City of Pittsburgh
Combined Pension Trust Funds

Financial Statements and Required
Supplementary and Supplementary Information

Year Ended December 31, 2010
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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CITY OF PITTSBURGH
COMBINED PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2010

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Independent Auditor's Report

The Honorable Mayor, Honorable Members of
City Council, and Boards of Directors of the Plans
City of Pittsburgh, Pennsylvania

We have audited the accompanying combined financial statements (financial statements) of the City of Pittsburgh (City), Pennsylvania, Pension Trust Funds (Funds) as of and for the year ended December 31, 2010 as listed in the table of contents. These financial statements are the responsibility of the City's and Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements present only the Funds and do not purport to, and do not, present fairly the financial position of the City, as of December 31, 2010, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Funds as of December 31, 2010, and changes in their financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the pension schedules on pages 17 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
April 28, 2011

CITY OF PITTSBURGH
COMBINED PENSION TRUST FUNDS

COMBINED STATEMENT OF PLAN NET ASSETS

DECEMBER 31, 2010

Assets	
Cash and short-term investments, at cost, which approximates fair value	$ 198,520,596
Investments, at fair value:	
Preferred and common stock	31,300,337
U.S. government and agency obligations	16,210,994
Corporate and other obligations	23,803,701
Mutual funds	52,884,227
Private equity	12,208,033
Accrued interest and dividends receivable	540,982
Total Assets	335,468,870
Liabilities	
Benefits and related withholdings payable	2,637,469
Accrued liabilities and accounts payable	23,255
Due to City of Pittsburgh Trust and Agency Fund	11,060
Total Liabilities	2,671,784
Net Assets Held in Trust for Pension Benefits (Schedules of funding progress for the plans are presented on page 17)	$ 332,797,086

The notes to financial statements are an integral part of this statement.

CITY OF PITTSBURGH
COMBINED PENSION TRUST FUNDS

COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS

YEAR ENDED DECEMBER 31, 2010

Additions:	
Contributions:	
Employer - pension benefits	$ 86,013,337
Employer - other benefits	3,461,563
Plan members	10,143,686
Commonwealth of Pennsylvania	15,595,175
Total contributions	115,213,761
Investment income:	
Net appreciation in fair value of investments	12,757,573
Interest and dividends	4,678,249
Total investment income	17,435,822
Investment expense	(666,944)
Net investment income	16,768,878
Miscellaneous:	
Other	46,324
Total additions	132,028,963
Deductions:	
Benefit payments	80,345,242
Dues refunds	925,200
Administrative expenses	1,283,428
Total deductions	82,553,870
Net Increase (Decrease) in Plan Net Assets	49,475,093
Net Assets:	
Beginning of year	283,321,993
End of year	$ 332,797,086

The notes to financial statements are an integral part of this statement.

1. DESCRIPTION OF PLAN

The City of Pittsburgh (City) is responsible for the funding of retirement benefits for the three pension funds described below. Investments of the funds are held by the Comprehensive Municipal Pension Trust Fund (Comprehensive Trust), in accordance with the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205) and are administered under the direction of that pension fund's Board of Directors.

In accordance with Act 205 and the Acts under which the Municipal Pension Fund of the City (Municipal Fund), the Policemen's Relief and Pension Fund of the City (Policemen's Fund), and the Firemen's Relief and Pension Fund of the City (Firemen's Fund) were established, a separate accounting for the activities of these three funds is maintained including the employees' contributions, allocation of state aid, and the City's annual contribution, and a calculation of each fund's undivided interest in the investments held by the Comprehensive Trust. Additionally, separate actuarial valuations are performed annually for each fund. However, the individual funds do not record the undivided interest in the investments of each fund, since the assets of the Comprehensive Trust are available for the payments of benefits and expenses of any of the three pension funds without limitation. Therefore, in accordance with Government Accounting Standards, the City is considered to be administering a single plan for financial reporting purposes. The three pension trust funds, plus the Comprehensive Trust, constitute the City's Pension Plan.

In 1984, the Pennsylvania General Assembly passed Act 205, which has significantly improved the administration and funding of municipal pension plans. Act 205 made changes to the actuarial reporting requirements for municipalities, set forth minimum municipal pension contributions, and established the framework for customized recovery programs for municipalities with large unfunded pension liabilities.

