



# Popular Annual Financial Report

For the Fiscal Year Ended December 31, 2016



Prepared by:  
Michael E. Lamb  
City Controller



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## ELECTED OFFICIALS

### MAYOR: WILLIAM PEDUTO

**TERM:** 4 YEARS

**RESPONSIBILITY:** CHIEF EXECUTIVE

**CONTACT INFO:** 414 GRANT STREET  
ROOM 512  
PITTSBURGH, PA 15219  
(412) 255-2626

### CONTROLLER: MICHAEL E. LAMB

**TERM:** 4 YEARS

**RESPONSIBILITY:** FINANCIAL OVERSIGHT,  
FINANCIAL REPORTING  
AND AUDITING

**CONTACT INFO:** 414 GRANT STREET  
1ST FLOOR  
PITTSBURGH, PA 15219  
(412) 255-2054

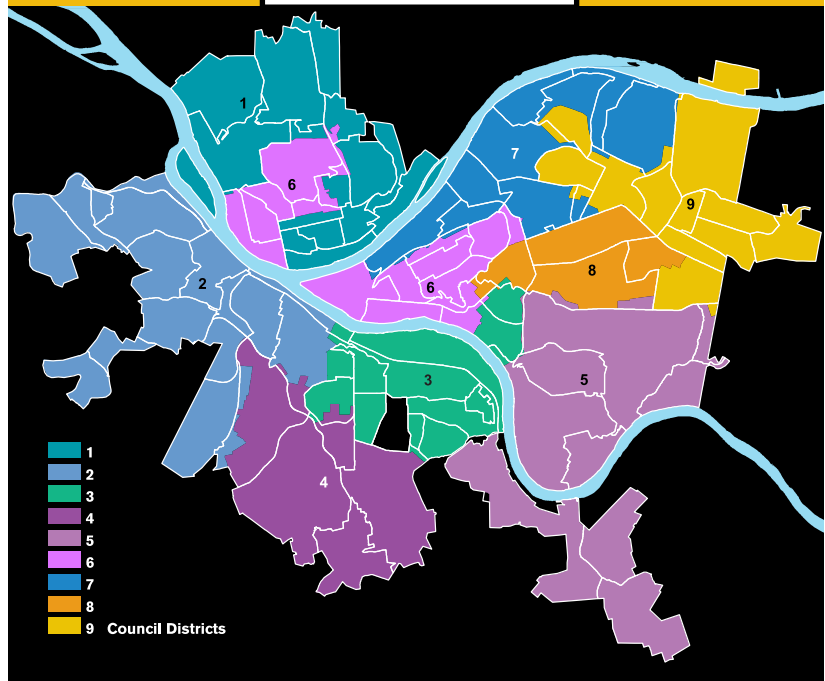
### CITY COUNCIL MEMBERS

**TERM:** 4 YEARS, ELECTIONS  
STAGGERED EVERY  
TWO YEARS

**RESPONSIBILITY:** LEGISLATIVE AUTHORITY

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

## CITIZENS OF THE CITY OF PITTSBURGH



Cover photos: All photos except bottom photo, by John Altdorfer. Top left: Walking along the North Shore under the Fort Duquesne Bridge; Center left: Aerial view of several Pittsburgh bridges; Right center, clockwise: Homes in Garfield; The new trendy section of Lawrenceville; Swimming pool in the Northside Deutschtown section; Welcome to Observatory Hill; Bottom left: Shopping in the Strip District.

# A Message from The City Controller



I am pleased to present to you the City of Pittsburgh's (the City's) Popular Annual Financial Report (PAFR) for the year ended December 31, 2016.

When I first took office, one of my priorities was to make Pittsburgh government more transparent and open to the citizens of the City of Pittsburgh. This report intends to increase awareness of the financial operations of the City. As such, this report is written in a user-friendly manner that summarizes and communicates the City's financial condition. For the seventh consecutive year, the City's Controller's office has received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association ("the GFOA") for the Popular Annual Financial Report.

I believe we have taken great strides toward a more transparent government with the annual production of this report and initiatives such as OpenBook Pittsburgh and Fiscal Focus Pittsburgh. In 2016, through OpenBook Pittsburgh, the City Controller's office began providing information on payments to City vendors. Now, not only can taxpayers view the contract, but can also see all payments on that City contract in real-time. More information on OpenBook Pittsburgh and Fiscal Focus Pittsburgh are found later in this report.

