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DEMOGRAPHIC AND ECONOMIC STATISTICS

Population Statistics

Population (2000 Census)	334,563 ⁽¹⁾
% Male	47.4% ⁽²⁾
% Female	52.6% ⁽²⁾
% with Bachelor's Degree or Higher	32.4% ⁽²⁾
Median Age	36.7 years ⁽²⁾
Per Capita Income	\$24,390 ⁽²⁾
School Enrollment	26,123 ⁽³⁾
Average Commute Time to Work for City Residents	23.1 minutes ⁽²⁾

References:

- (1) 2000 Census
- (2) U.S. Census Bureau; 2006-2008 American Community Survey 3 year estimates
- (3) City of Pittsburgh December 31, 2009 Comprehensive Annual Financial Report
- (4) April 2010, Bureau of Labor Statistics

Unemployment Rate ⁽⁴⁾

City	8.1%
State	9.0%
County	9.9%



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.





A Message From The Controller

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,

A handwritten signature in black ink that reads "Michael Lamb". The signature is written in a cursive, flowing style.

Michael E. Lamb
City Controller



PITTSBURGH

WHAT IS PITTSBURGH?



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

2010 Pittsburgh Business Times Book of Lists

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.

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

2010 Pittsburgh Business Times Book of Lists

EMPLOYERS

2010 Fortune 500 Companies Headquartered in Pittsburgh:

H.J. Heinz
PNC Financial Services Group
PPG Industries
United States Steel
WESCO International

2010 Fortune Magazine, Fortune 500

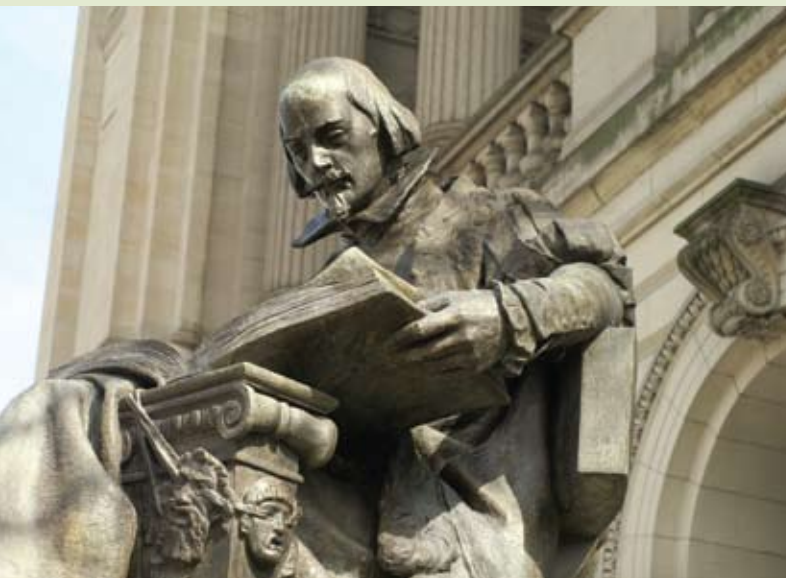


PERFORMING ARTS

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

2010 Pittsburgh Business Times Book of Lists



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

2010 Pittsburgh Business Times Book of Lists

RECREATION

Other Recreational Attractions within the City:

Carnegie Library
National Aviary
Phipps Conservatory and Botanical Gardens
Pittsburgh Parks and Conservatory
Pittsburgh Zoo and PPG Aquarium

