

ALLEGHENY COUNTY
AUTHORITY FOR IMPROVEMENTS IN MUNICIPALITIES
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

the *binkleykanavy* group
CERTIFIED PUBLIC ACCOUNTANTS

ALLEGHENY COUNTY
AUTHORITY FOR IMPROVEMENTS IN MUNICIPALITIES

YEAR ENDED DECEMBER 31, 2011

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

April 17, 2012

Board of Directors
Allegheny County Authority for Improvements in Municipalities
Pittsburgh, PA

We have audited the accompanying statement of net assets of each major fund of the Allegheny County Authority for Improvements in Municipalities (the "Authority"), as of and for the year ended December 31, 2011, and the related statement of revenues, expenses, and changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Authority as of December 31, 2011, and the changes in its financial position and its cash flows 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 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by accounting principles generally accepted in the United States who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion of the Authority's basic financial statements. The accompanying Schedule of Loans Receivable of the General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Schedule of Loans Receivable of the General Fund has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Brinkley Kanawh Group, LLC
Certified Public Accountants

**AUTHORITY FOR IMPROVEMENTS IN MUNICIPALITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

The Authority for Improvements in Municipalities of Allegheny County (the "Authority") Management's Discussion and Analysis is designed to provide an overview of the Authority's financial activities for the year ended December 31, 2011, and should be read in conjunction with the Authority's financial statements, which begin on page 6.

The financial section of this audit report consists of the following: management's discussion and analysis; statement of net assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows; notes to the financial statements; and the additional information section.

The Statement of Net Assets (the difference between assets and liabilities), found on page 6, reports information on the activities of the Authority using the accrual basis of accounting. It includes the Authority's assets and liabilities and indicates which assets, if any, are restricted as to use. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when they are incurred. A proprietary fund is considered a separate accounting entity with a separate set of self-balancing accounts. The Authority reports the following four proprietary funds:

- General Fund: where the general operating activities of the Authority are reported.
- Urban Development Action Grant Fund (UDAG): where UDAG grant revenues and expenditures are reported.
- Commerce Loan Fund: where the repayment of loans previously provided by the Pennsylvania Department of Commerce are reported.
- Community Development Block Grant Fund (CDBG): where CDBG grant revenues and expenditures are reported.

The statement of revenues, expenses, and changes in net assets, found on page 7, provides information on how the Authority's direct expenses of a given activity are offset by program revenues. Separate columns are utilized for each of the Authority's business-type activities.

The Statement of Cash Flows, found on page 8, indicates how much cash was provided and used in operating activities as well as other cash sources and uses, such as investing and financing activities. The statement of cash flows includes a reconciliation of operating income to net cash provided by operating activities.

The Notes to the Financial Statements (Notes), starting on page 9, provide information essential to understanding the basic financial statements.

The additional information section following the notes to the financial statements reports general fund loans granted in 2011, total principal repayments, and outstanding principal balances as of December 31, 2011.

**AUTHORITY FOR IMPROVEMENTS IN MUNICIPALITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

Government-Wide Financial Analysis

The schedule below reflects the changes in net assets compared to prior years.

Net Assets			
<u>Administrative Fund</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Total Assets	\$ 2,475,137	\$ 2,567,457	\$ (92,320)
Total Liabilities	<u>374,190</u>	<u>386,968</u>	<u>(12,778)</u>
Total Net Assets	<u>\$ 2,100,947</u>	<u>\$ 2,180,489</u>	<u>\$ (79,542)</u>

Total Net Assets decreased by \$79,542. Total Assets decreased by \$92,320 and total liabilities decreased by \$12,778.

	<u>2011</u>	<u>2010</u>
<u>Operating Revenues:</u>		
Interest from loans	\$ 47,375	\$ 33,912
Program Income	<u>8,646</u>	<u>12,763</u>
Total Operating Revenues	<u>56,021</u>	<u>46,675</u>
<u>Operating Expenses:</u>		
Administrative Fees	75,000	150,000
Professional Services	17,580	16,291
Program Disbursements	30,000	-
Other	<u>13,189</u>	<u>35,571</u>
Total Operating Expenses	<u>135,769</u>	<u>201,862</u>
Operating Income (Loss)	<u>(79,748)</u>	<u>(155,187)</u>
<u>Non-Operating Revenues (Expenses):</u>		
Interest	247	790
Interest transfers to other funds	<u>(41)</u>	<u>(22,027)</u>
Total Non-Operating Revenues (Expenses)	<u>206</u>	<u>(21,237)</u>
Change in Net Assets	<u>(79,542)</u>	<u>(176,424)</u>
<u>Net Assets:</u>		
Beginning of year	<u>2,180,489</u>	<u>2,356,913</u>
End of year	<u>\$ 2,100,947</u>	<u>\$ 2,180,489</u>

**AUTHORITY FOR IMPROVEMENTS IN MUNICIPALITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

- Other revenues recorded for the General Fund consist of various administrative and legal fees of \$8,646 in 2011, a decrease of \$4,117 over the \$12,763 of other revenues received in 2010.