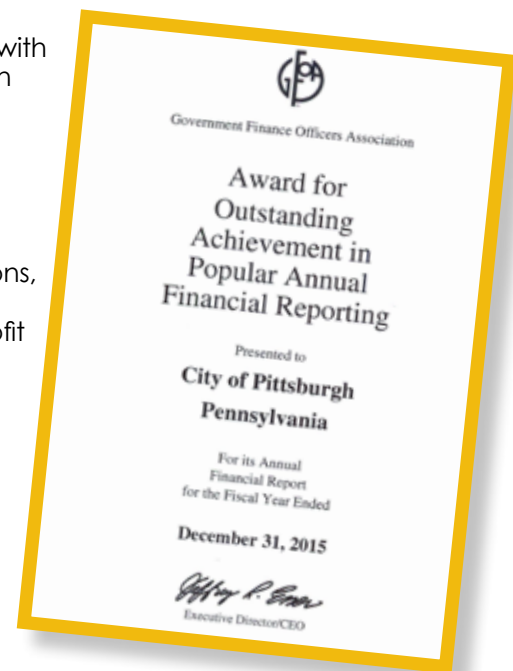
In addition to providing information on City finances and government operations, this report also helps demonstrate what makes Pittsburgh a great place to live, study and work. Pittsburgh's economy is supported by a vast network of for-profit and not-for-profit businesses. It is important for us to demonstrate the role City government is playing in supporting these activities.

Financial information within this report is derived in large part from the City's 2016 independently audited set of financial statements that are prepared in accordance with generally accepted accounting principles. These audited statements are part of the City's 2016 Comprehensive Annual Financial Report ("CAFR").

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

Sincerely,

**Michael E. Lamb**  
City Controller



Photos: Left to right: One of Pittsburgh's many historic landmark signs, commemorating John Scull, first editor of the Pittsburgh Post-Gazette; Pittsburgh's Tamburitzans, celebrating 80 years, photo by Rick Armstrong, property of Folk Arts Institute; A prominent stained glass window in the Frick Building on Grant Street designed and made by the noted artist John LaFarge; The Duquesne Incline – one of several favorite sight-seeing destinations in Pittsburgh.



# About Pittsburgh

## Demographic and Economic Statistics

Population (2010 Census)	305,928
% Male	48.9%
% Female	51.1%
Median Age	33.2

### Race

• White	66.3%
• Black or African American	24.6%
• Asian	5.3%
• American Indian and Alaska Native	0.2%
• Other	3.6%

### Language Spoken at Home

• English only	89.4%
• Language other than English	10.6%

### Educational Attainment

• Less than High School Graduate	8.6%
• High School Graduate (includes equivalency)	28.8%
• Some College or Associate's Degree	24.3%
• Bachelor's Degree	19.6%
• Graduate or Professional Degree	18.7%

Owner-occupied Housing Units	48.0%
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Renter-occupied Housing Units	52.0%
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Source: U.S. Census, 2011-2015 American Community Survey 5-Year Estimates

### Pittsburgh Public Schools

• Total Enrollment	24,652
• K-12 Official Enrollment	23,286
• Early Childhood	1,366
• 2016 Graduates	1,525
• Number of Teachers	1,990
• Breakfasts served daily	12,834
• Lunches served daily	19,075
• Spending per student	\$21,138
• PA Average Spending per student	\$17,200

### Pittsburgh Public Schools Demographics

• African-American students	53%
• White students	33%
• Other races	14%
• Native Languages spoken by students	46
• Countries represented in PPS	57

Source: Pittsburgh Public Schools

### Pittsburgh Public Safety

• Number of Police Officers	1,003
• Number of Fire Fighters	676
• Number of EMS Personnel	174

Source: City of Pittsburgh Quarterly Financial & Performance Report

## Top Employment Occupations

• Business, Management & Office Support	26.0%
• Food Preparation & Serving, Cleaning Related, Building & Grounds	14.0%
• Sales & Retail/Personal Service Related	14.0%
• Construction, Production, Installation & Maintenance	13.8%
• Healthcare Related	10.3%
• Education & Social Services	9.2%
• Transportation & Material Moving	6.4%
• Science & Technology	6.3%

## Top Employment Industries

• Educational Services, Healthcare & Social Assistance	33.0%
• Professional, Scientific, Information & Administrative Services	13.0%
• Arts, Entertainment, Recreation, Accommodation & Food Services	11.5%
• Retail Trades	10.1%
• Finance, Insurance, Real Estate Rental & Leasing	7.5%
• Construction, Transportation, & Utility Maintenance	7.4%
• Manufacturing	5.5%

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Occupational Employment Statistics, May 2016

## Unemployment Rates

• Nation	(April 2017)	4.4%
• Pennsylvania	(April 2017)	4.9%
• Pittsburgh	(March 2017)	5.4%*

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

## Pittsburgh's 2016 Recognitions

- *Condé Nast Traveler* ranks Hotel Monaco, #2 and the Omni William Penn Hotel, #12 among the top hotels in the Mid-Atlantic.
- The University of Pittsburgh is ranked the 47th best global university in the world by *U.S. News and World Report*.
- HSH.com, the nation's largest publisher of mortgage and consumer loan information, once again, ranks Pittsburgh as the most affordable metro area in the U.S.
- *Parents Magazine* ranks Pittsburgh Zoo & PPG Aquarium among the fourth best zoos for kids.
- *Runner's World* ranks Pittsburgh in the top 50 best running cities.
- Redfin, along with the Beer Institute, named Pittsburgh the best city for beer lovers.
- According to *Forbes.com*, Pittsburgh is among the cities that give the most bang for your buck.
- *Worth Magazine* selected Pittsburgh as one of their 15 dynamic cities for 2016.
- Pittsburgh International Airport was ranked as one of the top ten domestic airports in the U.S. by *Travel + Leisure*.
- Pittsburgh ranks as one of the most affordable places to live in the U.S. by *U.S. News*.
- *Huffington Post* says Pittsburgh is among ten cities where techies should consider moving.
- When it comes to holidays, Pittsburgh ranked 5th out of 100 for the Best Cities to Celebrate St. Patrick's Day and 1st out of 100 for Best City to Celebrate Easter by *WalletHub*.
- Once again *Livability.com* has placed Pittsburgh's Downtown on the national Most Livable List as No. 5 due to "expanding housing options, rising population, affordability, diversity, and around-the-clock entertainment."

