



2022

ALLEGHENY COUNTY, PA
CONTROLLER COREY O'CONNOR
ANNUAL REPORT

alleghenycontroller.com



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A message from the Controller

Residents of Allegheny County:

As I approach one year into my tenure as County Controller, the impact of this office has only become more evident. We have improved the efficiency of many of our duties, identified funds for recovery, and conducted impactful audits that can improve government functions. You can read about some of our recent work inside this report. I look forward to more accomplishments and improvements to come.

As our government approaches changes in leadership and challenging decisions that will help to define its future, only the Controller's office can provide reliable, unbiased and comprehensive information on our financial standing to our policymakers and residents. This will be crucial in navigating challenges such as the expiration of federal emergency aid, attracting and retaining workers, and approaching the future of the County's public safety functions compassionately and effectively.

Expiring federal funds authorized in response to the COVID-19 pandemic have prevented the depletion of the County's fund balance in the past several years and contributed to many essential functions. Financial stability and the effectiveness of these functions will have to be maintained and bolstered moving forward, a major challenge for the current and future County administrations.

Shortages and strains on workers in areas such as the Jail and 911 are continuing challenges. New investments in our workforce will be crucial. Bringing in more workers can also increase payments into the County's pension system, in which alarming deficits of assets to benefits owed continue. As a member of the Retirement Board, I have taken steps to increase confidence for our workers and retirees by enacting a new ethics code for our board members, but a vast financial challenge remains to be addressed.

Our County Jail continues to attract criticism of its policies and practices, and horrific incidences of death and illness inside the Jail bear out that reform must occur. As a member of the Jail Oversight Board, I took part in an unannounced inspection of the Jail and put forward best practices on releasing information on health emergencies to the loved ones of incarcerated individuals. An audit of staffing in the Jail will be issued this year.

The future of juvenile detention in the County must also be determined amid calls for a new facility to replace the former Shuman Center, shuttered in 2021. We must approach these decisions both fiscally responsibly and humanely.

Demographic challenges continue to weigh down our efforts to grow and prosper. Census data shows the 10th largest population decline among counties across the nation between 2021 and 2022. While unemployment remains low, our labor pool is smaller than before the pandemic, and racial and ethnic minorities experience vastly higher poverty rates than white residents. Investments in affordable housing, environmental quality in struggling communities, and workforce development must continue to be made to address these challenges.

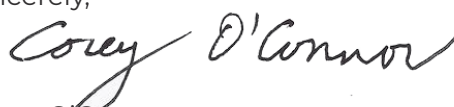
Despite our large senior population, the County-run Kane Community Living Centers for specialized residential care have rapidly lost population and revenue. To maintain these services, especially for low-income residents and families, a new approach must be taken to promoting and assuring the quality of these facilities.

I am excited for a dialogue among County and regional leaders about meeting these challenges and more. My office will continue to closely examine the County's finances and functions and bring informed analysis and recommendations to these discussions.

We will also continue to bring useful and accessible information to the public, including new transparency efforts such as position-based budgeting to be instituted in the coming year (see page 22). I welcome your feedback on our efforts and the initiatives you would like to see our office undertake.

As always, I am honored by the opportunity to serve you.

Sincerely,



Corey O'Connor



Year in Review

\$50,000

Saved approximately \$50,000 by bringing Contracts Online and website maintenance in-house.

\$82,000

Returned over \$82,000 in unclaimed funds to owners before they were required to be transferred to the state treasury.

\$100,000

Audited 19 federal grant programs with expenditures of \$196 million, saving more than \$100,000 in taxpayer funds by performing the audits in-house.

\$280,000

Identified more than \$280,000 in unpaid Hotel Tax, fees and interest.

Controller's Office Accomplishments

\$87,000,000

Inspected 34 construction projects worth nearly \$87 million.

\$390,000,000

Processed 168,514 paychecks totaling over \$390 million.

18,444

Processed 18,444 election worker payments from the primary, general, and special elections.

119,947

Processed 119,947 in payments to contractors and vendors.

County Government

County Officials

County Executive

Rich Fitzgerald

County Controller

Corey O'Connor

District Attorney

Stephen A. Zappala, Jr.

Sheriff

Kevin Kraus

County Treasurer

John K. Weinstein

Council At-Large

Samuel DeMarco III
Bethany Hallam

Council District 1

Jack Betkowski

Council District 2

Suzanne Filiaggi

Council District 3

Anita Prizio

Council District 4

Patrick Catena (President)

