

POPULAR ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

PREPARED BY:

MICHAEL E. LAMB, CITY CONTROLLER





In This Report

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COUNCIL MEMBER	District	Telephone
Darlene Harris	1	(412) 255-2135
Theresa Kail-Smith	2	(412) 255-8963
Bruce Kraus, President	3	(412) 255-2130
Anthony Coghill	4	(412) 255-2131
Corey O'Connor	5	(412) 255-8965
R. Daniel Lavelle	6	(412) 255-2134
Deborah Gross	7	(412) 255-2140
Erika Strassburger	8	(412) 255-2133
Rev. Ricky Burgess	9	(412) 255-2137

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

CITIZENS OF THE CITY OF PITTSBURGH

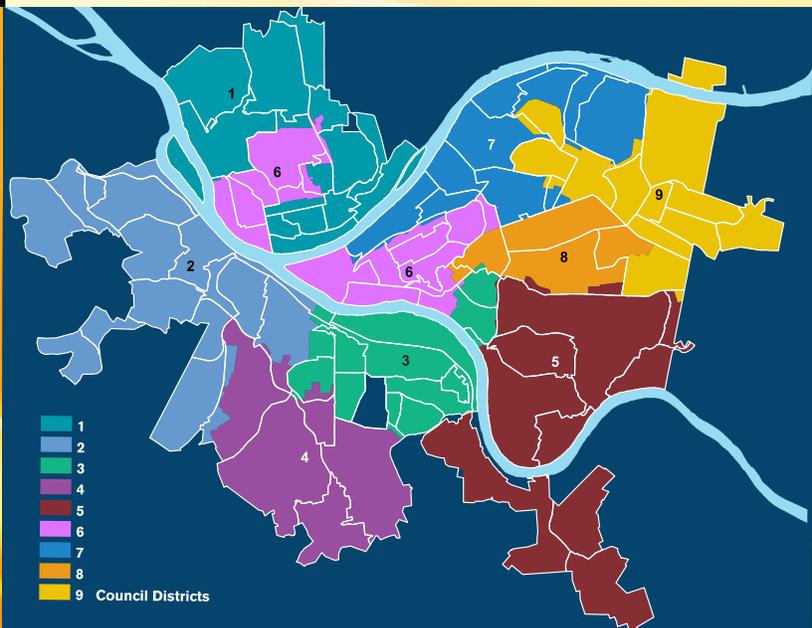
CITY CONTROLLER

CITY COUNCIL

- City Clerk

MAYOR

- | | |
|--|---|
| <ul style="list-style-type: none"> • Management & Budget • Citiparks • Public Works • City Planning • Department of Mobility & Infrastructure • Public Safety • Human Resources & Civil Service • Citizens Police Review Board | <ul style="list-style-type: none"> • Innovation & Performance • Finance • Human Relations Commission • Law • Office of Municipal Investigations • Equal Opportunity Review Commission • Equipment Leasing Authority • Permits, Licenses and Inspections |
|--|---|



Photos: Front cover, left to right: Point Park University in downtown Pittsburgh; Stronger Than Hate logo, created in memory of the shootings at the Tree of Life Synagogue in Squirrel Hill; Bikers enjoying a ride through the South Side; The transit stop in Gateway Center; A family outing near the fountain in Point State Park. Back Cover: A beautiful wrought iron gate in Historic Deutschtown on East Ohio Street, photo by John Altdorfer. The eye-catching Oakley Street Mosaic Steps Public Art Project in the South Side Slopes neighborhood, photo by John Altdorfer.

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, 2018.

This report is intended to **increase awareness throughout the community of the financial operations of the City**. As such, this report is written in a user-friendly manner that will summarize and communicate the City's financial condition. For the ninth consecutive year, this report 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.

One of our priorities in the City Controller's office is **to make Pittsburgh government more transparent and open to the citizens of the City of Pittsburgh**. 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, Fiscal Focus Pittsburgh and PGH Watchdog, a mobile app that allows citizens to report fraud and abuse of City tax dollars from anywhere. More information on these initiatives are found later in this report.

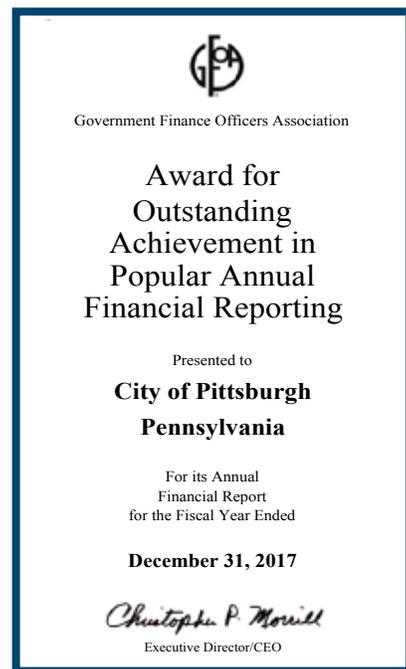
In addition to providing information on City finances and government operations, this report also helps demonstrate what makes **Pittsburgh a great place to live, study and work**. Pittsburgh's economy is supported by a vast network of for-profit and not-for-profit businesses. It is important for us 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 2018 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 2018 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: South Side, Welcome to Observatory Hill, and Northside's Deutschtown, photos by John Altdorfer; Welcome to Uptown; Welcome to Beechview sign near local transit stop.



