBRO revenue could grow to several million dollars annually – at least 2 percent of locally generated revenues – once a comprehensive and robust program is in place. A "blue sky session" took place in early March; at that time, the City's MBRO consultant met with relevant City of Pittsburgh decision makers to define the parameters of Pittsburgh's nascent MBRO program and discussed the universe of revenue opportunities. This consultant is scheduled to return to Pittsburgh in late April to assess the City's MBRO assets.

**Financial Information Technology Reconfiguration Project:** After a preliminary assessment of Pittsburgh's finance ERP system, the Act 47 Coordinator engaged Smart & Associates to conduct a technology assessment of local area governments to determine the possibilities for shared technology solutions. The goal is to determine opportunities for joint working and intergovernmental cooperation for efficiency and effectiveness. It is also important to have a better understanding of the relative capabilities of these potential partners before making a final decision to move forward with a financial information technology system RFP, particularly as some of these entities have recently added new IT capabilities. The public agencies asked to participate in the survey are:

- Allegheny County
- The City of Pittsburgh
- Pittsburgh School District
- Pittsburgh Water and Sewer Authority
- Urban Redevelopment Authority of Pittsburgh
- Sports and Exhibition Authority
- Pittsburgh Parking Authority

- Port Authority of Allegheny

Information has been gathered from all eight participants through two on-line surveys (one on technology infrastructure and another on software functionality). Smart & Associates has completed follow-up on-site interviews. The results of the survey are expected to be available early in the second quarter of 2008 to inform a decision on moving ahead with a new financial information technology system.

**Comprehensive Management Study, Pittsburgh Bureau of Fire:** The ICA has retained TriData, a nationally-recognized fire operations consulting firm, to complete a management review of Fire Bureau operations. An initial draft of the study has been completed and TriData has received comments and is completing supplementary research. Release of the report is expected after an additional review of the functions of the City's Bureau of Emergency Medical Services is completed and integrated into the report by TriData.

### **Revenue – Overview**

The Act 47 Coordinator notes that the City continues to operate under a collaborative revenue estimating process involving the Finance Department, City Council, the Coordinator and the ICA, as well as the City's neutral third party tax revenue estimator. This consensus revenue estimating model is considered to be a best practice and should be maintained.

While consensus revenue estimating is an important process improvement, the City should continue to develop methods to provide more and better information on its revenue results and revenue projections. For example, the underlying assumptions in terms of overall economic growth in the City and region, employment levels, property valuations and other pertinent information should be provided along with the revenue estimates. This will better inform policymakers, stakeholders, rating agencies, and the general public about the factors that should be taken into account when considering the likelihood that actual revenue will meet – or exceed – the estimates. This information also provides useful context for determining whether budget changes may or may not be warranted as the year progresses. If changes to the economy or other key factors occur, this set of assumptions may more quickly inform policymakers and the public of the need for overall budget changes.

In the quarterly reports for FY2007, the City has expanded the revenue information to split the category of Federal and State Grants into smaller categories, including State Grant Support, State Pension Aid, Liquid Fuels Tax and the Commonwealth Legislative Appropriation. A new category, Intergovernmental Services Fee, represents fees collected for refuse collection in the Borough of Wilkesburg. The Act 47 Coordinator supports continued efforts to expand the detail on revenue categories. In fact, it would be worthwhile to further delineate additional combined revenues. For example, the PURTA

utility payment and the various charges within the Provision of Services category could be reported separately.

Revenue – Major Taxes

Through the end of the fourth quarter, revenues in nearly every major tax category finished ahead of the original budget projection, including the City’s four largest sources, Real Estate, Earned Income, Payroll Prep and Parking. This was largely the case through each of the four quarters of the year, which was in contrast to 2006, when growth picked up in the second half of the year after a weaker performance in the first half.

In general the City’s tax revenues continue to perform well; however, future growth in property taxes (the City’s largest revenue source) is still under something of a cloud. The issue of Allegheny County’s base year method for assessing property taxes has not been resolved by the courts. Compared to the previous year, total current and prior year real estate collections declined in FY2007. This complicates the scheduled phased reduction in several other key tax rates in the next several years, including the parking tax and business privilege tax.

*Real Estate Tax*

As noted above, there continues to be considerable uncertainty surrounding Pittsburgh’s real estate tax collections as a result of changes in countywide assessment policy. While FY2007 City real estate tax results are reasonable (at least compared to the budgeted amounts), caution is warranted. Through the fourth quarter, the City had collected a total of \$126.2 million from current and prior year property taxes, a decrease of \$0.8 million compared to the previous year and \$2.2 million above the budgeted amount for the year. At the end of December 2007, the real estate file has decreased in value by \$281 million from the January 1, 2007 assessed value of \$13.5 billion – a 2.1% decline.

This year, the City appealed the value of approximately 550 recently sold properties where the selling price exceeded the assessed value by more than 25 percent. In addition, the City Solicitor and School District Solicitor have filed counter appeals to large residential and commercial appeals filed by the owners of the property.

While overall collections exceeded budgeted expectations, prior year real estate collections were \$1.0 million below budget (and \$3.2 million less than FY2006 collections). This was largely attributed to a large number of refunds in the last quarter; for the year, the City issued \$2.4 million in prior year refunds.

FY2007 Budget	3Q Report	4Q Report	3Q to 4Q Report Difference	4Q to FY2007 Budget Difference
123,998,000	125,934,567	126,152,593	218,026	2,154,593

### *Payroll Preparation Tax*

In late 2004 the state legislature approved the collection of a payroll preparation tax to be levied on all for-profit businesses in Pittsburgh beginning in 2005. The tax was projected to generate \$41.3 million in 2005, \$42.3 million in FY2006, and \$43.3 million in FY2007. However, the tax actually generated \$37.8 million in 2005 and \$41.1 million in FY2006 and \$44.6 million in FY2007. It appears the significantly lower-than-expected FY2005 figure was largely the result of first-year collection issues, as the FY2006 actual collections were close to the original estimates and the FY2007 collections exceeded the original estimates for the first time.

Last year, it was noted that somewhere between \$2 and \$3 million of the FY2006 total could be attributed to prior year collections that were made during FY2006. However, these prior year issues should not be a significant factor in FY2007 or going forward.

The City notes that an analysis of the top fifty accounts shows a 12 percent increase in payrolls from 2006 levels. Given that payroll prep tax revenue grew by 8.6 percent over FY2006, it is likely that smaller businesses saw a decline in payroll this year. If the economy slows during 2008, it is conceivable that large employers will also consider reducing payrolls, which could negatively impact collections.

<b>FY2007 Budget</b>	<b>3Q Report</b>	<b>4Q Report</b>	<b>3Q to 4Q Report Difference</b>	<b>4Q to FY2007 Budget Difference</b>
42,100,000	43,770,540	44,621,963	851,423	2,521,963

### *Earned Income Tax*

As with the previous fiscal year, the Earned Income Tax (EIT) demonstrated strong growth throughout fiscal year 2007, which is consistent with the performance of other employment-related taxes in the City. While the City raised the EIT estimate for the third quarter report, actual collections ran well ahead of even this revised estimate. While analysis of FY2007 performance suggested that some of the increase may not be ongoing, as in at least some instances it is related to employees exercising stock options because of firm relocation, overall collections increased again in FY2007. It is notable that in FY2007, the City benefited from an additional one-tenth of one percent of the School District tax being directed to the City. Adjusting for this change, overall revenue would have totaled \$52.5 million – still above FY2006 collections of \$50.2 million.

<b>FY2007 Budget</b>	<b>3Q Report</b>	<b>4Q Report</b>	<b>3Q to 4Q Report Difference</b>	<b>4Q to FY2007 Budget Difference</b>
50,950,000	54,078,600	56,704,580	2,625,980	5,754,580

### *Parking Tax*

The parking tax rate was reduced by 10 percent, from 50 percent to 45 percent for FY2007. Given the magnitude of the cut, it is not surprising that revenues decreased compared to the previous fiscal year. In fact, the total collected, \$48.1 million, was a decline of roughly 5 percent from the previous year. The difference between actual and budgeted amounts appears to be largely because of assumptions that parking facilities would reduce their rates commensurate with the tax cut. Because it appears that most did not, the actual tax is calculated on a higher base.

