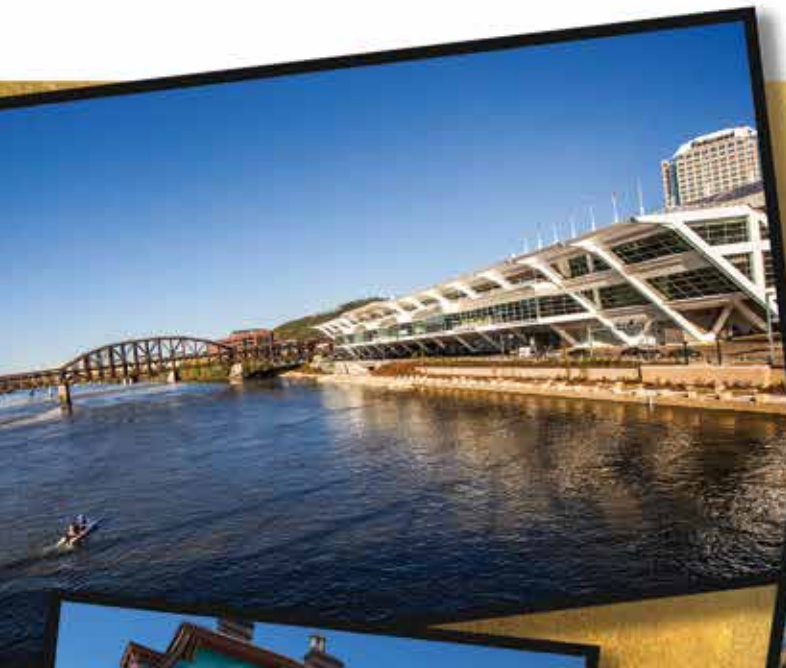




# Popular Annual Financial Report

for the Fiscal Year Ended December 31, 2017



# 2017



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

## CITIZENS OF THE CITY OF PITTSBURGH

### CITY CONTROLLER

### CITY COUNCIL

• City Clerk

### MAYOR

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

## ELECTED OFFICIALS

### MAYOR: William Peduto

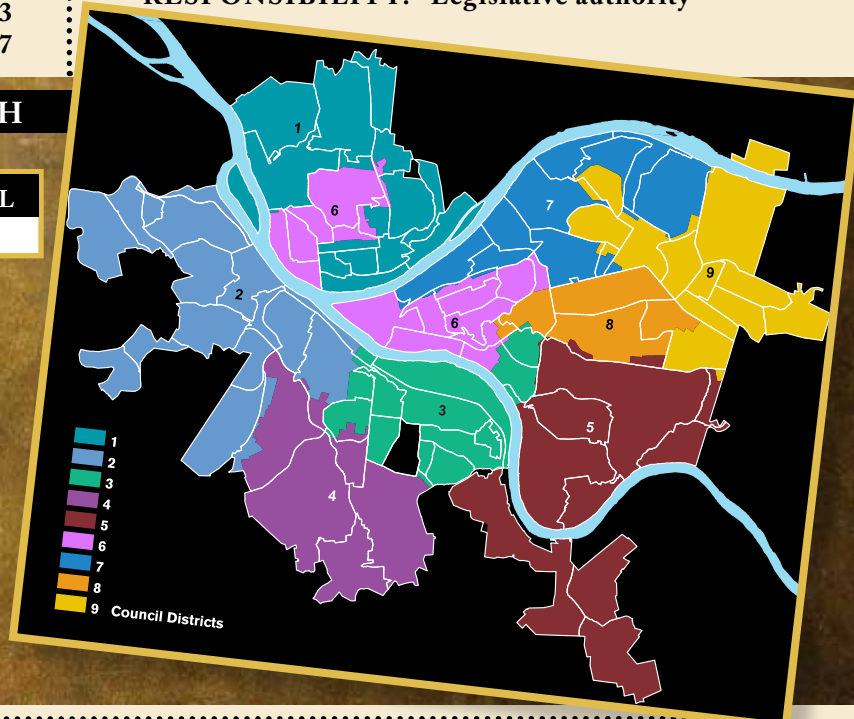
TERM: 4 Years  
 RESPONSIBILITY: Chief Executive  
 CONTACT INFO: 414 Grant Street  
 Room 512  
 Pittsburgh, PA 15219  
 412-255-2626

### 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



Photos: Front Cover top: A row of houses in Allentown. Center, clockwise from left: Convention Center from Rachel Carson (9th Street) Bridge; Fred Rogers Memorial from the North Shore; Phipps Conservatory; August Wilson Mural on Centre Avenue, Hill District. Back Cover: Biker riding across the Hot Metal Bridge, all photos 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, 2017.

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 eighth 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.

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. 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.

