

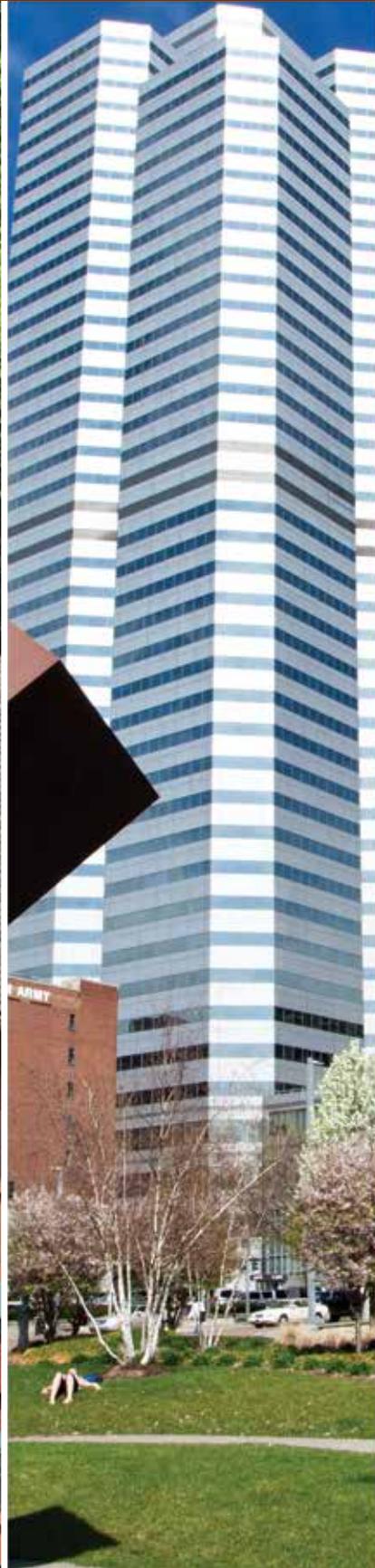


CITY OF PITTSBURGH

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

PREPARED BY: MICHAEL E. LAMB, CITY CONTROLLER





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ELECTED OFFICIALS

MAYOR: WILLIAM PEDUTO

TERM: 4 YEARS
RESPONSIBILITY: CHIEF EXECUTIVE
CONTACT INFO: 414 GRANT STREET
 ROOM 512
 PITTSBURGH, PA 15219
 (412) 255-2626

CONTROLLER: MICHAEL E. LAMB

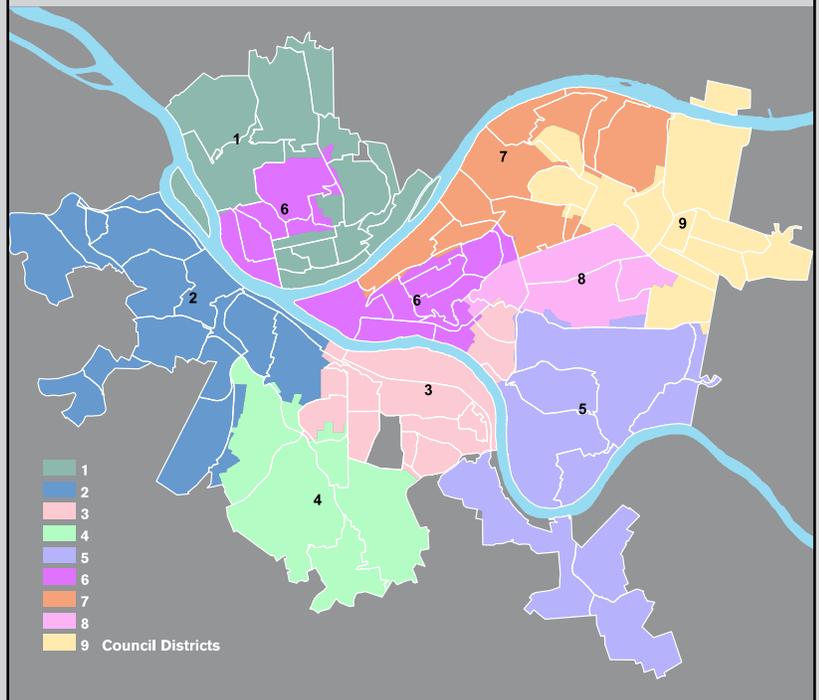
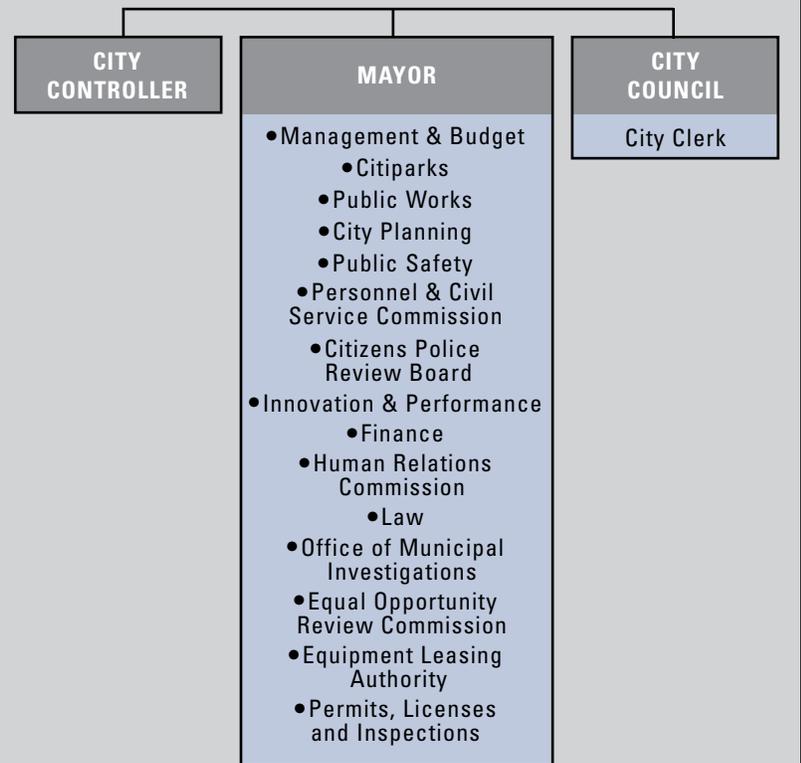
TERM: 4 YEARS
RESPONSIBILITY: FINANCIAL OVERSIGHT,
 FINANCIAL REPORTING
 AND AUDITING
CONTACT INFO: 414 GRANT STREET
 1ST FLOOR
 PITTSBURGH, PA 15219
 (412) 255-2054