In accordance with Act 205, the City established the Comprehensive Trust in August, 1987. The Board's purpose is to oversee the activities of the City's pension funds and to receive and invest the City's pension assets.

General

The City has three defined benefit pension funds (Municipal, Policemen, and Firemen), which are administered by the respective pension boards, the majority of whose members are elected by the employees. The Policemen's and Firemen's Funds cover all employees of the Bureau of Police and the Bureau of Fire, respectively. Each full-time employee not covered under either the Policemen's or Firemen's Fund is required to join the Municipal Fund after serving a ninety-day probationary period.

Commonwealth of Pennsylvania (Commonwealth) pension contributions are determined under Act 205. The City is eligible for the maximum remedies available under Act 205. To qualify, the City is required to fund an amount equal to normal cost and the amortization payment required to eliminate the unfunded liability over a 40-year period less any member contributions.

Act 205 contains both mandatory and optional remedies for municipalities to design a program for dealing with unfunded pension liabilities. The mandatory remedies implemented by the City were the development and adoption of an administrative improvement plan for its pension funds, the establishment of lower cost pension benefits for new hires, and the aggregation of all of the City's pension assets for investment purposes under the guidance of a new oversight Comprehensive Municipal Pension Trust Fund Board (Board). The Board, which is comprised of seven members, four appointed by the mayor and approved by City Council, and one elected from each plan, manages the investments of all pension assets and funds, each plan's monthly payment of benefits, and administrative expenses from plan net assets. The optional remedies initially selected by the City were: 40-year amortization of the unfunded liability, level percent amortization, and a 15-year phase-in allowing the City to gradually increase its pension contributions.

Act 189 of 1990 amended the provisions of Chapter 3 of Act 205. Amendments require (1) annual payroll used in the calculation of financial requirements to be that of the current year (of the calculation) plus projected payroll to the end of the year and (2) an estimated state aid amount not be deducted from the total financial requirements in determining the minimum municipal obligation. The revised definition of the Minimum Municipal Obligation (MMO) is effective for MMO's developed and adopted for budgeting purposes subsequent to 1991. Additionally, the provisions for payment of the MMO were revised to require any one of three alternative methods, more fully described in Act 189, and payment of the MMO is to occur by December 31 of each year. The City received and disbursed $15.6 million in State Aid in 2010.

Funding Status

The deficit of assets over actuarial accrued liability for the municipal, policemen and firemen are ($152,293), ($282,293) and ($215,768), respectively, as of the actuarial valuation performed as of January 1, 2009. Schedules of funding progress are presented on page 17.

Commonwealth of Pennsylvania Act 44 of 2009 requires the City's aggregate pension funding level to be at least 50 percent by December 31, 2010 to avoid having the City's pension funds seized and administered by the Pennsylvania Municipal Retirement System. The City's plan to meet this level of funding included transferring approximately $45 million to the Comprehensive Trust Fund, which was in the debt service reserve fund in 2010, and dedicating parking tax revenues for the next 31 years. The City will contribute parking tax revenues of $13.4 million per year from 2011 through 2017 and $26.8 million per year from 2018 through 2041.

The Intergovernmental Cooperation Authority (ICA) approved moving the $45 million in debt service reserve funds to the pension fund. The Act 47 Coordinators provided a letter stating that the terms of the City's pension solution complied with the City's Amended Recovery Plan passed in June 2009. The Public Employee Retirement Commission will determine whether the City reached the 50 percent pension funding threshold based on the City's actuary report on the pension fund's value as of January 1, 2011.

The Municipal Pension Fund:

The Municipal Fund of the City was established by Act 259 of May 28, 1915, P.L. 596. Every full-time employee of the City and the Pittsburgh Water and Sewer Authority (PWSA) who is not covered by the Policemen's Fund or the Firemen's Fund is required to join the Plan after serving a ninety-day probationary period. The Municipal Fund is a single employer defined benefit plan and its purpose is to provide retirement, disability, and other benefits to its members. The City and members of the Municipal Fund are required to make contributions to the Municipal Fund for the purpose of paying benefits and administrative expenses. At January 1, 2009, the date of the most recent actuarial valuation, the Municipal Fund has 3,466 total members, of which 1,783 are active members; 1,606 retirees, disabled, and survivors; and 77 terminated but vested members.