County Council

Council District 5

Tom Duerr

Council District 6

John F. Palmiere

Council District 7

Nicholas Futules

Council District 8

Michelle Naccarati-
Chapki

Council District 9

Robert J. Macey

Council District 10

DeWitt Walton

Council District 11

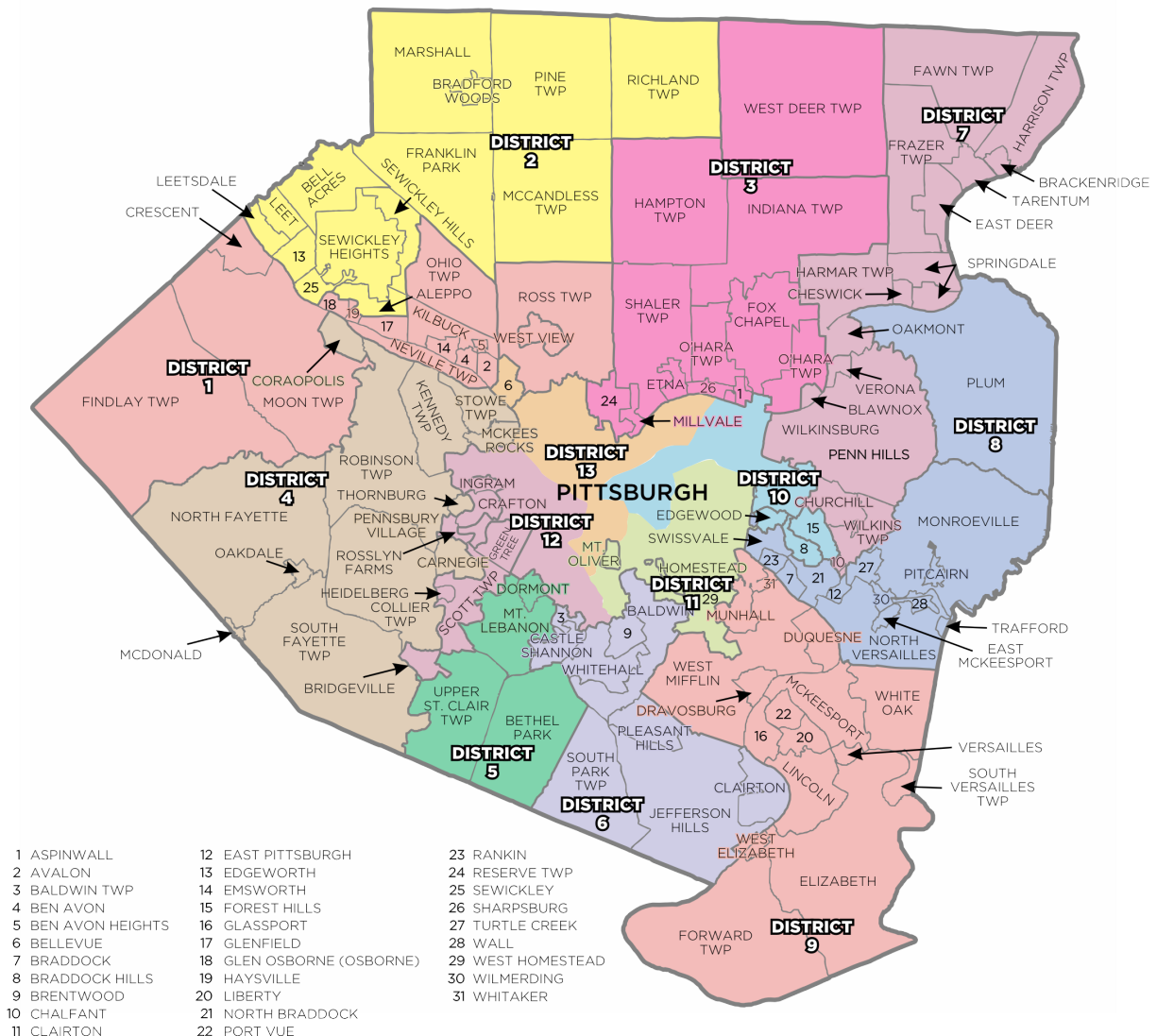
Paul Klein

Council District 12

Robert Palmosina

Council District 13

Olivia "Liv" Bennett

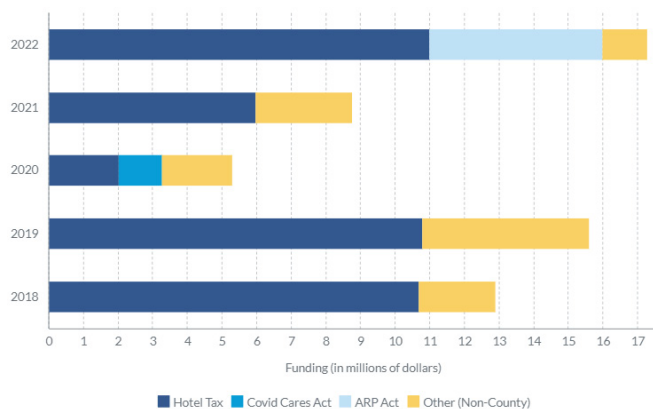


Accountability

The Controller's Office Auditing Division closely scrutinizes functions of County government for financial and performance accountability. Two recent audits initiated by Controller O'Connor looked at the regional tourism promotion agency VisitPITTSBURGH, which receives funds from the County's Hotel Tax, and programs for children of incarcerated parents within the County's Department of Human Services (DHS).

VisitPITTSBURGH Funding

In 2022, 2019, and 2018, VisitPITTSBURGH was allocated more than \$10 million in Hotel Room Excise Tax funds annually. In 2022, County-directed funds accounted for 93% of the organization's total revenues.



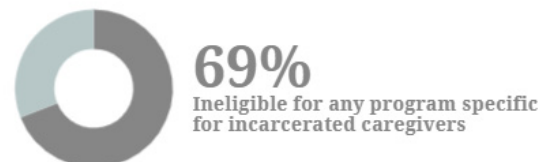
Reserves Maintained by VisitPITTSBURGH

While not-for-profit organizations are permitted to maintain reserves and the IRS does not set restrictions on reserve amounts, excessive reserves have the potential to negatively impact an organization's ability to carry out its exempt purpose. Not included in the chart are Capital Reserves equaling \$5,350 in both years.



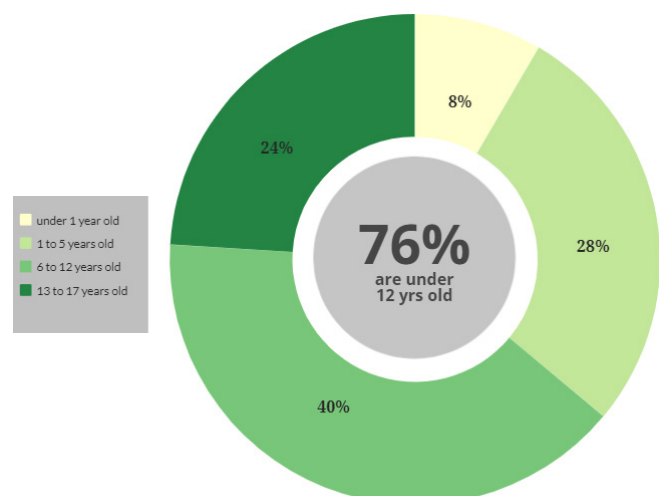
DHS Program Eligibility for Incarcerated Caregivers

During the audit period, there were 5,220 caregivers incarcerated at Allegheny County Jail (ACJ) and 4,808 of those caregivers had been released by Sept. 30, 2022. A caregiver's length of stay at ACJ impacts their eligibility to participate in DHS programming due to program length.



Ages of Children with Incarcerated Caregivers at Allegheny County Jail

Breakdown of the 11,969 children's ages at the time their caregiver was incarcerated at the ACJ between Jan. 1, 2021, and Sept. 30, 2022.