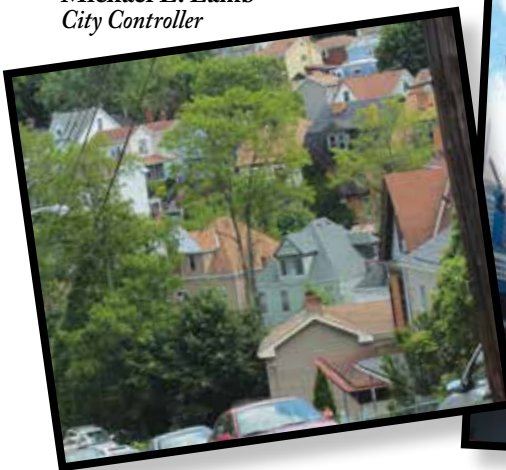
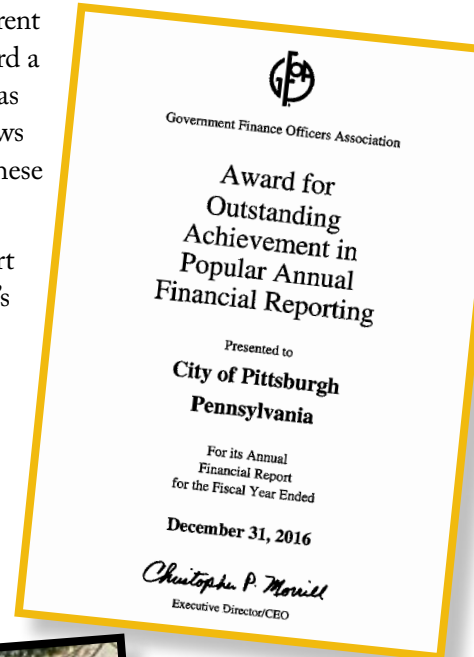
In addition to providing information on City finances and government operations, this report also helps demonstrate what makes Pittsburgh a great place to live, study and work. Pittsburgh's economy is supported by a vast network of for-profit and not-for-profit businesses. It is important for us to demonstrate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

Financial information within this report is derived in large part from the City's 2017 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 2017 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: Mount Washington neighborhood; PPG Place, designed by Philip Johnson and John Burgee; View from Duquesne University; Allegheny County Courthouse.





# About Pittsburgh

## Demographic and Economic Statistics

### Estimated City Population

	303,624
• Male	49.2%
• Female	50.8%

### Median Age

• City Median Resident Age	33.5 years
• Pennsylvania Median Age	40.6 years

### Race

• White	65.4%
• Black or African American	22.4%
• Asian	5.6%
• Hispanic	2.8%
• Other	3.8%

### Language Spoken at Home

• English Only	89.6%
• Language other than English	10.4%

### Educational Attainment

• No Degree	7.6%
• High School	25.5%
• Some College	21.1%
• Bachelor's Degree	24.7%
• Post-Grad	21.1%

### Estimated Median Household Income

• Pittsburgh	\$44,707
• Pennsylvania	\$56,907

### Owner-occupied Housing Units

### Renter-occupied Housing Units

### Persons Below Poverty Line

• Pittsburgh	19.2%
• Pennsylvania	12.9%
• City Children (under 18)	21.5%
• City Seniors (65 and over)	12.6%

Source: U.S. Census, 2012-2016 American Community Survey 5-Year Estimates

### Pittsburgh Public Schools 2017-18

• Total Enrollment	23,711
• K-12 Official Enrollment	22,362
• Early Childhood	1,349
• 2017 Graduates	1,446
• Number of Teachers	1,992
• Number of Schools	54
• Spending per Student	\$23,510
• PA Average Spending per Student	\$17,800

### 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	46

Source: Pittsburgh Public Schools

### City Staffing

• Total City Employees	3,208
• Number of Police Officers	1,066
• Number of Fire Fighters	667
• Number of Paramedics	186
• Other City Department Personnel	1,289

Source: City of Pittsburgh

## Employment

• Management, Business, Science and Arts	51.0%
• Service Occupations	19.7%
• Sales and Office Occupations	19.0%
• Natural Resources, Construction, and Maintenance	4.9%
• Production and Transportation	5.4%

## Unemployment Rates

• Nation	(May 2018)	3.8%
• Pennsylvania	(April 2018)	4.7%
• Pittsburgh	(April 2018)	4.0%

