

CITY OF JEANNETTE
FINANCIAL STATEMENTS – CASH BASIS

Year ended December 31, 2011

DELUZIO & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

CITY OF JEANNETTE

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INDEPENDENT AUDITORS' REPORT

To: City Council and Mayor
City of Jeannette

We have audited the accompanying primary government financial statements – cash basis of the governmental activities, each major fund and the aggregated remaining fund information of the City of Jeannette (City), as of December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

As described in Note 1, the City prepares its financial statements on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements referred to above do not include the City's Non-Uniformed, Police and Firemen's Pension Funds which should be included in order to conform with accounting principles generally accepted in the United States of America. The Non-Uniformed Pension net assets are estimated to be in excess of \$1,020,000 at December 31, 2011, the Police Pension net assets are estimated to be in excess of \$5,500,000 at December 31, 2011, and the Firemen's Pension net assets are estimated to be in excess of \$660,000 at December 31, 2011.

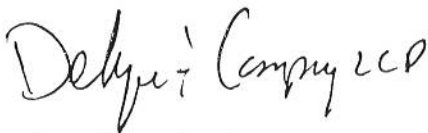
The financial statements referred to above include only the primary government of the City which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component unit, the City of Jeannette Municipal Authority, which accounting principles generally accepted in the United States of America, as applied to the City's cash basis of accounting, require this to be reported with the financial data of the City's primary government. As a result, the financial statements do not purport to and do not present fairly the cash basis financial position of the reporting entity of the City, as of December 31, 2011, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1. The City of Jeannette Municipal Authority's assets are estimated to be in excess of \$18,400,000 at December 31, 2011 and its liabilities are estimated to be in excess of \$12,900,000 at December 31, 2011.

In our opinion, except for the omission of the City's Non-Uniformed, Police and Firemen's Pension Funds as discussed in the fourth paragraph and the omission of the City of Jeannette Municipal Authority's financial data as discussed in the fifth paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information for the primary government of the City, as of December 31, 2011, and the respective changes in the cash basis financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting described in Note 1.

The accompanying financial statements have been prepared assuming the City of Jeannette will continue as a going concern. As discussed in Note 12 to the financial statements, there is uncertainty as to whether the City will have the funds available to pay significant expenditures it is expected to incur toward the end of 2012. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the budgetary comparison information on page 12 and the pension information on pages 26 through 28 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Greensburg, Pennsylvania

November 27, 2012

CITY OF JEANNETTE

MANAGEMENT'S DISCUSSION AND ANALYSIS **YEAR ENDED DECEMBER 31, 2011**

As management of the City of Jeannette (City), we offer our residents, elected officials, employees and other interested parties this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. For purposes of this discussion and analysis, "City" refers to the primary government only. The goal of this Management's Discussion and Analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in financial position, (4) identify any material deviations from the approved budget, and (5) identify individual fund issues or concerns.

City management encourages all readers to consider the information presented here in conjunction with the financial statements that we have furnished and the accompanying notes that follow in order to obtain a thorough understanding of the City's financial condition at December 31, 2011.

FINANCIAL HIGHLIGHTS

- The City is presenting primary government financial statements. Financial data of the City's component unit, the City of Jeannette Municipal Authority, is not presented.
- As described in the notes to the primary government financial statements (financial statements), the City prepares its financial statements on the cash basis of accounting.
- The City's net assets decreased \$252,036 during fiscal year 2011 or 10%.
- Unrestricted net assets were \$37,997 at December 31, 2011. These assets may be used to meet the City's ongoing obligations to residents and creditors.
- The City's real estate property tax rate for fiscal year 2011 is 32.62 mills.
- At December 31, 2011, the City had \$2,453,844 of general obligation debt outstanding. This represents a decrease of \$151,156 from the previous fiscal year.
- The total fund balance of the General Fund on December 31, 2011 was \$37,997. This fund balance is unreserved and is available for spending at the City's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

The basic financial statements present two different views of the City through the use of government-wide financial statements and fund financial statements. In addition to these required elements, a section with combining statements provides details about the nonmajor government funds that are presented in a single column in the basic financial statements.

CITY OF JEANNETTE

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2011

- (1) Government-Wide Financial Statements – The government-wide financial statements are designed to provide all interested parties with a broad overview of the City in a manner similar to a private-sector business.
- The Statement of Net Assets – This report presents information on all of the City's cash, cash equivalents and its cash-basis net assets. As described in the notes to the basic financial statements, the City's financial statements are on the cash basis of accounting. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
 - The Statement of Activities – This report presents information showing how the government's net assets changed during the most recent fiscal year. This shows cash-basis expenses by functions/programs related to operating grants and how the deficit from each function/program is funded with general cash-basis revenues.

Both of the government-wide cash basis financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees. The governmental activities of the City include general government, public safety, public works, culture and recreation, community development and debt service.

The government-wide financial statements include only the City itself. Financial statements of the City of Jeannette Municipal Authority (Authority), a component unit of the City, are available at the Authority's office. The government-wide financial statements can be found on pages 9 and 10 of this report and do not include the financial position or results of the City of Jeannette Municipal Authority.

