Popular Annual Financial Report

for the Fiscal Year Ended December 31, 2015

Prepared by: Michael E. Lamb, City Controller
In This Report

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  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

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

Cover Photos: Left to right: August Wilson historical sign, photo by John Altdorfer; Benedum Center, photo by John Altdorfer; Pittsburgh view from the North Side, photo by John Altdorfer; Carnegie Museum of Art, Hall of Architecture, photo by Carnegie Museum of Art/VisitPittsburgh, Duquesne Incline, photo by Lori Ceyer/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, 2015.

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 sixth 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 2015 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 2015 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 23 years.

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

Sincerely,

Michael E. Lamb
City Controller
**Demographic and Economic Statistics**

**Popular Statistics:**
- **Population (2010 Census):** 305,704
- **% Male:** 48.5%
- **% Female:** 51.5%
- **Median Age:** 33.3 years

**Educational Attainment:**
- High school graduate or higher: 91.0%
- Bachelor’s degree or higher: 37.2%

**Pittsburgh Public Schools:**
- **Total Enrollment:** 25,504
- **Enrollment K-12:** 24,103
- **Early Childhood:** 1,401
- **2015 Graduates:** 1,336
- **Number of Teachers:** 1,975

**Pittsburgh Public Safety:**
- **Number of Police Officers:** 852
- **Number of Fire Fighters:** 642
- **Number of Emergency Medical Services Personnel:** 152

**Percentage of population that speaks a language other than English at home:** 10.0%

**Median Value of owner-occupied housing unit (2010-2014):** $91,500

**Per Capita Income (2010-2014):** $27,435

**Occupations:**
- Management, Business, Science & Arts: 44.7%
- Service: 21.1%
- Sales and Office: 22.3%
- Natural Resources, Construction & Maintenance: 4.7%
- Production, Transportation & Material Moving: 7.2%

**Source:** 2014 American Community Survey

**Unemployment Rate**

- **Nation:** 4.7% (April 2016)
- **Pennsylvania:** 5.3% (April 2016)
- **Pittsburgh:** 5.4%* (April 2016)

*Rate is not seasonally adjusted

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**About Pittsburgh**

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 $7,500 per year to qualified students for any post-secondary education within Pennsylvania.

As of the end of 2015, more than 6,400 graduates of the Pittsburgh Public Schools have taken advantage of The Pittsburgh Promise scholarship. For more information on The Pittsburgh Promise, please visit [pittsburghpromise.org](http://pittsburghpromise.org)

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**Pittsburgh’s 2015 Recognitions**

- #1 Food City of 2015 *(Zagat)*
- Northeast’s Best Place to Live in 2015 *(Money Magazine)*
- PNC Park, Best Ballpark in America *(Ballpark Digest)*
- Best Downtown in the U.S. *(Livability)*
- #3 Best Foodie City *(Livability)*
- #6 Best College City & Town in America for 2015 *(WalletHub)*
- #8 “Destination on the Rise” *(TripAdvisor)*
- Top 10 Most Charitable City *(Charity Navigator)*
- One of Top 12 Places to Invest *(U.S. Department of Commerce)*
- Top 10 Best City for Staycations *(WalletHub)*
- Top 10 Most Creative City *(Movoto Real Estate)*
- Top 10 Friendliest Cities in America *(Travel + Leisure)*
- Top 15 Best City to Live In *(WalletHub)*
- Top 15 Quirkiest City in America *(Travel + Leisure)*
- Top 20 Most Cultured City *(Travel + Leisure)*
- #21 Best City for Millennials *(Forbes)*
- #22 ‘Most Ready for the Future’ City in America *(Dell)*

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**Photo:** Josh Franzos
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: 2016 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: 2016 Pittsburgh Business Times Book of Lists

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: 2016 Pittsburgh Business Times Book of Lists

2015 Fortune 500 Companies Headquartered in Pittsburgh
United States Steel Corporation
The PNC Financial Services Group, Inc.
PPG Industries, Inc.
Kraft Heinz
WESCO International, Inc.

Source: 2015 Fortune Magazine, Fortune 500

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

Source: 2016 Pittsburgh Business Times Book of Lists

Photos: Top left to right: Carnegie Museum of Natural History, photo by Joshua Franzos; Pittsburgh Ballet, photo by Rich Sofranko; Frick Art and Historical Center, photo credit VisitPittsburgh; The Children’s Institute of Pittsburgh, photo by Joshua Franzos; Pittsburgh Center for the Arts.

Photos: Bottom left to right: A commemorative plaque for the location of Fort Pitt, near the Fort Pitt Museum; United States Steel Corporation located on Grant Street; Carlow University; National Aviary Exhibit, photo by the National Aviary.
Pittsburgh as a Film-making Town

For many years Pittsburgh has been the setting for many popular movies and television shows.

