

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2015



Michael E. Lamb, City Controller
CITY OF PITTSBURGH PENNSYLVANIA

**CITY OF PITTSBURGH,
PENNSYLVANIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED DECEMBER 31, 2015

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS

	<u>Page No.</u>
INTRODUCTORY SECTION	
Letter of Transmittal	I-1
GFOA Certificate of Achievement	I-8
Organizational Chart	I-9
Elected City Officials	I-10
 FINANCIAL SECTION	
Independent Auditor's Report	
Management's Discussion and Analysis	i
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Community Development Fund	14

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS (Continued)

	<u>Page No.</u>
Fiduciary Fund Statements:	
Statement of Net Position – Fiduciary Funds	16
Statement of Changes in Net Position – Fiduciary Funds	17
Combining Statements of Discrete Component Units:	
Combining Statement of Net Position – Component Units	18
Statement of Activities – Component Units	20
Notes to Financial Statements	21
Required Supplementary Information:	
Pension Trust Fund Disclosures:	
Schedule of Changes in the City’s Net Pension Liability and Related Ratios – Pension Plan	95
Schedule of the City’s Contributions and Investment Returns	96
Note to Required Supplementary Information – Pension Plan	97
Schedule of Funding Progress – Other Postemployment Benefit Plans	98
Supplementary Information:	
Combining and Individual Other Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	100
Combining Statement of Net Position – Pension Trust Funds	101
Combining Statement of Changes in Net Position – Pension Trust Funds	102
<i>Agency Funds:</i>	
Statement of Changes in Assets and Liabilities	103

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS (Continued)

	<u>Page No.</u>
<i>Capital Projects Fund:</i>	
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	104
Budgetary Comparison Schedule	105
 STATISTICAL SECTION	
Net Position by Component – Last Ten Years	106
Changes in Net Position - Last Ten Years	107
Program Revenues by Function/Program - Last Ten Years	108
Fund Balances, Governmental Funds - Last Ten Years	109
Changes in Fund Balances, Governmental Funds - Last Ten Years	110
Governmental Fund Tax Revenues by Sources - Last Ten Years	112
Assessed Valuation and Estimated Actual Values of Taxable Property - Last Ten Years	113
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	114
Principal Property Taxpayers - Current Year and Nine Years Ago	115
Assessed Value, Tax Rate, Levy, and Collections - Last Ten Years	116
Ratios of Outstanding Debt by Type – Last Ten Years	117
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita - Last Ten Years	118
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures - Last Ten Years	119
Computation of Direct and Overlapping Debt	120
Net Debt and Remaining Debt Incurring Margin in Accordance with Act No. 52, Approved April 28, 1978 - Local Government Unit Debt Act	121
Legal Debt Margin Information - Last Ten Years	123
Revenue Bond Coverage - Pittsburgh Water and Sewer Authority - Last Ten Years	124

CITY OF PITTSBURGH, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS (Continued)

	<u>Page No.</u>
Revenue Bond Coverage - The Stadium Authority of the City of Pittsburgh - Last Ten Years	125
Demographic and Economic Statistics - Last Ten Years	126
Principal Employers - Current Year and Ten Years Ago	127
Property Value, Construction, and Bank Deposits - Last Ten Years	128
City Employment - Last Ten Years	129
Full-Time Equivalent Municipal Employees by Function/Program - Last Ten Years	130
 OTHER INFORMATION	
Salaries and Surety Bonds of Principal Officials	131
Schedule of Bonds and Notes Payable	132

INTRODUCTORY SECTION



MICHAEL E. LAMB

CITY CONTROLLER

First Floor City-County Building • 414 Grant Street • Pittsburgh, Pennsylvania 15219

April 28, 2016

The Honorable Mayor, Members of
City Council, and the Citizens of
The City of Pittsburgh, Pennsylvania:

I am pleased to submit The Comprehensive Annual Financial Report (hereinafter, CAFR) of the City of Pittsburgh (hereinafter, City) for the year ended December 31, 2015. The City's charter mandates that only a general purpose financial statement be issued by May 1st. This does not include component units, statements mandated under GASB 34, footnotes and the statistical section. This year we are issuing a full CAFR by April 28th which meets the Government Finance Officers Association (GFOA) standards and allows the City to get an unmodified opinion from the City's independent auditors.

We believe that the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present both the financial position and the results of operations of the various funds of the City. This statement will enable the reader to gain an understanding of the City's financial activities. Responsibility for both the accuracy of data, and the completeness and fairness of the presentation, rests with the management of the City. This report contains all the funds of the City.

Maher Duessel, Certified Public Accountants, has issued an unmodified ('clean') opinion on the City of Pittsburgh's financial statements for the year ended December 31, 2015. The independent auditor's report is located in front of the Management's Discussion and Analysis (hereinafter, MD&A).

The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Pittsburgh, incorporated in 1816, is located in the south-western part of the Commonwealth of Pennsylvania occupying 58.3 square miles with a population of 305,700. The City government is comprised of a strong elected mayor, a nine member Council elected by district and elected controller. The mayor is the chief executive of the City who appoints the heads of various departments and the council has the legislative authority. The controller audits City government related expenditures and conducts

audits of all City departments and authorities. The mayor is elected to a four year term and the council members are elected to a staggered four year term. The even numbered districts are elected in one year and the odd numbered districts are elected two years later. Like the mayor, the controller is elected to a four year term.

The City is empowered to levy a variety of taxes including: property taxes on real estate, earned income taxes on residents that live within the boundaries of the city, and other usage taxes are charged when using certain facilities within the City. In addition, the City levies taxes on employees that work within the city and on businesses that operate within the City. Please see the Revenue section for a more detailed explanation of the taxes collected.

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 Pittsburgh Water and Sewer Authority, Urban Redevelopment Authority, Stadium Authority, and the Public Parking Authority are component units of the City and are shown as such in the financial statements and the footnotes to the CAFR.

Council is required to adopt a final operating and capital budget for the next year by the last day of the fiscal year, which is December 31. The annual budget is the basis of the City's financial planning and control. The operating budget is prepared on a departmental basis. The department heads may spend within a budget classification (e.g., salaries, supplies, rentals, miscellaneous) as they see fit; however, any transfers between classifications or departments have to be approved by council. The Mayor's Office also prepares a five-year plan annually. Most of the strategic and development planning is done by the Urban Redevelopment Authority.

FINANCIAL INFORMATION

The Financial Information is broken down into two categories: Internal Control and Budget Control, and are explained in further detail below.

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting information is compiled to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budget Control: Budget control is maintained at the line item level on a departmental basis. Activities of the General Fund, the Special Revenue Fund (Community Development Fund only), and the Capital Projects Fund are controlled by an annual legally appropriated budget. Capital Projects are also controlled on a multiyear basis.

ECONOMIC CONDITION

Located at the confluence of the Ohio, Monongahela, and Allegheny Rivers, the City serves as the seat for Allegheny County and is the largest of the County's 130 municipalities. Downtown Pittsburgh is commonly known as the Golden Triangle and serves as the regional center for Southwestern Pennsylvania, Eastern Ohio, and Northern West Virginia.

Economic Background

The City continues to build and strengthen its economy not only by expanding existing businesses, but also by working to attract new businesses and industries to the region. The primary goal is to assist businesses both small and large in developing and enhancing working relationships among economic development practitioners throughout the state. By supporting the growth of the existing business core and marketing its competitive advantages to attract new businesses, the City has modernized its economy. Despite a brief tightening of the labor market early in the year, Pittsburgh continued to experience regional transformation and growth spurred by other key sectors including manufacturing, financial business services, healthcare and the tech industry all of which have contributed significantly to the increase in economic and employment vitality of the city. As of December 31, 2015, Pittsburgh's unemployment rate was 4.3% compared to 4.7% for the state and 4.8% nationally.

Initiatives such as "*one-stop service providers*" allow firms doing business in the City to be assigned a project coordinator who will serve as a single point of contact throughout the development process. Tax credits granted by both the federal government and the Commonwealth of Pennsylvania provide financial incentives for companies to hire new employees. The City also contains three State Enterprise Zones which enable businesses located within those designated areas to enjoy more favorable interest rates and tax incentives. The City has several sites included among the Commonwealth's Keystone Opportunity Zones, which provide exemptions from a majority of state and local taxes for a number of years.

The City continues to focus on the revitalization of its downtown core with continues initiatives reestablishing it as a regional destination point for entertainment and business. Since the formation of the Business Improvement District in 1996, the Pittsburgh Downtown Partnership continues to spearhead improvements in maintenance, safety, and marketing. A combination of factors including residential tax incentives and the growing enrollment in post-secondary educational institutions continue to stimulate residential growth and development in the central business district. The construction of the 32-story skyscraper Tower at PNC Plaza, to house the new world headquarters of the PNC

Financial Services Group was completed in 2015. The redesigned Market Square, Downtown Pittsburgh continues to transform creating a platform that attracted over 800,000 visitors during 2015 offering an eclectic entertainment mix of shops, restaurants and bars. In addition to the opening of the new Hotel Monaco, the constructions of numerous other hotel and parking facilities are near completion. Downtown, Pittsburgh continues to grow and transform with the introduction of initiatives to improve accessibility and mobility. With 12,604 residents living in downtown, efforts continue in making the City more pedestrian friendly. Dedicated bike lanes were created that span Downtown from Stanwix Street to the 16th St., and also in Oakland from Schenley Park to the Boulevard. of the Allies. Having 24 miles of riverfront trails as a backdrop, a Bike-Sharing program launched in May, 2015, created access to 500 bicycle rentals available at 50 stations in 11 different neighborhoods throughout the City. Stemming from such expansion, Pittsburgh has fast become one of the nations most celebrated cities and was ranked as the; No. 1 Best Downtown in the nation, by *Liveability.com*; No. 1 food city in the US by Zagat in recognition of the caliber and extent of awards garnered on the numerous newly opened restaurants. In addition, *National Geographic Traveler* awarded Pittsburgh a ‘Best Trip’ nod, citing its “extreme metropolitan makeover.”

Realizing that economic development is only the start, the City continue to strengthen and revitalize its other neighborhoods by encouraging new housing and mixed-use development throughout the City, providing both new and existing residents a higher quality of life. Major development sites offer great opportunities for growth in the lower Hill District, the Strip District, and in Hazelwood. Community plans are also furthering development initiatives in Larimer, Lawrenceville and the Hill. Throughout our neighborhoods, the City has partnered with developers and community groups to attract new stores and restaurants. The Bakery Square Complex continued to thrive with Google expanding to a 100,000 square foot space with over 200 employees and ongoing plans for further expansion. The Bakery Square complex includes a Marriott Springhill Suites, offices of the University of Pittsburgh, UPMC, Carnegie Mellon’s Software Engineering Institute, and the Tech Shop including numerous retail and restaurant locations in addition to the nearby 145,000 square foot Target. Spurred by this success, more than \$100 million in private, mixed-use development continues to fuel ongoing construction in this corridor, including two additional luxury apartments and townhomes complexes slated to begin construction in the coming years in this corridor as well as additional parking and commercial space.

One of the key areas of economic growth in Pittsburgh has been the technology sector which has produced over 30,000 new jobs since 1980, sharply offsetting job losses from other industries in the region. The University of Pittsburgh and Carnegie Mellon University continue to lead the way in research of biotechnology, bioengineering, robotics, and information technology. Increases in university research and development spending are a significant sign that the City’s universities are working to commercialize technology development. Over the past 15 years, Pittsburgh has more than doubled its number of technology driven firms, creating over 1,200 new enterprises. Today, nearly 2,400 high technology firms employ over 90,000.

However, technology is not the only area with significant job growth increases. Pittsburgh sits at the center of the rapidly growing energy sector. The advances in natural gas extraction have enabled access to previously unattainable resources through the process of hydraulic fracturing of shale. The greater Pittsburgh region is located above both the Marcellus and Utica shale formations and, while this kind of drilling activity has been banned in the City of Pittsburgh, the effects of the growth of this industry in the region are impacting the City and its residents.

According to the Pittsburgh Regional Alliance, the Pittsburgh region was among the nation's top performers for business investment in 2010, despite the worst global economic conditions since the Great Depression. Since then, Pittsburgh has been recognized as one of the least costly places to do business, and one of the top cities for starting a new business.

Development and advancement is not just limited to businesses and industry; it expands into the educational field as well. In cooperation with the Pittsburgh School District, the City has created the Pittsburgh Promise Program. This program provides scholarships of up to \$10,000 per year for qualified students to any accredited post-secondary institution within Pennsylvania. At the end of 2015, more than 6,400 graduates of the Pittsburgh Public Schools have taken advantage of the Pittsburgh Promise scholarship. This investment into education should encourage the City's population to grow making it more attractive for families to call Pittsburgh home.

The overall outlook for Pittsburgh in the 21st century and beyond is quite promising. The City's investments and initiatives of the past several years are leading to more business development and increased residential construction.

REVENUES

Real Estate Tax Real estate property in the City is assessed by the Allegheny County Board of Property Assessment, Appeals and Review at a rate of 100% of its fair market value. The rates for 2015 were 8.06 mills on buildings and on land. A mill is \$1 on each \$1,000 of assessed value, or \$8.06 for every \$1,000 of assessed value. The 2015 total taxable assessed valuation for the City is \$18,686,289,829 vs. the 2014 total of \$18,662,994,911, an increase of approximately 0.12%.

Tax Payments - Real estate taxes are payable in three installments, but a 2% discount is granted if paid by February 28th. If the payment is not made on time, interest is charged at the rate of 10% per annum, and is added to the balance of the tax due for the year.

Earned Income Tax This tax is levied at the rate of 1% on the wages or net profits earned by residents of the City.

Parking Tax A tax equal to 37.5% of the consideration paid for each parking transaction is levied on the patrons of nonresidential parking places in the City; e.g. on a \$13.75 parking fee, \$3.75 is tax, or 37.5% of the \$10 underlying parking charge.

Amusement Tax This tax is levied at a rate of 5% on the admission price paid by patrons of all manners and forms of for profit amusement within the City. Non-profits are exempt from the amusement tax.

Deed Transfer Tax A tax of 2% of the consideration paid for real property transfers is levied upon the transfer of an interest in real property situated in the City.

Institution Service Privilege Tax Certain receipts of nonprofit, noncharitable organizations conducting or operating a service or service institution in the City are taxed on their gross income.

Local Services Tax - A \$52 tax levied upon each individual whose principal place of employment is located in the City, regardless of residency. If an employee's income is less than \$12,000, they only pay \$10.

Payroll Preparation Tax - This tax is imposed on all for-profit employers at a rate of .55% of the total wages of all employees who work in the City. During 2015, the City changed the billing methodology for the payroll preparation tax by ordinance resulting in additional revenue attributable to 2015.

Facility Usage Fee – A 3% tax on wages earned by non-resident athletes and performers that work at certain facilities that have been subsidized with public money.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for over the last twenty consecutive years (fiscal years ended 1992-2014). We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not be possible without the concerted effort of the entire staff of the Controller's Office. The continued efforts of the accounting department are gratefully appreciated. I would like to thank the employees of the various departments and authorities of the City for their assistance in providing the Controller's staff and the independent auditors with the necessary information to complete this report.

Respectfully submitted,



Michael E. Lamb
City Controller

CITY OF PITTSBURGH,
PENNSYLVANIA



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

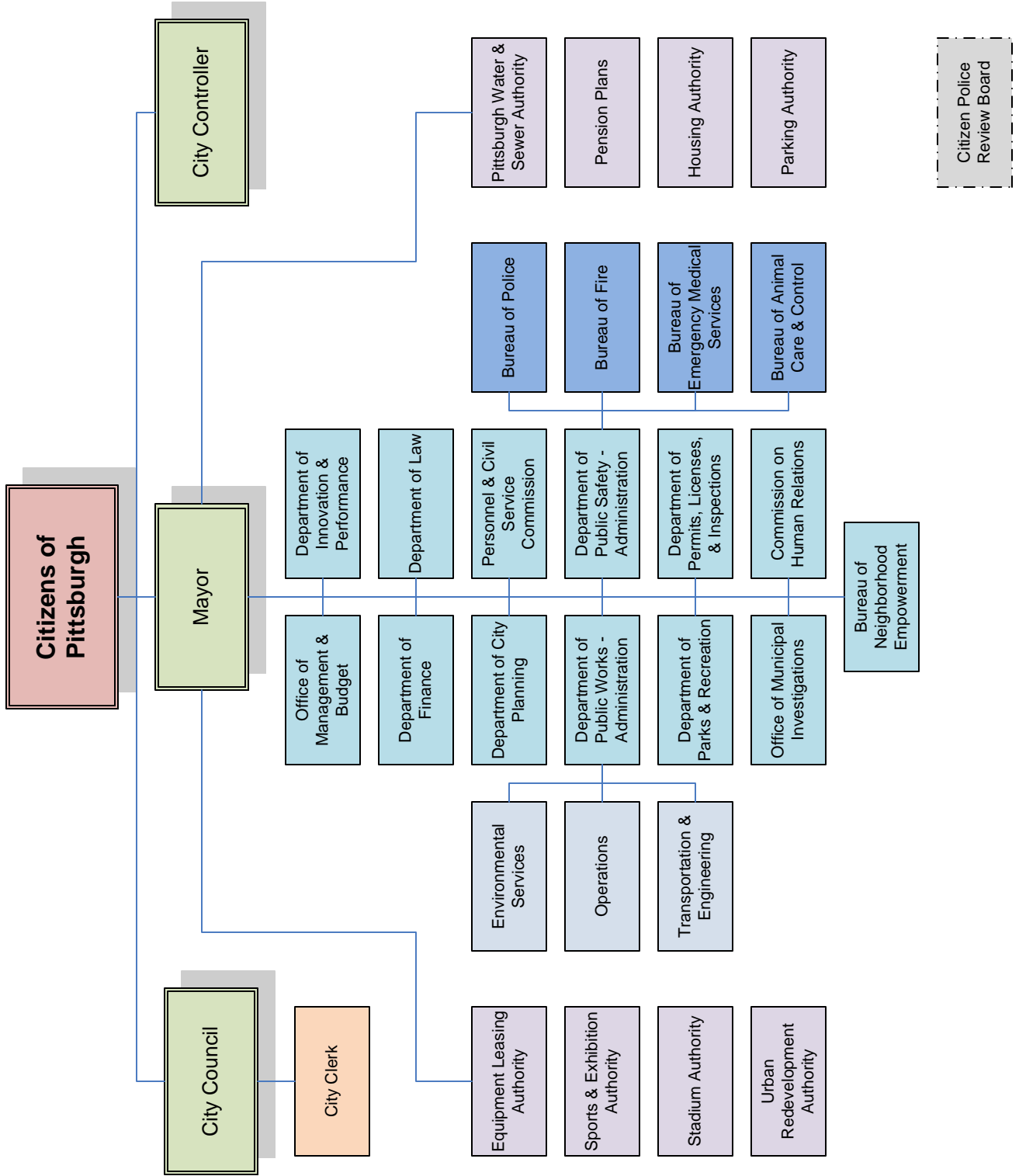
**City of Pittsburgh
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

City of Pittsburgh Organization Chart



CITY OF PITTSBURGH, PENNSYLVANIA

ELECTED CITY OFFICIALS

As of April 27, 2016

MAYOR

William Peduto

CONTROLLER

Michael E. Lamb

MEMBERS OF COUNCIL

Bruce Kraus, President, District 3

Natalia Rudiak, Finance/Law Committee, District 4

Darlene M. Harris, District 1

Theresa Kail-Smith, District 2

Corey O'Connor, District 5

R. Daniel Lavelle, District 6

Deborah Gross, District 7

Daniel Gilman, District 8

Rev. Ricky Burgess, District 9

CITY OF PITTSBURGH,
PENNSYLVANIA

FINANCIAL SECTION

Independent Auditor's Report

The Honorable Members of Council
City of Pittsburgh, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pittsburgh, Pennsylvania (City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stadium Authority of the City of Pittsburgh (Stadium Authority), which represent 3.1%, (0.2%), and 2.2%, respectively of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as they relate to the amounts included for the Stadium Authority, is based solely upon the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015 and the respective changes in financial position, and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City and its component unit the Public Parking Authority of Pittsburgh (Parking Authority) adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which require the City and Parking Authority to record its net pension liability and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other postemployment benefits schedules on pages i through xiv and 95 through 98 be presented to supplement the basic financial statements. Such information, although not a 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual other fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual other fund financial statements and the Capital Projects Fund budgetary comparison are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual other fund financial statements and the Capital Projects Fund budgetary comparison are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Emphasis-of-Matter

As more fully discussed in Note 1(B), the City is still currently considered a distressed community under the provisions of the "Municipalities Financial Recovery Act" (Act 47) of the Commonwealth of Pennsylvania and continues to operate under a financial recovery plan. Our opinion is not modified with respect to this matter.

Maher Duessel

Pittsburgh, Pennsylvania
April 28, 2016

CITY OF PITTSBURGH,
PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Pittsburgh (City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report, and in the basic financial statements and supplementary information.

Financial Highlights

- GASB No. 68 required state and local governments to restate net position to include Net Pension Liability directly in the financial statements starting in 2015, as opposed to a footnote disclosure in prior years. This change has greatly increased the overall liability in the Statement of Net Position.
- The liabilities and deferred inflows of the City exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$1.3 billion. As of December 31, 2015, the City, in its statement of net position, has a net position unrestricted deficit of \$1.4 billion. The accumulated deficit results principally from the City's Net Pension Liability of \$851.3 million, outstanding general obligation bonds being issued over the years to finance projects that do not result in recording assets; specifically, to fund the payments to the Pension Trust Fund (\$187.7 million outstanding as of December 31, 2015), the City's borrowings to finance economic development efforts (including projects to the City's Authorities, principally the URA), and maintenance expenditures on City infrastructure and equipment needs.
- The City's total net position increased by \$33.3 million dollars in 2015 from 2014. This reflects the City's continuing effort to control costs.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$170.4 million, a decrease of \$12.6 million from the previous year. Approximately 41% of this total amount, \$69.1 million, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$69.1 million (compared to \$53.7 million in 2014) or 16.8% of total General Fund expenditures and debt service transfers for 2015, up from 13.1% in 2014 and down from 17.3% in 2013.

The City's gross bonded debt amounted to \$493 million at the end of the fiscal year.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements.

The financial section of this report consists of three parts: Management's Discussion and Analysis, the basic financial statements (including notes to the financial statements and detailed budgetary comparison schedules), and combining and individual fund statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements:

The first two statements (pages 1-3) are government-wide financial statements that provide short-term and long-term information about the City's overall financial status.

The remaining statements (pages 4 through 20) are fund financial statements that focus on individual parts of City government and report operations in more detail than the government-wide financial statements.

The governmental funds statements describe how general government services were financed such as public safety and sanitation.

Fiduciary fund statements provide information about the retirement plans for City employees in which the City acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources cannot be used to support City activities.

The financial statements include notes which provide an explanation for certain financial statement line items and also provide more details for this information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, a section with combining statements provides details about the non-major governmental funds that are presented in single columns in the basic financial statements. The following diagram, labeled A-1, shows how the required components of this comprehensive annual financial report are arranged and relate to one another.

Figure A-1

REQUIRED COMPONENTS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

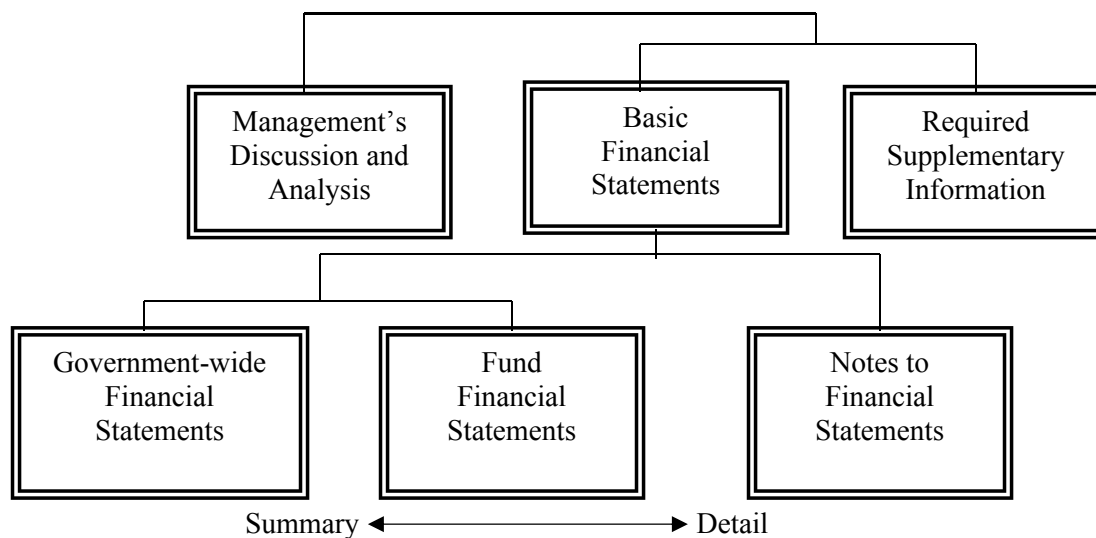


Figure A-2 summarizes the major features of the City’s financial statements. The remainder of this overview section of Management’s Discussion and Analysis explains the structure and contents of each of the statements.

Figure A-2			
Major Features of City’s Government-Wide and Fund Financial Statements			
	Fund Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and recreation	Instances in which the City is the trustee or agent for someone else’s resources, such as the retirement plans for City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Combined statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the City’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid
	Deferred inflows and Outflows recognized	Deferred inflows recognized	

GOVERNMENT-WIDE FINANCIAL STATEMENTS

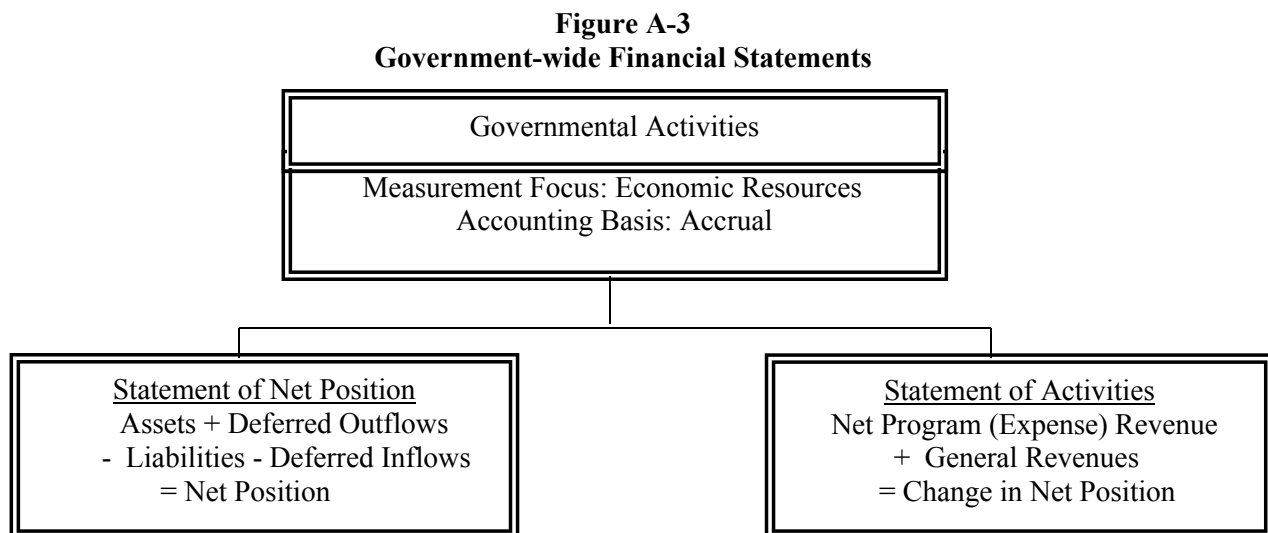
The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies and are designed to provide readers with a broad overview of the City’s finances. The government-wide financial statements include not only the City itself (known as the primary government), but also component units of the Urban Redevelopment Authority (URA), Pittsburgh Water and Sewer Authority, Public Parking Authority, and the Stadium Authority. Financial information for these component units are reported separately from the financial information presented for the primary government itself. These statements can be found in the financial section of this report.

Although there are a number of government-wide financial statements, for the purposes of this report only two will be highlighted since they are closely related: the statement of net position and the statement of activities.

The statement of net position includes all of the City’s assets, liabilities, deferred inflows, and outflows, except fiduciary funds. Net position - the difference between the City’s assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the City’s financial health, or position. Over time, increases or decreases in the City’s net position serve as a useful indicator of whether its financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event gives rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Additional non-financial factors such as changes in the City’s real property tax base and general economic conditions must be considered to assess the overall position of the City.

The primary features of government-wide financial statements are reflected in Figure A-3.



- *Governmental activities* - Most of the City’s basic services are included here, such as the police, public works, recreation, and general administration. Property and earned income taxes, charges for services, and state grants finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City’s most significant funds, not the City as a whole. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Funds are used to keep track of specific sources of funding and spending for particular purposes. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. However, not all funds are the result of City policy; some are required by state law. The funds of the City can be divided into two categories, governmental funds and fiduciary funds, and are explained in greater detail below:

- *Governmental Funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Capital Projects Fund, the Community Development Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other six governmental funds (non-major funds) are combined into a single, aggregated presentation (other governmental funds).

The City adopts an annual appropriated budget for its General Fund, Capital Projects Fund, and Community Development Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 4-15 of this report.

- *Fiduciary Funds – (Pension Trust Fund, OPEB Trust Fund, and Agency Funds)* – The Comprehensive Fund accounts for the operations of the City's pension plans for general municipal employees, police, and fire, covering essentially all full-time employees. The OPEB Trust Fund is used to report resources held in trust for post-employment benefits other than pension benefits. The City is responsible for ensuring that the assets reported in fiduciary funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate combined statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Agency funds are custodial in nature and do not involve measurement of results of operations.

The basic fiduciary fund financial statements can be found on pages 16-17 of this report.

Component Units – Combining statements of discrete component units can be found on pages 18-20 of this report.

Notes to financial statements - The notes 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 21-94 of this report.

Required supplementary information - In addition to the basic 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 and other post-employment benefits to its employees. Required supplementary information can be found on pages 95-98 of this report.

Government-wide Financial Analysis

For the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1.3 billion at the close of the most recent fiscal year.

GASB No. 68 requires state and local governments to report Net Pension Liability starting in 2015 which was \$851.3 million for the City. This long-term obligation contributed significantly to the deficit net position of \$1.3 billion. This deficit is partially offset by investment in capital assets less any related debt still outstanding used to acquire those assets of \$91.5 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and the assets have been financed with debt in an amount that exceeds the capital assets carrying value.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Condensed Net Position

The following table presents a condensed summary of net position:

City of Pittsburgh's Net Position

	Governmental Activities (\$ millions)	
	2015	2014*
Assets		
Current assets	\$ 233	\$ 234
Capital assets	147	141
Total Assets	380	375
Deferred Outflows of Resources		
Differences between expected and actual experience for pension plan	7	-
Net differences between projected and actual earnings on pension investments	22	-
Deferred charge on refunding	5	6
Total Deferred Outflows of Resources	34	6
Liabilities		
Current liabilities	154	143
Long-term liabilities, outstanding	1,546	1,562
Total liabilities	1,700	1,705
Deferred Inflows of Resources		
Differences between expected and actual experience for pension plan	5	-
Net Position		
Net investment in capital assets	92	49
Restricted	43	84
Unrestricted	(1,426)	(1,457)
Total net position*	\$ (1,291)	\$ (1,324)

* As restated due to the recording of the net pension liability in accordance with GASB Statement No. 68. See Note 1 to the financial statements.

At the end of the current fiscal year, the City reported a \$1.3 billion net deficit for the governmental activities due in large part to GASB No. 68 reporting requirements of Net Pension Liability and the City's debt burden outstanding.

Summary of Changes in Net Position

The following table shows the revenues and expenses of the primary government.

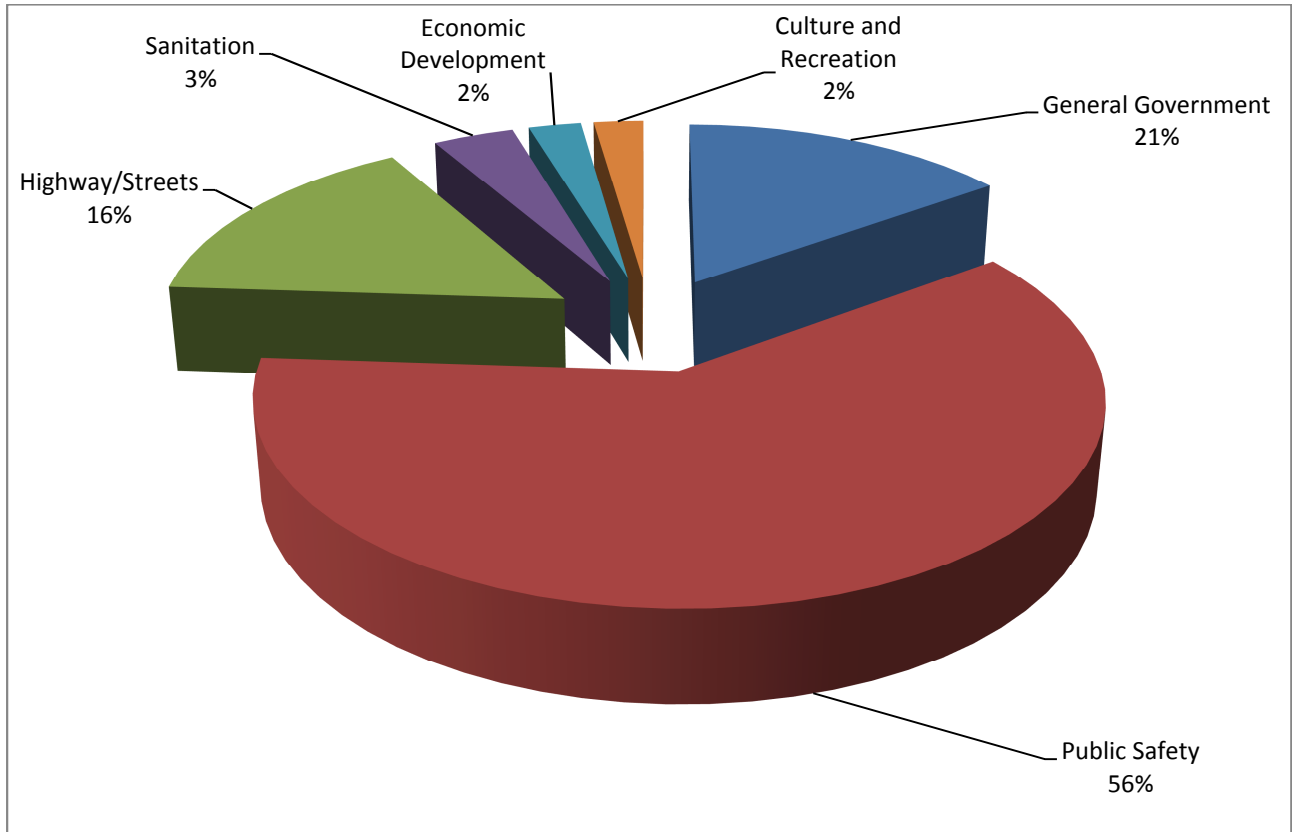
Governmental activities – Governmental activities increased the City’s net position by \$33.3 million in 2015. A large sum of this net position increase is due to the payment of bonds and interest.