## the pittsburgh promise

In cooperation with the Pittsburgh Public School District, the City of Pittsburgh is involved with The Pittsburgh Promise program. This program provides scholarships of up to \$7,500 per year to qualified students for any post-secondary education within Pennsylvania.

As of the end of 2016, more than 7,280 graduates of the Pittsburgh Public Schools have taken advantage of The Pittsburgh Promise scholarship. For more information on The Pittsburgh Promise, please visit [pittsburghpromise.org](http://pittsburghpromise.org)



Photo: Josh Franzos

# Pittsburgh Education, Culture and Business



## Colleges and Universities in the City\*

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

## Largest Arts and Humanities Nonprofits\*

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

“Pittsburgh International Airport ranked 8 out of 10 best airports in the U.S. by *Condé Nast Travelers*: Readers' Choice Awards.”

## Museums in the City\*

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

## 2016 Fortune 500 Companies Headquartered in Pittsburgh

United States Steel Corporation  
 The PNC Financial Services Group, Inc.  
 PPG Industries, Inc.

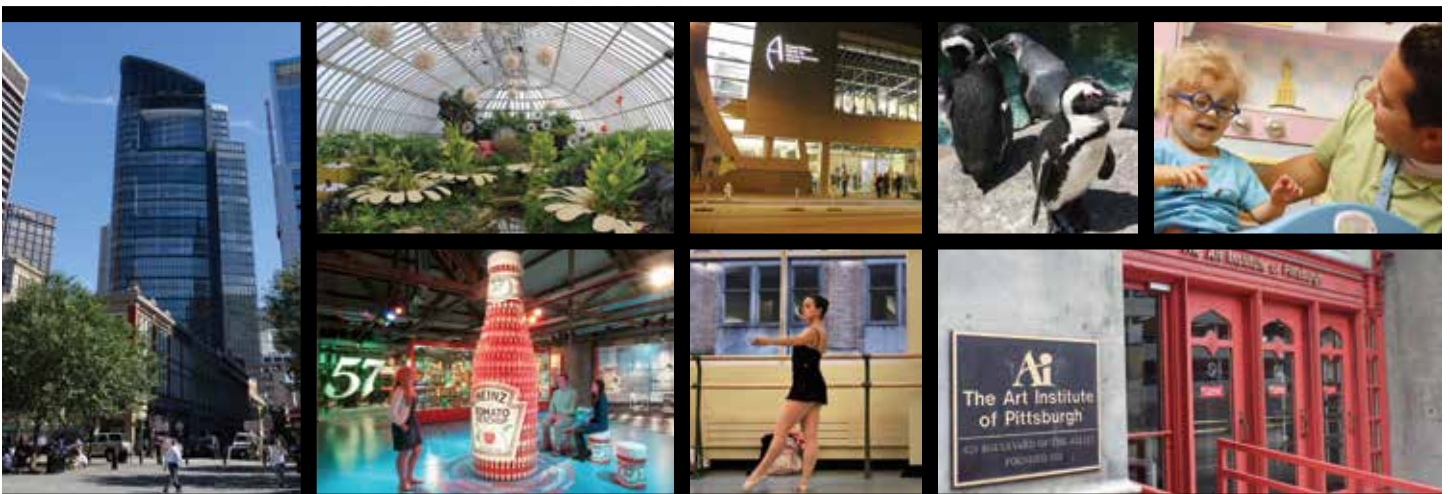
The Kraft Heinz Company  
 WESCO International, Inc.

Source: 2016 *Fortune Magazine*, Fortune 500

## Largest Health and Social Service Nonprofits\*

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

\*Source: 2016 Pittsburgh Business Times Book of Lists



Photos: Top of page left to right: Carnegie Museum, photo by Christopher Burns; Pittsburgh International Airport, photo VisitPittsburgh; Pittsburgh from Mt. Washington. Bottom left and top row: The Tower at PNC Plaza, photo by PNC; Phipps Conservatory/Botanical Gardens, photo VisitPittsburgh/Denise Giangiulio; August Wilson Center, photo August Wilson Center; National Aviary, photo by National Aviary; The Children's Institute of Pittsburgh, photo by Joshua Franzos. Bottom row left to right: Senator John Heinz History Center, photo VisitPittsburgh/Rachellynn Schoen; Conservatory of Performing Arts, photo by Melissa Farlow; The Art Institute of Pittsburgh.



