



Pittsburgh is America's Most Livable City

Low crime rate, affordable cost of living, job and educational opportunities

5th straight year of historically low crime rates

1.2 million jobs in Pittsburgh – more than ever before

\$5 billion in economic development in Downtown

Population is growing and getting younger for the first time in decades

Low cost of living, world class universities, and a strong, diversified economy

The Pittsburgh Promise: the nation's largest scholarship program for public school students



Pittsburgh is Financially Strong

Significant financial successes in the past 5 years

Managed a streamlined work force while maintaining high level of services

Reduced debt principal by almost \$250 million

Consistently achieved net operating surpluses funding a \$125 million pay-as-you-go capital budget and building up fund balance

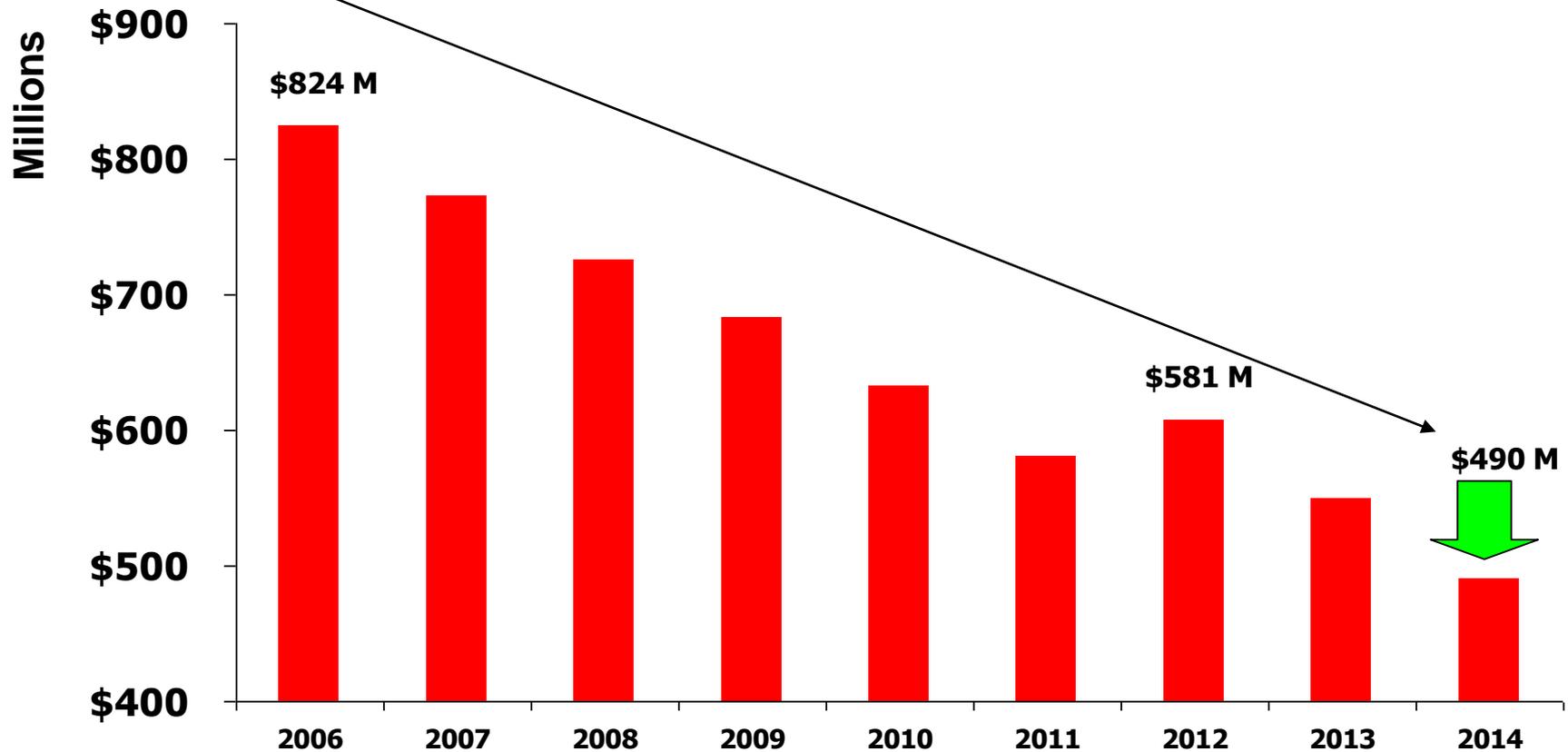
Significantly improved bond ratings

Stabilized the pension fund

Reduced and eliminated taxes

Financial successes achieved via thoughtful and prudent leadership and management with City partners, including the Act 47 team