- (2) Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other governmental agencies, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into governmental funds and fiduciary funds.

The fund financial statements can be found on pages 9 and 11 of this report.

- Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.
- Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities.

The City maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance for the General Fund, Capital Projects and the Community Development Fund, which are considered major funds, and the Liquid Fuels Fund, a nonmajor fund.

CITY OF JEANNETTE

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2011

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to determine compliance with actual revenues/expenditures to budgeted amounts.

- (3) Notes to the Primary Government Financial Statements – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 14 through 25 of this report.

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The supplementary information can be found on pages 26 through 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, net assets on the cash basis of accounting were \$2,364,793 as of December 31, 2011, a decrease of \$252,036 from 2010.

STATEMENT OF NET ASSETS CASH BASIS December 31, 2011

<u>Assets:</u>	
Cash and cash equivalents	\$ 2,364,793
<u>Net assets:</u>	
Restricted	\$ 2,326,796
Unrestricted	37,997
	<u>\$ 2,364,793</u>

The balance of unrestricted net assets as of December 31, 2011 was \$37,997 and may be used to meet the government's ongoing obligations to its citizens and creditors. This was a decrease of \$342,214 from 2010.

At the end of the current year, the City is able to report a positive balance in net assets. The same situation held true for the prior fiscal year.

Governmental Activities – Governmental activities decreased the net assets by \$252,036.

CITY OF JEANNETTE

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011

Details of these decreases for the governmental activities are as follows:

CHANGES IN NET ASSETS
CASH BASIS
NET (EXPENSES) REVENUES

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenues</u>
Primary Government:			
Government Activities:			
General government	\$ 1,391,914	\$ 390,647	\$ (1,001,267)
Public safety	2,015,925	391,168	(1,624,757)
Public works:			
Highways and streets	973,890	339,786	(634,104)
Sanitation	789,839	828,124	38,285
Culture and recreation	30,050	-	(30,050)
Community development	409,868	582,505	172,637
Capital purchases	-	-	-
Debt principal and interest	765,105	-	(765,105)
Total government activities	<u>\$ 6,376,591</u>	<u>\$ 2,532,230</u>	<u>(3,844,361)</u>
General Revenues:			
Taxes:			
Real estate			\$ 2,104,408
Earned income			550,254
Other			270,684
Franchise fees			161,106
Interest			1,262
Payments in lieu of taxes			8,785
Loan proceeds			483,116
Miscellaneous			12,710
Total general revenues			<u>3,592,325</u>
Change in net assets			(252,036)
Net assets - beginning of year			2,616,829
Net assets - end of year			<u>\$ 2,364,793</u>

The City continues to have significant challenges in ensuring it has sufficient revenues to meet its financial demands. City Council continues to assess ways to increase revenues and decrease expenditures.

CITY OF JEANNETTE

MANAGEMENT'S DISCUSSION AND ANALYSIS **YEAR ENDED DECEMBER 31, 2011**

The beginning of 2012 has brought several new Council members to the decision-making responsibilities for the City. Discussions have started with the Council and the City Clerk with the main priority being the financial condition of the City. The Mayor, Council and the City Clerk have recognized that this is an uphill battle. The City is determined to look at all finances on a monthly basis, with the thought that decisions will be made to maintain the City of Jeannette in a positive position.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$37,997. Fund balances in the Capital Projects Fund, Community Development Fund and Liquid Fuels Fund were \$295,652, \$1,886,244 and \$144,900, respectively. These amounts represent an increase in fund balance in the Community Development Fund of \$93,561 and a decrease in the Capital Projects Fund and Liquid Fuels Fund of \$2,299 and \$1,084, respectively. These amounts represent funds available that may be used for activities within the scope of each fund. On the statement of net assets, these amounts are shown as restricted net assets, because, in terms of the government as a whole, they are restricted by bond covenants (Capital Projects Funds) and grantors (Community Development Fund and Liquid Fuels Fund).

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund budget and the actual revenues/expenditures included a shortfall of \$92,245 in cash-basis revenues, \$434,008 more in cash-basis expenditures and \$394,052 more in other financing sources. The net of these differences resulted in an excess of expenditures over revenues in the amount of \$132,201.

CITY OF JEANNETTE

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011

DEBT

At the end of the current fiscal year, the City had an outstanding total debt of \$2,575,263, a decrease of \$74,871 from 2010. Of this amount, \$2,453,844 is comprised of General Obligation Bonds and Notes, \$98,267 relates to a new equipment loan obtained during 2011, and \$23,152 relates to capital lease obligations.