# Pittsburgh Happenings

## Pittsburgh as a Filmmaking Town

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



### 2016 Films & TV Shows Made in Pittsburgh

- **Downward Dog (ABC, 2016)**
- **The Outsiders (WGN, 2016)**
- **Mindhunter (Netflix, 2017)**
- **Fences (Paramount, 2016)**

## Affordable Housing

Following the efforts of community leaders to address the issue of affordable housing, City Council approved the creation of a dedicated trust fund at the end of 2016. While a funding source has not yet been identified, the bill sets a target goal of \$10 million annually. If passed, it would be one of the highest municipal trust funds per-capita, helping to alleviate the estimated shortage of 21,000 affordable homes in the city.



## Pittsburgh Bicentennial

Although Pittsburgh was incorporated as a township in 1771 and as a borough in 1794, it wasn't until 1816 that Pittsburgh officially became a city. On March 12 of that year, the Pennsylvania House and Senate passed a law to incorporate Pittsburgh, which at the time had a population between 5,000 - 6,000 residents.



In July 2016, the City hosted a parade down Liberty Avenue showcasing Pittsburgh's past, present, and future. A unique feature of this celebration was the attendance of descendants of past Mayors. The parade ended at Point State Park with a family-friendly event geared toward a multi-generational and multi-cultural audience. Overall the Bicentennial festival brought crowds in the tens of thousands downtown for its many events, which contributed positively to local businesses and communities.

## Self-Driving Vehicles

After establishing a Pittsburgh headquarters in 2015, app-based transportation company Uber broke ground on a test track facility at the former LTV Coke Works site in Hazelwood. By August, they unveiled their first fleet of autonomous Ford Fusions, making the autonomous service available for Pittsburgh-based users for the first time.



All vehicles are still supervised by an engineer in the driver's seat, but Uber plans to use data collected to move closer to its long-term goal of commercially-available, driverless vehicles.



Photo above: Filming the 2016 TV show "Downward Dog," photo by John A. Mahathey. Top right: A "Steel" structure, located at the City County Building, saluting the 200th birthday for Pittsburgh's Bicentennial. Bottom right: Pittsburgh's Bicentennial parade brought tens of thousands downtown to celebrate.

# The Value of a Diverse and Inclusive City

## LGBTQIA+ Community in Pittsburgh

In August 2016, the Administration announced the launch of Pittsburgh's LGBTQIA+ Advisory Council. The Advisory Council is charged with taking a comprehensive approach to meet the needs of the entire LGBTQIA+ community. The Advisory Council is a 15-member body with a diverse makeup of citizens from within the community and they were announced in November. More information can be found at: <http://pittsburghpa.gov/mayor/lgbtqia/index.html>

## Immigration and Contributions to Pittsburgh

On Tuesday, June 7, 2016, the City of Pittsburgh co-presented a naturalization ceremony in partnership with the U.S. Citizenship and Immigration Services and the Pittsburgh Pirates. Twenty new Americans from fourteen different countries took their oath of citizenship on the field at PNC Park, a venue that couldn't be more American — a baseball stadium. This was the first-ever naturalization ceremony at PNC Park and was part of the City's commitment to bringing residents together.

## Advancing the Pittsburgh Region: A Snapshot of the Demographic and Economic Contributions of Immigrants

In June of 2016, the Partnership for a New American Economy (PNAE) released a research brief that detailed the positive economic impact immigrants have on the region. The information showed that the Pittsburgh region's immigrant residents have a significant positive impact on southwestern Pennsylvania's economy through high rates of workforce participation in key industries, tax contributions, and spending power.

The region's immigrant population is concentrated in Pittsburgh. Immigrants work in Pittsburgh's top industries like manufacturing, education, and healthcare, strengthen the local tax base, and start businesses that create jobs across the region.

## We Move Series to Support Engagement and Visibility of Diverse Pittsburgh Communities

We Move is all about inclusive celebration – a series of ten parties were planned and hosted by a diverse set of community groups from across the City of Pittsburgh throughout September and October of 2016.

### The 10 community groups selected for the We Move Series were:

- *Bhutanese Community Association of Pittsburgh*
- *BMe Pittsburgh*
- *COESA: Brazilian Association*
- *Japan-American Society*
- *Latino Family Center*
- *Romanian Community of Pittsburgh*
- *Squirrel Hill Urban Coalition*
- *Ujamaa Collective*
- *Union of African Communities*
- *Union of Somali-Bantu.*

**WE MOVE**



We Move was made possible through an existing grant awarded by the National League of Cities to strengthen community outreach efforts to Pittsburgh's immigrant, Latino, and African American residents. More information can be found at: <http://theglobalswitchboard.org/wemove/>



Photos: Top left to right: Urban Art, photo by John Altdorfer; Pittsburgh landscape. Bottom, left to right: Film clips from online "We Move" video. Credits: Background by Amitai Angor AA VFX; Music by: Audionatix and Silent Partner; Special thanks to DJ SMI; Pittsburghers interviewed were Marian Lien, Akihiko and LaKeisha Wolf.