<b>FY2007 Budget</b>	<b>3Q Report</b>	<b>4Q Report</b>	<b>3Q to 4Q Report Difference</b>	<b>4Q to FY2007 Budget Difference</b>
47,043,000	47,790,052	48,058,628	268,576	1,015,628

### Other Revenues

#### *Local Services Tax (LST)*

The local services tax has been the subject of budgeting uncertainty relating to legislation to change the method for collecting the tax by employers and remitted to the taxing authority. Legislation to change from an annual tax payment to one that is collected on a weekly basis and remitting to the taxing authorities on a quarterly basis was passed but vetoed by the Governor and not put in place for 2007. However, the City had budgeted based on the assumption that the legislation would pass, which would impact collections associated with only three quarters of collections in the first fiscal year of implementation. It is notable that actual collections for FY2007 were just \$0.3 million higher than FY2006.

<b>FY2007 Budget</b>	<b>3Q Report</b>	<b>4Q Report</b>	<b>3Q to 4Q Report Difference</b>	<b>4Q to FY2007 Budget Difference</b>
9,819,681	16,105,111	16,384,712	279,601	6,565,031

#### *Interest on Bank Balances*

In both FY2006 and FY2007, interest earnings have exceeded budgeted expectations, based both on higher than anticipated interest rates (although this has, in the last quarter of 2007, changed somewhat) and higher than anticipated balances. Given the current interest rate environment, it may be more difficult to sustain this level of collection in FY2008.

<b>FY2007 Budget</b>	<b>3Q Report</b>	<b>4Q Report</b>	<b>3Q to 4Q Report Difference</b>	<b>4Q to FY2007 Budget Difference</b>
3,100,000	6,230,686	6,890,531	659,845	3,790,531

### *Fines and Forfeits*

The transition to the Pittsburgh parking court appears to have been largely completed, and after the large increase in revenue associated with the Court in FY2006, it appears that the long-range assumption, which is for growth of two to three percent per year, is about right, given that the increase in FY2007 from FY2006 was 2.9 percent.

<b>FY2007 Budget</b>	<b>3Q Report</b>	<b>4Q Report</b>	<b>3Q to 4Q Report Difference</b>	<b>4Q to FY2007 Budget Difference</b>
5,061,000	6,355,146	6,915,945	560,799	1,854,945

### *State Pension Aid*

As noted above, in FY2007, the City began splitting out federal and state revenues into smaller categories. This was a suggestion of the Act 47 Coordinator, and we appreciate the City's receptiveness to this suggestion.

In this particular case, the City indicates that the increase over the budgeted amount relates to a greater pension unit value assigned by the State and an increase in Police staffing. While the State's calculation is largely out of the City's control, the assumptions for Police and other City staffing are worth review throughout the year's quarterly reports, and this change was indeed incorporated in the City's third quarter report.

<b>FY2007 Budget</b>	<b>3Q Report</b>	<b>4Q Report</b>	<b>3Q to 4Q Report Difference</b>	<b>4Q to FY2007 Budget Difference</b>
13,775,000	15,182,262	15,182,262	0	1,407,262

### **Expenditures**

After the fourth quarter of 2007, the City is reporting year-end expenditures \$9.3 million above the budgeted amount of \$425.7 million or a variance of about 2.2 percent from the budgeted expenditures.

However, this aggregate figure includes two significant one-time adjustments related to the establishment of a pay-as-you-go fund for capital projects. The City transferred \$60.0 million from its General Fund to the capital fund, accounting for largest single expenditure overage to budget. The City also used \$19.0 million in its sinking fund for debt service, alleviating the need to spend the same amount from its General Fund budgeted debt service<sup>3</sup> and accounting for much of the \$25.1 million expenditure reduction in debt service. Accounting for these adjustments, the City's FY2007 spending was approx. \$394.0 million or 92.6 percent of budget.

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<sup>3</sup> See Non-Departmentals – Debt Service, page 44 of 4Q report.

The largest single projected expenditure savings-to-budget in the Fourth Quarter Report is for Salaries, comprising \$9.1 million of the total – 28.8 percent of the entire amount.<sup>4</sup> This represents a 6.2 percent savings-to-budget for this expenditure subclass. The five subclasses with the largest savings account for 88.1 percent of the total savings. Aside from the Transfers as explained above, there are two expenditure subclasses projected to exceed budgeted amounts, Uniforms (by \$78,000) and Debt Service Subsidy (by \$983,000).

**FY2007 Fourth Quarter Report  
Expenditure Savings-to-Budget (Major Subclasses)**

Subclass	(\$000)	%
Salaries	(9,108)	28.8%
Fringe benefits	(8,177)	25.8%
Debt Service	(6,144)	19.4%
Miscellaneous Services	(2,224)	7.0%
Equipment	(2,253)	7.1%
Total Major Subclass Savings-to-Budget	(27,907)	88.1%
Total Savings-to-Budget	(31,676)	100.0%

The savings are distributed across all City departments and non-departmental categories, but over a quarter of the total savings were in Citywide personnel related expenses (\$8.4 million or 26.4 percent). Those savings are discussed in greater detail later in this report. The Bureau of Police has the largest savings-to-budget among any departmental unit at \$4.6 million, 14.4 percent of total savings. The five units with the largest share of the FY2007 budget also contributed the largest savings-to-budget.

**FY2007 Fourth Quarter Report  
Expenditure Savings-to-Budget (Departmental Unit)**

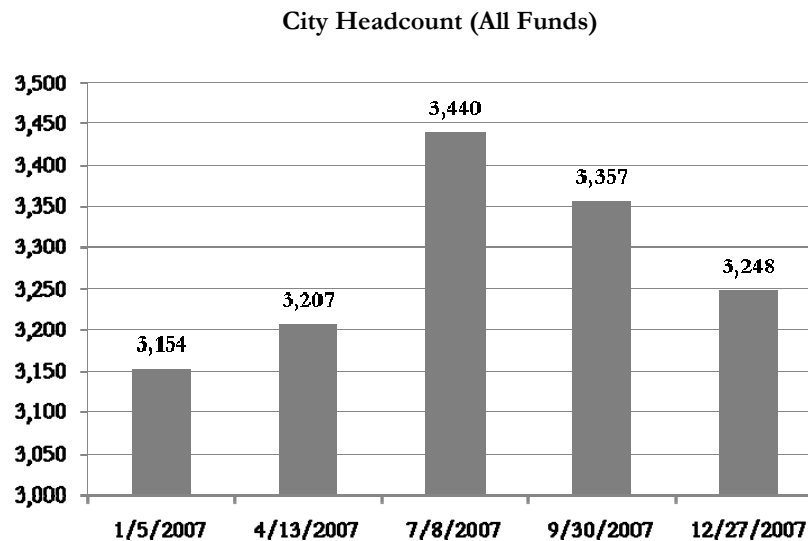
Departmental Unit	Budget	%	Savings	%
Police	67,062	15.8%	(4,559)	14.4%
Fire	49,059	11.5%	(2,807)	8.9%
Public Works	30,930	7.3%	(2,604)	8.2%
Finance	18,481	4.3%	(2,209)	7.0%
Emergency Medical Services	13,358	3.1%	(1,383)	4.4%
Five Largest Departmental Units	178,890	42.0%	(13,562)	42.8%
Total	425,658	100.0%	(31,676)	100.0%

<sup>4</sup> Percentages represent the amount saved-to-budget divided by the net savings of all expenditures once the \$41.0 million in capital fund related adjustments are accounted for.

## Headcount

Total City headcount is an important metric to track – both in the aggregate and departmentally – because a majority of expenditures (61.1 percent) are directly or indirectly related to personnel (Salaries, Premium Pay, Education and Training, Fringe Benefits, and Uniforms).

The chart below illustrates the total City headcount at the beginning of each quarter as well as the most recent date available, December 21, 2007. The City’s workforce grew by 94 positions (3.0 percent) since the beginning of the first quarter. The large drop from July to December is attributable to the departure of seasonal hires for parks functions.



Comparing the City’s headcount from the beginning of the year to the end, there are 24 more non-represented employees, most of which are laborers in the Department of Public Works – Bureau of Environmental Services. There are also 71 more police and 11 more firefighters likely related to earlier recruiting classes.