About Pittsburgh

Demographic and Economic Statistics

Estimated City Population

- Male 48.4%
- Female 51.6%

Median Age

- City Median Resident Age 32.9 years
- Pennsylvania Median Age 40.8 years

Race

- White 66.0%
- Black or African American 24.0%
- Asian 6.0%
- Hispanic 3.0%
- Other 1.0%

Language Spoken at Home

- English Only 89.9%
- Language other than English 11.1%

Educational Attainment

- No Degree 6.1%
- High School 32.3%
- Some College 26.5%
- Bachelor's Degree 21.3%
- Graduate Degree 13.8%

Estimated Median Household Income

- Pittsburgh \$44,092
- Pennsylvania \$59,195

Housing Units

- Owner-Occupied 48.0%
- Renter-Occupied 52.0%

Per Capita Income (2013-2017)

\$30,397

Persons Below Poverty Line

- Pittsburgh 22.3%
- Pennsylvania 15.7%
- City Children (under 18) 23.8%
- City Seniors (65 and over) 12.8%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Pittsburgh Public Schools 2018-19

- Total Enrollment 23,532
- K-12 Official Enrollment 22,372
- Early Childhood Enrollment 1,160
- 2018 Graduates 1,271
- Number of Teachers 1,985
- Number of Schools 55
- Spending per Student \$26,563
- PA Average Spending per Student \$17,800

Approximately 4,200 students attend 38 charter schools

Pittsburgh Public Schools Demographics

- African-American Students 53%
- White Students 33%
- Students of Other Races 14%
- Countries Represented in PPS 57
- Native Languages Spoken by Students 95

Source: Pittsburgh Public Schools

City Staffing

- Total City Employees 3,309
- Number of Police Officers 1,057
- Number of Fire Fighters 659
- Number of Paramedics 199
- Other City Department Personnel 1,394

Source: City of Pittsburgh, Employees as of December 2018

Employment

- Management, Business, Science and Arts 41.5%
- Sales and Office Occupations 22.8%
- Service Occupations 16.7%
- Production, Transportation and Material Moving 11.3%
- Natural Resources, Construction, and Maintenance 7.7%

Unemployment Rates

- Nation (May 2019) 3.6%
- Pennsylvania (April 2019) 3.8%
- Pittsburgh (March 2019) 3.6%*

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



Photos: Left to right: A familiar sight in the park on the Northside on West Ohio Street near CCAC, is Gus Kalaris and his "Old Fashioned Ice Ball" cart. The cart has been operated by the Kalaris family since 1934, photo by John Altdorfer; The Allegheny Observatory of the University of Pittsburgh is located at Riverview Park. Admission is by ticket only, from April 1 to Nov. 1. The tours are free of charge but you must have a reservation. To make a reservation call 412-321-2400; Lawrenceville neighborhood, photo by John Altdorfer.

Pittsburgh Education, Culture and Business



Colleges and Universities in the City*

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*

Allegheny County Library Association
Carnegie Library of Pittsburgh
Carnegie Museums of Pittsburgh
Pittsburgh Ballet Theatre
Pittsburgh CLO
The Pittsburgh Cultural Trust
Pittsburgh Symphony Orchestra
Pittsburgh Zoo & PPG Aquarium
Senator John Heinz History Center
Western Pennsylvania Conservancy

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 & Sailors Memorial Hall & Museum
University of Pittsburgh's
Nationality Rooms

*Source: 2018 Pittsburgh Business Times Book of Lists

2018 Fortune 500 Companies Headquartered in Pittsburgh

Alcoa Corporation
Dick's Sporting Goods, Inc.
The Kraft Heinz Company
The PNC Financial Services Group, Inc.
PPG Industries, Inc.
United States Steel Corporation
WESCO International, Inc.
Source: 2018 Fortune magazine, Fortune 500

Largest Health and Social Service Nonprofits*

Achieva
Baptist Homes Society
Brother's Brother Foundation
The Children's Institute of Pittsburgh
Goodwill of Southwestern Pennsylvania
The Jewish Association on Aging and
Jewish Home and Hospital for the Aged
Life Pittsburgh
Pittsburgh Mercy Health System
Pressley Ridge
Vincentian Collaborative System
YWCA of Greater Pittsburgh