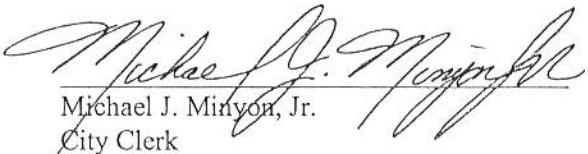
A breakdown of the City's debt follows:

LONG-TERM DEBT
GENERAL OBLIGATION AND OTHER DEBT

	Balance as of January 1, 2011	Additions	Payments/ Retirements	Balance as of December 31, 2011
General Obligation Bonds	\$ 2,105,000	\$ -	\$ (110,000)	\$ 1,995,000
General Obligation Note	500,000	-	(41,156)	458,844
Capital Lease Obligation	45,134	-	(21,982)	23,152
Equipment Loan	-	133,116	(34,849)	98,267
Totals	<u>\$ 2,650,134</u>	<u>\$ 133,116</u>	<u>\$ (207,987)</u>	<u>\$ 2,575,263</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the financial affairs of the City. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Office of the City Clerk, City of Jeannette, 110 South Second Street, Jeannette, PA 15644.


Michael J. Minyon, Jr.
City Clerk

CITY OF JEANNETTE
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS - CASH BASIS
AS OF DECEMBER 31, 2011

Assets	General Fund	Capital Projects Fund	Community Development Fund	Non-Major Liquid Fuels Fund	Total Governmental Funds	Statement of Net Assets
Cash and cash equivalents	\$ 37,997	\$ 295,652	\$ 1,886,244	\$ 144,900	\$ 2,364,793	\$ 2,364,793
Fund Balance/Net Assets						
Fund balance:						
Unassigned	\$ 37,997	\$ -	\$ -	\$ -	\$ 37,997	
Assigned	-	295,652	1,886,244	144,900	2,326,796	
Total fund balance	\$ 37,997	\$ 295,652	\$ 1,886,244	\$ 144,900	\$ 2,364,793	
Net assets:						
Restricted for:						
Capital projects						\$ 295,652
Community development						1,886,244
Liquid fuels tax projects						144,900
Unrestricted						37,997
Total net assets						\$ 2,364,793

The accompanying notes are an integral part of these financial statements.

CITY OF JEANNETTE
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,391,914	\$ 213,572	\$ 177,075	\$ -	\$ (1,001,267)
Public safety	2,015,925	140,412	250,756	-	(1,624,757)
Public works - highway and streets	973,890	-	339,786	-	(634,104)
Public works - sanitation	752,757	810,223	17,901	-	75,367
Culture and recreation	30,050	-	-	-	(30,050)
Community development	409,868	136,000	446,505	-	172,637
Capital purchases	37,082	-	-	-	(37,082)
Principal and interest paid on long-term debt	765,105	-	-	-	(765,105)
Total governmental activities	<u>\$ 6,376,591</u>	<u>\$ 1,300,207</u>	<u>\$ 1,232,023</u>	<u>\$ -</u>	<u>(3,844,361)</u>
General revenues:					
Taxes:					
Real estate					\$ 2,104,408
Earned income					550,254
Emergency and municipal service tax					106,815
Business privilege tax					61,735
Tax collected - county					29,868
Other					72,266
Franchise fees					161,106
Interest					1,262
Payments in lieu of taxes					8,785
Loan proceeds					483,116
Miscellaneous					12,710
Total general revenues					<u>3,592,325</u>
Change in net assets					(252,036)
Net assets:					
Beginning of year					<u>2,616,829</u>
End of year				\$	2,364,793

The accompany notes are an integral part of these financial statements.

CITY OF JEANNETTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Projects Fund	Community Development Fund	Nonmajor Liquid Fuels Fund	Total Governmental Funds
Revenues:					
Taxes	\$ 2,925,346	\$ -	\$ -	\$ -	\$ 2,925,346
Licenses, permits and fees	258,815	-	-	-	258,815
Fines, forfeitures and penalties	60,747	-	-	-	60,747
Interest	-	-	1,241	21	1,262
Intergovernmental	564,538	-	446,505	225,958	1,237,001
Charges for services	1,000,773	-	-	-	1,000,773
Payments in lieu of taxes	8,785	-	-	-	8,785
Program income	-	-	136,000	-	136,000
Miscellaneous	12,710	-	-	-	12,710
Total revenues	4,831,714	-	583,746	225,979	5,641,439
Expenditures:					
Current:					
General government	1,249,634	-	-	-	1,249,634
Public safety	2,015,925	-	-	-	2,015,925
Public works - highways and streets	746,827	-	-	227,063	973,890
Public works - sanitation	752,757	-	-	-	752,757
Culture and recreation	30,050	-	-	-	30,050
Community development	48,672	-	361,196	-	409,868
Insurance	120,032	-	-	-	120,032
Miscellaneous	19,950	-	-	-	19,950
Capital purchases	37,082	2,298	-	-	39,380
Debt service:					
Principal retirement	559,048	-	48,000	-	607,048
Interest	127,414	-	30,643	-	158,057
Total expenditures	5,707,391	2,298	439,839	227,063	6,376,591
Other financing sources (uses):					
Proceeds from loan	483,116	-	-	-	483,116
Interfund transfers, net	50,346	-	(50,346)	-	-
Total other financing sources (uses)	533,462	-	(50,346)	-	483,116
Net change in fund balance	(342,215)	(2,298)	93,561	(1,084)	(252,036)
Fund balance:					
Beginning of year	380,212	297,950	1,792,683	145,984	2,616,829
End of year	\$ 37,997	\$ 295,652	\$ 1,886,244	\$ 144,900	\$ 2,364,793

The accompany notes are an integral part of these financial statements.