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

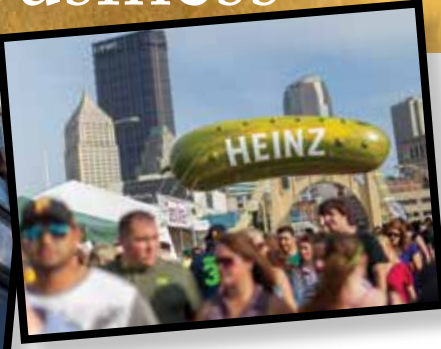
## Pittsburgh's 2017 Recognitions

- Glassdoor, a job search site, ranked Pittsburgh as #1 city for finding a job, citing engineers, nurses and project managers are in high demand in the one-time manufacturing hub.
- MarketWatch, ranked Pittsburgh #41 on the Global Livability Ranking, one of only six American cities to be on the list, as well as the 6th most livable city in the U.S.
- WalletHub.com ranked Pittsburgh as the 10th best metro area for STEM professionals, 4th best large city for sports and #3 of the best cities to live when compared to 62 of the largest U.S. cities.
- Pittsburgh ranks 3rd among CNBC's top 15 cities in America where you can live like royalty on a \$60,000 salary.
- CNBC named Pittsburgh the 2nd best city for millennials.
- ApartmentList.com ranked Pittsburgh the #1 city that appeals to millennials.
- MoveBuddha.com looked at over 100 cities and ranked Pittsburgh 3rd on its list of top 10 cities for young families.
- Harper's Bazaar named Pittsburgh a top travel destination for 2017.
- RewardExpert.com named Pittsburgh a top 10 kid-friendly city to visit in 2017.
- Travel + Leisure says Pittsburgh is one of the best cities for architecture.
- Pittsburgh International Airport was named Airport of the Year by Air Transport World magazine.
- SmartAsset.com says Pittsburgh is the 4th best city for foodies, noting "Pittsburgh is climbing the culinary charts".
- Travel + Leisure, along with Niche.com, says that St. Patrick's Day is best celebrated in Pittsburgh, given that 14% of the population is Irish.
- According to Forbes, Pittsburgh is one of the 10 best cities if you want to retire early, due to its reasonable cost of living and high quality of life score.
- Patch.com ranked Pittsburgh 1st on a list of Top 10 Cities Where Downtown is Making a Comeback because it is now a place where people work, stay, dine, and hang out.
- Business Insider looked at 13 U.S. cities where young people are buying the most homes, and Pittsburgh was number one on the list.
- Pittsburgh was named the Best City for Taking a Hike, according to RewardExpert, given that there are 18 hiking trails per hundred thousand residents.
- Bankrate.com ranked the Pittsburgh area as the nation's best place to retire out of the 50 largest metro areas, due to its high-quality health care, low crime rate, and lots of other seniors.
- Kauffman.org ranks Pittsburgh #1 in Main Street business ownership among metropolitan areas.
- Money magazine named East Liberty and Lawrenceville in their top list of coolest neighborhoods in America.



# 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

### 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

### 2017 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: 2017 *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: 2017 Pittsburgh Business Times Book of Lists



Photos: Top left to right: Point Park University; Children's Museum of Pittsburgh, photo by VisitPittsburgh; The Mattress Factory Art Museum; The Heinz Pickle, courtesy of The Kraft Heinz Company. Bottom, clockwise: Schenley Plaza Kids Days-Green Wood Kids; The Carnegie Science Center; The Andy Warhol Museum, photo by VisitPittsburgh; YWCA-Diversity Training; Achieva at the Westmoreland County Airshow, photo by Achieva; Pittsburgh CLO, *An American in Paris*, photo by Matthew Murphy; The Children's Institute of Pittsburgh, photo by Joshua Franzos.





# Pittsburgh Happenings

## Pittsburgh as a Filmmaking Town

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

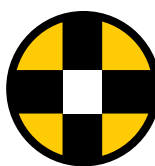
### 2017 Films & TV Shows Made in Pittsburgh

- *Acrimony* (Lionsgate, 2018)
- Part of Season 1 of *Mindhunter*, a Netflix original show (Filming began end of 2016, and carried over into 2017 and 2018.)
- Season 1 of *Gone*, which is a show that will air in Europe.
- *Escape at Dannemora* (Showtime, 2018) a mini-series
- *Stranger Things* (Netflix, 2017)
- *Where'd You Go, Bernadette?* (Annapurna, 2018) A feature film scheduled for release late 2018.



## UPMC Specialty Hospitals

Building on Pittsburgh's reputation as a growing hub of biomedical research, UPMC announced a historic \$2 billion investment to build three new specialty hospitals throughout the city. The facilities will expand existing hospitals in Oakland, Shadyside, and Uptown; and focus on organ transplant, cancer, and vision restoration and rehabilitation patients respectively. With a partnership from Microsoft, the facilities will feature cutting edge digital technology and aim to reduce the complexity of hospital visits for patients while also advancing breakthrough research in each of those fields.



## 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 post-secondary education within Pennsylvania. As of the end of 2017, more than 8,100 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

## Funding Affordable Housing

Following their 2016 vote to establish a trust fund dedicated to affordable housing, city council approved an increase in the realty-transfer tax that will provide the \$10 million target in revenue to fill the fund. The plan addresses fears from community leaders that given Pittsburgh's recent development boom, low income residents in vulnerable neighborhoods could see increased rent and a spike in evictions as other cities have experienced. Funding is expected to provide a variety of housing needs for families and individuals earning less than the area median income, and represents one of the largest investments per capita of any city in the U.S.



