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**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Population Statistics**
- Population (2000 Census) 334,563
- % Male 47.4%
- % Female 52.6%
- % with Bachelor’s Degree or Higher 32.4%
- Median Age 36.7 years
- Per Capita Income $24,390
- School Enrollment 26,123
- Average Commute Time to Work for City Residents 23.1 minutes

**Unemployment Rate**
- City 8.1%
- State 9.0%
- County 9.9%

**References:**
1. 2000 Census
2. U.S. Census Bureau; 2006-2008 American Community Survey 3 year estimates

**PITTSBURGH PROMISE**

In cooperation with the Pittsburgh Public School District, the City of Pittsburgh has created the Pittsburgh Promise Program. 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 2009, more than 1,600 graduates of the Pittsburgh Public Schools have taken advantage of the Pittsburgh Promise scholarship.

For more information on the Pittsburgh Promise, please visit [www.pittsburghpromise.org](http://www.pittsburghpromise.org).
To the Citizens of the City of Pittsburgh:

I am pleased to present to you the City of Pittsburgh’s (the “City’s”) first Popular Annual Financial Report for the year ended December 31, 2009. 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 manner that will summarize and communicate, in a user friendly manner, the City’s financial condition.

In addition to providing financial information, it is important to demonstrate what makes Pittsburgh a great place to live 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 2009 independently audited set of financial statements that are prepared in accordance with generally accepted accounting principals. These audited statements are part of the City’s 2009 Comprehensive Annual Financial Report (“CAFR”). We are proud to say that the City’s CAFR has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for each of the last 17 years.

I welcome any feedback, comments, or concerns regarding the information included in this report.

Sincerely,

Michael E. Lamb
City Controller
Both the for-profit and non-profit sectors are driving forces in Pittsburgh’s diverse economy. Pittsburgh is home to world-class hospitals, universities, corporations and a vibrant small business sector. When combined into the local economy, these entities result in a city that is a great place to live and work.

**Colleges and Universities**

**Colleges and Universities with Campuses Located within the City:**
- The Art Institute of Pittsburgh
- Carlow University
- Carnegie Mellon University
- Chatham University
- Community College of Allegheny County
- Duquesne University
- Point Park University
- Robert Morris University
- University of Pittsburgh

**Museums**

**Museums within the City:**
- The Andy Warhol Museum
- August Wilson Center for African American Culture
- Carnegie Museum of Art & Natural History
- Carnegie Science Center
- Children’s Museum of Pittsburgh
- Frick Art and Historical Center
- Fort Pitt Museum
- Mattress Factory Art Museum
- Pittsburgh Center for the Arts
- Sen. John Heinz History Center
- Society for Contemporary Craft
- Soldiers and Sailors Memorial Hall & Museum

**Major League Sports**

Pittsburgh is home to three major league sports teams: The Steelers, Penguins and Pirates.

**Hospitals**

Both the University of Pittsburgh Medical Center and West Penn Allegheny Health System provide world-class medical services to the citizens of Pittsburgh.
Performing Arts within the City:
City Theatre Co. Inc
Pittsburgh Ballet Theatre
Pittsburgh CLO
The Pittsburgh Cultural Trust
Pittsburgh Opera
Pittsburgh Public Theater
Pittsburgh Symphony

Largest Employers Located in the City:
1. UPMC
2. U.S. Government
3. Commonwealth of Pennsylvania
4. West Penn Allegheny Health System
5. University of Pittsburgh
6. PNC Financial Services Group, Inc
7. Giant Eagle, Inc
8. Allegheny County
9. BNY Mellon
10. Pittsburgh Public School District

Other Recreational Attractions within the City:
Carnegie Library
National Aviary
Phipps Conservatory and Botanical Gardens
Pittsburgh Parks and Conservatory
Pittsburgh Zoo and PPG Aquarium

Although this report is largely based on the City’s 2009 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 the City’s audited 2009 CAFR, which is prepared in accordance with GAAP, is located at http://www.city.pittsburgh.pa.us/co/assets/09_CityofPgh_CAFR.pdf.
**Elected Officials**