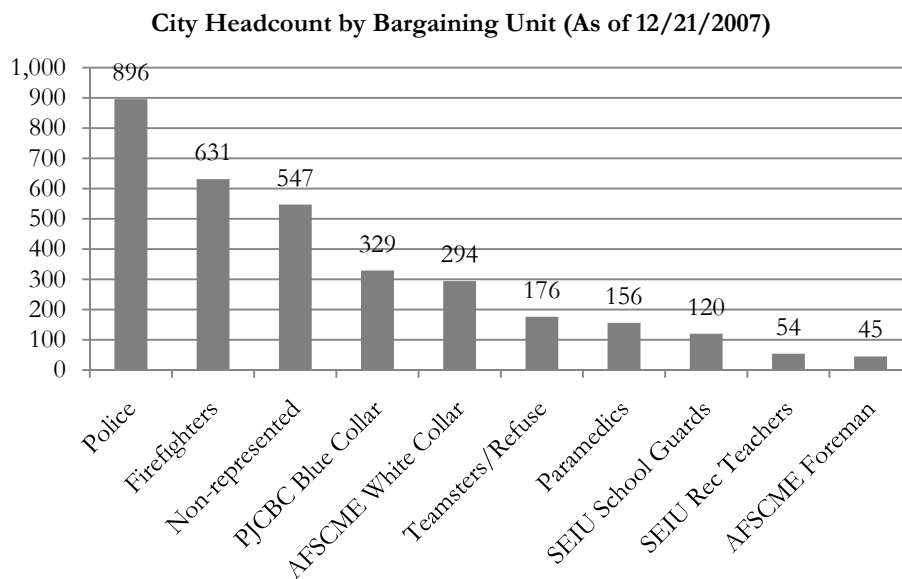
### Change in City Headcount (All Funds)

Bargaining Units (All funds)	City Headcount	% of Workforce	# Change from 1/2007	% Change from 1/2007
Non-represented <sup>5</sup>	547	16.8%	24	4.6%
Police	896	27.6%	71	8.6%
Firefighters	631	19.4%	11	1.8%
PJCBC Blue Collar	329	10.1%	-8	-2.4%
Teamsters/Refuse	176	5.4%	-3	-1.7%
AFSCME Foreman	45	1.4%	0	0.0%

<sup>5</sup> The Fourth Quarter report shows 580 non-represented employees. However, 33 of these employees were seasonal employees who had left City employment but were not removed from the headcount system. The actual headcount for non-represented employees is 547 and the total headcount is 3,248.

Bargaining Units (All funds)	City Headcount	% of Workforce	# Change from 1/2007	% Change from 1/2007
SEIU Rec Teachers	54	1.7%	1	1.9%
SEIU School Guards	120	3.7%	-3	-2.4%
AFSCME White Collar	294	9.1%	2	0.7%
Paramedics	156	4.8%	-1	-0.6%
<b>Total</b>	<b>3,248</b>	<b>100.0%</b>	<b>94</b>	<b>3.0%</b>

Headcount allocation across bargaining units is presented in the following chart. The three largest employee bargaining units comprise 57.1 percent of the total headcount, with police at 27.6 percent, firefighters at 19.4 percent and PJCBC blue collar at 10.1 percent.



## Departmental expenditures

### *Bureau of Police*

Overall, the City is reporting \$4.6 million in savings-to-budget for the Bureau of Police.

#### **Bureau of Police Reported Expenditure Savings-to-Budget**

Subclass	Savings	%
Salaries	2,917,477	64.0%
Premium Pay	376,553	8.3%
Education and Training	3,746	0.1%
Uniforms	15,371	0.3%
Supplies	40,161	0.9%

<b>Subclass</b>	<b>Savings</b>	<b>%</b>
Equipment	1,175,408	25.8%
Repairs	143	0.0%
Rentals	13,864	0.3%
Miscellaneous Services	16,586	0.4%
<b>Total</b>	<b>4,559,309</b>	<b>100.0%</b>

The City returned unspent 2007 Equipment money to the General Fund where it augmented the end-of-year fund balance. The 2008 equipment funding dedicated to police vehicle acquisition has been transferred to the Equipment Leasing Authority (ELA) to expedite vehicle purchases.

Two of the reported savings are due in part or wholly to adjustments in the budget from the third quarter to the fourth quarter. The City budgeted \$923,000 for uniforms in the third quarter and \$1,043,000 in the fourth quarter. Without this adjustment, the reported uniform spending (\$1,028,000) would have exceeded the budget.

The City also adjusted its overtime budget from \$7.1 million in the third quarter to \$7.4 million in the fourth quarter. The City reported \$7.0 million in premium pay spending – lower than either budgeted amount – but this partly explains the turnaround from a projected \$290,000 overage-to-budget in the third quarter to a \$377,000 savings in the fourth quarter. The City spent \$7.0 million on Police Premium Pay in 2007 compared to \$6.7 million in 2006 and \$5.2 million in 2005.

Overall, the City had 265,288 hours of police premium pay in 2007, an increase of 38.6 percent over 2006. The City nearly doubled the amount of reimbursable premium pay hours (104,019 in 2007 compared to 53,218 in 2006) accounting for some of this increase. However, even without the growth in reimbursable hours, the City had a 16.4 percent increase in non-reimbursable premium pay hours over 2006 and 44.5 percent increase over 2005.

The chart below shows average overtime per pay period broken down by reason for 2005 – 2007. Other controllable premium pay hours are on average 3,409 hours (164.8 percent) higher per pay period than in 2005 and 2,492 hours (83.5 percent) higher per pay period than in 2006. Some of this increase is related to the aforementioned rise in reimbursable premium pay. If these reimbursable hours are removed, other controllable hours have still increased partly due to the use of saturation patrols in the City’s South Side and Strip District.

**Police Bureau Premium Pay  
Average Hours per Pay Period by Reason**

<b>Police Bureau</b>	<b>FY2005 Average</b>	<b>FY2006 Average</b>	<b>FY 2007 Average</b>	<b>Difference Between 2005 &amp; 2007</b>	<b>% Change from 2005- 2007</b>
Officer Overtime	135.9	192.9	367.2	231.3	170.2%
Civilian Overtime	59.8	391.0	365.6	305.8	511.4%
Other Controllable PP Hours	2,068.5	2,985.5	5,477.7	3,409.2	164.8%
Non-Controllable PP Hours	3,502.6	3,791.7	3,992.9	490.3	14.0%
<b>Total</b>	<b>5,766.8</b>	<b>7,361.1</b>	<b>10,203.4</b>	<b>4,436.6</b>	<b>76.9%</b>

Looking at overtime by function, the largest increase in hours has been in Operations where the Bureau allocated 2,751 more hours per pay period for 2007 than in 2005. The largest percentage increase has been in Administration Premium Pay where hours have increased by 394 percent since 2005 and 76.3 percent since 2006. This increase is driven by overtime in the Bureau's Warrant Office where there have been vacant civilian clerical positions. The City has since filled three vacant positions and should see some premium pay reductions in 2008.

**Bureau of Police Premium Pay  
Average Hours per Pay Period by Function**

<b>Police Bureau</b>	<b>FY2005 Average</b>	<b>FY2006 Average</b>	<b>FY 2007 Average</b>	<b>Difference Between 2005 &amp; 2007</b>	<b>% Change from 2005- 2007</b>
Operations	3,753.2	4,775.0	6,504.0	2,750.8	73.3%
Investigations	1,763.5	1,900.7	2,487.9	724.4	41.1%
Administration	243.5	682.1	1,202.9	959.4	394.0%
<b>Total</b>	<b>5,760.2</b>	<b>7,357.8</b>	<b>10,194.8</b>	<b>4,434.6</b>	<b>77.0%</b>

In 2007, the City continued its trend of realizing savings-to-budget in its Police expenditures. In 2005 the City spent \$7.4 million or 11.3 percent less than budgeted. In 2006 the City spent \$5.6 million or 8.5 percent less than budgeted. The 2007 savings represent 6.8 percent of the budget.

<b>FY07 Budget</b>	<b>3Q Report</b>	<b>4Q Report</b>	<b>3Q to 4Q Report Difference</b>	<b>4Q to FY07 Budget Difference</b>
67,061,777	65,697,698	62,502,469	(3,195,229)	(4,559,308)

*Department of Public Works*

In 2006 the City dismantled the Department of General Services and allocated its functions to the Public Works and the Finance Departments. The facilities management and fleet management duties previously in the Department of General Services were shifted to the Department of Public Works and presented in the "DPW – Facilities" budget detail in 2006. In 2007, the fleet management piece was moved to the Department of Finance's Bureau of Procurement, Fleet, and Asset Services, while the facility management function remains in DPW's purview.

For the entire Department of Public Works, the savings-to-budget is \$2.6 million (8.4 percent), \$115,000 of which is in facility management. Seventy-six percent of the savings-to-budget is attributable to Salaries.