## Lower Hill Redevelopment

After years of negotiations on the redevelopment of the former Civic Arena site, the City of Pittsburgh and the Pittsburgh Penguins announced a deal that would provide \$750 million in private investment to return nearly 1,000 residential units to the Lower Hill District alongside mixed use commercial space. At least 250 units will be developed by a minority-owned company, and 20% of the total number of units will be reserved for residents earning 60% or less of the area median income.



Photos: Clockwise: Two images from the filming the TV Show "Gone", photos by James A. Mahathey; UPMC surgeons, and architectural rendering of proposed UPMC Heart and Transplant Hospital, photos by UPMC; Lower Hill redevelopment, photo Copyright ©, Pittsburgh Post-Gazette, 2018, all rights reserved. Reprinted with permission.



# Fostering Diversity Through Community Support

**Pittsburgh is a city built on a diversity of culture. With a rich network of public, private, and nonprofit partnerships catering to any need or background, these are some of the community organizations working to make our community a welcoming home to all.**

## Hello Neighbor

A mentorship program where neighbors are matched with a recently resettled refugee family in Pittsburgh, then helped to facilitate support and guidance in their new lives through educational training (on both sides) and a robust calendar of community events. For more information visit: <https://www.helloneighbor.io/>



## All for All

All for All connects people, organizations, and communities to actions that build a welcoming and inclusive region for all. Driven by collaboration with community and cross-sector partners, we aim to advance economic opportunity, break down barriers, and increase institutional best practices to further immigrant inclusion across the Pittsburgh region. Learn more about All for All: [www.changeagency.world/all-for-all/](http://www.changeagency.world/all-for-all/)



## Alliance for Refugee Youth Support and Education (ARYSE)

Supports immigrant and refugee youth in becoming prepared, engaged, and confident members of American society through individualized mentoring, out-of-school time programming, and advocacy training. For more information visit: <https://www.arysepgh.org/>



## JFCS Refugee and Immigrant Services

Helps foreign-born individuals and families coming through the federal government's resettlement program find housing and employment and connect them to local services and benefits. For more information visit: <https://www.jfcspgh.org/services/refugee-immigrant-services/>



## Center for Women

Provides holistic support for women in life transitions: women who by choice or need are re-entering the job market and need to develop skills and gain work experiences to live economically independent lives. For more information visit: [www.centerforwomenpgh.org/](http://www.centerforwomenpgh.org/)



## PERSAD Center

A human service organization whose mission is to improve the well-being of the LGBTQ communities and the HIV/AIDS communities through outreach, prevention, counseling, training, and advocacy services. For more information visit: <https://persadcenter.org/>



## Just Harvest

A nonprofit organization that reduces hunger through sustainable, long-term approaches that lift up those in need by reducing poverty and improving food access. For more information visit: [www.justharvest.org/](http://www.justharvest.org/)

Photos: First column, top to bottom: Photo by Hello Neighbor; Immigrant Workforce Program led by Literacy Pittsburgh and Career Development Center at JFCS in partnership with All for All. Second column, top to bottom: ARYSE, photo by Annie Oneill; JFCS, Refugee Youth Employment Program participants with the Mayor; Just Harvest, Fresh Access Farmers Market program. Third column, top to bottom: Center for Women; PERSAD Center provides training to help organizations improve their LGBTQ competencies.





# Pittsburgh Government

## Permits, Licenses and Inspections

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

## Bureau of Emergency Medical Services

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

## Bureau of Fire

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

## Bureau of Police

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

## Department of Public Works

The Department of Public Works (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.

## 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.



## 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, 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.

## 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.

## 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, and benefits and worker's compensation for City employees.



Photos: Top: Pittsburgh River Rescue; Community Fire Station. Lower left: City police keeping things safe; DOMI manages the operation of and access to the public right-of-way, such as streets, sidewalks and bridges; EMS ready to serve.



# 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 [www.pittsburghpa.gov/controller/controller.html](http://www.pittsburghpa.gov/controller/controller.html).



## 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 or up to the current month.

For more information on Fiscal Focus Pittsburgh, please visit [www.pittsburghpa.gov/controller/fiscal-focus/co-fiscal-focus.html](http://www.pittsburghpa.gov/controller/fiscal-focus/co-fiscal-focus.html) or via Twitter @fiscalfocuspgh.



## OpenBook Pittsburgh

OpenBook Pittsburgh is a searchable website for 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](http://www.openbookpgh.com).