Photos: Top, left to right: One of the University of Pittsburgh's International Rooms, photo by Tom Altany; Carnegie Library in Brookline neighborhood; The cast of Pittsburgh Public Theater, 2018's production of *Pride and Prejudice*, photo by Michael Henninger; The August Wilson Center for African American Culture in downtown Pittsburgh; YWCA, Family Naturalization; Soldiers & Sailors Memorial Hall & Museum; Bottom, left to right: Carlow University; Children's Museum of Pittsburgh, photo by VisitPittsburgh; Pittsburgh Ballet Theatre's, "The Nutcracker" in 2018, photographer, Rich Sofranko, dancers: Luca Sbrizzi and Alexandra Kochis; Clayton Parlor, at Clayton, the historic home of the Henry Clay Frick family in Point Breeze, image courtesy of The Frick Pittsburgh; WESCO's downtown headquarters at Station Square.

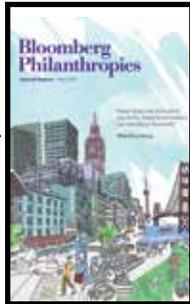


Pittsburgh Happenings

Bloomberg Awards Grant to Fight Climate Change

Bloomberg Philanthropies

awarded Pittsburgh more than \$2.5 million for its plan to reduce carbon emissions. The organization, founded by former New York City Mayor Michael Bloomberg, gave the grant as part of its American Cities Climate Challenge. Pittsburgh's comprehensive proposal included incremental plans to eventually cut citywide energy consumption in half. The administration plans to use the funds to implement energy efficiency benchmarking for buildings, invest in community solar, roll out a statewide renewable energy financing program, and expand the City's pedestrian and bike infrastructure.



Facebook Expands in Pittsburgh

The Strip District

has been the latest front in the City's ongoing revitalization, and Facebook has taken note. The multibillion dollar company announced it would be expanding its Pittsburgh operations into a new four-story, 105,000 square-foot building along Smallman Street. Facebook has had a presence in Pittsburgh since opening their Oculus division in the Oakland neighborhood in 2016, focusing on AI and virtual reality technology. The new space is expected to tap into local tech and robotics talent when hiring.



Downtown Gets a New Pittsburgh Playhouse

After giving a final sendoff to its iconic 85 year-old Oakland theater, Point Park University unveiled its new downtown Pittsburgh Playhouse this past fall. Two years of planning and construction produced a \$60 million structure featuring state-of-the-art technology available to all of its students, restoration of the historic Stock Exchange Building, and a completely reimagined 300 block of Forbes Avenue. The Playhouse's opening night hosted a ticketed gala event that featured Academy and Tony award-winning artists as guests.



Black Tech Nation Launches

Kelauni Cook, software developer and former co-creator for Academy Pittsburgh's Beta Builders program, launched Black Tech Nation in early 2018 to tackle a serious problem she noticed in her own profession: barriers keeping African-Americans from pursuing or having access to the tech industry. The organization partners with local universities and tech companies under the motto – "gather, connect, and affect" – to create a community and ecosystem for black tech employees, entrepreneurs, and industry leaders within the tech industry. Her ultimate goal is to use the BTN platform to make Pittsburgh a model city for true tech inclusion.



the pittsburgh promise

In cooperation with the Pittsburgh Public School District, the City of Pittsburgh is involved with The Pittsburgh Promise program. For 2018 classes and beyond, this program provides scholarships of up to \$5,000 per year to qualified students for any postsecondary education within Pennsylvania. As of the end of 2018, more than 8,800 graduates of the Pittsburgh Public Schools have taken advantage of The Pittsburgh Promise scholarships. For more information on The Pittsburgh Promise, please visit: pittsburghpromise.org



Photos by: Josh Franzos / Pittsburgh Promise

Photos: Left column: Bloomberg Philanthropies, annual report cover, from Bloomberg website; Facebook, rendering of the Artificial Intelligence Team's new offices in the Strip District; Center column: Exterior of the Point Park University Pittsburgh Playhouse on Forbes Avenue, photo credit Kevin G. Reeves; Right column: A few members of the Black Tech Nation executive team pose at Black Tech Nation's first Members' Happy Hour in celebration of Black History Month. Left to right, Menelik Lewis, Kelauni Cook, Jamaal Davis, and Benjamin Mosior.

Pittsburgh Tech Happenings

Carnegie Mellon University has been pioneering many of the technologies that fall under the broad umbrella of “artificial intelligence” for decades. As these technologies have been incorporated into smartphones and consumer products over the last several years, the nation’s most prominent tech companies have poured millions into artificial intelligence research facilities in and around Pittsburgh.

Apple employment in Pennsylvania grew by 11 percent between 2014 and 2016, but increased by 40 percent in Pittsburgh in the past five years, including retail and corporate. Most of the Apple jobs in Pennsylvania are in retail, but the company also employs nearly 50 people, mostly software engineers, at its corporate office in the Three Crossings development in Pittsburgh’s Strip District.