CITY COUNCIL MEMBERS

TERM: 4 YEARS, ELECTIONS
 STAGGERED EVERY
 TWO YEARS
RESPONSIBILITY: LEGISLATIVE AUTHORITY

Council Member	District	Telephone
Darlene Harris	1	(412) 255-2135
Theresa Kail-Smith	2	(412) 255-8963
Bruce Kraus President	3	(412) 255-2130
Natalia Rudiak	4	(412) 255-2131
Corey O'Connor	5	(412) 255-8965
R. Daniel Lavelle	6	(412) 255-2134
Deborah Gross	7	(412) 255-2140
Daniel Gilman	8	(412) 255-2133
Rev. Ricky Burgess	9	(412) 255-2137

CITIZENS OF THE CITY OF PITTSBURGH



About the Cover: Pittsburgh is a city of towering buildings, hills, bridges, corporations and especially a strong workforce of men and women, who are proud to call Pittsburgh their home.

Cover photos: Duquesne Incline, Oxford Center: John Altdorfer
 Shadyside neighborhood, Cloud Arbor (Near Pittsburgh Children's Museum): VisitPittsburgh

A Message from the City Controller



“It is important to demonstrate what makes Pittsburgh a great place to live, study and work.” *Michael E. Lamb*

I am pleased to present to you the City of Pittsburgh’s (the “City’s”) Popular Annual Financial Report for the year ended December 31, 2014. This report is intended to increase awareness throughout the community of the financial operations of the City. As such, this report is written in a user friendly manner that will summarize and communicate the City’s financial condition. I am pleased that, for the fifth consecutive year, the City’s Controller’s Office has received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association (“the GFOA”) for the Popular Annual Financial Report.

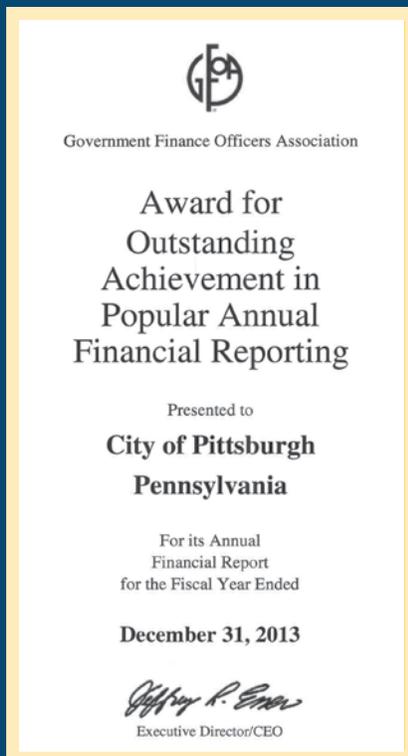
In addition to providing financial information, it is important to demonstrate what makes Pittsburgh a great place to live, study and work. Pittsburgh’s economy is supported by a vast network of for-profit and not-for-profit businesses. It is important for us to demonstrate the role City government is playing in supporting these activities.

Financial information within this report is derived in large part from the City’s 2014 independently audited set of financial statements that are prepared in accordance with generally accepted accounting principles. These audited statements are part of the City’s 2014 Comprehensive Annual Financial Report (“CAFR”). We are proud to say that the City’s Controller’s Office CAFR has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the GFOA for each of the past 22 years.

I welcome any feedback, comments, or concerns regarding the information included in this report.

Sincerely,

Michael E. Lamb
City Controller



The Point State Park fountain, sprays water up to 150 feet in the air. The fountain is located at the head of the Ohio River, and draws water from an aquifer that passes beneath the park known as the “Wisconsin Glacial Flow”, which is an ancient river channel now filled with sand and gravel. This is a result of the Pleistocene glaciation which re-routed Pittsburgh’s rivers.

Pittsburgh

Education and Culture



Colleges and Universities in the City

The Art Institute of Pittsburgh
 Carlow University
 Carnegie Mellon University
 Chatham University
 Community College of Allegheny County
 Duquesne University
 Point Park University
 University of Pittsburgh

Source: 2015 Pittsburgh Business Times Book of Lists

Largest Arts and Humanities Nonprofits

Carnegie Museums of Pittsburgh
 The Pittsburgh Cultural Trust
 Pittsburgh Symphony Orchestra
 Carnegie Library of Pittsburgh
 Western Pennsylvania Conservancy
 Pittsburgh Zoo & PPG Aquarium
 Pittsburgh CLO
 Phipps Conservatory and Botanical Gardens Inc.
 Pittsburgh Ballet Theatre
 Senator John Heinz History Center

Source: 2015 Pittsburgh Business Times Book of Lists

*Below: Duquesne University.
 Below Right: The Andy Warhol Bridge looking towards the North Shore.
 Bottom Left: Statue of Guyasuta & George Washington at Mt. Washington's Emerald View Park.*