County Facts

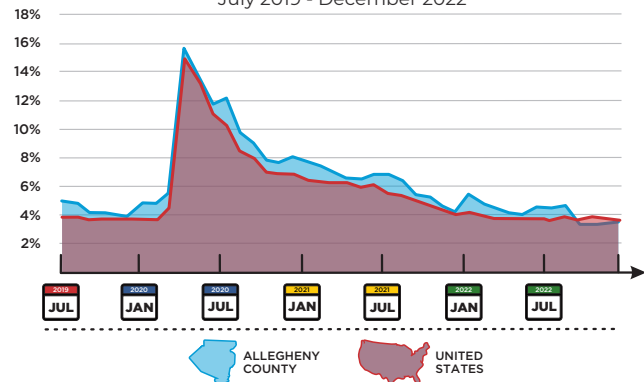
Allegheny County has a population of 1,233,253 according to 2022 Census estimates, down 12,192 residents from 2021. This population drop was the tenth largest decrease among counties in the country.

In Allegheny County, 19.7% of residents are over the age of 65; nationally only 16.8% of the population was in that age bracket. At the other end of the age scale, 18.8% of Allegheny County residents were under 18, well below the national average of 22.2%.

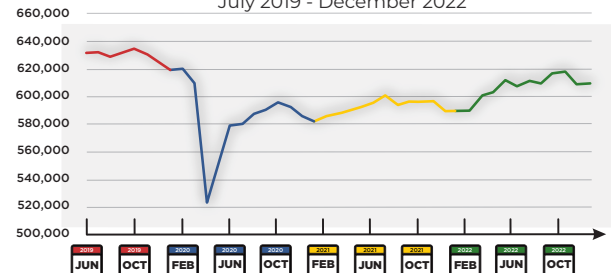
The older age structure means that Allegheny County loses residents to natural population change: between 2021 and 2022 there were 2,876 more deaths than births in Allegheny; this was the eighth highest decline due to natural population loss of any county in the U.S.

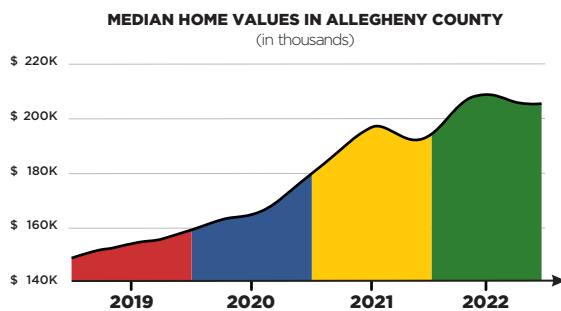
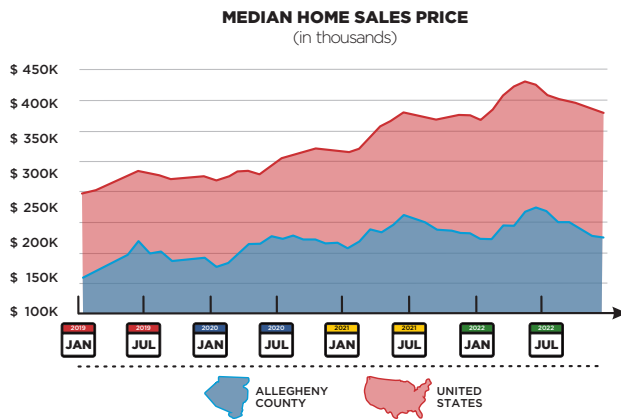
Many indicators show that Allegheny County's economy has mostly bounced back to its pre-pandemic condition: Unemployment in 2022 was back to the near-record lows of 2019. However, the number of employed persons is still 2.4% lower than it was in 2019, and Allegheny County's older age structure means there is little room for the labor pool to grow without attracting more workers to the area.

UNEMPLOYMENT RATE
July 2019 - December 2022



EMPLOYED PERSONS IN ALLEGHENY COUNTY
July 2019 - December 2022





Median household income in Allegheny County was \$66,659 according to the most recent five-year ACS estimate (2017-21), slightly less than the median of \$69,021 across the entire U.S.

The poverty rate rose from 10.5% in 2020 to 11.3% in 2021, but this is still the lowest rate for any other year since 2003 and below the U.S. average of 11.6%. However, these obscure inequality across Allegheny County's municipalities. For example, Braddock had a median household income of just \$22,670, while Fox Chapel's median household income was more than 10 times that. There are also huge racial gaps in the County, with a 26.8% poverty rate for Black residents versus 7.9% for white residents.

At the end of 2022, the median home sales price in Allegheny County was \$207,500 (compared to \$388,387 nationally), according to data collected by the real estate site Redfin. This was slightly less than the median sales price at the end of 2021 (\$213,000), a sign that the real estate market is cooling off somewhat, likely due to higher interest rates. The previous year, according to an analysis of data from the Federal Housing Finance Agency by the University of Pittsburgh's Center for Social and Urban Research, residential housing prices in the Pittsburgh metropolitan area increased at the fastest rate since the 1970s.



Finances in Brief

Financial experts and rating agencies recommend governments should maintain a fund balance of at least 5 percent of operating revenues. The General Fund's unassigned portion of the fund balance increased in 2022 by \$4.3 million and the resulting balance of \$56.1 million is over the 5 percent target, representing 7.14 percent of General Fund revenue. Although the combined General and Debt Service funds grew by \$7.2 million in 2022, funds from the American Rescue Plan Act of 2021 (ARPA) contributed \$15 million to that growth.