CITY OF JEANNETTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CASH BASIS - BUDGET AND ACTUAL GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 3,160,150	\$ 2,925,346	\$ (234,804)
Licenses, permits and fees	146,875	258,815	111,940
Fines, forfeitures and penalties	60,793	60,747	(46)
Interest	8,740	-	(8,740)
Intergovernmental	515,296	564,538	49,242
Charges for service	959,482	1,000,773	41,291
Payments in lieu of taxes	27,623	8,785	(18,838)
Miscellaneous	45,000	12,710	(32,290)
Total revenues	4,923,959	4,831,714	(92,245)
Expenditures:			
General government	1,449,277	1,249,634	199,643
Public safety	2,052,684	2,015,925	36,759
Public works - highways and streets	620,468	746,827	(126,359)
Public works - sanitation	656,315	752,757	(96,442)
Culture and recreation	30,000	30,050	(50)
Community development	106,546	48,672	57,874
Insurance	49,450	120,032	(70,582)
Miscellaneous	19,154	19,950	(796)
Capital purchases	-	37,082	(37,082)
Debt service:			
Principal retirement	273,739	559,048	(285,309)
Interest	15,750	127,414	(111,664)
Total expenditures	5,273,383	5,707,391	(434,008)
Other financing sources (uses):			
Proceeds from loan	-	483,116	483,116
Interfund transfers, net	139,410	50,346	(89,064)
Total other financing sources (uses)	139,410	533,462	394,052
Net change in fund balance	\$ (210,014)	\$ (342,215)	\$ (132,201)

The accompanying notes are an integral part of these financial statements.

CITY OF JEANNETTE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF DECEMBER 31, 2011

	<u>Fire Insurance Escrow Fund</u>
Assets	
Cash and cash equivalents	\$ 40,521
Total assets	\$ <u>40,521</u>
Net Assets	
Held for fire damage payments	\$ 40,521
Total net assets	\$ <u>40,521</u>

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Fire Insurance Escrow Fund</u>
Additions	
Interest income	\$ 20
Total additions	20
Change in net assets	20
Total net assets- beginning	<u>40,501</u>
Total net assets- ending	\$ <u>40,521</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jeannette, Pennsylvania (City), was incorporated and adopted its first Charter as a City in 1938. The City operates under a commission form of government and provides the following services as provided by its charter: police and fire, street, public works and sanitation, culture-recreation, health and social services, planning and zoning and general administrative services.

The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The most significant of these accounting policies are as follows:

Reporting Entity

The primary government financial statements (financial statements) include only the financial activity of the City and do not include the City of Jeannette Municipal Authority (Authority), which is considered a component unit in accordance with the provisions of GASB Statement No. 14, "*Financial Reporting Entity*." The City is considered to be financially accountable for the Authority because City Council appoints the Authority's governing board and guarantees the Authority's debt (Note 8). Separate financial statements for the Authority are available upon request from its offices.

Government-Wide and Fund Financial Statements

The government-wide cash basis financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given function or segment, and 2) grants that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting/Measurement Focus

Basis of accounting refers to the timing of the recognition of revenues and expenditures in the accounts and in the financial statements. The City has elected to present its financial statements on the cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, amounts are recognized when received or paid rather than when earned or when obligations are incurred. Inventories, principally supplies, are accounted for as expenditures when purchased. Encumbrance accounting, whereby fund balance is reserved for commitments related to unperformed contracts for goods and services, is not used by the City.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City only uses governmental funds and fiduciary funds, although the latter are excluded from these financial statements.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they will be paid.

The City reports the following major governmental funds:

The *General Fund* is the principal operating fund of the City that is used to account for all financial transactions except those required to be accounted for in other funds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities or acquisitions of equipment.

The *Community Development Fund* is used to account for various grants received from the Department of Community and Economic Development.

Additionally, the City reports the following nonmajor governmental funds:

The *Liquid Fuels Fund* accounts for state aid revenues (liquid fuels taxes) received from the Pennsylvania Department of Transportation for building, improving, lighting and maintaining roads and bridges within the City.

Fiduciary Funds

The *pension trust funds* are used to account for assets held by the City in a trustee capacity for future payment of retirement benefits to employees or former employees. The City has three separate pension plans: the Non-Uniformed Plan, the Police Plan and the Firefighter Plan. The pension trust funds are not included in the financial statements, as discussed in the "GAAP Departure" section below.

The City maintains a fire insurance escrow account for the future payment of insurance costs as a result of fire damages. A statement of fiduciary net assets and a statement of changes in fiduciary net assets have been presented to account for the activity in this account.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GAAP Departure:

The City's financial statements for the year ended December 31, 2011 exclude the pension trust funds for the Non-Uniformed Plan, Police Plan and Fireman Plan. These funds are audited separately.

Fund Balance

In the fund financial statements, governmental funds report fund balances as follows:

Assigned

Denotes the portion of the fund balance that is intended to be used for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned

Denotes the portion of the fund balance that is available for any purpose.

Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control in the General Fund of the City. The budget is adopted on the cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The City must adopt the budget for the General Fund by December 31.

Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

Deposits and Investments

The City considers all short-term investments with a maturity of three months or less to be cash equivalents. Investments are carried at fair value based on quoted market prices.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City allows non-uniformed employees to accumulate unused sick leave to a maximum of 125 days. Upon termination, unused sick leave of non-uniformed employees, up to the maximum, will be paid at the rate of \$80 per day. Police can accumulate one month of sick leave for each year of service. Upon normal retirement, unused sick leave will be paid at the rate of \$10 per day, up to a maximum of 12 weeks. Firemen can accumulate unused sick leave, up to a maximum of 42-24 hour days. Upon termination/retirement, unused sick leave of firemen will be paid at one-half of the shift rate. Earned vacation time is required to be used currently. As of December 31, 2011, the liability for accrued sick leave was \$123,922.

NOTE 2 – CASH AND CASH EQUIVALENTS

Pennsylvania statutes provide for investment of governmental funds (which exclude the Pension Trust Funds) into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

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

The following is a summary of the City's deposits which are insured by the Federal Depository Insurance Company (Category 1) and not insured or collateralized in the City's name but collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name (Category 3).

	Total Category 1	Total Category 3	Carrying Amount
Deposits	\$ 503,581	\$ 1,861,212	\$ 2,364,793

Investments below are considered cash equivalents and are reported as such on the governmental funds balance sheet/statement of net assets - cash basis. The investments of the City have been categorized to indicate the level of risk assumed by the City, as follows: Category 1 - insured or registered, or securities held by the City or its agent in the City's name; Category 2 - uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; Category 3 - uninsured and unregistered, securities held by the counterparty or its trust department or agent, but not in the City's name.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

The carrying value and categorization of the investments of the City at December 31, 2011 were as follows:

	Carrying Value	Total Category 3
U.S. Government Money Market	\$ 295,652	\$ 295,652
PLGIT	183,937	183,937
	<u>\$ 479,589</u>	<u>\$ 479,589</u>

NOTE 3 – PROPERTY TAX LEVIES

Taxes are levied on March 1 and are due and payable on or before June 30. All unpaid taxes become delinquent July 1 of the same year. Any taxes still unpaid at December 31 of the same year are turned over to the Westmoreland County Tax Collector. City property tax revenues are recognized when received.

City real estate taxes were levied for general purposes at 32.62 mills on 100% of assessed valuation. The assessed valuation was approximately \$65 million for the 2011 levy.

NOTE 4 – LONG-TERM DEBT

Changes in Long-Term Debt

Changes in the City's long-term debt during 2011 were as follows:

	Balance at December 31, 2010	Additions	Payments	Balance at December 31, 2011
General Obligation Bonds, 1998	\$ 2,105,000	\$ -	\$ (110,000)	\$ 1,995,000
General Obligation Note, 2010	500,000	-	(41,156)	458,844
Equipment Loan	-	133,116	(34,849)	98,267
	<u>\$ 2,605,000</u>	<u>\$ 133,116</u>	<u>\$ (186,005)</u>	<u>\$ 2,552,111</u>

General Obligation Bond - Series 1998

In March 1998, the City issued a General Obligation Bond – Series 1998 (1998 bonds). The 1998 bond issue was to a) fund various capital projects and b) retire the City's General Obligation Bond – Series 1994 (1994 bonds). The interest rate ranges from 3.9% to 5.0% and is scheduled to mature in 2024. As part of the 1998 bond issue, funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 bonds. As a result, the 1994 bonds are considered to be defeased; and the liability for those bonds has been removed from the general long-term debt account group. At December 31, 2011, \$1,995,000 of bonds considered defeased are outstanding.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM DEBT (continued)

The debt service requirements are as follows for the City's outstanding bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 110,000	\$ 96,650	\$ 206,650
2013	120,000	91,130	211,130
2014	120,000	85,250	205,250
2015	130,000	79,000	209,000
2016	135,000	72,375	207,375
Thereafter	1,380,000	293,500	1,673,500
	<u>\$ 1,995,000</u>	<u>\$ 717,905</u>	<u>\$ 2,712,905</u>

General Obligation Note- 2010

In December 2010, the City issued a General Obligation Note, Series 2010. The note was sold to First Niagara Bank N.A. in accordance with its proposal to purchase the note. The 2010 note was issued to fund unfunded debt of the City that has accumulated as a result of performed and contracted services. Principal and interest payments of \$15,452 are due quarterly for a total of forty payments beginning in March 2011 and continuing thereafter until the maturity date of December 2020. Interest on the note will be at a fixed rate of 4.25% per annum on a tax-exempt fully bank-qualified basis until the maturity date.