Apple’s Pittsburgh operations have focused on the company’s Keynote and iWork suite of applications. Apple also has been working with Allegheny Technologies to buy specialty stainless steel for use in iMac and Mac Pro computers.



Mamula, Kris B. (2018, December 13). Apple’s expansion plans include more jobs in Pittsburgh, \$1 billion campus in Austin. *Pittsburgh Post-Gazette*. Retrieved from www.post-gazette.com/local/city/2018/12/13/Apple-announces-major-expansion-in-Austin-other-U-S-cities/stories/201812130107

Ford Motor Company has committed \$1 billion into Argo AI, the Strip District-based self-driving startup that is creating the software “brains” for autonomous vehicles. Argo AI was founded in 2016 by two engineers formerly with Uber, Google, and Carnegie Mellon University.

While the initial focus will be to support Ford’s autonomous vehicle development and production, Argo could seek to license its technology to other companies in the self-driving sector.



Moore, Daniel, and Blazina, Ed. (2017, February 10). Ford investing \$1 billion in Pittsburgh autonomous research company. *Pittsburgh Post-Gazette*. Retrieved from www.post-gazette.com/business/technews/2017/02/10/Ford-launches-autonomous-research-in-Pittsburgh/stories/201702100237

Google arrived in Pittsburgh 12 years ago, opening a small office at Carnegie Mellon University. Google quickly expanded and in 2010 the company moved into its current Bakery Square location, where it occupies four floors. In 2015, the company again expanded to Bakery Square 2.0, a new building located across the street, where it occupies two additional floors. Google’s Pittsburgh office has more than 500 employees which include engineers working on Google Shopping, Google Cloud, AdSense and other critical products for the search giant.



Soper, Taylor. (2018, January 30). An early pioneer in Pittsburgh, Google looks to continue growth as tech rivals arrive. *GeekWire*. Retrieved from www.geekwire.com/2018/google-early-pioneer-pittsburgh-looks-continue-growth-tech-rivals-arrive/

Uber has 12 autonomous vehicle facilities across Pittsburgh; including an 80,000 square-foot engineering building in the Strip District and a test track for its self-driving technology located in the neighborhood of Hazelwood. Uber’s engineering building houses hundreds of engineers who are developing the company’s latest autonomous driving technology.

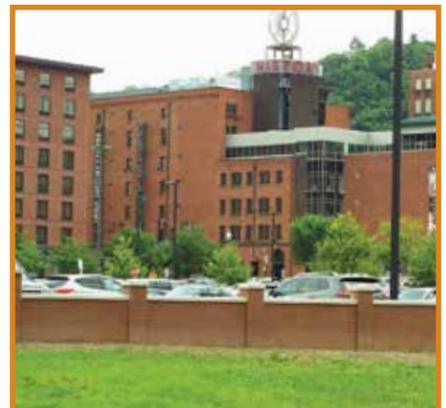


Soper, Taylor. (2018, February 6). Inside Uber’s self-driving tech center in Pittsburgh, a glimpse of the possible future of transportation. *GeekWire*. Retrieved from www.geekwire.com/2018/inside-ubers-self-driving-tech-center-pittsburgh-glimpse-possible-future-transportation/

LifeX is a life science startup accelerator that was launched in 2018 by the University of Pittsburgh. Its mission is to translate the region’s world-class research and innovation into commercial products that reduce suffering, save lives, and drive the regional economy. After a successful first year, LifeX is working to expand education, services, and training to create a support community for entrepreneurs and early stage companies.



Barlow, Kimberly K. (2017, December 11). Pitt Introduces LifeX™ to Develop New Solutions for Large Unmet Health Needs. *Pittwire*. Retrieved from <http://www.news.pitt.edu/news/pitt-introduces-lifextm-develop-new-solutions-large-unmet-health-needs>



Photos: Left column: Apple corporate offices in the Strip District; Ford, the Argo AI autonomous vehicle, image from Ford’s website; Center column: Google’s Pittsburgh office located at Bakery Square in the Larimer neighborhood of Pittsburgh; Uber cars, photo credit, Uber Technologies, Inc.; Right column: LifeX, Mara McFadden, left, LifeX vice-president of product and medical devices, and Dr. Anne Germain, co-founder and CEO of Noctem, a LifeX portfolio company. Noctem makes digital sleep solutions for insomnia, photo credit, Wes Conard; Senator John Heinz History Center borders the edge of the Strip District, where many high-tech companies are locating.



Pittsburgh Government

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.

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 Controller

See page 12 for responsibilities and duties of the City Controller.

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.

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.

WHAT YOUR GOVERNMENT DOES

The City provides a full range of services, including public safety, construction and maintenance of City property and infrastructure, sanitation services, and recreation and cultural activities.