## 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.

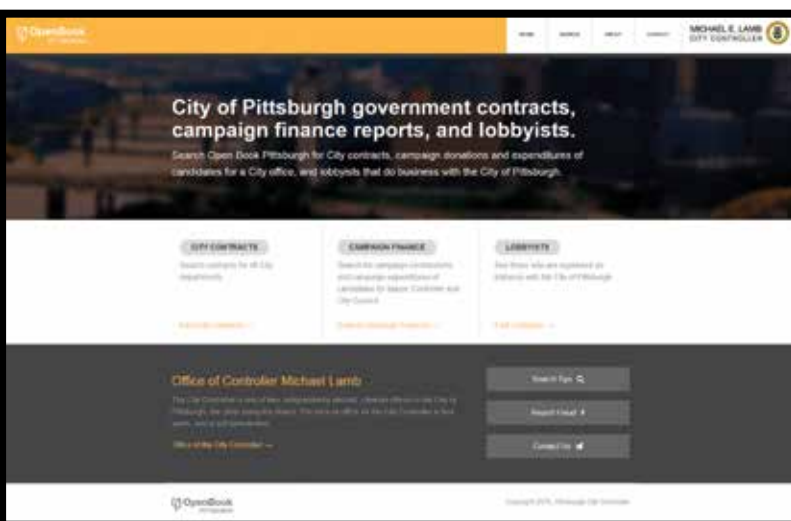
For more information, and to search the City of Pittsburgh's unclaimed funds database, please visit [www.pittsburghpa.gov/unclaimed-property/index.html](http://www.pittsburghpa.gov/unclaimed-property/index.html).



## PGH Watchdog

PGH Watchdog is a mobile app that enables any person to report to the City controller's office any waste, fraud and abuse of City tax dollars they may see. In addition to its fraud and waste reporting capabilities, the app also allows citizens to access 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.







# 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)		
	2017	2016	2015
Real Estate Taxes	\$143,238	\$141,102	\$137,316
Earned Income Taxes	96,627	92,272	88,853
Payroll Preparation Taxes	57,779	65,025	66,130
Parking Taxes	58,663	57,747	55,001
Other Taxes	90,644	87,512	82,110
<b>Total Taxes</b>	<b>\$446,951</b>	<b>\$443,658</b>	<b>\$429,410</b>
Charges	45,365	43,241	45,786
Grants	41,132	58,454	35,604
Other Revenue	11,836	12,551	12,816
<b>Total</b>	<b>\$545,284</b>	<b>\$557,904</b>	<b>\$523,616</b>

## Revenue Fluctuations

**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.

**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 grant revenue is partially due to \$10 million of funds provided through the Intergovernmental Cooperation Authority, received from gaming revenues.

## 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 2017 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 2017 and 2016 which was a .5 mill increase from 2015.

### 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, 2017, 2016 and 2015, the City expended its funds as shown below. The per capita amounts represent the amount that the City expended on each type of service per resident, while the aggregate represents the total amount spent.

**General Fund expenditures increased by 1.7% from 2016 to 2017.**

Elements of this increase include a 2% increase in Public Safety and 20% increase in Public Works and a 9% decrease in General Government.

**General Fund expenditures increased by 2% from 2015 to 2016.**

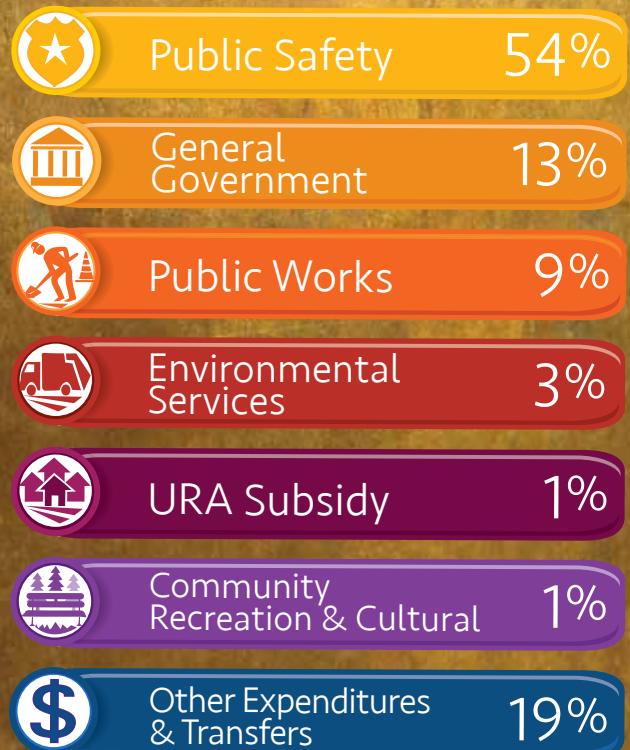
Elements of this increase include a 5% increase in Public Safety and a 2% decrease in General Government.