**Mayor:** Luke Ravenstahl  
**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

<table>
<thead>
<tr>
<th>Council Member</th>
<th>District</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darlene Harris (President)</td>
<td>1</td>
<td>(412) 255-2135</td>
</tr>
<tr>
<td>Theresa Kail-Smith</td>
<td>2</td>
<td>(412) 255-8963</td>
</tr>
<tr>
<td>Bruce Kraus</td>
<td>3</td>
<td>(412) 255-2130</td>
</tr>
<tr>
<td>Natalia Rudiak</td>
<td>4</td>
<td>(412) 255-2131</td>
</tr>
<tr>
<td>Douglas Shields</td>
<td>5</td>
<td>(412) 255-2140</td>
</tr>
<tr>
<td>R. Daniel Lavelle</td>
<td>6</td>
<td>(412) 255-2134</td>
</tr>
<tr>
<td>Patrick Dowd</td>
<td>7</td>
<td>(412) 255-2133</td>
</tr>
<tr>
<td>William Peduto</td>
<td>8</td>
<td>(412) 255-2137</td>
</tr>
<tr>
<td>Rev. Ricky Burgess</td>
<td>9</td>
<td>(412) 255-2137</td>
</tr>
</tbody>
</table>
A lot happened in Pittsburgh in 2009. The City earned national recognition as the “most livable,” continued to develop economically and found itself placed in the world’s spotlight as the City was host to a major world event.

Pittsburgh was put on the world stage during the G-20 Summit. Leaders from around the world gathered in Pittsburgh to discuss global economic and environmental issues.

Pittsburgh was named “America’s Most Livable City” by The Economist.

The Rivers Casino, the Consol Energy Center, Three PNC Place and the South Side Works are symbolic of economic growth occurring throughout the City.

Pittsburgh continues to be a leader in research of biotechnology, bioengineering, robotics and information technology. There are 2,400 tech firms in the Greater Pittsburgh region, responsible for over 90,000 jobs. The Pittsburgh region now ranks in the top 10 in the nation in the computer software and environmental technology sectors.
City government must ensure that adequate services are being provided to the City residents and businesses in order to maintain its economy. A large portion of the City’s budget provides for police, fire protection and emergency medical services, as well as public works projects such as resurfacing streets, maintaining roads and collecting garbage.

**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 prehospital care, medically directed technical rescue and transportation of the ill and injured.

**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.

**Public Works**

The Department of Public Works maintains the City’s infrastructure by resurfacing streets, preserving park facilities and rehabilitating public structures. The department also meets the environmental needs of Pittsburgh residents by collecting residential refuse and recyclables. It also ensures public safety by responding to weather-related emergencies such as flooding, land subsidence, snow and ice storms and other disasters.
The previous sections of this document provided information on what we see everyday in the City. The remainder of this document will provide readers with the City’s financial information for the year ended 2009. While the City has overcome large challenges in the past year, there is still much work to be done.

**A SUCCESSFUL YEAR**

- **Revenues in Excess of Expenditures**
  For the fifth year in a row, the City’s General Fund brought in more money than it spent. The City did so even when unemployment was rising and property values were declining across the country.

- **Reduction in Long Term Debt**
  Additionally, the City was able to repay approximately $44 million toward outstanding bonds. The total debt the City has retired over the past five years is approximately $142 million. Over that same time period, the City’s interest payments on that debt have decreased by approximately $3 million.

- **Reduction in Deficit**
  At the end of 2009, the City’s liabilities exceeded its assets by $557 million (under the full accrual method of accounting). To put this in perspective, at the end of 2004, the City’s liabilities exceeded its assets by $742 million. Although the City has continued to decrease this deficit over the past five years, the City must continue to work to reduce its liabilities in order to improve the City’s finances.

**THE CHALLENGES AHEAD**

- **Declining Population**
  One often overlooked fact about the City’s finances is that the revenues of the City of Pittsburgh are largely dependent upon the City’s residents. Over the past few decades, as the population of the City decreased, the City’s tax base decreased as well. To counteract this effect, it is increasingly important for government officials to make every effort to make Pittsburgh a more attractive place to live.

- **Pension Funding**
  The most immediate challenge that the City faces is securing funding for the City’s Comprehensive Municipal Pension Trust Fund. City officials are actively pursuing multiple options to increase the funding level of the fund including the leasing of city owned parking garages and the transfer of parking revenues to the pension fund.

- **Aging Infrastructure**
  The age of the infrastructure in the City is also a concern moving forward. The City maintains miles of roads, bridges, stairways, storm sewers and other systems that continue to age. Securing funding to upgrade and improve these assets will be critical in the years to come.
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 General Fund**

When assessing the financial results of the City, it is important that we focus on the City’s General Fund. The General Fund is the general operating fund of the City and supports the regular day-to-day operations of the City. It is used to account for all revenues and expenditures of the City, except those required to be accounted for in another fund. In this section we will discuss the revenues of the General Fund, 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.