The remaining amounts are as follows:

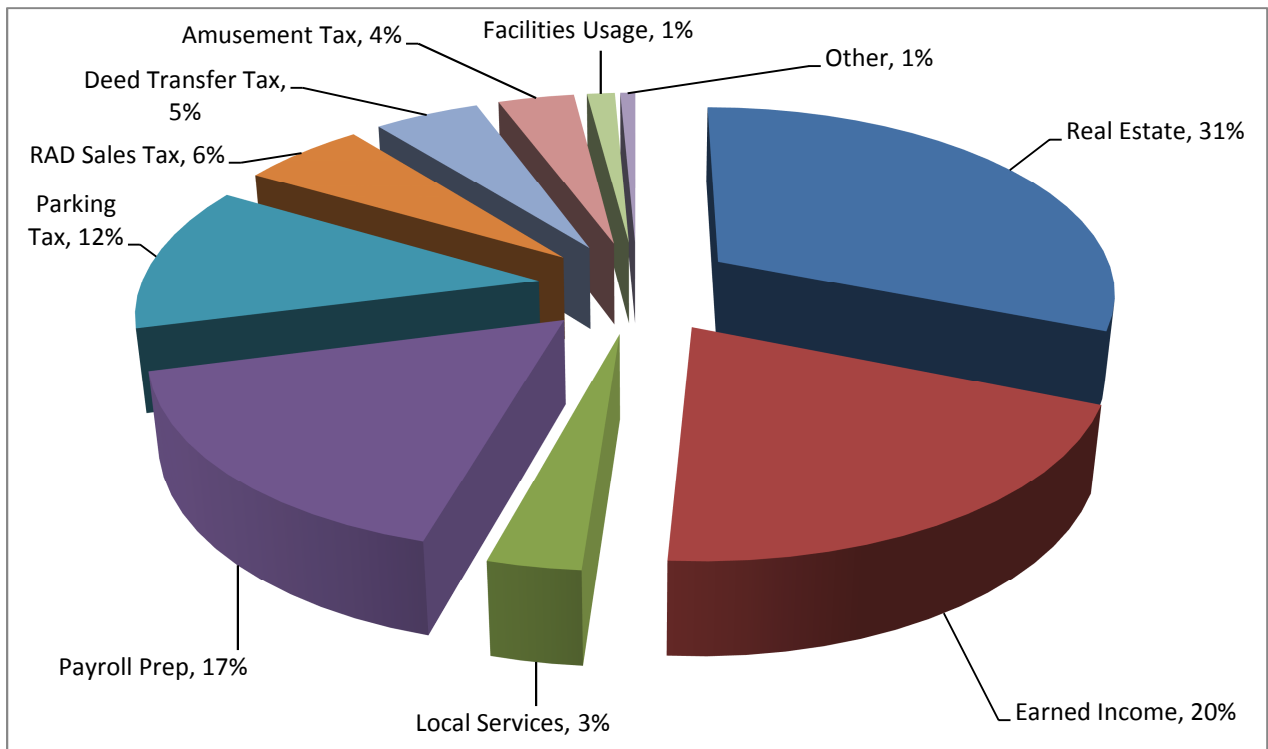
City of Pittsburgh’s Activities

(\$ millions)	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 61	\$ 51
Operating grants and contributions	48	54
Capital grants and contributions	25	25
Total program revenues	<u>134</u>	<u>130</u>
General revenues:		
Real estate property taxes	138	130
Earned income taxes	89	87
Local services taxes	14	14
Payroll preparation taxes	74	56
Parking taxes	55	53
RAD sales taxes	26	27
Deed transfer taxes	22	20
Amusement taxes	16	14
Payment in lieu of taxes	-	2
Facilities usage tax	6	5
Donations and endowments	1	1
Other taxes	2	1
Other	2	2
Total general revenues	<u>445</u>	<u>412</u>
Total revenues	<u>579</u>	<u>542</u>
Expenses:		
General government	92	75
Public safety	307	301
Highways/streets	80	77
Sanitation	18	15
Economic development	13	23
Culture and recreation	12	16
Interest on long-term debt plus amortz. of issuance cost and premium/discounts	23	33
Total expenses	<u>545</u>	<u>540</u>
Change in Net Position	34	2
Net Position:		
Beginning of year	(1,324)	(423)
Adjustment to net position due to GASB No. 68	-	(901)
End of year	<u>\$ (1,291)</u>	<u>\$ (1,324)</u>

Expenses of the governmental statement of activities are shown below by functional area:



General Fund tax revenues are presented below by type of tax:



Governmental Funds

Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned 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, with revenues and expenses that are connected to every aspect of the City. Revenues for the General Fund totaled \$523.6 million in 2015, an increase of \$38.0 million or by 8% compared to 2014. There was an overall surplus of \$8.7 million in the original budget compared to \$5.9 million in the amended budget. Actual results on a budgetary basis were a \$5.2 million surplus. The greatest variances from budget to actual (budgetary basis) in tax revenue came from increases of \$1.6 million in payroll preparation taxes, \$4.6 million in deed transfer taxes, and \$1.6 million in Amusement taxes, and was offset by a \$1 million decrease from Act 77-tax relief. All other taxes were relatively stable.

In addition to the above General Fund tax revenues, the City collected \$15.0 million in the Community Development Fund, \$10.5 million in Capital Projects, and \$24.2 million in Non-major Governmental Funds, mostly from pass-through of federal and state monies.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$170.4 million, a decrease of \$12.6 million from 2014. Approximately 41% of this total fund balance, or \$69.1 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance that is restricted for endowments, employee benefits, State and Federal Purpose Grants and capital projects is \$43.0 million, amounts committed total \$16 million primarily for specified program services, and the amount assigned for various purposes is \$42.0 million.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$69.1 million, while total fund balance for the General Fund was \$77.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.5% of total General Fund expenditures and operating transfers, while total fund balance represents 15.1% of General Fund expenditures and operating transfers. A fund balance percentage of 15-20% of expenditures is typically considered a sign of financial health.

The fund balance of the City's General Fund increased by \$14.2 million during the current fiscal year compared to a decrease of \$32.6 million in 2014.

Expenditures and uses, including debt service payments/transfers, for the General Fund in 2015 increased to \$512.9 million, compared to \$520.3 million in 2014, representing a decrease of 1.4% or \$7.4 million overall.

Transfers to the Debt Service Fund of \$89.0 million, combined with debt subsidies of \$7.3 million, totaled \$96.3 million, compared to \$101.5 million in 2014. The debt subsidies are for the URA and Auditorium Authority and are commitments made by the City over the life of their bonds. Debt and debt subsidies accounted for 19.2% of the expenditures and uses, illustrating

the magnitude of the City's annual debt service. The City's normal debt service percentage has been between 20-25%.

The Debt Service Fund has a total fund balance of \$1.3 million, all of which is assigned for the payment of debt service.

The Community Development Fund had intergovernmental revenues of \$15.0 million and expenditures of \$15.0 million. The Capital Projects Fund had \$10.5 million of revenues, and \$39.0 million in expenditures, and \$10.1 million in operating transfers. The Capital Projects Funds fund balance decreased by \$28.0 million in 2015 to \$69.2 million as of December 31, 2015.

General Fund Budgetary Highlights

Actual General Fund revenues (budgetary basis) were below the budgeted revenues by \$14.0 million before use of prior year fund balance, mainly due to a shortfall from budgeted Rentals and Charges of \$12.0 million and Public Parking Authority of \$1.9 million. These shortfalls are due to timing differences for the budgetary basis; the City and the Parking Authority agreed upon a percentage of collection amounts that did not get paid until February 2016 although they were 2015 revenues. There was also a shortfall in Federal and State Grants of \$1.1 million. Economic slot revenue was over budget by \$5.1 million which was the amount that had been paid in 2015 for 2014 budgeted revenues. In addition, final actual budgetary basis revenues exceeded the final budgetary basis expenditures by \$5.2 million. Final budgeted General Fund expenditures were \$10.5 million lower than the original budget. Actual General Fund budgetary basis expenditures were \$13.3 million below the final budget total.

During fiscal year 2015, City Council amended the budget primarily for the following reason:

- To appropriate funds to pay prior year commitments in the form of encumbrances for General Fund purchase orders authorized and issued, but for which goods and services were not received nor paid for by December 31, 2015 totaled \$2.9 million.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental-type activities as of December 31, 2015 amounts to \$146.2 million, net of accumulated depreciation. This investment in capital assets includes building and building improvements, land, machinery and equipment, furniture and fixtures, vehicles, infrastructure, capital lease, and construction-in-progress.

Major increases in assets included the purchase of \$11.5 million in vehicles and the completion of multiple capital projects throughout the City resulting in a \$6.5 million in infrastructure additions.

City of Pittsburgh's Changes in Capital Assets

(\$ millions)	Governmental Activities	
	2015	2014
Land and land improvements	\$ 46	\$ 46
Construction in progress	5	5
Buildings and building improvements	89	89
Capital lease	15	15
Infrastructure	186	180
Vehicles	72	69
Furniture and fixtures	4	4
Machinery and equipment	4	3
	421	411
Less accumulated depreciation for:		
Buildings	(84)	(83)
Infrastructure	(127)	(122)
Vehicles	(48)	(49)
Furniture and fixtures	(4)	(4)
Capital leases	(9)	(8)
Machinery and equipment	(3)	(4)
	(275)	(270)
Total capital net assets	\$ 146	\$ 141

More detailed information about capital assets is provided in Note 6 to the financial statements.

Long-term debt - At the end of the current fiscal year, the City had total bonded debt outstanding of \$493 million, which comprises debt backed by the full faith and credit of the government.

City of Pittsburgh's Outstanding Debt

(\$ millions)	Governmental Activities	
	2015	2014
General obligation bonds:		
Beginning balance at January 1	\$ 558	\$ 565
Debt issued and other	-	120
Refinanced bonds	-	(63)
Principal payments and other	(65)	(64)
Ending balance at December 31	\$ 493	\$ 558

More detailed information about long-term debt is provided in Note 9 of the financial statements.

Significant Events

In November 2003, the City sought municipal self-help as a “financially distressed” municipality under the Municipalities Financial Recovery Act (Act 47) of the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania legislature also established an Intergovernmental Cooperation Authority (ICA) to provide fiscal oversight for the City for a period of seven years. The Act 47 coordinators appointed by the Commonwealth issued their five-year Recovery Plan, which was originally adopted by the City Council on June 29, 2004. On June 30, 2009, City Council adopted the amended Recovery Plan, making it a City ordinance, which further provided areas for Revenue enhancements and Expenditure reductions. On June 24, 2014, City Council adopted the second amended Recovery Plan, making it a City ordinance. During 2015, the City continued efforts to control costs, improve collections, and maintain solvency. The cash balance available for general operations of the City as of December 31, 2015 was \$47.2 million; this was enough to maintain normal function throughout the City in January 2016. Throughout 2015, the City continued its designation as a “financially distressed municipality.” Currently, the Act 47 coordinators and the ICA will provide continued oversight to ensure compliance with the operating budget and approved five-year plan until this oversight is formally removed.

Pension Funding

Commonwealth of Pennsylvania Act 47 of 2009 required the City's aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City's pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City met this requirement by transferring \$45 million to the Comprehensive Trust Fund (Fund) in 2010 and agreeing to dedicate parking tax revenues for the next 30 years. The City contributed \$13.4 million of the parking tax revenue to the Fund from 2011-2015, and intends to contribute the same amount each year through 2017 and \$26.8 million per year from 2018 through 2041.

Cash Position

During 2015, the City continued efforts that had begun in the latter half of 2003 to control cost, improve collections, and maintain solvency. These efforts combined with remaining available fund balance produced benefits into 2015 by allowing the City to meet its beginning of the year obligations without executing a bank note at the beginning of 2015. The City expects cash flows to be sufficient enough in 2015 to maintain a positive cash position.

Due to the revenue increase combined with increased costs in the budget, at the end of 2015, the City projected a 2016 General Fund ending cash balance of \$43.6 million, a decrease of \$3.4 million. There is every indication at this time that this projection is realistic and that there should be no need to seek outside funding for continuing operations through 2019.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller's Office, First Floor, City County Building, 414 Grant Street Pittsburgh, PA 15219.

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2015

Assets	Primary Governmental Activities	Component Units
Current assets:		
Cash, cash equivalents, and investments	\$ 119,142,709	\$ 201,030,340
Restricted cash	32,338,349	16,507,313
Real estate taxes (net of allowance for uncollectible accounts of \$20,333,993)	13,352,808	-
Accounts receivable, net	-	31,128,502
Accrued interest receivable	50,119	327,348
Due from other governments	2,776,214	6,876,574
Taxpayer - assessed taxes receivable	41,365,902	-
Inventory	-	3,174,000
Notes receivable	-	12,644
Other receivables	24,321,716	2,207,190
Prepaid expenses	-	189,862
Total current assets	233,347,817	261,453,773
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	-	33,553,000
Investments	-	20,003,232
Non-routine maintenance	-	-
Deposit held for development fund	-	2,526,158
Accounts receivable - parking	-	2,546,039
Total restricted assets	-	58,628,429
Investments - unrestricted	-	15,481,873
Capital assets:		
Capital assets not being depreciated:		
Land and land improvement	45,602,091	39,253,410
Construction-in-progress	5,048,553	75,108,809
Capital assets being depreciated:		
Buildings and building improvements	88,778,564	86,132,473
Parking facilities	-	165,585,162
Machinery and equipment	3,591,757	13,279,165
Utility plant	-	837,067,000
Non-utility plant	-	22,195,000
Furniture and fixtures	4,197,385	-
Vehicles	72,543,382	-
Infrastructure	186,462,730	2,241,369
Capital lease	15,434,653	-
Less accumulated depreciation	(275,482,260)	(398,560,699)
Total net capital assets	146,176,855	842,301,689
Leasehold improvements	-	5,182,469
Other assets	-	1,100,200
Loans/notes receivable	-	66,999,672
Prepaid bond insurance	-	271,365
Property held for redevelopment	-	15,768,124
Total noncurrent assets	146,176,855	1,006,875,474
Total Assets	379,524,672	1,268,329,247
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	-	78,500,000
Differences between expected and actual experience for pension plan	6,690,568	-
Net differences between projected and actual earnings on pension investments	22,316,571	704,063
Deferred charge on refunding	5,203,809	33,293,451
Total Deferred Outflows of Resources	34,210,948	112,497,514

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2015

(Continued)

	Primary Governmental Activities	Component Units
Liabilities		
Current liabilities:		
Accounts payable - wastewater treatment	-	19,788,000
Accounts and retainage payable	3,555,483	13,401,976
Accrued liabilities	28,661,525	25,844,673
Accrued interest payable	9,047,911	10,174,733
Accrued worker's compensation	15,594,266	-
Accrued compensated absences	21,142,353	-
Accrued claims and judgments	6,361,000	-
Unearned revenue	-	3,263,943
Other liabilities	-	18,486
Due to other governments	4,867,350	-
Capital lease liability, current portion	836,667	-
Bonds and loans payable, current portion	63,830,000	30,407,345
Total current liabilities	153,896,555	102,899,156
Noncurrent liabilities:		
Unearned revenue	-	207,000
Other liabilities	-	5,092,984
Accrued payroll - related obligations	-	750,000
Swap liability	-	96,065,000
Bonds and loans payable, net of unamortized premiums/ discounts	429,013,758	858,405,897
Accrued workers' compensation	114,357,950	-
Unfunded post-retirement employee benefits	117,546,709	-
Accrued compensated absences	8,703,773	-
Accrued claims and judgments	17,285,000	-
Capital lease liability	7,713,856	-
Net pension liability	851,295,404	-
Advance from the City of Pittsburgh	-	22,775,168
Total noncurrent liabilities	1,545,916,450	983,296,049
Total Liabilities	1,699,813,005	1,086,195,205
Deferred Inflows of Resources		
Deferred gain on refunding	-	3,070,372
Differences between expected and actual experience for pension plan	4,844,193	53,229
Total Deferred Inflows of Resources	4,844,193	3,123,601
Net Position		
Net investment in capital assets	91,521,494	83,458,959
Restricted for:		
Capital projects	30,123,596	21,171,816
Debt service	-	3,115,708
Employee benefits	4,602,680	-
Endowments	1,265,469	-
State and Federal Purpose Grants	6,825,021	-
Indenture funds	-	22,197,746
Urban development	-	45,160,802
Lending programs	-	91,232,019
Housing Program	-	2,784,034
Unrestricted	(1,425,259,838)	22,386,871
Total Net Position	\$ (1,290,921,578)	\$ 291,507,955

See accompanying notes to financial statements.

(Concluded)

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

Functions/Programs					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Program Revenues			Primary Governmental	Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary government:						
Governmental activities:						
General government	\$ 92,461,452	\$ 42,874,193	\$ 24,176,794	\$ 6,619,669	\$ (18,790,796)	\$ -
Public safety	307,202,644	13,341,178	15,619,301	53,912	(278,188,253)	-
Highway and streets	79,548,977	3,194,577	6,892,976	13,675,203	(55,786,221)	-
Sanitation	18,213,380	96,652	327,698	-	(17,789,030)	-
Economic development (includes debt subsidies to URA of \$7,034,416)	12,630,440	-	505,661	3,198,790	(8,925,989)	-
Culture and recreation (includes debt subsidies to Public Auditorium Authority of \$265,151)	11,889,380	1,039,706	537,654	1,057,429	(9,254,591)	-
Interest on long-term debt and amortization of premiums and discounts	23,075,567	-	-	-	(23,075,567)	-
Total primary government	\$ 545,021,840	\$ 60,546,306	\$ 48,060,084	\$ 24,605,003	(411,810,447)	-
Total component units	\$ 282,999,071	\$ 260,458,676	\$ 32,899,636	\$ 18,420,000	-	28,779,241
General revenues:						
Real estate taxes					137,884,011	-
Earned income taxes					88,904,431	-
Business privilege taxes					2,751	-
Local services tax					13,984,697	-
Payroll preparation tax					73,930,205	-
Parking tax					55,065,134	-
Sales taxes from the Regional Asset District					26,227,370	-
Deed transfer tax					22,331,381	-
Amusement tax					16,168,807	-
Facilities usage tax					5,914,961	-
Public service privilege					2,501,368	-
Nonprofit payment in lieu of taxes					378,932	-
Unrestricted investment earnings					292,395	782,260
Donations and endowments					777,080	-
Gain (loss) of sale of assets					-	651,000
Miscellaneous					730,099	1,636,640
Total general revenues					445,093,622	3,069,900
Change in Net Position					33,283,175	31,849,141
Net position - beginning, as restated					(1,324,204,753)	259,658,814
Net position - ending					\$ (1,290,921,578)	\$ 291,507,955

See accompanying notes to financial statements.

CITY OF PITTSBURGH,
PENNSYLVANIA

FUND FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

Assets	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Cash and cash equivalents	\$ 47,240,596	\$ 1,249,540	\$ 2,139,863	\$ 41,189,525	\$ 27,323,185	\$ 119,142,709
Cash and cash equivalents - restricted	338,349	-	-	32,000,000	-	32,338,349
Receivables:						
Real estate taxes (net of allowances for uncollectible accounts of \$20,333,993)	13,352,808	-	-	-	-	13,352,808
Taxpayer - assessed taxes receivable	41,365,902	-	-	-	-	41,365,902
Other receivables	22,432,271	-	-	-	1,889,445	24,321,716
Accrued interest	21,942	27,976	-	-	201	50,119
Advance to other fund	-	-	-	1,300,000	-	1,300,000
Due from other governments	138,332	-	652,510	1,985,372	-	2,776,214
Due from other funds	550,649	-	-	64,873	203,512	819,034
Total Assets	\$ 125,440,849	\$ 1,277,516	\$ 2,792,373	\$ 76,539,770	\$ 29,416,343	\$ 235,466,851

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

(Continued)

	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ 3,057,587	\$ -	\$ 12,693	\$ 332,187	\$ 153,016	\$ 3,555,483
Accrued liabilities	18,193,326	-	1,262,680	6,869,980	2,335,539	28,661,525
Advance from other fund	-	-	1,300,000	-	-	1,300,000
Due to other funds	-	-	132,383	153,094	533,557	819,034
Due to other governments	1,017,253	-	-	-	3,850,097	4,867,350
Accrued claims and judgments	6,361,000	-	-	-	-	6,361,000
Total Liabilities	<u>28,629,166</u>	<u>-</u>	<u>2,707,756</u>	<u>7,355,261</u>	<u>6,872,209</u>	<u>45,564,392</u>
Deferred Inflows of Resources:						
Unavailable revenue - taxes	19,505,626	-	-	-	-	19,505,626
Total Deferred Inflows of Resources	<u>19,505,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,505,626</u>
Fund Balance:						
Restricted:						
Capital Projects	-	-	-	30,123,596	-	30,123,596
Endowments	1,265,469	-	-	-	-	1,265,469
Employee Benefits	4,602,680	-	-	-	-	4,602,680
State and Federal Purpose Grants	-	-	84,617	-	6,740,404	6,825,021
Committed:						
Interfund Advance	-	-	-	1,300,000	-	1,300,000
Specified Program Services	-	-	-	-	15,036,309	15,036,309
Assigned:						
General Government	2,316,420	-	-	-	-	2,316,420
Debt Service	-	1,277,516	-	-	-	1,277,516
Capital Projects	-	-	-	37,760,913	-	37,760,913
Public Safety	-	-	-	-	61,184	61,184
Community Recreation and Cultural	-	-	-	-	706,237	706,237
Unassigned	69,121,488	-	-	-	-	69,121,488
Total Fund Balance	<u>77,306,057</u>	<u>1,277,516</u>	<u>84,617</u>	<u>69,184,509</u>	<u>22,544,134</u>	<u>170,396,833</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 125,440,849</u>	<u>\$ 1,277,516</u>	<u>\$ 2,792,373</u>	<u>\$ 76,539,770</u>	<u>\$ 29,416,343</u>	<u>\$ 235,466,851</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2015

Total Fund Balance - Governmental Funds	\$	170,396,833
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets including construction-in-progress used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$421,659,120 and the accumulated depreciation is \$275,482,360.</p>		146,176,855
<p>Property taxes receivable and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are treated as deferred inflows in the funds. Receivable amounts are shown net of allowances, but are not deferred inflows in the government-wide financial statements.</p>		19,505,626
<p>The net pension liability, and deferred inflows and outflows of resources for pension are not recorded on the fund financial statements.</p>		(827,132,458)
<p>The deferred outflows related to long-term debt are not reported in the funds.</p>		5,203,809
<p>Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
Bonds payable, net of unamortized premiums/discounts	\$	(492,843,758)
Capital lease liability		(8,550,523)
Accrued workers' compensation		(129,952,216)
Accrued compensated absences		(29,846,126)
Unfunded post-retirement employee benefits		(117,546,709)
Accrued interest payable		(9,047,911)
Accrued claims and judgments		(17,285,000)
		(805,072,243)
Total Net Position - Governmental Activities	\$	<u><u>(1,290,921,578)</u></u>

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2015

	General	Debt Service	Special Revenue CDBG	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Revenues:						
Taxes, including penalties and interest	\$ 429,409,537	\$ -	\$ -	\$ 740,601	\$ 5,369,688	\$ 435,519,826
Payment in lieu of taxes	378,932	-	-	-	-	378,932
Interest and dividends	120,097	170,478	-	-	1,823	292,398
Fines and forfeits	11,838,137	-	-	-	454,863	12,293,000
Intergovernmental revenues	35,604,255	-	14,952,289	9,730,481	12,000,966	72,287,991
Charges for user services	45,785,611	-	-	-	5,119,693	50,905,304
Miscellaneous	479,683	-	-	-	1,239,297	1,718,980
Total revenues	523,616,252	170,478	14,952,289	10,471,082	24,186,330	573,396,431
Expenditures:						
Current:						
General government	73,399,989	-	7,122,317	2,774,826	16,563,745	99,860,877
Public safety	268,281,691	-	53,912	2,950,813	2,948,352	274,234,768
Public works	37,497,986	-	3,913,963	30,375,179	8,053,814	79,840,942
Sanitation	17,145,497	-	-	-	-	17,145,497
Community, recreational, and cultural	7,034,940	-	1,033,161	570,440	2,950,437	11,588,978
Economic and physical development	750	-	2,828,936	2,328,678	437,661	5,596,025
Claims and judgments	1,381,760	-	-	-	-	1,381,760
Debt service:						
Principal retirement of bonds	-	61,135,000	-	-	-	61,135,000
Interest on bonds	-	27,889,016	-	-	-	27,889,016
Public Auditorium Authority subsidy	265,151	-	-	-	-	265,151
Urban Redevelopment Authority subsidy	7,034,416	-	-	-	-	7,034,416
Total expenditures	412,042,180	89,024,016	14,952,289	38,999,936	30,954,009	585,972,430
Excess (Deficiency) of Revenues Over Expenditures	111,574,072	(88,853,538)	-	(28,528,854)	(6,767,679)	(12,575,999)
Other Financing Sources (Uses):						
Transfers from other funds	3,472,500	88,985,978	-	10,500,000	11,781,142	114,739,620
Transfers to other funds	(100,870,153)	-	-	(10,145,813)	(3,723,654)	(114,739,620)
Total other financing sources (uses)	(97,397,653)	88,985,978	-	354,187	8,057,488	-
Net Change in Fund Balances	14,176,419	132,440	-	(28,174,667)	1,289,809	(12,575,999)
Fund Balances:						
Beginning of year	63,129,638	1,145,076	84,617	97,359,176	21,254,325	182,972,832
End of year	\$ 77,306,057	\$ 1,277,516	\$ 84,617	\$ 69,184,509	\$ 22,544,134	\$ 170,396,833

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balance - Governmental Funds \$ (12,575,999)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays less net deletions in the current period:

	Capital outlays	\$ 23,029,334	
	Less: net deletions	(5,315,222)	
	Less: depreciation expense	<u>(12,072,092)</u>	5,642,020

Some taxes and other revenues will not be collected for several months after the City's year-end, they are not considered as "available" revenues in the governmental funds. Deferred inflows changed by this amount during the year. 5,017,546

Changes in the net pension liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements. (15,971,733)

The issuance of long-term obligations (e.g., notes and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of activities. Also, governmental funds report the effect of premiums, discounts, interest, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items. 65,756,715

In the statement of activities, certain expenses - workers' compensation, compensated absences, other post-employment benefits, and claims and judgments are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount incurred versus the amount used. (14,585,374)

Change in Net Position of Governmental Activities \$ 33,283,175

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2015

(Amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes, net of refunds and banking fees:				
Real estate	\$ 132,697	\$ 132,697	\$ 133,130	\$ 433
Non-profit payment for services	400	400	420	20
Payroll preparation	57,357	57,357	58,894	1,537
Amusement	14,654	14,654	16,236	1,582
Earned income	87,226	87,226	87,751	525
Deed transfer	18,099	18,099	22,723	4,624
Parking	53,169	53,169	52,620	(549)
Occupation Privilege	-	-	(105)	(105)
Local Services Tax	13,689	13,689	13,922	233
Business privilege	1	1	(4)	(5)
Institution and service privilege	483	483	589	106
Facility usage fee	4,663	4,663	5,536	873
Public service	634	634	1,111	477
Penalties and interest	1,106	1,106	1,211	105
Act 77 - tax relief	20,991	20,991	19,981	(1,010)
	<u>405,169</u>	<u>405,169</u>	<u>414,015</u>	<u>8,846</u>
Total taxes, net of refunds and banking fees				
Interest earnings	135	135	128	(7)
Fines and forfeits	8,841	8,841	9,285	444
Licenses and fees:				
Liquor and malt beverage	414	414	407	(7)
General government	11,227	11,227	10,211	(1,016)
Rentals and charges	39,226	39,226	27,225	(12,001)
	<u>50,867</u>	<u>50,867</u>	<u>37,843</u>	<u>(13,024)</u>
Total licenses and fees				
Federal and state grants	7,511	7,511	6,407	(1,104)
Reimbursement, CDBG	290	290	340	50
Public Parking Authority	1,900	1,900	-	(1,900)
PWSA reimbursement	5,300	5,300	5,300	-
Sports and Exhibition Authority	266	266	1	(265)
Urban Redevelopment Authority	-	-	-	-
State utility tax	457	457	424	(33)
Miscellaneous	605	605	278	(327)
Sale of public property	61	61	69	8
State aid - pension	18,146	18,146	18,255	109
Economic development slots revenue	5,100	5,100	10,200	5,100
2% Local share of slots revenue	10,000	10,000	-	(10,000)
Operating transfer	-	-	1	1
Summer food program	-	-	-	-
	<u>49,636</u>	<u>49,636</u>	<u>41,275</u>	<u>(8,361)</u>
Total other revenues				
Fund Balance - Prior Year	1,902	1,902	-	(1,902)
Total budgeted revenues	<u>516,550</u>	<u>516,550</u>	<u>502,546</u>	<u>(14,004)</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

YEAR ENDED DECEMBER 31, 2015

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Expenditures:							
Current Operating-General Government							
City Council and City Clerk's Office:							
City Council:							
Salaries	1,519	(19)	1,500	1,510	-	1,510	(10)
GF Grants-Other	40	-	40	16	-	16	24
Total City Council	1,559	(19)	1,540	1,526	-	1,526	14
City Clerk's Office:							
Salaries	640	-	640	523	-	523	117
Non-salaries	221	51	272	200	25	225	47
Total City Clerk's office	861	51	912	723	25	748	164
Total City Council and City Clerk's office	2,420	32	2,452	2,249	25	2,274	178
Mayor's Office:							
Office of the Mayor							
Salaries	1,031	-	1,031	1,012	-	1,012	19
Non-salaries	98	-	98	29	-	29	69
Total Office of the Mayor	1,129	-	1,129	1,041	-	1,041	88
Office of Neighborhood Empowerment:							
Salaries	619	-	619	483	-	483	136
Non-salaries	35	-	35	13	-	13	22
Total Office of Neighborhood Empowerment	654	-	654	496	-	496	158
Office of Management and Budget							
Salaries	1,305	34	1,339	1,289	-	1,289	50
Non-salaries	14,282	255	14,537	13,204	221	13,425	1,112
Total Office of Management and Budget	15,587	289	15,876	14,493	221	14,714	1,162
Total Mayor's Office	17,370 #	289 #	17,659 #	16,030 #	221	16,251 #	1,408
Innovation & Performance:							
Salaries	3,120	(100)	3,020	2,939	-	2,939	81
Non-salaries	11,020	75	11,095	10,518	80	10,598	497
Total City Information Systems	14,140	(25)	14,115	13,457	80	13,537	578
Commission on Human Relations:							
Salaries	239	-	239	197	-	197	42
Non-salaries	20	-	20	18	2	20	-
Total Human Relations	259	-	259	215	2	217	42
Office of City Controller:							
Salaries	3,008	-	3,008	2,748	-	2,748	260
Non-salaries	208	37	245	86	19	105	140
Total Office of City Controller	3,216	37	3,253	2,834	19	2,853	400
Department of Finance:							
Salaries	3,018	(350)	2,668	2,237	-	2,237	431
Non-salaries	4,699	148	4,847	3,855	313	4,168	679
Pension	66,407	-	66,407	66,067	-	66,067	340
Debt service	89,024	-	89,024	88,986	-	88,986	38
Debt service subsidy	265	-	265	265	-	265	-
Total Department of Finance	163,413	(202)	163,211	161,410	313	161,723	1,488
Department of Law							
Salaries	1,874	61	1,935	1,827	-	1,827	108
Non-salaries	2,894	190	3,084	2,130	90	2,220	864
Total Law	4,768	251	5,019	3,957	90	4,047	972

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**

YEAR ENDED DECEMBER 31, 2015

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Current Operating-General Government, cont:							
Department of Law - EORC:							
Salaries	61	(61)	-	-	-	-	-
Non-salaries	20	(20)	-	-	-	-	-
Total Department of Law - EORC	81	(81)	-	-	-	-	-
Department of Law - OMI:							
Salaries	524	(90)	434	423	-	423	11
Non-salaries	114	2	116	108	-	108	8
Total Department of Law - OMI	638	(88)	550	531	-	531	19
Total Department of Law	5,487	82	5,569	4,488	90	4,578	991
Department of Personnel and Civil Service Commission:							
Salaries	1,559	-	1,559	1,553	-	1,553	6
Non-salaries	2,547	1,018	3,565	2,565	484	3,049	516
Fringe benefits	94,699	(193)	94,506	93,216	134	93,350	1,156
Severance Incentive Program	1,902	-	1,902	1,767	-	1,767	135
Total Department of Personnel and Civil Service Commission	100,707	825	101,532	99,101	618	99,719	1,813
Department of City Planning:							
Salaries	1,956	(150)	1,806	1,684	-	1,684	122
Non-salaries	321	5	326	179	26	205	121
Total Department of City Planning	2,277	(145)	2,132	1,863	26	1,889	243
Department of Permits, Licenses, & Inspection							
Salaries	3,344	(210)	3,134	2,928	-	2,928	206
Non-salaries	415	64	479	401	87	488	(9)
Total Department of Permits, Licenses, & Inspection	3,759	(146)	3,613	3,329	87	3,416	197
Total General Government	313,048	747	313,795	304,976	1,481	306,457	7,338
Public Safety - Department of Public Safety:							
Bureau of Administration:							
Salaries and wages	1,248	(100)	1,148	1,088	-	1,088	60
Non-salaries	1,630	656	2,286	1,691	434	2,125	161
Total Bureau of Administration	2,878	556	3,434	2,779	434	3,213	221
Bureau of Emergency Medical Services:							
Salaries and wages	14,070	-	14,070	14,052	-	14,052	18
Non-salaries	744	4	748	666	-	666	82
Total Bureau of Emergency Medical Services	14,814	4	14,818	14,718	-	14,718	100
Bureau of Police:							
Salaries	73,133	-	73,133	70,647	-	70,647	2,486
Non-salaries	3,682	157	3,839	3,595	82	3,677	162
Total Bureau of Police	76,815	157	76,972	74,242	82	74,324	2,648
Bureau of Fire:							
Salaries and wages	55,737	2,200	57,937	57,212	-	57,212	725
Non-salaries	2,138	(189)	1,949	1,466	35	1,501	448
Total Bureau of Fire	57,875	2,011	59,886	58,678	35	58,713	1,173
Public Safety:							
Public Safety Animal Control							
Salaries	751	-	751	623	-	623	128
Non-salaries	641	80	721	326	232	558	163
Total Public Safety Animal Control	1,392	80	1,472	949	232	1,181	291
Total Public Safety - Department of Public Safety	153,774	2,808	156,582	151,366	783	152,149	4,433

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**

YEAR ENDED DECEMBER 31, 2015

(Amounts expressed in thousands)

(Continued)

	Original Adopted Budget	Transfers and Prior Year Carryover	Final Budget	Expenditures	Encumbrances	Total Actual	Variance
Department of Public Works:							
Administration:							
Salaries	784	-	784	758	-	758	26
Non-salaries	211	-	211	116	-	116	95
Total Administration	995	-	995	874	-	874	121
Operations:							
Salaries	15,774	(150)	15,624	15,503	-	15,503	121
Non-salaries	5,296	19	5,315	4,649	25	4,674	641
Total Operations	21,070	(131)	20,939	20,152	25	20,177	762
Environmental Services:							
Salaries	7,987	(500)	7,487	7,307	-	7,307	180
Non-salaries	3,541	-	3,541	3,123	-	3,123	418
Total Environmental Services	11,528	(500)	11,028	10,430	-	10,430	598
Engineering:							
Salaries	2,979	(50)	2,929	2,910	-	2,910	19
Non-salaries	-	-	-	-	-	-	-
Total Engineering	2,979	(50)	2,929	2,910	-	2,910	19
Total Department of Public Works	36,572	(681)	35,891	34,366	25	34,391	1,500
Community, Recreational, and Cultural -							
Department of Parks and Recreation:							
Administration:							
Salaries	3,197	-	3,197	3,188	-	3,188	9
Non-salaries	728	-	728	664	22	686	42
Total Community, Recreational, and Cultural - Department of Parks and Recreation	3,925	-	3,925	3,852	22	3,874	51
Citizens Review Board:							
Salaries	325	-	325	311	-	311	14
Non-salaries	174	-	174	150	6	156	18
Total Citizens Review Board	499	-	499	461	6	467	32
Total Expenditures	507,818	2,874	510,692	495,021	2,317	497,338	13,354
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 8,732</u>		<u>\$ 5,858</u>			<u>\$ 5,208</u>	<u>\$ (650)</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND

YEAR ENDED DECEMBER 31, 2015
(Amounts expressed in thousands)
(Continued)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 502,546
Actual amounts not included on budgetary basis.	1,075
Transfer in	3,472
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>19,996</u>
Total General Fund revenue and other financing sources on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 527,089</u>

Users/Outflows of Resources:

Actual amounts (budgetary basis) "total expenditures" from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 495,021
Actual amounts not included on budgetary basis.	1,449
Transfer out not included on budgetary basis.	10,500
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>5,942</u>
Total General Fund expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 512,912</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 35,579,440	\$ 35,579,440	\$ 13,326,835	\$ (22,252,605)
Expenditures:				
General government:				
Council and City Clerk's Office	4,662,071	4,662,071	1,817,594	2,844,477
Finance	55,755	55,755	-	55,755
Department of Personnel and Human Relations	1,909,264	1,909,264	876,467	1,032,797
Department of City Planning	4,904,116	4,904,116	2,297,738	2,606,378
General services	13,474	13,474	-	13,474
Public safety	200,212	200,212	53,912	146,300
Public works:				
Public works	9,328,379	9,328,379	3,899,231	5,429,148
Engineering and construction	490,435	490,435	16,302	474,133
Community, recreational, and cultural programs	2,729,515	2,729,515	1,037,874	1,691,641
Intergovernmental programs	11,286,219	11,286,219	3,198,790	8,087,429
Total expenditures	35,579,440	35,579,440	13,197,908	22,381,532
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ 128,927	\$ 128,927

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2015

(Amounts expressed in thousands)

(Continued)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 13,327
Actual amounts not included on budgetary basis.	2,379
The adjustments to convert to GAAP basis, recording of receivables and revenues, not included in budget.	<u>(754)</u>
Total Community Development Fund revenue on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 14,952</u>

Users/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of revenues, expenditures, and changes in fund balance - actual and budget.	\$ 13,198
Actual amounts not included on budgetary basis.	2,230
The adjustments to convert to GAAP basis, recording of expenditures and liabilities not included in budget.	<u>(476)</u>
Total Community Development Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance.	<u>\$ 14,952</u>

(Concluded)

See accompanying notes to financial statements.