# Pittsburgh Government

## Permits, Licenses and Inspections

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

## Bureau of Emergency Medical Services

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

## Bureau of Fire

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

## Bureau of Police

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

## What Your Government Does

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

## Department of Public Works

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

## Citiparks

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

## City Planning

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

## City Controller

See page 8 for responsibilities and duties of the City Controller.

## Department of Finance/City Treasurer

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

## Personnel and Civil Service Commission

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



Photos: Top: Street maintenance, photo by Pittsburgh Public Works. Center left to right: Pittsburgh police on the job; Summer entertainment, photo by Pittsburgh Citiparks. Bottom, left to right: Pittsburgh EMS/Ambulance Division; Bureau of Fire.



# Pittsburgh's City Controller

## About Pittsburgh's City Controller

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

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



### Fiscal Focus Pittsburgh

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

For more information on Fiscal Focus Pittsburgh, please visit [pittsburghpa.gov/controller/fiscal-focus-pgh](http://pittsburghpa.gov/controller/fiscal-focus-pgh).

 @FiscalFocusPGH



### OpenBook Pittsburgh

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

To learn more about OpenBook Pittsburgh, please visit [openbookpittsburgh.com](http://openbookpittsburgh.com).

 @OpenBookPGH



### Unclaimed Property

In 2015, the City controller's office launched an unclaimed properties website which allows the public to search the City's database of unclaimed funds. These unclaimed funds belong to people and businesses that have failed to get money owed to them, through such means as earned income and real estate tax refunds, or City vendor payments.

For more information, and to search the City of Pittsburgh's unclaimed funds database, please visit

[pittsburghpa.gov/controller-office/unclaimed-property2/index.html](http://pittsburghpa.gov/controller-office/unclaimed-property2/index.html).

 @UnclaimedPGH

### PGH Watchdog

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

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

 @PghWatchdog



# General Fund Revenues

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

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

	Revenue by Type (in thousands)		
	2016	2015	2014
Real Estate Taxes	\$141,102	\$137,316	\$127,354
Earned Income Taxes	92,272	88,853	86,860
Payroll Preparation Taxes	65,025	66,130	55,972
Parking Taxes	57,747	55,001	53,233
Other Taxes	87,512	82,110	75,962
<b>Total Taxes</b>	<b>\$443,658</b>	<b>\$429,410</b>	<b>\$399,381</b>
Charges	43,241	45,786	35,228
Grants	58,454	35,604	40,960
Other Revenue	12,551	12,816	9,910
<b>Total</b>	<b>\$557,904</b>	<b>\$523,616</b>	<b>\$485,479</b>

## Revenue Fluctuations

**Total General Fund revenues increased approximately \$34 million or by 6.5%, from 2015 to 2016.**

The net increase of \$14 million in tax revenue was mostly due to increases of \$4 million in real estate taxes, \$3 million in earned income taxes, \$3 million in parking taxes, and \$5 million in other taxes. The increase in grants revenue is partially due to \$10 million of funds provided through the Intergovernmental Cooperation Authority, received from gaming revenues.

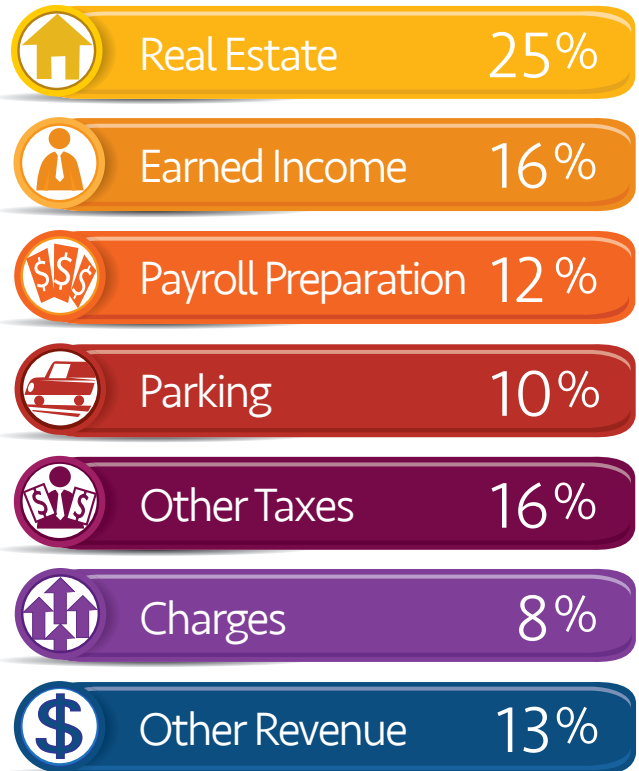
**Total General Fund revenues increased approximately \$38 million or by 8%, from 2014 to 2015.**

The net increase of \$30 million in tax revenue was mostly due to increases of \$10 million in real estate taxes, \$8 million in payroll preparation taxes, \$2 million in earned income taxes, and \$6 million in other taxes.