The debt service requirements are as follows for the City's outstanding note:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 42,809	\$ 18,828	\$ 61,637
2013	44,657	16,980	61,637
2014	46,586	15,051	61,637
2015	48,598	13,039	61,637
2016	50,898	10,939	61,837
Thereafter	225,296	20,903	246,199
	<u>\$ 458,844</u>	<u>\$ 95,740</u>	<u>\$ 554,584</u>

Equipment Loan- 2011

In March 2011, the City entered into a loan agreement with a local bank in the amount of \$133,116 to purchase various equipment to be used in the general operations of the City. Annual payments of \$34,849 are due beginning in March 2011 and continuing until March 2014. The 2011 payment consists entirely of principal. Thereafter, the annual payment will consist of both a principal and an interest portion. Interest will be due at a rate of 3.16% per annum. The principal balance as of December 31, 2011 is \$98,267. Future debt service requirements for this loan are as follows:

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 31,741	\$ 3,108	\$ 34,849
2013	32,745	2,104	34,849
2014	33,781	1,068	34,849
	<u>\$ 98,267</u>	<u>\$ 6,280</u>	<u>\$ 104,547</u>

NOTE 5 – CAPITAL LEASES

The City has one capital lease obligation as of December 31, 2011. The capital lease for a fire truck has a total cost of \$184,525. This capital asset is not accounted for on the governmental funds balance sheet/statement of net assets (cash basis) due to the City reporting on the cash basis.

The following is a schedule of future minimum rental payments under these leases at December 31, 2011:

<u>Year Ending December 31,</u>	<u>Balance</u>
2012	\$ 24,385
Total minimum lease payments	24,385
Less: amount representing interest	<u>(1,233)</u>
Present value of future minimum lease payments	<u>\$ 23,152</u>

NOTE 6 – PENSION PLAN

Plan Descriptions

The City administers three defined benefit pension plans covering full-time employees: the Non-Uniformed Pension Plan, the Police Pension Plan and the Firemen Pension Plan (Plans). The Plans operate under the authority of various City ordinances and provide retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living allowances are provided at the discretion of the Plans. The Non-Uniformed Pension Plan is an agent multiple-employer plan. The Police Pension Plan and the Firemen Pension Plan are single-employer plans. Plan provisions are established by City ordinance with the authority for City contributions required by Act 205 of the Commonwealth of Pennsylvania (Act 205).

All Plans receive bi-annual actuarial valuations. The Non-Uniformed Pension Plan is administered by the Pennsylvania Municipal Retirement System (PMRS) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent. The PMRS issues a separate Comprehensive Annual Financial Report. That report may be obtained by writing to the Pennsylvania Municipal Retirement System, P.O.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – PENSION PLAN (continued)

Plan Descriptions (continued)

Box 1165, Harrisburg, PA 17108-1165. Neither single-employer plan issues separate audited financial statements.

As of the date of the most recent actuarial valuations, participants in the pension plans were as follows:

<u>Participants</u>	<u>Non-Uniformed</u>	<u>Police</u>	<u>Fireman</u>
Active members	22	13	3
Retirees and beneficiaries receiving benefits	23	22	4
Terminated plan members with vested or deferred benefits	2	-	-

Contributions and Funding Policy

Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under Act 205; such contributions are subject to collective bargaining. The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO that exceeds the Commonwealth of Pennsylvania allocation must be funded by the City.

In accordance with the Plan's governing resolution, members are required to contribute five percent of compensation to the plan. An additional contribution of \$1 per month is required by the Police and Firemen Plans.

The Plans may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the City in accordance with Act 205.

Administrative costs, including the investment manager, trustee and actuarial services, are charged to the plan and funded through investment earnings.

	<u>Non-Uniformed</u>	<u>Police</u>	<u>Fireman</u>
Annual pension cost	\$ 165,947	\$ 347,276	\$ 55,146
Contributions made	\$ 206,657	\$ 390,531	\$ 63,526

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – PENSION PLAN (continued)

Historical Trend Information

Historical trend information designed to provide information about the City's progress made in accumulating sufficient assets to pay benefits when due is presented below:

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Non-uniformed	12/31/2005	\$ 153,489	100%	-
	12/31/2006	\$ 151,405	100%	-
	12/31/2007	\$ 160,377	100%	-
	12/30/2008	\$ 160,015	100%	-
	12/31/2009	\$ 155,976	100%	-
	12/31/2010	\$ 150,994	100%	-
	12/31/2011	\$ 165,947	100%	-
Police	12/31/2005	\$ 113,968	100%	-
	12/31/2006	\$ 129,377	100%	-
	12/31/2007	\$ 213,493	100%	-
	12/30/2008	\$ 217,836	100%	-
	12/31/2009	\$ 254,809	100%	-
	12/31/2010	\$ 255,258	100%	-
	12/31/2011	\$ 347,276	100%	-
Firemen	12/31/2005	\$ 19,942	100%	-
	12/31/2006	\$ 20,489	100%	-
	12/31/2007	\$ 24,103	100%	-
	12/30/2008	\$ 24,145	100%	-
	12/31/2009	\$ 42,543	100%	-
	12/31/2010	\$ 41,144	100%	-
	12/31/2011	\$ 55,146	100%	-