Museums in the City

The Andy Warhol Museum
 August Wilson Center for African American Culture
 Carnegie Museums of Pittsburgh
 Carnegie Science Center
 Children's Museum of Pittsburgh
 Fort Pitt Museum
 Frick Art and Historical Center
 Mattress Factory Art Museum
 Pittsburgh Center for the Arts/
 Pittsburgh Filmmakers
 Senator John Heinz History Center
 Society for Contemporary Craft
 Soldiers and Sailors National Military Museum & Memorial
 University of Pittsburgh's Nationality Rooms

Source: 2015 Pittsburgh Business Times Book of Lists

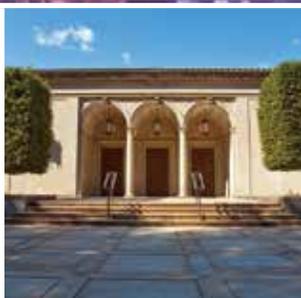
“The Economist’s Intelligence Unit livability survey ranks Pittsburgh as the most livable location in the Continental U.S.”* *The Economist*

* According to *The Economist*, the concept of livability is simple. “It assesses which locations around the world provide the best or the worst living conditions. Worldwide, Pittsburgh ranks No. 30 out of 140 cities surveyed.”

*Below: Pittsburgh Ballet, Sleeping Beauty, Photo: Rich Sofranko.
 Bottom Left: Outside of Carnegie Museum, Photo: John Altdorfer
 Bottom Right: Frick Art Museum, Photo: VisitPittsburgh*

Philadelphian Charles Klauder, one of the foremost Gothic architects of the time, was hired to design Pitt’s Cathedral of Learning. The final architectural plan attempted to unite the idea of a modern skyscraper with the look of Gothic architecture. The building took two years to complete. The first Pitt classes were held in the building in 1931. The Cathedral of Learning is well-known for its 29 Nationality Classrooms.

Another interesting fact is that a pair of Peregrine Falcons reside within eyesight of a 40th floor balcony.



Pittsburgh Businesses

2014 Fortune 500 Companies Headquartered in Pittsburgh

United States Steel Corporation
The PNC Financial Services Group, Inc.
PPG Industries, Inc.
H.J. Heinz Company
WESCO International, Inc.

Source: 2014 Fortune Magazine, Fortune 500

Largest Employers Located in the City

UPMC
Highmark Health
U.S. Government
Commonwealth of Pennsylvania
University of Pittsburgh
Giant Eagle, Inc.
BNY Mellon
County of Allegheny
United States Steel Corporation
Carnegie Mellon University

Source: 2015 Pittsburgh Business Times Book of Lists

Largest Pittsburgh Area Privately Held Companies

H.J. Heinz Company
Giant Eagle, Inc.
Gateway HealthSM
GENCO
Armada
K&L Gates LLP
Reed Smith LLP
Walsh Construction Company
dck worldwide LLP
Starkist

Source: 2015 Pittsburgh Business Times Book of Lists

Largest Health and Social Service Nonprofits

Brother's Brother Foundation
Pittsburgh Mercy Health System
YWCA of Greater Pittsburgh
Pressley Ridge
Goodwill of Southwestern Pennsylvania
Vincentian Collaborative System
Achieva
The Children's Institute of Pittsburgh
Baptist Homes Society
Greater Pittsburgh Community Food Bank

Source: 2015 Pittsburgh Business Times Book of Lists



Below: Working on the exterior of The Tower at PNC Plaza
Far Right: Heinz History Center, located in the Strip District.



About this Report

Although this report is largely based on the City's 2014 Comprehensive Annual Financial Report, this report is not prepared in accordance with generally accepted accounting principles ("GAAP"). Only the financial data for the general government is included in this report and, therefore, all of the City's discretely presented component units are excluded. Additionally, information is presented in a summarized manner and certain financial statements and note disclosures required by GAAP are omitted. A copy of this PAFR as well as the City's audited 2014 CAFR, which is prepared in accordance with GAAP, is located at www.pittsburghpa.gov/controller.

PAFR Consultants:

The Binkley Kanavy Group, LLC, Pittsburgh, PA



PPG Place, Pittsburgh's own Crystal Palace, excites the mind with the inspiration of Philip Johnson's and John Burgee's neo gothic masterpiece which is reminiscent of a meld of classic and modern architecture. Its glass curtain shroud exterior showcases over one million square feet of PPG Solarban 550 Twindow plate glass. The 19,750 panels of the newly perfected tin-tub, float glass, were enhanced by a value-added solar-glass formula, solar and heat-reflect-coatings, which made this daring experimental structure possible.

About Pittsburgh

Conde Nast Traveler named Pittsburgh one of the top places to visit in 2015.

What better way to explore the many miles of riverfront trails than on a bike. Whether you ride by yourself or with friends and family you can visit museums, parks and playgrounds all along the North Shore Trail across from the Golden Triangle. And don't forget the spectacular views of the stadiums of our championship sports teams that you'll see along the way!

Commemorative Sign at Salk Hall Annex, University of Pittsburgh Campus.

Demographic and Economic Statistics

Popular Statistics

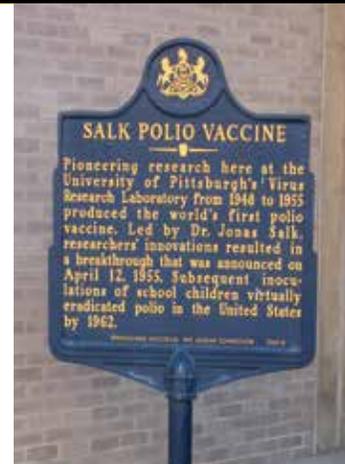
Population (2010 Census)	305,704
% Male	48.4%
% Female	51.6%
Median Age	33.2 years
Educational Attainment:	
• High school graduate or higher	90.4%
• Bachelor's degree or higher	35.5%
Percentage of population that speaks a language other than English at home	9.8%
Median Value of owner-occupied housing unit (2009-2013)	\$89,400
Per Capita Income (2009-2013)	\$26,892
Occupations:	
• Management, Business, Science & Arts	43.8%
• Service	21.7%
• Sales and Office	22.8%
• Natural Resources, Construction & Maintenance	4.5%
• Production, Transportation & Material Moving	7.2%

Source: 2013 American Community Survey, unless otherwise noted

Unemployment Rate

Nation:	5.4% (April 2015)
Pennsylvania:	5.3% (April 2015)
Pittsburgh:	4.6%* (April 2015)

Source: U.S. Bureau of Labor Statistics * Rate is not seasonally adjusted



Neighborhood Mural, Wylie Ave. area.