## Where Our Money Comes From

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

The revenues of the General Fund come from a variety of sources. Revenues received in 2016 are as follows:



## Major Taxes Assessed by the City

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

### Real Estate Taxes

Real estate taxes are imposed on most property in the City as assessed by the Allegheny County Board of Property Assessment, Appeals and Review. The rate was 8.06 mills on buildings and land for 2016 which was a .5 mill increase from 2015 and 2014.

### Earned Income Taxes

This tax is levied at a rate of 1% on the wages or net profits earned by City residents. The City also receives a portion of the Earned Income Tax assessed by the Pittsburgh Public Schools equal to 0.25%.

## Payroll Preparation Taxes

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

## Parking Taxes

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

## Other

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

# General Fund Expenditures

During the years ended December 31, 2016, 2015 and 2014, the City expended its funds as shown below. The per capita amounts represent the amount that the City expended on each type of service per resident, while the aggregate represents the total amount spent.

## General Fund expenditures increased by 3% from 2015 to 2016.

Elements of this increase include a 5% increase in Public Safety and a 2% decrease in General Government.

## General Fund expenditures increased by 1% from 2014 to 2015.

Elements of this increase include a 3% increase in General Government and a 2% decrease in both the URA Subsidy and Community, Recreation and Culture.

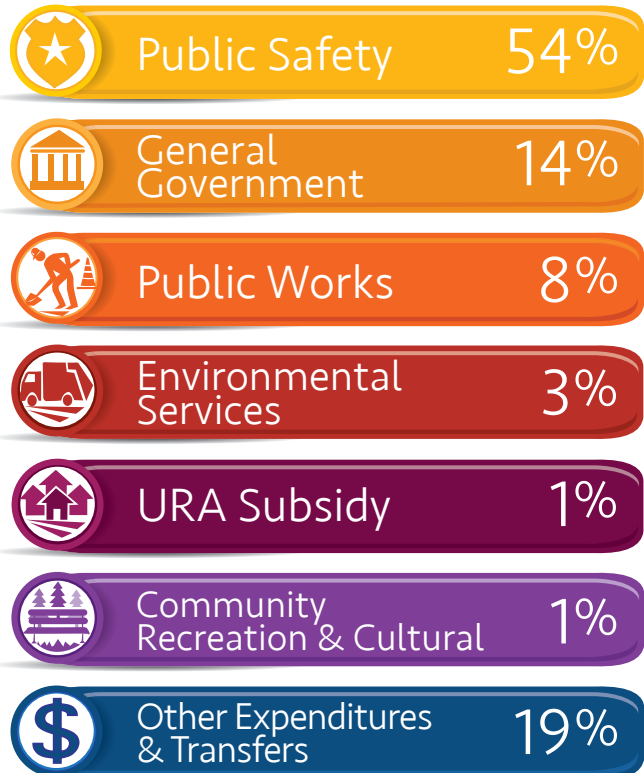
General Fund Expenditures and Transfers						
Expenditures	Aggregate (in thousands)			Per Capita*		
	2016	2015	2014	2016	2015	2014
Government	\$ 72,139	\$ 73,400	\$ 63,343	\$ 236	\$ 240	\$ 208
Public Safety	281,462	268,282	263,073	921	878	861
Public Works	38,494	37,498	33,028	126	123	108
Environmental Services	17,247	17,145	16,192	56	56	53
Community, Recreational and Cultural	6,711	7,035	12,338	22	23	40
Urban Redevelopment Authority Subsidy	5,468	7,034	14,257	18	23	47
Other Expenditures	2,254	1,648	4,914	7	5	16
<b>Total Expenditures</b>	<b>\$423,775</b>	<b>\$412,042</b>	<b>\$407,145</b>	<b>\$1,386</b>	<b>\$1,348</b>	<b>\$1,333</b>
<b>Transfers</b>						
Transfers to Capital Projects	10,000	10,500	25,500	33	34	83
Transfers to Debt Service	88,291	88,986	87,001	289	291	285
Other Transfers	(1,335)	(2,088)	(1,597)	(4)	(7)	(5)
<b>Total</b>	<b>\$520,731</b>	<b>\$509,440</b>	<b>\$518,049</b>	<b>\$1,704</b>	<b>\$1,666</b>	<b>\$1,696</b>

\* Expenditures and transfers are those respective amounts divided by the 2010 population.

## Where Your Money Goes

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

2016 expenditures and transfers of the General Fund are classified by the type of service provided. Below is a summary of the function and the types of departments within that function reported below.



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

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

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

**Environmental Services** expenditures include garbage collection and recycling services within the Public Works Department.