General Fund Expenditures and Transfers						
Expenditures	Aggregate (in thousands)			Per Capita*		
	2017	2016	2015	2017	2016	2015
Government	\$ 65,609	\$ 72,139	\$ 73,400	\$ 216	\$ 238	\$ 242
Public Safety	286,619	281,462	268,282	943	927	884
Public Works	46,336	38,494	37,498	153	127	124
Environmental Services	18,405	17,247	17,145	61	57	56
Community, Recreational, and Cultural	6,660	6,711	7,035	22	22	23
Urban Redevelopment Authority Subsidy	5,715	5,468	7,034	19	18	23
Other Expenditures	1,740	2,254	1,648	6	7	5
<b>Total Expenditures</b>	<b>\$431,084</b>	<b>\$423,775</b>	<b>\$412,042</b>	<b>\$1,420</b>	<b>\$1,396</b>	<b>\$1,357</b>
<b>Transfers</b>						
Transfers to Capital Projects	12,166	10,000	10,500	40	33	35
Transfers to Debt Service	86,616	88,291	88,986	285	290	293
Other Transfers	(1,591)	(1,335)	(2,088)	(5)	(4)	(7)
<b>Total</b>	<b>\$528,275</b>	<b>\$520,731</b>	<b>\$509,440</b>	<b>\$1,740</b>	<b>\$1,715</b>	<b>\$1,678</b>

\* Expenditures and transfers are those respective amounts divided by the 2016 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 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.

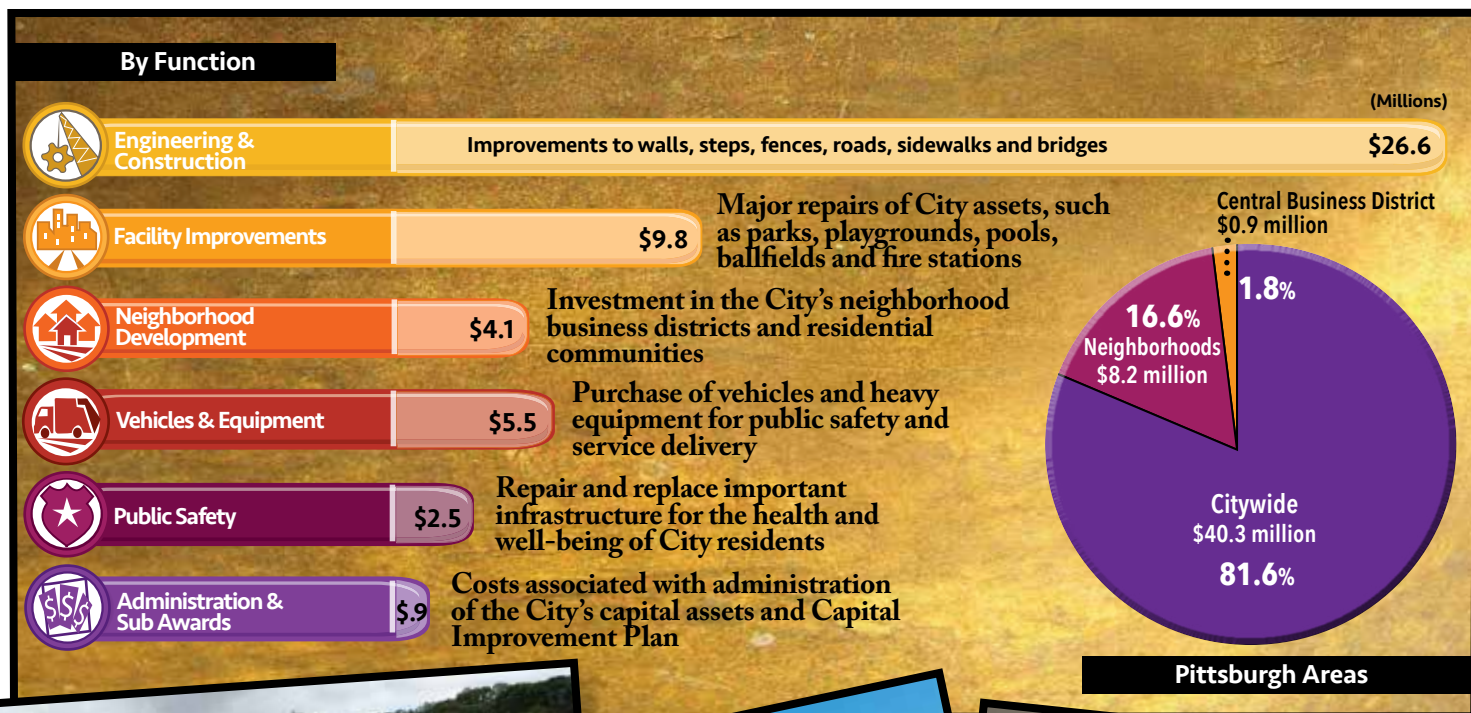
**Transfers** are funds provided by the General Fund to support other funds of the City.





# 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 2017 the City spent \$49.4 million on Capital Projects. The 2017 capital spending is detailed below by both function and area spent.