The Water and Sewer Authority, Urban Redevelopment 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 Mobility and Infrastructure

The Department of Mobility and Infrastructure (DOMI) is responsible for managing the operation of and access to the public right-of-way, such as streets, sidewalks and bridges.

Department of Public Works

The Department of Public Works (DPW) maintains the City's park facilities and public structures. DPW also meets the environmental needs of Pittsburgh residents by collecting residential refuse and recycling. The department also ensures public safety by responding to weather-related emergencies such as flooding, land subsidence, snow and ice storms and other disasters.

Human Resources and Civil Service

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

Permits, Licenses and Inspections

The Department of 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.



Photos: Left to right: Pittsburgh Department of Public Works employee maintaining the grounds at the Riverside Park Activities Building and playground; A Carrick neighborhood crossing guard in the foreground of the Pittsburgh Bureau of Fire, Station 23; City Controller Office's new electric vehicle hit the streets at the end of 2017, photo credit, City Controller's office.

Fostering Diversity Through Community Support

Pitt Community Engagement Center (CEC): Hill District & Homewood

In partnership with local communities, the University of Pittsburgh has made a minimum 15-year commitment of investment, infrastructure, programming, and dedicated staff in local neighborhoods, which currently include Homewood and the Hill District. The CECs facilitate opportunities for University departments and units to provide programs such as career development support, "Ask a Pharmacist" medical consultations, high school bio-engineering summer camps, medical home visits, and more. <https://cec.pitt.edu/>



Council on American-Islamic Relations (CAIR) – Pittsburgh

The Council on American-Islamic Relations is a nonprofit, grassroots civil rights and advocacy group. CAIR is America's largest Islamic civil liberties group, with regional offices nationwide. CAIR's mission is to enhance understanding of Islam, protect civil rights, promote justice, and empower American Muslims. <https://pa.cair.com/pitt/>.



Proud Haven

Proud Haven's mission is to provide a safe shelter for LGBTQIA+ youth (ages 18-25) experiencing homelessness in Pittsburgh. They also provide emotional support and resources to help LGBTQIA+ youth develop the skills needed to live independently. <https://www.proudhaven.org/>



Pitt Photos: Top and left center: A detail from the mosaic on the façade of the University of Pittsburgh Community Engagement Center in Homewood, and the ribbon-cutting ceremony of the Center, photos by Aimee Obidzinski; Bottom left: CAIR Pittsburgh, board, staff, and speakers at the Annual Iftar dinner of 2018. Bottom right: Proud Haven outreach at Pride Festival.



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)			
	2018	2017	2016
Real Estate Taxes	\$147,239	\$143,238	\$141,102
Earned Income Taxes	99,874	96,627	92,272
Payroll Preparation Taxes	69,459	57,779	65,025
Parking Taxes	60,353	58,663	57,747
Deed Transfer Taxes	37,029	29,763	27,976
Other Taxes	63,945	60,881	59,536
Total Taxes	\$477,899	\$446,951	\$443,658
Charges	41,424	45,365	43,241
Grants	40,959	41,132	58,454
Other Revenue	13,825	11,836	12,551
Total	\$574,107	\$545,284	\$557,904

Revenue Fluctuations

Total General Fund revenues increased approximately \$29 million or by 5.29%, from 2017 to 2018.

The net increase of \$31 million in tax revenue was mostly due to increases of \$11.6 million in payroll preparation, \$7.3 million in deed transfer taxes, \$4 million in real estate taxes, and \$3 million in earned income taxes.

Total General Fund revenues decreased approximately \$12 million or by 2.3%, from 2016 to 2017.

The net increase of \$3 million in tax revenue was mostly due to increases of \$2 million in real estate taxes, \$4 million in earned income taxes, \$1 million in parking taxes, and \$3 million in other taxes, offsetting a \$7 million decrease in payroll preparation 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 2018 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 2018 and 2017.

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 2%.

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.

Deed Transfer Taxes

A tax of 2.5% of the consideration paid for real property transfers is levied upon the transfer of an interest of real property situated in the City. This tax was increased in 2018 from 2% to 2.5% to fund the Affordable Housing Trust Fund.

Other Taxes

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

General Fund Expenditures

During the years ended December 31, 2018, 2017 and 2016, 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 9.8% from 2017 to 2018. Elements of this increase include a 25% increase in General Government, an 8% increase in Public Safety, and a 2% increase in Public Works.

General Fund expenditures increased by 1.7% from 2016 to 2017. Elements of this increase include a 2% increase in Public Safety, a 20% increase in Public Works, and a 9% decrease in General Government.