NOTE 7 – POST-EMPLOYMENT HEALTH CARE

In addition to the pension benefits described above, the City provided health care benefits to Teamster and Police retirees in full until Medicare benefits begin. The employer's contributions are financed on a pay-as-you-go basis. As of December 31, 2011, eight retirees benefited under this plan, and \$51,107 in premiums was paid on their behalf. All other retirees must reimburse the City 100% of the premiums paid on their behalf.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – GUARANTEE OF DEBT

The City guarantees the debt service payments of the Authority under its guaranteed Sewer Revenue Bonds, Refunding Series (original issue amount, \$2,600,000), and Refunding Series A of 2003 (original issue amount, \$2,460,000). The City had guaranteed the Authority's 1998 Bonds which were refunded with the Series A 2003 issue. During 2011, the City made no contributions to the Authority. City management does not anticipate any contributions being required in the near future.

Annual debt service payments under the terms of the Authority Bonds, Refunding Series and Refunding Series A of 2003 are as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2012	\$ 350,000	\$ 98,585	\$ 448,585
2013	360,000	86,065	446,065
2014	370,000	72,648	442,648
2015	385,000	58,310	443,310
2016	405,000	42,988	447,988
Thereafter	625,000	35,188	660,188
	<u>\$ 2,495,000</u>	<u>\$ 393,784</u>	<u>\$ 2,888,784</u>

The City also guarantees two PennVest Loans (2008 PennVest Loan, outstanding balance of approximately \$3,738,120 at December 31, 2011 and 2002 PennVest Loan, outstanding balance of approximately \$393,188 at December 31, 2011) of the Authority. Monthly payments of principal and interest on the 2008 PennVest Loan are \$19,455 through the first 5 years and \$21,316 thereafter, until 2028. Monthly payments of principal and interest to be made by the Authority are \$3,331 for the 2002 PennVest Loan through June 1, 2023.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – LOAN RECEIVABLE

The City's Community Development fund provides low interest loans to proprietors that use Jeannette as their place of business. These funds are repaid to the City at interest rates that range between 2% and 5% over various amortized periods.

The following represents the loan activity for the year ended December 31, 2011:

	Balance at January 1, 2011	Payments	Additions	Balance at December 31, 2011
Loan #1	\$ 1,331	\$ -	\$ -	\$ 1,331
Loan #2	74,950	-	-	74,950
Loan #3	29,091	(16,903)	-	12,188
Loan #4	7,220	(2,883)	-	4,337
Loan #5	112,413	(53,845)	-	58,568
	<u>\$ 225,005</u>	<u>\$ (73,631)</u>	<u>\$ -</u>	<u>\$ 151,374</u>

NOTE 10 – RISK MANAGEMENT

The risk of losses is covered by commercial insurance for the following areas: property and liability, workers' compensation and dishonesty. For insured areas, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverages for the current year.

On December 31, 1996, City Council authorized the City's participation, beginning in 1997, in the Penn Prime Workers' Compensation Trust, which is a group workers' compensation pool, established through the intergovernmental cooperation of Pennsylvania municipalities under the authority of the Pennsylvania Workers' Compensation Act and the Pennsylvania Intergovernmental Cooperation Law. The City's participation in this pool is deemed to control workers' compensation insurance costs and reduce annual premiums.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The City is currently engaged in the process of Eminent Domain proceedings with a local citizen. In September 2010, a Board of View Hearing was held whereat the plaintiff was awarded damages in excess of \$300,000. However, both parties filed an appeal to this award. It is the City's position that the amount of damages that the local citizen is entitled to is far less than the award amount, while it is the position of the plaintiff that his damages are in excess of the award amount. No provision would have been made in the financial statements for this lawsuit.

In addition, several lawsuits are pending against the City for which no provisions would have been made in the financial statements because the ultimate resolutions are not reasonably estimable. In the opinion of management and legal counsel, such matters are not material to the financial statements, either individually or in the aggregate, since the claims would essentially be covered by insurance; and the only cost to the City would be the payment of the insurance deductible.

CITY OF JEANNETTE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

Certain revenues provided to the City by the federal government are subject to audit by respective grantor agencies. Potential reimbursements may be required as a result of such audits. No provision would have been made for potential reimbursements in the financial statements as material amounts are considered to be unlikely.

NOTE 12 – GOING CONCERN

During 2011, the City experienced a decrease in its general fund balance of \$342,215, leading to an ending general fund balance of \$37,997 as of December 31, 2011. In addition, earned income taxes remitted to the City throughout 2012 have been negatively impacted by a change in tax collection agencies that occurred during the year due to the closing of the City's prior tax collection agency. This has contributed to uncertainty as to whether the City will have the necessary funds to pay significant expenditures it is expected to incur toward the end of 2012. These expenditures include the annual pension fund contributions for police, fire and non-uniformed personnel as well as the repayment of the 2012 Tax Anticipation Loan. The City's plans in response to this situation have included cost reductions enacted during the year as well as increased monitoring of the City's cash flows on an ongoing basis. The City ultimately believes that estimated earned income taxes due to the City will be received by the end of 2012.