Operating Expenses include:

- An administrative fee is paid to the Allegheny County Department of Economic Development ("ACED") annually to help defray the costs of administering the Authority's activities. The Authority paid ACED \$75,000 in 2011 and \$150,000 in 2010.
- Professional fees are the contracted audit and legal fees paid in 2011 and 2010.
- Program disbursements are grants paid from the Authority through its various programs. \$30,000 in program disbursements occurred in 2011, compared with no disbursements during 2010.
- Other expenses include legal advertising, directors' and officers' liability insurance and miscellaneous costs paid in 2011 and 2010.
- The decrease in non-operating interest income of \$543 was a result of the decrease in invested amounts and low interest rates in 2011.

Current Conditions Expected to Significantly Affect Net Assets or Results of Operations

- No conditions are anticipated that would significantly affect net assets or results of operations in 2012.

Requests for Information

- The financial report is designed to provide an overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Assistant Manager of Operations; 425 Sixth Avenue Suite #800; Pittsburgh, PA 15219.

**AUTHORITY FOR
IMPROVEMENT IN MUNICIPALITIES**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

	Business-Type Activities - Enterprise Funds					Total
	General Fund	Urban		Commerce Loan Fund	Community Development Block Grant Fund	
		Development Grant Fund	Action Grant Fund			
Assets						
Current Assets						
Cash and cash equivalents	\$ 830,731	-	\$ -	-	-	\$ 830,731
Current Portion of loans receivable	512,902	-	-	-	-	512,902
Due from the General Fund	-	-	-	124,190	-	124,190
Due from Commerce Loan Fund	6,081	-	-	-	-	6,081
Total Current Assets	<u>1,349,714</u>	<u>-</u>	<u>-</u>	<u>124,190</u>	<u>-</u>	<u>1,473,904</u>
Noncurrent Assets						
Loan Receivable	1,083,351	-	-	-	-	1,083,351
Restricted Cash	42,072	224,602	61,946	-	-	328,620
Total Assets	<u>\$ 2,475,137</u>	<u>\$ 224,602</u>	<u>\$ 61,946</u>	<u>\$ 124,190</u>	<u>\$ -</u>	<u>\$ 2,885,875</u>
Liabilities and Net Assets						
Current Liabilities						
Due to CDBG Fund	\$ 124,190	-	-	-	-	\$ 124,190
Due to General Fund	-	-	6,081	-	-	6,081
Total Current Liabilities	<u>124,190</u>	<u>-</u>	<u>6,081</u>	<u>-</u>	<u>-</u>	<u>130,271</u>
Noncurrent Liabilities						
Loan Payable	250,000	-	-	-	-	250,000
Total Liabilities	<u>374,190</u>	<u>-</u>	<u>6,081</u>	<u>-</u>	<u>-</u>	<u>380,271</u>
Net Assets						
Restricted for projects	42,072	224,602	55,865	124,190	-	446,729
Unrestricted	2,058,875	-	-	-	-	2,058,875
Total Net Assets	<u>2,100,947</u>	<u>224,602</u>	<u>55,865</u>	<u>124,190</u>	<u>-</u>	<u>2,505,604</u>
Total Liabilities and Net Assets	<u>\$ 2,475,137</u>	<u>\$ 224,602</u>	<u>\$ 61,946</u>	<u>\$ 124,190</u>	<u>\$ -</u>	<u>\$ 2,885,875</u>

See accompanying notes to financial statements.