Films and TV Shows Made in Pittsburgh in 2015:
- Concussion
- American Pastoral
- Love the Coopers
- Banshee (TV)
- Downward Dog (TV)
- The Outsiders (TV)

Pittsburgh “Gets Healthy” in Recreation

Healthy Ride is the latest mode of transit in Pittsburgh. With 50 stations and 500 bikes located throughout the City, Healthy Ride provides affordable active transportation options for all. Healthy Ride takes advantage of the latest advances in technology and policy in order to create a system that is convenient, affordable and fun.

While enjoying a “healthy ride”, have some fun peddling over to Bicycle Heaven and Bike Shop, located one block from Three Rivers Heritage Trail on the North Side of Pittsburgh. The Museum and Bike Shop have the largest collection of bikes and parts in the United States. They feature vintage bikes along with new bikes.

Pittsburgh Residential Make-over

For many years Pittsburgh has been converting and demolishing buildings to provide for new residential space for all sizes of budgets.

Skyline Terrace is just one development on approximately 50 acres, located in Pittsburgh’s Hill District and replaces public housing dating back to the 1940s with a 400-unit townhome, mixed-income development.

Other residential developments that opened in 2015 include Larimer Pointe (40 units, cost of $13.4 million), Brass Building Lofts (14 units, $2.5 M), Uptown Lofts on Fifth (47 units, $12M), Hot Metal Flats (173 units, $30M), and 3030 South Water Street Apartments (264 units, $61M).

Photos: Top left to right: Filming the movie “Concussion”, starring Will Smith, photo copyright © Pittsburgh Post-Gazette, 2016, all rights reserved, printed with permission; Enjoying an afternoon ride on, “Healthy Ride” bike rentals; Burgatory Bar on Pittsburgh’s North Shore. Bottom left to right: Filming the movie, “The Last Witch Hunter”, photo by James A. Mahathey; Bicycle Heaven Museum and Bike Shop, located on the Three Rivers Heritage Trail, photo by Adam Isovitsch; Urban Redevelopment Authority, Skyline Terrace Housing.
What Your Government Does

The City provides a full range of services, including police, fire and emergency medical services, construction and maintenance of City property and infrastructure, sanitation services, and recreation and cultural activities. The Water and Sewer Authority, Urban Redevelopment Authority, Housing Authority, Stadium Authority, and Parking Authority are component units of the City and are shown as such in the financial statements and the footnotes to the CAFR.

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.

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.

City Controller

See pages 7 and 8 for responsibilities and duties of the City Controller.

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.
About Pittsburgh’s City Controller

The City controller is one of two independently elected, citywide offices in the City of Pittsburgh, the other being the mayor. It is the job of the controller to protect City tax dollars from waste, fraud and abuse. The controller audits all City government-related expenditures (the City also has a Finance Department and Treasurer who are responsible for collecting and auditing all City revenues), and conducts audits of all City departments and authorities. To learn more about Pittsburgh’s controller, please visit pittsburghpa.gov/controller-office/.

Over the past few years the Controller has introduced several user-friendly tools to allow for transparency, to access financial information and to report waste, fraud and abuse.

Fiscal Focus Pittsburgh

Fiscal Focus Pittsburgh is a financial data platform that provides the public with access to the City’s budget. Through Fiscal Focus Pittsburgh, users can create, analyze, and download customized reports based on data from the overall City budget and actual amounts.

For more information on Fiscal Focus Pittsburgh, please visit pittsburghpa.gov/controller/fiscal-focus-pgh.

@FiscalFocusPGH

OpenBook Pittsburgh

OpenBook Pittsburgh is a searchable website of City of Pittsburgh contracts, elected official campaign contributions & expenditures, and a list of lobbyists who are registered with the City.

To learn more about OpenBook Pittsburgh, please visit openbookpittsburgh.com.

@OpenBookPGH

The following screen shots are examples of information you have access to on the website.
Unclaimed Property
In 2015, the City controller’s office launched an unclaimed properties website which allows the public to search the City’s database of unclaimed funds. These unclaimed funds belong to people and businesses that have failed to get money owed to them, through such means as earned income and real estate tax refunds, or City vendor payments.

For more information, and to search the City of Pittsburgh’s unclaimed funds database, please visit pittsburghpa.gov/controller-office/unclaimed-property2/index.html.

PGH Watchdog
PGH Watchdog is a mobile app that enables any person to report to the City controller’s office any waste, fraud and abuse of City tax dollars they may see. In addition to its fraud and waste reporting capabilities, the app also allows citizens to access Open Book Pittsburgh, Fiscal Focus Pittsburgh, audits and reports completed by the controller’s office and the City’s unclaimed property website.

PGH Watchdog is available for free on the Apple App store and Google Play.

@PghWatchdog

@UnclaimedPGH
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 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 0.25%.