The Backbone of Financial Success has been Debt Reduction





The Rating Agencies have Validated Pittsburgh's Successes

	Standard & Poor's		Moody's		Fitch	
	<u>Rating</u>	<u>Action</u>	<u>Rating</u>	<u>Action</u>	<u>Rating</u>	<u>Action</u>
2012	BBB	Upgrade	A1	Upgrade	A	Affirmed
2011	BBB	Outlook Change	A1-	No Action	A	No Action
2010	BBB	No Action	A1-	No Action	BBB+	No Action
2009	BBB	No Action	Baa1	No Action	BBB+	Upgrade
2008	BBB	Affirmed	Baa1	Upgrade	BBB	Affirmed
2007	BBB	Upgrade	Baa2	Affirmed	BBB	Affirmed
2006	BBB-	Affirmed	Baa2	Upgrade	BBB	Affirmed
2005	BBB-	Affirmed	Baa3	Upgrade	BBB	Upgrade
2004	BBB-	Upgrade	Non-Investment Grade (junk)	Non-Investment Grade (junk)	Non-Investment Grade (junk)	Non-Investment Grade (junk)
2003	Non-Investment Grade (junk)					

Current Financial Plan is Strong and Sustainable



2013 Budget and Five Year Plan Highlights

- No tax increases
- Real Estate shows zero windfall from County re-assessment
- Pay-as-you-go transfers to Capital budget in 2012, 2013, and 2014
- Robust neighborhood infrastructure investment planned
- Healthy fund balance through life of the plan
- Revenues exceed expenditures in every year of the plan
- First budget produced using new financial management system
- \$25 Million extra committed to pension in 5 year plan



Pension Fund is Safe and Stable

Long history of reform sought by Mayor

Pension board significantly reduced the assumed rate of return and reduced the amortization period intentionally driving up mandatory contributions

Proposed sensible reform-based 4 point plan in 2007: equitable distribution of state aid, allowance of DC plans, plan consolidation where feasible, and anti-spiking provisions where applicable