Pittsburgh's 2014 Recognitions

- **Most Livable Location in the Continental U.S.** (*The Economist*)
- **Best All-American Vacation** (*The Travel Channel*)
- **#1 for Passionate Sports Fans** (*Travel + Leisure*)
- **One of 10 Best Places to Retire** (*U.S. News & World Report*)
- **PNC Park, Best Views in America** (*Travel + Leisure*)
- **PNC Park, Best Ballpark in America** (*TripAdvisor*)
- **Ultimate Urban Hike in the U.S.** (*Yahoo Travel*)
- **#2 City to Pursue the American Dream** (*The Atlantic*)
- **#3 Safest Large Metros in the U.S.** (*Sperling's Best Places*)
- **Top 5 City to Visit in the Northeast** (*FamilyFun Magazine*)
- **#5 Most Resilient City in the World** (*Grosvenor Group Research of London*)
- **#5 Best American Riverfront** (*USA Today and 10Best*)
- **#9 City for Telecommuting** (*HighSpeedInternet.com*)
- **Top 10 Up and Coming Downtowns in the U.S.** (*MSN*)
- **Top 10 Most Charitable City** (*Charity Navigator*)
- **Point State Park, Top 10 "Great Public Spaces" for 2014** (*American Planning Association*)
- **Top 15 Best City for Recreation** (*WalletHub*)
- **UPMC, #16 Research Medical School** (*U.S. News: Education*)

the pittsburgh promise.

In cooperation with the Pittsburgh Public School District, the City of Pittsburgh is involved with The Pittsburgh Promise program. This program provides scholarships of up to \$10,000 per year to qualified students for any post-secondary education within Pennsylvania.

As of the end of 2014, more than 5,500 graduates of the Pittsburgh Public Schools have taken advantage of The Pittsburgh Promise scholarship. For more information on The Pittsburgh Promise, please visit www.pittsburghpromise.org



Pittsburgh Happenings

2014 Highlights

Hill District: Approval of 28-acre redevelopment of former Civic Arena site, which will include the new headquarters of U.S. Steel.

Downtown: Approval of Oliver Building renovation and demolition of Former Saks Fifth Avenue department store.

PNC Bank's new global headquarters and "Gardens of Market Square" are under construction in Pittsburgh's Golden Triangle.

Uptown: In September, the Paramount Pictures Film Exchange Building regained second life thanks to StartUptown. StartUptown is a non-profit focused on revitalizing Uptown through the use of co-working campuses that foster the growth of technology and social startups.

Hazelwood: Redevelopment of former LTV Coke Works.

North Shore: Alco Parking proposed office towers with parking garage behind PNC Park.

Below:

Top Left: The new Frick Environmental Center is designed to be a zero net energy, LEED Certified Platinum, and Living Building Challenge structure that will serve as a hub for environmental education for all in our region.

Top Center: A rendering of Tower Two-Sixty (Office Tower), Hilton Garden Inn Downtown Pittsburgh and the Market Square Garage.

Top Right: Eastside III, stretches across six acres from Highland and Penn Avenues, and seeks to reconnect East Liberty with surrounding neighborhoods, opening in 2015.

The City of Pittsburgh

continues to be a great place to live and work, as noted in many nationally recognized publications over the past few years. Pittsburgh has been recognized as the "most livable city" in the United States many times over the last five years.

East Liberty: Eastside III Redevelopment Project is under construction. Includes restoration of the historic Daniel Burnham-designed building, luxury apartments, a host of amenities and two boutique hotels.

Various: The first phase of protected bike lanes were completed. Three segments were placed in Schenley Park, Greenfield and Downtown.

Squirrel Hill: New Frick Environmental Center is being built in the footprint of the old center on Beechwood Boulevard.

Point Breeze: Completion of Phase I of redevelopment of the Frick Art & Historical Center. Secured funding for Phase II with a projected completion date in early 2016.

Larimer: The U.S. Department of Housing and Economic Development awarded a \$30 million Choice Community implementation grant to Larimer. The estimated \$400 million overall community development will lead to the construction of 350 mixed-income housing units, support 2,000 jobs and create one of the greenest housing developments.

Bottom: Sprout Public Art, located on East Carson Street, River Walk.

The Tower at PNC Plaza rises 33 stories and is 800,000 sq. ft. Located near the confluence of the Allegheny and Monongahela rivers, the building will be the world's greenest office tower with geothermal wells and a solar chimney that will significantly reduce carbon emissions, along with optimally-oriented building facades, operable windows, occupancy-based heating and cooling systems and other state of the art energy reduction technologies. A multi-story underground garage is also part of the building project.



Pittsburgh Government



Permits, Licenses and Inspections

Permits, Licenses and Inspections is responsible for the administration and enforcement of the Pittsburgh building code and zoning code and also enforces the City's various business and trade licenses.

Bureau of Emergency Medical Services

The Bureau of Emergency Medical Services is dedicated to the health and safety of residents and visitors through the provision of advanced life support, pre-hospital care, medically directed technical rescue and transportation of the ill and injured.

Bureau of Fire

The Bureau of Fire develops, implements and administers public safety programs in areas of fire suppression, first responder emergency medical care, fire prevention, hazardous materials code enforcement, fire and arson investigation, and public education.

Bureau of Police

The Bureau of Police is responsible for the protection of life and property, the enforcement of criminal and traffic law violations, and the prevention of crime.