**Reported Expenditure Savings-to-Budget**

<b>Subclass</b>	<b>Savings</b>	<b>%</b>
Salaries	1,974,249	75.8%
Premium Pay	188,005	7.2%
Education and Training	2,719	0.1%
Uniforms	587	0.0%
Supplies	51,125	2.0%
Materials	101,643	3.9%
Equipment	9,695	0.4%
Repairs	47,955	1.8%
Rentals	26,484	1.0%
Miscellaneous Services	201,311	7.7%
<b>Total</b>	<b>2,603,773</b>	<b>100.0%</b>

While overall spending is down, premium pay hours per pay period is higher in 2007 compared to the 2005 and 2006 for both Operations and Environmental Services Bureaus. The City indicates that high premium pay during the first part of this year was related to weather events and the related shifting of refuse and recycling collection to weekends where overtime is required; accordingly, 47.1 percent of premium pay spending was in the first quarter of FY2007.

**DPW Premium Pay  
Average Hours per Pay Period**

	<b>FY2005 Average</b>	<b>FY2006 Average</b>	<b>FY 2007 Average</b>
<b>Operations</b>			
Streets Maintenance	330.5	192.8	422.4
Parks Maintenance	52.1	48.0	64.0
Forestry	12.9	50.6	50.7
Traffic	59.3	67.7	92.2
Point State Park	43.2	45.4	38.5
<b>Total</b>	<b>498.0</b>	<b>404.5</b>	<b>667.8</b>
<b>Environmental Services</b>			
Refuse Recycling Services	582.4	708.0	791.2
Animal Control	74.4	61.0	61.3
Administrative	2.8	4.0	8.9
<b>Total</b>	<b>659.6</b>	<b>773.0</b>	<b>861.4</b>
<b>Engineering</b>			
Premium Pay Hours	158.0	50.7	0.8

The City spent \$2.6 million or 8.4 percent less than budgeted for Public Works in 2007. This follows its spending \$2.7 million or 9.5 percent less than budgeted in 2005<sup>6</sup> and \$2.3 million or 6.2 percent less than budgeted in 2006.

	FY07 Budget	3Q Report	4Q Report	3Q to 4Q Report Difference	4Q to FY07 Budget Difference
Public Works	28,994,422	27,181,435	26,505,704	(675,731)	(2,488,718)
DPW - Facilities	1,935,552	1,828,371	1,820,500	(7,871)	(115,052)
<b>Total</b>	<b>30,929,974</b>	<b>29,009,806</b>	<b>28,326,204</b>	<b>(683,602)</b>	<b>(2,603,770)</b>

### *Bureau of Fire*

Twenty-four recruits were hired in February 2007, bringing the total fire suppression staff to 630. At the end of the fourth quarter, the total fire suppression staff was 620. In general the Bureau had more fire suppression staff in 2007 than it had the previous two years.

#### Fire Suppression Staff<sup>7</sup>

	1Q	2Q	3Q	4Q	Average
2005	657	611	598	494	590
2006	539	575	574	609	574
2007	607	625	622	620	619

The total volume of calls has increased for the Bureau, but the number of fires has declined as shown in the following chart.

#### Bureau of Fire Calls for Service

Fire Bureau	FY2005 Average	FY2006 Average	FY 2007 Average	Difference Between 2005 & 2007	% Change from 2005-2007
Total Structural Fires	323.0	300.0	262.0	-61.0	-18.9%
Non-Structural Fires	1,798.0	1,756.0	1,666.0	-132.0	-7.3%
Emergency Medical Calls	12,781.0	13,598.0	14,044.0	1,263.0	9.9%
Haz Mat Calls	1,261.0	2,838.0	3,016.0	1,755.0	139.2%
False Alarms	3,349.0	3,449.0	3,811.0	462.0	13.8%
Other Incidents	9,672.0	6,913.0	7,467.0	-2,205.0	-22.8%
<b>Total</b>	<b>29,184.0</b>	<b>28,854.0</b>	<b>30,266.0</b>	<b>1,082.0</b>	<b>3.7%</b>

Personnel and equipment intensive structural fire suppression activities have decreased by 18.9 percent when compared to 2005 with EMS calls increasing by 9.9 percent and hazardous materials calls up by 139.2 percent over 2005. In addition, false alarms have increased by 13.8 percent over 2005 and 10.5 percent compared with 2006.

<sup>6</sup> The Department of General Services handled fleet management in 2005 so savings or overages related to that function are not included here.

<sup>7</sup> Staff numbers are as of the last day in the last pay period of each quarter

For 2007, the City reports departmental savings-to-budget of \$2.8 million, the majority of which (\$2.1 million or 73.4 percent) is due to savings in Salaries. According to the City, the savings-to-budget in Salaries is attributable to 16 vacancies in suppression, two Assistant Chief positions that were vacant for more than half the year, one manager of repair and supply position that was vacant for more than half the year and various other non-union positions where people left and were not rehired. Additionally, the vacancy allowance was budgeted too low at only \$80,000 for a \$38.3 million dollar salary budget. Detail by category is presented in the table below.

**Bureau of Fire  
Reported Expenditure Savings-to-Budget**

<b>Subclass</b>	<b>Savings</b>	<b>%</b>
Salaries	2,060,049	73.4%
Premium Pay	669,295	23.8%
Education and Training	6,180	0.2%
Uniforms	1,247	0.0%
Supplies	3	0.0%
Equipment	52	0.0%
Repairs	6,449	0.2%
Miscellaneous Services	63,293	2.3%
<b>Total</b>	<b>2,806,568</b>	<b>100.0%</b>

The savings-to-budget in Miscellaneous Services is reported as \$63,293. However, this savings reflects a change in the budgeted expenditures in this subclass from the third quarter to the fourth quarter. In the third quarter, the City budgeted \$132,176 for Miscellaneous Services. In the fourth quarter the City budgets \$162,176 or \$30,000 more.

As the Bureau's staffing has increased and the volume of structural fires has slightly decreased, the amount of premium pay related to fire suppression activities has also decreased. The Bureau used 26.1 percent less overtime for suppression in 2007 than in 2006 and 21.2 percent less than in 2005. Accordingly the Bureau also spent less on premium pay, \$9.3 million in 2007 compared to \$12.9 million in 2006 and \$12.0 million in 2005.

**Bureau of Fire  
Total Premium Pay Hours**

	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>Difference between 2005 &amp; 2007</b>	<b>% Change from 2005 - 2007</b>
Administrative Support	N/A	357.8	376.8	N/A	N/A
Training	N/A	6,953.5	3,219.9	N/A	N/A
Prevention	N/A	1,452.8	1,442.1	N/A	N/A
Suppression	437,083.5	464,299.3	344,361.9	(92,721.6)	-21.2%
Clerical	0.0	0.0	0.0	0.0	N/A
<b>Total</b>	<b>444,101.1</b>	<b>473,063.4</b>	<b>349,400.7</b>	<b>(94,700.4)</b>	<b>-21.3%</b>

The City's savings relative to the FY2007 budget and the third quarter projection are shown below. This is the second consecutive year in which the Bureau spent less than budgeted after spending approximately \$925,000 less (1.9 percent) than budgeted in 2006.

FY07 Budget	3Q Report	4Q Report	3Q to 4Q Report Difference	4Q to FY07 Budget Difference
49,059,226	47,537,653	46,252,657	(1,284,996)	(2,806,569)

*Finance Department*

The City's Finance Department assumed some functions previously assigned to the Department of General Services under its Bureau of Procurement, Fleet, and Asset Services (PFAS). Finance handles procurement services, management of City properties, capital asset accounting, printing and graphic services and fleet maintenance and management services.

The Fourth Quarter Report shows that the Finance Department spent \$2.2 million less than budgeted, a reduction of 12.0 percent. In the "traditional" Finance Department, 58.6 percent of the savings-to-budget (\$563,079) is allocated to Salaries. The Department budgeted for 113 positions in FY2007 but only had 93 filled at the end of the year. The City also spent approximately \$196,000 less on maintenance contracts than budgeted, accounting for a large portion of the \$333,000 in Miscellaneous Services savings. For PFAS, most of the savings are allocated to repairs (\$594,292) and rentals (\$263,041). Some of the PFAS savings (approximately \$185,000) is attributable to the City changing the Bureau's budget from \$12.9 million in the third quarter to \$13.1 million in the fourth quarter.