2010 Pittsburgh Business Times Book of Lists

ABOUT THIS REPORT

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

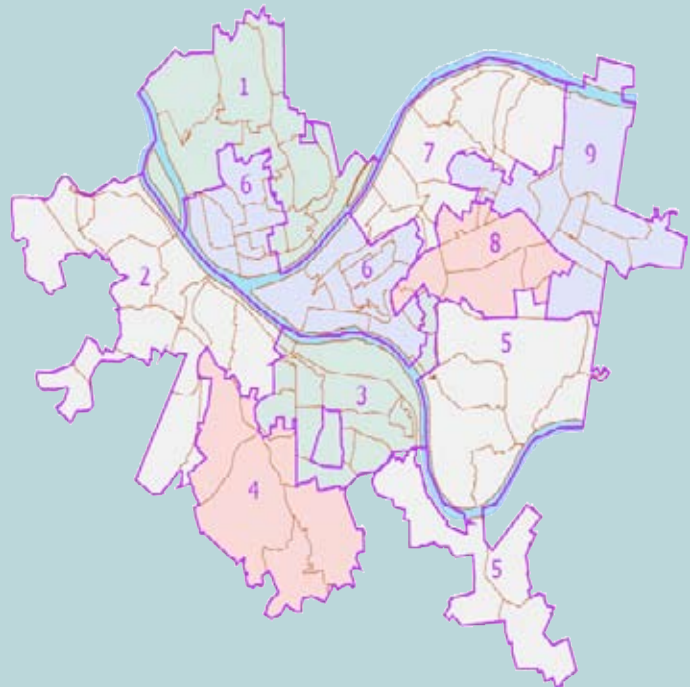
MAYOR: LUKE RAVENSTAHL
TERM: 4 YEARS
RESPONSIBILITY: CHIEF EXECUTIVE
CONTACT INFO: 414 GRANT STREET, ROOM 512
 PITTSBURGH, PA 15219
 (412) 255-2626

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

Council Member	District	Telephone
Darlene Harris <i>President</i>	1	(412) 255-2135
Theresa Kail-Smith	2	(412) 255-8963
Bruce Kraus	3	(412) 255-2130
Natalia Rudiak	4	(412) 255-2131
Douglas Shields	5	(412) 255-8965
R. Daniel Lavelle	6	(412) 255-2134
Patrick Dowd	7	(412) 255-2140
William Peduto	8	(412) 255-2133
Rev. Ricky Burgess	9	(412) 255-2137



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.



The David L. Lawrence Convention Center, the world's first green convention center, was home to the G-20 Summit

▲ 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.



The Rivers Casino



Three PNC Place

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

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



One of Pittsburgh's many neighborhoods, Shadyside

▲ 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 FIRE

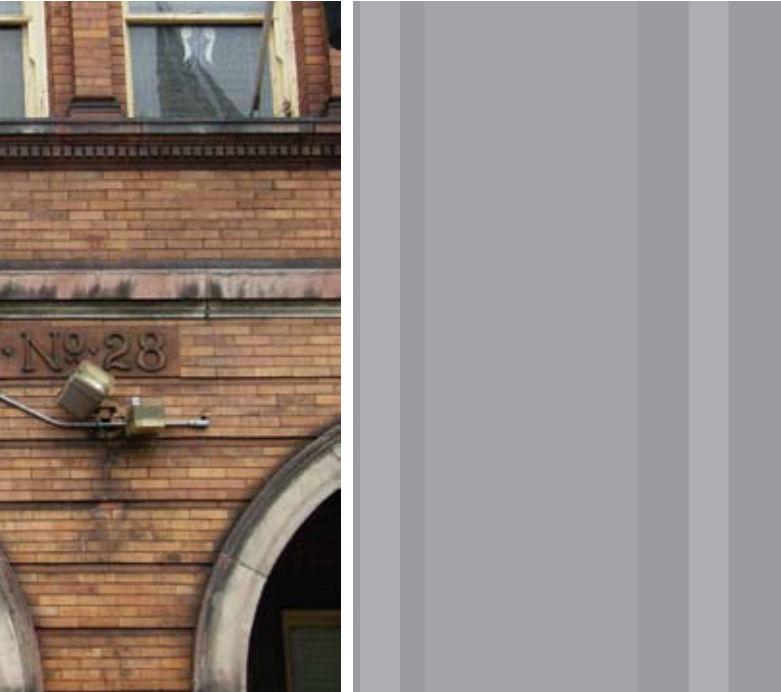
The Bureau of Fire develops, implements and administers public safety programs in areas of fire suppression, first responder emergency medical care, fire prevention, hazardous materials code enforcement, fire and arson investigation and public education.