FIDUCIARY FUND STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2015

	Pension Trust Fund	OPEB Trust Fund	Agency Fund
Assets			
Cash and cash equivalents	\$ 19,940,136	\$ 1,019,616	\$ 18,715,173
Investments:			
Preferred and common stock	46,978,445	-	-
U.S. government and agency obligations	12,109,911	1,115,878	-
Corporate and other obligations	35,437,905	-	-
Mutual funds:			
U.S. equities	86,096,208	5,343,619	-
Non-U.S. equities	60,127,511	-	-
Fixed income	24,701,528	3,297,829	-
Hedge funds	45,353,073	-	-
Real estate funds	33,842,433	597,975	-
Private equity	12,676,479	-	-
Due from City of Pittsburgh General Fund	2,900,000		
Other assets	-	-	84,287
Accrued interest and dividend receivables	439,614	-	-
	Total Assets	11,374,917	18,799,460
Liabilities			
Benefits and related withholdings payable	2,755,752	-	-
Accounts payable	-	-	7,500
Deposits held in trust	-	-	951,971
Accrued liabilities and other payables	44,765	-	17,839,989
	Total Liabilities	-	18,799,460
Net Position			
Restricted for Pension Benefits and other purposes	\$ 377,802,726	\$ 11,374,917	\$ -

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Pension Trust Fund	OPEB Trust Fund
Additions:		
<hr/>		
Contributions:		
Employer - pension benefits	\$ 45,499,149	\$ -
Employer - other benefits	3,481,718	2,500,000
Plan members	10,900,701	-
State Aid	18,259,328	-
Total contributions	78,140,896	2,500,000
Investment income:		
Net increase (decrease) in fair value of investments	(4,270,124)	(400,488)
Interest and dividends	4,349,478	329,563
Total investment income (loss)	79,354	(70,925)
Investment expense	(867,730)	(5,632)
Net investment income (loss)	(788,376)	(76,557)
Miscellaneous:		
Other	107,862	-
Total additions	77,460,382	2,423,443
Deductions:		
<hr/>		
Benefit payments	89,240,555	-
Refund of employee contributions	1,188,020	-
Administrative expense	1,294,544	45,004
Total deductions	91,723,119	45,004
Change in Net Position	(14,262,737)	2,378,439
Net Position:		
<hr/>		
Beginning of year	392,065,463	8,996,478
End of year	\$ 377,802,726	\$ 11,374,917

See accompanying notes to financial statements.

COMBINING STATEMENTS OF
DISCRETE COMPONENT UNITS

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION

COMPONENT UNITS

DECEMBER 31, 2015

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 95,142,388	\$ 28,269,000	\$ 2,627,614	\$ 167,882	\$ 126,206,884
Cash and cash equivalents - restricted	-	-	5,596,096	10,911,217	16,507,313
Investments - unrestricted	43,196,888	-	-	7,738,861	50,935,749
Investments - restricted	-	-	-	23,887,707	23,887,707
Accounts receivable, net	-	30,243,000	-	885,502	31,128,502
Due from other governments	6,876,574	-	-	-	6,876,574
Notes receivable	-	-	-	12,644	12,644
Inventory	-	3,174,000	-	-	3,174,000
Accrued interest receivable and other assets	-	-	287	327,061	327,348
Other receivables	633,154	-	1,574,036	-	2,207,190
Prepays	-	180,000	9,862	-	189,862
Total current assets	145,849,004	61,866,000	9,807,895	43,930,874	261,453,773
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	-	33,553,000	-	-	33,553,000
Investments	-	11,181,000	-	8,822,232	20,003,232
Non-routine maintenance	-	-	-	-	-
Deposits held for development fund	-	-	2,526,158	-	2,526,158
Reserve/loans escrow	-	-	2,546,039	-	2,546,039
Total restricted assets	-	44,734,000	5,072,197	8,822,232	58,628,429
Investments - unrestricted	-	-	-	15,481,873	15,481,873
Capital assets:					
Buildings and building improvements	56,950,041	-	29,182,432	-	86,132,473
Land and land improvements	13,204,423	-	-	26,048,987	39,253,410
Parking facilities	-	-	-	165,585,162	165,585,162
Machinery and equipment	-	-	43,588	13,235,577	13,279,165
Utility assets	-	837,067,000	-	-	837,067,000
Non-utility assets	-	22,195,000	-	-	22,195,000
Infrastructure	-	-	2,241,369	-	2,241,369
Construction-in-progress	-	70,204,000	-	4,904,809	75,108,809
Less: accumulated depreciation	(25,046,830)	(275,918,000)	(6,664,632)	(90,931,237)	(398,560,699)
Total net capital assets	45,107,634	653,548,000	24,802,757	118,843,298	842,301,689
Leasehold improvements, net	-	-	-	5,182,469	5,182,469
Other assets	1,100,200	-	-	-	1,100,200
Property held for redevelopment	15,768,124	-	-	-	15,768,124
Loans/notes receivable, net	63,810,148	-	-	3,189,524	66,999,672
Net pension asset	-	-	-	1,141,653	1,141,653
Prepaid bond insurance	-	-	-	271,365	271,365
Total noncurrent assets	125,786,106	698,282,000	29,874,954	152,932,414	1,006,875,474
Total Assets	271,635,110	760,148,000	39,682,849	196,863,288	1,268,329,247
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	-	78,500,000	-	-	78,500,000
Net differences between projected and actual earnings on pension investments	-	-	-	704,063	704,063
Deferred charge on refunding	-	27,728,000	-	5,565,451	33,293,451
Total Deferred Outflows of Resources	-	106,228,000	-	6,269,514	112,497,514

(Continued)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS

DECEMBER 31, 2015
(Continued)

	URA	Pittsburgh Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total
Liabilities					
Current liabilities:					
Bonds and loans payable, current portion	1,766,552	22,099,000	801,793	5,740,000	30,407,345
Accrued payroll and related obligations	-	764,000	-	-	764,000
Accounts payable - City of Pittsburgh	-	-	-	13,401,976	13,401,976
Accounts payable - wastewater treatment	-	19,788,000	-	-	19,788,000
Unearned revenue	2,350,448	-	-	913,495	3,263,943
Other liabilities	-	-	-	18,486	18,486
Accounts payable and other accrued expenses	9,083,410	11,386,000	139,201	4,472,062	25,080,673
Accrued interest payable	-	9,875,000	55,946	243,787	10,174,733
Total current liabilities	13,200,410	63,912,000	996,940	24,789,806	102,899,156
Noncurrent liabilities:					
Unearned revenue	-	207,000	-	-	207,000
Other liabilities	-	-	-	5,092,984	5,092,984
Accrued payroll and related obligations	-	750,000	-	-	750,000
Swap liability	-	96,065,000	-	-	96,065,000
Bonds and loans payable, net of current portion	35,363,726	741,187,000	16,439,225	65,415,946	858,405,897
Advances from the City of Pittsburgh	-	-	22,775,168	-	22,775,168
Total noncurrent liabilities	35,363,726	838,209,000	39,214,393	70,508,930	983,296,049
Total Liabilities	48,564,136	902,121,000	40,211,333	95,298,736	1,086,195,205
Deferred Inflows of Resources					
Deferred gain on refunding	-	-	-	3,070,372	3,070,372
Differences between expected and actual experience for pension plan	-	-	-	53,229	53,229
Total Deferred Inflows of Resources	-	-	-	3,123,601	3,123,601
Net Position					
Net investment in capital assets	41,002,016	(15,963,000)	7,561,739	50,858,204	83,458,959
Restricted for:					
Capital projects	-	-	9,501,142	11,670,674	21,171,816
Debt service	-	-	2,546,039	569,669	3,115,708
Indenture funds	-	-	-	22,197,746	22,197,746
Urban Development	45,160,802	-	-	-	45,160,802
Lending programs	91,232,019	-	-	-	91,232,019
Housing program	2,784,034	-	-	-	2,784,034
Unrestricted	42,892,103	(19,782,000)	(20,137,404)	19,414,172	22,386,871
Total Net Position	\$ 223,070,974	\$ (35,745,000)	\$ (528,484)	\$ 104,710,465	\$ 291,507,955

(Concluded)

See accompanying notes to financial statements.

CITY OF PITTSBURGH, PENNSYLVANIA

STATEMENT OF ACTIVITIES

COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2015

	Program Revenues				Urban Redevelopment Authority						Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	URA Component Unit	Water and Sewer Authority	Stadium Authority	Public Parking Authority	Total	
Urban Redevelopment Authority:												
Governmental activities:												
Urban development	\$ 33,194,245	\$ 5,873,697	\$ 30,383,845	\$ -	\$ 3,063,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,063,297	
General government	8,980,814	2,358,840	2,000,000	-	(4,621,974)	-	-	-	-	-	(4,621,974)	
Interest on long-term debt	509,756	-	-	-	(509,756)	-	-	-	-	-	(509,756)	
Total governmental activities	<u>42,684,815</u>	<u>8,232,537</u>	<u>32,383,845</u>	<u>-</u>	<u>(2,068,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,068,433)</u>	
Business-type activities:												
Lending programs	2,750,605	1,933,550	-	-	-	(817,055)	-	-	-	-	(817,055)	
Property management	5,793,097	6,094,429	-	291,000	-	592,332	-	-	-	-	592,332	
Total business-type activities	<u>8,543,702</u>	<u>8,027,979</u>	<u>-</u>	<u>291,000</u>	<u>-</u>	<u>(224,723)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,723)</u>	
URA Component Unit	1,378,294	16,659	515,791	-	-	-	(845,844)	-	-	-	(845,844)	
Total URA	<u>52,606,811</u>	<u>16,277,175</u>	<u>32,899,636</u>	<u>291,000</u>	<u>(2,068,433)</u>	<u>(224,723)</u>	<u>(845,844)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,139,000)</u>	
Pittsburgh Water and Sewer Authority	169,107,000	174,164,000	-	18,129,000	-	-	-	23,186,000	-	-	23,186,000	
Stadium Authority	3,981,913	6,627,282	-	-	-	-	-	-	2,645,369	-	2,645,369	
Public Parking Authority	57,303,347	63,390,219	-	-	-	-	-	-	-	6,086,872	6,086,872	
Total Component Units	<u>\$ 282,999,071</u>	<u>\$ 260,458,676</u>	<u>\$ 32,899,636</u>	<u>\$ 18,420,000</u>	<u>(2,068,433)</u>	<u>(224,723)</u>	<u>(845,844)</u>	<u>23,186,000</u>	<u>2,645,369</u>	<u>6,086,872</u>	<u>28,779,241</u>	
General revenues:												
Investment income, net					56,091	208,535	-	199,000	4,566	314,068	782,260	
Gain (loss) on sale of assets					-	-	651,000	-	-	-	651,000	
Miscellaneous revenue (expense)					-	-	-	-	210,931	1,425,709	1,636,640	
Transfer in (out)					(28,515,723)	28,515,723	-	-	-	-	-	
Total general revenues					<u>(28,459,632)</u>	<u>28,724,258</u>	<u>651,000</u>	<u>199,000</u>	<u>215,497</u>	<u>1,739,777</u>	<u>3,069,900</u>	
Change in Net Position					<u>(30,528,065)</u>	<u>28,499,535</u>	<u>(194,844)</u>	<u>23,385,000</u>	<u>2,860,866</u>	<u>7,826,649</u>	<u>31,849,141</u>	
Net position - beginning, as restated for the Public Parking Authority					<u>144,683,199</u>	<u>77,632,271</u>	<u>2,978,878</u>	<u>(59,130,000)</u>	<u>(3,389,350)</u>	<u>96,883,816</u>	<u>259,658,814</u>	
Net position - ending					<u>\$ 114,155,134</u>	<u>\$ 106,131,806</u>	<u>\$ 2,784,034</u>	<u>\$ (35,745,000)</u>	<u>\$ (528,484)</u>	<u>\$ 104,710,465</u>	<u>\$ 291,507,955</u>	

See accompanying notes to financial statements.

CITY OF PITTSBURGH,
PENNSYLVANIA

NOTES TO
FINANCIAL STATEMENTS

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Primary Government Disclosures:

Description of City

The City of Pittsburgh, Pennsylvania (City or primary government) was incorporated on July 20, 1816 and chartered as a home rule municipality on January 5, 1976. The City operates under a strong mayor form of government and provides the following services as authorized by its charter: public safety (police, fire, and emergency medical services), highways and streets, sanitation, economic development, cultural and recreational, public improvements, planning and zoning, and general administrative services.

The major accounting principles and practices followed by the City are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

(A) The Financial Reporting Entity

The criteria used by the City to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) outside of the legal City entity within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the City reviews the applicability of the following criteria:

The City is financially accountable for:

1. Legally separate organizations if City officials appoint a voting majority of the organization's governing body and the City is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
 - a. **Impose its Will** – If the City can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. **Financial Benefit or Burden** – Exists if the City (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
2. Legally separate organizations that are fiscally dependent on the City, fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges or issue bonded debt without approval by the City.

Based on the foregoing criteria, the reporting entity has been defined to include all the legally separate-government entities for which the City is financially accountable or for which there is a significant relationship (component units). Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such organizations in the City's

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

financial statements are provided in the following paragraphs. Audited financial statements for all of the component units are available for public inspection in the City Controller's office.

(B) Net Position Deficit and Liquidity

As of December 31, 2015, the City, in its statement of net position, shows a total net deficit of \$1.29 billion with an unrestricted net position deficit of \$1.425 billion offset by \$134.3 million in net investment in capital and restricted assets. The largest components of the unrestricted deficit are principally the long-term obligations of the City including net pension obligations of \$851.3 million now recognized, general obligation debt to meet funding requirements to the Pension Trust Fund, borrowings to finance economic development efforts (including projects of the City's Authorities, related principally to the URA), maintenance, and equipment expenditures on City infrastructure. The City's debt service expenditures and debt subsidies in its governmental funds were \$89.0 million and \$7.3 million, respectively, or a combined 16.4% of its total expenditures and other financing uses; and the City used 22.11% of its current tax revenues to finance debt service requirements.

In November 2003, the City sought municipal self-help as a "financially distressed" municipality under the Municipalities Financial Recovery Act (Act 47) of the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania legislature also established an Intergovernmental Cooperation Authority (ICA) to provide fiscal oversight for the City for a period of seven years. The Act 47 coordinators appointed by the Commonwealth issued their five-year Recovery Plan, which was originally adopted by the City Council on June 29, 2004. On June 30, 2009, City Council adopted the amended Recovery Plan, making it a City ordinance, which further provided areas for Revenue enhancements and Expenditure reductions. On June 24, 2014, City Council adopted the second amended Recovery Plan, making it a City ordinance. During 2015, the City continued efforts to control costs, improve collections, and maintain solvency. The cash balance available for general operations of the City as of December 31, 2015 was \$47.2 million; this was enough to maintain normal function throughout the City in January 2016. Throughout 2015, the City continued its designation as a "financially distressed municipality." Currently, the Act 47 coordinators and the ICA will provide continued oversight to ensure compliance with the operating budget and approved five-year plan until this oversight is formally removed.

(C) Individual Component Unit Disclosures

Blended Component Units

Some component units, despite being legally separate from the City government, are so intertwined with the City government, whether through sharing common governing boards with the City or through providing services solely to the City that they are, in substance, the same as the City government and are reported as part of the City government. The blended component units reported in this way are the following:

City of Pittsburgh Equipment Leasing Authority
City Pension Trust

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

City of Pittsburgh Equipment Leasing Authority (ELA)

The ELA was incorporated in 1980 to serve as a financing vehicle for the acquisition of equipment. The Board consists of the Assistant Director of the Office of Management and Budget, the Chief Operations Officer, the President of Pittsburgh City Council, the Budget Director for City Council and the Deputy Director of the Department of Public Safety.

Although it is legally separate from the City, the ELA is reported as if it were part of the City government, because its sole purpose is to finance the City equipment needs. Its operations are included within other government funds. It operates on a December 31 fiscal year.

City Pension Trust

As described in Note 7, the City has a comprehensive pension trust for financial reporting purposes that is comprised of three defined benefit pension plans: the Municipal Pension Plan (Municipal); the Policemen's Relief and Pension Plan (Police); and the Firemen's Relief and Pension Plan (Fire), which together cover substantially all City employees. As required by Pennsylvania Law, a comprehensive Board oversees funding and investing activities. This Board consists of seven members, four of whom are appointed by the Mayor.

Plan benefit matters are administered by separate boards which include, for all plans, the president of the City Council and the City Controller and additionally, in the case of the Municipal and Fire plans, the Mayor.

The pension plans operate on a fiscal year ending December 31. Their operations are included in the Pension Trust Fund, as a fiduciary fund.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the primary government but the omission of which would cause the primary government's financial statements to be misleading or incomplete. As these component units do not meet the criteria for blended presentation, they are reported separately from the primary government. The component units presented in this manner are the following:

Pittsburgh Water and Sewer Authority
Stadium Authority of the City of Pittsburgh
Public Parking Authority of Pittsburgh
Urban Redevelopment Authority of Pittsburgh

Pittsburgh Water and Sewer Authority (PWSA)

PWSA was incorporated in February 1984 under the Municipality Authorities Act of 1945 to assume responsibility for the operation and improvement of the City's water distribution and wastewater collection systems. In 1984, pursuant to a Lease and Management Agreement, PWSA leased the entire City water supply, distribution, and wastewater collection system (System) from the City and assumed responsibility for establishing and collecting user fees and

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

charges and for maintaining and improving the System. The Lease and Management Agreement provided for the City to operate and maintain the System for PWSA subject to the general supervision of PWSA.

The City and PWSA agreed to terminate the Lease and Management Agreement in July 1995 and concurrently entered into a Cooperation Agreement and a Capital Lease Agreement (collectively referred to as the Agreements). The effect of these Agreements, as more fully described in Note 4, was to substantially transfer financial and management responsibility for the System to PWSA.

PWSA is legally separate from the City and is reported as a component unit. The PWSA Board consists of one City Council member, the City Treasurer, the City Finance Director, and four members chosen by the Mayor, and the City can to impose its will on PWSA. PWSA operates on a fiscal year ending December 31.

The Stadium Authority of the City of Pittsburgh (Stadium Authority)

The Stadium Authority was organized on July 1, 1965 to provide increased commerce and prosperity and to promote educational, cultural, physical, civic, social, and moral welfare to the general public.

The Stadium Authority was responsible for the management of the former Three Rivers Stadium (Stadium) located in the City. The Stadium was home to the Pittsburgh Pirates (Pirates) and Pittsburgh Steelers (Steelers) professional sports teams and was also utilized for various concerts and other events until it was razed in February 2001. Subsequent to the razing of the Stadium, the Stadium Authority is responsible for development of the land between Heinz Field and PNC Park.

The Board of Directors (Board) of the Stadium Authority, a five-member group, is appointed by the Mayor of the City. The Board is responsible for all the activities and operations of the Stadium Authority. The City is the guarantor of the Authority's debt. The Stadium Authority operates on a fiscal year ending March 31.

Public Parking Authority of Pittsburgh (Parking Authority)

The Parking Authority was created for the purpose of conducting the necessary activity to plan, acquire, construct, improve, maintain and operate, and own and lease land and facilities devoted to the parking of vehicles. In addition, the Authority is responsible for the enforcement of city and state parking codes throughout the City, including the responsibility for the operations of parking court. The Parking Authority is administered by a five-member Board, all of whom are appointed by the Mayor. The Parking Authority obtains its revenue from user charges and from street parking meter revenues. As discussed further in Note 14, a new agreement was entered into between the Parking Authority and the City that was effective beginning in 2015. Payments made to the City under this agreement during 2015 totaled approximately \$18.3 million. This agreement expires January 31, 2050. Accordingly, the City derives a financial

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

benefit from the Parking Authority. Note 14 describes related transactions between the Parking Authority and the City.

Urban Redevelopment Authority of Pittsburgh (URA)

The URA was established in 1946 under the Pennsylvania Urban Redevelopment Law. The URA acquires and clears blighted property; initiates rebuilding with the private sector; negotiates with the federal, state, county, and local governments for public funds and facilities; and works to maintain and improve the City's neighborhoods and business districts. Funding for the URA projects and programs is obtained primarily through revenue bonds and intergovernmental grants.

The URA is considered to be a component unit of the City as the Mayor of Pittsburgh appoints the Board of Directors of the URA, and a financial benefit/burden relationship exists between the City and the URA.

The reporting entity of the URA includes the accounts of all URA operations as well as two entities that qualify as component units of the URA. The component units of the URA are the Pittsburgh Housing Development Corporation (PHDC) and Pittsburgh Urban Initiatives (PUI).

The URA and its component units operate on a fiscal year ending December 31. Separate financial statements for the component units can be obtained through the Finance Department of the URA.

Administrative Offices

City of Pittsburgh
Equipment Leasing Authority
City-County Building, 5th Floor
414 Grant Street
Pittsburgh, PA 15219

City of Pittsburgh Finance Department
Combined Pension Trust Funds
City-County Building
414 Grant Street
Pittsburgh, PA 15219

Stadium Authority of the City
of Pittsburgh
171 10th Street, 2nd Floor
Pittsburgh, PA 15222

Pittsburgh Water and Sewer Authority
Penn Liberty Plaza I
1200 Penn Avenue
Pittsburgh, PA 15222

Public Parking Authority of Pittsburgh
232 Boulevard of the Allies
Pittsburgh, PA 15219

Urban Redevelopment Authority
of Pittsburgh
200 Ross Street
Pittsburgh, PA 15219

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Joint Venture

The Sports and Exhibition Authority of Pittsburgh and Allegheny County (formerly the Public Auditorium Authority)

The Public Auditorium Authority of Pittsburgh and Allegheny County (Authority) was incorporated on February 3, 1954 pursuant to the Public Auditorium Law Act of July 29, 1953 as a joint authority organized by the City and Allegheny County to provide educational, cultural, physical, civic, and social events for the benefit of the general public. Effective November 1999, the Public Auditorium Authority legally changed its name to the Sports and Exhibition Authority of Pittsburgh and Allegheny County (SEA). SEA is currently responsible for the management of the David L. Lawrence Convention Center (Convention Center) and leases the Mellon Arena (formerly the Civic Arena), the Benedum Center and the John Heinz History Center to other entities located in the City. SEA was also responsible for the construction of the Pittsburgh Steelers Sports, Inc. (Pittsburgh Steelers) football stadium (Heinz Field), the Pittsburgh Associates' (Pittsburgh Pirates) baseball park (PNC Park), the Convention Center expansion project, New Arena Project, and various associated infrastructure improvements referred to collectively as the Regional Destination Financing Plan. For the year ended December 31, 2015, SEA's operating loss was \$34.2 million, and the change in net position was an increase of \$9.9 million. SEA had total net position of \$386 million.

The Board of Directors (Board) of SEA, a seven-member group, is appointed by the City and Allegheny County. Each executive appoints three members and the Mayor and County Executive jointly appoint the seventh member. The Board is responsible for the overall activities and operations of SEA. The Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In 2004, SEA borrowed \$20 million from local banks to be used for both operating and capital needs. These borrowings were refinanced with the 2010 Bank Loans. The following revenues are pledged for repayment of this loan: parking revenues generated at the Convention Center and North Shore parking garages and two North Shore lots, gaming revenues, and residual/discretionary hotel tax receipts. Additionally, as part of the transaction, the City and Allegheny County reaffirmed their responsibilities under a 1978 Cooperation Agreement to finance the Convention Center's operating deficits.

SEA has suffered operating deficits and has indicated that it may require funding from the City and Allegheny County in the future. No liability has yet been recorded for any such payments as the City does not anticipate payment during 2015 and no future payments are currently deemed more likely than not.

SEA operates on a fiscal year ending December 31. Complete financial statements for SEA can be obtained from its administrative office at 171 10th Street, 2nd Floor, Pittsburgh, PA 15222.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Related Organizations

Housing Authority of the City of Pittsburgh (Housing Authority)

The Housing Authority was established to acquire and maintain properties for the purpose of providing low-income housing for residents of the City. Rental charges and subsidies from Federal Housing and Urban Development grants are the principal revenue sources.

The Housing Authority is administered by a seven-member Board, all of whom are appointed by the Mayor. City Council approves five of the seven appointments. The City does not subsidize the operations of the Housing Authority and does not guarantee its debt service.

The Housing Authority operates on a fiscal year ended December 31.

Pittsburgh Land Bank (Land Bank)

The Land Bank is a separate legal entity created for the purpose of acting as a land bank under the Land Bank Act (Pennsylvania Act 153-2012). The Land Bank is administered by a nine-member Board, three appointed by the Mayor, three appointed by the City Councilperson representing the districts with the most distressed and vacant parcels, and three community members elected by the first six. The formal operations are still in the development phase. There were no land transactions made during the fiscal year ended December 31, 2015. The City shall not have ownership interest in real property owned by the Land Bank.

Jointly Governed Organization

The Allegheny County Sanitary Authority (ALCOSAN) was organized under the Municipal Authority Act of 1945 to collect, transport, and treat wastewater for the City and seventy-seven (77) other Allegheny County municipalities. ALCOSAN'S Board has seven members: three are appointed by the City, three are appointed by Allegheny County, and one is appointed jointly by Allegheny County and the City. The City has no direct ongoing financial interest or responsibility for ALCOSAN. See Note 4 for transactions between the City and the PWSA.

East Liberty Transit Revitalization Investment District Revitalization Authority (ELTRIDRA) is a governmental authority which was formed to manage the East Liberty Revitalization Investment District. ELTRIDRA's five member Board of Directors includes one representative each from the URA, the City, Pittsburgh Public Schools, Port Authority of Allegheny County, and Allegheny County. The URA provides administrative support to ELTRIDRA. ELTRIDRA is considered a related entity of the representative entities. Financial information is available for ELTRIDRA at the URA's offices.

(D) Financial Statement Presentation

Government-Wide Financial Statements – Financial statements prepared using the economic resources measurement focus and full accrual basis of accounting for all the government's activities are required. These statements include all assets, deferred outflows of resources,

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

liabilities, revenues, and expenses of the primary government and its component units, excluding fiduciary activities.

The effect of City inter-fund activity has been eliminated from these statements. The City does not allocate indirect expenses. The government-wide statements segregate governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, if any, which rely on user fees and charges for support. Component units, which are legally separate and discretely presented, are also segregated.

Statement of Net Position – presents both governmental and business-type activities, if any, on the full accrual, economic resource basis, which incorporates long-term assets and receivables; deferred outflows of resources; long-term debt and obligations; and deferred inflows of resources.

Statement of Activities – presents the net cost of each individual function. Program revenues are presented as a reduction of the total cost of providing program services. Program revenues include charges for services, operating grants and contributions and capital grants that are directly associated with a specific function. Taxes and other revenue sources not reported as program revenue are included as general revenue.

Fund Financial Statements – The City’s accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the basic financial statements in this report into two broad fund categories as follows:

Governmental Funds account for expendable financial resources. Governmental fund types use the flow of current financial resources measurement focus. The major governmental funds are:

General Fund – The General Fund is the general operating fund of the City. It finances the regular day-to-day operations of the City. It is used to account for all financial revenues and expenditures, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Special Revenue Community Development Block Grant Fund – Community Development Block Grant Fund is used to account for the cost of neighborhood development and improvement projects. These programs are financed primarily by the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

(CDBG) program. A substantive portion of the funds received under the program have been allocated to the Urban Redevelopment Authority of Pittsburgh.

Capital Projects Fund – A Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Nonmajor Governmental Funds – These funds include all other non-major governmental funds.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, or other funds. The fiduciary funds are:

Pension Trust Fund – The Comprehensive Fund accounts for the operations of the City's pension plans as described in Note 7. This is accounted for in the same manner as a proprietary fund type. Measurement focus is upon determination of the change in net position and financial position.

OPEB Trust Fund is used to report resources held in trust for post-employment benefits other than pension benefit. This fund was newly created in 2012 with the establishment of the trust.

Agency Funds – Accounts for assets held for, and due to, employee benefits, payroll withholding, deposits, and other. These funds are custodial in nature and do not involve measurement of results of operations.

The basic financial statements also include the statement of net position and statement of activities of the following component units:

Pittsburgh Water and Sewer Authority
Stadium Authority of the City of Pittsburgh
Public Parking Authority of Pittsburgh
Urban Redevelopment Authority of Pittsburgh

Budgetary Comparison Statements – The statements are presented to demonstrate whether resources were obtained and used in accordance with the government's legally adopted budget for the General Fund and the Community Development Fund. The City revises the original budget over the course of the year for various reasons. Under the current reporting model, budgetary information continues to be provided and includes a comparison of the government's original adopted budget to the current comparison of final budget and actual results. The City's budget is prepared on a non-GAAP basis as described in Note 2.

(E) Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Governmental activities in the government-wide statement are presented using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recognized when earned, and expenses are recognized when a liability has been incurred, regardless of the timing of related cash flows.

Governmental funds are accounted for using the current resource measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. General Fund tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to accrual, the real estate taxes must be collected within the City's period of availability of sixty (60) days. The portion of uncollected real estate taxes that are deemed to be collectible at the end of this period are reported as deferred inflows of resources. Interest income and intergovernmental receivables (state and federal grants to the extent of allowable expenditures) are considered susceptible to accrual. The City considers all non-real estate taxes and other revenues reported in the governmental fund to be available if the revenues are collected within sixty (60) days. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures and other long-term liabilities, such as workers' compensation, accrued claims and judgments, and both short- and long-term compensated absences are recorded only when payment is due and payable.

The City generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific situation.

Non-exchange transactions, in which the City receives value without directly giving value in return, include real estate and other taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

(F) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments, including trust and restricted assets, with an original maturity of three months or less. Note 3, Deposits and Investments, provides a detailed disclosure regarding cash, cash equivalents, and investments held by the City.

(G) Investments

Investments in all funds are carried at fair value. Investments consist of a variety of investments including direct obligations of the U.S. government, money market funds, corporate and other

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

obligations, guaranteed investments, money market trust funds, and repurchase agreements. Note 3, Deposits and Investments, provides a detailed disclosure regarding cash, cash equivalents, and investments.

(H) Due To/From Other Governments

Outstanding balances between the City and other governments are reported as due to/from other governments.

(I) Taxpayer Assessed Taxes Receivable

Local wage taxes and other miscellaneous City taxes are recorded in the City's accounts as taxpayer assessed receivables and revenue at the time of the underlying transactions. In the governmental fund statements, taxes for which there is an enforceable legal claim as of December 31, 2015 which were levied to finance fiscal year 2015 operations have been recorded as deferred inflows of resources until such time as the taxes become due on a modified accrual basis. Local wage taxes are collected by a third party in accordance with PA Act 32. During 2015, the City changed the billing methodology for the payroll preparation tax by Ordinance, resulting in additional revenue attributable to 2015.

(J) Other Receivables

Other City accounts receivable are recorded in the City's accounts as other receivables when earned, less an allowance for uncollectible accounts.

(K) Capital Assets

Capital assets acquired or constructed by the City are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost. Capital assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year. Gifts or contributions are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the estimated useful life of each capital asset. No depreciation expense is recorded for land and construction-in-progress. The value of the City's art collection is indeterminable and would not be material to capital assets as a whole. The estimated useful lives for capital assets are as follows:

Furniture and fixtures	3-5 years
Building and structures	25-50 years
Equipment	2-10 years
Infrastructure	20-50 years
Vehicles	2-10 years

(L) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City and component units have three items that qualify for reporting in this category:

- The accumulated decrease in fair value of hedging derivatives.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- In conjunction with pension accounting requirements, the difference between expected and actual investment earnings is recorded as a deferred outflow of resources related to pensions. This amount is determined based on the actuarial valuation performed for the plan. In addition, the difference between expected and actual experience related to the Firemen's pension fund and Municipal pension fund is recorded as a deferred outflow of resources related to pensions. This amount is determined based on the actuarial valuation performed for the plan as described further in Note 7.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, payroll preparation taxes and other taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the full accrual basis, the City and component units have two items that qualify for reporting in this category:

- A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- In conjunction with pension accounting requirements, the difference between expected and actual experience related to the Policemen's fund is recorded as a deferred inflow of resources related to pensions. This amount is determined based on the actuarial valuation performed for the plan as described further in Note 7.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

(M) Workers' Compensation

The City is self-insured for purposes of workers' compensation benefits. Both short-and-long-term amounts payable are reported within the government-wide financial statements only.

In order to qualify for and maintain self-insurance status, the City must comply with certain Commonwealth requirements. The requirements for 2015 are as follows:

- Maintain an irrevocable trust fund. The City's contribution to the fund is determined annually in negotiations with the Commonwealth Department of Labor.
- Satisfy the financial responsibility requirements of the Commonwealth of Pennsylvania.
- Establish liability reserves based upon expected future payments for all claims outstanding one year or more at the end of any fiscal year.

Presently, the irrevocable trust may be used by the State of Pennsylvania only in the event of default by the City under the self-insurance regulations. No risk financing activity is currently being recorded in this trust fund.

PWSA is also self-insured for general liability coverage and has established a Self-Insured Escrow Fund (general liability) to cover potential liability claims.

(N) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered, and employees have earned the right to receive compensation for such services.

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. Accordingly, in the fund financial statements for governmental funds, no expenditure is reported for compensated absences until they are due and payable. Current and non-current portions of compensated absences totaling \$29,846,126 are recorded in the government-wide financial statements, and represent a reconciling item between the government-wide and fund presentations.

(O) Pensions

In the government-wide financial statements, the City recognizes pension expenses in accordance with GASB Statements No. 68 and 71 (See Note 7). Pension expenditures are recognized under the modified accrual basis within governmental funds to the extent of the City contributions. Contributions made to the Plan represent 100% of the PA Act 205 minimum municipal obligation plus, starting in 2010, additional contributions to increase the funding level of the Plan. See Note 7 for further pension disclosures.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

(P) Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in governmental activities in the statement of net position in the government-wide financial statements. Bond premiums and discounts are amortized over the life of the bonds using the straight line method that approximates the effective interest method or the effective interest method itself. Bond premiums and discounts are recorded as current period costs in the governmental funds.

(Q) Interfund Transactions

On fund financial statements, receivables and payables resulting from outstanding balances are classified as “Interfund receivables/payables.” These amounts are eliminated in the governmental column of the statement of net position. Flow of cash or goods from one fund to another without a requirement for repayment is reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

(R) Encumbrances

The City uses encumbrance accounting for budgetary reporting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Funding for all encumbrance lapses at year-end and re-appropriation is required by the City Council with the exception of capital fund project encumbrances.

(S) Net Position

Net position represents the difference between assets, deferred outflows of resources and liabilities. Net position invested in capital assets net of related debt consist of capital assets, net of accumulated depreciation, and related debt used in the acquisition or construction of capital assets. Net position is reported as restricted when there are limitations imposed on its use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Unrestricted net position is available for use in the current period.

(T) Use of Estimates

Management of the City has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses, and the disclosure of contingent assets and liabilities to prepare their financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

(U) Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are legally restricted for endowments, employee benefits, state and federal specific grants purposes, and for capital projects.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by City Council. Such commitment is made via a Council resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires an equal action by Council. Committed funds include funds for specified program services as defined by the creation of the fund and interfund advance.
- Assigned – This category represents intentions of the City to use the funds for specific purposes. This category includes encumbrances and funds remaining for debt service. The City's Charter requires City Council to approve a Resolution to set up encumbrances. The encumbrances are then submitted to individual department Directors for execution.
- Unassigned – This category represents all other funds not otherwise defined.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(V) Pending Pronouncements

GASB has issued Statement No. 72, "*Fair Value Measurement and Application*," effective for fiscal years beginning after June 15, 2015. This statement addresses accounting and financial reporting issues related to fair value measurements. The effect of implementation of this Statement has not yet been determined.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*," effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

GASB Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*,” effective for fiscal years beginning after June 15, 2016. This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces Statement No. 43.

GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*,” effective for fiscal years beginning after June 15, 2017. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, “*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*,” effective for fiscal years beginning after June 15, 2015. This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

GASB Statement No. 77, “*Tax Abatement Disclosures*,” effective for fiscal years beginning after December 15, 2015. This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government’s finances.

GASB Statement No. 79, “*Certain External Investment Pools and Pool Participants*,” effective for fiscal years beginning after June 15, 2015 (certain provisions are effective for fiscal years beginning after December 15, 2015). This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized costs for financial reporting purposes.

GASB Statement No. 80, “*Blending Requirements for Certain Component Units*,” effective for fiscal years beginning after June 15, 2016. This statement clarifies the financial statement presentation requirements for certain component units, amending Statement No. 14.

