

Department of Finance Strategic Initiatives for 2016

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

1. Become the central “bank” for the City, monitoring and accounting for all deposits from all sources.
2. Reorganize the Department of Finance staff to ensure maximum collections.
3. Monitor and take additional action to ensure the health of the City’s pension fund.
4. Introduce new software to allow connections with other appropriate City Departments to improve efficiency.
5. Refund appropriate bonds at lower interest rates to save money on debt servicing where possible.
6. Implement taxpayer fairness initiatives to ensure that all taxpayers pay their fair share and nothing more.
7. Ensure the budget revenue targets are achieved.



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 1.19% from \$163,413,666 in 2015 to \$165,376,104 in 2016. The department is expected to reduce personal expenditures from \$2,624,265 in 2015 to \$2,190,249 in 2016. The Department of Finance will continue to take this view in the following years to come.

Department of Finance 2015 Accomplishments

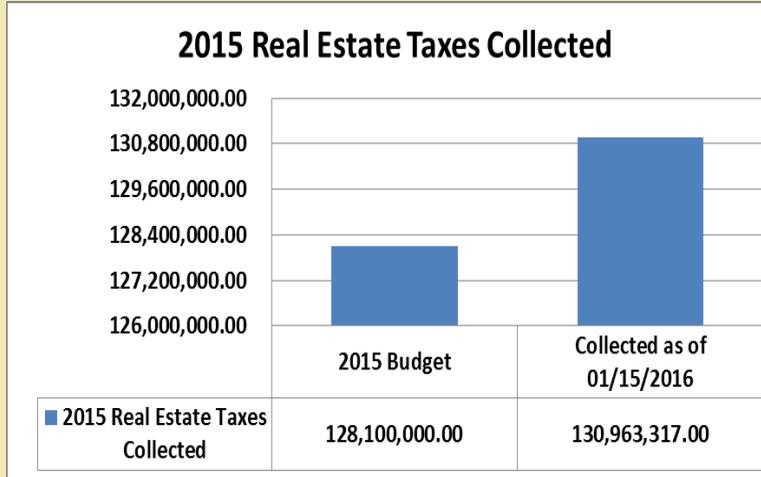
In addition to the Department of Finance goals, the Department of Finance made the following improvements in 2015:

- Incurred no new debt to ensure that the City follows the existing debt-reduction plan.
- Became an analysis and collection agency for the City’s revenues as opposed to just a tax recording agency.
- Implemented the E-Docs system to process real estate payments, thereby saving significant bank fees.
- Began regular cash flow analysis and projections for a 12-month period going forward.
- Provided an operating policy for guidance on which properties will be appealed to the Allegheny County Office of Property Assessment (BPAAR) so as to provide uniformity, fairness, and a reason for which the property has been appealed.
- Established policies that ensure the fair treatment of taxpayers regarding assessment appeals and other taxation matters.

Real Estate Taxes for 2015

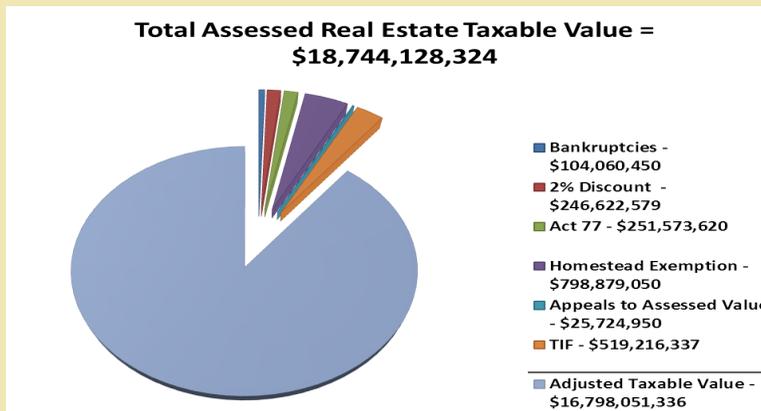
The Real Estate division is made up of the Accounts Receivable and Property Sale units. The Accounts Receivable unit is responsible for real estate tax billing and collections, and Treasurer’s Sales. The Property Sale unit manages, maintains, and markets properties on behalf of the City, the School District, 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 was \$128,100,000. As of January 15, 2016, the City of Pittsburgh has met budget by collecting \$130,963,317.



2016 Real Estate Tax Revenue & Expenditures

The expected assessed real estate taxable value for 2016 is \$18,744,128,324, which is up \$157,077,828 from 2015. The adjusted taxable value is \$16,798,051,336. 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.



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. the actual amounts collected in 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 be the largest increasing sources of tax revenue between 2016 and 2020. The projected growth in tax revenues will support long-term economic growth, safety, and maintenance in the City of Pittsburgh.