## Citywide:

\$40.3 million

**Largest Citywide Capital Spending (in millions):**

Paving: \$15.8

Vehicles: \$5.5

Facility Improvements: \$3.6

URA, Housing and Development: \$3.5

Demolitions: \$2.4

## Neighborhood Specific:

\$8.2 million

**Largest Capital Spending by Neighborhood includes:**

Greenfield Bridge: \$4.9 million

Penn Avenue Reconstruction: \$918,424

Bob O'Connor Golf Course: \$656,290

Beechview Community and Senior Center: \$612,129

2nd Ave. and McFarren Bridge: \$186,426

## Central Business District:

\$0.9 million

**Largest Capital Spending in Central Business District includes:**

Forbes Avenue Reconstruction: \$542,871

Traffic Signal Upgrades: \$289,069

City Clerk's Office Modernization: \$40,602

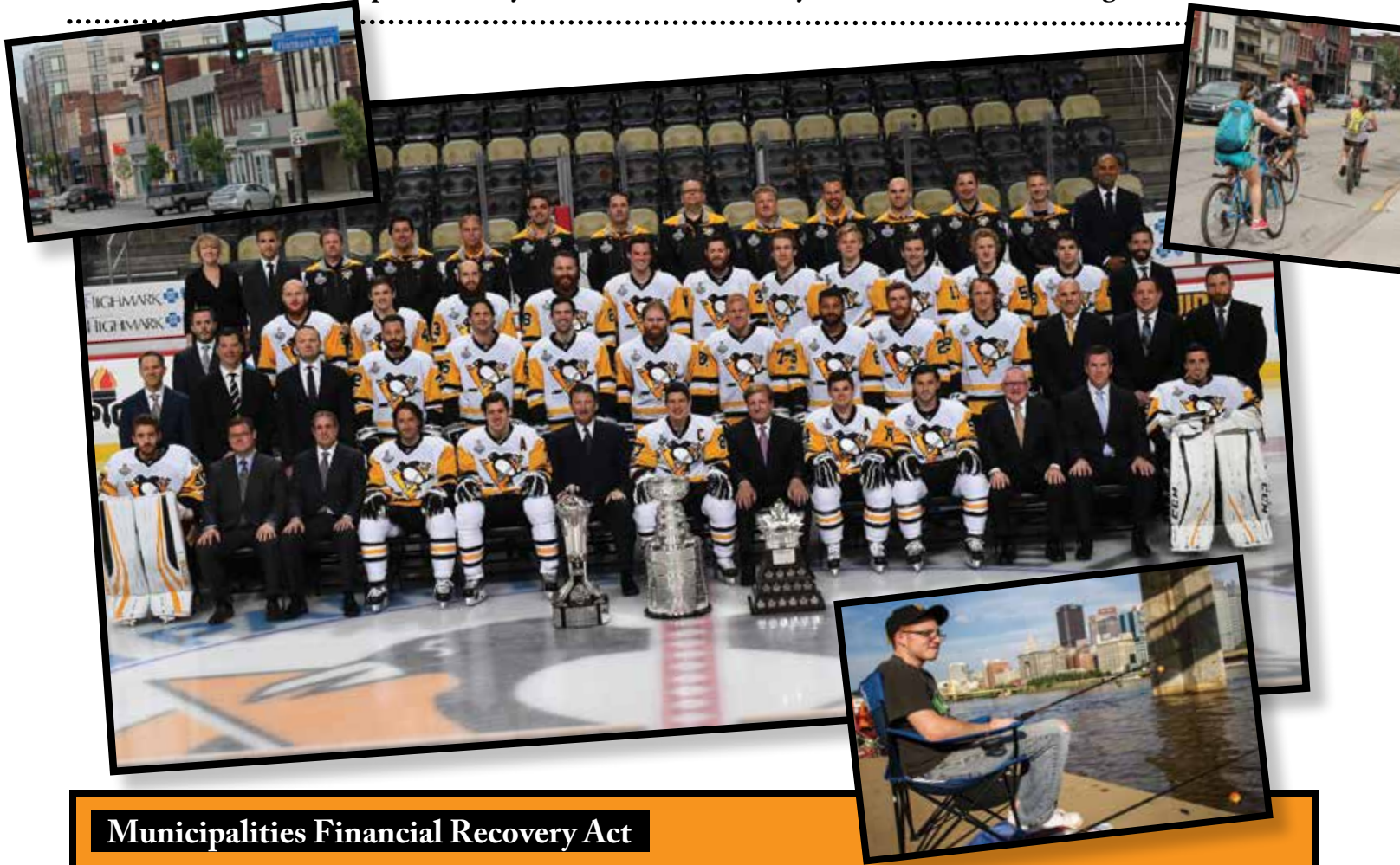
Photos: Left to right: Greenfield Bridge renovation; Bob O'Connor Golf Course; Wabash Tunnel street lights.



# 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 \$1.1 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. In 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.