GASB Statement No. 81, “*Irrevocable Split-Interest Agreements*,” effective for fiscal years beginning after December 15, 2016. This statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, “*Pension Issues*,” an amendment of GASB Statements No. 67, No. 68, and No. 73, effective for fiscal years beginning after June 15, 2016. This statement

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

improves consistency in the application of pension accounting and financial reporting requirements by addressing certain items in GASB Statements No. 67, No. 68 and No. 73.

(W)Adoption of Pronouncement

GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions,*” and Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date.*” These statements revise and establish reporting requirements for most governments that provide employees with pensions. As a result of adopting GASB Statement No. 68 and GASB Statement No. 71, net position as of January 1, 2015 of the City and the Parking Authority has been restated by (\$902,383,131) and \$1,783,857, respectively.

The Parking Authority adopted GASB Statement No. 78, “*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.*” This statement amends the scope of Statement No. 68 to exclude certain pensions provided to employees of state and local governmental employers through a cost-sharing multiple-employer defined benefit plan.

Component Unit Disclosures:

Property Held for Redevelopment

Property held for redevelopment relates mainly to land and buildings held by the URA that is available for redevelopment. Depending on the nature of the redevelopment activity, the transfer of this property may consist of many forms: grant, subsidized or below-market sale, or an independent, market-based sale. This property is held at cost or estimated net realizable value, if less than cost. Estimated net realizable value is calculated once plans or disposition agreements are in place to dispose of property at less than cost. When assets are sold, the proceeds are either returned to the program to further its purposes or returned to the grantor agency that funded the original purchase.

Loans Receivable

URA loans receivable are recognized when the loan is established for loans with terms of thirty years or less. Loans with amortization terms greater than thirty years or which are repayable on a contingent basis, such as the sale of the property or completion of development, are treated as grants for accounting purposes and are recorded as expenditures when disbursed or are fully reserved.

It is the URA’s policy to provide for future losses on loans based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the URA’s judgment, may impact collectability. At December 31, 2015, the total allowance for uncollectible loans, including those only repayable on a contingent basis and fully reserved at the time of issuance, was \$149 million.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

URA's amortizing loans are recorded at their principal balance due less an allowance for uncollectible accounts.

Other Long-term Liabilities

An Agreement of Sale in Lieu of Condemnation (Agreement) was executed on April 14, 2004 between the Public Parking Authority and Greyhound Lines, Inc. (Greyhound). As stipulated in the Agreement, the Public Parking Authority purchased from Greyhound the property located at the corner of Liberty Avenue and 11th street for the purchase price of \$6,242,000 for the construction of the bus terminal. Greyhound leases the bus terminal from the Public Parking Authority for an annual base rent of \$1 for an initial term of 30 years. There are three consecutive 10-year extension terms, each with an annual base rent of \$100,000. The \$6,242,000 is being recognized as revenue over the term of the lease, which commenced on October 1, 2008. The balance of unearned rent/revenue at December 31, 2015 is \$4,733,517.

2. BUDGETS AND BUDGETARY ACCOUNTING

1. General Budget Policies – As required by the Home Rule Charter, the City follows these procedures in establishing the budgetary data reflected in the financial statement:

- a. On the second Monday of November preceding the fiscal year, the Mayor presents to City Council a General Fund and Community Development Fund operating budget and a capital budget for the succeeding fiscal year.
- b. Public hearings are conducted to obtain the advice of other officials and citizens as part of the preparation of these budgets.
- c. Before the beginning of the fiscal year, City Council adopts, by resolution, these budgets.
- d. The adoption of the operating and capital budgets constitutes an appropriation or setting apart of funds from general resources of the City for purposes set forth in the budgets.
- e. City Council may amend, by resolution, the operating budget within five weeks after the beginning of the fiscal year, but not thereafter except with the approval of the Mayor. The capital budget may, by resolution, be amended by City Council at any time.
- f. City Council at all times may, by resolution, transfer funds from one account to another if the total operating budget amount is not exceeded. No revision to the budget may be made without City Council approval. The operating budget shall in any event, remain balanced at all times.
- g. The capital budget is generally based on a proposed six year capital program, which must be updated each year and submitted to City Council by the Mayor at least 30 days prior to the day the operating budget is submitted. The capital budget also includes appropriations for the Community Development Fund. Budget and actual data for the Community

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Development Fund is reflected in the Community Development Fund. The remainder of the capital budget is reflected in the Capital Projects Fund.

- h. Formal budgetary integration is employed as management control device for the General, the Community Development, and the Capital Projects Funds. Formal budgetary integration is not employed for the debt service fund since effective budgetary control is alternatively achieved through general obligation bond indenture provisions, nor for the other governmental funds since control is prepared on a project basis. The General, Community Development, and Capital Projects Funds have legally adopted annual budgets.
- i. All budgets are prepared and controlled at the department level by subclass. The Budget Office reviewed all budget deficits and monitored budget to actual by subclass during the year. Further refinement of the budget control matters are expected to be addressed in a future year. Due to the voluminous number of projects, separately issued line item capital budget reports are available from the City Controller's Office.
- j. Operating appropriations lapse at year-end. City Council can, however, authorize, by resolution, the carryover of appropriations to the following year. The Community Development and Capital Projects Funds appropriations carry over to subsequent years without formal re-appropriation.
- k. Operation budget figures are amended by City Council with Mayoral approval. These budget amendments represent line item transfers between expenditures accounts and carryover of appropriations from the previous year. The approved original General Fund budget includes revenues of \$516.6 million and expenditures of approximately \$507.8 million in 2015. The budgetary expenditures, as amended, include carryover appropriation and other changes approved by City Council during 2015 of \$2.9 million; budgeted revenues were not amended during 2015 and remained as adopted.

2. Budgetary Basis of Accounting

The General Fund budget is adopted on a cash basis. Budgeted encumbrances for purchase commitments are treated as restrictions of available cash and as expenditures. Budgets in Capital Projects Funds are also adopted on a cash basis, except that budgets for each project are adopted on a project basis, which may encompass a period longer than one year. Accordingly, budget figures, as amended, for Community Development and Capital Projects Funds reflect current year appropriations and unexpended prior year's appropriations.

3. Excess Expenditures over Appropriations

The City had several negative variances in the General Fund where the amount spent exceeded the budget. They were:

- City Council – Salaries
- Department of Permits, Licenses, & Inspection – Non-salaries

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The excess was covered by expenditures under appropriations in other line items. In these cases, the City decided to show the variances rather than amend the budget.

3. DEPOSITS AND INVESTMENTS

Both Pennsylvania statutes and City code provide guidelines for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. Both allow the pooling of funds for investment purposes. Neither the statutes, nor City code prescribe regulations related to demand deposits; however, all depositories of City funds must meet qualifying criteria set forth in Section 223 of the City code.

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

(A) Primary Government Funds and Agency Funds

Cash balances available for investment by most City funds are maintained in pooled bank and investment accounts to improve investment opportunities. Income from investment of pooled cash is recorded in the General Fund. Certain unrestricted and restricted cash and short-term investment balances in the accompanying balance sheet represent the undivided interest of each respective fund in the pooled accounts.

Investment policies permit the City to invest in the following:

1. U.S. Treasury Securities (bills, notes, bonds).
 2. Obligations of specific agencies of the federal government where principal and interest is guaranteed by the U.S. government.
 3. Fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations accepted as depository institutions under the Pittsburgh City Code.
 4. Money market mutual funds authorized by City Council whose portfolio consists of government securities issued by the U.S. government and that are fully guaranteed as to principal and interest.
 5. Local government investment pools and or trusts as approved by the state legislature or City Council from time to time.
 6. Repurchase agreements collateralized by the U.S. Treasury securities and marked to market. In order to participate in the repurchase agreement market, a depository must execute a master repurchase agreement contract with the City.
-

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

To ensure adequate liquidity, at least 10% but no more than 40% of the portfolio shall be in overnight repurchase agreements, money market funds, or other secure and liquid forms of acceptable investments. Unless specifically matched to a cash flow, at least 20% of the portfolio shall mature within 91 days with the maximum maturity of any investment to be no longer than one year from the date of purchase unless specifically approved in writing by the Director of Finance.

The City maintains compensating balances with some of its depository banks to offset specific charges for check clearing and other services.

Governmental Funds

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank or counterparty failure, the City's funds may not be returned to it. The City policy does not specifically address custodial credit risk. As of December 31, 2015, \$147,287,594 of the City's combined bank balances of \$150,037,594 subject to custodial credit risk were exposed to custodial credit risk, which is 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.

Interest Rate Risk – The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; the City investments must have maturities no greater than ten years within the constraint of meeting cash flow requirements. As of December 31, 2015, the City's exposure to interest rate risk was limited to \$33,018,649, 22% of deposit and investment funds available, with a weighted average maturity period of 375 days.

Credit Risk – The City's investment policy limits its investment choices based on government backed instruments and credit ratings by nationally recognized statistical rating organizations. \$48,729,892 of the City's cash and cash equivalents are held in U.S. Treasuries and are therefore not exposed to this type of risk.

Agency Funds

Custodial Credit Risk – As of December 31, 2015, \$20,860,445 of the City Agency Funds' combined bank balances of \$22,110,445 were exposed to custodial credit risk, which is 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.

Interest Rate Risk – The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; the City's investments must have maturities no greater than ten years within the constraint of meeting cash flow requirements. As of December 31, 2015, the City's Agency Funds exposure to interest rate risk was \$1,000,000, 5% of deposit and investment funds available, with a weighted average maturity period of 365 days.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Credit Risk – The City’s investment policy limits its investment choices based on government backed instruments and credit ratings by nationally recognized statistical rating organizations. \$4,800,000 of the City’s Agency Fund investments are held in U.S. Treasuries and are therefore not exposed to this type of risk.

(B) Pension Trust

Deposits are maintained by all entities within the Funds. The Comprehensive Municipal Pension Trust Fund (CMPTF) holds all investment vehicles on behalf of the Funds. The CMPTF was established on January 1, 1988 by combining the assets and liabilities of the three prior investment plans representing the City of Pittsburgh Police and Fire Departments and Non-uniformed Municipal workers in order to provide a consolidated investment strategy to support the City of Pittsburgh pension obligation.

The CMPTF is governed by a formal investment policy established by its Board of Directors (Board). The policy dictates that investments must be managed in a manner consistent with the Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act (Act 205) and the Pennsylvania Fiduciaries Code. The policy covers the two components of the CMPTF: 1) the Operating Fund and 2) the Long-Term Assets. The Operating Fund is a liquidity pool to accept employee, employer and supplemental state contributions and to make benefit dispersals. As such, the Operating Fund investments are restricted to high quality, very short duration fixed income instruments whose average maturity must not exceed six months and whose quality is restricted to investment grade and above securities. The Long-Term Asset component includes restrictions on both fixed income and equity investments as discussed below.

Deposits

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the combined deposits of the City’s pension funds may not be returned to it. There are no formal deposit policies specifically addressing custodial credit risk.

As of December 31, 2015, \$1,069,104 of the City’s pension cash and short-term investment account deposits of the \$20,468,751 combined bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance was exposed to custodial credit risk, which is 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. \$3,276,858 of cash and cash equivalents were held at December 31, 2015 in the separate pension funds; the remaining \$16,663,278 was held in the CMPTF.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Investments

Long-term investments are all held by the CMPTF. These investments are assigned to professional asset managers that specialize in certain types of investments with oversight by an outside investment consultant and the Board in order to achieve an appropriate, diversified and balanced asset class mix to minimize portfolio risk.

The Investment Policy of the CMPTF dictates an allocation of 60% equity, 40% fixed income with a variation of 10% above or below these targets for each classification. At December 31, 2015, the CMPTF had been in compliance with this policy. Within each investment category there are specific policies to further address various types of risk compared to return. The investment advisors monitor compliance with the City's investment policy on a granular level that is different from the table below.

As of December 31, 2015, the CMPTF had the following cash, cash equivalents, and investments in its pension trust fund:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. government and agency obligations	\$ 12,109,911
Corporate debt	30,704,622
Other	4,733,283
Total debt securities	<u>47,547,816</u>
Cash and cash equivalents	19,940,136
Mutual funds:	
U.S. equities	86,096,208
Non-U.S. equities	60,127,511
Fixed income	24,701,528
Preferred and common stocks	46,978,445
Hedge funds	45,353,073
Real estate funds	33,842,433
Private equity	<u>12,676,479</u>
Total cash, cash equivalents, and other investments	<u>329,715,813</u>
Combined total	<u><u>\$ 377,263,629</u></u>

Concentration of Credit Risk – The CMPTF investment guidelines address this risk by requiring diversity and investment percentage limits. With the exception of Federal Government and Agency obligations, no one issue will comprise more than 10% of the aggregate fixed-income portfolio without the Board's prior approval. In addition, equity investment concentration in any single industry and in any company shall not exceed 25% and 5%, respectively, of the market value of the plan assets. To further reduce risk, diversification will also be achieved by using multiple managers whose styles and strategies are sufficiently distinctive. International managers may be allocated up to 30% of the plan's equity assets, and up to 50% of this

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

allocation may be allocated to emerging markets investments. As of December 31, 2015, these limits have been met.

Interest Rate Risk - The CMPTF has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The schedule below details maturity by investment type.

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2015			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government and agency obligations	\$ 12,109,911	\$ 203	\$ 1,461,250	\$ 450,278	\$ 10,198,180
Corporate debt	30,704,622	2,609,136	13,543,544	5,875,417	8,676,525
Other	4,733,283	1,188,049	-	-	3,545,234
Total debt securities	<u>\$ 47,547,816</u>	<u>\$ 3,797,388</u>	<u>\$ 15,004,794</u>	<u>\$ 6,325,695</u>	<u>\$ 22,419,939</u>

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The policy guidelines of the CMPTF limit investments to Federal Government and Agency issues and corporate issues having a Moody's rating of Aaa to Baa, with the exception that up to 20% of the fixed income assets may be allocated to high yield fixed-income securities. The Pension trust fund's December 31, 2014 investments in corporate bonds have received the following ratings from Moody's:

	Moody's Credit Rating	% of Corporate Debt Portfolio
Corporate debt	Aaa	7.00%
Corporate debt	Aa1	1.00%
Corporate debt	Aa2	3.00%
Corporate debt	Aa3	3.00%
Corporate debt	Baa1 - Baa3	63.00%
Corporate debt	Ba1 - Ba3	1.00%
Corporate debt	Unrated	22.00%
		<u>100.0%</u>

The City's investment in mutual funds and U.S. Government agencies implicitly guaranteed by the U.S. Government were unrated.

Private Equity Capital Commitments

The CMPTF has entered into agreements to commit capital into various private equity funds. The callable capital can be requested at any time by the fund. The remaining capital commitments as of December 31, 2015 are estimated as follows:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	Amount Committed	Amount Drawn	Amount Distributed	Remaining Capital Commitment
Birchmere Ventures III	\$ 1,000,000	\$ 1,000,000	\$ 893,272	\$ -
Draper Triangle Ventures II	1,000,000	1,000,000	1,059,426	-
Draper Triangle Ventures III	2,000,000	554,323	-	1,445,677
Novitas Capital Partners III	1,000,000	989,904	423,452	- *
Hirtle Callaghan PEP III	8,000,000	7,600,835	11,249,979	- *
Hirtle Callaghan PEP IV	8,000,000	7,418,650	9,832,776	- *
Hirtle Callaghan PEP V	3,000,000	2,481,360	1,765,944	- *
Crescent Mezz Partners VI	10,000,000	8,681,065	1,933,248	2,403,934 **
	\$ 34,000,000	\$ 29,726,137	\$ 27,158,097	\$ 3,849,611

* The investment period of this fund has ended. As such, no further capital can be called.

** A portion of this fund's distributions can be recalled.

(C) OPEB Trust

As of December 31, 2015, the OPEB trust fund had the following cash, cash equivalents, and investments:

Investment Type	Fair Market Value
Cash and cash equivalents	\$ 1,019,616
Mutual funds:	
U.S. equities	5,343,619
Fixed income	3,297,829
U.S. Government Agency	1,115,878
Real estate funds	597,975
Total cash, cash equivalents, and investments	\$ 11,374,917

The following is a description of the OPEB Trust Fund deposit and investment risks:

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The OPEB Trust Fund's investment policy dictates that investments shall include Federal Government and Agency issues and corporate issues having a Standard and Poor's rating of BBB to AAA or a Moody's rating of Baa to Aaa with the exception that up to 20% of fixed income assets may be allocated to high yield fixed-income securities. The target S&P credit rating of the aggregate portfolio shall be A or better. At December 31, 2015, the OPEB Trust Fund's U.S. Government Agency funds were unrated.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of investments. Through its investment policy, the OPEB Trust Fund manages its exposure to interest rate risk by utilizing certain criteria in selecting particular investment funds. U.S. government and agency funds mature in 1-5 years.

The asset allocation policies shall seek to produce a net, inflation adjusted, positive total return. The asset allocation policy shall be consistent with the investment objectives of the plan and based on the capital market assumptions.

The Investment Policy of the OPEB Trust Fund dictates an allocation for the Long Term Assets of 60% equity, 40% fixed income with a variation of 10% above or below these targets for each classification. At December 31, 2015, the OPEB Trust Fund had been in compliance with this policy. Within each investment category there are specific policies to further address various types of risk compared to return.

The OPEB Trust's investment in mutual funds was unrated.

(D) Pittsburgh Water and Sewer Authority (PWSA)

PWSA is authorized to invest in obligations of the U.S. government and government-sponsored agencies and instrumentalities; fully insured or collateralized certificates of deposit; commercial paper of the highest rating; repurchase agreements collateralized by government obligations or securities and highly rated bank promissory notes or investment funds or trusts; and, as to trustee assets, as otherwise permitted by the trust indenture as supplemented and amended in 1998. Throughout the year ended December 31, 2015, PWSA invested its funds in such authorized investments. PWSA does not have a formal investment policy that addresses custodial credit risk, interest rate risk, credit risk, or concentration of credit risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, PWSA's deposits may not be returned to it. As of December 31, 2015, \$27,700,000 of PWSA's bank balance of \$28,700,000 was exposed to custodial credit risk. \$9,256,000 of these amounts are 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. These deposits have a carrying amount of \$28,269,000 as of December 31, 2015, all of which is reported as current assets in the statement of net position.

In addition to the deposits noted above, included in cash and cash equivalents as noncurrent restricted assets on the statement of net position are the following short-term investments: money market funds of \$33,553,000.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

At December 31, 2015, PWSA held the following investment balances:

	<u>Carrying value</u>	<u>Maturity in years Less than 1 year</u>
Commonwealth of PA:		
Revenue Bonds (Guaranteed Investment Contracts)	\$ 8,550,000	\$ 8,550,000
Money market	33,553,000	33,553,000
Commercial paper	2,631,000	2,631,000
Total Investments	<u>\$ 44,734,000</u>	<u>\$ 44,734,000</u>

The carrying value of PWSA's investments is the same as their fair value amount. Investments of \$11,181,000 are included as noncurrent restricted investments on the statement of net position at December 31, 2015. Investments of \$33,553,000, consisting of money market funds, are included as noncurrent restricted cash and cash equivalents on the statement of net position at December 31, 2015.

Interest Rate Risk – Interest rate risk, the risk that changes in the interest rates will adversely affect the fair value of the PWSA's investments. PWSA is not subject to interest rate risk, as all of its investments at December 31, 2015 had maturities of less than one year.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2015, PWSA's investments in the guaranteed investment contracts were rated AAA by Standard & Poor's. The counterparty to PWSA's guaranteed investment contracts is the Commonwealth of Pennsylvania. PWSA's investments in money markets were rated AAA by Standard & Poor's. PWSA's investments in both fixed income and commercial paper at December 31, 2015 were rated A-1+ by Standard & Poor's.

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PWSA places no limit on the amount it may invest in any one issuer. PWSA has no investments of greater than 5% with one issuer.

As further described in Note 9, PWSA has a derivative instrument that is accounted for as an investment. Credit and interest rate risks related to this investment are described in Note 9.

(E) The Stadium Authority of the City of Pittsburgh (Stadium Authority)

The carrying amounts of the Stadium Authority included cash deposits and money market pooled investments held with banks as of March 31, 2015.

Interest Rate Risk – Although the Stadium Authority does not have a formal investment policy, it limits investment maturities as a means of managing its exposure to fair value losses arising

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

from increasing interest rates. All the Stadium Authority's investments have short-term maturities.

Credit Risk – The Stadium Authority is subject to credit risk on investments. The maximum amount of loss the Stadium Authority would incur, if any, if the parties failed to perform on their obligation is limited to the amount recorded in the financial statements. The Stadium Authority does not hold any type of collateral on these investments.

Concentration of Credit Risk – The Stadium Authority places no limit on the amount that may be invested in any one issuer. The Stadium Authority maintains its cash and cash equivalent balances at three financial institutions. At March 31, 2015, all of the Stadium Authority's cash and cash equivalent deposits were either insured under federal insurance programs or collateralized.

(F) Public Parking Authority of Pittsburgh (Parking Authority)

Cash and Deposits

The Parking Authority's cash deposits are insured by the Federal Deposit Insurance Corporation or were not insured or collateralized in the Parking Authority's name, but were 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. At December 31, 2015, the Parking Authority had a bank and book balance of \$10,734,349 and \$11,079,099 (including \$10,911,217 of restricted cash), respectively.

Investments

As of December 31, 2015, the Parking Authority had the following investments, of which \$32,709,939 are restricted as to their use. Blackrock and Morgan Stanley investments are in Mutual Fund investment pools.

<u>Investment</u>	<u>Amount</u>	<u>Percentage of Total Investment</u>	<u>Maturity</u>	<u>December 31, 2014 Rating</u>	
				<u>Standard & Poor's</u>	<u>Moody's Investors Service</u>
Morgan Stanley Institutional Liquidity					
Funds Government Portfolio	\$ 32,709,955	58.5%	n/a	AAAm	Aaa-mf
BlackrockPif TemFedFund	<u>23,220,718</u>	<u>41.5%</u>	n/a	AAAm	AAA-mf
Total	<u><u>\$ 55,930,673</u></u>	<u><u>100%</u></u>			

Interest Rate Risk – The Parking Authority does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Credit Risk –The Parking Authority has no investment policy that limits its investment choices. The deposit and investment strategy of the Parking Authority adheres to State statutes, related trust indentures, and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the strategy of the Parking Authority.

Concentration of Credit Risk – The Parking Authority places no limit on the amount the Parking Authority may invest in any one issuer.

(G) Urban Redevelopment Authority (URA)

The URA is authorized to make investments of the following types pursuant to the Redevelopment Act which requires investments meet a “reasonable man” standard. Under the URA’s policy, authorized investments include (1) United States Treasury bills, (2) short-term obligations of the United States government or its agencies or instrumentalities, (3) deposits in savings accounts or time deposits or share accounts of institutions which are insured, (4) obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision thereof, and (5) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the investments of that company meet the criteria of (1) through (4) above.

The deposit and investment practices of the URA and its component unit adhere to statutory and contractual requirements and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, and certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the trust indentures.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the URA’s deposits may not be returned to it. The URA does not have a formal policy for custodial credit risk. As of December 31, 2015, \$94,672,881 of the URA’s bank balance of \$96,361,830 was exposed to custodial credit risk, which is 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. As of December 31, 2015, the carrying amounts of the URA’s deposits were \$95,059,383.

As of December 31, 2015, none of the component unit’s bank balance was exposed to custodial credit risk. As of December 31, 2015, the carrying amounts of the component unit’s deposits were \$83,005.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

In addition to the deposits noted above, included in the investments were the following:

	Fair market value	Maturity in years						
		Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	26 years
Money Market Funds	\$ 36,807,177	\$ 36,807,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bonds	2,977,880	-	1,364,430	1,613,450	-	-	-	-
Freddie Mac	551,584	-	-	-	-	-	34,670	516,914
GNMA	2,446,416	-	38,512	-	-	-	1,471,167	936,737
FNMA	413,831	-	-	130,591	-	-	168,100	115,140
Total	\$ 43,196,888	\$ 36,807,177	\$ 1,402,942	\$ 1,744,041	\$ -	\$ -	\$ 1,673,937	\$ 1,568,791

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the URA’s investments. The URA’s policy is to attempt to match its investments with anticipated cash flow requirements. Unless matched to specific cash flow requirements, the URA will not directly invest in securities maturing more than five years from the date of purchase or in accordance with state and local statutes and ordinances.

Certain investments are comprised of assets securitized in the secondary market from loans issued from the loan programs. The maturities noted in the table above reflect the final maturity of the respective security and does not take into consideration non-routine repayments on principal as it is not possible to forecast these repayments. It is management’s intention to hold these securities until maturity. Interest rates on these investments are fixed and principal and interest repayments from these investments will be used to repay the related debt service.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The URA has an investment policy that limits its investment choices based on credit qualifications by investment type. As of December 31, 2015, the URA’s investments in money market funds were rated AAA by Standard & Poor’s. The URA’s investments in Freddie Mac, GNMA, and FNMA were not rated as of December 31, 2015.

4. TRANSACTIONS WITH THE PITTSBURGH WATER AND SEWER AUTHORITY (PWSA)

In July 1995, the City entered into a Cooperation Agreement and a Capital Lease Agreement (collectively referred to as the Agreements with PWSA).

(A) Cooperation Agreement

On January 1, 1995, the City water department employees became employees of PWSA. PWSA assumed workers' compensation and compensated absence liabilities, which had accrued during

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

the era of the City's Water Department.

Direct costs of the System's water operations are now generally paid directly by PWSA under the Cooperation Agreement. The City continues to provide PWSA with various services in accordance with the Cooperation Agreement, and PWSA reimburses the City for direct and indirect costs attributed by the City to the operation and maintenance of the System.

Under the Agreements, PWSA provides up to 600 million gallons of water annually for the City's use without charge. PWSA also continues to reimburse the City for the cost of subsidizing water service to those residents of the City situated beyond PWSA's service area so that those water users pay charges that mirror the rates of PWSA.

(B) System Lease

The City and PWSA entered into a Capital Lease Agreement (Capital Lease), effective July 27, 1995, with a term of thirty years, commencing as of July 15, 1995 and ending on September 1, 2025. The Capital Lease stipulates minimum lease payments of approximately \$101,000,000, including interest, all of which were satisfied during the initial three years of the capital lease. PWSA has the option to purchase the System in 2025 for \$1.

(C) Pension

As of December 31, 2003, the City has retained the pension obligation for PWSA's employees who participate in the City's Municipal Pension Plan. The extent of PWSA's participation in such obligation with respect to these employees whose membership continued upon becoming employees of PWSA is determined by the shared interpretation of the City and the PWSA of the intent of the Cooperation Agreement.

Uncertainty exists about the future obligation of PWSA and its employees to make contributions to the Plan. Such contributions are contingent upon the continuing eligibility of PWSA's employees to participate in the City's Plan. Eligibility for ongoing employee participation in the City's Plan could end if PWSA was to introduce another pension plan. At this time, PWSA and the City have no definite plans to establish another pension plan for PWSA, other than an agreement in principle that PWSA should have its own plan in the future. Future obligations of PWSA to make contributions to the Plan may also be subject to other amendments of the existing arrangement agreed upon by PWSA and the City.

See additional related party transaction disclosures for the URA, Stadium Authority, and Parking Authority in Note 14.

5. REAL ESTATE TAXES AND PROPERTY TAX REASSESSMENTS

Real Estate Taxes

The City has the power to levy and collect ad valorem taxes on all taxable real estate within its

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

boundaries. Real estate is assessed by Allegheny County Office of Property Assessment pursuant to the terms of the General County Assessment Law and the Second Class County Assessment Law, which require property to be assessed at actual market value. Property is assessed by the Board at 100% of fair market value. The taxable assessed value for 2015 was \$18,686,288,829.

A unified tax levy for land and buildings is made annually on January 1 and collected by the City. Taxes are payable annually or in three installments, at the taxpayers' option, normally due the last day of February, April 30, and July 31. A 2% discount is allowed on either the first installment or the full year tax payment, normally if paid by February 10. If no payment is received by the last day of February, the installment payment privilege is forfeited, and the entire tax for the year is considered delinquent. Penalty and interest is imposed on delinquent payments.

Delinquent taxes are lien'd every three years after the levy date. The City provides programs of tax abatement, administered by Allegheny County, for new construction and rehabilitation of residential and commercial/industrial properties pursuant to Commonwealth legislative authority. The residential abatement program provides for the abatement of taxes for a period of three years on the increased assessment attributable to new construction or rehabilitation up to an annually indexed average housing construction cost ceiling. The City makes tax abatements available for commercial/industrial properties for the assessment increase attributable to new construction.

Property Tax Reassessments

The City taxes land and building at the same unified rate and plans to maintain a unified rate unless land values are reassessed in the future. A court-ordered reassessment for Allegheny County, including the City of Pittsburgh, occurred during 2012. These reassessed values will continue to be used until the next reassessment. No "windfall" to the municipality can occur due to state law.

City and School Real Estate Taxes (property taxes) are based on the assessed value of the property as determined by the Allegheny County Board of Assessors. The assessed value of a property is broken down by land value and building value. For 2015, the City's tax rate was 8.06 mills on the assessed value of the property. The School District of Pittsburgh's tax rate was 9.84 mills on the assessed value. A mill is 1/10 of a cent. For example, on a property assessed at \$1,000, the City Real Estate tax would be \$8.06. The School District of Pittsburgh Real Estate Tax would be \$9.84.

Taxes are billed on a calendar year. There are two, tax relief programs in the City. They are Homestead and Senior Tax Relief.

The City has accrued for tax refunds and tax credits within accounts payable on the statement of net position and governmental funds balance sheet (General Fund) for payments received that are subject to refund.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

6. CAPITAL ASSETS

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Governmental activities:				
Non-depreciable assets:				
Land	\$ 45,602,091	\$ -	\$ -	\$ 45,602,091
Construction-in-progress	5,299,614	4,880,825	(5,131,886)	5,048,553
Total	<u>50,901,705</u>	<u>4,880,825</u>	<u>(5,131,886)</u>	<u>50,650,644</u>
Depreciable assets:				
Buildings and systems	88,778,564	-	-	88,778,564
Accumulated depreciation	<u>(83,062,811)</u>	<u>(1,055,880)</u>	<u>-</u>	<u>(84,118,691)</u>
Net	<u>5,715,753</u>	<u>(1,055,880)</u>	<u>-</u>	<u>4,659,873</u>
Furniture and fixtures	4,192,053	5,332	-	4,197,385
Accumulated depreciation	<u>(4,186,053)</u>	<u>(267)</u>	<u>-</u>	<u>(4,186,320)</u>
Net	<u>6,000</u>	<u>5,065</u>	<u>-</u>	<u>11,065</u>
Machinery and equipment	3,450,447	141,310	-	3,591,757
Accumulated depreciation	<u>(3,434,431)</u>	<u>(9,201)</u>	<u>-</u>	<u>(3,443,632)</u>
Net	<u>16,016</u>	<u>132,109</u>	<u>-</u>	<u>148,125</u>
Vehicles	68,565,361	11,458,926	(7,480,905)	72,543,382
Accumulated depreciation	<u>(49,436,359)</u>	<u>(5,733,880)</u>	<u>7,297,569</u>	<u>(47,872,670)</u>
Net	<u>19,129,002</u>	<u>5,725,046</u>	<u>(183,336)</u>	<u>24,670,712</u>
Infrastructure	179,919,789	6,542,941	-	186,462,730
Accumulated depreciation	<u>(122,227,988)</u>	<u>(4,501,131)</u>	<u>-</u>	<u>(126,729,119)</u>
Net	<u>57,691,801</u>	<u>2,041,810</u>	<u>-</u>	<u>59,733,611</u>
Capitalized leases	15,434,653	-	-	15,434,653
Accumulated depreciation	<u>(8,360,095)</u>	<u>(771,733)</u>	<u>-</u>	<u>(9,131,828)</u>
Net	<u>7,074,558</u>	<u>(771,733)</u>	<u>-</u>	<u>6,302,825</u>
Total depreciable assets	360,340,867	18,148,509	(7,480,905)	371,008,471
Total accumulated depreciation	<u>(270,707,737)</u>	<u>(12,072,092)</u>	<u>7,297,569</u>	<u>(275,482,260)</u>
Net	<u>89,633,130</u>	<u>6,076,417</u>	<u>(183,336)</u>	<u>95,526,211</u>
Governmental activities, capital assets, net	<u>\$ 140,534,835</u>	<u>\$ 10,957,242</u>	<u>\$ (5,315,222)</u>	<u>\$ 146,176,855</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 1,070,617
Public safety	4,663,207
Highways, streets, and other capital improvements	5,145,156
Sanitation	361,299
Public works	772,371
Culture and recreation	59,442
	\$ 12,072,092

Component unit's capital asset activity as presented for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Transfers/ Deletions	Balance December 31, 2015
Component Units:				
Non-depreciable assets:				
Land	\$ 39,257,939	\$ -	\$ 4,529	\$ 39,253,410
Construction-in-progress	33,708,323	55,272,015	13,871,529	75,108,809
Total	72,966,262	55,272,015	13,876,058	114,362,219
Depreciable assets:				
Building and building improvements	85,447,151	773,360	88,038	86,132,473
Parking facilities	161,033,598	85,773	(4,465,791)	165,585,162
Machinery and equipment	7,272,782	649,415	(5,356,968)	13,279,165
Utility assets	802,961,000	34,106,000	-	837,067,000
Non-utility assets	22,120,000	75,000	-	22,195,000
Infrastructure	2,241,369	-	-	2,241,369
Total	1,081,075,900	35,689,548	(9,734,721)	1,126,500,169
Less: accumulated depreciation	(376,656,731)	(22,055,307)	(151,339)	(398,560,699)
Net	\$ 777,385,431	\$ 68,906,256	\$ 3,989,998	\$ 842,301,689

7. PENSION PLANS

(A) Organization and Description of Plans

The City is responsible for the funding of retirement benefits for the three pension plans described below. Investments of the plans are held by the Comprehensive Municipal Pension Trust Fund (Comprehensive Trust), in accordance with the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205), and are administered under the direction of that fund's Board.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

In accordance with Act 205 and the Acts under which the Municipal Pension Plan of the City of Pittsburgh, the Policemen's Relief and Pension Plan of the City of Pittsburgh, and the Firemen's Relief and Pension Plan of the City of Pittsburgh were established; a separate accounting for the activities of these three plans is maintained including the employees' contributions, allocation of state aid and the City's annual contribution and a calculation of each Plan's undivided interest in the investments held by the Comprehensive Trust. Additionally, separate actuarial valuations are performed annually for each plan. However, the individual plans do not record the undivided interest in the investments in their individual plans since the assets of the Comprehensive Trust are available for the payments of benefits and expenses of any of the three pension plans without limitations. Therefore, in accordance with Governmental Accounting Standards, the City is considered to be administering a single plan for financial reporting purposes. The three pension plans plus the Comprehensive Trust constitute the City's Pension Plan.

The retirement plans issue a publicly available combined financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the following:

City of Pittsburgh
Combined Pension Fund
C/O Department of Finance
City/County Building
Pittsburgh, PA 15219

Key provisions of the Municipal Pension Fund, the Policemen's Fund, and the Firemen's Fund are summarized below. The actual plan provisions should be reviewed to capture all the details.

The Municipal Pension Plan

The Municipal Pension Plan of the City of Pittsburgh (Municipal Plan) was established by Act 259 of May 28, 1915, P.L. 596. Every full-time employee of the City and the PWSA who is not covered by the Policemen's Plan or the Firemen's Plan is required to join the Municipal Plan after serving a 90-day probationary period. The Municipal Plan is a single employer defined benefit plan, and its purpose is to provide retirement, disability, and other benefits to its members. The City and members of the Municipal Plan are required to make contributions to the Municipal Plan for the purpose of paying benefits and administrative expenses. At January 1, 2015, the date of the most recent actuarial valuation, the Municipal Fund has 3,402 total members, of which 1,694 are active members; 1,643 are inactive plan members or beneficiaries currently receiving benefits; and 65 are inactive plan members entitled to but not yet receiving benefits.

Effective January 1, 1995, the City terminated employment of the 255 employees of its Water Department. As part of a Cooperation Agreement with PWSA, the 255 terminated employees became employees of PWSA. The PWSA employees' membership in the Municipal Plan continued with no break in service, as provided for by the Municipal Pension Act, because PWSA has no retirement plan. The City considers PWSA a part of the reporting entity and thus

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

the plan continues to be a single employer plan. As of the date of these financial statements, no separate allocations of contributions to the Plan, Plan assets, or Plan liabilities have been allocated to the employees of PWSA, nor have any actuarial determinations been made.

Retirement benefits are available, for all employees other than Emergency Medical Services, at the employee's option upon the later of attainment of age 60 or completion of 8 years of service, normal retirement. For Emergency Medical Service employees, normal retirement is available at the later of attainment of age 55 or 8 years of service. A plan member is eligible for early retirement upon attainment of age 50 and completion of eight years of service. For early retirees, benefit payments may be deferred until 60 years of age, or paid immediately at reduced amounts, as defined by the Plan. Upon completion of eight years of service and attainment of age 40, an employee may terminate and remain eligible to receive benefits by continuing to make contributions to age 50. An employee who was a member prior to January 1, 1975 may terminate at any age after 15 years of service and be vested by continuing contributions to age 50.