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

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

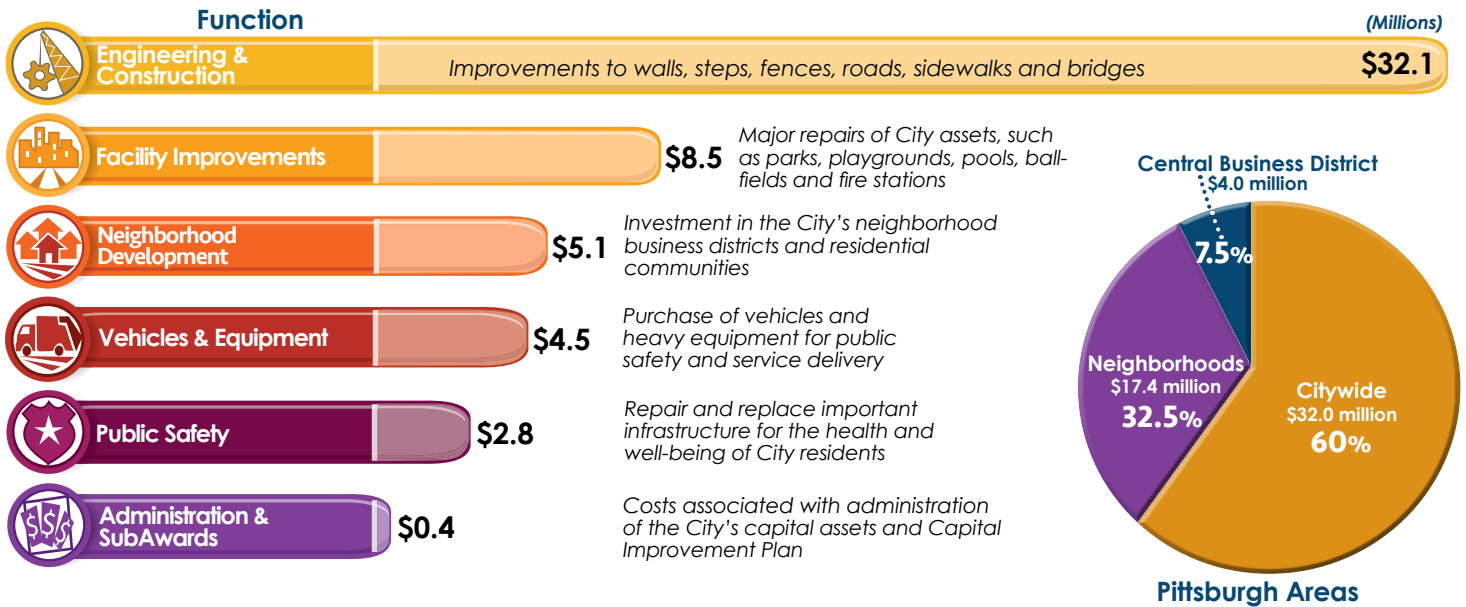
**Other Expenditures** include all amounts that are not included in the categories above.

**Transfers** are funds provided by the General Fund to support other funds of the City.



# Pittsburgh's Capital Spending

The City maintains a separate Capital Projects Fund to account for the financial transactions and resources used by the City for the acquisition or construction of major capital assets. During 2016 the City spent \$53.4 million on Capital Projects. The 2016 capital spending is detailed below by both function and area spent.



## Citywide: \$32.0 million

Largest Citywide Capital Spending (in millions):

- Paving:** \$13.2
- Vehicles:** \$4.5
- URA, Housing & Development:** \$3.0
- Facility Improvements:** \$2.1
- Demolitions:** \$1.9

## Neighborhood Specific: \$17.4 million

Largest Capital Spending by Neighborhood includes:

- Greenfield Bridge:** \$13.6 million
- CHOICE Neighborhood Program:** \$1.3 million
- Penn Avenue:** \$558,545
- Beechview Senior Center:** \$282,674
- Uptown Planning Study:** \$126,355

## Central Business District: \$4.0 million

Largest Capital Spending in Central Business District includes:

- Forbes Avenue:** \$2.2 million
- Traffic Signals Upgrade:** \$1.2 million
- City Clerk Modernization:** \$15,663

# Pittsburgh's Net Position

In essence, a negative net position balance, or a deficit, means that the City's liabilities exceed its assets and deferred outflows of resources. While this demonstrates that there is an imbalance between the assets, deferred outflow of resources and liabilities of the City, it should be noted that the City has made a significant effort in improving its financial situation.

**At the end of the current fiscal year, the City reported a \$1.2 billion net deficit for the governmental activities due in large part to GASB 68 reporting requirements of Net Pension Liability and the City's debt burden outstanding. This is a lower number compared to last year's as a result of the City's continued efforts to bring down the deficit.**



## Municipalities Financial Recovery Act

In November 2003, the City sought municipal self-help as a "financially distressed" municipality under the Municipalities Financial Recovery Act (Act 47) 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 2016, 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, 2016 was \$72.5 million; this was enough to maintain normal function throughout the City in January 2017. Throughout 2016, 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.