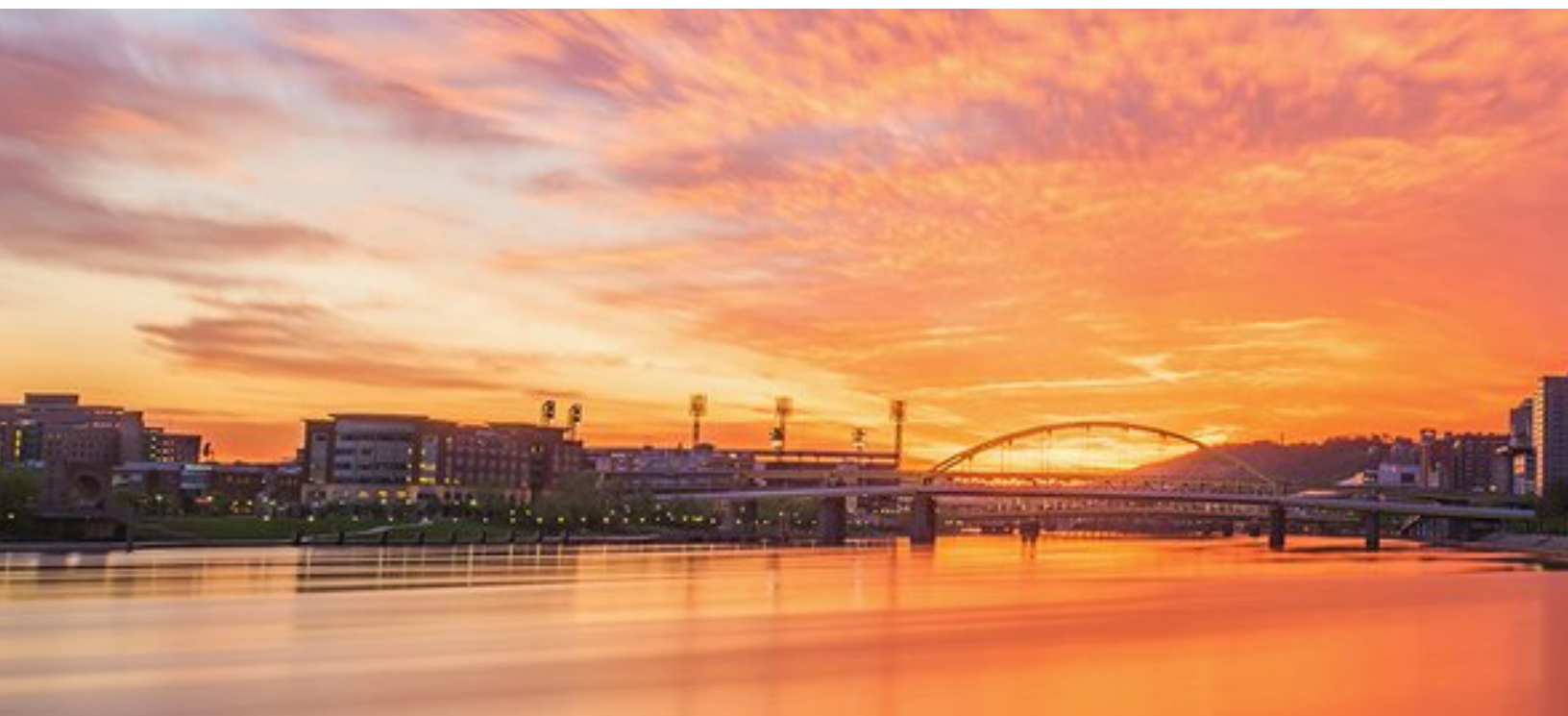
General & Debt Service Fund Balance		
Year	Unassigned/unreserved	Total
2018	\$50.4	\$96.5
2019	\$52.5	\$96.5
2020	\$50.6	\$106.1
2021	\$51.8	\$111.2
2022	\$56.1	\$118.4

(in millions)

The County ended 2022 with a General Obligation Bond Debt of \$939 million, a decrease of \$43 million over 2021. Debt levels represent about \$761 for every County resident as compared to \$793 as of December 2021. A refunding that occurred in 2020 resulted in debt service savings of \$13.9 and \$11.9 million in 2021 and 2020 respectively. However, debt service payments will increase to \$73 million in years 2023 through 2029.

General Obligation Bond Debt	
2018	\$939
2019	\$896
2020	\$1,012
2021	\$982
2022	\$939

(in millions)



Pension Fund

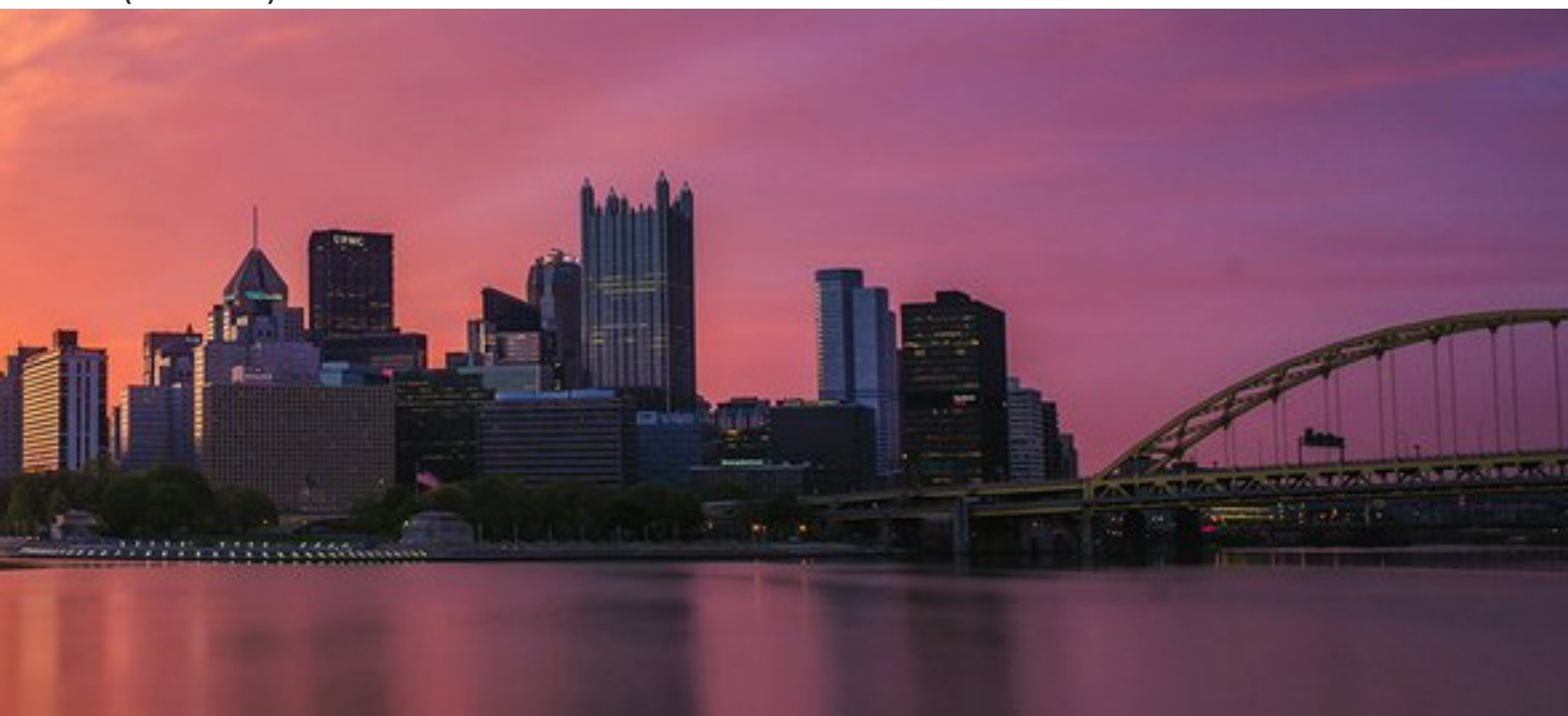
A chronic concern for the County is an underfunded pension liability. Typically, a “healthy” pension fund has a funded ratio of at least 80 percent. Despite increasing the contribution rate in three of the past five years, the County’s pension fund stood at 33.26 percent funded status in 2022, a slight improvement from 32.44 percent in 2021, with a net pension liability of \$1.9 billion, down from \$2.3 billion in 2021. The funded status remains low despite increased interest rates in 2022. The low funded status persisted due to a drop of 9.02 percent in the market value of plan assets and benefit payments increasing by \$10 million, or 8.1 percent.