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.

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.



2009 FINANCIAL HIGHLIGHTS

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.



FINANCIALS

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 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.

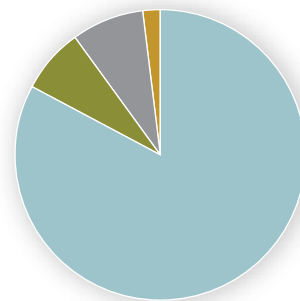
The City collects taxes from different entities for a variety of reasons. The major categories of tax collections of the City are shown below.

	Aggregate (in thousands)	
	2009	2008
Real Estate Taxes	\$ 131,313	\$ 130,970
Earned Income Taxes	67,483	65,296
Payroll Preparation Taxes	46,235	46,479
Parking Taxes	45,274	45,902
Other	72,340	77,573
Total	\$ 362,645	\$ 366,220

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

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

Aggregate (in thousands)



Taxes	\$362,645
Charges	32,264
Grants	34,512
Other	8,056
Total	\$437,477

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.

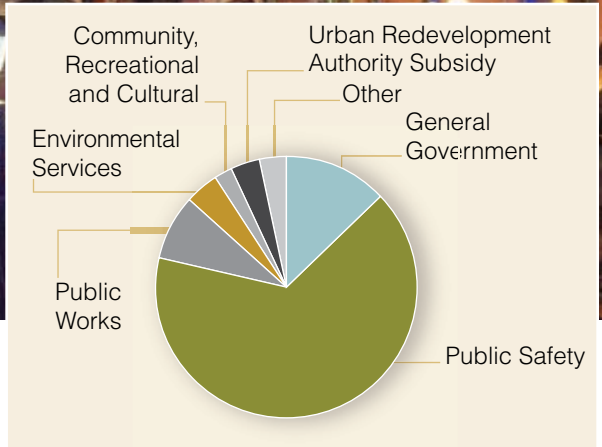
Other

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.

WHERE YOUR MONEY GOES



Station Square in Pittsburgh's South Side



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.

	Aggregate (in thousands)		Per Capita	
	2009	2008	2009	2008
General Government	\$ 45,536	\$ 47,672	\$ 136	\$ 142
Public Safety	229,334	212,150	685	634
Public Works	28,232	31,916	84	95
Environmental Services	14,960	15,703	45	48
Community, Recreational and Cultural	6,911	7,277	21	22
Urban Redevelopment Authority Subsidy	13,368	13,187	40	39
Other	10,792	6,416	32	19
Total	\$ 349,133	\$ 334,321	\$ 1,043	\$ 999

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.



FINANCIALS

REVENUES VS. EXPENDITURES

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:

Principal	\$44,325,000
Interest	40,699,100
Less: Debt Service Revenues	(3,049,830)
Total Debt Service Paid by General Fund	\$81,974,270

Revenues vs. Expenditures (in thousands)

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

Revenues of the City	\$ 437,477
Expenditures of the City to Provide Services	(349,133)
Excess Revenues	88,344
Debt Service Expenditures	(81,974)
Other Charges	2,133
Excess Revenues	\$ 8,503

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.



Centre Avenue in East Liberty



A view from Pittsburgh's Hill District

CITY ASSETS AND LIABILITIES

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:

Our Assets — What We Have

Unrestricted Current Assets consisting mainly of cash and amounts owed to the City	\$ 168,066,330
Restricted Current Assets consisting entirely of cash	49,211,225
Capital Assets consisting primarily of buildings, equipment and vehicles	172,219,666
Total Assets of the City	\$ 389,497,221

Our Liabilities — What We Owe

Current Liabilities consisting of all the amounts the City owes and expects to pay in 2010, except for bonds and loans	\$ 81,341,599
Amounts the City owes and expects to pay after 2010, except for bonds and loans	185,228,143
Amount of bonds and loans payable	680,380,610
Total Liabilities of the City	\$ 946,950,352

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.