The ability of the City to continue as a going concern is dependent upon its ability to maintain the necessary funds to pay the significant expenditures expected to be incurred toward the end of 2012. The financial statements do not include any adjustments that might be necessary if the City is unable to continue as a going concern.

SUPPLEMENTARY INFORMATION

CITY OF JEANNETTE
SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Assets		Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
			Over (Under) AAL				
Non-Uniformed							
1/1/1999	\$ 625,791	\$ 777,870	\$ (152,079)		80.45%	\$ 800,914	(18.99%)
1/1/2001	\$ 952,486	\$ 1,876,088	\$ (923,602)		50.77%	\$ 918,171	(100.59%)
1/1/2003	\$ 1,067,748	\$ 2,093,204	\$ (1,025,456)		51.01%	\$ 883,697	(116.04%)
1/1/2005	\$ 1,727,434	\$ 2,696,911	\$ (969,477)		64.05%	\$ 886,696	(109.34%)
1/1/2007	\$ 1,992,115	\$ 2,771,420	\$ (779,305)		71.88%	\$ 834,758	(93.36%)
1/1/2009	\$ 2,423,864	\$ 3,131,895	\$ (708,031)		77.39%	\$ 1,005,179	(70.44%)
Police							
1/1/1999	\$ 6,549,756	\$ 5,919,392	\$ 630,364		110.65%	\$ 838,660	75.16%
1/1/2001	\$ 7,478,411	\$ 6,475,586	\$ 1,002,825		115.49%	\$ 905,213	110.78%
1/1/2003	\$ 6,473,445	\$ 6,749,081	\$ (275,636)		95.92%	\$ 1,006,360	(27.39%)
1/1/2005	\$ 6,253,354	\$ 7,341,592	\$ (1,088,238)		85.18%	\$ 861,259	(126.35%)
1/1/2007	\$ 6,332,222	\$ 7,709,913	\$ (1,377,691)		82.13%	\$ 893,985	(154.11%)
1/1/2009	\$ 5,794,711	\$ 8,739,050	\$ (2,944,339)		66.31%	\$ 1,042,985	(282.30%)
1/1/2011	\$ 5,796,039	\$ 9,847,386	\$ (4,051,347)		58.86%	\$ 1,014,282	(399.43%)
Firemen							
1/1/1999	\$ 886,658	\$ 718,475	\$ 168,183		123.41%	\$ 114,976	146.28%
1/1/2001	\$ 940,815	\$ 752,271	\$ 188,544		125.06%	\$ 138,029	136.60%
1/1/2003	\$ 802,151	\$ 820,610	\$ (18,459)		97.75%	\$ 181,887	(10.15%)
1/1/2005	\$ 756,314	\$ 773,224	\$ (16,910)		97.81%	\$ 178,089	(9.50%)
1/1/2007	\$ 774,173	\$ 938,845	\$ (164,672)		82.46%	\$ 150,393	(109.49%)
1/1/2009	\$ 695,460	\$ 1,029,109	\$ (333,649)		67.58%	\$ 176,661	(188.86%)
1/1/2011	\$ 678,227	\$ 1,166,618	\$ 488,391		58.14%	\$ 180,563	270.48%

See Independent Auditors' Report

CITY OF JEANNETTE
SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Non-Uniformed		Police		Firemen	
	Annual Required Contributions	Percentage Contributed	Annual Required Contributions	Percentage Contributed	Annual Required Contributions	Percentage Contributed
2002	\$ 22,610	100%	\$ 33,922	100%	\$ 7,825	100%
2003	\$ 134,401	100%	\$ 33,033	100%	\$ 6,189	100%
2004	\$ 131,113	100%	-	N/A	\$ 5,327	100%
2005	\$ 153,489	100%	\$ 113,968	100%	\$ 19,942	100%
2006	\$ 151,405	100%	\$ 129,377	100%	\$ 20,489	100%
2007	\$ 160,377	100%	\$ 213,493	100%	\$ 24,103	100%
2008	\$ 160,015	100%	\$ 217,836	100%	\$ 24,145	100%
2009	\$ 155,976	100%	\$ 254,809	100%	\$ 42,543	100%
2010	\$ 150,994	100%	\$ 255,258	100%	\$ 41,144	100%
2011	\$ 165,947	100%	\$ 347,276	100%	\$ 55,146	100%

Note: Contributions include state pension aid

N/A: Information not available as of the date of the report.

CITY OF JEANNETTE

NOTE TO SUPPLEMENTARY PENSION SCHEDULES

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

	<u>Non-uniform</u>	<u>Police</u>	<u>Firemen</u>
Actuarial valuation date	1/1/2009	1/1/2011	1/1/2011
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Asset valuation method	Fair Value	4-Year Smoothing	4-Year Smoothing
Remaining amortization period	6.46 Years	18 Years (aggregate)	22 Years
Actuarial assumptions			
Investment rate of return	6.00%	7.00%	7.00%
Projected salary increases	5.20%	5.00%	5.00%
Underlying inflation rate	n/a	3.00%	3.00%
Cost of living adjustment, if applicable	n/a	n/a	n/a

n/a = not applicable