The revenues of the General Fund come from a variety of sources. Revenues received in 2009 are as follows:

<table>
<thead>
<tr>
<th>Aggregate (in thousands)</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Taxes</td>
<td>$131,313</td>
<td>$130,970</td>
</tr>
<tr>
<td>Earned Income Taxes</td>
<td>67,483</td>
<td>65,296</td>
</tr>
<tr>
<td>Payroll Preparation Taxes</td>
<td>46,235</td>
<td>46,479</td>
</tr>
<tr>
<td>Parking Taxes</td>
<td>45,274</td>
<td>45,902</td>
</tr>
<tr>
<td>Other</td>
<td>72,340</td>
<td>77,573</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$362,645</strong></td>
<td><strong>$366,220</strong></td>
</tr>
</tbody>
</table>

The tax revenues of the City dropped by approximately 1% or $3.5 million from 2008 to 2009.

**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 2009 rate was 10.8 mills on buildings and land.

**Earned Income Taxes**
This tax is levied at a rate of 1% on the wages or net profits earned by City residents.

**Payroll Preparation Tax**
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 Tax**
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.
Once the City collects taxes and other revenues, the monies 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.

Once again, because the General Fund finances the regular day-to-day operations of the City, this will be our primary focus.

During the years ended December 31, 2009 and 2008, 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.

<table>
<thead>
<tr>
<th>Function</th>
<th>Aggregate (in thousands)</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$ 45,536</td>
<td>$ 136</td>
</tr>
<tr>
<td>Public Safety</td>
<td>229,334</td>
<td>685</td>
</tr>
<tr>
<td>Public Works</td>
<td>28,232</td>
<td>84</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>14,960</td>
<td>45</td>
</tr>
<tr>
<td>Community, Recreational and Cultural</td>
<td>6,911</td>
<td>21</td>
</tr>
<tr>
<td>Urban Redevelopment Authority Subsidy</td>
<td>13,368</td>
<td>40</td>
</tr>
<tr>
<td>Other</td>
<td>10,792</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 349,133</strong></td>
<td><strong>$ 1,043</strong></td>
</tr>
</tbody>
</table>

The expenditures shown above are classified by the type of service provided. Below is a summary of the function and the types of departments within that function reported above:

**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 Bureau of 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.
Debt Service

It is important to consider that the City must pay for items in addition to the day-to-day operations. The City’s General Fund is also largely responsible for paying the City’s bonded obligations. The bonded debt service activity that occurred during the year ended December 31, 2009 is shown below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$44,325,000</td>
</tr>
<tr>
<td>Interest</td>
<td>40,699,100</td>
</tr>
<tr>
<td>Less: Debt Service Revenues</td>
<td>(3,049,830)</td>
</tr>
<tr>
<td><strong>Total Debt Service Paid by General Fund</strong></td>
<td><strong>$81,974,270</strong></td>
</tr>
</tbody>
</table>

Revenues vs. Expenditures (in thousands)

The following table summarizes the revenue and expenditure activity of the City’s General Fund:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues of the City</td>
<td>$437,477</td>
</tr>
<tr>
<td>Expenditures of the City to Provide Services</td>
<td>(349,133)</td>
</tr>
<tr>
<td>Excess Revenues</td>
<td>88,344</td>
</tr>
<tr>
<td>Debt Service Expenditures</td>
<td>(81,974)</td>
</tr>
<tr>
<td>Other Charges</td>
<td>2,133</td>
</tr>
<tr>
<td><strong>Excess Revenues</strong></td>
<td><strong>$8,503</strong></td>
</tr>
</tbody>
</table>

This activity means that in addition to paying for the day-to-day operations of the City, the General Fund also paid approximately $82 million in bonded debt service in 2009.

Grants

During 2009, the City received grant revenues from the Federal Government, the Commonwealth of Pennsylvania and Allegheny County. Under the terms of the grant agreements, the City must use the grant revenue to fulfill a specific purpose. As such, the City’s discretionary use of grant awards is limited, as all grant monies received must be used to fulfill the grant’s purpose.

The City received and expended grants related to pension aid, economic development and road maintenance, among others, during the year ended December 31, 2009.
So far we have focused on where the City’s money comes from and where the City’s money goes. This focus is beneficial in understanding the flow of current financial resources. When we look at the overall financial condition of the City, it is better to use the full accrual basis of accounting, which is similar to the basis of accounting used in the private sector. This allows us to consider all assets, liabilities, revenues and expenses of the City.