Employees who become permanently disabled during the performance of their duties and who are unable to continue to perform those duties are eligible to receive a disability pension. Employees who become otherwise disabled are eligible for a disability pension if eight years of service have been completed.

Normal monthly retirement benefit is equal to 50% of average compensation (as defined) and service increment, if any. The service increment is an additional monthly benefit of 1 percent of average compensation for each completed year of service in excess of 20 years to a maximum of \$100 per month. The monthly benefit is prorated for service less than 20 years. On a limited basis, reductions could apply for certain plan members related to social security benefits received after reaching 65 years of age and certain other benefit provisions could apply for members hired prior to January 1, 1975.

A survivor benefit is available to the surviving spouse upon the death of an active member eligible for early retirement. The benefit amount is equal to 50% of the member's pension had the member retired at the date of death. A survivor benefit equal to the excess of the member's contributions over the retirement benefits paid is provided to the beneficiary of a member whose death occurs after the retirement date. The member's contributions are returned to the beneficiary of a member whose death occurs prior to eligibility for early retirement.

Prior to January 1, 2002, upon termination and prior to vesting, a member's contributions were refundable without interest to the member. Beginning January 1, 2002, contributions were refundable with 5% interest for certain classes of employees. Employee contributions to the Plan are 5% of pre-tax pay for employees hired prior to January 1, 1988 and 4% of pre-tax pay for those hired thereafter.

The Policemen's Relief and Pension Plan

The Policemen's Relief and Pension Plan of the City of Pittsburgh (Policemen Plan) was established by Act 99 of May 25, 1935, P.L. 233. The Policemen Plan is a single employer

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

defined benefit plan and its purpose is to provide retirement, disability, and other benefits to its members. P.L. 233 requires the City and members of the Policemen Plan to make contributions to the Policemen Plan for the purpose of paying benefits and administrative expenses.

All employees of the Bureau of Police, including substitute uniformed employees, are eligible for membership in the Plan. At January 1, 2015, the Policemen's Fund has 2,357 total members, of which 856 are active members; 1,466 are inactive plan members or beneficiaries currently receiving benefits; and 35 are inactive plan members entitled to but not yet receiving benefits.

Retirement benefits are available at the employee's option upon completion of the later of 20 years of service or attainment of age 50. Employees who become permanently disabled in the line of duty, and who are unable to perform the duties of their position, are eligible to receive a disability pension. Employees who become permanently disabled other than in the line of duty become eligible to receive a disability pension if they have completed ten years of service.

The normal monthly retirement benefit is equal to 50% of average compensation (as defined) plus service increment, if any.

Service increments of \$20 per month for each year of service between 20 and 25 years and \$25 per month for each year in excess of 25 years are included in the retirement benefit. If so elected, a death benefit is available for the survivors, as defined by the plan, of any member who dies in the performance of his duties. A surviving spouse benefit, which is applicable to deaths not in the line of duty, may also be elected by plan participants.

An employee, who terminates employment after 20 years of service, and before age 50, may collect the normal retirement benefit based on average compensation at termination, providing the terminated member continues contributions at the rate in effect at termination. The benefit is deferred until age 50. If contributions continue at the same rate in effect at termination and continue to age 50, member may receive monthly benefit based on rate of pay in effect had the officer worked until the age of 50. If a member terminates employment before completing 20 years of service, accumulated employee contributions are refundable.

Employee contributions to the Policemen Fund are 6% of pay plus \$1 per month, until age 65. Those electing the surviving spouse benefit contribute an additional 1/2% of pay.

The Firemen's Relief and Pension Plan

The Firemen's Relief and Pension Plan of the City of Pittsburgh (Firemen Plan) was established by Act of May 25, 1933, P.L. 1050. The Firemen Plan is a single employer defined benefit plan. Its purpose is to provide retirement, disability, and other benefits to its members. P.L. 1050 requires the City and members of the Firemen Plan to make contributions to the Firemen Plan for the purpose of paying benefits and administrative expenses.

Any uniformed employee of City of Pittsburgh Bureau of Fire is eligible for membership in the Firemen Plan. At January 1, 2015, the Fund has 1,711 total members, of which 611 are active members; 1,100 are inactive plan members or beneficiaries currently receiving benefits; and

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

there are no inactive plan members entitled to but not yet receiving benefits.

Normal retirement benefits are available at the employee's option upon completion of 20 years of service for any participant employed before January 1, 1976, or for those years employed thereafter, the later of completion of 20 years of service or attainment of age 50. Employees who become permanently disabled in the line of duty and who are unable to perform the duties of their position are eligible to receive a disability pension. Employees who become permanently disabled other than in the line of duty become eligible to receive a disability pension if they have completed ten years of service.

The regular pension benefit is equal to 50% of the average compensation (as defined). A service increment of \$20 per month for each year of service in excess of 20, excluding years of service after age 65, is also payable for those members hired before January 1, 2005. For those hired on or after January 1, 2005, the service increment is \$10 per month for each completed year of service in excess of 20 years, excluding years of service after age 65. The service increment is only payable after age 50. A surviving spouse benefit may also be elected by plan participants. A lump-sum death benefit of \$1,200 is paid to the beneficiary of any deceased member.

Normal vesting occurs upon attainment of 20 years of service. If a retiree is under the age of 50, they must make contributions to the plan until the age of 50 to qualify for a monthly pension at age 50. Upon termination of employment, a member's contributions, without accumulation of interest, are refundable.

Employee contributions to the Firemen Plan are 6.5% of pay plus \$1 per month until age 65. Those electing the surviving spouse benefit contribute an additional 1/2% of pay.

(B) Funding Status and Progress

In 1984, the Pennsylvania General Assembly passed the "Municipal Pension Plan Funding Standard and Recovery Act" (Recovery Act), which has improved the administration and funding of all municipal pension plans. The Recovery Act made changes to the actuarial reporting requirements for municipalities, set forth minimum municipal pension contributions, and established the framework for customized recovery programs for municipalities with large unfunded pension liabilities.

In accordance with the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205), the City established the Comprehensive Municipal Pension Trust Fund Board (Comprehensive Trust) in August 1987. The Board's purpose is to oversee the activities of the City's pension plans and to receive and invest the City's pension assets.

The City has three defined benefit pension plans (Municipal, Policemen, and Firemen), which are administered by respective pension boards, the majority of whose members are elected by the employees. The Policemen and Firemen Plans cover all employees of the Bureau of Police and the Bureau of Fire, respectively. Each full-time employee not covered under either the Policemen's or Firemen's Plan is required to join the Municipal Plan after serving a 90-day probationary period.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The Commonwealth pension contributions are determined under Act 205. The City is eligible for the maximum remedies available under Act 205. To qualify, the City is required to fund an amount equal to normal cost and the amortization payment required to eliminate the unfunded liability over a 40-year period less any member contributions.

Act 205 contains both mandatory and optional remedies for municipalities to design a program for dealing with unfunded pension liabilities. The mandatory remedies implemented by the City were the development and adoption of an administrative improvement plan for its pension fund, the establishment of lower cost pension plans for new hires, and the aggregation of all the City's pension assets for investment purposes under the guidance of a new oversight board (the Comprehensive Municipal Pension Trust Fund Board). The Comprehensive Trust, which is comprised of seven members, four appointed by the Mayor and approved by Council and one elected from each plan, manages the investments of all pension assets and provides funds for each plan's monthly payment of benefits and administrative expenses from plan net position. The optional remedies initially selected by the City were: 40-year amortization of the unfunded liability, level percent amortization, and a 15-year phase-in allowing the City to gradually increase its pension contributions.

Act 189 of 1990 amended the provisions of Chapter 3 of Act 205. Amendments require (1) annual payroll used in the calculation of financial requirements to be that of the current year (of the calculation) plus projected payroll to the end of the year and (2) an estimated state aid amount not be deducted from the total financial requirements in determining the minimum municipal obligation. The revised definition of the Minimum Municipal Obligation (MMO) is effective for MMOs developed and adopted for budgeting purposes subsequent to 1991. Additionally, the provisions for payment of the MMO were revised to require any one of three alternative methods, more fully described in Act 189, and payment of the MMO is to occur by December 31 of each year. The Commonwealth of Pennsylvania provides pension aid grants to local municipalities. The MMOs for each of the three plans for December 31, 2015 were \$11,550,768 Municipal, \$15,229,739 Policemen, and \$16,079,789 Firemen.

Commonwealth of Pennsylvania Act 44 of 2009 required the City's aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City's pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City's plan to meet this level of funding included transferring approximately \$45 million to the Comprehensive Trust Fund which was in the Debt Service Reserve Fund in 2010 and dedicating parking tax revenues for the next 31 years. Per Council legislation, the City intends to contribute parking tax revenues of \$13.4 million per year from 2011 through 2017 and \$26.8 million per year from 2018 through 2041. While the present value of the dedicated future parking tax revenues for future pension contributions did not meet the criteria for recognition as an asset in the City's financial statements or those of the Comprehensive Trust Fund, it was treated as an actuarial asset for purposes of funding levels under Commonwealth of Pennsylvania Act 44 of 2009 and the City was determined to have met the required funding level to avoid takeover of the City pensions by the Pennsylvania Municipal Retirement System and the parking revenue stream continues to be treated as an actuarial asset for funding purposes.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

For the year ended December 31, 2015, on an accrual basis, the City did contribute \$67.2 million to the Pension Trust Fund; contributions made to the Plan represent 100% of the Act 205 MMO plus additional contributions including \$13.4 million of dedicated parking tax revenue, \$2.9 million in gaming funds, and \$3.5 million related to other benefits.

Net Pension Liability (NPL)

The components of the net pension liability of the City at December 31, 2015, were as follows:

	Municipal	Policemen	Firemen	Total
Total pension liability	\$ 353,985,494	\$ 457,248,933	\$ 417,863,703	\$ 1,229,098,130
Plan fiduciary net position (allocated)	(134,394,693)	(115,750,810)	(127,657,223)	(377,802,726)
Net pension liability	<u>\$ 219,590,801</u>	<u>\$ 341,498,123</u>	<u>\$ 290,206,480</u>	<u>\$ 851,295,404</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>37.97%</u>	<u>25.31%</u>	<u>30.55%</u>	<u>30.74%</u>

The plan fiduciary net position allocations are based on the method provided in Act 205.

Changes in the NPL

Changes in the net pension liability of the City for the year ended December 31, 2015, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/14	\$ 1,203,226,188	\$ 392,065,463	\$ 811,160,725
Changes for the year:			
Service cost	21,696,487	-	21,696,487
Differences between expected and actual experience	2,283,418	-	2,283,418
Interest	88,838,894	-	88,838,894
Contributions - employer	-	63,758,477	(63,758,477)
Contributions - member	-	10,900,701	(10,900,701)
Net investment income (loss)	-	(680,514)	680,514
Benefit payments, including refunds of member contributions	(86,946,857)	(86,946,857)	-
Administrative expense	-	(1,294,544)	1,294,544
Balances at 12/31/15	<u>\$ 1,229,098,130</u>	<u>\$ 377,802,726</u>	<u>\$ 851,295,404</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Actuarial assumptions - The total pension liability was determined by an actuarial valuation on January 1, 2015 and rolled forward to December 31, 2015 using the following actuarial assumptions, applied to all periods in the measurement:

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2015	1/1/2015	1/1/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial assumptions:			
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases	4.00%	4.50%	5.75%
Underlying inflation rate	3.00%	3.00%	3.00%
Merit and longevity	1.00%	1.50%	2.75%

Actuarial assumptions based on the January 1, 2015 actuarial experience study

RP-2000 Healthy Annuitant Mortality Table, with adjustments for mortality improvements based on Scale AA

Changes in Actuarial Assumptions – There were no changes in actuarial assumptions made in connection with the 1/1/2015 actuarial valuation.

Long-Term Expected Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2015:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	40.00%	7.6%
International equity	20.00%	7.4%
Private equity	5.00%	8.4%
Fixed income	30.00%	2.6%
Cash	5.00%	0.0%
	100.00%	

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2015, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 0.04%.

Discount rate - The discount rate used to measure the total pension liability for the Municipal, Policemen, and Firemen funds was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, parking tax revenue will be deposited in accordance with Ordinances 42 and 44 of 2010, and that the City's contributions will be made in accordance with the City's June 24, 2014 Amended Recovery Plan and equal to the yearly MMO calculation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City calculated using the discount rates described above, as well as what the City's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Municipal	\$ 253,343,309	\$ 219,590,801	\$ 190,432,479
Policemen	386,932,856	341,498,123	302,654,440
Firemen	331,004,625	290,206,480	255,027,977
Total	<u>\$ 971,280,790</u>	<u>\$ 851,295,404</u>	<u>\$ 748,114,896</u>

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the City recognized pension expense of \$76,830,209. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	Municipal	Policemen	Firemen	Total
Deferred outflows of resources:				
Net difference between projected and actual earnings on pension plan investments	\$ 7,973,210	\$ 6,818,550	\$ 7,524,811	\$ 22,316,571
Difference between expected and actual experience	6,206,272	-	484,296	6,690,568
Total deferred outflows of resources	\$ 14,179,482	\$ 6,818,550	\$ 8,009,107	\$ 29,007,139
Deferred inflows of resources:				
Difference between expected and actual experience	\$ -	\$ (4,844,193)	\$ -	\$ (4,844,193)

Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense as follows:

2016	\$	6,016,187
2017		6,016,187
2018		6,016,187
2019		6,051,218
2020		63,167
Thereafter		-
	\$	24,162,946

Component Unit:

Parking Authority

Single-Employer Defined Benefit Plan

General Information. The Parking Authority established the Public Parking Authority of Pittsburgh Pension Plan (PPA Plan) effective January 1, 1980. The PPA Plan is a defined benefit plan covering substantially all employees not covered by another plan and is funded by employer and employee contributions.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Changes in Net Pension Asset. Changes in the Parking Authority's net pension asset are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances at 12/31/14	\$ 11,034,673	\$ 12,811,138	\$ (1,776,465)
Changes for the year:			
Service cost	440,031	-	440,031
Interest	776,343	-	776,343
Employer contributions	-	330,521	(330,521)
Member contributions	-	157,012	(157,012)
Net investment income	-	95,527	(95,527)
Benefit payments	(328,144)	(328,144)	-
Other	-	(1,498)	1,498
Balances at 12/31/15	<u>\$ 11,922,903</u>	<u>\$ 13,064,556</u>	<u>\$ (1,141,653)</u>

Multiple-Employer Defined Benefit Plan

The Parking Authority had 52 facility employees in the years ended December 31, 2015, who are participants in a cost-sharing multiple-employer defined benefit plan administered through the Western Pennsylvania Teamsters and Employers Pension Fund that is not a state or local governmental pension plan; provides defined benefit pensions both to employees of local governments and to employees of employers that are not governmental employers; and the plan has no predominant local governmental employer. The Parking Authority contributed \$222,131 to this plan for the year ended December 31, 2015.

Additional pension information can be found in the Parking Authority's separate financial statements.

Urban Redevelopment Authority

Defined Contribution Plan - The URA provides a defined contribution retirement plan covering all employees who have completed one year of service. This plan was amended effective March 14, 2013. The total contribution for any plan participant is 10% of their base salary. Participants who were employed on or after January 1, 1985, and were not participants in the URA Employee's Pension Trust on December 31, 1997, contribute 5% of their base salary and receive a matching contribution by the URA. Participants hired before January 1, 1985, or were participants in the URA Employees' Pension Trust on December 31, 1997 and became participants in this plan on January 1, 1998, make no contribution to the plan as the URA funds the entire 10% contribution. Employer contributions, net of forfeitures, for the year ended December 31, 2015 were \$313,604 and employee contributions were \$190,863.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Under the defined contribution plan, the participants become vested at 25% per year in the second year of service. Upon termination of employment, the non-vested portion of a participant's account is returned to the URA and credited against current expenses. Upon attainment of age 65, the participants become 100% vested regardless of the number of years of service.

8. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits disclosed in Note 7, resolutions of City Council, State statutes, and labor agreements have provided for certain postemployment benefits, other than pension benefits, known as (“OPEB”) to be provided to retirees or their beneficiaries. Through December 31, 2015, the City funds all City contributions on a pay-as-you-go basis. During 2012, the City established an irrevocable OPEB Trust. For 2015, the City continued to pay all OPEB benefits consistent with past practice and no benefit payments were made from the OPEB Trust. Such benefits are primarily funded through annual appropriations from the City's General Fund and trusts designated for those purposes. Post-retirement benefits consisting of health care benefits, Medicare reimbursements and life insurance for firefighters and police officers and life insurance for certain municipal employees. Separate financial statements are not available.

Benefit provisions for the plan is established and amended through negotiations between the City and the respective unions.

Funding Policy. The City's contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015, the City contributed \$23,120,110 to the plan. During the year ended December 31, 2015, the City contributed an additional \$2.5 million into the OPEB irrevocable trust. Employees are not required to make contributions for basic life insurance. Employees contribute to health care costs at a flat rate based on wages and family size.

Annual OPEB Cost. The City's annual OPEB cost (expense) for the plan is calculated based on the annual required contribution of *the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The 1/1/2014 valuation included a change in assumptions as the mortality assumption was updated for all three employee groups.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plans, and changes in the City's net OPEB obligations, as well as the assumptions used to calculate the net OPEB obligation:

Annual required contribution	\$ 42,439,328
Interest on net OPEB obligation	3,849,844
Adjustment to annual required contribution	<u>(5,252,175)</u>
Annual OPEB cost	41,036,997
Contribution made	23,120,110
Contributions to OPEB Trust	<u>2,500,000</u>
Increase (decrease) in net OPEB obligation	15,416,887
Net OPEB obligation (asset), beginning of year	<u>102,129,822</u>
Net OPEB obligation (asset), end of year	<u><u>\$ 117,546,709</u></u>

Actuarial valuation date	1/1/2014
Actuarial cost method	Entry Age
Amortization method	Level dollar
Asset valuation method	Market value of assets plus accrual adjustments, if any
Remaining amortization period	30 years - Open
Actuarial assumptions:	
Investment rate of return	4.5%
Health care inflation rate	6.5% in 2014, grading to 5% in 2022

For the Actuarial Valuation report dated January 1, 2014, the actuarial value of assets is \$6,152,448; the actuarial accrued liability is \$570 million, for a funded ratio of 1%. Covered payroll is \$203 million, for an unfunded ratio of 278% as a percentage of covered payroll. The contributions made as a percentage of required contributions were 60.37%. The contributions were made primarily on a pay-as-you-go basis.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2015	\$ 41,036,997	47%	\$ 123,855,728
December 31, 2014	\$ 41,036,997	60%	\$ 102,129,822
December 31, 2013	\$ 36,887,703	74%	\$ 85,552,093

Component Unit:

Parking Authority

The Parking Authority Post Employment Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Parking Authority. There is no separate audit requirement. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. The following table shows the components of the Parking Authority's annual OPEB cost, the amount actuarially contributed to the plan, and the changes in the net OPEB obligation for the year ended December 31, 2015:

Annual required contribution	\$ 90,110
Interest on net OPEB obligation	32,086
Adjustment to annual required contribution	<u>(222,149)</u>
Annual OPEB cost	(99,953)
Contribution made	<u>(47,058)</u>
Change in net OPEB obligation	(147,011)
Net OPEB obligation - beginning of year	<u>661,122</u>
Net OPEB obligation - end of year	<u><u>\$ 514,111</u></u>

The Parking Authority's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan was \$(99,953) and 100.00%, respectively. As of January 1, 2015, the date of the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$494,424, all of which was unfunded. The covered payroll was \$2,741,885, and the ratio of unfunded actuarial accrued liability to covered payroll was 18.0%. The contributions made as a percentage of required contributions were 100.00%. The contributions were made on a pay-as-you-go basis.

In the January 1, 2015, actuarial valuation, the following actuarial assumptions were used: Actuarial cost method – Entry age normal; Interest rate – 6%; Amortization method – Level dollar; Amortization period – Seven years.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

9. LONG-TERM LIABILITIES

The maximum amount payable for future maturities of bond and interest on general long-term debt at December 31, 2015 and changes in bond principal for the year then ended are summarized below:

	Principal				Interest
	Outstanding at December 31, 2014	Bonds paid or defeased and discount amortized during 2015	Bonds issued during 2015	Outstanding at December 31, 2015	
Council and Public Election General Obligation Bonds:					
Nine general obligation bond issues with rates ranging from <1.0% to 6.60%. The bonds are payable from general revenues.					
2015	\$ 61,135,000	\$ 61,135,000	\$ -	\$ -	\$ -
2016	63,830,000	-	-	63,830,000	25,183,241
2017	65,475,000	-	-	65,475,000	21,801,723
2018	52,995,000	-	-	52,995,000	18,794,434
2019	27,120,000	-	-	27,120,000	15,715,900
2020	28,590,000	-	-	28,590,000	14,051,510
2021-2025	170,205,000	-	-	170,205,000	42,092,135
2026-2030	53,760,000	-	-	53,760,000	6,527,000
2031-2032	8,540,000	-	-	8,540,000	645,750
Subtotal	531,650,000	61,135,000	-	470,515,000	144,811,693
Less:					
Unamortized bond discounts/premiums	26,431,184	4,102,426	-	22,328,758	-
	\$ 558,081,184	\$ 65,237,426	\$ -	\$ 492,843,758	\$ 144,811,693

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Discretely Presented Component Units

The following is a summary of changes in long-term obligations of the URA for the year ended December 31, 2015:

	<u>December 31, 2014</u>	<u>Reclassifications</u>	<u>Retirements</u>	<u>December 31, 2015</u>
URA:				
Mortgage Revenue Bond Program	\$ 14,040,000	\$ -	\$ 1,690,000	\$ 12,350,000
Bank loan	2,594,858	8,005,000	294,240	10,305,618
Total proprietary fund debt	<u>16,634,858</u>	<u>8,005,000</u>	<u>1,984,240</u>	<u>22,655,618</u>
Bank loan	8,183,601	(8,005,000)	178,601	-
HUD Section 108 loans	16,085,000	-	2,130,000	13,955,000
Compensated absences	506,071	-	20,911	485,160
Total debt and other long-term obligations	<u>41,409,530</u>	<u>-</u>	<u>4,313,752</u>	<u>37,095,778</u>
URA Component Units:				
Pittsburgh Housing Development Corporation:				
Bank construction loans	237,220	-	202,720	34,500
Total Component Unit Debt	<u>237,220</u>	<u>-</u>	<u>202,720</u>	<u>34,500</u>
Total debt and other long-term obligations - reporting entity	<u>\$ 41,646,750</u>	<u>\$ -</u>	<u>\$ 4,516,472</u>	<u>\$ 37,130,278</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Parking Authority Debt

Future maturities of bond and note principal on Parking Authority indebtedness at December 31, 2015 are as follows:

	Principal				
	Outstanding at December 31, 2014	Bonds paid or defeased and discount amortized during 2015	Bonds and notes issued during 2015	Outstanding at December 31, 2015	Interest
Parking Authority Revenue Bonds and Notes:					
Beginning of 2015, Six bond issues with interest rates ranging from 3.95% to 5.0%. Ended year with one revenue bond issue with interest rates ranging from 3.0% to 5.0%. These bonds are payable from revenue from Parking Authority operations.					
2015	\$ 4,459,795	\$ 4,459,795	\$ -	\$ -	\$ -
2016	4,347,586	11,402,586	12,795,000	5,740,000	2,925,450
2017	4,188,362	4,188,362	5,215,000	5,215,000	2,753,250
2018	4,191,166	4,191,166	4,910,000	4,910,000	2,544,650
2019	5,985,000	5,985,000	5,105,000	5,105,000	2,348,250
2020	5,915,000	5,915,000	5,360,000	5,360,000	2,093,000
2021-2025	27,140,000	27,140,000	29,815,000	29,815,000	6,257,250
2026	14,050,000	14,050,000	6,685,000	6,685,000	334,250
	70,276,909	77,331,909	69,885,000	62,830,000	19,256,100
Plus: Appreciated value on Cap. Apprec. Bonds	3,320,498	(3,320,498)	-	-	-
Plus: Bond premium	1,028,080	(1,299,698)	8,597,564	8,325,946	-
Less: Unamortized discount	(33,744)	33,744	-	-	-
Total	\$ 74,591,743	\$ (81,918,361)	\$ 78,482,564	\$ 71,155,946	\$ 19,256,100

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Pittsburgh Water and Sewer Authority Debt

Future maturities of bond and note principal on PWSA indebtedness at December 31, 2015 are as follows:

	Principal				
	Outstanding at December 31, 2014	Bonds paid or defeased and discount amortized during 2015	Bonds and notes issued during 2015	Outstanding at December 31, 2015	Interest
Pittsburgh Water and Sewer Authority Revenue Bonds:					
Four revenue refunding bonds with interest rates ranging from 4.04% to 6.61%, Sixteen state loans and a swap borrowing with variable interest rates. The bonds are payable from revenue from Water and Sewer operations.					
2015	\$ 21,416,000	\$21,905,000	\$ 489,000	\$ -	\$ -
2016	22,081,000	-	18,000	22,099,000	29,977,000
2017	21,148,000	-	834,000	21,982,000	30,736,000
2018	22,078,000	-	851,000	22,929,000	29,692,000
2019	23,035,000	-	870,000	23,905,000	28,608,000
2020	24,111,000	-	940,000	25,051,000	27,554,000
2021-2025	131,588,000	-	5,110,000	136,698,000	121,087,000
2026-2030	59,413,000	-	5,156,000	64,569,000	200,911,000
2031-2035	157,130,000	-	1,357,000	158,487,000	65,753,000
2036-2040	230,025,000	-	(4,718,000)	225,307,000	25,106,000
	712,025,000	21,905,000	10,907,000	701,027,000	559,424,000
Net bond discount (premium)	15,140,000	1,641,000	24,000	13,523,000	-
Accretion on 1998 bonds	44,577,000	-	4,159,000	48,736,000	-
Total	\$ 771,742,000	\$23,546,000	\$ 15,090,000	\$ 763,286,000	\$ 559,424,000

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Guaranteed Debt of Non-Component Unit

The Public Auditorium Authority is now a part of the Sports and Exhibition Authority, which is not a component unit of the City. The following debt was guaranteed by the City when the Public Auditorium Authority was a component unit of the City. As of December 31, 2015, the City continues to guarantee the debt.

	Principal				
	Outstanding at December 31, 2014	Bonds paid or deceased and discount amortized during 2015	Bonds and notes issued during 2015	Outstanding at December 31, 2015	Interest
Public Auditorium Authority Revenue Bonds:					
One bond issue with interest rates ranging from 3.5% to 4.0%. The City's share of debt service on these bonds is payable from general revenues.					
2015	\$ 237,500	\$ 237,500	\$ -	\$ -	\$ -
2016	250,000	-	-	250,000	18,983
2017	117,500	-	-	117,500	9,483
2018	122,500	-	-	122,500	4,900
Total	\$ 727,500	\$ 237,500	\$ -	\$ 490,000	\$ 33,366

(A) Council and Public Election General Obligation Bonds

General Obligation Bonds – Series of 2014

On August 28, 2014, the City issued \$44,470,000 of General Obligation Bonds, Series 2014 with an average interest rate of 2.454%. These consisted of serial bonds all bearing a fixed rate from 2.0% to 5.0% with maturities commencing on September 1, 2017 and continuing annually through September 2032. Net proceeds of \$50,000,000 (including a premium of \$5,915,402 and bond issuance costs of \$385,402) will be used to fund future capital projects.

General Obligation Refunding Bonds – Series of 2014 A & B

On November 25, 2014, the City issued \$16,395,000 of General Obligation Refunding Bonds, Series 2014A with an average interest rate of 1.0% and \$46,525,000 of General Obligation Refunding Bonds, Series 2014B with an average interest rate of 1.0%. These consisted of serial bonds all bearing a fixed rate from .443% to 5.0% with maturities commencing on September 1, 2015 and continuing annually through September 2018. Net proceeds of the Series A Bonds of \$16,297,960 were used to advance refund the General Obligation Bonds, Series 2005A with a remaining amount due of \$19,995,000. Net proceeds of the Series B Bonds of \$52,559,680 were used to advance refund the General Obligation Bonds, Series 2006C with a remaining amount due of \$47,800,000.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

General Obligation Bonds – Series of 2012 A & B

On February 28, 2012, the City issued \$43,220,000 of General Obligation Bonds, Series 2012A with an average interest rate of 4.266% and \$71,275,000 of General Obligation Bonds, Series 2012B with an average interest rate of 5.0%. These consisted of serial bonds all bearing a fixed rate from 2.0% to 5.0% with maturities commencing on September 1, 2012 and continuing annually through September 2026. Net proceeds of the Series A Bonds of \$47,724,946 (including a premium of \$4,638,645 and bond issuance cost of \$133,699) were used to advance refund the General Obligation Bonds, Series 2002A with a remaining amount due of \$46,455,000, with an average interest rate of 5.3%.

The net proceeds of the Series B Bonds of \$80,025,056 (including a bond premium of \$8,974,227 and bond issuance costs of \$224,171) were used to fund capital projects from 2012 to 2014.

General Obligation Bonds - Series of 2008 A

On September 11, 2008, the City issued \$66,775,000 of General Obligation Refunding Bonds, Series A with an average interest rate of 5.08%. These consisted of serial bonds all bearing a fixed rate ranging from 5.0% to 5.25% with maturities commencing on September 1, 2009 and continuing annually through September 2017. Net proceeds of \$69,573,696 (including a bond premium of \$3,292,711 and bond issuance costs of \$494,016) were used to advance refund the General Obligation Bonds, Series 1998D for \$69,400,000.

General Obligation Bonds - Series of 2006 A, B, & C

On May 10, 2006, the City issued \$53,615,000 of General Obligation Bonds, Series 2006A with an average interest rate of 5.44%, \$140,560,000 of General Obligation Bonds, Series 2006B with an average interest rate of 5.16% and \$47,800,000 of General Obligation Bonds, Series 2006C, with an average interest rate of 5.25%. These consisted of serial bonds all bearing a fixed rate from 4.00% to 5.54% with maturities commencing on September 1, 2006 and continuing annually through September 2018. Net proceeds of \$201,483,507 (including a bond premium of \$9,650,477 and bond issuance costs of \$2,341,970) were used to advance refund various series of bonds.

The net proceeds of the General Obligation Bonds of \$50 million (including a bond premium of \$3,466,728, bond issuance costs of \$679,249 and a transfer of debt service of \$585,515) were used to fund capital projects from 2006 through 2008.

The 1998 Series ABC bonds were issued to fund the City's Pension Fund.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Below is a schedule of the City's General Obligation Bonds as of December 31, 2015:

<u>Serial Bonds</u>	<u>Coupon or Ceiling Rate of Interest</u>	<u>Amount Outstanding</u>
1998A, B, C	6.30% - 6.60%	\$ 187,725,000
2006 B	5.00% - 5.25%	56,250,000
2008 A	5.00% - 5.25%	13,175,000
2012 A	2.00%-5.00%	36,110,000
2012 B	5.00%	71,275,000
2014	5.00%	44,470,000
2014 A	0.443%-1.34%	14,985,000
2014 B	2.00%-5.00%	46,525,000
Subtotal		<u>470,515,000</u>
Add: Unamortized bond discounts/premiums		<u>22,328,758</u>
Total general obligation bonds payable		<u>\$ 492,843,758</u>

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

From 1998 through 2014, the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, neither the assets held in trust nor the refunded bonds appear in the accompanying financial statements. The outstanding balance of defeased bonds at December 31, 2015 is \$247,285,000.

(B) Stadium Authority

During the Stadium Authority's fiscal year March 31, 2006, the Stadium Authority obtained three long-term loans to finance the West General Robinson Street Garage. On February 14, 2012, the Stadium Authority refinanced the loan with notes from PNC Bank and Dollar Bank. A \$10,400,000 fixed rate loan issued by PNC Bank has a 20-year amortization and a 63-month term. Principal was due on the loan beginning in March 2012 and interest is payable at 3.8%. A \$5,000,000 fixed rate loan issued from Dollar Bank has a 20-year amortization and a 63-month term. Principal was due on the loan beginning in March 2012 and interest is payable at 3.8%. A \$3,000,000 variable rate loan issued by PNC has a 20-year amortization and 63-month term. Principal was due on the loan beginning in March 2012 and interest is based on the sum of 70% of LIBOR plus 195 basis points (1.95%) for the applicable LIBOR Interest period. The Infrastructure Development Program loan for \$1.25 million has a term of 20 years with a 2% interest rate. The outstanding balances at March 31, 2015 are \$13,694,128 (combined PNC/Dollar Bank fixed rate loans), \$2,537,500, and \$1,009,390, respectively, for the four loans.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

(C) Pittsburgh Water and Sewer Authority

During March 2007, PWSA issued \$158,895,000 Series 2007 First Lien Water and Sewer Revenue Bonds (“2007 Bonds”): \$43,720,000 Series A of 2007 (fixed rate), \$57,585,000 Series B-1 of 2007 (variable rate demand), and \$57,590,000 Series B-2 of 2007 (variable rate demand). The purpose of this bond issue was to refund the Series 2002 and Series 2005 Bonds (the refunded bonds). In connection with the debt refundings, PWSA recorded a deferred refunding loss of \$6,032,000 which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method. At December 31, 2015, the principal of the defeased 2005 Bonds was paid in full. The Series 2007 B-1 and B-2 bonds were currently refunded during 2013.

The 2007 Bonds were issued at a bond premium of \$2,660,000, which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method.

The 2007 Series A Bonds bear interest at rates ranging from 4.00% to 5.00%. Interest is payable in semi-annual installments on March 1 and September 1 until maturity. The 2007 Series A Bonds are subject to extraordinary redemption prior to maturity at the option of PWSA in the event of a condemnation, damage or destruction of the water and sewer system.

During May 2008, PWSA issued \$93,635,000 Series 2008 Water and Sewer System First Lien Revenue Bonds (“2008 Fixed Rate Bonds”): \$68,970,000 Series A of 2008 (fixed rate, taxable) and \$24,665,000 Series D-1 of 2008 (fixed rate). The purpose of this bond issue was to advance refund portions of certain maturities of the Series 1993A and Series 2003 Bonds, to fund the costs of certain capital additions, to fund the premium for the Bond Insurance Policy securing payments on 2008 Fixed Rate Bonds, and to fund termination payments on certain interest rate swaps.

During June 2008, PWSA issued \$320,515,000 Series 2008 Water and Sewer System First Lien Revenue Bonds (“2008 Variable Rate Demand Bonds”): \$145,495,000 Series B of 2008 (variable rate demand), \$51,910,000 Series C-1 of 2008 (variable rate demand), \$51,885,000 Series C-2 of 2008 (variable rate demand), and \$71,225,000 Series D-2 of 2008 (variable rate demand). The purpose of this bond issue was to currently refund the Series 1998A and Series 1998C, to currently refund certain maturities of the Series 2007 B-1 and Series 2007 B-2 Bonds, to advance refund certain maturities of the Series 1998B Bonds, to fund approximately \$98 million of certain capital additions, to fund the premium for the Bond Insurance Policy securing payments on 2008 Variable Rate Demand Bonds, and to fund termination payments on certain interest rate swaps.

In connection with these advance refundings, portions of the proceeds of the 2008 Bonds were deposited into irrevocable trusts with an escrow agent to provide for certain debt service payments on the refunded bonds. The advance refunding resulted in a deferred refunding loss of \$18,119,000 that will be amortized as an adjustment to interest expense over the life of the 2008 Bonds using the effective interest method. At December 31, 2015, the remaining unamortized deferred refunding loss was \$10,736,000 and is shown as a deferred outflow of resources. At December 31, 2015, the principal of the defeased 2003 Bonds outstanding was \$9,000,000. The

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

maturity value of defeased 1998B compound interest bonds outstanding at December 31, 2015 was \$19,800,000.

The Taxable 2008 Series A Bonds bear interest at rates ranging from 6.36% to 6.61%. Interest is payable in semi-annual installments on March 1 and September 1 until maturity. The Taxable 2008 Series A Bonds are subject to optional redemption, in whole or in part, on any date, at the option of the Authority. The Taxable 2008 Series A Bonds that mature in 2018 and 2024 are subject to mandatory sinking fund payments beginning in 2017 and continuing through 2024.

The 2008 Series D-1 Bonds (together with the Taxable 2008 Series A Bonds are the 2008 Fixed Rate Bonds) bear interest at rates ranging from 4.50% to 5.00%. Interest is payable in semi-annual installments on March 1 and September 1 until maturity. The 2008 Series D-1 Bonds which mature on or after September 1, 2019 are subject to optional redemption, in whole or in part, on any date, at the option of the PWSA at any time on or after September 1, 2018, at 100% of the principal amount plus accrued interest.