Department of Public Works

The Department of Public Works maintains the City's infrastructure by resurfacing streets, preserving park facilities, and rehabilitating public structures. The Department also meets the environmental needs of Pittsburgh residents by collecting residential refuse and recyclables. It also ensures public safety by responding to weather-related emergencies such as flooding, land subsidence, snow and ice storms, and other disasters.



What Your Government Does

City government must ensure that adequate services are being provided to City residents and businesses in order to maintain its economy. A large portion of the City's budget provides for police, fire protection, and emergency medical services, as well as, public works projects such as resurfacing streets, maintaining roads and collecting garbage.

Citiparks

Citiparks, Pittsburgh's Department of Parks and Recreation, is responsible for promoting and operating many of the City's recreational, educational and cultural programs. Citiparks operates all of the City's swimming pools, spray parks, community and senior recreation centers, the Schenley Oval Sports Complex, Schenley Park Ice Rink and the Mellon Park Indoor Tennis Center.

City Planning

City Planning is responsible for ensuring that development projects are in compliance with the City's neighborhood plans and applicable zoning regulations. Planning also makes sure that development projects are ADA (Americans with Disabilities Act) compliant, and conducts reviews of a project's impact on traffic, storm water management, and the environment.

Controller

The Controller is an independently elected City-wide official and audits City departments and authorities. The Controller is also responsible for auditing City related expenditures, and making payment to City contractors.

Department of Finance/City Treasurer

The Department of Finance/City Treasurer is responsible for the collection and investment of operating cash of the City. Finance audits City revenues and bills and collects tax revenue, fees and charges. The Finance Department is also responsible for the investigation and auditing of revenue accounts.

Personnel & Civil Service Commission

The Department of Personnel and Civil Service Commission (DPCSC) is responsible for overseeing employment and staffing of the City of Pittsburgh government. DPCSC also manages education and training, and benefits and worker's compensation for City employees.

2014 Financial Highlights

A Year of Mixed Results

The previous sections of this document provided information on what we see everyday in the City. The remainder of this document will provide readers with the City's financial information for the year ended 2014. While the City has overcome large challenges in the past year, there is still much work to be done.

A Year of Mixed Results

The City's Cash Position

The City ended 2014 with a total fund balance of \$183 million, an increase of \$22.7 million from 2013. \$53.7 million of the \$183 million is the "unassigned fund balance" which is available for City government to spend. The \$22.7 million increase from 2013 is largely due to 2014 borrowings.

Long-Term Debt

In 2014 the City reduced its debt by \$7 million to \$558 million. This 2014 reduction in debt is less than previous years due to the 2014 borrowings to be used for future capital projects. Even with this reduction, long-term debt continues to be a problem in moving Pittsburgh toward sustained financial stability.

Challenges Ahead

Pittsburgh's Population

Over the past few decades, the City has experienced a significant decline in population, losing about half of its population during a 30-year time period. Not surprisingly, the

City's tax base has decreased along with its population. However, over the past several years, Pittsburgh's population loss has stabilized. Even with this stabilization, the Pittsburgh Public Schools continue to see declines in enrollment. It is increasingly important for government officials to make Pittsburgh an attractive place where people want to live and do business.

Pension Funding

The most immediate challenge faced by the City is securing funding for the City's Comprehensive Municipal Pension fund. In 2011, the City began dedicating a portion of the City's parking tax revenue to the pension fund. In each of 2014 and 2013, the City contributed \$13.4 million in parking tax revenue to the City's pension fund. The City will contribute \$13.4 million in parking tax revenue every year through 2017 and \$26.8 million per year from 2018 through 2041. Despite having the parking tax as a source of revenue, the fund remains significantly underfunded and will require additional funding commitments and cost reductions moving forward.

Aging Infrastructure

The City's aging infrastructure is also a concern and must be addressed by City officials. According to the Department of Public Works, in 2014 the City paved approximately 39.32 miles of roads at a cost of \$8.5 million. In addition to the miles of roads, the City maintains bridges, stairways, storm sewers and other systems and facilities that continue to age. During 2014, the City spent another \$25 million to maintain these assets. Securing funding to upgrade and improve these assets will be critical in the years to come.



Pittsburgh Public Schools



John Altdorfer

According to visiting University of Pittsburgh Professor Bob Reagan's book about Pittsburgh's bridges, as reported by WTAE Channel 4, "all together, a total of 446 bridges are in the City of Pittsburgh, officially the City with the most bridges in the world (29 of which span the rivers), three more than former world-leader Venice, Italy".

The West End bridge is shown in the distance.

View of the Northside facing towards the West End Bridge.

Pittsburgh Financials



General Fund

When assessing the financial results of the City, it is important that we focus on the City's General Fund. The General Fund is the general operating fund of the City and supports the regular day-to-day operations of the City. It is used to account for all revenues and expenditures of the City, except those required to be accounted for in another fund. In this section, we will discuss General Fund revenues, the largest of which are taxes.

The City collects taxes from different entities for a variety of reasons. The major categories of tax collections of the City are shown below.

	Tax Revenue by Type (in thousands)	
	2014	2013
Real Estate Taxes	\$127,354	\$127,606
Earned Income Taxes	86,860	84,103
Payroll Preparation Taxes	55,972	54,151
Parking Taxes	53,233	51,977
Other	75,962	73,391
Total	\$399,381	\$391,228

Total General Fund revenues increased approximately \$2.8 million or by 10.6%, from 2013 to 2014. The net increase of \$8 million in tax revenue was mostly due to increases of \$3 million in earned income tax, and \$5 million in other taxes. All other taxes were relatively stable. During 2012, there was a court-ordered re-assessment in Allegheny County which

Where Our Money Comes From

Like all governments, the City must raise funds to pay for the services that it provides to its citizens and businesses. These sources of funds, referred to as revenue, are raised through grants, charges and taxes.