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 2015 are as follows:

**Revenue by Type (in thousands)**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Taxes</td>
<td>$137,316</td>
<td>$127,354</td>
<td>$127,606</td>
</tr>
<tr>
<td>Earned Income Taxes</td>
<td>88,853</td>
<td>86,860</td>
<td>84,103</td>
</tr>
<tr>
<td>Payroll Preparation Taxes</td>
<td>66,130</td>
<td>55,972</td>
<td>54,151</td>
</tr>
<tr>
<td>Parking Taxes</td>
<td>55,001</td>
<td>53,233</td>
<td>51,977</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>82,110</td>
<td>75,962</td>
<td>73,391</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td>$429,410</td>
<td>$399,381</td>
<td>$391,228</td>
</tr>
<tr>
<td>Charges</td>
<td>45,786</td>
<td>35,228</td>
<td>33,836</td>
</tr>
<tr>
<td>Grants</td>
<td>35,604</td>
<td>40,960</td>
<td>45,320</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>12,816</td>
<td>9,910</td>
<td>12,328</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$523,616</td>
<td>$485,479</td>
<td>$482,712</td>
</tr>
</tbody>
</table>

Revenue Fluctuations

Total General Fund revenues increased approximately $38 million or by 8%, from 2014 to 2015. The net increase of $30 million in tax revenue was mostly due to increases of $10 million in real estate taxes, $8 million in payroll preparation taxes, $2 million in earned income taxes, and $6 million in other taxes.

Total General Fund revenues increased approximately $2.8 million or by 0.6%, 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 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.

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.
During the years ended December 31, 2015, 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 1% from 2014 to 2015.** Elements of this increase include a 2.5% increase in General Government and a decrease of 1.5% in both the URA Subsidy and Community, Recreation and Culture.

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

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Aggregate (in thousands)</th>
<th>Per Capita*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>$ 73,400</td>
<td>$ 63,343</td>
</tr>
<tr>
<td>Public Safety</td>
<td>268,282</td>
<td>263,073</td>
</tr>
<tr>
<td>Public Works</td>
<td>37,498</td>
<td>33,028</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>17,145</td>
<td>16,192</td>
</tr>
<tr>
<td>Community, Recreational and Cultural</td>
<td>7,035</td>
<td>12,338</td>
</tr>
<tr>
<td>Urban Redevelopment Authority Subsidy</td>
<td>7,034</td>
<td>14,257</td>
</tr>
<tr>
<td>Other Expenditures</td>
<td>1,648</td>
<td>4,914</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$472,042</td>
<td>$407,145</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers to Capital Projects</td>
<td>10,500</td>
<td>25,500</td>
<td>-</td>
<td>34</td>
<td>83</td>
<td>-</td>
</tr>
<tr>
<td>Transfers to Debt Service</td>
<td>88,986</td>
<td>87,001</td>
<td>86,867</td>
<td>291</td>
<td>285</td>
<td>284</td>
</tr>
<tr>
<td>Other Transfers</td>
<td>(2,088)</td>
<td>(1,597)</td>
<td>3,479</td>
<td>(7)</td>
<td>(5)</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$509,440</td>
<td>$518,049</td>
<td>$479,125</td>
<td>$1,666</td>
<td>$1,696</td>
<td>$1,567</td>
</tr>
</tbody>
</table>

* Expenditures and transfers are those respective amounts divided by the 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.

**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.

2015 expenditures and transfers 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.

- **Public Safety** 53%
- **General Government** 15%
- **Public Works** 7%
- **Environmental Services** 3%
- **URA Subsidy** 1%
- **Community, Recreation & Cultural** 1%
- **Other Expenditures & Transfers** 20%

**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.

**Transfers** are funds provided by the General Fund to support other funds of the City.
# Pittsburgh’s Capital Spending

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. During 2015 the City spent $45.9 million on Capital Projects. The 2015 capital spending is detailed below by both function and area spent.

### Function Table

<table>
<thead>
<tr>
<th>Function</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering &amp; Construction</td>
<td>$23.6</td>
<td>Improvements to walls, steps, fences, roads, sidewalks and bridges</td>
</tr>
<tr>
<td>Vehicles &amp; Equipment</td>
<td>$13.4</td>
<td>Purchase of vehicles and heavy equipment for public safety and service-delivery</td>
</tr>
<tr>
<td>Facility Improvements</td>
<td>$4.9</td>
<td>Major repairs of City assets, such as parks, playgrounds, pools, ballfields and fire stations</td>
</tr>
<tr>
<td>Administration &amp; SubAwards</td>
<td>$1.9</td>
<td>Costs associated with administration of the City’s capital assets and Capital Improvement Plan</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$1.8</td>
<td>Repair and replace important infrastructure for the health and well-being of City residents</td>
</tr>
<tr>
<td>Neighborhood Development</td>
<td>$0.3</td>
<td>Investment in the City’s neighborhood business districts and residential communities</td>
</tr>
</tbody>
</table>

### Pittsburgh Areas

<table>
<thead>
<tr>
<th>Area</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citywide</td>
<td>$25.4 million</td>
</tr>
<tr>
<td>Central Business District</td>
<td>$9 million</td>
</tr>
<tr>
<td>Neighborhoods</td>
<td>$11.5 million</td>
</tr>
</tbody>
</table>

Citywide: $25.4 million

Citywide spending encompasses any materials, equipment, vehicles, and software that is intended to benefit the City, such as EMS radios and Police equipment. It also includes any voucher with multiple locations in different neighborhoods, such as street resurfacing.