During 2017, the City continued efforts to control costs, improve collections, and maintain solvency. In February of 2018, a resolution was adopted by the Commonwealth of Pennsylvania to allow Pittsburgh to formally exit Act 47 oversight, ending the City's designation as financially distressed.

Photos: Clockwise: Downtown Brookline; Pittsburgh's 2017 Stanley Cup Champions, photo © 2018 Pittsburgh Penguins; Southside bikers; Fishing in the Allegheny River on the North Shore by the Fort Duquesne bridge, photo by John Altdorfer.



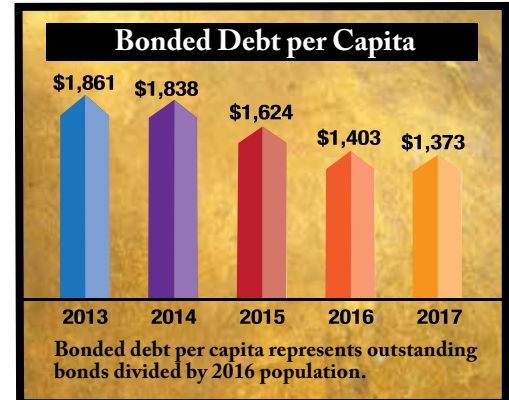


# Debt and Liabilities

## 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, 2017 equal approximately \$417 million. Over the past five years, the City has paid off approximately \$400 million of outstanding debt, including refundings.

(in millions)	2013	2014	2015	2016	2017
General Obligation Bonds:					
Beginning Balance	\$ 612	\$ 565	\$ 558	\$ 493	\$ 426
Debt issued or refinanced during the year	0	120	0	0	61
Principal repaid and/or refunded during the year and other	(47)	(127)	(65)	(67)	(70)
<b>Ending Balance</b>	<b>\$ 565</b>	<b>\$ 558</b>	<b>\$ 493</b>	<b>\$ 426</b>	<b>\$ 417</b>
Outstanding Bonds per Capita	\$1,861	\$1,838	\$1,624	\$1,403	\$1,373



The City's Bond Debt ratings are Moody's A1, Fitch AA- and Standard & Poor's A+ as of December 31, 2017.

## 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)	2016	2017
Beginning Fund Balance in the Debt Service Fund:	\$ 1,278	\$ 1,322
Debt Service Revenues	157	497
Principal Payments	(63,835)	(66,173)
Interest Payments	(24,569)	(20,795)
Transfer from General Fund	88,291	86,616
<b>Ending Fund Balance in the Debt Service Fund</b>	<b>\$ 1,322</b>	<b>\$ 1,467</b>



Photos: Clockwise from top right: Playground, Riverview Park, Observatory Hill, photo by John Altdorfer; Playing Softball at Mazerowski Field, Oakland, photo by John Altdorfer; Afro American Music Institute in Homewood, photo by John Altdorfer; PNC Park, view from downtown.



# 2017 Financial Highlights

## Positive Outlook for City Finances

### The City's Cash Position

The City ended 2017 with a total fund balance of \$242.6 million, an increase of \$50.7 million from 2016. \$110.4 million of the \$242.6 million is the "unassigned fund balance" which is available for the City to spend.

### Long-Term Debt

In 2017, the City reduced its debt by \$9 million to \$417 million. The \$9 million reduction is smaller than debt reductions in recent years due to the City borrowing \$61 million to fund capital projects.

## The Challenges Ahead

### Ensuring Safe Drinking Water

The most immediate challenge facing the City are concerns over the safety of Pittsburgh's drinking water. Many Pittsburgh homes have seen increased lead levels in drinking water due to aging lead pipes and other factors. The Pittsburgh Water and Sewer Authority (PWSA) are currently replacing lead waterlines throughout Pittsburgh. While some of the City's lead water lines have been replaced, there are still

## 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.**

Pittsburgh residents whose homes have water lines made of lead. Along with making our drinking water safe, City officials must make correcting the problems of past mismanagement at the PWSA a top priority.

### Aging Infrastructure

The City's aging infrastructure must be addressed by City officials. According to the Department of Public Works, in 2017 the City paved 50.09 miles of roads at a cost of \$12.8 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. Since 2011, the City has contributed \$13.4 million in parking tax revenue every year through 2017. Beginning in 2018, the City will contribute \$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 2017, with revenue from the City's parking tax, the City's pension fund held approximately 62% of the funds needed.



Photos: Regatta speedboat racing on the Allegheny River from the North Shore, photo by John Altdorfer; Pittsburgh Marathon photo by Ron Rankin/VisitPittsburgh; Pittsburgh's "T" subway stop near Gateway Center.



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Although this report is largely based on the City's 2017 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 2017 CAFR, which is prepared in accordance with GAAP, is located at [www.pittsburghpa.gov/controller/controller.html](http://www.pittsburghpa.gov/controller/controller.html).

PAFR Consultants:

The Binkley Kanavy Group, LLC, Pittsburgh, PA