The revenues of the General Fund come from a variety of sources. Revenues received in 2014 and 2013 are as follows:



prompted the City to enact an anti-windfall millage reduction, and increase the Homestead exemption causing a decrease in Real Estate tax collections for the year 2013.

Major Taxes Assessed by the City

The following are the descriptions of the major types of taxes the City levies:

Real Estate Taxes

Real estate taxes are imposed on most property in the City as assessed by the Allegheny County Board of Property Assessment, Appeals and Review. The 2014 rate was 7.56 mills on buildings and land.

Earned Income Taxes

This tax is levied at a rate of 1% on the wages or net profits earned by City residents. The City also receives a portion of the Earned Income Tax assessed by the Pittsburgh Public Schools equal to .25%.

Payroll Preparation Taxes

This tax is imposed on all for-profit employers at a rate of 0.55% of the total wages of all employees who work in the City.

Parking Taxes

A tax equal to 37.5% of the consideration paid for each parking transaction is levied on the patrons of non-residential parking places in the City.

Other

Other taxes assessed by the City include the Amusement Tax, the Deed Transfer Tax, the Institution Service Privilege Tax, the Local Services Tax and the Facility Usage Fee.

Where Your Money Goes

Once the City collects taxes and other revenues, the funds must be spent efficiently to provide services to the citizens and businesses of the City. As this section will further detail, the City provides a variety of services to its residents and businesses.

Once again, because the General Fund finances the regular day-to-day operations of the City, this will be our primary focus.

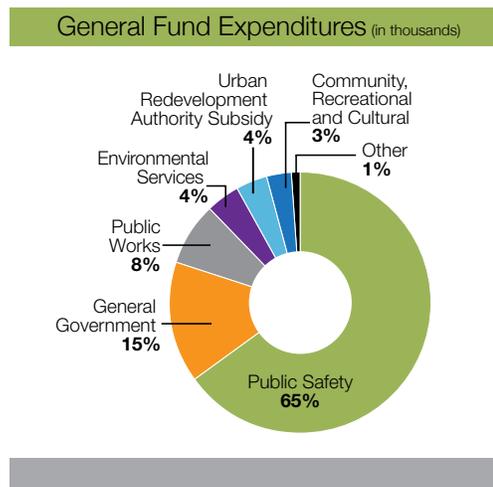
During the years ended December 31, 2014 and 2013, the City expended its funds as shown below. The per capita amounts represent the amount that the City expended on each type of service per resident, while the aggregate represents the total amount spent.

General Fund expenditures increased by 5% from 2013 to 2014. This increase is mainly due to a more conservative estimate of potential legal claims and judgments, and the usual increase in city employee health and benefit costs.

The expenditures of the General Fund are classified by the type of service provided. Below is a summary of the function and the types of departments within that function reported below.

	Aggregate (in thousands)		Per Capita*	
	2014	2013	2014	2013
Government	\$ 63,343	\$ 60,001	\$ 208	\$ 197
Public Safety	263,073	256,660	861	840
Public Works	33,028	32,443	108	106
Environmental Services	16,192	16,014	53	52
Community, Recreational and Cultural	12,338	7,440	40	24
Urban Redevelopment Authority Subsidy	14,257	13,507	47	44
Other	4,914	2,714	16	9
Total	\$407,145	\$388,779	\$1,333	\$1,272

* Expenditures per capita represents aggregate expenditures divided by 2010 population.



General Government expenditures are related to the administration of the City's affairs. These expenses include the costs of all elected officials as well as City Information Systems, Finance Department and Law Department, among many others.

Public Safety expenditures represent the Emergency Medical Services, Bureau of Police, Bureau of Fire, Building Inspection and Animal Control.

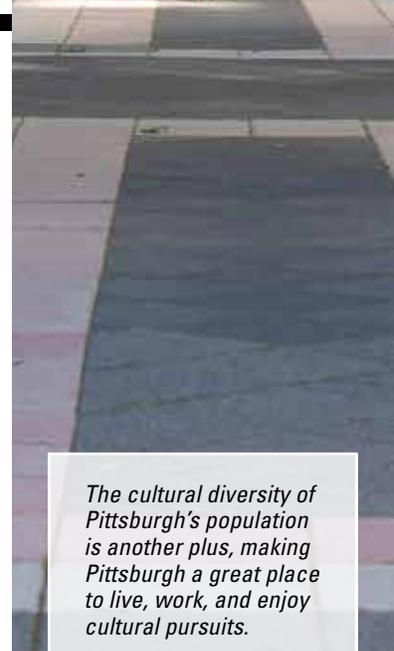
Public Works expenditures include administration, transportation and engineering and street and parks maintenance.

Environmental Services expenditures include garbage collection and recycling services within the public works department.

Community, Recreational and Cultural expenditures are the costs of the Department of Parks and Recreation.

The URA Subsidy is the City's subsidy to the Urban Redevelopment Authority.

Other expenditures include all amounts that are not included in the categories above.



The cultural diversity of Pittsburgh's population is another plus, making Pittsburgh a great place to live, work, and enjoy cultural pursuits.

Pittsburgh Financials

Revenue vs. Expenditures (in thousands)

The following table summarizes the revenue and expenditure activity of the City's General Fund for the year ended December 31, 2014. It illustrates that the General Fund paid for all of the day-to-day operations of the City and contributed \$87 million to pay the City's bonded debt and \$25.5 million for Capital Projects.

Revenues of the City	\$ 485,479
Expenditures of the City to Provide Services	(407,145)
Excess Revenues	78,334
Transfers to the Debt Service Fund	(87,001)
Transfers to the Capital Projects Fund	25,500
Other	1,597
Net Decrease in Fund Balance	(32,570)

Capital Projects Fund of the City (in thousands)

The City maintains a separate Capital Projects Fund to account for the financial transactions and resources used by the City for the acquisition or construction of major capital assets. The amount that the City spent on capital assets, by function, is shown below.