The 2008 Series B, C, and D-2 Bonds (2008 Variable Rate Bonds) as originally offered bear interest at a variable rate with interest payments due on the first business day of each month. Interest rates are reset weekly; the fluctuating rate per annum to be determined by the respective remarketing agents. The weekly rate is subject to a cap of 12% per annum.

The Series B Bonds were reoffered on October 16, 2009. The reason for this reoffering was the replacement of expiring standby bond purchase agreements on these variable rate bonds with letters of credit. The reoffering did not change the interest rate mode on these variable rate bonds. During 2013 the Series B-1 letter of credit was renewed for five years with Bank of America and will expire on October 21, 2018. During 2013 the Series B-2 letter of Credit was renewed with Royal Bank of Canada for three years and will expire on October 21, 2016. Management believes the letter of credit will be replaced.

During August 2011, the 2008 Series C-1-A, B, and C bonds were reoffered. The bonds were reoffered at a term rate of .45% through September 2012. During August 2012, the 2008 Series C-1-A, B, and C bonds were again reoffered. The bonds were reoffered at a term rate of .40% through September 2013.

During November 2009, the remaining C-1 Bonds were reoffered as the C1-D Series of \$26,910,000. These bonds were also issued in a term interest rate mode, fixing the interest rate at 2.625% through September of 2012. During August 2012, the C1-D Series were again reoffered. The bonds were reoffered at a term rate of 1.40% through August 2015. As of September 1, 2015, the bonds were converted to the LIBOR-based interest rate mode. At December 31, 2015, the interest rate was 1.868%.

During September 2013, the 2008 Series C-1-A, B and C bonds were converted and reoffered. The bonds were converted to index interest rate mode. The reoffered bonds are as follows: Series C1-A \$10,000,000; Series C1-B \$10,000,000, and Series C1-C \$5,000,000.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

During November 2014, the 2008 Series C-1A, B, C, and C-2 were reissued and restructured to bear interest based upon 70% of one-month LIBOR. The fixed rate was amended from 3.998% to 3.50%. Liquidity facilities provided by Bank of America Merrill Lynch (C-1A, 1B, 1C) and JP Morgan Chase (C-2) were also renewed as of November 3, 2014 and expire on September 3, 2017.

Liquidity facilities provided by PNC on the 2008 D-2 Series bonds were renewed as of July 9, 2014 and expire on August 4, 2017.

Variable Rate Bonds are subject to optional redemption, in whole or in part, on any date, at the option of the Authority. The 2008 Series B Bonds that mature on September 1 of 2039 are subject to mandatory sinking fund redemption. The 2008 Series C Bonds that mature on September 1 of 2035 are subject to mandatory sinking fund redemption. The 2008 Series D-2 Bonds that mature on September 1 of 2040 are subject to mandatory sinking fund redemption.

The 2008 Series Bonds are subject to extraordinary redemption prior to maturity at the option of PWSA in the event of a condemnation, damage, or destruction of the water and sewer system.

The 2008 Fixed Rate Bonds were issued at a bond premium of \$824,000 which is being amortized as an adjustment to interest expense over the life of the bonds using the effective interest method.

Variable rate bonds require a liquidity facility and/or a letter of credit. PWSA is subject to the risk that the bank does not renew the credit facility and/or that the pricing changes throughout the life of the bonds. Additionally, PWSA purchased insurance as a credit enhancement on the variable rate bonds. Trading spreads on the bonds and the preservation of the liquidity facility may be largely linked to the credit quality of the insurance provider. Therefore, if there is an event that would adversely affect the investor's perception of the credit quality of the insurer, PWSA could be subject to paying higher credit spreads on the bonds and risk losing the liquidity facility.

During December 2013, the PWSA issued \$130,215,000 Series A First Lien Revenue Refunding Bonds ("2013 Series A Bonds"), the proceeds of which were used to defease through current refunding the entire balance of the Series 2003, Series 2007 B-1, and Series 2007 B-2 and pay certain amounts in respect of termination of certain interest rate swap agreement related to the Series 2007 B-1 and B-2 bonds; \$86,695,000 Series B First Lien Revenue Bonds ("2013 Series B Bonds"), the proceeds of which are to fund certain water and sewer system capital improvement projects and reimburse the Authority for certain capital expenditures paid for by the Authority. In connection with the debt refundings and swap termination, the Authority recorded a deferred refunding loss of \$16,389,000, which is being amortized as an adjustment to interest expense over the life of the bonds. At December 31, 2015, the remaining unamortized deferred refunding loss was \$13,111,000 and is shown as a deferred outflow of resources. The refunding was completed to reduce the Authority's debt service payments over the next 20 years by approximately \$813,000 and to obtain an economic gain (difference between present values of old and new debt service payments) of \$844,000.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The 2013 Bonds were issued at a bond premium of \$14,828,000, which is being amortized as an adjustment to interest expense over the life of the bonds.

State Loans

PWSA has several loans outstanding from PENNVEST for various capital projects and water and sewer improvement projects. Interest rates vary from 1.00% to 3.25%.

Capital Lease

During 2015, PWSA entered into a lease agreement as lessee for financing the acquisition of utility assets valued at \$7,445. The utility asset has a ten-year estimated useful life. Depreciation on the utility asset will begin in 2016. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the value of future minimum lease payments as of the inception date.

Swap Borrowing

During November 2014, PWSA terminated the original 2008 Series 2008 C-1A, C-1B, C-1C and C-2 swaps and reissued and restructured to bear interest based upon 70% of one month LIBOR. Those derivative instruments had an aggregate fair value of (\$9,471,392), which is considered a swap borrowing from the counterparty. The swap borrowing is being amortized over the remaining life of the bond.

Swap Transactions

Current Notional Amount	Effective Date	Maturity Date	Interest Rate Paid	Interest Rate Received	Counterparty Credit Rating	Underlying Bonds	12/31/2015 Market Value*
Hedging derivatives, cash flow hedges, receive variable - pay fixed, interest rate swaps:							
\$ 72,747,500	6/12/2008	9/1/2039	4.038%	SIFMA 70%	BBB+	Series 2008 B-1	\$ (24,805,143)
41,464,000	11/3/2014	9/1/2035	2.000%	1moLIBOR	BBB+	Series 2008 C	(2,562,866)
72,747,500	6/12/2008	9/1/2039	4.038%	SIFMA	A+	Series 2008 B-2	(24,805,143)
71,225,000	6/12/2008	9/1/2040	4.103%	SIFMA	A+	Series 2008 D-2	(26,326,835)
							<u>(78,499,987)</u>
Investment derivatives, receive variable - pay fixed, interest rate swaps:							
\$ 62,196,000	11/3/2014	9/1/2035	3.500%	70% 1moLIBOR	A+	Series 2008 C	(17,565,351)
Total							<u>\$ (78,499,987)</u>

* The market value is an estimated net present value of the expected cash flows calculated using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

During fiscal year 2008, PWSA entered into five pay-fixed, receive-variable interest rate swap contracts. The interest rate swaps were effective June 12, 2008. Beginning September 1, 2008, PWSA began to make semi-annual interest payments on the 1st of each March and September through September 1, 2035 (two swaps); September 1, 2039 (two swaps); and, September 1, 2040 (for one swap), respectively. The Counterparties make monthly interest payments on the 1st of each calendar month, which began July 1, 2008 through September 1, 2035 for two of the swaps; September 1, 2039 for two of the swaps; and, September 1, 2040 for one swap.

The intention of the 2008 swaps is to effectively change PWSA's variable interest rate on the \$145,495,000 Water and Sewer System (Variable Rate Demand) First Lien Revenue Refunding Bonds Series B of 2008, on the \$71,225,000 Water and Sewer System (Variable Rate Demand) First Lien Revenue Bonds Series D-2 of 2008, and on the \$103,795,000 Water and Sewer System (Variable Rate Demand) Subordinate Revenue Refunding Bonds Series C of 2008 (the bonds) to synthetic fixed rates of 4.038%, 4.103%, and 3.998%, respectively.

During November 2014, the 2008 Series C Bonds were reissued and restructured to bear interest based upon 70% of one-month LIBOR. In conjunction with this reissuance/restructuring, the floating rate on the Series 2008 C swaps was converted from SIFMA to 70% of one-month LIBOR and the fixed rate was amended from 3.998% to 3.50%. With respect to the Series 2008 C swap treated as an effective hedge, this "off-market" swap is considered to be a hybrid instrument consisting of an on-market swap and a borrowing. The on-market swap rate is calculated as of the date of reissuance. The borrowing will be amortized over the remaining life of the swap and is included in bonds and loans payable on the statement of net position.

The bonds will accrue interest at a weekly rate that is determined by a remarketing agent on each effective rate date. The interest rate on the bonds may not exceed 12%. Per the interest rate swap agreements, PWSA will receive SIFMA Municipal Swap Index while paying fixed rates as noted in the chart above.

The interest payments on the interest rate swaps are calculated based on notional amounts, all of which reduce, beginning on September 1, 2012 for the 2008 C Bonds, September 1, 2032 for the 2008 D2 Bonds, and September 1, 2035 for the 2008 B Bonds, so that the notional amounts approximate the principal outstanding on the respective bonds. The interest rate swaps expire consistent with the final maturity of the respective bonds.

Accounting and Risk Disclosures

During the year ended December 31, 2014, PWSA paid \$12,245,000, fixed and received \$340,000, variable related to their outstanding swap agreements.

As noted in the tables above, current period changes in market value for the interest rate swaps that are accounted for as hedges are recorded on the statement of net position as deferred outflows. Additionally, current period changes in market value for the interest rate swap accounted for as an investment is recorded on the statement of revenues, expenses and changes in net position as a component of investment income.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The cumulative fair market value of the outstanding interest rate swaps of December 31, 2015 are reported on the statement of net position as a swap liability.

PWSA has the ability to early terminate the interest rate swaps and to cash settle the transaction on any business day by providing at least two business days written notice to the counterparty. Evidence that PWSA has sufficient funds available to pay any amount payable to the counterparty must be provided at the time notice is given. At early termination, PWSA will be required to pay or receive a settlement amount which is comprised of the market value of the terminated transaction(s) based on market quotations and any amounts accrued under the contract(s).

Through the use of derivative instruments such as this interest rate swap, PWSA is exposed to a variety of risks, including credit risk, interest rate risk, termination risk, basis risk, and rollover risk.

- Credit risk is the risk that a counterparty will not fulfill its obligations. The credit ratings by Moody's Investors Service, Inc., a nationally recognized statistical rating organization for the respective counterparties are listed in the table above. If a counterparty failed to perform according to the terms of the interest rate swap agreement, there is some risk of loss to PWSA, up to the fair market value of the swaps.

PWSA currently does not enter into master netting arrangements with its counterparties; as such, each derivative instrument should be evaluated on an individual basis for credit risk. As PWSA's derivative instruments are all currently have a negative fair market value position to PWSA at year-end, PWSA is not exposed to credit risk at December 31, 2015.

Concentration of credit risk: PWSA currently has two counterparties, with three and two outstanding interest rate swaps respectively. PWSA's outstanding market value as of December 31, 2015 is \$(68,697,329) with one counterparty and \$(27,368,009) with the second counterparty. Both counterparties operate in the same markets and could be similarly impacted by changes in economic or other conditions.

It is PWSA's policy to require counterparty collateral posting provisions in its non-exchange traded derivative instruments. Their terms require collateral to be posted if the respective counterparty's credit rating falls below BBB+ by Standard & Poor's and the swap insurer becomes bankrupt. The amount of collateral to be posted is calculated based on derivatives in asset positions to PWSA. As of year-end, the counterparties had not and were not required to post collateral for these transactions.

- Termination risk is the risk that a derivative's unscheduled end will affect PWSA's asset/liability strategy or will present PWSA with potentially significant unscheduled termination payments to the counterparty. The counterparties to the interest rate swaps do not have the ability to voluntarily terminate the interest rate swap; however, PWSA is exposed to termination risk in the event that the one or more of the counterparties default.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of a government's financial instruments or cash flows. The interest rate swap that is accounted for as an investment exposes PWSA to interest rate risk. The interest rate swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair market value. The interest rate swap will terminate on September 4, 2035.
- Basis risk is the risk that arises when variable interest rates on a derivative and an associated bond or other interest-paying financial instrument are based on different indexes. PWSA is subject to basis risk as the interest index on the variable rate arm of the swaps is based on the SIFMA Municipal Swap Index and the variable interest rate on the bonds is based on a different index, a weekly rate that is determined by a remarketing agent. Although expected to correlate, the relationships between different indexes vary and that variance could adversely affect PWSA's calculated payments and, as a result, cost savings or synthetic interest rates may not be realized.

PWSA is further subject to basis risk in the event that the underlying bonds become fixed rate Bank Bonds or that the maturity of the underlying bonds is accelerated.

- Rollover risk is the risk that a derivative associated with PWSA's debt does not extend to the maturity of that debt. When the derivative terminates, the associated debt will no longer have the benefit of the derivative. PWSA is not exposed to rollover risk as the swap agreements terminate on the same day the last payment is due on the respective bonds.

Contingencies

All of PWSA's derivative instruments, include provisions that require PWSA to post collateral in the event that the credit ratings of its credit support provider's senior long term, unsecured debt credit rating falls below BBB+ by Standard & Poor's and FSA, the swap insurer, becomes bankrupt. The amount of collateral to be posted is calculated based on derivatives in negative market value positions to PWSA. The collateral is to be posted in the form of cash, U.S. Treasuries or other approved securities. As of year-end, PWSA had not and was not required to post collateral for these transactions.

(D) Debt Related to Urban Redevelopment Authority of Pittsburgh (URA) supported by the City

Urban Redevelopment Authority of Pittsburgh (URA) Tax Increment Financing Bonds and Notes - Noncommitment Debt (Debt not recorded in the separate URA financial statements)

Tax Increment financing bonds are used to finance economic development within the City. The Bond proceeds are used to fund various construction projects within the City. Real estate value is thus increased and will provide increased future tax revenue to the City. Under a Tax Increment Financing Cooperative Agreement (the TIF Agreement) with the City, County, and the School District of Pittsburgh, each entity agrees to assign its respective rights to the incremental taxes derived from the TIF project to the URA for the term of the

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Bonds. The difference in the amount of real estate taxes attributable to the TIF property prior to and subsequent to the development of the property constitutes the "increment" that is available to pay debt service on the Bonds.

The Bonds are not guaranteed by the full faith and credit of the City, and as a result of being jointly funded are not recorded in the City's financial statements.

In the event that real estate tax revenues generated under the TIF Agreements are insufficient at any time to pay debt service on the Bonds, the respective parties under the Minimum Payment Agreements have agreed to make payments sufficient to remedy such shortfalls. Amounts payable under the Minimum Payment Agreements correspond to debt service requirements on the respective Bonds. Pursuant to the Tenant Agreement, each tenant has agreed to guarantee the full and punctual payment when due of all obligations. During 2015, the City's share of the TIF revenue was \$7,034,416, whereas the City's share of the principal and interest paid on the TIF Bonds and Note were \$1,950,611. As of December 31, 2015, the balance of TIF Bonds and Notes outstanding was \$51.5 million of which the City portion approximated \$18.3 million.

(E) Urban Redevelopment Authority of Pittsburgh (URA) Debt Recorded by URA and not Supported by the City

The URA has various Bonds and Loans, which are the obligation of the URA and are not guaranteed or financed by the City. The proceeds of these Bonds and Loans are used to provide mortgages, loans, or grants to individuals or companies within the City to be used for urban redevelopment. The Bonds and Loans are payable from repayment of mortgages and loans and from other revenue and grants received by the URA. Debt issued for the URA as of December 31, 2015 is as follows:

Mortgage Revenue Bonds

The Mortgage Revenue Bond Program was created to provide below market rate mortgages for the purchase and rehabilitation of residential property within the City. The 2006 A, B, & C Series bonds, including various serial and term bonds, bear interest at rates from 4.05% to 4.85% and mature through 2036. At December 31, 2015, \$12,350,000 is outstanding. \$1,135,000 is due on these bonds in 2016.

Bank Loan

The URA received a loan to finance renovations to the Lexington Technology Park buildings. The loan is fixed at an interest rate of 4.57%. At December 31, 2015, \$2,466,633 is outstanding. Final maturity is February 28, 2019. Monthly payments are based on a twenty-year amortization with a balloon payment due at maturity. \$138,379 is due on this loan in 2016.

During 2014, the URA received a bank loan totaling \$8,005,000. The proceeds of the loan were used to partially consolidate and refinance the debt on the South Side Works garages'

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

loans and to provide financing for the Open Hearth Garage in the South Side Works. The loan is fixed at an interest rate of 3.83%. At December 31, 2015, \$7,838,985 is outstanding. Final maturity is January 1, 2025. Monthly payments are based on a 10-year amortization with a balloon payment due at maturity. \$205,673 is due on this loan in 2016.

HUD Section 108 Loans

During 2008, the URA received two HUD Section 108 loans to provide funding for the Pittsburgh Technology Center. The first loan, in the original principal amount of \$3 million is for site improvements and streets and utilities relocation. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2015, \$2.373 million is outstanding. \$152,000 is due in 2016.

The second loan, in the original principal amount of \$2 million is for the construction of a 160-space parking condominium. The loan bears interest at 4.8% with semiannual principal and interest payments due February 1 and August 1. The loan matures on August 1, 2026. At December 31, 2015, \$1.582 million is outstanding. \$101,000 is due in 2016.

The 2008 loans are secured by future Community Development Block Grant grants, the pledged increment for the Pittsburgh Technology Center Tax Increment Financing District, and payments under the minimum payment agreement.

During 2009, the URA received a HUD Section 108 loan for the South Side Works Infrastructure Project, for an amount not to exceed \$4,000,000. \$3 million was drawn during 2009 representing interim financing, which was converted into permanent financing with HUD on June 17, 2010. The loan was paid off in the amount of \$1,893,000 during 2015.

In 2010, the URA received a \$10,000,000 HUD Section 108 loan to provide funding for the East Liberty Portal Project (the Project). The loan bears interest at 3.30% and is interest only until maturity on August 1, 2019. The proceeds of the loan were used to provide a portion of the financing for the Project through certain qualified community development entities (CDEs). The loan is secured by a note receivable and a Pledge and assignment of CDE membership interest to URA which is expected to generate proceeds to repay the note receivable and HUD 108 loan once the property is sold. Additional collateral includes a partial personal guarantee from the developer and two pledged reserve accounts. The loan is also secured by the URA's future Community Development Block Grant grants. The note receivable bears interest at 5% and principal is due on August 1, 2018. Any excess of interest received on the note receivable over interest paid on the HUD 108 loan must be held in trust until the HUD 108 loan is repaid in full.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Annual debt service requirements on outstanding bonds and loans of the URA are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,732,052	\$ 1,497,605	\$ 3,229,657
2017	1,178,527	1,429,723	2,608,250
2018	1,772,615	1,371,135	3,143,750
2019	13,560,494	1,558,201	15,118,695
2020	1,519,665	807,210	2,326,875
2021-2025	8,172,552	2,640,092	10,812,644
2026-2030	8,049,713	375,904	8,425,617
2031-2035	625,000	77,750	702,750
	<u>\$ 36,610,618</u>	<u>\$ 9,757,620</u>	<u>\$ 46,368,238</u>

URA Component Unit Debt consists of the following:

PHDC-Bank Loans

The PHDC had outstanding construction loans payable to banks of \$34,500. Interest accrues on the loans at rates that range from 4.00% to 4.25%. Loans are due on demand.

Future Maturities

Loans payable to the URA from PHDC are \$1,428,701. For reporting purposes, this activity is netted on the Combining Statement of Net Position – Components Units.

All interest expense on loans of the URA and its component units is reported as program expense as the borrowings are essential to the programs and the financial statements would be misleading to exclude these charges as direct expenses.

(F) Pittsburgh Parking Authority

On October 29, 2015, the Parking Authority issued \$67,395,000 in Parking System Revenue Refunding Bonds, Series A of 2015 and \$2,490,000 in Parking System Revenue Refunding Bonds, Taxable Series B of 2015.

Proceeds from the Series A of 2015 was used to (1) refund on a current refunding basis a portion of the Parking Authority's outstanding Parking System Revenue Bonds, Series A of 2005, (2) refund on a current refunding basis a portion of the Parking Authority's outstanding Parking System Revenue Bonds, Series B of 2005, (3) refund on an advance refunding basis a portion of the 2005B Bonds, (4) refund on a current refunding basis all of the Parking Authority's outstanding Parking System Revenue Bonds, Refunding Series A of 2005 and Parking System Revenue Bonds, Refunding Series B of 2005, (5) fund a Debt Service Reserve Fund Requirement relating to the 2015 Refunding Bonds by paying

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

a premium on a Municipal Bond Debt Service Reserve Policy, and (6) pay a portion of costs of issuance of the 2015 Refunding bonds.

Net proceeds from the Taxable Series B of 2015 were used to (1) refund on an advance refunding basis a portion of the 2005A Bonds, and (2) pay a portion of the costs of issuance of the 2015 Refunding bonds.

The Parking Authority's refundings through the 2015 Series A and B issues decreased the total debt service over the next 11 years by approximately \$8.5 million. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately \$7 million. The principal amount of defeased 2005A and 2005B bonds outstanding, without consideration of accreted interest, at December 31, 2015 is approximately \$6,100,000.

(G) Other Long-Term Obligations

The following is a summary of transactions affecting other long-term obligations of the City during 2015:

	Accrued Workers' Compensation	Accrued Compensated Absences	Accrued Claims and Judgments	Capital Lease Obligation
Balance, January 1, 2015	\$ 131,182,202	\$ 29,432,653	\$ 23,431,000	\$ 9,338,590
Additions	14,046,687	14,218,503	1,045,098	-
Reductions/payments	(15,276,673)	(13,805,030)	(830,098)	(788,067)
Balance, December 31, 2015	129,952,216	29,846,126	23,646,000	8,550,523
Less amounts accrued within short-term	(15,594,266)	(21,142,353)	(6,361,000)	(836,667)
Long-term portion, December 31, 2015	<u>\$ 114,357,950</u>	<u>\$ 8,703,773</u>	<u>\$ 17,285,000</u>	<u>\$ 7,713,856</u>

1. The General Fund is used to liquidate the workers' compensation, compensated absences, claims and judgments, and capital lease obligations.
2. Commencing on July 3, 2002, the City entered into a twenty year, noncancelable (unless there is a default of the terms by either party) lease for office space to be used by the Department of Public Safety, Police Bureau. The lease includes additional renewal options to extend the lease for four consecutive terms of five years each. The terms of the lease did not start until the Police Bureau took possession of the property in March 2004. The first lease payment was made for March 2004. \$15,434,653 is included in capital assets as capital leases.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

3. The minimum future rental payments required by the lease are as follows:

	Year Ended December 31,
2016	\$ 1,385,300
2017	1,385,300
2018	1,524,600
2019	1,524,600
2020	1,524,600
2021-2023	4,434,500
Total	11,778,900
Less interest:	(3,228,377)
Present value	<u>\$ 8,550,523</u>

During the first quarter of 2014, the City offered a Severance Incentive Program (SIP) to all eligible employees. A SIP eligible employee was a non-union, non-uniform employee who was in good standing and whose combined age and years of service equaled or exceeded a sum of 70 years. Approximately 180 employees were eligible and 65 accepted the offer. Total cost for the SIP is \$3,667,381 of which \$1,767,292 was paid out in 2015. The amount to be paid out in 2016 is \$441,823.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

10. DUE FROM/TO OTHER GOVERNMENTS

(A) Due From Other Governments

The City receives funds from various government agencies as reimbursements for their share of City projects and as grants for City programs. The following amounts, as described below, are due from other governments at December 31, 2015:

General Fund:	
Commonwealth of Pennsylvania	\$ 138,332
Special Revenue CDBG:	
Housing and Urban Development	652,510
Other Governmental Funds:	
Regional Asset District	-
Capital Projects:	
Commonwealth of Pennsylvania - Highway Fund	68,881
Federal Government - Highway Fund	1,916,491
	<u>1,985,372</u>
Total due from other governments - governmental funds	<u>\$ 2,776,214</u>

(B) Due To Other Governments

Funds are collected by the City on behalf of other governments. The following amounts, as described below, are due to other governments at December 31, 2015:

General Fund:	
Carnegie Library	\$ 138,031
Pittsburgh Board of Education	879,222
	<u>1,017,253</u>
Other Governmental Funds:	
Commonwealth of Pennsylvania	1,069,519
Federal Government - HUD	2,780,578
	<u>3,850,097</u>
Total due to other governments - governmental funds	<u>\$ 4,867,350</u>

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

11. INTERFUND RECEIVABLE AND PAYABLE BALANCES

	Due From				Total
	General	Capital Projects	Other Governmental	Special Revenue CDBG	
Due To:					
General	\$ -	\$ -	\$ 533,557	\$ 17,092	\$ 550,649
Other Governmental	-	153,094	-	50,418	203,512
Capital Projects	-	-	-	1,364,873	1,364,873
	<u>\$ -</u>	<u>\$ 153,094</u>	<u>\$ 533,557</u>	<u>\$ 1,432,383</u>	<u>\$ 2,119,034</u>

Except as described below, interfund balances represent timing differences resulting from the difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments are made.

The Capital Projects Fund advanced funds to the CDBG Special Revenue Fund in the amount of \$1.3 million, which is included in the total above.

12. TRANSFERS

Transfers between primary government funds:

	Transfer From			Total
	General	Capital Projects	Other Governmental	
Transfer To:				
General Fund	\$ -	\$ -	\$ 3,472,500	\$ 3,472,500
Debt Service	88,985,978	-	-	88,985,978
Capital Projects	10,500,000	-	-	10,500,000
Other Governmental	1,384,175	10,145,813	251,154	11,781,142
Total	<u>\$ 100,870,153</u>	<u>\$ 10,145,813</u>	<u>\$ 3,723,654</u>	<u>\$ 114,739,620</u>

Transfers are used (1) to move revenues from the funds that are required by statute or budget to collect them to the funds that are required by statute or budget to spend them, (2) to move receipts restricted for debt service from the funds collecting them to the Debt Service Fund as debt service payments become due and (3) to move unrestricted revenues collected in the General Fund, which finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

13. NET POSITION DEFICIT

Stadium Authority Deficit

The net position deficit of the Stadium Authority of \$528,484 is expected to be subsidized through future revenues.

PWSA Deficit

The net position deficit of PWSA of \$35,745,000 is expected to be subsidized through future rate increases.

14. RELATED PARTY TRANSACTIONS

- (A) Under the terms of agreements dated July 1, 1965 and amended on various dates through June 17, 1992, the City of Pittsburgh made total grants of \$22,775,168 to the Stadium Authority to cover the excess of the aggregate cost of operation and maintenance of the stadium and debt service on the stadium bonds over the total funds available to the Stadium Authority for those purposes, to be repaid if funds are available. The Stadium Authority has this reflected as a long-term note due to the City. However, the City does not have a corresponding receivable recorded due to the unlikelihood of collection.
- (B) As of January 1, 2015, the City and the Parking Authority have entered into the 2015 Governmental Cooperation Agreement. Under the terms of the agreement, the Authority will receive the first \$4.6 million of on-street meter revenue, as well as the operating expenses associated with the on-street multi-space parking meters including credit card fees. The City will receive 100% of the net revenues of the Pittsburgh Parking Court (net of all expenses).

The City had agreed that the annual payment in lieu of real estate taxes will be offset by the Oliver Garage Parking Tax. In June 2005, the Parking Authority paid off the outstanding URA Bonds on the Oliver Parking Facility with proceeds from the June 2005 Refunding Series. Since the URA Bonds were paid in full, the Oliver Garage Parking Tax Incremental Financing (TIF) lapsed. In consideration of the increase in parking taxes received by the City for the Oliver Garage as a result of the lapse of the Parking Tax TIF defined in the URA Cooperation Agreement, the City agreed that the Parking Authority would reduce the payment in lieu of real estate taxes in an amount equal to the Oliver Garage Parking Tax, being revenue neutral for both parties. Effective for 2015, the 2015 Governmental Cooperation Agreement eliminates the reduction to the payment in lieu of real estate taxes by the Oliver Garage Parking. As a result, the annual payment in lieu of real estate taxes paid to the City was \$1.9 million for the year ended December 31, 2015. The payment is due no later than March 15th of each year.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Beginning in 2015, the City and the Parking Authority have also agreed, in the event that total amounts of all payments from the Parking Authority to the City (excluding parking tax payments), exceeds \$18.5 million with respect to any fiscal year of the Authority, any such excess amounts will be split equally by the City and the Authority. The parties also agree to negotiate in good faith beginning in 2019, a reduction to the \$18.5 million beginning in 2020, to allow the Authority to engage in long-term capital needs planning.

As a result of the 2015 Amended Agreements with the City, there was no additional payment to the City for 2015.

15. CONSTRUCTION AND LEASE COMMITMENTS

As of December 31, 2015, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>
Greenfield Bridge	\$ 16,805,287
Penn Ave. Reconstruction, Phase 1	617,527
Forbes-Market Reconstruction	2,960,180
CBD Signalization Phase I	19,117
CBD Signalization Phase II	1,362,146
Automated Fuel Management System	5,228
Schenley Skating Rink	483,871
Riverview Park Observatory Road	166,335
Burgwin Spray Pool	39,780
Bloomfield Deck Hockey	24,930
Westinghouse Memorial Pond	866,971
Brookline Senior & Community Center	262,229
Monastery Street Steps	33,699
	<u>\$ 23,647,300</u>

Component Units:

PWSA is proceeding with a capital improvement program which the PWSA's independent engineer has estimated will entail expenditure of the existing construction funds and potential future bond issues. As of December 31, 2015, \$19 million from the Series 2013 bond issue is committed for the 2016 capital improvement program.

PWSA has contracted with Veolia Water North America (Veolia), an outside management company to direct its operations. In addition, there are various Key Performance Indicators (KPIs) and OPEX initiatives which Veolia will be paid for if or when the requirements are met. During 2015, payments to Veolia for management, KPIs and OPEX totaled approximately \$3.4 million. During November 2014, the Authority contracted with Veolia for the term January 1, 2015 through

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

December 31, 2015. The contract was not renewed or extended and was terminated as of December 31, 2015.

At December 31, 2015, the URA had entered into contracts for professional services and construction totaling approximately \$3.6 million. These commitments include: approximately \$1.3 million for the East Liberty project; approximately \$300,000 for the Downtown Preservation project; approximately \$500,000 for the South Side Works project, and the remaining contract commitments are for various smaller projects.

16. REGIONAL ASSET DISTRICT REVENUES

In December 1993, the Commonwealth legislature approved Act 77 of 1993 authorizing the creation of RAD by Allegheny County. RAD is a special purpose district whose primary purpose is to provide support and financing for regional community assets that were historically funded by the City, Allegheny County, or local municipalities. The City does not include RAD within its reporting entity since the City is not financially accountable for RAD's operations. These community assets include regional parks of the City and Allegheny County, municipal libraries, the Pittsburgh Zoo, the National Aviary, Phipps Conservatory, the old Three Rivers Stadium debt, PNC Park, Heinz Field, and community cultural facilities.

RAD revenue allocated to the City totaled approximately \$26 million in 2015. The City allocated approximately \$1.6 million to park operations.

17. CONTINGENCIES

The City has been named as a defendant in a number of lawsuits arising in the ordinary course of its operations against which the City is not insured. In the opinion of the City Solicitor, adequate accrual has been made in the financial statements for such lawsuits.

There are currently a number of real estate appeals in process for which the outcome and possible further reduction in the real estate tax levy cannot be determined at this time. The City has accrued an estimate for tax refunds within accounts payable on the statement of net position and governmental funds (general) balance sheet.

The City receives federal and state grants under a number of programs. The expenditures of the City under such programs are subject to audit and possible disallowance. Historically, such audits have not resulted in significant disallowances of program costs, and City management believes that audits of existing programs will not result in significant liability to the City. Any contingent liability accrual deemed appropriate has been reflected in the financial statements as presented.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Component Units

Consent Order

The PWSA is subject to federal regulation under the Clean Water Act (1977) and regulations adopted under that Act. Among the specific requirements applicable to the PWSA's system are those imposed by the United States Environmental Protection Agency's Combined Sewer Overflow (CSO) Policy (1994). On January 29, 2004, the PWSA and the City of Pittsburgh executed a Consent Order and Agreement (Order) regarding wet weather sewer overflows within the City. The other signatories to the Order are the Pennsylvania Department of Environmental Protection (DEP) and the Allegheny County Health Department (ACHD).

Generally, the Order requires the PWSA and the City to assess the City sewers in order to develop a plan with ALCOSAN to address wet weather sewer overflows within the City. The Order is part of a sewer assessment program for all municipalities served by ALCOSAN. To date, assessment activities have been completed for all accessible critical sewers and separate sanitary sewers with the exception of any additional sewers discovered through continued research and investigation. Ongoing pipe and manhole repairs are being completed in order to provide CCTV access to remaining inaccessible critical/sanitary sewer pipes. Assessment activities for non-critical sewers are to be completed on a longer schedule, including completing CCTV at an annual average rate that was utilized to complete the critical/sanitary televising. The majority of accessible non-critical manholes have been inspected with ongoing efforts to complete any remaining or newly identified. The required Wet Weather Feasibility Study (WWFS) was submitted to the DEP and ACHD on time in July of 2013. This long term control plan outlined system-wide improvements, including Green Infrastructure (GI) that PWSA would implement over the next 20 years.

As this Order with the DEP expired in March 2015, the U.S. Environmental Protection Agency (USEPA) became the main regulatory body to which the PWSA is responsible. On January 21, 2016 the USEPA issued a Clean Water Act Section 308 Information Request to the PWSA. The nature of the request is to provide a jurisdictional basis for USEPA to engage the PWSA/City in an enforcement action by consent, or a Consent Decree (CD). PWSA intends that through such an action, it can more fully participate in the implementation of interim regional wet weather activities, controls, and improvements. The PWSA further understand that such an action will also permit the PWSA/City to participate more fully in the identification and implementation of any final wet weather control measures for the region. The USEPA 308 request requires the PWSA to submit detailed information on past CSO performance and activities. It also requires the PWSA to conduct a source reduction analysis for the entire service area, followed by GI demonstration projects to be completed by December 2017. The results of the analysis and demonstration projects will be used to determine the details in the final consent decree.

In addition to the assessment, the USEPA 308 request requires the PWSA and the City to implement the Nine Minimum Controls to reduce combined sewer overflows, and to perform repairs and maintenance of deficiencies revealed by the assessment. The PWSA maintains an expedited response to significant structural failures of the sewer system where imminent structural failures are determined by a professional engineer and prioritized for repair. Ongoing sewer line replacement,

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

point repair, lining, point lining, and Gunite projects have been implemented to address structural deficiencies.

Given the scope of a potential CD, the size of the City sewer system, and the various conditions and/or deficiencies that may be discovered by the assessment, it is difficult to predict the total cost of compliance with the CD. Moreover, it is difficult to predict what, if any, large-scale and/or regional capital improvements may be required after the completion of the assessment to address wet weather sewer overflows in the City and in the ALCOSAN service area. The PWSA hired two engineering firms to assess and model the sewer system, and will have fulfilled the first portion of the USEPA 308 request by March 31, 2016. The second phase of the request requires a source reduction study be completed by December 1, 2016 and demonstration projects constructed by December 1, 2017.

The Authority, along with the other impacted local municipalities, is awaiting a response from USEPA and DEP on its proposed regional plan. Costs associated with CD compliance will be reflected in the capital improvement program and funded by proceeds of potential future bond issuances.

Arena Land Agreement

On September 11, 2014, the URA entered into a Comprehensive Option Agreement with the Sports & Exhibition Authority of Pittsburgh and Allegheny County (“SEA”) and Pittsburgh Arena Real Estate Redevelopment LP (“Redeveloper”) that replaced previous agreements regarding the redevelopment of the approximately 28 acre site comprised of the former Civic Arena and surrounding parking lots. Approximately 9 acres of the site is owned by the URA. The Redeveloper is entitled to an aggregate of \$15 million of credits which may be applied to the appraised value purchase price of any property on the site purchased during the term of the Option Agreement. The term of the Option Agreement expires on October 22, 2024, subject to certain extension provisions contained in the Option Agreement. As of December 31, 2015, the balance of credits was \$14.525 million. At the expiration of the Option Agreement term, any URA property on the site that was not purchased by the Redeveloper will remain with the URA, and the Redeveloper will be entitled to the amount of any unused credits, either as a lump sum payment from the URA and SEA or through the payment to the Redeveloper of parking revenues generated on any remaining portion of the site that is used as surface parking.

18. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The risk of loss to which the City is exposed for the above mentioned items is handled through various insurance coverages. As of December 31, 2015, there were no settlements exceeding coverage for the past three years. The City also covers certain claim settlements and judgments from its General and Capital Projects Fund resources due to the prohibitive cost of carrying certain commercial insurance. The City currently reports all risk management activities out of its General Fund. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

include an estimate of claims that have been incurred but not reported. Provisions are recorded within current liabilities for amounts payable within one year. Amounts not payable within one year are reported within long-term liabilities.

Changes in the accrued claims and judgments liability during the year ended December 31, 2015 are as follows:

Accrued claims and judgments, January 1	\$ 23,431,000
Current year claims	1,045,098
Claim payments	<u>(830,098)</u>
Accrued claims and judgments, December 31	<u>\$ 23,646,000</u>

These accruals are subject to potential losses in excess of the amount recorded at year-end; it is unlikely that the amount for such potential losses would be material.

Also, the City is fully self-insured for workers' compensation benefits. The City monitors its liability through periodic actuarial studies. A self-insurance reserve fund in the amount of \$338,349 (classified as restricted within the General Fund) is maintained, due to a legal requirement under self-insurance regulations of the State of Pennsylvania, in the General Fund.

Changes in the accrued workers' compensation liability during the year ended December 31, 2015 are as follows:

Accrued worker's compensation, January 1	\$ 131,182,202
Current year claims	14,046,687
Claim payments	<u>(15,276,673)</u>
Accrued worker's compensation, December 31	<u>\$ 129,952,216</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

PENSION PLAN

YEARS ENDED DECEMBER 31

	2015	2014
Total Pension Liability:		
Service cost	\$ 21,696,487	\$ 22,015,630
Interest	88,838,894	87,049,771
Changes of benefit terms	-	-
Differences between expected and actual experience	2,283,418	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(86,946,857)	(87,394,443)
Net Changes in Total Pension Liability	25,871,942	21,670,958
Total Pension Liability - Beginning	1,203,226,188	1,181,555,230
Total Pension Liability - Ending (a)	\$ 1,229,098,130	\$ 1,203,226,188
Plan Fiduciary Net Position:		
Contributions - employer	\$ 63,758,477	\$ 51,914,297
Contributions - member	10,900,701	10,909,251
Net investment income (loss)	(680,514)	24,302,368
Benefit payments, including refunds of member contributions	(86,946,857)	(87,394,443)
Administrative expense	(1,294,544)	(1,271,604)
Other	-	3,263,901
Net Change in Plan Fiduciary Net Position	(14,262,737)	1,723,770
Plan Fiduciary Net Position - Beginning	392,065,463	390,341,693
Plan Fiduciary Net Position - Ending (b)	\$ 377,802,726	\$ 392,065,463
Net Pension Liability - Ending (a-b)	\$ 851,295,404	\$ 811,160,725
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.74%	32.58%
Covered Employee Payroll	\$ 211,962,778	\$ 202,853,143
Net Pension Liability as a Percentage of Covered Employee Payroll	401.62%	399.88%

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
 PENSION PLAN

SCHEDULE OF THE CITY'S CONTRIBUTIONS
 AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31

	2015	2014
Schedule of City's Contributions		
Actuarially determined contribution	\$ 42,860,296	\$ 31,438,297
Contributions in relation to the actuarially determined contribution	63,758,477	51,914,297
Contribution deficiency (excess)	\$ (20,898,181)	\$ (20,476,000)
Covered employee payroll	\$ 211,962,778	\$ 202,853,143
Contributions as a percentage of covered employee payroll	30.08%	25.59%
Investment Returns		
Annual money-weighted rate of return, net of investment expense	0.04%	6.48%

See accompanying notes to required supplementary schedules.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTE TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2015

Actuarial Methods and Assumptions Used in Calculation of Actuarially Determined Contribution

The latest valuations available are dated January 1, 2015; however the contribution and contribution rate information presented in the required supplementary schedules was determined as part of the January 1, 2013 actuarial valuations. Additional information as of the January 1, 2013 valuation follows:

	<u>Municipal</u>	<u>Policemen</u>	<u>Firemen</u>
Actuarial valuation date	1/1/2013	1/1/2013	1/1/2013
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	23 years	24 years	23 years
Asset valuation method	Tabular Smoothing	Tabular Smoothing	Tabular Smoothing
Actuarial assumptions:			
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases	4.00%	4.50%	5.75%
Underlying inflation rate	3.00%	3.00%	3.00%
Merit and longevity increases	1.00%	1.50%	2.75%

The actuarially determined contribution of \$42.9 million and \$31.4 million for the year ended December 31, 2015 and 2014, respectively, is based on the City's actuarially prepared Minimum Municipal Obligation under PA Act 205, as amended. The contribution excess for each year includes \$13.4 million in payments originating from dedicated parking revenue and \$2.9 million and \$7.1 million for the year ended December 31, 2015 and 2014, respectively, originating from gaming revenue.

There were no benefit changes or changes in actuarial assumptions made in connection with the 1/1/2013 actuarial valuation.

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLANS

YEAR ENDED DECEMBER 31, 2015

(Dollar Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Asset</u>	<u>(b) Actuarial Accrued Liability</u>	<u>(Overfunded) Unfunded Actuarial Accrued Liability</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>(Overfunded)/Unfunded Actuarial Accrued Liability (b-a) as a Percentage of Covered Payroll ((b-a)/c)</u>
01/01/08	\$ -	\$ 359,140	\$ 359,140	0.0%	\$ 172,624	208.05%
01/01/10	-	488,631	488,631	0.0%	184,368	265.03%
01/01/12	-	495,761	495,761	0.0%	198,185	250.15%
01/01/14	6,152	570,263	564,111	1.1%	202,853	278.09%

Note 1: Covered payroll reflects information from Pension Fund Actuarial Valuations.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL OTHER FUND
STATEMENTS AND SCHEDULES

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	Equipment Leasing Authority	Liquid Fuels Tax	JTPA	Public Safety	Civic and Cultural	Grants and Donations	Total
Assets							
Cash and cash equivalents	\$ 932,188	\$ 1,957,760	\$ 3,246,945	\$ 9,476,770	\$ 8,586,994	\$ 3,122,528	\$ 27,323,185
Other receivables	-	-	-	701,877	1,187,568	-	1,889,445
Accrued interest	-	201	-	-	-	-	201
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	50,418	-	-	153,094	203,512
Total Assets	\$ 932,188	\$ 1,957,961	\$ 3,297,363	\$ 10,178,647	\$ 9,774,562	\$ 3,275,622	\$ 29,416,343
Liabilities and Fund Balance							
Liabilities:							
Account payable	\$ -	\$ -	\$ 55,395	\$ 60,659	\$ 33,589	\$ 3,373	\$ 153,016
Accrued liabilities	36,853	139,341	234,906	158,738	623,851	1,141,850	2,335,539
Due to other funds	-	-	201,914	181,321	84,227	66,095	533,557
Due to other governments	-	-	2,780,578	1,069,519	-	-	3,850,097
Total Liabilities	36,853	139,341	3,272,793	1,470,237	741,667	1,211,318	6,872,209
Fund Balance:							
Restricted - State and Federal Purpose Grants	-	1,818,620	24,570	1,660,060	1,172,850	2,064,304	6,740,404
Committed - Specified Program Services	895,335	-	-	6,987,166	7,153,808	-	15,036,309
Assigned:	-	-	-	-	-	-	-
Public Safety	-	-	-	61,184	-	-	61,184
Community Recreation and Cultural	-	-	-	-	706,237	-	706,237
Total Fund Balance	895,335	1,818,620	24,570	8,708,410	9,032,895	2,064,304	22,544,134
Total Liabilities and Fund Balance	\$ 932,188	\$ 1,957,961	\$ 3,297,363	\$ 10,178,647	\$ 9,774,562	\$ 3,275,622	\$ 29,416,343

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2015

	Equipment Leasing Authority	Liquid Fuels Tax	JTPA	Public Safety	Civic and Cultural	Grants and Donations	Total
Revenues:							
Taxes, including penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ 5,369,688	\$ -	\$ 5,369,688
Interest and dividends	-	1,753	-	70	-	-	1,823
Fines and forfeits	-	-	-	454,863	-	-	454,863
Intergovernmental revenues	-	6,873,068	2,633,372	154,799	646,491	1,693,236	12,000,966
Charges for user services	-	-	-	2,822,813	2,296,880	-	5,119,693
Miscellaneous	253,640	-	-	1,630	-	984,027	1,239,297
Total revenues	<u>253,640</u>	<u>6,874,821</u>	<u>2,633,372</u>	<u>3,434,175</u>	<u>8,313,059</u>	<u>2,677,263</u>	<u>24,186,330</u>
Expenditures:							
General government	11,728,639	-	2,633,372	48,302	307,927	1,845,505	16,563,745
Public safety	-	-	-	1,898,950	-	1,049,402	2,948,352
Public works	-	3,225,717	-	-	4,460,236	367,861	8,053,814
Community, recreational, and cultural	-	-	-	-	2,950,437	-	2,950,437
Economic and physical development	-	-	-	-	-	437,661	437,661
Total expenditures	<u>11,728,639</u>	<u>3,225,717</u>	<u>2,633,372</u>	<u>1,947,252</u>	<u>7,718,600</u>	<u>3,700,429</u>	<u>30,954,009</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,474,999)</u>	<u>3,649,104</u>	<u>-</u>	<u>1,486,923</u>	<u>594,459</u>	<u>(1,023,166)</u>	<u>(6,767,679)</u>
Other Financing Sources (Uses):							
Transfers in	11,781,142	-	-	-	-	-	11,781,142
Transfers out	-	(3,472,500)	-	(229,436)	(21,718)	-	(3,723,654)
Total other financing sources (uses)	<u>11,781,142</u>	<u>(3,472,500)</u>	<u>-</u>	<u>(229,436)</u>	<u>(21,718)</u>	<u>-</u>	<u>8,057,488</u>
Net Change in Fund Balance	<u>306,143</u>	<u>176,604</u>	<u>-</u>	<u>1,257,487</u>	<u>572,741</u>	<u>(1,023,166)</u>	<u>1,289,809</u>
Fund Balance:							
Beginning of year	589,192	1,642,016	24,570	7,450,923	8,460,154	3,087,470	21,254,325
End of year	<u>\$ 895,335</u>	<u>\$ 1,818,620</u>	<u>\$ 24,570</u>	<u>\$ 8,708,410</u>	<u>\$ 9,032,895</u>	<u>\$ 2,064,304</u>	<u>\$ 22,544,134</u>

CITY OF PITTSBURGH, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2015

	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Assets					
Cash and cash equivalents	\$16,663,278	\$ 182,858	\$ 3,071,834	\$ 22,166	\$ 19,940,136
Investments:					
Preferred and common stock	46,978,445	-	-	-	46,978,445
U.S. government and agency obligations	12,109,911	-	-	-	12,109,911
Corporate and other obligations	35,437,905	-	-	-	35,437,905
Mutual funds:					
U.S. equities	86,096,208	-	-	-	86,096,208
Non-U.S. equities	60,127,511	-	-	-	60,127,511
Fixed income	24,701,528	-	-	-	24,701,528
Hedge funds	45,353,073				45,353,073
Real estate funds	33,842,433	-	-	-	33,842,433
Private equity	12,676,479	-	-	-	12,676,479
Due from (to) City of Pittsburgh	2,900,000				2,900,000
Due from (to) other fund	(435,783)	-	435,783	-	-
Accrued interest and dividend receivables	439,614	-	-	-	439,614
Total Assets	376,890,602	182,858	3,507,617	22,166	380,603,243
Liabilities					
Benefits and related withholdings payable	-	-	2,755,752	-	2,755,752
Accrued liabilities and other payables	-	33,706	-	-	33,706
Due to City of Pittsburgh Trust and Agency Fund	-	-	6,640	4,419	11,059
Total Liabilities	-	33,706	2,762,392	4,419	2,800,517
Net Position - Restricted for Pension Benefits	\$ 376,890,602	\$ 149,152	\$ 745,225	\$ 17,747	\$ 377,802,726

CITY OF PITTSBURGH, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2015

	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Additions:					
Contributions:					
Employer - pension benefits	\$45,499,149	\$ -	\$ -	\$ -	\$ 45,499,149
Employer - other benefits	2,482,888	-	998,830	-	3,481,718
Plan members	10,900,701	-	-	-	10,900,701
State Aid	18,259,328	-	-	-	18,259,328
Total contributions	<u>77,142,066</u>	<u>-</u>	<u>998,830</u>	<u>-</u>	<u>78,140,896</u>
Investment income:					
Net increase in fair value of investments	(4,270,124)	-	-	-	(4,270,124)
Interest and dividends	4,348,196	-	-	1,282	4,349,478
Total investment income (loss)	<u>78,072</u>	<u>-</u>	<u>-</u>	<u>1,282</u>	<u>79,354</u>
Investment expense	(867,730)	-	-	-	(867,730)
Net investment income	<u>(789,658)</u>	<u>-</u>	<u>-</u>	<u>1,282</u>	<u>(788,376)</u>
Miscellaneous:					
Transfer in	-	25,610,382	33,344,685	31,242,000	90,197,067
Other	63,602	34,683	-	9,577	107,862
Total additions	<u>76,416,010</u>	<u>25,645,065</u>	<u>34,343,515</u>	<u>31,252,859</u>	<u>167,657,449</u>
Deductions:					
Benefit payments	-	24,557,546	33,681,336	31,001,673	89,240,555
Refund of employee contributions	-	825,402	360,726	1,892	1,188,020
Transfer out	90,197,067	-	-	-	90,197,067
Administrative expense	308,401	247,478	491,354	247,311	1,294,544
Total deductions	<u>90,505,468</u>	<u>25,630,426</u>	<u>34,533,416</u>	<u>31,250,876</u>	<u>181,920,186</u>
Net Increase (Decrease) in Net Position	<u>(14,089,458)</u>	<u>14,639</u>	<u>(189,901)</u>	<u>1,983</u>	<u>(14,262,737)</u>
Net Position:					
Beginning of year	<u>390,980,060</u>	<u>134,513</u>	<u>935,126</u>	<u>15,764</u>	<u>392,065,463</u>
End of year	<u>\$ 376,890,602</u>	<u>\$ 149,152</u>	<u>\$ 745,225</u>	<u>\$ 17,747</u>	<u>\$ 377,802,726</u>

CITY OF PITTSBURGH, PENNSYLVANIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Balance at December 31, 2014	Additions	Deletions	Balance at December 31, 2015
EMPLOYEE BENEFITS				
Assets				
Cash and cash equivalents	\$ 11,075,898	\$ 79,270,609	\$ 75,290,919	\$ 15,055,588
Other assets	115,815	84,287	115,815	84,287
Total Assets	<u>\$ 11,191,713</u>	<u>\$ 79,354,896</u>	<u>\$ 75,406,734</u>	<u>\$ 15,139,875</u>
Liabilities				
Accrued liabilities	\$ 11,191,713	\$ 79,354,896	\$ 75,406,734	\$ 15,139,875
Total Liabilities	<u>\$ 11,191,713</u>	<u>\$ 79,354,896</u>	<u>\$ 75,406,734</u>	<u>\$ 15,139,875</u>
DEPOSITS				
Assets				
Cash and cash equivalents	\$ 2,404,533	\$ 17,313,572	\$ 17,416,173	\$ 2,301,932
Total Assets	<u>\$ 2,404,533</u>	<u>\$ 17,313,572</u>	<u>\$ 17,416,173</u>	<u>\$ 2,301,932</u>
Liabilities				
Accrued liabilities	\$ 1,421,355	\$ 16,541,927	\$ 16,613,321	\$ 1,349,961
Deposits held in trust	983,178	771,645	802,852	951,971
Total Liabilities	<u>\$ 2,404,533</u>	<u>\$ 17,313,572</u>	<u>\$ 17,416,173</u>	<u>\$ 2,301,932</u>
OTHER				
Assets				
Cash and cash equivalents	\$ 1,181,377	\$ 557,591	\$ 381,315	\$ 1,357,653
Total Assets	<u>\$ 1,181,377</u>	<u>\$ 557,591</u>	<u>\$ 381,315</u>	<u>\$ 1,357,653</u>
Liabilities				
Accrued liabilities	\$ 1,173,877	\$ 557,591	\$ 381,315	\$ 1,350,153
Accounts payable	7,500	-	-	7,500
Total Liabilities	<u>\$ 1,181,377</u>	<u>\$ 557,591</u>	<u>\$ 381,315</u>	<u>\$ 1,357,653</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 14,661,808	\$ 97,141,772	\$ 93,088,407	\$ 18,715,173
Other assets	115,815	84,287	115,815	84,287
Total Assets	<u>\$ 14,777,623</u>	<u>\$ 97,226,059</u>	<u>\$ 93,204,222</u>	<u>\$ 18,799,460</u>
Liabilities				
Accrued liabilities	\$ 13,786,945	\$ 96,454,414	\$ 92,401,370	\$ 17,839,989
Accounts payable	7,500	-	-	7,500
Deposits held in trust	983,178	771,645	802,852	951,971
Total Liabilities	<u>\$ 14,777,623</u>	<u>\$ 97,226,059</u>	<u>\$ 93,204,222</u>	<u>\$ 18,799,460</u>

CITY OF PITTSBURGH, PENNSYLVANIA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 CAPITAL PROJECTS FUND
 YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
<u>Intergovernmental</u>	<u>\$ 11,212,981</u>	<u>\$ 11,212,981</u>	<u>\$ -</u>
Total revenues	<u>11,212,981</u>	<u>11,212,981</u>	<u>-</u>
Expenditures:			
Capital projects:			
Engineering and construction	8,003,594	3,620,388	4,383,206
Parks and recreation	3,387,685	667,413	2,720,272
Public works	48,449,212	24,781,562	23,667,650
General services	402,379	274,301	128,078
Urban Redevelopment Authority	6,849,113	1,510,000	5,339,113
Other	<u>26,002,058</u>	<u>15,359,262</u>	<u>10,642,796</u>
Total expenditures	<u>93,094,041</u>	<u>46,212,926</u>	<u>46,881,115</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(81,881,060)</u>	<u>(34,999,945)</u>	<u>46,881,115</u>
Other Financing Sources (Uses):			
<u>Transfers in</u>	<u>10,500,000</u>	<u>10,500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>10,500,000</u>	<u>10,500,000</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$ (71,381,060)</u></u>	<u><u>\$ (24,499,945)</u></u>	<u><u>\$ 46,881,115</u></u>

CITY OF PITTSBURGH, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2015

(Amounts expressed in thousands)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) revenues and transfers in from the budgetary comparison statement. \$ 21,713

The adjustments to convert to GAAP basis, recording of receivables, and revenues not included in budget. (742)

Total Capital Projects Fund revenue and other financing sources on GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balance. \$ 20,971

Users/Outflows of Revenues:

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement. \$ 46,213

The adjustments to convert to GAAP basis, recording of expenditures, liabilities, and transfers out not included in budget. 2,933

Total Capital Projects Fund expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance. \$ 49,146

CITY OF PITTSBURGH,
PENNSYLVANIA

STATISTICAL SECTION

Statistical Section

This section of the City of Pittsburgh (City) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	106
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the earned income tax.	112
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	117
Demographic and Economic Information	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	126
Operating Information	
This schedule contains service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	130

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement No. 34 in 2002.

Table 1
CITY OF PITTSBURGH, PENNSYLVANIA
NET POSITION BY COMPONENT
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Primary Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 91,521,494	\$ 48,597,817	\$ 40,908,517	\$ 30,418,047	\$ 43,879,623	\$ 36,763,941	\$ 32,478,809	\$ 28,406,314	\$ 28,068,983	\$ 19,855,494
Restricted	42,816,766	83,924,440	35,528,918	80,232,094	18,207,346	5,325,151	50,937,825	50,312,990	3,590,593	17,410,647
Unrestricted	(1,425,259,836)	(554,343,879)	(500,286,687)	(535,262,684)	(544,694,171)	(603,655,738)	(640,869,765)	(640,595,818)	(623,499,122)	(665,435,571)
<i>Total Primary Government Net Position</i>	<u>\$ (1,290,921,576)</u>	<u>\$ (421,821,622)</u>	<u>\$ (423,849,252)</u>	<u>\$ (424,612,543)</u>	<u>\$ (482,607,202)</u>	<u>\$ (561,566,646)</u>	<u>\$ (557,453,131)</u>	<u>\$ (561,876,514)</u>	<u>\$ (591,839,546)</u>	<u>\$ (628,169,430)</u>

Note: 2015 is the first year of GASB No. 68 implementation.

Table 2
CITY OF PITTSBURGH, PENNSYLVANIA
 CHANGES IN NET POSITION
 LAST TEN YEARS
 ACCRUAL BASIS OF ACCOUNTING

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental Activities:										
General government	\$ 92,461,452	\$ 74,786,585	\$ 84,139,729	\$ 76,848,176	\$ 72,151,719	\$ 71,614,406	\$ 68,959,502	\$ 72,646,015	\$ 67,454,774	\$ 57,794,631
Public safety	307,202,644	300,400,845	283,064,565	247,872,443	256,878,936	265,453,864	269,028,114	230,989,104	242,305,419	207,121,913
Highways and streets	79,548,977	76,957,600	84,122,828	70,901,338	60,616,098	65,409,264	62,239,814	67,275,379	57,079,918	56,458,755
Sanitation	18,213,380	15,237,555	16,179,754	13,934,766	15,570,885	16,830,263	16,905,288	16,568,056	20,615,151	18,398,474
Economic development	12,630,440	23,201,566	25,125,815	23,355,059	29,713,751	40,566,038	22,208,871	19,732,650	21,227,314	16,056,706
Cultural and recreation	11,889,380	16,047,636	14,061,771	12,102,441	12,300,170	13,104,511	11,680,075	11,818,117	9,218,087	11,754,122
Interest on long-term debt and debt subsidies	23,075,567	33,349,335	29,031,125	33,561,747	34,804,447	36,743,860	52,693,640	56,511,220	56,806,611	57,886,827
<i>Total primary government expenses</i>	<u>\$ 545,021,840</u>	<u>\$ 539,981,122</u>	<u>\$ 535,725,587</u>	<u>\$ 478,575,970</u>	<u>\$ 482,036,006</u>	<u>\$ 509,722,206</u>	<u>\$ 503,715,304</u>	<u>\$ 475,540,541</u>	<u>\$ 474,707,274</u>	<u>\$ 425,471,427</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 42,874,193	\$ 19,717,129	\$ 23,756,687	\$ 22,041,417	\$ 22,147,599	\$ 22,366,390	\$ 20,792,352	\$ 20,182,426	\$ 20,122,440	\$ 19,621,666
Public safety	13,341,178	27,234,697	21,042,591	20,474,148	16,993,800	17,203,765	18,320,376	18,821,117	19,366,360	19,348,266
Highway and streets	3,194,577	2,743,102	2,943,398	3,271,768	2,780,705	2,190,565	2,858,972	2,983,073	3,013,764	1,702,493
Sanitation	96,652	132,200	96,425	77,555	84,718	102,560	271,931	232,010	501,152	655,512
Culture and recreation	1,039,706	1,477,166	1,511,920	2,058,061	1,679,201	2,322,421	1,975,903	1,673,694	1,841,009	1,701,979
Operating grants and contributions	48,060,084	53,690,940	59,058,978	67,020,105	94,414,438	65,673,104	62,569,988	72,632,131	65,906,114	50,681,637
Capital grants and contributions	24,605,003	24,519,082	32,275,773	25,776,563	31,865,907	32,006,053	36,680,498	20,766,859	24,720,948	17,611,527
<i>Total primary government program revenues</i>	<u>\$ 133,211,393</u>	<u>\$ 129,514,316</u>	<u>\$ 140,685,772</u>	<u>\$ 140,719,617</u>	<u>\$ 169,966,368</u>	<u>\$ 141,864,858</u>	<u>\$ 143,470,020</u>	<u>\$ 137,291,310</u>	<u>\$ 135,471,787</u>	<u>\$ 111,323,080</u>
Net (Expense) Revenue:										
Governmental activities	<u>\$ (411,810,447)</u>	<u>\$ (410,466,806)</u>	<u>\$ (395,039,815)</u>	<u>\$ (337,856,353)</u>	<u>\$ (312,069,638)</u>	<u>\$ (367,857,348)</u>	<u>\$ (360,245,284)</u>	<u>\$ (338,249,231)</u>	<u>\$ (339,235,487)</u>	<u>\$ (314,148,347)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Real estate	\$ 137,884,011	\$ 129,918,499	\$ 125,749,849	\$ 139,203,730	\$ 135,744,044	\$ 131,832,591	\$ 131,913,614	\$ 128,532,482	\$ 129,076,234	\$ 138,586,332
Earned income	88,904,431	86,925,234	82,711,518	75,358,073	74,537,388	70,217,088	67,717,310	65,108,103	57,329,470	50,031,453
Business privilege	2,751	17,851	39,539	103,906	231,821	833,142	9,647,008	9,460,665	9,298,694	15,171,511
Local services	13,984,697	14,022,784	13,901,193	14,227,654	16,592,287	13,963,285	13,512,620	13,743,861	16,448,473	16,159,663
Payroll preparation	73,930,205	56,416,555	54,366,168	51,833,425	51,057,843	46,620,284	46,519,083	46,733,471	44,436,947	41,361,676
Parking	55,065,134	53,248,377	51,986,310	50,920,051	48,242,776	46,655,098	45,299,789	45,920,603	49,294,644	52,098,912
Sales tax from Regional Asset District	26,227,370	27,018,069	24,608,395	26,032,524	20,857,014	20,440,182	20,014,023	20,178,425	20,869,051	20,326,691
Deed transfer	22,331,381	20,114,616	20,739,834	15,575,701	18,729,805	14,108,533	12,283,957	17,071,424	16,677,181	18,033,290
Amusement	16,168,807	14,348,201	13,716,588	11,282,494	13,132,370	10,847,981	11,453,330	11,593,318	8,919,870	8,480,222
Nonprofit payment for municipal services	378,932	2,267,059	2,010,873	4,894,760	3,555,369	294,268	849,978	778,417	5,311,595	5,873,622
Mercantile	-	-	-	-	1,330	10,051	16,368	34,388	64,609	148,658
Other	8,416,329	6,026,456	5,801,064	4,960,016	2,403,662	4,922,118	4,609,767	4,145,482	5,130,963	3,820,311
Unrestricted investment earnings	292,395	182,305	97,006	204,587	72,903	244,691	590,130	4,147,306	9,497,563	6,757,044
Donations and endowments	777,080	829,298	1,731,297	53,282	4,209,467	287,500	204,000	575,000	482,521	168,209
Miscellaneous	730,099	1,159,132	1,597,830	1,200,809	1,661,003	2,467,021	37,691	189,317	2,727,556	1,145,517
<i>Total primary government</i>	<u>\$ 445,093,622</u>	<u>\$ 412,494,436</u>	<u>\$ 399,057,464</u>	<u>\$ 395,851,012</u>	<u>\$ 391,029,082</u>	<u>\$ 363,743,833</u>	<u>\$ 364,668,668</u>	<u>\$ 368,212,262</u>	<u>\$ 375,565,371</u>	<u>\$ 381,198,479</u>
Change in Net Position:										
Primary government - governmental activities	<u>\$ 33,283,175</u>	<u>\$ 2,027,630</u>	<u>\$ 4,017,649</u>	<u>\$ 57,994,659</u>	<u>\$ 78,959,444</u>	<u>\$ (4,113,515)</u>	<u>\$ 4,423,384</u>	<u>\$ 29,963,031</u>	<u>\$ 36,329,884</u>	<u>\$ 67,050,132</u>

Table 3
CITY OF PITTSBURGH, PENNSYLVANIA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities:										
General government	\$ 73,670,656	\$ 55,325,989	\$ 64,910,815	\$ 73,130,821	\$ 85,450,651	\$ 68,630,131	\$ 72,158,419	\$ 71,287,551	\$ 68,318,461	\$ 54,018,594
Public safety	29,014,391	43,029,190	40,131,320	36,962,644	40,436,474	34,577,088	36,872,062	34,142,202	33,789,076	32,358,373
Highways and streets	23,762,756	20,902,347	25,098,423	19,951,205	32,381,395	22,453,872	20,333,685	19,977,958	19,590,563	14,037,094
Sanitation	424,350	983,805	529,956	452,759	657,406	588,240	304,727	767,921	573,092	943,637
Economic development	3,704,451	6,350,537	6,556,494	6,614,201	6,017,455	10,426,726	8,973,109	5,783,512	8,149,974	5,374,674
Cultural and recreation	2,634,789	2,922,448	3,458,764	3,607,987	5,022,987	5,188,801	4,828,018	5,332,166	5,050,621	4,590,708
Total primary government	<u>\$ 133,211,393</u>	<u>\$ 129,514,316</u>	<u>\$ 140,685,772</u>	<u>\$ 140,719,617</u>	<u>\$ 169,966,368</u>	<u>\$ 141,864,858</u>	<u>\$ 143,470,020</u>	<u>\$ 137,291,310</u>	<u>\$ 135,471,787</u>	<u>\$ 111,323,080</u>

Table 4
CITY OF PITTSBURGH, PENNSYLVANIA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2015	2014	2013	2012	2011 (2)	2010	2009	2008	2007	2006
General Fund:										
Restricted	\$ 5,868,149	\$ 5,600,297	\$ 10,022,616	\$ 7,696,849	\$ 6,269,674	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	2,316,420	3,774,771	3,646,559	3,004,873	4,563,061	-	-	-	-	-
Unassigned	69,121,488	53,754,570	82,030,086	81,410,445	58,449,103	-	-	-	-	-
Reserved	-	-	-	-	-	6,320,807	5,941,959	6,426,664	5,430,635	6,631,354
Unreserved	-	-	-	-	-	42,610,199	55,446,599	46,459,249	84,099,737	73,942,764
<i>Total General Fund</i>	<u>77,306,057</u>	<u>63,129,638</u>	<u>95,699,261</u>	<u>92,112,167</u>	<u>69,281,838</u>	<u>48,931,006</u>	<u>61,388,558</u>	<u>52,885,913</u>	<u>89,530,372</u>	<u>80,574,118</u>
All Other Governmental Funds:										
Restricted	36,948,617	76,637,391	25,506,302	72,535,265	11,937,672	-	-	-	-	-
Committed	16,336,309	13,751,375	12,799,191	9,768,475	20,693,629	-	-	-	-	-
Assigned	39,805,850	29,454,428	26,317,580	16,151,126	16,349,228	-	-	-	-	-
Reserved and designated for subsequent (1) years expenditures, Reported in:	-	-	-	-	-	-	103,111,551	127,434,810	20,731,177	59,115,022
Debt service funds	-	-	-	-	-	3,567,405	-	-	-	-
Capital project funds	-	-	-	-	-	31,713,615	-	-	-	-
Other governmental funds - Special Revenue	-	-	-	-	-	604,075	-	-	-	-
Unreserved, Undesignated, Reported in:										
Community development funds	-	-	-	-	-	84,617	84,617	84,617	84,617	84,617
Capital project fund	-	-	-	-	-	-	-	-	-	-
Other governmental funds - Special Revenue	-	-	-	-	-	11,759,863	12,590,970	13,250,599	74,557,072	12,593,863
<i>Total All Other Governmental Funds</i>	<u>93,090,776</u>	<u>119,843,194</u>	<u>64,623,073</u>	<u>98,454,866</u>	<u>48,980,529</u>	<u>47,729,575</u>	<u>115,787,138</u>	<u>140,770,026</u>	<u>95,372,866</u>	<u>71,793,502</u>
<i>Total Governmental Funds</i>	<u>\$ 170,396,833</u>	<u>\$ 182,972,832</u>	<u>\$ 160,322,334</u>	<u>\$ 190,567,033</u>	<u>\$ 118,262,367</u>	<u>\$ 96,660,581</u>	<u>\$ 177,175,696</u>	<u>\$ 193,655,939</u>	<u>\$ 184,903,238</u>	<u>\$ 152,367,620</u>

(1) Fund breakout not readily available for 2009-2001; was presented for 2010.

(2) The City implemented GASB 54 beginning in 2011.

Table 5
CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes	\$ 435,520	\$ 406,059	\$ 397,548	\$ 388,218	\$ 380,769	\$ 360,761	\$ 363,582	\$ 366,220	\$ 357,226	\$ 360,836
Payment in lieu of taxes	379	2,267	2,011	4,894	3,555	294	850	778	5,312	5,874
Interest earnings	292	182	97	205	73	245	590	4,147	9,498	6,757
Fines and forfeits	12,293	7,646	9,699	11,491	8,374	9,225	7,768	6,409	7,387	8,256
Intergovernmental	54,033	59,946	73,308	75,897	99,372	84,614	86,755	80,781	77,974	53,663
Charges for user services	50,905	41,383	39,652	36,432	35,312	34,961	36,452	37,484	37,458	34,774
Pension state aid	18,255	18,264	18,027	16,900	26,908	15,595	15,030	15,148	15,182	14,630
Miscellaneous	1,719	2,237	1,885	1,268	6,079	921	436	924	3,243	1,314
Total revenues	573,396	537,984	542,227	535,305	560,442	506,616	511,463	511,891	513,280	486,104
Expenditures:										
General government	99,861	79,622	82,485	82,947	68,743	66,253	55,122	57,277	54,357	53,179
Public safety	274,235	270,581	268,116	258,272	256,416	289,149	250,384	220,309	209,937	205,168
Public works	79,841	68,324	77,625	67,664	55,730	62,416	54,564	61,109	56,304	50,877
Sanitation	17,145	16,193	16,014	15,181	15,501	17,059	14,960	15,721	16,825	15,394
Community, recreational, and cultural	11,589	15,499	13,524	12,510	12,077	13,866	11,536	11,670	10,909	11,045
Claims and judgments	1,381	4,644	2,443	568	1,245	539	5,361	1,047	962	552
Miscellaneous	-	-	-	-	6,576	5,893	5,175	5,112	3,818	1,696
Economic and physical development	5,596	8,946	11,621	8,786	14,370	26,465	22,221	19,694	21,227	16,057
Capital outlay	-	-	-	-	5,462	6,046	9,973	10,299	7,207	4,737
Bond issue costs	-	758	-	358	-	-	-	744	-	3,026
Debt service/authorities:										
Interest	27,889	30,296	33,062	32,981	36,257	37,765	40,699	42,717	44,410	41,528
Principal	61,135	56,705	53,805	49,280	51,845	49,410	44,325	44,490	40,670	36,035
Debt subsidies to component units	7,300	14,524	13,776	14,836	14,618	14,142	13,623	13,444	14,118	13,547
Total expenditures	585,972	566,092	572,471	543,383	538,840	589,003	527,943	503,633	480,744	452,841
Excess (Deficiency) of Revenues Over Expenditures	(12,576)	(28,108)	(30,244)	(8,078)	21,602	(82,387)	(16,480)	8,258	32,536	33,263

(Continued)

Table 5
CITY OF PITTSBURGH, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

LAST TEN YEARS
(MODIFIED ACCRUAL BASIS)

(\$'s in Thousands)
(Continued)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Financing Sources (Uses):										
Bond issuance	-	44,470	-	114,495	-	-	-	66,775	-	241,975
Refunding bond issuance	-	62,920	-	-	-	-	-	-	-	-
Proceeds from capital asset disposition	-	-	-	-	-	-	-	-	-	-
Bond premium	-	12,226	-	13,613	-	-	-	3,293	-	13,117
Insurance proceeds	-	-	-	-	-	1,872	-	-	-	-
Transfers from other funds	114,740	115,579	110,369	92,654	106,713	138,023	96,560	170,519	135,725	96,713
Transfer from agency funds	-	-	-	-	-	-	-	-	-	-
Transfer from discretely presented component units	-	-	-	-	-	-	-	-	-	2,530
Payments to escrow agents	-	(68,858)	-	(47,725)	-	-	-	(69,574)	-	(201,480)
Transfers to other funds	(114,740)	(115,579)	(110,369)	(92,654)	(106,713)	(138,023)	(96,560)	(170,519)	(135,725)	(96,713)
Transfer to agency funds	-	-	-	-	-	-	-	-	-	-
Pension state aid	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	50,758	-	80,383	-	1,872	-	494	-	56,142
Net Change in Fund Balance	<u>\$ (12,576)</u>	<u>\$ 22,650</u>	<u>\$ (30,244)</u>	<u>\$ 72,305</u>	<u>\$ 21,602</u>	<u>\$ (80,515)</u>	<u>\$ (16,480)</u>	<u>\$ 8,752</u>	<u>\$ 32,536</u>	<u>\$ 89,405</u>
Debt service (principal and interest) as a percentage of noncapital expenditures	15.8%	15.6%	15.4%	15.2%	16.5%	14.9%	16.4%	17.6%	17.9%	17.4%

Notes:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(Concluded)

Table 6
CITY OF PITTSBURGH, PENNSYLVANIA
GOVERNMENTAL FUND TAX REVENUES BY SOURCES

LAST TEN YEARS

(\$'s in Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Real estate tax	\$ 137,316	\$ 127,354	\$ 127,606	\$ 137,411	\$ 134,558	\$ 131,625	\$ 131,313	\$ 130,970	\$ 127,263	\$ 133,735
Mercantile tax	-	-	6	-	2	5	8	12	28	99
Amusement tax	16,160	14,338	13,714	11,280	13,128	10,845	11,450	11,589	8,914	8,468
Payroll preparation tax	66,130	55,972	54,151	51,553	50,641	46,346	46,235	46,479	44,248	41,172
Earned income tax	88,853	86,860	84,103	75,228	74,146	69,674	67,483	65,296	57,100	49,815
Facilities usage fee	5,893	4,688	4,287	3,333	3,909	3,375	3,163	2,791	2,986	2,397
Deed transfer tax	22,332	20,115	20,740	15,576	18,730	14,109	12,284	17,071	16,677	18,033
Parking tax	55,001	53,233	51,977	50,911	48,217	46,651	45,274	45,902	49,272	52,067
Local/Emergency services tax	13,873	13,907	13,831	14,128	13,138	13,962	13,416	13,271	16,387	15,599
Business privilege tax	-	3	20	57	143	612	9,315	9,113	8,927	14,680
Institution/service tax	586	480	494	457	455	457	125	48	823	430
Penalties and interest	1,237	1,273	1,023	2,250	1,515	1,328	2,166	2,201	2,604	3,089
Public service privilege	1,911	818	989	1,165	1,330	1,332	1,336	1,299	1,128	925
Regional Asset District	26,228	27,018	24,608	24,869	20,857	20,440	20,014	20,178	20,869	20,327
Total tax revenues	\$ 435,520	\$ 406,059	\$ 397,549	\$ 388,218	\$ 380,769	\$ 360,761	\$ 363,582	\$ 366,220	\$ 357,226	\$ 360,836

Note:

In 2008, the emergency services tax became known as the local services tax.