**AUTHORITY FOR
IMPROVEMENT IN MUNICIPALITIES**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2011**

	Business-Type Activities - Enterprise Funds					Total
	General Fund	Urban		Commerce Loan Fund	Community Development Block Grant Fund	
		Development Grant Fund	Action Grant Fund			
Operating Revenues:						
Interest from loans	\$ 47,375	-	-	-	-	\$ 47,375
Program income	8,646	-	-	-	-	32,980
Total operating revenues	\$ 56,021	-	-	\$ 24,334	-	\$ 80,355
Operating Expenses:						
Administration fee	75,000	5,000	-	-	-	80,000
Program expense	30,000	-	-	24,334	-	54,334
Professional services	17,580	-	-	-	-	17,580
Other	13,189	-	-	-	-	13,189
Total operating expenses	\$ 135,769	\$ 5,000	-	\$ 24,334	-	\$ 165,103
Operating Loss	\$ (79,748)	\$ (5,000)	-	-	-	\$ (84,748)
Non-Operating Revenues (Expenses):						
Interest	247	75	-	21	-	343
Interest transfer to other funds	(41)	-	-	-	-	(41)
Interest transfers from other funds	-	-	-	-	41	41
Other	-	-	-	8,602	-	8,602
Total non-operating revenues (expenses)	\$ 206	75	-	\$ 8,623	41	\$ 8,945
Change in Net Assets	\$ (79,542)	\$ (4,925)	-	\$ 8,623	41	\$ (75,803)
Net Assets:						
Beginning of year	\$ 2,180,489	\$ 229,527	-	\$ 47,242	124,149	\$ 2,581,407
End of year	\$ 2,100,947	\$ 224,602	-	\$ 55,865	124,190	\$ 2,505,604

See accompanying notes to financial statements.

**AUTHORITY FOR
IMPROVEMENT IN MUNICIPALITIES**

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011**

	Business-Type Activities - Enterprise Funds					Total
	Urban		Community Development Block Grant Fund			
	General Fund	Development Action Grant Fund	Commerce Loan Fund	Development Block Grant Fund	Total	
Cash Flows From Operating Activities:						
Receipts from customers	8,646	-	-	-	-	8,646
Other receipts	(34,986)	-	-	-	-	(34,986)
Payments for goods and services	(105,000)	(5,000)	-	-	-	(110,000)
Other payments	47,375	-	-	-	-	47,375
Loan interest payments	(235,767)	-	-	-	-	(235,767)
Loans disbursed	411,722	-	24,334	-	-	436,056
Loan principal repayments	-	-	(24,334)	-	-	(24,334)
Repayments to Commonwealth of Pennsylvania	-	-	-	-	-	-
Net cash provided by (used in) operating activities	91,990	(5,000)	-	-	-	86,990
Cash Flows From Investing Activities:						
Interest received	247	75	21	-	-	343
Net cash provided by (used in) investing activities	247	75	21	-	-	343
Net Increase (Decrease) in Cash and Cash Equivalents	92,237	(4,925)	21	-	-	87,333
Cash and Cash Equivalents:						
Beginning of year	780,566	229,527	61,925	-	-	1,072,018
End of year	872,803	224,602	61,946	-	-	1,159,351
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:						
Operating income (loss)	\$ (79,748)	\$ (5,000)	\$ -	\$ -	\$ -	\$ (84,748)
Non cash activity	-	-	8,602	-	-	8,602
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Change in assets and liabilities:						
Loans Receivable	175,955	-	-	-	-	175,955
Due From Other Funds	8,602	-	-	-	-	8,602
Accounts Payable	(12,819)	0	(8,602)	-	-	(21,421)
Total adjustments	171,738	-	-	-	-	171,738
Net cash provided by (used in) operating activities	\$ 91,990	\$ (5,000)	\$ -	\$ -	\$ -	\$ 86,990

See accompanying notes to financial statements.

**ALLEGHENY COUNTY AUTHORITY FOR IMPROVEMENTS IN
MUNICIPALITIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

**NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

The Authority for Improvements in Municipalities (the "Authority") was established by Allegheny County (the "County"), Pennsylvania, in 1968 pursuant to the Municipality Authorities Act of Pennsylvania. The Authority's activities include providing assistance in the form of grants and loans to cities, boroughs, townships, and authorities situated in the County, and lease financing for capital equipment purchases by non-profit hospitals and municipalities throughout Pennsylvania. The Authority's Board of Directors (the "Board") is appointed by the County. The County has not included the Authority in its reporting entity because the County's accountability for the Authority does not extend beyond making these appointments.

A summary of the Authority's significant accounting policies are as follows:

A. Basis of Accounting

The Authority has various programs that are reported as separate Enterprise Funds. The Authority accounts for its programs on the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. Inter-fund transactions are generally recognized when they are incurred.

In applying the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds*," the Authority applies all GASB pronouncements and all Financial Accounting Standards Board pronouncements, Accounting Principals Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements.

Fund operating revenues, such as program income, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of interest on loans receivable. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions, such as capital contributions or ancillary activities.

**ALLEGHENY COUNTY AUTHORITY FOR IMPROVEMENTS IN
MUNICIPALITIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

**NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES – (CONTINUED)**

A. Basis of Accounting – (continued)

A description of each fund of the Authority is presented below:

General Fund

The General Fund is the principal operating fund of the Authority, which accounts for all financial transactions, except those required to be accounted for in other funds. The General Fund includes loan and grant activities undertaken at the discretion of the Authority's Board entailing resources, which are otherwise unrestricted.