**Net Assets**

The following schedule is intended to demonstrate the difference between the City’s assets and the City’s liabilities as of December 31, 2009:

<table>
<thead>
<tr>
<th>Our Assets — What We Have</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Current Assets consisting mainly of cash and amounts owed to the City</td>
<td>$168,066,330</td>
</tr>
<tr>
<td>Restricted Current Assets consisting entirely of cash</td>
<td>49,211,225</td>
</tr>
<tr>
<td>Capital Assets consisting primarily of buildings, equipment and vehicles</td>
<td>172,219,666</td>
</tr>
<tr>
<td><strong>Total Assets of the City</strong></td>
<td><strong>$389,497,221</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our Liabilities — What We Owe</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities consisting of all the amounts the City owes and expects to pay in 2010, except for bonds and loans</td>
<td>$81,341,599</td>
</tr>
<tr>
<td>Amounts the City owes and expects to pay after 2010, except for bonds and loans</td>
<td>185,228,143</td>
</tr>
<tr>
<td>Amount of bonds and loans payable</td>
<td>680,380,610</td>
</tr>
<tr>
<td><strong>Total Liabilities of the City</strong></td>
<td><strong>$946,950,352</strong></td>
</tr>
</tbody>
</table>

| Deficit in Net Assets                                           | $(557,453,131) |

The City has a total net deficit of approximately $557.5 million. This imbalance has accumulated over the years as a result of the demographic shifts of residents out of the City and the decline of the steel industry in the region. The largest components of the deficit are bonds issued over time in an effort to meet the funding requirements of the City's Pension Trust Fund, borrowings related to financing economic development efforts and maintenance and equipment expenditures on City infrastructure.

**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”). The Act 47 Coordinators of the City issued their Recovery Plan on June 11, 2004, which was adopted by City Council on June 29, 2004. On June 30, 2009, City Council adopted the amended Recovery Plan, making it a City Ordinance, which further provides areas for revenue enhancements and expenditure reductions. This plan called for both expenditure cut backs and proposed a new revenue structure.

Expenditure reductions and controls includes a city-wide salary freeze for at least two years, Public Safety cost reduction achieved primarily through the renegotiation of the Firefighter contract, reductions to all elected officials' budgets and regular reporting requirements verifying adherence to the Plan's budget.
The City’s Net Assets

In essence, the City’s negative net assets, or deficit, mean that the City’s liabilities exceed their assets. While this amount demonstrates that there is an imbalance between assets and liabilities of the City, it should be noted that over the past six years the City has made a significant effort in improving its financial situation and, as a result, its deficit continues to shrink.

Changes in Net Assets of the City

The changes in the net assets of the City can easily be explained as the total revenues in excess of the total expenses. This number is important because as revenue exceeds expenses, the City’s deficit will decrease, making the City better off financially. As a demonstration of the City’s efforts under Act 47, the net income for the year ended December 31, 2004, when compared to the net income for the year ended December 31, 2005, increased from a loss of $30 million to income of approximately $47 million. This was an improvement of approximately $77 million in one year. This increase was due to both an increase in taxes and a decrease in expenses. Since 2006, the City has faced relatively flat revenue and increasing costs. In spite of this, the City has still collected more in revenue than it has paid out in expenses.
The City’s Outstanding Bonds

A major liability of the City is the amount of outstanding bonds. However, in the most recent years the City has been successful in reducing its debt burden, as shown below. The City’s total bond issuances outstanding as of December 31, 2009 equal approximately $680 million dollars. Excluding refinancings, over the past five years the City has only issued bonds once, amounting to $47 million. In this same period of time the City has paid off approximately $189 million. This resulted in a net decrease in outstanding debt of approximately $142 million.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$822</td>
<td>$787</td>
<td>$803</td>
<td>$764</td>
<td>$723</td>
</tr>
<tr>
<td>Debt issued during the year</td>
<td>47</td>
<td>31</td>
<td>39</td>
<td>41</td>
<td>43</td>
</tr>
<tr>
<td>Principal repaid during the year</td>
<td>(35)</td>
<td>(31)</td>
<td>(39)</td>
<td>(41)</td>
<td>(43)</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$787</td>
<td>$803</td>
<td>$764</td>
<td>$723</td>
<td>$680</td>
</tr>
<tr>
<td>Outstanding Bonds per Capita</td>
<td>$2,352</td>
<td>$2,399</td>
<td>$2,283</td>
<td>$2,160</td>
<td>$2,032</td>
</tr>
</tbody>
</table>

In addition to reducing its liability by $142 million, the City also refinanced certain bond issuances to take advantage of better interest rates and payment terms.