Table 7

CITY OF PITTSBURGH, PENNSYLVANIA**ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
LAST TEN YEARS**

(\$'s in Thousands)

Year	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Taxable Rate (mills)	Estimated Taxable Value
2006	20,562,685	7,191,577	13,371,108	1.08%	10.800	144,408
2007	21,084,308	7,759,074	13,325,234	1.08%	10.800	143,913
2008	21,032,626	7,777,749	13,254,877	1.08%	10.800	143,153
2009	21,299,162	7,950,341	13,348,821	1.08%	10.800	144,167
2010	21,549,437	8,108,433	13,441,004	1.08%	10.800	145,163
2011	21,980,818	8,494,384	13,486,434	1.08%	10.800	145,653
2012	22,380,149	8,737,987	13,642,162	1.08%	10.800	147,335
2013	32,939,892	12,707,501	20,232,391	0.76%	7.560	152,957
2014	31,120,498	12,457,503	18,662,995	0.76%	7.560	141,092
2015	31,189,789	12,503,501	18,686,288	0.81%	8.060	150,611

Note: Information by major component of assessed value is not available.

Table 8
CITY OF PITTSBURGH, PENNSYLVANIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN YEARS

Fiscal Year	City of Pittsburgh			School district millage	County millage	Total Millage
	Land millage	Building millage	Average (1)			
2006	10.800	10.800	10.800	13.920	4.690	29.410
2007	10.800	10.800	10.800	13.920	4.690	29.410
2008	10.800	10.800	10.800	13.920	4.690	29.410
2009	10.800	10.800	10.800	13.920	4.690	29.410
2010	10.800	10.800	10.800	13.920	4.690	29.410
2011	10.800	10.800	10.800	13.920	4.690	29.410
2012	10.800	10.800	10.800	13.920	5.690	30.410
2013 (2)	7.560	7.560	7.560	9.650	4.730	21.940
2014	7.560	7.560	7.560	9.650	4.730	21.940
2015	8.060	8.060	8.060	9.840	4.730	22.630

Notes:

- (1) Determined by multiplying the respective assessed valuation by the millage rate and dividing by the total assessed valuation.
- (2) Millage reduced due to increase in assessed values. No "windfall" provisions enacted due to reassessed values.

The basis for the property tax rates is per each \$1,000 of assessed valuation.

Table 9
CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
500 Grant St. Assoc/Mellon Bank	\$ 372,004,000	1	1.99%	\$ 457,943,000	1	3.42%
PNC	286,019,100	2	1.53%	174,660,000	4	1.31%
Holdings Acquisition Co LP	248,136,300	3	1.33%	-		
Buncher Company	242,548,900	4	1.30%	194,923,000	2	1.46%
600 GS Prop LP	233,211,300	5	1.25%	160,000,000	5	1.20%
HRLP Fourth Avenue LLC	179,400,000	6	0.96%	-		
Oxford Development	154,000,000	7	0.82%	112,000,000	6	0.84%
IX Liberty Center Owner LP	123,500,000	8	0.66%	-		
Liberty Avenue Holdings LLC	79,000,000	9	0.42%	-		
North Shore Developers	78,000,000	10	0.42%	-		
Market Assoc. Limited	-			185,000,000	3	1.38%
Grant Liberty Dev. Group	-			111,000,000	7	0.83%
Gateway Trizec, Inc.	-			71,700,000	8	0.54%
Penn Liberty Holding	-			84,970,000	9	0.64%
Harrahs Forest City Assoc.	-			54,798,000	10	0.41%
	<u>\$ 1,995,819,600</u>		<u>10.68%</u>	<u>\$ 1,606,994,000</u>		<u>12.02%</u>
Total Taxable Assessed Valuation	<u>\$ 18,686,288,829</u>			<u>\$ 13,371,108,000</u>		

Note: Information obtained from Real Estate Department assessments.

Table 10
CITY OF PITTSBURGH, PENNSYLVANIA
 ASSESSED VALUE, TAX RATE, LEVY, AND COLLECTIONS

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Taxable Assessed valuation of land and buildings	Land millage	Building millage	Original net levy	Adjusted net levy (1)	Budgeted	Year of original levy			Delinquent taxes			
							(2) Receipts	Percent of original net levy collected	Percent of adjusted net levy collected	Percent of budget collected	Collection		Percent of budget collected
								Budget	Receipts				
2006	\$13,371,108	10.80	10.80	\$143,649	\$129,451	\$121,000	\$127,114	88.5	98.2	105.1	3,758	6,622	176.2
2007	13,325,234	10.80	10.80	144,972	128,926	121,257	127,505	88.0	98.9	105.2	2,741	289	10.5
2008	13,254,877	10.80	10.80	143,383	129,768	122,300	127,273	88.8	98.1	104.1	3,245	3,697	113.9
2009	13,348,821	10.80	10.80	145,967	128,830	123,673	125,104	85.7	97.1	101.2	3,201	4,972	155.3
2010	13,441,004	10.80	10.80	145,163	134,998	127,118	124,250	85.6	92.0	97.7	6,454	3,672	56.9
2011	13,486,434	10.80	10.80	145,653	139,547	128,790	129,924	89.2	93.1	100.9	3,830	3,928	102.6
2012	13,642,162	10.80	10.80	147,335	131,841	130,578	126,821	85.9	95.2	97.1	3,525	5,551	157.5
2013	20,232,391	7.56	7.56	153,382	123,150	130,578	122,632	80.0	99.6	93.9	3,406	5,144	151.0
2014	18,662,995	7.56	7.56	141,411	121,775	128,770	120,087	84.9	98.6	93.3	4,673	5,144	109.4
2015	18,686,288	8.06	8.06	150,679	131,834	133,355	130,470	86.6	99.0	97.8	4,597	4,714	102.5

Notes:

(1) Represents net levy as of December 31 of the tax year (i.e., net of exonerations, discounts, and additions granted in that year).

(2) Receipts are net of refunds.

Table 11

CITY OF PITTSBURGH, PENNSYLVANIA

RATIOS OF OUTSTANDING DEBT - BY TYPE

LAST TEN YEARS

Fiscal Year	Obligation Bonds (1)	Capital Leases	Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt per Capita
<u>Governmental Activities:</u>						
2006	\$ 803,285,040	\$14,215,587	\$817,500,627	2.94%	334,563	\$ 2,443
2007	764,123,906	13,727,355	777,851,261	2.71%	334,563	2,325
2008	723,092,248	13,209,022	736,301,270	2.42%	334,563	2,201
2009	680,380,610	12,658,713	693,039,323	2.06%	334,563	2,071
2010	633,338,316	12,074,466	645,412,782	2.07%	305,704	2,111
2011	581,007,897	11,454,180	592,462,077	1.81%	305,704	1,938
2012	612,114,556	10,780,033	622,894,589	1.90%	305,704	2,038
2013	565,180,727	10,080,874	575,261,601	1.72%	305,704	1,882
2014	558,081,184	9,338,590	567,419,774	1.64%	305,704	1,856
2015	492,843,748	8,550,523	501,394,271	1.41%	305,704	1,640

1. Presented net of original issuance discounts and premiums
2. Personal income is disclosed on Table 19
3. United States Census Bureau

Table 12

CITY OF PITTSBURGH, PENNSYLVANIA

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Population	Assessed value	General bonded debt	Less debt service funds	Net general bonded debt	Ratio of net general bonded debt to assessed value	Net general bonded debt per capita
2006	335	\$ 13,371,107	\$ 803,285	\$ 15,360	\$ 787,925	5.89%	\$ 2,352
2007	335	13,325,234	764,124	1,433	762,691	5.72%	2,277
2008	335	13,254,877	723,032	48,287	674,745	5.09%	2,014
2009	335	13,348,821	680,381	48,627	631,754	4.73%	1,886
2010	306	13,441,004	633,338	3,567	629,771	4.69%	2,058
2011	306	13,486,434	581,008	1,050	579,958	4.30%	1,895
2012	306	13,642,162	612,115	1,087	611,028	4.48%	1,997
2013	306	20,232,391	565,181	1,092	564,089	2.79%	1,843
2014	306	18,662,995	558,081	1,103	556,978	2.98%	1,820
2015	306	18,686,289	492,844	1,250	491,594	2.63%	1,607

Table 13

CITY OF PITTSBURGH, PENNSYLVANIA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Principal	Interest (2)	Total debt service	Total general governmental expenditures	Ratio of debt to general governmental expenditures
2006	\$ 36,035	\$ 41,528	\$ 77,563	\$ 452,841	17.13%
2007	40,670	44,410	85,080	480,744	17.78%
2008	44,490	42,717	87,207	503,633	17.32%
2009	44,325	40,699	85,024	527,943	16.10%
2010	49,410	37,765	87,175	589,003	14.80%
2011	51,845	36,257	88,102	538,840	16.35%
2012	49,280	32,981	82,261	543,383	15.14%
2013	53,805	33,061	86,866	572,471	15.17%
2014	56,705	30,295	87,000	566,092	15.37%
2015	61,135	27,889	89,024	585,972	15.19%

Notes:

- (1) City of Pittsburgh bonds only.
- (2) Excludes bond issuance and other costs.

Table 14
CITY OF PITTSBURGH, PENNSYLVANIA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2015

(\$s in Thousands)

Jurisdiction	Debt outstanding	Percentage applicable to City	Amount applicable to City
Direct debt:			
City of Pittsburgh:			
General obligation	\$ 492,844	100%	\$ 492,844
Capital lease	8,550	100%	8,550
Total direct debt	<u>501,394</u>		<u>501,394</u>
Overlapping debt:			
Pittsburgh Water and Sewer Authority (1)	701,027	0%	-
Auditorium Authority	490	50%	(2) 245
Parking Authority	71,156	100%	71,156
The School District of Pittsburgh	327,526	100%	327,526
Allegheny County	823,329	25%	(3) 205,832
Total overlapping debt	<u>1,923,528</u>		<u>604,759</u>
Total direct and overlapping debt	<u>\$ 2,424,922</u>		<u>\$ 1,106,153</u>

(1) - Direct obligations of the Pittsburgh Water and Sewer Authority are not considered debt of the City of Pittsburgh.

(2) - Subsidized equally by the City of Pittsburgh and Allegheny County

(3) - Based on percent of population of the City of Pittsburgh compared to Allegheny County

Table 15

CITY OF PITTSBURGH, PENNSYLVANIA

NET DEBT AND REMAINING DEBT INCURRING MARGIN IN ACCORDANCE WITH ACT NO. 52, APPROVED APRIL 28, 1978

LOCAL GOVERNMENT UNIT DEBT ACT

DECEMBER 31, 2015

	Nonelectoral debt	Lease rental debt
Gross debt (1):		
Principal amount of bonds issued and outstanding:		
General obligation	\$ 470,515,000	\$ -
Capital Leases	-	8,550,523
	470,515,000	8,550,523
Total gross debt	470,515,000	8,550,523
Items deductible from gross debt:		
Cash and legal investments held in sinking fund for payment of bonds and notes	1,249,540	-
Delinquent real estate taxes	8,623,664	-
Self-liquidating and subsidized debt:		
Taxable General Obligation Pension Bonds, 1996B (2)	5,465,000	-
Taxable General Obligation Pension Bonds, 1998ABC	187,725,000	-
	203,063,204	-
Total deductions	203,063,204	-
Net debt	\$ 267,451,796	\$ 8,550,523

(Continued)

- (1) Direct obligations of the Pittsburgh Water and Sewer Authority in the amount of \$701,027,000 are not considered debt of the City of Pittsburgh for purposes of this calculation.
- (2) Refunded by General Obligation Bonds, 2006B

Table 15

CITY OF PITTSBURGH, PENNSYLVANIA

NET DEBT AND REMAINING DEBT INCURRING MARGIN
IN ACCORDANCE WITH ACT NO. 52, APPROVED APRIL 28, 1978

LOCAL GOVERNMENT UNIT DEBT ACT

DECEMBER 31, 2015

(Continued)

Allocation of Total Net Debt

Net nonelectoral debt	\$ 267,451,796
Net lease rental debt	8,550,523
	<u>8,550,523</u>
Net nonelectoral and lease rental debt	<u>\$ 276,002,319</u>

Debt Incurring Margin

	2013	2014	2015
Total net revenue of the City	\$ 451,133,320	\$ 453,756,162	\$ 478,003,428
Borrowing base (arithmetic average of total net revenue for said three fiscal years)			\$ 460,964,303

	Net nonelectoral debt (borrowing base x 250%)	Net nonelectoral and lease rental debt (borrowing base x 350%)
Debt limitations	\$ 1,152,410,758	\$ 1,613,375,062
Less existing net debt	(267,451,796)	(276,002,319)
Remaining debt incurring margin	\$ 884,958,962	\$ 1,337,372,743

(Concluded)

Table 16
CITY OF PITTSBURGH, PENNSYLVANIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(dollars in thousands)

	<u>Debt limit</u>	<u>Total Net Debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Legal debt margin %</u>
2015	\$ 1,152,411	\$ (267,452)	\$ 884,959	76.79%
2014	1,121,402	(341,154)	780,248	69.58%
2013	1,108,747	(338,265)	770,482	69.49%
2012	1,092,625	(372,206)	720,419	65.93%
2011	1,075,235	(332,419)	742,816	69.08%
2010	1,073,609	(373,994)	699,615	65.16%
2009	1,080,213	(374,738)	705,475	65.31%
2008	1,088,171	(411,568)	676,603	62.18%
2007	1,056,263	(496,983)	559,280	52.95%
2006	993,016	(490,894)	502,122	50.57%

Note: The State of Pennsylvania's Local Government Unit Debt Act determines the calculation of the Legal Debt Margin. See Table 15.

Table 17
CITY OF PITTSBURGH, PENNSYLVANIA

REVENUE BOND COVERAGE
PITTSBURGH WATER AND SEWER AUTHORITY

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Gross revenues	(1) Operating expenses	Net revenue available for debt service	Principal	Interest	Total	Coverage
2006	\$ 86,325	\$ 42,597	\$ 43,728	\$ 17,824	\$ 26,021	\$ 43,845	1
2007	92,526	46,375	46,151	17,299	30,493	47,792	0.97
2008	129,938	89,162	40,776	15,531	24,223	39,754	1.03
2009	134,175	93,799	40,376	14,625	37,984	52,609	0.77
2010	139,753	93,157	46,596	16,435	39,202	55,637	0.84
2011	140,552	92,227	48,325	14,885	36,747	51,632	0.72
2012	144,138	93,305	50,833	15,064	37,243	52,307	0.97
2013	142,657	95,823	46,834	144,184	33,053	177,237	0.26
2014	164,255	111,454	52,801	19,249	37,146	56,395	0.94
2015	174,164	116,908	57,256	21,201	36,865	58,066	0.99

(1) Total operating expenses exclusive of depreciation and amortization.

Table 18
CITY OF PITTSBURGH, PENNSYLVANIA

REVENUE BOND COVERAGE
THE STADIUM AUTHORITY OF THE CITY OF PITTSBURGH (1)

LAST TEN YEARS

(\$'s in Thousands)

Fiscal Year	Gross revenues (2)	Operating expenses (3)	Net revenue available for debt service	Debt service requirements (4)			Coverage (5)
				Principal	Interest	Total	
2006	\$ 1,912	\$ 185	\$ 1,727	\$ 3,730	\$ 966	\$ 4,696	0.37
2007	2,859	825	2,034	1,855	954	2,809	0.72
2008	4,074	1,449	2,625	2,306	2,063	4,369	0.60
2009	3,857	1,712	2,145	2,620	1,862	4,482	0.48
2010	4,113	1,636	2,477	2,600	1,539	4,139	0.60
2011	4,302	1,712	2,590	241	1,387	1,628	1.59
2012	4,750	2,262	2,488	841	1,238	2,079	1.20
2014	6,366	2,237	4,129	757	643	1,400	2.95
2015	6,632	2,285	4,347	780	616	1,396	3.11

(1) Figures presented are for the fiscal year end of March 31.

(2) Total revenues including interest.

(3) Total operating expenses exclusive of depreciation, interest, baseball lease credit adjustments, and loss on disposal of turf.

(4) Debt service payments on notes are excluded.

(5) The City of Pittsburgh guarantees the payment of Stadium Authority debt service and/or operating losses.

Table 19
CITY OF PITTSBURGH, PENNSYLVANIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

Fiscal Year	(1) Population	(2) Per capita income	(2) Personal income	(2) Median age	(3) School enrollment	(4) Unemployment rate percentage
2006	334,563	\$ 36,680	\$ 83,116	38.4	31,148	4.2%
2007	334,563	36,894	85,876	39.0	29,445	4.2%
2008	334,563	38,550	91,101	41.9	28,265	6.0%
2009	334,563	42,819	100,675	35.5	26,123	8.8%
2010	305,704	44,191	102,135	35.5	25,326	6.5%
2011	305,704	43,787	106,800	35.6	24,997	6.6%
2012	305,704	50,922	107,300	33.2	24,727	7.7%
2013	305,704	49,700	109,124	33.2	24,525	6.7%
2014	305,704	51,798	112,834	33.2	24,103	4.6%
2015	305,704	49,349	116,265	33.4	23,639	4.3%

Data Sources:

- (1) Census Bureau
- (2) U.S. Department of Commerce, 12-month lag
- (3) School District of Pittsburgh
- (4) U.S. Department of Labor, Bureau of Labor Statistics

Table 20

CITY OF PITTSBURGH, PENNSYLVANIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
University of Pittsburgh Medical Center	43,000	1	12.64 %	32,000	1	10.40 %
Highmark Health	22,000	2	6.47			
U.S. Government	17,347	3	5.10	18,881	2	6.14
Commonwealth of Pennsylvania	12,822	4	3.77	13,616	3	4.43
University of Pittsburgh	12,386	5	3.64	10,775	6	3.50
Giant Eagle	10,742	6	3.16	13,386	4	4.35
BNY Mellon (2)	7,000	7	2.06			0.00
Allegheny County	6,750	8	1.98	6,756	9	2.20
Wal-Mart Stores Inc.	6,200	9	1.82	9,660	7	3.14
Eat'nPark Hospitality Group	5,614	10	1.65			
West Penn Allegheny Health System				11,730	5	3.81
Mellon Financial Corp. (1)				6,100	10	1.98
US Airways, Inc.						
PNC Financial Services Group, Inc.				7,026	8	2.28
USX Corporation				-		
Total	<u>143,861</u>		<u>42.30 %</u>	<u>129,930</u>		<u>42.23 %</u>
Total Employees	<u>340,129</u>			<u>307,678</u>		

Source: Pittsburgh Business Times

(1) Pre-merger

(2) Post-merger

Table 21

CITY OF PITTSBURGH, PENNSYLVANIA**PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS**

LAST TEN YEARS

(\$'s in Thousands)

<u>Fiscal Year</u>	<u>Property value (1)</u>	<u>Number of permits issued (3)</u>	<u>Dollar value (2)</u>	<u>Bank deposits</u>
2006	\$ 13,371,108	2,069	\$ 484,249	\$ 75,738,573
2007	13,325,234	2,377	595,143	84,948,351
2008	13,254,877	2,277	980,645	95,371,463
2009	13,348,821	2,222	624,954	100,194,959
2010	13,441,004	2,893	325,449	110,870,210
2011	13,486,434	2,518	402,186	81,120,698
2012	13,642,162	2,488	394,669	129,951,213
2013	20,232,391	3,044	593,153	73,876,193
2014	18,662,995	3,485	567,714	77,659,293
2015	18,686,289	7,046	903,678	115,371,109

Notes:

(1) Assessed value from Table 7

(2) Value of Construction Project

Data Sources:

(3) Bureau of Building Inspection, City of Pittsburgh

Table 22
CITY OF PITTSBURGH, PENNSYLVANIA

CITY EMPLOYMENT

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Regular budgeted positions</u>	<u>Actual subsequent January payroll</u>
2006	3,313	3,221
2007	3,341	3,281
2008	3,363	3,177
2009	3,310	3,213
2010	3,326	3,157
2011	3,303	3,131
2012	3,303	3,128
2013	3,301	3,077
2014	3,303	3,067
2015	3,250	3,134

Table 23

CITY OF PITTSBURGH, PENNSYLVANIA

FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN YEARS

<u>Function/program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government:										
City Council-City Clerk	41	41	39	39	39	39	39	39	39	21
Mayor's Office	16	16	16	16	15	14	14	16	16	17
Innovation & Performance (C.I.S.)	62	61	60	59	55	58	55	51	58	63
Human Relations Commission	5	5	8	8	8	8	8	8	8	8
City Controller	56	56	53	58	58	58	58	72	72	72
Finance Department	75	83	99	98	98	103	101	111	113	108
Finance-Fleet & General Services	0	0	20	20	21	22	22	24	26	17
Law	42	42	42	44	43	45	43	46	43	43
Personnel & Civil Service	62	64	68	80	83	83	83	86	87	87
City Planning	40	52	49	47	48	49	46	48	41	36
Bureau of Neighborhood Empowerment	10	10	0	0	0	0	0	0	0	0
Bureau of Management & Budget	24	24	0	0	0	0	0	0	0	0
Permits, Licenses, and Inspections	72	0	0	0	0	0	0	0	0	0
Public Safety:										
Administration	23	23	17	17	17	17	15	4	3	3
Police	1073	1091	1092	1090	1090	1116	1116	1119	1102	1127
Emergency Medical Services	180	180	180	180	180	181	180	183	183	183
Fire	664	674	674	674	676	660	660	668	669	644
Bureau of Building Inspection	0	76	76	75	75	75	74	72	72	72
Animal Control	17	16	16	16	16	16	16	18	0	0
Public Works:										
Administration	14	14	13	13	12	12	12	12	12	12
Operations	348	346	327	320	312	317	317	323	323	327
Environmental Services	200	201	201	196	196	196	196	196	215	216
Redd Up Program	0	0	0	0	0	0	0	8	8	0
Engineering	61	61	37	37	36	35	34	39	37	34
General Services-Facilities	0	0	39	42	50	48	48	43	42	48
General Services-Fleet	0	0	0	0	0	0	0	0	0	2
Parks and Recreation	159	160	168	167	168	167	166	170	165	166
Non-Departmental	6	7	7	7	7	7	7	7	7	7
Totals:	<u>3250</u>	<u>3303</u>	<u>3301</u>	<u>3303</u>	<u>3303</u>	<u>3326</u>	<u>3310</u>	<u>3363</u>	<u>3341</u>	<u>3313</u>

Note: In 2006, General Services was split between Public Works and Finance.

Regular budgeted positions are displayed.

In 2015, Bureau of Building Inspection was moved to General Government and renamed Permits, Licenses, and Inspections.

OTHER INFORMATION

CITY OF PITTSBURGH, PENNSYLVANIA

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

YEAR ENDED DECEMBER 31, 2015

<u>Official</u>	<u>Budgeted Annual Salary</u>	<u>Amount of Surety Bond</u>
Mayor	\$ 107,500	\$ 10,000
Director of Finance	80,899	20,000
Controller	70,343	10,000
Members of City Council (9)	63,505	-

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
General Obligation Bonds, 1998 Series ABC	3/01/1998	\$ 255,865,000	\$ 187,725,000	\$13,560,000 in 2016	6.50	\$ 11,904,110	\$ 13,560,000
				\$18,245,000 in 2017	6.50		
				\$13,235,000 in 2018	6.50		
				\$20,030,000 in 2019	6.50		
				\$21,400,000 in 2020	6.60		
				\$22,860,000 in 2021	6.60		
				\$24,425,000 in 2022	6.60		
				\$26,095,000 in 2023	6.60		
				\$27,875,000 in 2024	6.60		
General Obligation Bonds, 2006 Series B	5/10/2006	140,560,000	56,250,000	\$33,230,000 in 2016	5.25	2,953,125	33,230,000
				\$23,020,000 in 2017	5.25		
Carry forward			<u>243,975,000</u>			<u>14,857,235</u>	<u>46,790,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
Brought forward			243,975,000			14,857,235	46,790,000
General Obligation Bonds, 2008 Series A	9/11/2008	66,775,000	13,175,000	\$8,195,000 in 2016 \$4,980,000 in 2017	5.25 5.25	691,687	8,195,000
General Obligation Bonds, 2012 Series A	2/07/2012	39,235,000	36,110,000	\$3,065,000 in 2016 \$2,230,000 in 2017 \$1,000,000 in 2017 \$5,000 in 2018 \$4,475,000 in 2019 \$4,695,000 in 2020 \$4,190,000 in 2021 \$860,000 in 2021 \$4,060,000 in 2022 \$1,000,000 in 2022 \$5,310,000 in 2023 \$5,330,000 in 2024	4.00 4.00 3.00 2.13 5.00 5.00 2.70 4.00 5.00 4.00 5.00 5.00	1,618,536	3,065,000
General Obligation Bonds, 2012 Series B	2/07/2012	71,275,000	71,275,000	\$ 245,000 in 2024 \$ 34,650,000 in 2025 \$ 36,380,000 in 2026	5.00 5.00 5.00	3,563,750	-
Carry forward			364,535,000			20,731,208	58,050,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			364,535,000			20,731,208	58,050,000
General Obligation Bonds, 2014	08/28/14	44,470,000	44,470,000	\$10,000 in 2017 \$15,000 in 2018 \$2,615,000 in 2019 \$2,495,000 in 2020 \$2,590,000 in 2021 \$2,720,000 in 2022 \$2,855,000 in 2023 \$2,840,000 in 2024 \$2,410,000 in 2025 \$2,545,000 in 2026 \$3,490,000 in 2027 \$3,600,000 in 2028 \$3,780,000 in 2029 \$3,965,000 in 2030 \$4,165,000 in 2031 \$4,375,000 in 2032	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00	2,019,800	-
General Obligation Bonds, 2014, Series A	10/23/14	16,395,000	14,985,000	\$5,775,000 in 2016 \$9,210,000 in 2017	0.870 1.343	173,933	5,775,000
General Obligation Bonds, 2014, Series B	10/23/14	46,525,000	46,525,000	\$5,000 in 2016 \$6,780,000 in 2017 \$39,740,000 in 2018	2.00 4.00 5.00	2,258,300	5,000
Subtotal			470,515,000			25,183,241	63,830,000
Plus: Net bond premiums/discounts			22,328,758				
Total: General obligation bonds payable			<u>\$ 492,843,758</u>			<u>\$ 25,183,241</u>	<u>\$ 63,830,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
Public Auditorium Authority Revenue Bonds (City Share)							
Auditorium Bonds (Refunding), 2005 Series A	9/15/2005	\$ 4,172,500	\$ 490,000	\$250,000 in 2016 \$117,500 in 2017 \$122,500 in 2018	3.80 3.90 4.00	\$ 18,983	\$ 250,000
			<u>\$ 490,000</u>			<u>\$ 18,983</u>	<u>\$ 250,000</u>
Total Auditorium Authority Revenue Bonds							

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
Parking Authority Refunding Bonds, Series 2015 A	10/15/15	67,395,000	\$ 62,830,000	\$5,740,000 in 2016 \$5,215,000 in 2017 \$4,910,000 in 2018 \$5,105,000 in 2019 \$5,360,000 in 2020 \$5,520,000 in 2021 \$5,730,000 in 2022 \$5,950,000 in 2023 \$6,185,000 in 2024 \$6,430,000 in 2025 \$6,685,000 in 2026	3.00 4.00 4.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00	2,925,450	5,740,000
Subtotal			62,830,000			2,925,450	5,740,000
Plus: Bond premium			8,325,946			-	-
Total Public Parking Authority Bonds and Notes Payable			<u>\$ 71,155,946</u>			<u>\$ 2,925,450</u>	<u>\$ 5,740,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
<u>Water and Sewer Authority Bonds</u>							
First Lien Revenue Bonds, 1998 Series B (zero coupon bonds)	3/1/1998	\$ 36,440,070	\$ 81,135,658	\$2,300,000 in 2017	5.18	-	-
				\$2,300,000 in 2018	5.21		
				\$2,300,000 in 2019	5.22		
				\$2,300,000 in 2020	5.22		
				\$2,300,000 in 2021	5.26		
				\$2,305,000 in 2022	5.26		
				\$2,300,000 in 2023	5.26		
				\$4,160,000 in 2024	5.27		
				\$4,160,000 in 2025	5.27		
				\$30,655,000 in 2026	5.26		
				\$30,728,000 in 2027	5.31		
				\$30,771,000 in 2028	5.28		
				\$30,827,000 in 2029	5.30		
\$14,660,000 in 2030	5.23						
First Lien Revenue Refunding Bonds, 2007 Series A	3/15/2007	43,720,000	10,700,000	\$5,220,000 in 2016	5.000	535,000	5,220,000
				\$5,480,000 in 2017	5.000		
Carry forward			<u>91,835,658</u>			<u>535,000</u>	<u>5,220,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			91,835,658			535,000	5,220,000
First Lien Taxable Revenue Bonds, 2008 Series A	06/12/08	68,970,000	68,970,000	\$8,005,000 in 2017 \$8,070,000 in 2018 \$5,930,000 in 2019 \$9,595,000 in 2020 \$10,235,000 in 2021 \$10,930,000 in 2022 \$11,805,000 in 2023 \$4,400,000 in 2024	6.360 6.520 6.610 6.610 6.610 6.610 6.610 6.610	4,531,492	-
First Lien Taxable Revenue Bonds, 2008 Series B	06/12/08	145,495,000	145,495,000	\$26,870,000 in 2035 \$34,020,000 in 2036 \$35,520,000 in 2037 \$37,085,000 in 2038 \$12,000,000 in 2039	4.038 4.038 4.038 4.038 4.038	5,875,088	-
Subordinate Revenue Refunding Bonds, 2008 Series C	06/12/08	103,795,000	103,660,000	\$2,940,000 in 2030 \$15,345,000 in 2031 \$25,505,000 in 2032 \$26,475,000 in 2033 \$27,645,000 in 2034 \$5,750,000 in 2035	Variable	4,620,087	-
Carry forward			409,960,658			15,561,667	5,220,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds Brought Forward	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
			409,960,658			15,561,667	5,220,000
First Lien Revenue Bonds, 2008 Series D-1	06/12/08	24,665,000	24,665,000	\$8,380,000 in 2024 \$13,950,000 in 2025 \$2,335,000 in 2031	4.46 4.51 4.80	1,221,575	-
First Lien Revenue Bonds, 2008 Series D-2	06/12/08	71,225,000	71,225,000	\$240,000 in 2032 \$395,000 in 2033 \$3,475,000 in 2034 \$26,675,000 in 2039 \$40,440,000 in 2040	4.103 4.103 4.103 4.103 4.103	2,922,362	-
First Lien Revenue Refunding Bonds, 2013 Series A	12/12/13	130,215,000	106,905,000	\$11,620,000 in 2016 \$1,460,000 in 2017 \$7,705,000 in 2018 \$10,690,000 in 2019 \$8,010,000 in 2020 \$8,190,000 in 2021 \$8,530,000 in 2022 \$8,885,000 in 2023 \$7,390,000 in 2024 \$7,840,000 in 2025 \$350,000 in 2026 \$375,000 in 2027 \$360,000 in 2028 \$385,000 in 2029 \$9,535,000 in 2030 \$9,765,000 in 2031 \$2,860,000 in 2032 \$2,955,000 in 2033	4.000 4.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 4.125 4.250 5.000 5.000 4.500 4.500	5,055,450	11,620,000

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
First Lien Revenue Bonds, 2013 Series B	12/12/13	86,695,000	84,880,000	\$1,860,000 in 2016 \$1,920,000 in 2017 \$1,995,000 in 2018 \$2,075,000 in 2019 \$2,180,000 in 2020 \$2,285,000 in 2021 \$2,400,000 in 2022 \$2,520,000 in 2023 \$2,645,000 in 2024 \$2,780,000 in 2025 \$2,920,000 in 2026 \$3,035,000 in 2027 \$3,185,000 in 2028 \$3,320,000 in 2029 \$3,485,000 in 2030 \$3,665,000 in 2031 \$3,850,000 in 2032 \$17,405,000 in 2036 \$21,355,000 in 2040	3.000 4.000 4.000 5.000 5.000 5.000 5.000 5.000 5.000 5.000 4.000 5.000 4.125 5.000 5.250 5.000 4.500 5.250 5.250	4,182,994	1,860,000
Pennvest Revolving Loan	Various	68,400,526	36,051,466	\$3,362,464 in 2016 \$3,402,883 in 2017 \$3,468,633 in 2018 \$3,535,939 in 2019 \$3,604,844 in 2020 \$3,675,390 in 2021 \$3,707,366 in 2022 \$2,960,327 in 2023 \$2,326,305 in 2024 \$1,770,487 in 2025 \$1,356,794 in 2026 \$1,219,514 in 2027 \$1,152,678 in 2028 \$510,842 in 2029	Variable	605,862	2,557,000
Carry forward			<u>733,687,124</u>			<u>29,549,910</u>	<u>21,257,000</u>

(Continued)

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF BONDS AND NOTES PAYABLE

YEAR ENDED DECEMBER 31, 2015

(Continued)

Serial Bonds	Date of Issue	Amount Sold	Amount Outstanding	Maturity Information	Coupon or Ceiling Rate of Interest	2016 Maximum Debt Service Requirements	
						Interest	Principal
Brought Forward			733,687,124			29,549,910	21,257,000
SWAP Borrowing, 2014	11/03/14	9,471,000	8,911,000	\$432,000 in 2016	2.160	190,003	432,000
				\$441,000 in 2017	2.160		
				\$451,000 in 2018	2.160		
				\$461,000 in 2019	2.160		
				\$471,000 in 2020	2.160		
				\$481,000 in 2021	2.160		
				\$491,000 in 2022	2.160		
				\$502,000 in 2023	2.160		
				\$513,000 in 2024	2.160		
				\$524,000 in 2025	2.160		
				\$535,000 in 2026	2.160		
				\$547,000 in 2027	2.160		
				\$559,000 in 2028	2.160		
				\$571,000 in 2029	2.160		
				\$575,000 in 2030	2.160		
				\$532,000 in 2031	2.160		
				\$421,000 in 2032	2.160		
				\$273,000 in 2033	2.160		
				\$116,000 in 2034	2.160		
				\$17,066 in 2035	2.160		
Capital Lease, 2015	01/01/15	7,445,050	7,165,000	\$410,000 in 2016	3.400	237,000	410,000
				\$424,000 in 2017	3.400		
				\$439,000 in 2018	3.400		
				\$454,000 in 2019	3.400		
				\$469,000 in 2020	3.400		
				\$485,000 in 2021	3.400		
				\$502,000 in 2022	3.400		
				\$520,000 in 2023	3.400		
				\$538,000 in 2024	3.400		
				\$556,000 in 2025	3.400		
				\$575,000 in 2026	3.400		
				\$595,000 in 2027	3.400		
				\$616,000 in 2028	3.400		
				\$583,000 in 2029	3.400		
Gross Water and Sewer Authority Revenue Bonds and other borrowings			749,763,124			29,976,913	22,099,000
Plus: Net bond premium			13,523,000			-	-
Net Water and Sewer Authority Revenue Bonds and other borrowings			\$ 763,286,124			\$ 29,976,913	\$ 22,099,000

CITY OF PITTSBURGH,
PENNSYLVANIA