While changes to the pension plan’s benefit structure approved under Act 125 of 2013 could save an estimated \$340 million, the changes do not improve the immediate outlook of an underfunded pension.

Additionally, since based upon current trends the County in future years will likely employ fewer persons than it does now, the hypothetical future pension system will have fewer active employees paying into the system to provide liquidity.

Year	Contribution Rate	Funded Status	Total Assets
2017	9.0%	46.4%	\$944.3
2018	9.5%	40.6%	\$879.1
2019	10.0%	42.8%	\$970.8
2020	10.0%	36.1%	\$1,004.9
2021	10.5%	32.4%	\$1,100.9
2022	10.5%	33.3%	\$942.2

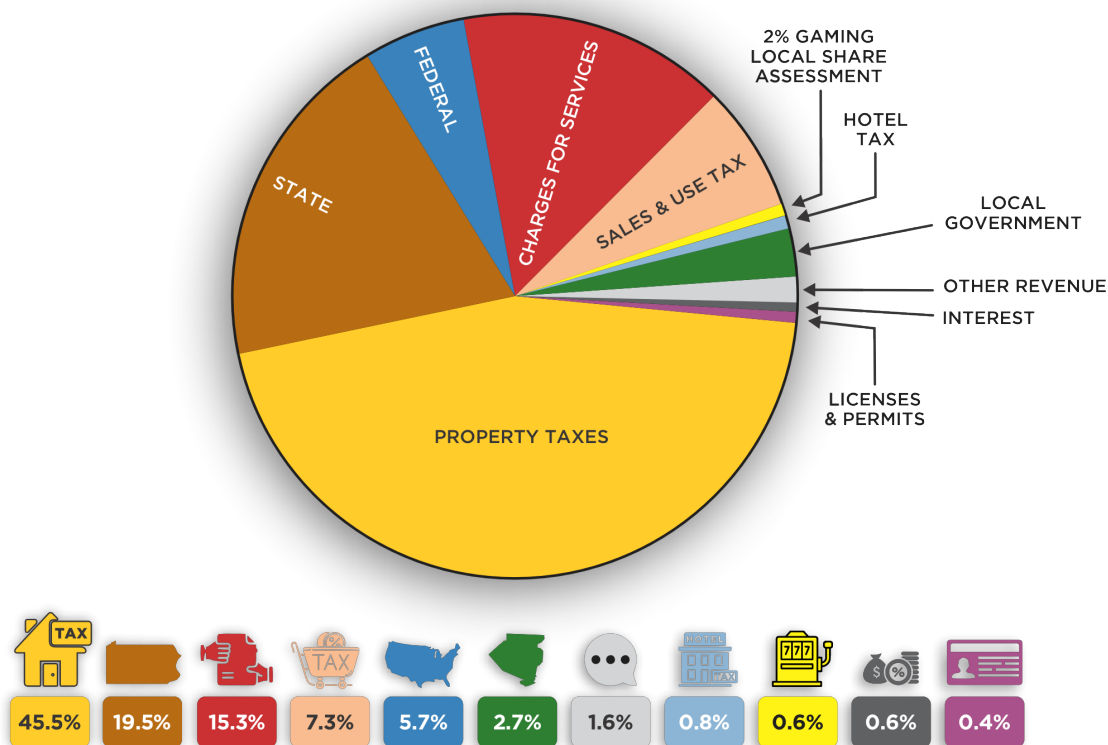
(in millions)



Revenue

The County saw Revenue increase by \$16.6 million to a total of \$851.3 million. Among the largest increases in Revenue sources was \$4.8 million in interest income due to increased rates and \$3.8 million from the County's share of the additional 1 percent Sales & Use Tax. \$6.4 million was transferred from proceeds of the County's Hotel Tax to the General Fund for use in the County Parks.

GENERAL FUND & DEBT SERVICE REVENUE



Source	2022	2021	2020	2019
Property Taxes	\$387.0	\$386.0	\$375.0	\$371.0
State	\$166.1	\$159.3	\$153.2	\$165.1
Federal	\$48.8	\$52.2	\$62.7	\$56.3
Charges for Services	\$130.1	\$136.0	\$133.8	\$155.0
Sales & Use Tax	\$62.3	\$58.5	\$51.3	\$52.0
2% Gaming Local Share Assessment	\$5.3	\$6.5	\$3.4	\$6.0
Hotel Tax	\$6.4	\$0.9	\$0.5	\$5.3
Local Government Units (RAD)	\$23.4	\$22.3	\$22.3	\$22.0
Other Revenue	\$13.3	\$9.1	\$7.3	\$11.0
Interest	\$5.3	\$0.5	\$1.9	\$5.3
Licenses and Permits	\$3.3	\$3.4	\$3.1	\$3.1
Total	\$851.3	\$834.7	\$814.5	\$852.1

(in millions)

Federal Aid

On March 11, 2021 the American Rescue Plan (ARP) was signed into law. It included \$350 billion in State and Local Fiscal Recovery Funds (SLFRF) to help state and local governments address the financial shock caused by the COVID-19 pandemic. Allegheny County received \$380,998,452 from ARP's SLFRF provision: half came in May 2021 and the rest in June 2022.