General Fund Expenditures and Transfers						
Expenditures	Aggregate (in thousands)			Per Capita*		
	2018	2017	2016	2018	2017	2016
Government	\$ 82,277	\$ 65,609	\$ 72,139	\$ 269	\$ 215	\$ 236
Public Safety	308,180	286,619	281,462	1,008	938	921
Public Works	47,337	46,336	38,494	155	152	126
Environmental Services	19,364	18,405	17,247	63	60	56
Community, Recreational and Cultural	6,529	6,660	6,711	21	22	22
Urban Redevelopment Authority Subsidy	6,429	5,715	5,468	21	19	18
Other Expenditures	3,117	1,740	2,254	10	6	7
Total Expenditures	\$473,233	\$431,084	\$423,775	\$1,547	\$1,412	\$1,386
Transfers	—	—	—	—	—	—
Transfers to Capital Projects	26,366	12,166	10,000	86	40	33
Transfers to Debt Service	73,555	86,616	88,291	241	283	289
Other Transfers	(2,441)	(1,591)	(1,335)	(8)	(5)	(4)
Total	\$570,713	\$528,275	\$520,731	\$1,866	\$1,730	\$1,704

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



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 the Department of Innovation and Performance, Finance Department and Law Department, among many others.

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

Public Works expenditures include administration 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.

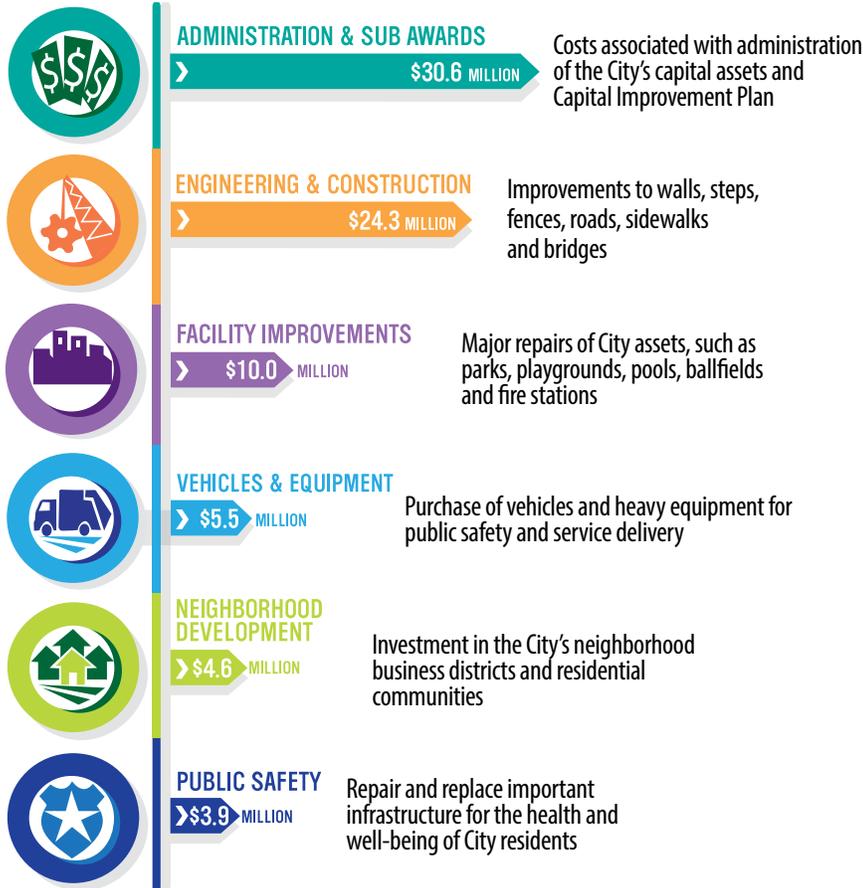
Transfers are funds provided by the General Fund to support other funds of the City.



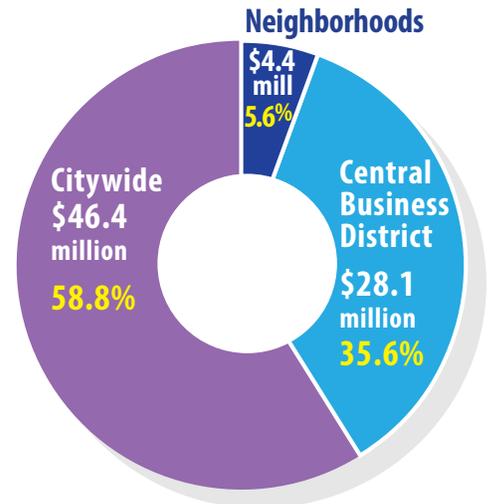
Pittsburgh's Capital Spending

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 2018 the City spent \$78.9 million on Capital Projects. The 2018 capital spending is detailed below by both function and area spent.