**Finance Department  
Reported Expenditure Savings-to-Budget**

Subclass	Finance		PFAS	
	Savings	%	Savings	%
Salaries	563,079	58.6%	198,403	15.9%
Premium Pay	10,799	1.1%	1,026	0.1%
Education and Training	10,202	1.1%	170	0.0%
Uniforms	0	0.0%	1,491	0.1%
Supplies	992	0.1%	5,282	0.4%
Materials	2,094	0.2%	0	0.0%
Equipment	30,278	3.2%	493	0.0%
Repairs	23	0.0%	594,292	47.6%
Rentals	10,281	1.1%	263,041	21.1%
Miscellaneous Services	332,773	34.6%	184,748	14.8%
<b>Total</b>	<b>960,521</b>	<b>100.0%</b>	<b>1,248,946</b>	<b>100.0%</b>

	FY07 Budget	3Q Report	4Q Report	3Q to 4Q Report Difference	4Q to FY07 Budget Difference
Finance	5,352,351	4,958,765	4,391,829	(566,936)	(960,522)
Finance - PFAS	13,128,655	12,954,221	11,879,708	(1,074,513)	(1,248,947)
<b>Total</b>	<b>18,481,006</b>	<b>17,912,986</b>	<b>16,271,537</b>	<b>(1,641,449)</b>	<b>(2,209,469)</b>

Non-departmental expenditures

*Personnel Related*

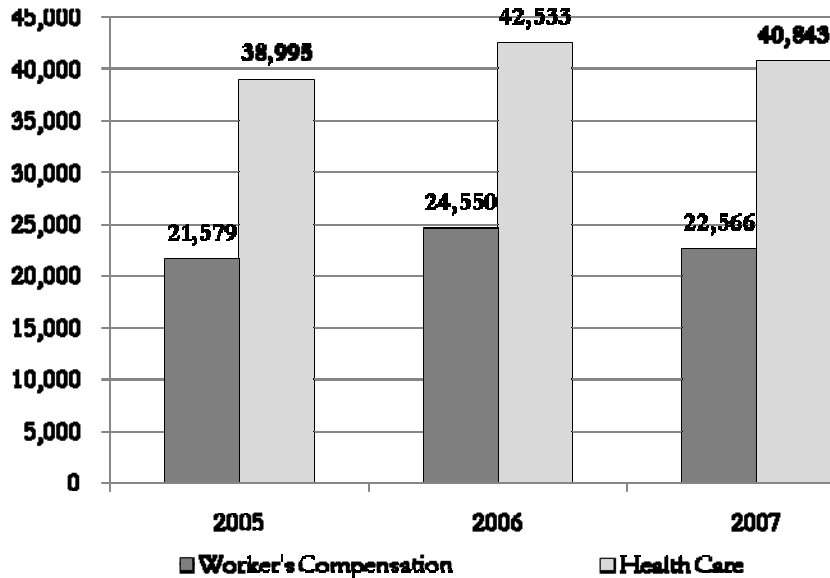
Non-Departmental – Personnel Related expenditures are comprised of fringe benefits and pension costs. Fringe Benefits are the total of Health Care, Unemployment Compensation, Social Security Fund, Workers Compensation, Personal Leave Buyback, Retirement Severance, and Miscellaneous. The City reported \$8.4 million in savings against the \$121.1 million annual budget. The majority of the savings (97 percent) are in the Fringe Benefits category, with smaller savings in the Pension category.

Description	Budget	FY 2007	Amount Change	Percentage Change
Health Care	42,637,292	40,842,951	(1,794,341)	-4.21%
Unemployment Compensation	1,247,495	251,361	(996,134)	-79.85%
Social Security Fund	6,575,491	6,048,196	(527,295)	-8.02%
Workers Compensation	26,300,652	22,566,499	(3,734,153)	-14.20%
Personal Leave Buyback	1,084,386	1,180,021	95,635	8.82%
Retirement Severance	1,750,000	456,974	(1,293,026)	-73.89%
Miscellaneous	-	71,980	71,980	-
<b>Total</b>	<b>79,595,316</b>	<b>71,417,982</b>	<b>(8,177,334)</b>	<b>-10.27%</b>

The City spent approximately \$251,000 on unemployment compensation, just one-fifth of the amount budgeted for the year. This follows 2006 when the City spent \$389,000, just 31.2 percent of the amount budgeted. In contrast the City spent \$1.5 million on unemployment compensation in 2005, 22.8 percent *more* than budgeted.

In addition to its savings-to-budget for health care and workers compensation, the City also spent less this year on those items than it did last year. The City spent \$2.0 million (8.1 percent) less on workers compensation and \$1.7 million (4.0 percent) less on employee health care compared to a year ago.

**Health Care and Workers Compensation  
Reported Expenditures (\$000s)<sup>8</sup>**



For pensions, the City had deposited only 5.6 percent of its annual obligation coming into the fourth quarter, with the remainder scheduled for payment in the fourth quarter after receipt of state aid. Notwithstanding cash flow issues, the City is foregoing the opportunity to generate significantly more interest from its pension fund by not making more regular payments earlier in the year. For instance, if the City contributed monthly, level amounts during the course of FY2007, quarterly interest earnings could have been higher (approximately \$1.2 million higher) than with the end-loading strategy currently in place, as illustrated in the following table:<sup>9</sup>

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
10,596	26,253	41,700	509,944	588,494
138,455	346,138	553,821	761,504	1,799,920
<b>Difference</b>				<b>1,211,426</b>

In order to improve pension funding, the Act 47 Recovery Plan for Pittsburgh required the City to begin making its annual pension payments during the first quarter of the year beginning in FY2006.

As mentioned above, the City spent \$8.4 million or 6.9 percent less than budgeted for these Personnel Related expenses in 2007. This follows its spending \$7.7 million or 6.0 percent less in 2006 and \$640,000 or 0.6 percent less in 2005.

<sup>8</sup> Expenditure data comes from the fourth quarter reports for 2005 – 2007.

<sup>9</sup> The calculations assume interest earnings of 8.0 percent annually (applied monthly to balances at 0.67 percent or 8.0 percent interest over 12 months, first of the month payments into the pension fund).

FY07 Budget	3Q Report	4Q Report	3Q to 4Q Report Difference	4Q to FY07 Budget Difference
121,131,924	120,345,569	112,720,544	(7,625,025)	(8,411,380)

*Non-Departmental - Citywide*

This budget category is comprised of Utilities, Judgments, and Miscellaneous Services, including activities such as payroll processing expenses and collection agency costs. The City reports savings-to-budget of \$3.8 million or 31.7 percent for FY2007. The City spent \$1.4 million less than budgeted on Utilities and \$177,000 less than it spent in FY2006. The City also reported savings-to-budget of \$1.3 million in Miscellaneous Services and \$1.1 million in Judgments.

FY07 Budget	3Q Report	4Q Report	3Q to 4Q Report Difference	4Q to FY07 Budget Difference
12,010,456	11,419,178	8,198,171	(3,221,007)	(3,812,285)

**Conclusion**

Over the past several years the City’s fiscal performance has been robust, led by strict controls on spending and healthy revenue growth, for which the Administration is to be commended. While those trends continue, this year the beginning of state-mandated tax revenue changes and the resumption of wage increases for employees are starting to put pressure on the budget. To manage these changes in the future, the City must continue to tightly monitor finances and advance various revenue enhancing and expenditure reduction initiatives. In particular, the City’s recent ICA-approved FY2008 budget and five year plan projects small but growing operating deficits in years 2011 and 2012. With tax revenue growth limited due to the property tax base year assessment policy, steady growth in personnel-related costs will eventually create budget shortfalls. While positive fund balances are projected and are expected to supplement these deficits in 2011 and 2012, they can be quickly depleted by contingencies and structural shortfall, wiping out the progress shown in the City’s report.

In light of these out-year projections of annual operating deficits, the City must stay focused on revenue enhancement initiatives (such as the swift implementation of an MBRO program); the management of current cost containment initiatives (the outsourced fleet management operation, the new and improved in-house municipal solid waste operation to be governed by a memorandum of understanding forged pursuant to 2005’s managed competition process); and the advancement of new expenditure reduction and management and productivity enhancements (such as a new Finance IT system and continued intergovernmental initiatives that build on past successes such as the shared Allegheny County-Pittsburgh commodities procurement operation). In addition, the City

should use the time and resources offered by the current strong annual performance to develop and implement strategies to reduce legacy costs for pensions, debt, and other post-employment benefits. The strong FY2006 year-end result and the solid FY2007 performance reported in the Fourth Quarter report provide the City with time and resources to continue its efforts to make this further progress.

We look forward to working with the City Administration, City Council, the Controller, the ICA, and others to enact and implement the changes and reforms that underpin the City's economic recovery.