The funds can be used for costs incurred since March 3, 2021, and must be obligated by December 31, 2024, and spent by December 31, 2026. Using federal guidelines, Allegheny County has budgeted \$220 million of its SLFRF money for Government Services, \$88 million for Public Health, \$63 million for aid to combat negative economic impact, \$9 million for stormwater mitigation, and \$1 million for administrative expenses.

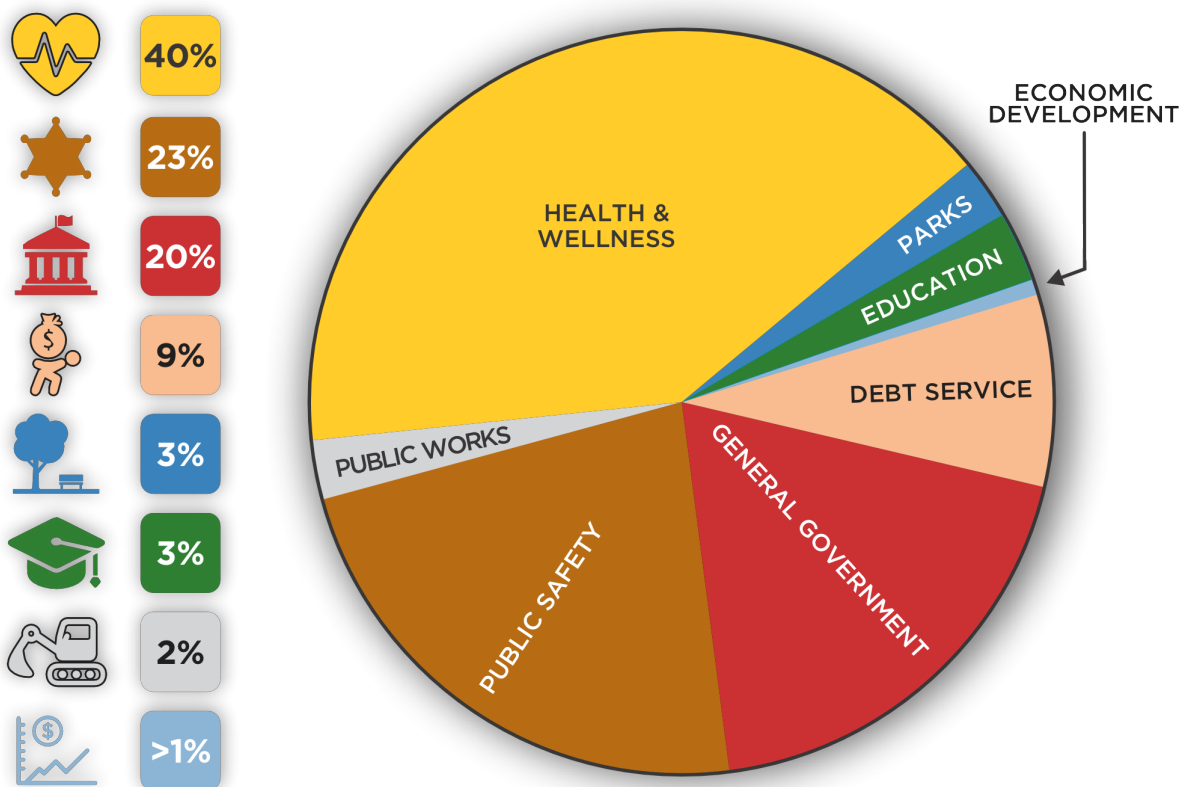
	Budget	Actual Expenditures as of 12/31/22
SLFRF CAPITAL FUND		
PARKS: Projects and equipment (including \$5.5M for stormwater mitigation)	\$12.0	\$1.8
PUBLIC WORKS: Road projects and equipment	\$28.6	\$1.7
VARIOUS DEPT.'s/ROW OFFICES: I.T., equipment, and facility improvements	\$68.1	\$9.0
Capital Fund Total	\$108.7	\$12.5
SLFRF GRANT FUND		
MEDICAL EXAMINER: Contracted services to reduce backlog	\$1.0	\$0.1
CHILDREN INITIATIVES: Support for childcare centers and out-of-school time services	\$20.0	\$2.6
HUMAN SERVICES: Mental health programs (\$15M) and improvements to provide services to unhoused persons (\$5M)	\$20.0	\$4.6
HEALTH: Transform the County's public health laboratory into a regional lab (\$15M) and other public health projects (\$30M)	\$45.0	\$0.2
EMERGENCY SERVICES: Upgrading the County's emergency radio systems	\$18.3	\$11.7
ECONOMIC DEVELOPMENT: Funding for trails and active transportation (\$30M) and funding for industrial site development (\$10M)	\$40.0	\$40.0
NON-DEPARTMENTAL: \$25k to each of the County's volunteer fire and EMS agencies (\$5.2M), replacing revenue lost due to the pandemic (\$53M), and admin. costs.	\$92.8	\$32.7
MISC. AGENCIES: Aid to tourism through Visit Pittsburgh (\$5M), Sports and Exhibition Authority (\$20M), and Pittsburgh Film Office (\$0.2M); and funding for Community College of Allegheny County (\$10M)	\$35.2	\$35.2
Grant Fund Total	\$272.3	\$127.1
ARP - SLFRF TOTAL	\$381.0	\$139.6

(in millions)

Expenditures

Spending increased by \$16.8 million to \$845.1 million mostly due the end of savings from a debt refinancing which reduced debt service expenditures in 2020 and 2021. Debt service costs increased by \$13.6 million over 2021 to \$70.5 million. Increases in Children, Youth and Families (CYF) programs as well as Juvenile Court Placements were offset by the closure of the Shuman Juvenile Detention Center. Election costs decreased by \$1.1 million due to proceeds from a state grant.

