

Department of Finance Goals for 2016

The Department of Finance is made up of the following six divisions: Real Estate, Collections and Compliance, Financial Control, Data Entry, Administration, and Research and Development. These six divisions work together to help achieve the following goals of the Department of Finance for the 2016 fiscal year:

1. Reorganize the Department of Finance staff to improve collections processes as an accounts receivable unit.
2. Manage the City's finances and make investments across many financial institutions.
3. Research ways to reform tax laws with the vision of functioning as efficiently as possible with maximum fairness to tax payers.
4. Fully implement the cash management policy to ensure funds are handled in a businesslike way that passes audit.
5. Improve technologies to help make real estate properties readily available for purchase in the private sector and allow the department to act as a hub for information.
6. Have the focus on customer service in every function within the Department of Finance.



Department of Finance 2016 Expenditures

The Department of Finance wants the cities finances to be allocated efficiently. To support this view, the Department of Finance's expenditures are expected to rise only by 1.23% from \$163,413,666 in 2015 to \$165,418,471 in 2016. The department is expected to reduce personal expenditures from \$2,653,550 in 2015 to \$2,269,153 in 2016. The Department of Finance will continue to take this view in the following years to come.

Department of Finance Improvements

In addition to the Department of Finance goals, the Department of Finance will also focus on the following improvements:

- Data transparency reporting - The Department of Finance will focus on making important data reports available to the public. This includes tax budget goals, changes to tax law, updates within the Department of Finance, and changes to increase fairness in taxes.
- Improvement in the process to make it easier for the public to pay taxes - The Department of Finance will continue to seek more convenient payment methods for tax payers. This includes the ability to pay all taxes online, not just real estate taxes, with the smallest possible service charge.
- Improvement to the process of selling real estate properties to the private sector - The City of Pittsburgh leverages private investment in the Pittsburgh region by auctioning off city owned real estate properties that need to be developed. These properties include hundreds of lots and houses. Private investment in Pittsburgh will produce long-term economic benefits. The Department of Finance will focus on making the auctioning process as efficient as possible.

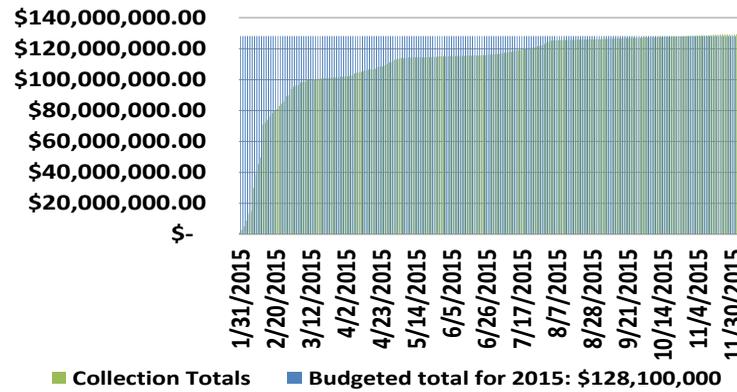
Real Estate Taxes for 2015

The Real Estate division is made up of the Taxation and Collection and Properties for Sale units. The Taxation and Collection unit is responsible for real estate tax billing and collections, and Treasurer's Sales. The Properties for Sale unit manages, maintains, and markets properties on behalf of the City, the School District, and Allegheny County. These two units work together to help collect the City of Pittsburgh's real estate taxes.

The budgeted amount for real estate taxes for 2015 is \$128,100,000. As of December 10, 2015, the City of Pittsburgh has met budget by collecting \$129,616,859.

2015 Real Estate Tax Collection Totals:

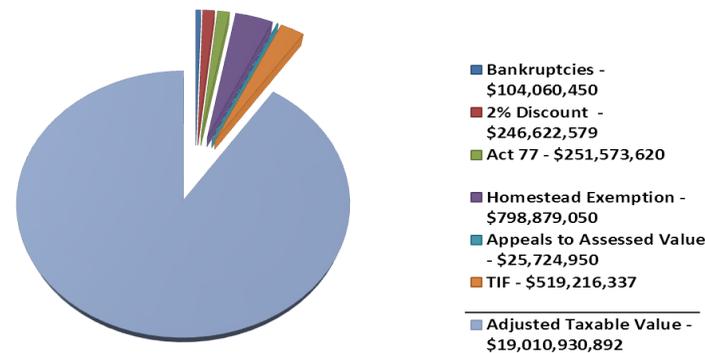
• **Real Estate Tax Collected as of 12/10/2015: \$129,616,859**



2016 Real Estate Tax Revenue & Expenditures

The expected assessed real estate taxable value for 2016 is \$19,257,553,471. The adjusted taxable value is \$19,010,930,892. The adjusted taxable value is computed by subtracting bankruptcies, 2% discount, Act 77 (seniors), Homestead Exemption, appeals to assessed value, and tax abatements from the total assessed real estate taxable value.

Total Assessed Real Estate Taxable Value = \$19,257,553,471



Non Real Estate Tax

These taxes are the Institution and Services Privilege Tax, Facility Usage Fee, Local Services Tax, Amusement Tax, Parking Tax, Payroll Expense Tax, and Earned Income Tax. They make up 58% of taxable revenue. Below is the 2015 budgeted non real estate tax vs. collected YTD as of December 18, 2015. Below that chart is the 2016 budgeted non real estate taxes.



Growth Outlook for Tax Revenue

The economic growth within the City of Pittsburgh is transitioning into greater tax revenue. Tax revenues are projected to rise by 7.8% from \$417,670,052 in 2016 to \$450,242,142 in 2020.

Real Estate Taxes are projected to remain the single largest tax source for the City of Pittsburgh, increasing by 3.6% and comprising an average of 31.6% of all tax revenue for the five year period between 2016 and 2020.

Within other taxes, the Public Service Privilege Tax, Earned Income tax, and Payroll Expense Tax are projected to increase the most over the next five fiscal years, expanding by 12.6%, 12.5%, and 12.5%, respectively, over 2016. Outside of Real Estate Taxes, The Earned Income Tax, Payroll Expense Tax, and Parking Tax are all projected to remain the next three largest sources of tax revenue between 2016 and 2020, comprising an average of 22.4%, 14.8%, and 13% over the five year period. The projected growth in tax revenues will support long-term economic growth, safety, and maintenance in the City of Pittsburgh.