BY FUNCTION



PITTSBURGH AREAS



CITYWIDE:

\$46.4 million
Largest Citywide Capital Spending includes (in millions):

- ▶ Street Resurfacing: \$15.8
- ▶ Facility Improvements: \$5.4
- ▶ Condemned Building Remediation: \$3.2
- ▶ Slope & Hillside Failure Remediation: \$2.9
- ▶ Economic Development & Housing: \$2.0

NEIGHBORHOOD SPECIFIC:

\$4.4 million
Largest Neighborhood Specific Capital Spending includes:

- ▶ CHOICE Neighborhood Mixed Income Housing: \$1.5 million
- ▶ Greenfield Bridge Construction: \$682,412
- ▶ McFarren Street (Second Ave.) Bridge Construction: \$474,688

CENTRAL BUSINESS DISTRICT:

\$28.1 million
Largest Central Business District Capital Spending includes:

- ▶ Acquisition of 420 Blvd. of the Allies: \$27.5 million
- ▶ Traffic Signal Upgrades: \$149,878
- ▶ Forbes Avenue Reconstruction: \$101,110

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 <http://pittsburghpa.gov/controller/controller.html> or Twitter @PGHController



Fiscal Focus Pittsburgh

As the saying goes "a picture is worth a thousand words."

Fiscal Focus Pittsburgh is an online data platform that gathers the City's complex financial information and organizes it into clear graphics. **This site offers three separate applications that provide a guided view into the City's financial data:**

> **Budget Explorer** > **CheckbookPGH** > **Payroll Explorer**

The charts, graphs, and tables are all highly interactive. Users can analyze and download reports based on data from the City's budget, and monthly spending, as well as City employee compensation and demographics.

We invite you to explore this transparent look at where your money goes. For more information visit: <https://fiscalfocus.pittsburghpa.gov> or Twitter @FiscalFocusPGH



Unclaimed Property

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

<http://pittsburghpa.gov/unclaimed-property/index.html> or Twitter @Unclaimed PGH



OpenBook Pittsburgh

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

To learn more about OpenBook Pittsburgh, please visit www.openbookpgh.com or Twitter @OpenBookPGH



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 or Twitter @PGHWatchdog



Photos: Left to right: PPG Paints Arena; The West End Overlook in the neighborhood of Elliott, a great spot to walk, relax and view the City of Pittsburgh; The Mellon Square Garage is located under historical Mellon Square Park where you can enjoy fountains, a cascading waterfall, artwork, lush greenery, eat your lunch or just hang out in the heart of the City. It is the first modern garden plaza to be built atop of a parking garage.



2018 Financial Highlights

Positive Outlook for City Finances

State Financial Oversight Comes to an End

In November of 2003, City officials sought self-help as a “financially distressed” municipality under the Municipalities Financial Recovery Act (Act 47). The Pennsylvania legislature established the Intergovernmental Cooperation Authority to provide fiscal oversight to the City, and in 2004 City Council officially voted on a five-year recovery plan. In February of 2018, after taking steps to increase City revenues, control costs and ensure long term solvency, Pittsburgh exited its status as a financially distressed municipality.

The City’s Cash Position

The City ended 2018 with a total fund balance of \$244.6 million, an increase of \$2 million from 2017. \$114 million of the \$244.6 million is the “unassigned fund balance” which is available for the City to spend.

Long-Term Debt

In 2018, the City reduced its debt by \$16.3 million to \$400 million.

The Challenges Ahead

Aging Infrastructure

The City’s aging infrastructure must be addressed by City officials. According to the Department of Mobility and Infrastructure, in 2018 the City paved 60.5 miles of roads and made road and sidewalk repairs at a cost of \$16.9 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.

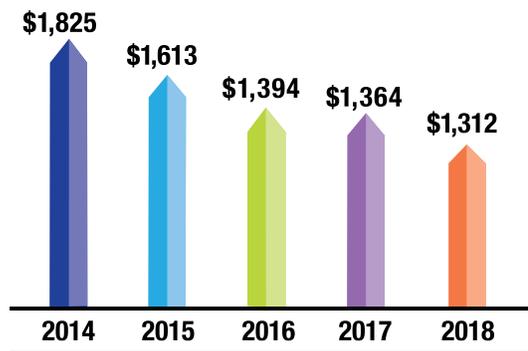
Pension Funding

Securing funding for the City’s Comprehensive Municipal Pension fund continues to be a challenge for City officials. In 2011, the City began dedicating a portion of the City’s parking tax revenue to the pension fund. From 2011 to 2017, the City contributed \$13.4 million in parking tax revenue every year. In 2018, the City began contributing \$26.8 million per year through 2041. Despite having the parking tax as a source of revenue, the fund remains underfunded and will require additional funding commitments and cost reductions moving forward. As of the end of 2018, with revenue from the City’s parking tax, the City’s pension fund held approximately 56% of the funds needed.

BONDED DEBT PER CAPITA*

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, 2018 equal approximately \$400 million. Over the past five years, the City has paid off approximately \$385 million of outstanding debt, including refundings.



* Amounts represent the City’s total bonded debt divided by the estimated City population.