GENERAL FUND & DEBT SERVICE EXPENDITURES



Expenditures	2022	2021	2020	2019
General Government	\$168.2	\$165.5	\$156.5	\$158.6
Public Safety	\$194.3	\$192.9	\$173.8	\$183.7
Public Works	\$19.4	\$17.1	\$15.9	\$17.9
Health and Welfare	\$339.6	\$345.3	\$336.1	\$356.8
Culture & Recreation (Parks)	\$22.5	\$20.5	\$18.0	\$19.8
Education (CCAC)	\$27.9	\$27.4	\$26.8	\$26.3
Economic Development	\$2.7	\$2.7	\$2.5	\$5.2
Debt Service	\$70.5	\$56.9	\$59.5	\$74.8
Total Expenditures	\$845.1	\$828.3	\$789.1	\$843.1

(in millions)

Health & Welfare

Health & Welfare	2022	2021	2020	2019
Health	\$17.1	\$16.9	\$15.8	\$16.6
Human Services (CYF)	\$211.3	\$207.7	\$188.3	\$197.1
Kane	\$89.5	\$94.6	\$100.2	\$105.8
Shuman	\$-	\$7.1	\$9.2	\$10.0
Court Programs	\$21.7	\$19.0	\$22.6	\$27.3

(in millions)



- The Allegheny County Health Department protects and improves public health through a variety of programs, including pollution monitoring, food poisoning prevention, rodent control, water testing, dental clinics, solid waste management, recycling, health education, and maternal and infant care.
- The Kane Community Living Centers offer skilled nursing, long-term care and rehabilitation to the chronically ill and elderly who have limited financial resources through four facilities with a total of 1,166 licensed beds. Average daily occupancy at the four Kane Centers fell to 600 (below 52 percent capacity) from over 900 in 2019, prior to the COVID-19 pandemic. Expenditures outstripped revenues by over \$19.5 million in each of the last two years, a deficit that stood at under \$4 million as recently as 2018.
- In September 2022, County Executive Rich Fitzgerald announced his administration would lead an effort with the Court of Common Pleas to reestablish a County-run facility, or to create a public-private partnership, preferably with a not-for-profit 501(c)(3) provider, to provide juvenile detention in the County. In March 2023, County Council created a Juvenile Justice Study Group to complete a full and transparent overview of the current needs of the County's juvenile justice system within the context of a juvenile detention facility prior to any final determination regarding the use of the former Shuman Center site.
- Court Programs provide alternative sentencing programs for adults and juveniles, including placement facilities and home detention.

Parks & Recreation



Allegheny County operates nine regional parks, which together comprise nearly 12,000 acres. These parks offer a wide range of amenities including wooded areas with nature centers, biking and walking trails, picnic grounds, a golf course, the only downhill skiing available in Allegheny County, and other year-round sports and recreation facilities.



Controller O'Connor has released Climate Action Recommendations that he will advocate for the County to pursue in the coming years. They cover areas including increasing the share of electric vehicles (EVs) in the County's fleet; better connecting residents, small businesses and municipalities with support for energy efficiency improvements; improving land use and purchasing policies; and more transparently tracking County energy usage and sustainability efforts. The recommendations can be found at: AlleghenyController.com/car



The Allegheny Regional Asset District (RAD) is funded through one half of the proceeds from Allegheny County's 1 percent Sales & Use Tax. The 2022 RAD budget authorized grants totaling \$118.5 million, the highest in RAD's history. This included grants to 101 organizations. Parks and libraries received 61 percent of the funds, arts and culture: 15 percent, sports and civic facilities: 12 percent, regional attractions (Zoo, Phipps, and Aviary): 8 percent, and transit: 3 percent.

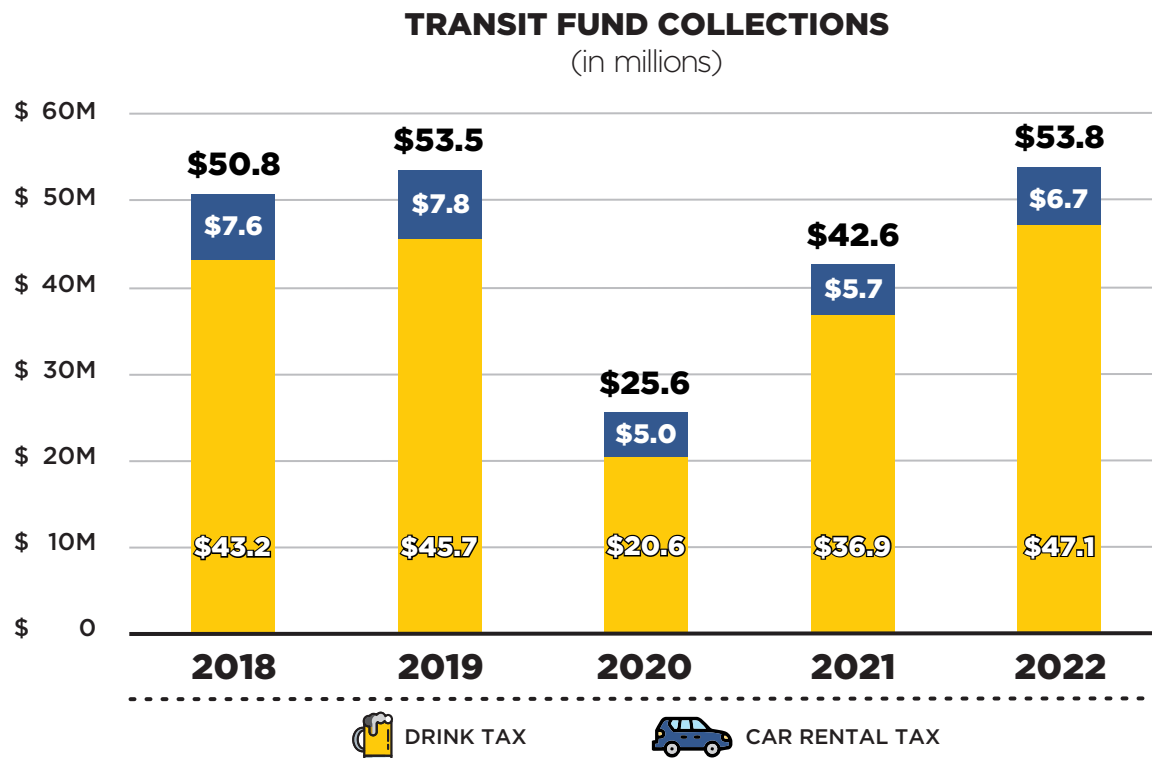
(Source: Allegheny Regional Asset District 2022 Final Operating and Capital Budget)