## Fourth Quarter 2007 Financial & Performance Report Budget Summaries

<u>Revenues</u>	<u>FY07 Budget</u>	<u>3Q Report</u>	<u>4Q Report</u>	<u>3Q to 4Q Report Difference</u>	<u>4Q to FY07 Budget Difference</u>
Real Estate Tax (Current & Prior)	123,998,000	125,934,567	126,152,593	218,026	2,154,593
Payroll Preparation Tax	42,100,000	43,770,540	44,621,963	851,423	2,521,963
Amusement Tax	9,140,000	8,527,667	8,962,408	434,741	(177,592)
Earned Income Tax	50,950,000	54,078,600	56,704,580	2,625,980	5,754,580
Deed Transfer Tax	16,828,000	16,266,164	17,092,656	826,492	264,656
Parking Tax	47,043,000	47,790,052	48,058,628	268,576	1,015,628
Local Services Tax	9,819,681	16,105,111	16,384,712	279,601	6,565,031
Business Privilege Tax	8,043,000	8,685,018	8,860,991	175,973	817,991
Other Taxes	2,527,000	2,997,668	3,119,151	121,483	592,151
Interest on Bank Balances	3,100,000	6,230,686	6,890,531	659,845	3,790,531
Fines and Forfeits	5,061,000	6,355,146	6,915,945	560,799	1,854,945
Rental and Charges	4,154,360	4,245,298	4,482,662	237,364	328,302
State Pension Aid	13,775,000	15,182,262	15,182,262	0	1,407,262
Act 77	12,696,000	12,482,201	12,616,535	134,334	(79,465)
State Grant Support	10,000,000	6,750,000	6,045,000	(705,000)	(3,955,000)
Econ. Dev. Slots Revenue	7,657,881	5,100,000	5,100,000	0	(2,557,881)
Federal and Other State Revenues	7,739,625	8,812,900	8,189,792	(623,108)	450,167
Authority Payments	9,130,000	9,410,240	11,323,080	1,912,840	2,193,080
Non-profit Payments	5,699,979	5,461,466	5,169,566	(291,900)	(530,413)
All Other Revenue	36,195,081	33,228,413	36,464,807	3,236,394	269,726
<b>Total Revenues</b>	<b>425,657,607</b>	<b>437,413,999</b>	<b>448,337,862</b>	<b>10,923,863</b>	<b>22,680,255</b>
<u>Expenditures</u>	<u>FY07 Budget</u>	<u>3Q Report</u>	<u>4Q Report</u>	<u>3Q to 4Q Report Difference</u>	<u>4Q to FY07 Budget Difference</u>
Bureau of Police	67,061,777	65,697,698	62,502,469	(3,195,229)	(4,559,308)
Bureau of Fire	49,059,226	47,537,653	46,252,657	(1,284,996)	(2,806,569)
Emergency Medical Services	13,357,538	13,109,005	11,974,576	(1,134,429)	(1,382,962)
Building Inspection	3,140,914	2,963,943	2,869,846	(94,097)	(271,068)
Public Works	30,929,974	29,009,806	28,326,204	(683,602)	(2,603,770)
<i>Public Works - Traditional</i>	28,994,422	27,181,435	26,505,704	(675,731)	(2,488,718)
<i>Public Works - Facilities</i>	1,935,552	1,828,371	1,820,500	(7,871)	(115,052)
Finance	18,481,006	17,912,986	16,271,537	(1,641,449)	(2,209,469)
<i>Finance - Traditional</i>	5,352,351	4,958,765	4,391,829	(566,936)	(960,522)
<i>Finance - PFAS</i>	13,128,655	12,954,221	11,879,708	(1,074,513)	(1,248,947)
City Information Systems	5,038,489	4,899,073	4,672,001	(227,072)	(366,488)
Parks & Recreation	3,778,978	3,568,171	3,695,978	127,807	(83,000)
Non-Departmental - Personnel Related	121,131,924	120,345,569	112,720,544	(7,625,025)	(8,411,380)
Non-Departmental - Citywide	12,010,456	11,419,178	8,198,171	(3,221,007)	(3,812,285)
Transfers	0	0	60,000,000	60,000,000	60,000,000
All Other Expenditures	101,667,325	102,302,145	77,497,655	(24,804,490)	(24,169,670)
<b>Total Expenditures</b>	<b>425,657,607</b>	<b>418,765,227</b>	<b>434,981,638</b>	<b>16,216,411</b>	<b>9,324,031</b>
<b>Net Operating Balance</b>	<b>0</b>	<b>18,648,772</b>	<b>13,356,224</b>	<b>(5,292,548)</b>	<b>13,356,224</b>

Note: Includes adjustments for pay-as-you-go capital fund (net \$41.0 million additional expenditures).

**City of Pittsburgh, Fourth Quarter Financial & Performance Report  
2007 Revenue Summary by Subclass**

	1st Quarter	2nd Quarter	3rd Quarter	Oct	Nov	Dec	4th Quarter	Total	Total	Variance
	Actual Total	Actual Total	Actual Total	Actual	Actual	Actual	Actual Total	Actual	Budget	Projected to Budget
Real Estate - Current	90,792,029	16,590,659	14,611,170	1,310,042	346,698	727,564	2,384,304	124,378,163	121,257,000	3,121,163
Real Estate - Prior	2,130,983	(188,902)	(442,474)	(116,587)	307,086	84,324	274,823	1,774,430	2,741,000	(966,570)
Payroll Prep	11,508,251	12,830,055	10,542,114	529,925	5,879,185	3,332,433	9,741,543	44,621,963	42,100,000	2,521,963
Amusement Tax	2,058,600	1,152,857	3,664,451	1,197,237	333,794	555,469	2,086,500	8,962,408	9,140,000	(177,592)
Earned Income	13,846,450	15,341,702	12,753,135	3,312,422	5,410,863	6,040,008	14,763,293	56,704,580	50,950,000	5,754,580
Deed Transfer	3,508,290	3,613,718	5,421,188	1,940,059	1,193,293	1,416,109	4,549,461	17,092,656	16,828,000	264,656
Parking	11,263,616	12,195,516	12,198,597	4,248,143	4,252,614	3,900,143	12,400,900	48,058,628	47,043,000	1,015,628
Emergency Service Tax	11,682,210	2,417,197	1,226,857	355,371	347,487	355,591	1,058,449	16,384,712	9,819,681	6,565,031
Business Privilege	1,627,992	6,451,945	493,843	113,049	78,751	95,413	287,212	8,860,991	8,043,000	817,991
Facility Usage Fee	551,121	303,339	761,815	162,918	758,480	26,464	947,863	2,564,138	2,250,000	314,138
Other Taxes	722,419	1,038,177	699,023	218,452	199,932	241,147	659,531	3,119,151	2,527,000	592,151
Interest Earned	1,543,273	1,477,752	2,228,960	386,175	360,254	894,116	1,640,545	6,890,531	3,100,000	3,790,531
Fines & Forfeit	1,680,513	1,596,833	1,442,792	160,568	215,912	1,819,327	2,195,807	6,915,945	5,061,000	1,854,945
Liquor, Business & Gov Li	236,769	154,273	514,892	55,205	33,408	39,941	128,554	1,034,488	1,445,102	(410,614)
Rental & Charges	774,220	1,053,822	1,129,760	242,851	424,148	857,861	1,524,860	4,482,662	4,154,360	328,302
PSP & POS	571,931	881	4,888,732	281,502	462,500	2,834,206	3,578,208	9,039,752	9,600,221	(560,469)
Breakeven - BBI	1,928,126	1,398,779	1,230,728	497,156	484,529	579,138	1,560,824	6,118,457	4,898,114	1,220,343
Breakeven - EMS	2,576,194	2,176,030	2,455,080	519,727	1,105,232	459,427	2,084,386	9,291,691	10,500,000	(1,208,309)
Breakeven - Other	1,722,747	1,076,109	(157,686)	1,290,126	1,104,880	74,982	2,469,987	5,111,157	5,620,000	(508,843)
Federal & State Grants	503,700	12,335	1,788,953	364,738	-	1,000,167	1,364,905	3,669,894	3,233,125	436,769
Liquid Fuels	-	-	2,018,250	1,009,125	-	1,009,125	2,018,250	4,036,500	4,036,500	-
State Grant Support	-	-	-	-	-	6,045,000	6,045,000	6,045,000	10,000,000	(3,955,000)
State Pension Aid	-	-	15,182,262	-	-	-	-	15,182,262	13,775,000	1,407,262
Non-Profit Payment	1,494,619	998,073	1,473,843	-	1,203,031	-	1,203,031	5,169,566	5,699,979	(530,413)
Reimbursement - CDBG	-	45,681	-	810,371	-	750,000	1,560,371	1,606,052	735,000	871,052
Authority Payments	2,346,355	-	3,292,703	325,590	(915,000)	6,273,431	5,684,021	11,323,080	9,130,000	2,193,080
State Utility Distribution	-	-	-	483,398	-	-	483,398	483,398	470,000	13,398
Act 77	3,519,648	-	4,118,525	-	3,371,001	1,607,360	4,978,362	12,616,535	12,696,000	(79,465)
Miscellaneous	48,579	57,046	14,320	698,963	20,327	137,726	857,016	976,961	424,644	552,317
Econ. Dev. Slots Revenue	-	-	-	-	-	5,100,000	5,100,000	5,100,000	7,657,881	(2,557,881)
Intergovernmental Fee	-	-	541,584	60,176	60,176	60,176	180,528	722,112	722,000	112
<b>Total Revenues</b>	<b>168,638,636</b>	<b>81,793,876</b>	<b>104,093,417</b>	<b>20,456,703</b>	<b>27,038,582</b>	<b>46,316,648</b>	<b>93,811,933</b>	<b>448,337,862</b>	<b>425,657,607</b>	<b>22,680,255</b>