**Largest Citywide Capital Spending includes (in millions):**
- **Vehicles:** $10.1
- **Paving:** $4.1
- **Urban Redevelopment Authority:** $1.5
- **Bike Share Program:** $1.4

Neighborhood Specific: $11.5 million

To determine the location of capital spending by neighborhood, the Office of the Controller reviewed over 2,400 invoices submitted to be paid from Capital funds in the City’s accounting software.

**Largest Capital Spending by Neighborhood includes:**
- **Greenfield Bridge:** $1,022,528
- **Riverview Park:** $615,920
- **Burgwin Spray Park (Hazelwood):** $387,818
- **Beechview Senior Center:** $286,181
- **South Side Market House:** $147,604
- **Sidewalk Ramps in Shadyside:** $134,172

Central Business District: $9 million

The Golden Triangle remains the epicenter for development and capital projects in the City.

**Largest Capital Spending in Central Business District includes (in millions):**
- **LED Crosswalk & Traffic Signals:** $3.2
- **Forbes Avenue Reconstruction:** $2.0
- **City-County Building Improvements:** $0.4

(Compared to $1.3 in 2014)
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.

During 2015, the City implemented GASB Statement No. 68 “Accounting and Financial Reporting for Pensions” resulting in an increase in its negative net position at January 1, 2015 by approximately $902 million. In 2015 the City’s deficit decreased from approximately $(1.32) billion to $(1.29) billion.
**Debt and Liabilities**

**The City’s 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, 2015 equal approximately $493 million. Over the past five years, the City has paid off approximately $399 million of outstanding debt, including refundings.

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$633</td>
<td>$594</td>
<td>$622</td>
<td>$565</td>
<td>$558</td>
</tr>
<tr>
<td>Debt issued during the year</td>
<td>—</td>
<td>126</td>
<td>—</td>
<td>120</td>
<td>—</td>
</tr>
<tr>
<td>Principal repaid and/or refunded during the year and other</td>
<td>(52)</td>
<td>(98)</td>
<td>(57)</td>
<td>(127)</td>
<td>(65)</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$581</td>
<td>$622</td>
<td>$565</td>
<td>$558</td>
<td>$493</td>
</tr>
<tr>
<td>Outstanding Bonds per Capita</td>
<td>$1,901</td>
<td>$2,034</td>
<td>$1,849</td>
<td>$1,825</td>
<td>$1,613</td>
</tr>
</tbody>
</table>

The City’s Bond Debt ratings are Moody’s A1, Fitch A and Standard & Poor’s A+ as of December 31, 2015.

**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 | $1,145,076 |
| Debt Service Revenues | 170,478 |
| Principal Payments | (61,135,000) |
| Interest Payments | (27,889,016) |
| Transfer from General Fund | 88,985,978 |

**Ending Fund Balance in the Debt Service Fund | $1,277,516**

Bonded debt per capita represents outstanding bonds divided by 2010 population.
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 2015. While the City has overcome large challenges in the past year, there is still much work to be done.

The City’s Cash Position
The City ended 2015 with a total fund balance of $170.3 million, a decrease of $12.5 million from 2014. $69.1 million of the $170.3 million is the “unassigned fund balance” which is available for the City to spend. The $12.5 million decrease from 2014 is largely due to spending on capital projects. Despite the decreases in the overall total fund balance, the “unassigned fund balance” increased by $16 million as a result of increased revenue.

Long-Term Debt
In 2015, the City reduced its debt by $65.2 million to $493 million. 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 great population loss, 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. Within the past several years, that population loss has slowed, but unfortunately, the City continues to lose population while 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. 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 2015 the City paved approximately 47.25 miles of roads at a cost of $10.4 million. In addition to the miles of roads, the City maintains bridges, stairways, storm sewers and other systems and facilities that continue to age. Securing funding to upgrade and improve these assets will be critical in the years to come.
About this Report

Although this report is largely based on the City’s 2015 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 2015 CAFR, which is prepared in accordance with GAAP, is located at pittsburghpa.gov/controller.

PAFR Consultants:
The Binkley Kanavy Group, LLC, Pittsburgh, PA

/PittsburghController