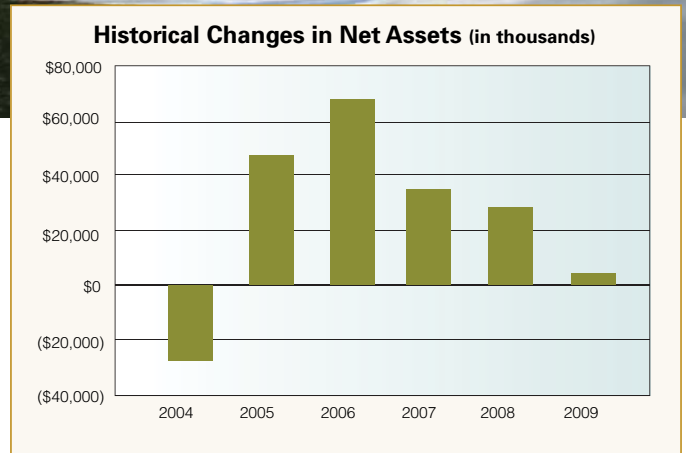
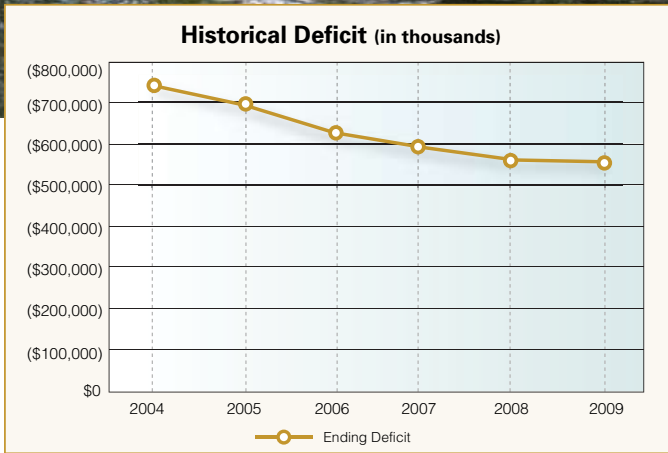
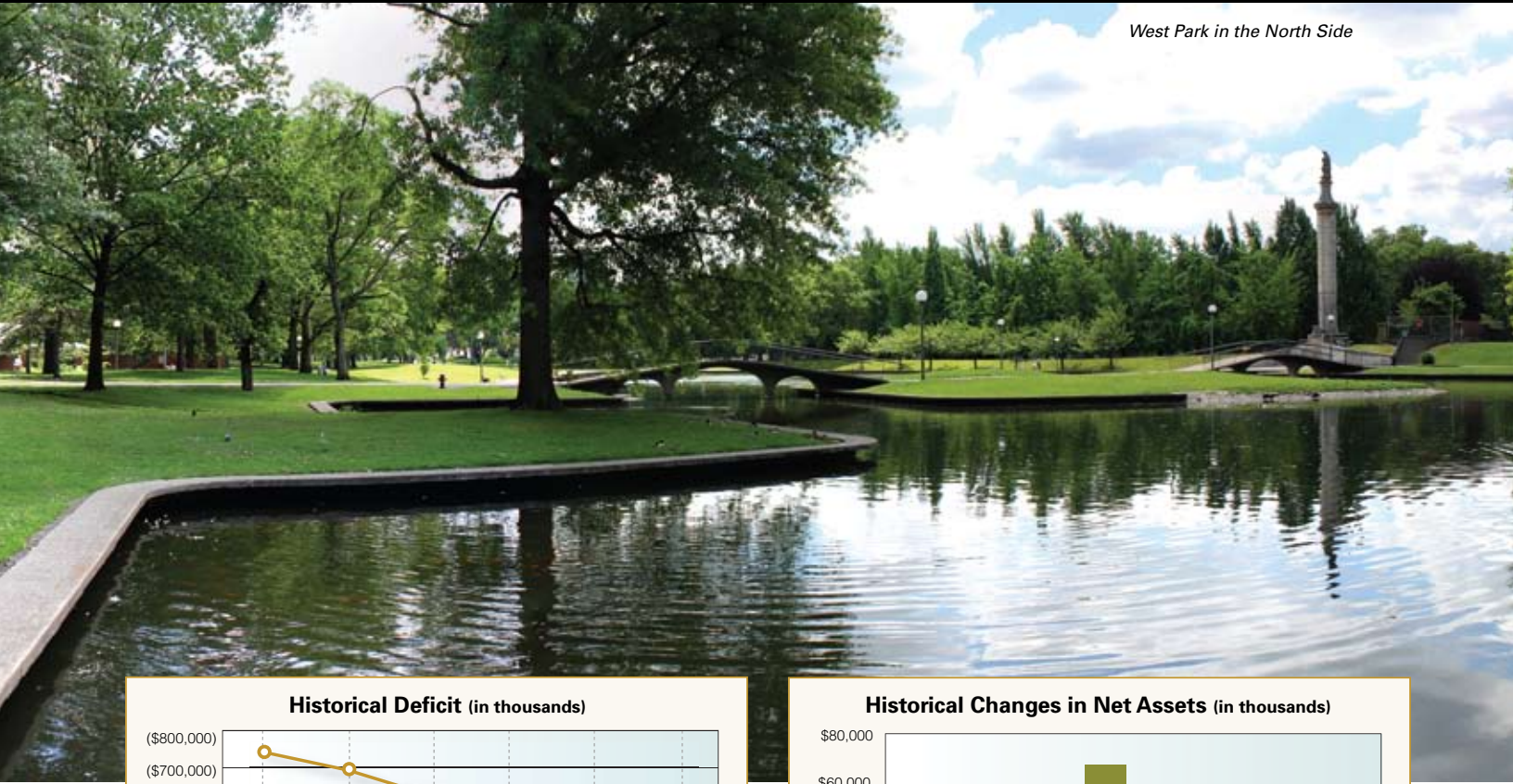
Expenditure reductions and controls includes a city-wide salary freeze for at least two years, Public Safety cost reduction achieved primarily through the renegotiation of the Firefighter contract, reductions to all elected officials' budgets and regular reporting requirements verifying adherence to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