City Pension Plan

Created a present value asset

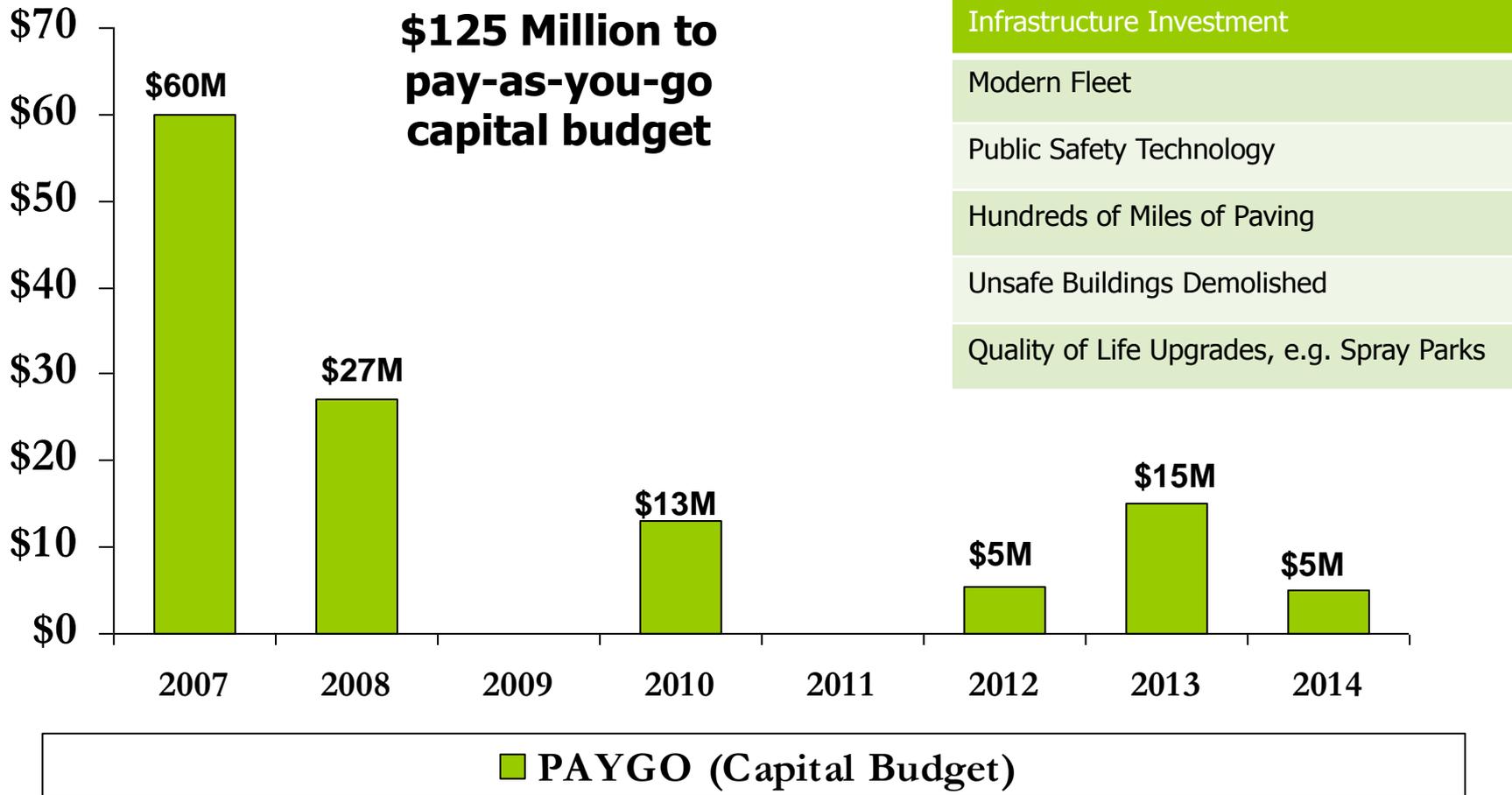
Dedicated \$735 Million in aggregate annual payments from the general fund for 41 years

Successful at avoiding state take over

Reform at the State level must be enacted



Robust Community Infrastructure Investment is Fiscally Responsible



Systemization will Ensure Budgetary Stability



Funding and management strategies to moderate growth are in place

City has adopted a suite of financial management tools that will guide the City's current and future leaders to ensure continued budgetary stability

Budget and Five Year Plan shows 1) operating surpluses, 2) transfers to a pay-as-you go budget and 3) a healthy fund balance

City of Pittsburgh Operating Budget Fiscal Year 2013	Five-Year Financial Forecast					
	2012 Estimate	2013 Budget	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast
REVENUES	\$ 467,468,120	\$ 470,210,172	\$ 479,455,533	\$ 497,004,242	\$ 508,517,110	\$ 522,135,999
EXPENDITURES						
Operating Departments	\$ 229,688,509	\$ 238,231,755	\$ 242,828,078	\$ 250,129,707	\$ 257,125,496	\$ 264,321,070
Pension, Health Benefits & Workers Comp	147,119,456	143,789,090	148,631,914	158,592,339	162,645,728	169,721,376
Debt Service	82,279,917	87,135,417	87,269,068	87,263,672	87,270,616	87,115,829
Total Expenditures	\$ 459,087,882	\$ 469,156,262	\$ 478,729,060	\$ 495,985,719	\$ 507,041,840	\$ 521,158,274
OPERATING RESULT	\$ 8,380,237	\$ 1,053,910	\$ 726,473	\$ 1,018,524	\$ 1,475,270	\$ 977,724
BEGINNING RESERVE FUND BALANCE	\$ 55,627,990	\$ 48,599,490	\$ 34,653,400	\$ 30,379,873	\$ 31,398,397	\$ 32,873,667
Transfer to Paygo	(5,408,737)	(15,000,000)	(5,000,000)	-	-	-
Reserve Fund Balance Transfer	(10,000,000)	-	-	-	-	-
ENDING RESERVE FUND BALANCE	\$ 48,599,490	\$ 34,653,400	\$ 30,379,873	\$ 31,398,397	\$ 32,873,667	\$ 33,851,391
FUND BALANCE as a % of EXPENDITURES	10.6%	7.4%	6.3%	6.3%	6.5%	6.5%