**City of Pittsburgh, Fourth Quarter Financial & Performance Report  
2007 Expenditure Summary All Departments by Subclass**

	1st Quarter	2nd Quarter	3rd Quarter	Oct	Nov	Dec	4th Quarter	Total	Total	(Savings) /
	Actual Total	Actual Total	Actual Total	Actual	Actual	Actual	Actual Total	Actual	Budget	Overage
Salaries	38,913,298	31,789,862	36,929,732	10,361,342	10,482,659	10,405,453	31,249,454	138,882,345	148,167,659	(9,285,314)
Premium Pay	5,304,091	5,068,107	6,187,881	1,246,092	1,044,112	1,680,823	3,971,026	20,531,105	21,839,017	(1,307,912)
Education and Training	73,573	65,133	71,546	30,198	10,903	7,873	48,973	259,225	328,327	(69,102)
Fringe Benefits	20,646,216	14,962,912	21,188,133	5,077,355	6,801,651	2,741,715	14,620,720	71,417,982	79,595,316	(8,177,334)
Uniforms	1,186,226	131,835	201,794	70,315	28,799	56,278	155,392	1,675,246	1,708,391	(33,145)
Supplies	1,220,474	870,241	1,256,680	480,384	417,111	341,079	1,238,574	4,585,969	4,726,653	(140,684)
Materials	229,009	540,214	200,261	68,165	79,704	29,177	177,046	1,146,530	1,251,554	(105,024)
Equipment	156,043	154,659	236,774	54,496	57,718	56,375	168,589	716,066	2,974,087	(2,258,021)
Repairs	249,520	107,508	650,938	38,797	249,532	24,650	312,979	1,320,945	1,973,075	(652,130)
Rentals	823,959	701,039	654,527	157,040	180,461	160,566	498,068	2,677,593	3,016,476	(338,883)
Miscellaneous Services	3,248,278	3,511,654	4,557,904	1,480,553	1,034,211	963,067	3,477,831	14,795,666	17,491,664	(2,695,998)
Utilities	3,024,144	2,110,583	973,675	464,313	622,390	555,315	1,642,018	7,750,419	9,148,924	(1,398,505)
Judgements	307,293	213,517	43,992	249,095	12,077	21,071	282,243	847,045	1,959,745	(1,112,700)
Pension	793,480	773,801	772,736	15,435,786	252,075	23,274,683	38,962,545	41,302,562	41,536,608	(234,046)
Debt Service	41,268,712	-	43,781,458	-	-	(19,000,000)	(19,000,000)	66,050,169	88,916,062	(22,865,893)
Debt Service Subsidy	-	56,365	-	-	-	926,405	926,405	982,770	984,050	(1,280)
GF Grants	-	-	-	-	-	40,000	40,000	40,000	40,000	-
GF Projects	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	60,000,000	60,000,000	60,000,000	-	60,000,000
<b>TOTAL</b>	<b>117,444,314</b>	<b>61,057,429</b>	<b>117,708,031</b>	<b>35,213,931</b>	<b>21,273,401</b>	<b>82,284,531</b>	<b>138,771,863</b>	<b>434,981,638</b>	<b>425,657,608</b>	<b>9,324,030</b>

Note: These expenditures include two one-time adjustments related to the establishment of a pay-as-you-go capital fund. The net impact of these adjustments is an additional \$41 million in spending.

**City of Pittsburgh, Fourth Quarter Financial & Performance Report  
2007 Expenditure Summary by Department**

	1st Quarter	2nd Quarter	3rd Quarter	Oct	Nov	Dec	4th Quarter	Total	Total
	Actual Total	Actual Total	Actual Total	Actual	Actual	Actual	Actual Total	Actual	Budget
City Council	302,090	283,405	307,069	94,056	88,680	98,091	280,827	1,173,392	1,203,596
City Clerk	125,824	131,437	137,796	47,330	52,126	46,387	145,843	540,899	641,383
Mayor's Office	359,784	243,327	284,621	75,573	33,768	85,901	195,242	1,082,973	1,108,512
City Information Systems	1,265,564	1,253,600	1,333,972	316,577	273,859	228,429	818,865	4,672,001	5,038,489
Human Relations Commission	54,268	45,357	57,651	16,010	16,693	16,372	49,075	206,351	238,118
Controller's Office	537,039	479,087	555,245	166,728	157,251	172,330	496,309	2,067,680	2,212,901
Finance	4,178,760	2,969,319	5,317,250	1,380,287	1,030,261	1,395,660	3,806,207	16,271,536	18,481,006
Law	397,145	377,203	393,353	120,600	125,401	123,817	369,818	1,537,519	1,852,280
OMI	106,992	94,005	109,420	30,734	30,128	28,473	89,335	399,752	549,800
EORC	30,516	29,576	37,373	8,464	9,937	8,210	26,610	124,075	266,853
Personnel & CSC	328,511	425,763	365,884	158,824	110,080	107,397	376,301	1,496,460	1,687,964
City Planning	306,457	281,123	384,551	123,375	146,711	56,499	326,585	1,298,716	1,405,687
Public Safety Administration	25,809	26,828	29,336	9,530	8,712	8,818	27,060	109,033	120,795
Emergency Medical Services	2,994,690	2,871,339	3,367,866	912,090	947,151	881,439	2,740,681	11,974,576	13,357,538
Police	17,603,781	14,622,924	16,369,159	4,524,103	4,649,200	4,733,302	13,906,605	62,502,469	67,061,777
Fire	14,111,902	10,298,744	12,205,357	3,138,431	3,148,300	3,349,923	9,636,654	46,252,657	49,059,226
Bureau of Building Inspection	743,488	667,657	755,548	244,995	238,248	219,910	703,153	2,869,846	3,140,914
Public Works	7,318,314	7,075,044	7,663,875	2,203,260	2,197,151	1,868,560	6,268,971	28,326,204	30,929,974
Parks & Recreation	701,537	778,688	1,389,446	319,381	302,108	204,817	826,307	3,695,978	3,778,978
Non-Departmentals-Debt Service	41,268,712	56,365	43,781,458	-	-	(18,073,595)	(18,073,595)	67,032,939	89,900,112
Non-Departmentals-Citywide	3,149,301	2,216,294	803,583	770,618	627,148	631,227	2,028,993	8,198,171	12,010,456
Non-Departmentals-Personnel Related	21,439,696	15,736,714	21,960,869	20,513,141	7,053,726	26,016,398	53,583,265	112,720,544	121,131,924
Non-Departmentals-Miscellaneous	-	-	-	-	-	60,040,000	60,040,000	60,040,000	40,000
Citizens Police Review Board	94,136	93,630	97,348	39,824	26,762	36,167	102,752	387,867	439,325
<b>TOTAL</b>	<b>117,444,314</b>	<b>61,057,429</b>	<b>117,708,031</b>	<b>35,213,931</b>	<b>21,273,401</b>	<b>82,284,531</b>	<b>138,771,863</b>	<b>434,981,638</b>	<b>425,657,608</b>

Note: These expenditures include two one-time adjustments related to the establishment of a pay-as-you-go capital fund. The net impact of these adjustments is an additional \$41 million in spending.