Urban Development Action Grant Fund

The Urban Development Action Grant Fund (UDAG) accounts for the proceeds of UDAG monies applied for and received by the County on behalf of itself and four other municipalities within the County. The UDAG funds were provided to the municipalities so as to retain and enhance employment within their boundaries. The Authority acts as custodian and administrator of the UDAG funds.

Commerce Loan Fund

The Authority acts as an agent for certain loan repayments from entities who had previously received funds from the Pennsylvania Department of Commerce. Certain portions of the loan repayments are remitted to the Pennsylvania Department of Commerce. The Authority collects the loan repayments and disburses these same funds to the appropriate governmental entities. Any interest earned on the amounts collected is permitted to be retained by the Authority.

Community Development Block Grant Fund

The restricted Community Development Block Grant (CDBG) Fund accounts for the proceeds of CDBG monies made available to the Authority for two projects located at the Regional Industrial Development Corporation Park.

B. Cash and Cash Equivalents

For purposes of presentation, the Authority considers all highly liquid deposits with maturities of three months or less when obtained to be cash and cash equivalents.

C. Restricted Assets

Restricted Assets represent resources set aside for liquidation of specific obligations. See Note 4 for details of restricted assets.

**ALLEGHENY COUNTY AUTHORITY FOR IMPROVEMENTS IN
MUNICIPALITIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

**NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES – (CONTINUED)**

D. Classification of Net Assets

In accordance with the provisions of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," net assets are classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets. There were no net assets invested in capital assets, net of related debt at year-end.

Restricted – This component of net assets consists of constraints placed on net asset use through external restrictions imposed by donors (such as through the receipt and use of federal dollars).

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."

D. Loans Receivable

Loans receivable in the General Fund consist of loans that are primarily for infrastructure projects and financing of capital needs of the municipal entities within Allegheny County. Loans are recorded on the Statement of Net Assets at face value. The loans have rates ranging from 0% to 5% and with terms of approximately five years. The loan amounts range from approximately \$5,000 to \$225,000. Total loans receivable at December 31, 2011 and 2010 are \$1,596,251 and \$1,772,208, respectively.

The portion of loans expected to be collected by the Authority within one year are shown as current assets of the Authority in the Statement of Net Assets.

E. Accounts Receivable

The Authority uses the allowance method in providing for loan losses. Accordingly, potential losses are recorded to the allowance and provided for as bad debt expense when the collection is doubtful. Conversely, when management is of the opinion that previously reserved loans are collectible, the current year's provision is reduced.

Authority management believes all outstanding loans are collectible at December 31, 2011 and 2010 and, therefore, no allowance is needed at December 31, 2011 and 2010.

**ALLEGHENY COUNTY AUTHORITY FOR IMPROVEMENTS IN
MUNICIPALITIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

**NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES – (CONTINUED)**

G. Pending Changes in Accounting Principles

In December 2010, the GASB issued Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" The Authority is required to adopt Statement No. 62 for its 2012 calendar year financial statements.

The Authority has not completed the various analysis required to estimate the financial statement impact of this new pronouncement.

NOTE 2: ADMINISTRATIVE SERVICES

The Authority contracts annually with the Allegheny County Department of Economic Development (ACED) for various administrative support services, including space and personnel. The fee for these services for the year ended December 31, 2011 was \$75,000, which was paid by the General Fund.

NOTE 3: DEPOSITS AND INVESTMENTS

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 Authority's deposit and investment risks:

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2011, the carrying value and bank balance of the Authority's deposits was \$17,695. As of December 31, 2011, all of the Authority's bank balance was covered by federal depository insurance.

Investments

The Authority is authorized to make investments of the following types pursuant to the Municipality Authorities Act of 1945: (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 in (1) through (4) above.

**ALLEGHENY COUNTY AUTHORITY FOR IMPROVEMENTS IN
MUNICIPALITIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 3: DEPOSITS AND INVESTMENTS – (CONTINUED)

Investments - (continued)

As of December 31, 2011, the Authority's investments were held in the Pennsylvania Local Government Investment Trust (PLGIT). The Authority's investments in PLGIT entail pools managed by others, which are not evidenced by specific securities. All investments in the external investment pool, which are not SEC-registered, are subject to oversight by the Commonwealth of Pennsylvania. The book value of these investments as of December 31, 2011, was \$1,141,656.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the investments in PLGIT described above all have maturities of less than one year.