*Photos: Top left to right: Brookline neighborhood; St. Patrick's Day parade, photo by John Altdorfer; Garfield Community Farm, photo by John Altdorfer; Skating at PPG Plaza, photo by John Altdorfer; Bottom photo: Cruising the Allegheny River.*

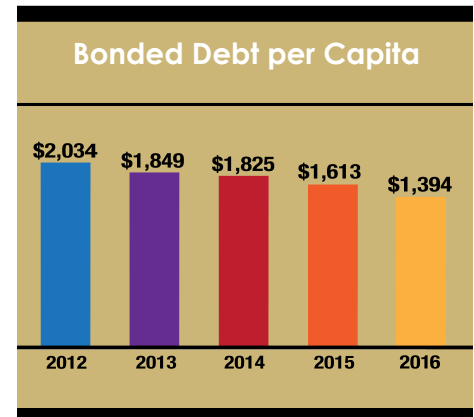


# Debt and Liabilities

## The City's Outstanding Bonds

A major liability of the City is the amount of bonds outstanding. The City's total bond issuances outstanding as of December 31, 2016 equal approximately \$426 million. Over the past five years, the City has paid off approximately \$425 million of outstanding debt, including refundings.

(in millions)	2012	2013	2014	2015	2016
General Obligation Bonds:					
Beginning Balance	\$ 581	\$ 612	\$ 565	\$ 558	\$ 493
Debt issued or refinanced during the year	126	0	120	0	24
Principal repaid and/or refunded during the year and other	(95)	(47)	(127)	(65)	(91)
Ending Balance	\$ 612	\$ 565	\$ 558	\$ 493	\$ 426
Outstanding Bonds per Capita	\$2,034	\$1,849	\$1,825	\$1,613	\$1,394



The City's Bond Debt ratings are Moody's A1, Fitch AA- and Standard & Poor's A+ as of December 31, 2016.

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

## The City's Debt Service Fund

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

(in thousands)	2015	2016
Beginning Fund Balance in the Debt Service Fund:	\$ 1,145	\$ 1,278
Debt Service Revenues	171	157
Principal Payments	(61,135)	(63,835)
Interest Payments	(27,889)	(24,569)
Transfer from General Fund	88,986	88,291
Ending Fund Balance in the Debt Service Fund	\$ 1,278	\$ 1,322



Photos: Top right: Entrance to the Spring Hill neighborhood, by John Altdorfer. Center, left to right: Former Paramount Pictures movie distribution center located on the Boulevard of the Allies; Bon Air neighborhood park, by John Altdorfer. Bottom, left to right: Bikers in Oakland, photo by John Altdorfer; River traffic on the Mon River; View from Mt. Washington, photo by Kathy Eichman; Highland Park neighborhood.

# 2016 Financial Highlights

## A Year of Mixed Results

The previous sections of this document provided information on what we see everyday in the City. While the City has overcome large challenges in the past year, there is still much work to be done.

## Positive Outlook for City Finances

### The City's Cash Position

The City ended 2016 with a total fund balance of \$190.8 million, an increase of \$20.4 million from 2015. \$98.7 million of the \$190.8 million is the "unassigned fund balance" which is available for the City to spend. The increase in fund balance is due to increased tax revenue.

### Long-Term Debt

In 2016, the City reduced its debt by \$67 million to \$426 million. Even with this reduction, long-term debt continues to be a problem in moving Pittsburgh toward sustained financial stability.

## The Challenges Ahead

### Fixing Pittsburgh's Water Problem

The most immediate challenge facing the City, are concerns over the safety of Pittsburgh's drinking water. While some of the City's lead water lines

have been replaced over the years, there are still Pittsburgh residents whose homes have water lines made of lead. The existence of the aging lead pipes, and other factors, has caused increased lead levels in the drinking water of many City residents. Along with making our drinking water safe, City officials must make correcting the problems of past mismanagement at the Pittsburgh Water and Sewer Authority a top priority.

### Aging Infrastructure

The City's aging infrastructure must be addressed by City officials. According to the Department of Public Works, in 2016 the City paved approximately 57 miles of roads at a cost of \$12.7 million.

In addition to the miles of roads, the City maintains bridges, stairways, storm sewers and other systems and facilities that continue to age. Securing funding to upgrade and improve these assets will be critical in the years to come.

### Pension Funding

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



Photos: Left to right: Motorists traveling on Pittsburgh's busy parkway; Pittsburgh Parking Authority lot in Warrington; The Fort Pitt Tunnel; Diversity of architecture in downtown Pittsburgh.



City of Pittsburgh, PA  
414 Grant Street  
Pittsburgh, PA 15219

[pittsburghpa.gov](http://pittsburghpa.gov)



Although this report is largely based on the City's 2016 Comprehensive Annual Financial Report, this report is not prepared in accordance with generally accepted accounting principles ("GAAP"). Only the financial data for the general government is included in this report and, therefore, all of the City's discretely presented component units are excluded. Additionally, information is presented in a summarized manner and certain financial statements and note disclosures required by GAAP are omitted. A copy of this PAFR as well as the City's audited 2016 CAFR, which is prepared in accordance with GAAP, is located at [pittsburghpa.gov/controller](http://pittsburghpa.gov/controller).

**PAFR Consultants:**

The Binkley Kanavy Group, LLC, Pittsburgh, PA



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Photos: left to right: One of Pittsburgh's many historic landmark signs commemorating Henry Clay Frick; Fred Rogers Statue, by sculptor Robert Berks, located in Pittsburgh's North Shore Riverfront Park; A view of Mount Washington from Duquesne University.