FINANCIALS

THE CITY'S NET ASSETS

West Park in the North Side



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

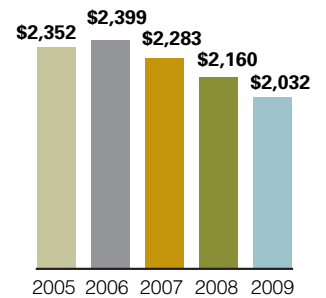
The changes in the net assets of the City can easily be explained as the total revenues in excess of the total expenses. This number is important because as revenue exceeds expenses, the City's deficit will decrease, making the City better off financially. As a demonstration of the City's efforts under 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.

(in millions)	2005	2006	2007	2008	2009
General Obligation Bonds:					
Beginning Balance	\$ 822	\$ 787	\$ 803	\$ 764	\$ 723
Debt issued during the year	—	47	—	—	—
Principal repaid during the year	(35)	(31)	(39)	(41)	(43)
Ending Balance	\$ 787	\$ 803	\$ 764	\$ 723	\$ 680
Outstanding Bonds per Capita	\$2,352	\$2,399	\$2,283	\$2,160	\$2,032

Bonded Debt per Capita



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.

August Wilson Center for African American Culture
©Steinkamp Photography





CITY OF PITTSBURGH, PENNSYLVANIA
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