Credit Risk – The Authority does not have a formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2011, the Authority's investments in PLGIT were rated AAA by Standard's & Poor's.

NOTE 4: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose have been classified as restricted in balance sheet/statement of net assets. Restricted cash is composed of the following:

- The *General Fund* reported a restricted cash balance of \$42,072 at year-end that consists of the amount of unexpended funds received from Allegheny County for the Special Economic Development Program.
- The entire cash balance of \$224,602 in the *Urban Development Action Grant Fund* is considered to be restricted at year end because all monies contained within UDAG are reserved for municipalities wishing to enhance employment within their boundaries.
- The *Commerce Loan Fund* cash balance, net of amounts due to the General Fund, of \$61,946 is restricted as assets that are collected on behalf of other entities and remitted to the Pennsylvania Department of Commerce by the Authority.
- The *CDBG* fund has restricted assets consisting of an amount due to the CDBG fund from the General Fund. The funds are restricted because they are to be used on specific projects.

**ALLEGHENY COUNTY AUTHORITY FOR IMPROVEMENTS IN
MUNICIPALITIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5: CONDUIT DEBT

The Authority issued limited obligation tax-exempt notes to provide below-market interest rate financing for qualifying organizations. The tax-exempt notes are repayable solely from each qualifying organization's respective resources. Neither the general credit of the Authority nor the general credit and taxing power of the County has been pledged for the payment of debt service. The Authority has administrative and fiduciary responsibilities; however, it has no obligation for repayment of this debt from other resources.

The outstanding amount issued as of December 31, 2011 and 2010 was approximately \$27.5 and \$33 million, respectively.

NOTE 6: PROGRAM DISBURSEMENTS

In 2007 Allegheny County contributed \$1 million to the Authority for use in the Economic Development Program. The Economic Development Program awards funding for public infrastructure projects that impact large scale economic development projects. Eligible entities must demonstrate a need for funding, a significant community impact, and the grant funds can not be greater than the matching investment. In 2011 and 2010, none of these funds were disbursed. The balance of the \$1 million contribution is \$42,072 and is shown as restricted cash in the General Fund.

NOTE 7: LOANS PAYABLE

During 2010, the Authority entered into a loan agreement with the Redevelopment Authority of Allegheny County. The proceeds of this loan were to be used by the Authority to provide additional funding for its revolving loan fund. The outstanding principal of this loan at December 31, 2011 was \$250,000. This loan bears 0% interest and the entire loan balance is due by June 1, 2013.

ALLEGHENY COUNTY AUTHORITY FOR IMPROVEMENTS IN MUNICIPALITIES
SCHEDULE OF LOANS RECEIVABLE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	December 31, 2010	2011 Loans	Principal Repayments	December 31, 2011
Aleppo Township	\$ 100,000	\$ -	\$ 20,000	\$ 80,000
Borough of Avalon	-	70,000	-	70,000
Borough of Avalon	37,901	-	12,634	25,267
Borough of Bellevue	44,400	-	14,800	29,600
Ben Avon Heights Boro	141,900	15,767	31,533	126,134
Borough of Braddock Hills	25,000	-	5,000	20,000
Borough of Carnegie	120,000	-	30,000	90,000
Dormont Borough	90,000	-	45,000	45,000
East Deer Township	40,000	-	20,000	20,000
Borough of East McKeesport	131,584	-	43,863	87,721
Borough of East Pittsburgh	30,000	-	6,000	24,000
Borough of Edgeworth	-	50,000	-	50,000
Borough of Glassport	29,599	-	5,920	23,679
Harmar Township	50,000	-	10,000	40,000
Harrison Township	32,000	-	8,000	24,000
Township of Kennedy	100,000	-	-	100,000
Liberty Borough	40,000	-	20,000	20,000
Borough of McKees Rocks	32,000	-	8,000	24,000
Borough of Munhall	104,400	-	-	104,400
Borough of North Versailles	101,047	-	20,209	80,838
Borough of Oakdale	5,000	-	5,000	-
Borough of Pitcairn	60,904	-	-	60,904
Port Vue Borough	36,000	-	12,000	24,000
Port Vue Borough	40,177	-	10,044	30,133
South Fayette Township	-	100,000	-	100,000
Steel Valley COG	94,430	-	18,885	75,545
Borough of Versailles	85,000	-	17,000	68,000
Borough of West View	80,000	-	20,000	60,000
White Oak Borough	108,666	-	21,733	86,933
White Oak Borough	12,197	-	6,099	6,098
Totals	<u>\$ 1,772,208</u>	<u>\$ 235,767</u>	<u>\$ 411,721</u>	<u>\$ 1,596,251</u>