Transportation

Drink and Vehicle Rental tax collections comprising the Transit Fund exceeded \$50 million for the first time since 2019. The fund contributes the annual local match for state funding to Pittsburgh Regional Transit (\$34.7 million in 2022) and other public transit initiatives at the discretion of the County. In 2022, nearly \$5 million was provided for Pittsburgh Regional Transit capital projects.

Previously known as Port Authority Transit, Pittsburgh Regional Transit (PRT) provided over 32 million public transit trips in Fiscal Year 2021-22, about 30 million fewer than before the COVID-19 pandemic in 2019.

In March 2023, PRT's Board approved a \$28 million contract to construct the first phase of the Downtown-Uptown-Oakland Bus Rapid Transit (BRT) project. The \$291 million BRT will provide more reliable, convenient, and faster service with improved amenities and transit connections. The project is being paid for with federal, state, county, and PRT funding.



Airport

Pittsburgh International Airport is committed to achieving a world-class passenger experience as we build a Smart Airport for the Region's Future. Focused on the Pittsburgh market, the new facility will cut curb-to-gate time in half, improve efficiencies for our airline partners while stabilizing their long-term costs, become more environmentally sustainable and provide value to the regional community. The project includes no county tax dollars and is funded by the airlines and airport revenue sources. The \$1.4 billion Terminal Modernization Program is scheduled to be completed in early 2025.

Photos courtesy Pittsburgh International Airport. Renderings courtesy Gensler + HDR in association with Luis Vidal + Architects





Concept art of the finalized upgrade



Public Safety

Sheriff

Chief law enforcement officer of the Courts; serves all writs and injunctions issued by the Courts; provides transportation of prisoners to and from Court and place of confinement.

Public Defender

Provides legal counsel for indigent defendants and for respondents.

Emergency Services

Oversees the countywide 911 network, responds to natural and man-made disasters, assists municipalities with training of firefighters, and investigates fires of suspicious origin.

District Attorney

Responsible for the prosecution of all Allegheny County criminal cases.

County Jail

Detains and supervises persons awaiting trial, accused of violating probation or parole, or serving given sentences.

County Police

Investigates all criminal activity which occurs on County-owned property and provides assistance to local police departments and other criminal justice agencies.

Medical Examiner

Investigates the circumstances, cause and manner of sudden and unexpected, medically unattended deaths; provides laboratory services, technical assistance and consultation to police departments, municipal officials, and County agencies.

Public Safety	2022	2021	2020	2019
District Attorney	\$20.5	\$19.9	\$19.0	\$19.3
Public Defender	\$10.6	\$9.8	\$9.2	\$9.3
Medical Examiner	\$10.4	\$10.0	\$10.5	\$10.6
Sheriff	\$20.8	\$20.3	\$19.2	\$19.9
Emergency Services	\$3.5	\$8.8	\$3.6	\$3.3
Jail	\$89.8	\$87.1	\$78.8	\$86.4
Police	\$38.7	\$37.0	\$33.5	\$34.9

(in millions)



A Fines and Fees Working Group including the Controller's Office, County Councilwoman Bethany Hallam, and representatives of the Pittsburgh Foundation and the non-profit Gwen's Girls provided \$50,000 in private grant funds received by the Controller's Office to relieve the remaining court debt of 27 juveniles who had satisfied all other conditions of the judgments against them. The Allegheny County Office of the Public Defender set eligibility requirements for the funds and identified the recipients, and the County administration assisted with implementation.

Associated Agencies

Community College of Allegheny County:

A \$40 million Workforce Development and Training Center on CCAC's North Side campus, delayed during the COVID-19 pandemic, is expected to open in late 2023. This new facility will house programs for in-demand fields such as cybersecurity, information technology, autonomous and process technology, machine learning, advanced manufacturing and robotics. The center will also feature experiential classrooms and labs, collaborative areas, and a new culinary school.



Sanitary Authority (ALCOSAN):

Construction on several aspects of the expansion of the Treatment Plant on Pittsburgh's North Side are underway, part of the authority's \$2 billion Clean Water Plan. As a result of expanding, the current capacity of 250 million gallons per day (mgd) will be increased to 480 mgd by the end of 2025 and to 600 mgd by the end of 2029. This additional capacity will help reduce the number of overflows caused by excess stormwater entering the system.



Sports and Exhibition Authority (SEA):

The SEA approved funding for new scoreboards and related improvements at PNC Park and PPG Paints Arena during 2022. The board authorized a \$1 surcharge on all tickets sold to PNC Park for its new scoreboard, which was unveiled for the 2023 season, and a \$6.8 million reimbursement to the Penguins for a new scoreboard and sound system to be installed during 2023.



Pittsburgh Regional Transit (PRT):

See Transportation on page 16.

Airport Authority:

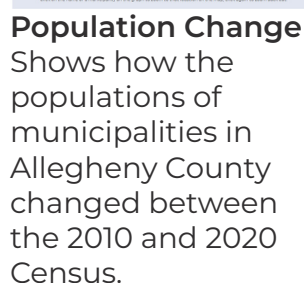
See page 17.



View this report
with interactive
charts at

AlleghenyController.com/2022Report

Currently featured dashboards include:



The Controller's office has developed informational brochures for County residents on important topics including utility bills and assistance, the property tax appeals process, and avoiding fraud and scams. These brochures are downloadable from AlleghenyController.com and available by request to info@alleghenycontroller.com.






**ALLEGHENY COUNTY
CONTROLLER'S OFFICE**
COREY O'CONNOR

 alleghenycontroller.com

 info@alleghenycontroller.com

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 [@alleghenycontroller](https://twitter.com/alleghenycontroller)

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