Photos: A lunchtime view of Pittsburgh from the Strip District; The Tamburitzan’s homebase on the bluff near Duquesne University; Roberto Clemente mural painted on the side of Verdetto’s Bar and Restaurant in the Northside, near the East Street entrance of Interstate 279, photo by John Altdorfer; Sal’s Barbershop, a Brookline family-owned business location since 1939; Lewis and Clark Expedition historical marker, located near the Allegheny River between the Strip District and the David L. Lawrence Convention Center.

Pittsburgh's 2018 Recognitions

WORLD LEADER IN EDUCATION AND RESEARCH

- **Pittsburgh is a top U.S. tech hub to watch in 2018.**
The University of Pittsburgh was recognized again as the best public university in the Northeast and the best public value in Pennsylvania by the Wall Street Journal/Times Higher Education College Rankings and Kiplinger's Personal Finance, respectively.
<https://www.pittwire.pitt.edu/news/pitt-again-named-best-public-university-northeast-best-public-value-state>
- **Pittsburgh is the third best city for STEM Jobs.**
<https://wallethub.com/edu/best-worst-metro-areas-for-stem-professionals/9200>
- **Carnegie Mellon ranks as the top university for artificial intelligence graduate programs.**
<https://www.usnews.com/best-graduate-schools/top-science-schools/artificial-intelligence-rankings>
- **University of Pittsburgh's nursing programs ranks No. 1 in the state and among the top 10 in the nation.**
<https://www.usnews.com/best-graduate-schools/top-nursing-schools?int=a4d609>
- **Pittsburgh ranks in the top 10 U.S. cities for university students.**
https://ceoworld.biz/2018/05/10/these-are-the-best-cities-in-the-united-states-for-university-students-2018-ranking/?utm_source=twitter&utm_medium=social&utm_campaign=SocialWarfare

ECONOMICAL HOUSING

- **Pittsburgh named as the most undervalued city in the country.**
<https://smartasset.com/mortgage/most-undervalued-cities-in-america-2018>
- **Pittsburgh is the #1 city for first-time homebuyers.**
<https://smartasset.com/mortgage/best-cities-for-first-time-homebuyers-2018>
- **Pittsburgh was named one of the best cities for grads.**
<https://smartasset.com/mortgage/the-best-cities-for-new-college-grads-in-2018>
- **LendingTree ranked Pittsburgh as one of the most popular cities for millennial homebuyers.**
<https://www.lendingtree.com/home/mortgage/most-popular-cities-millennial-homebuyers/>

BUSINESS FRIENDLY

- **inc.com named Pittsburgh next best startup city in America.**
<https://www.inc.com/jeff-barrett/how-robotics-self-driving-cars-1870s-are-making-pittsburgh-next-silicon-valley.html>
- **Pittsburgh is one of the best cities for women to start and own a business.**
<https://www.business.org/business/startup/best-cities-for-women-to-start-a-business/>
- **Why major tech companies are flocking to Pittsburgh.**
<https://www.inc.com/magazine/201805/jill-krasny/destination-pittsburgh-pennsylvania.html>

AMONG TOP BEST CITIES TO LIVE IN U.S.

- **Pittsburgh is the top U.S. city for young people.**
<https://www.cNBC.com/2018/06/01/the-top-10-cities-in-the-us-for-young-people.html>
- **Pittsburgh is the #1 city in America for jobs.**
https://www.glassdoor.com/List/Best-Cities-for-Jobs-LST_KQ0,20.htm#E
- **Pittsburgh is the No. 2 most livable city in America, according to The Economist Global Livability Index Report.**
<https://www.eiu.com/home.aspx>
- **Squirrel Hill ranks #3 among nation's "neighborhoods that have it all."**
<https://www.redfin.com/blog/2018/01/25-neighborhoods-that-have-it-all-affordable-homes-highly-rated-schools-an-easy-commute-and-plenty-of-inventory.html>
- **Lawrenceville was named among America's "coolest hipster neighborhoods."**
<https://www.tripadvisor.com/VacationRentalsBlog/2018/07/25/coolest-hipster-neighborhoods-usa/>
- **Pittsburgh named one of the "Best Places to Retire."**
<https://realestate.usnews.com/places/rankings/best-places-to-retire#E>
- **Pittsburgh is one of the best cities in the U.S. to raise a family says Owners.com.**
<https://www.owners.com/advice/5-of-the-best-cities-to-raise-a-family-in-the-us>
- **Livability ranks Pittsburgh in "Top 100 Best Places To Live 2018."**
<https://livability.com/best-places/top-100-best-places-to-live/2018>

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Although this report is largely based on the City's 2018 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 2018 CAFR, which is prepared in accordance with GAAP, is located at www.pittsburghpa.gov/controller/controller.html.

PAFR Consultants:

The Binkley Kanavy Group, LLC, Pittsburgh, PA



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/PittsburghController