# City of Pittsburgh, Fourth Quarter Financial & Performance Report

2007 Net Operating Balance Summary											
	1st Quarter	2nd Quarter	3rd Quarter	Oct	Nov	Dec	4th Quarter	Total	Total	Variance	% Variance
	Actual Total	Actual Total	Actual Total	Actual	Actual	Actual	Actual Total	Actual	Budget	Projected to Budget	Actual to Budget
<b>Revenues</b>											
Real Estate - Current	90,792,029	16,590,659	14,611,170	1,310,042	346,698	727,564	2,384,304	124,378,163	121,257,000	3,121,163	2.6%
Real Estate - Prior	2,130,983	(188,902)	(442,474)	(116,587)	307,086	84,324	274,823	1,774,430	2,741,000	(966,570)	-35.3%
Payroll Prep	11,508,251	12,830,055	10,542,114	529,925	5,879,185	3,332,433	9,741,543	44,621,963	42,100,000	2,521,963	6.0%
Amusement Tax	2,059,600	1,152,857	3,664,451	1,197,237	333,794	555,469	2,086,500	8,962,408	9,140,000	(177,592)	-1.9%
Earned Income	13,846,450	15,341,702	12,753,135	3,312,422	5,410,863	6,040,008	14,763,293	56,704,580	50,950,000	5,754,580	11.3%
Deed Transfer	3,508,290	3,613,718	5,421,188	1,940,059	1,193,293	1,416,109	4,549,451	17,092,656	16,828,000	264,656	1.6%
Parking	11,263,616	12,195,516	12,198,597	4,248,143	4,252,614	3,900,143	12,400,900	48,058,628	47,043,000	1,015,628	2.2%
Emergency Service Tax	11,682,210	2,417,197	1,226,857	355,371	347,487	355,591	1,058,449	16,384,712	9,819,681	6,565,031	66.9%
Business Privilege	1,627,992	6,451,945	493,843	113,049	78,751	95,413	287,212	8,860,991	8,043,000	817,991	10.2%
Facility Usage Fee	551,121	303,339	761,815	162,918	768,480	26,464	947,863	2,564,138	2,250,000	314,138	14.0%
Other Taxes	722,419	1,038,177	699,023	218,452	199,932	241,147	659,531	3,119,151	2,527,000	592,151	23.4%
Interest Earned	1,543,273	1,477,752	2,228,960	386,175	360,254	894,116	1,640,545	6,890,531	3,100,000	3,790,531	122.3%
Fines & Forfeit	1,680,513	1,596,833	1,442,792	160,568	215,912	1,819,327	2,195,807	6,915,945	5,061,000	1,854,945	36.7%
Liquor, Business & Gov Licenses	236,769	154,273	514,892	55,205	33,408	39,941	128,554	1,034,488	1,445,102	(410,614)	-28.4%
Rental & Charges	774,220	1,053,822	1,129,760	242,851	424,148	857,861	1,524,860	4,482,662	4,154,360	328,302	7.9%
PSP & POS	571,931	881	4,888,732	281,502	462,500	2,834,206	3,578,208	9,039,752	9,600,221	(560,469)	-5.8%
Breakeven - BBI	1,928,126	1,398,779	1,230,728	497,156	484,529	579,138	1,560,824	6,118,457	4,898,114	1,220,343	24.9%
Breakeven - EMS	2,576,194	2,176,030	2,455,080	519,727	1,105,232	459,427	2,084,386	9,291,691	10,500,000	(1,208,309)	-11.5%
Breakeven - Other	1,722,747	1,076,109	(157,686)	1,290,126	1,104,880	74,982	2,469,987	5,111,157	5,620,000	(508,843)	-9.1%
Federal & State Grants	503,700	12,335	1,788,953	364,738	-	1,000,167	1,364,905	3,669,894	3,233,125	436,769	13.5%
Liquid Fuels	-	-	2,018,250	1,009,125	-	1,009,125	2,018,250	4,036,500	4,036,500	-	0.0%
State Grant Support	-	-	-	-	-	6,045,000	6,045,000	6,045,000	10,000,000	(3,955,000)	-39.6%
State Pension Aid	-	-	15,182,262	-	-	-	-	15,182,262	13,775,000	1,407,262	10.2%
Non-Profit Payment	1,494,619	998,073	1,473,843	-	1,203,031	-	1,203,031	5,169,566	5,699,979	(530,413)	-9.3%
Reimbursement - CDBG	-	45,681	-	810,371	-	750,000	-	1,560,371	1,606,052	735,000	118.5%
Authority Payments	2,346,355	-	3,292,703	325,590	(915,000)	6,273,431	-	5,684,021	11,323,080	9,130,000	24.0%
State Utility Distribution	-	-	-	483,398	-	-	-	483,398	470,000	13,398	2.9%
Act 77	3,519,648	-	4,118,525	-	3,371,001	1,607,360	4,978,362	12,616,535	12,696,000	(79,465)	-0.6%
Miscellaneous	48,579	57,046	14,320	698,963	20,327	137,726	857,016	976,961	424,644	552,317	130.1%
Econ. Dev. Slots Revenue	-	-	-	-	-	5,100,000	5,100,000	5,100,000	7,657,881	(2,557,881)	-33.4%
Intergovernmental Fee	-	-	541,584	60,176	60,176	60,176	180,528	722,112	722,000	112	0.0%
<b>Total Revenues</b>	<b>168,638,636</b>	<b>81,793,876</b>	<b>104,093,417</b>	<b>20,456,703</b>	<b>27,038,582</b>	<b>46,316,648</b>	<b>93,811,933</b>	<b>448,337,862</b>	<b>425,657,607</b>	<b>22,680,255</b>	<b>5.3%</b>
<b>Expenditures</b>											
Salaries	38,913,298	31,789,862	36,929,732	10,361,342	10,482,659	10,405,453	31,249,454	138,882,345	147,990,658	(9,108,313)	-6.2%
Premium Pay	5,304,091	5,068,107	6,187,881	1,246,092	1,044,112	1,680,823	3,971,026	20,531,105	21,199,517	(668,412)	-3.2%
Education and Training	73,573	65,133	71,546	30,198	10,903	7,873	48,973	259,225	328,327	(69,102)	-21.0%
Fringe Benefits	20,646,216	14,962,912	21,188,133	5,077,355	6,801,651	2,741,715	14,620,720	71,417,982	79,595,316	(8,177,334)	-10.3%
Uniforms	1,186,226	131,835	201,794	70,315	28,799	56,278	155,392	1,675,246	1,596,791	78,455	4.9%
Supplies	1,220,474	870,241	1,256,680	480,384	417,111	341,079	1,238,574	4,585,969	4,718,253	(132,284)	-2.8%
Materials	229,009	540,214	200,261	68,165	79,704	29,177	177,046	1,146,530	1,256,554	(110,024)	-8.8%
Equipment	156,043	154,659	236,774	54,496	57,718	56,375	168,589	716,066	2,969,087	(2,253,021)	-75.9%
Repairs	249,520	107,508	650,938	38,797	249,532	24,650	312,979	1,320,945	1,973,075	(652,130)	-33.1%
Rentals	823,959	701,039	654,527	157,040	180,461	160,566	498,068	2,677,593	3,130,780	(453,187)	-14.5%
Miscellaneous Services	3,248,278	3,511,854	4,557,904	1,480,553	1,034,211	963,067	3,477,831	14,795,666	17,019,360	(2,223,694)	-13.1%
Utilities	3,024,144	2,110,583	973,675	464,313	622,390	555,315	1,642,018	7,750,419	9,148,924	(1,398,505)	-15.3%
Judgments	307,293	213,517	43,992	249,095	12,077	21,071	282,243	847,045	1,959,745	(1,112,700)	-56.8%
Pension	793,480	773,801	772,736	15,435,786	252,075	23,274,683	38,962,545	41,302,562	41,536,608	(234,046)	-0.6%
Debt Service	41,268,712	-	43,781,458	-	-	(19,000,000)	(19,000,000)	66,050,169	91,194,612	(25,144,443)	-27.6%
Debt Service Subsidy	-	56,365	-	-	-	926,405	926,405	982,770	-	982,770	0.0%
GF Grants	-	-	-	-	-	40,000	40,000	40,000	40,000	-	0.0%
GF Projects	-	-	-	-	-	-	-	-	-	-	0.0%
Transfers	-	-	-	-	-	60,000,000	60,000,000	60,000,000	-	60,000,000	0.0%
<b>Total Expenditures</b>	<b>117,444,314</b>	<b>61,057,429</b>	<b>117,708,031</b>	<b>35,213,931</b>	<b>21,273,401</b>	<b>82,284,531</b>	<b>138,771,863</b>	<b>434,981,638</b>	<b>425,657,607</b>	<b>9,324,031</b>	<b>2.2%</b>
<b>Net Operating Balance</b>	<b>51,194,322</b>	<b>20,736,447</b>	<b>(13,614,614)</b>	<b>(14,757,228)</b>	<b>5,765,181</b>	<b>(35,967,883)</b>	<b>(44,959,931)</b>	<b>13,356,224</b>			

Note: These expenditures include two one-time adjustments related to the establishment of a pay-as-you-go capital fund. The net impact of these adjustments is an additional \$41 million in spending.