Beginning Capital Projects Fund Balance	\$ 43,957
Capital Project Revenues	10,377
Capital Expenditures by Function:	
General Government	(2,448)
Public Safety	(2,937)
Public Works	(25,372)
Community, Recreational, and Cultural	(564)
Economic and Physical Development	(1,154)
Bond Issue Costs	(759)
Bond Refundings and Payments	373
Net Bond Proceeds and Premium	50,386
Transfers from Other Funds	25,500
Ending Capital Projects Fund Balance	\$ 97,359

2014 District Capital Spending

13%}	(Greater than \$4 million)
• Central Business District	
10%}	(Greater than \$3 million)
• Brookline	
7%}	(Greater than \$2 million)
• Bloomfield	
5%}	(\$1 million – \$2 million)
• Greenfield	• Shadyside
4%}	(\$1 million – \$2 million)
• Perry North	• Squirrel Hill South
3%}	(\$500,000 – \$1,000,000)
• Strip District	
2%}	(\$500,000 – \$1,000,000)
• East Liberty	
1%}	(\$100,000 – \$500,000)
• South Side Flats	• Homewood North
• Beechview	• Central Oakland
• Homewood South	• East Allegheny
• Banksville	• Lincoln-Lemington
• Highland Park	• Belmar
• Point Breeze	• Garfield
• South Oakland	• Squirrel Hill North
• Hazelwood	• Marshall-Shadeland
• Central Northside	
0%}	• All other Districts not listed (\$0 – \$150,000)



John Altdorfer

GRANTS

During 2014, the City received a majority of its \$79 million in grant revenues from the Federal Government, the Commonwealth of Pennsylvania and Allegheny County. Under the terms of the grant agreements, the City must use the grant revenue to fulfill a specific purpose. As such, the City's discretionary use of grant awards is limited, as all grant monies received must be used to fulfill the grant's purpose. The City received and expended grants related to pension aid, economic development and road maintenance, among others, during the year ended December 31, 2014.



The City's Assets, Deferred Outflows of Resources & Liabilities

So far we have focused on where the City's money comes from and where the City's money goes. This focus is beneficial in understanding the flow of current financial resources. When we look at the overall financial condition of the City, it is better to use the full accrual basis of accounting, which is similar to the basis of accounting used in the private sector. This allows us to consider all assets, deferred outflows of resources, liabilities, revenues and expenses of the City.

Net Position

The following schedule is intended to demonstrate the difference between the City's assets, deferred outflows of resources and liabilities as of December 31, 2014:

Our Assets — What We Have

Unrestricted Current Assets consisting mainly of cash and amounts owed to the City	\$234,095,586
Net Pension Asset	91,222,406
Net Capital Assets consisting primarily of buildings, equipment and vehicles	140,534,835

Total Assets	\$ 465,852,827
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Deferred Outflows of Resources	\$ 6,183,610
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Our Liabilities — What We Owe

Current Liabilities consisting of all the amounts the City owes and expects to pay in 2015, except for bonds and loans	\$ 82,307,298
Amounts the City owes and expects to pay after 2015, except for bonds and loans	253,469,577
Amount of bonds and loans payable	558,081,184

Total Liabilities of the City	\$ 893,858,059
--------------------------------------	-----------------------

Deficit in Net Position	\$(421,821,622)
--------------------------------	------------------------

The City has a total net deficit of approximately \$421.8 million. This imbalance has accumulated over the years as a result of the demographic shifts of residents out of the City and the decline of heavy manufacturing in the region. The largest components of the deficit are bonds issued over time in an effort to meet the funding requirements of the City's Pension Trust Fund, borrowings related to financing economic development efforts and maintenance and equipment expenditures on City infrastructure.

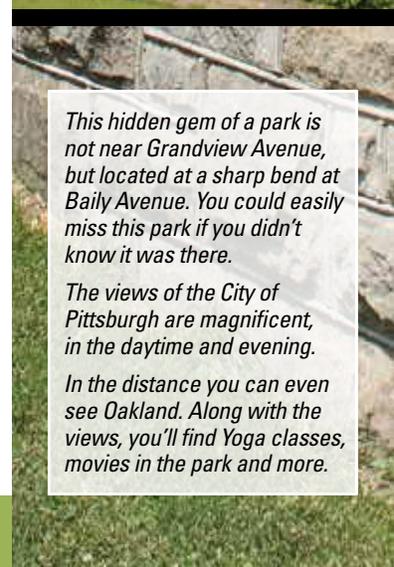
Municipalities Financial Recovery Act

In November 2003, the City sought municipal self-help as a "financially distressed" municipality under the Municipalities Financial Recovery Act ("Act 47"). The Act 47 Coordinators of the City issued their Recovery Plan on June 11, 2004, which was adopted by City Council on June 29, 2004. On June 30, 2009, City Council adopted the amended Recovery Plan, making it a City Ordinance, which further provides areas for revenue enhancements and expenditure reductions. This plan called for both expenditure cut backs and proposed a new revenue structure.

Expenditure reductions and controls enacted by the City included a temporary City-wide salary freeze, a reduction in public safety costs achieved primarily through renegotiation of certain labor contracts, a reduction to the budget of each elected official and regular reporting requirements that verified adherence to the plan's budget.

In November 2012, the Act 47 Coordinator for the City recommended that the Secretary of DCED rescind the City's status as a financially distressed municipality. On March 13, 2014 the Governor denied the request for the removal of Act 47 and stated that Pittsburgh had not made enough progress. The Act 47 coordinators drafted a third, five-year recovery plan, which will budget spending for years 2014-2019. The plan will limit how the city will spend its money including negotiations with unions.

On December 31, 2014, the 2015 Operating and Capital Budgets and Five-Year Financial Forecast and Performance Plan were submitted to and subsequently approved by the Act 47 coordinators and ICA oversight committee. There were no significant changes from the initial five-year plan.



This hidden gem of a park is not near Grandview Avenue, but located at a sharp bend at Baily Avenue. You could easily miss this park if you didn't know it was there.

The views of the City of Pittsburgh are magnificent, in the daytime and evening.

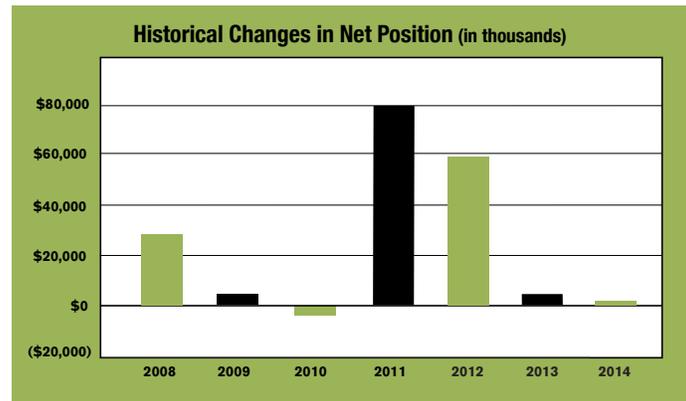
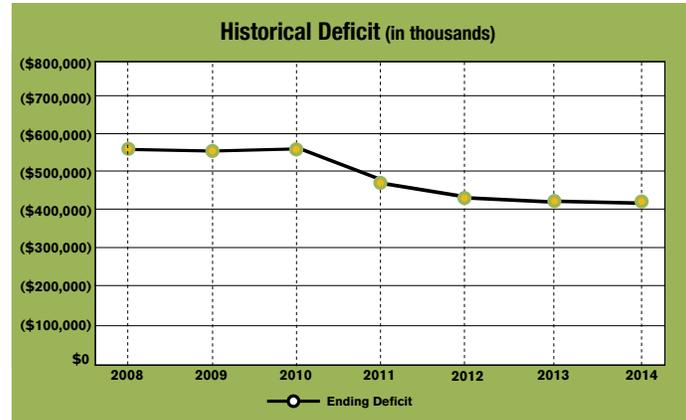
In the distance you can even see Oakland. Along with the views, you'll find Yoga classes, movies in the park and more.

Pittsburgh Financials



The City's Net Position

In essence, a negative net position balance, or a deficit, means that the City's liabilities exceed its assets and deferred outflows of resources. While this demonstrates that there is an imbalance between the assets, deferred outflow of resources and liabilities of the City, it should be noted that the City has made a significant effort in improving its financial situation. In 2014, the City's deficit decreased from approximately (\$423.8) million to (\$421.8) million.



Changes in the City's Net Position

The changes in the net position of the City are the total revenues of the City in excess of the total expenses of the City. This number is important because when revenues exceed expenses, the City's deficit decreases making the City better off financially. As a demonstration of the City's efforts under Act 47, since 2003, the City has decreased the deficit by approximately \$294 million. In 2014, as a result of revenues exceeding costs, the City has reduced their deficit by approximately \$2 million.

Enjoy movies, shopping and great places to eat at Pittsburgh's Southside Works.



First Avenue Transit Station



Market Square Holiday Market: VisitPittsburgh

The Outstanding Bonds

A major liability of the City is the amount of bonds outstanding. The City's total bond issuances outstanding as of December 31, 2014 equal approximately \$558 million. Over the past five years, the City has paid off approximately \$381 million of outstanding debt, including refundings.

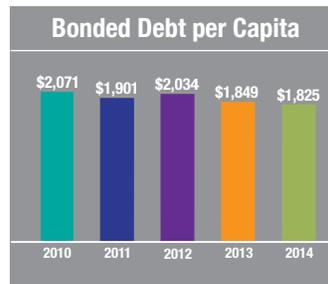
(in millions)	2010	2011	2012	2013	2014
General Obligation Bonds:					
Beginning Balance	\$ 680	\$ 633	\$ 594	\$ 622	\$ 565
Debt issued during the year	—	—	126	—	120
Principal repaid and/or refunded during the year and other	(47)	(52)	(98)	(57)	(127)
Ending Balance	\$ 633	\$ 581	\$ 622	\$ 565	\$ 558
Outstanding Bonds per Capita	\$2,071	\$1,901	\$2,034	\$1,849	\$1,825

The City's Bond Debt ratings are Moody's A1, Fitch A and Standard & Poor's A+ as of December 31, 2014.

The City's Debt Service Fund

The City maintains a separate fund to account for the cash reserves and principal and interest payments of the City's bonded debt. The activity that occurred throughout the year is presented below:

Beginning Fund Balance in the Debt Service Fund	\$1,092,246
Debt Service Revenues	52,830
Principal Payments	(56,705,000)
Interest Payments	(30,295,546)
Transfer from General Fund	87,000,546
Ending Fund Balance in the Debt Service Fund	\$1,145,076



Bonded debt per capita represents outstanding bonds divided by 2010 population.



A park within a park, Highland Park got its start as Farmhouse Park in 1827. The world-class Pittsburgh Zoo and the all-weather PPG Aquarium, owe their existence to a tiny horse-drawn streetcar which crossed its entrance in the mid-1800s bringing visitors to its location.

This is the entrance to Highland Park, the gateways and sculptures were created by Giuseppe Moretti and installed in 1896. The park consists of 748 acres, located at the Northern-most extent of North Highland Avenue.



Strip District: K. Eichman



View from Mt. Washington: K. Eichman



CITY OF PITTSBURGH, PA
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www.pittsburghpa.gov

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For more information on City of Pittsburgh finances, please visit <http://pittsburghpa.gov/controller/fiscal-focus-pgh>.

Through Fiscal Focus Pittsburgh, users can create, analyze, and download customized reports based on the financial data for the current City budget or up to the current month.