Effective January 1, 1995, the City terminated employment of 255 employees of its Water Department. As part of a cooperation agreement with PWSA, the 255 terminated employees became employees of PWSA. The new PWSA employees' membership in the Municipal Fund continues with no break in service, as provided for by the Municipal Pension Act, because PWSA has no retirement plan. The City considers PWSA a part of the reporting unit and thus believes the Municipal Fund continues to be a single employer plan. As of the date of these financial statements, no separate allocations of contributions to the Municipal Fund, Plan assets, or Plan liabilities have been allocated to the employees of PWSA, nor have any separate and distinct actuarial determinations been made. PWSA reimburses the City's General Fund for its portion of employer contributions in an amount which is not actuarially determined.

Retirement benefits are available at the employee's option upon attainment of age 60 and completion of 20 years of service, normal retirement. A member is eligible for early retirement upon attainment of age 50 and completion of eight years of service. For early retirees, benefit payments may be deferred until 60 years of age or paid immediately at reduced amounts, as defined by the Plan. Upon completion of eight years of service and attainment of age 40, an employee may terminate and remain eligible to receive benefits by continuing to make contributions to age 50. An employee who was a member prior to January 1, 1975, may terminate at any age after 15 years of service and be vested by continuing contributions to age 50.

Employees who become permanently disabled during the performance of their duties and are unable to continue to perform those duties are eligible to receive a disability pension. Employees who become otherwise disabled are eligible for a disability pension if eight years of service have been completed.

The retirement benefit for employees who became members of the Municipal Fund before January 1, 1975, is 55% of the first $650 of average monthly compensation plus 30% of the amount in excess of $650. Prior to January 1, 2002, the benefits for employees who became members after December 31, 1974, were reduced by 50% of the Social Security benefit. Beginning January 1, 2002, such benefits are no longer reduced by the Social Security benefits for certain classes of employees. All members receive a service increment of 1% of three-year average pay, four-year average pay if hired after December 31, 1987, for each year of service in excess of 20, to a maximum of $100 per month. The retirement benefit for employees with less than 20 years of service is prorated. The percentage calculation is 240/actual number of years of service. In addition, for employees electing the program who have not attained the age of 60, the retirement benefit is reduced by ½% for each month that payments commence prior to age 60, except for those hired before January 1, 1975, with 25 years of service. For retirees who retired prior to 2002, average monthly compensation is defined as the average of salaries and wages during the highest 36 months of the final 60 months preceding retirement, excluding overtime. In 2001, an ordinance was passed to permit an election to change the method of calculation to be consistent with employees hired after January 1, 1988 and the elimination of the offset from Social Security benefits received. Under the 2001 ordinance, average monthly compensation is defined as the last 36 consecutive months' contributory earnings during immediately preceding retirement or termination of service.

A member who meets the disability requirements, but is not eligible to retire, is entitled to a disability benefit based upon his earnings at the date of disability without proration for service less than 20 years. For eligible employees hired on or after January 1, 1988, the following rules apply:

a. If an employee is age 60 or older with eight years of service, he will receive his normal retirement benefit.

b. If an employee becomes disabled before attaining age 60, but with a least eight years of service, his benefit will be calculated as though he were age 60 with his service being the greater of 1) his service at disablement or 2) the lesser of 20 years and his completed service assuming he had continued to work until age 60.

c. The above benefit will be reduced so that the combination of this benefit and the employee's monthly workers' compensation benefit shall not exceed the employee's regular salary level at the time of disablement.

A survivor benefit is available to the surviving spouse upon the death of an active member eligible for early retirement. The benefit amount is equal to 50% of the member's pension, had the member retired at the date of death. A survivor benefit equal to the excess of the member's contributions over the retirement benefits paid is provided to the beneficiary of a member whose death occurs after the retirement date. The member's contributions are returned to the beneficiary of a member whose death occurs prior to eligibility for early retirement.

Normal retirement is upon attainment of age 60 and completion of 20 years of service. A plan member is eligible for early retirement upon attainment of age 50 and completion of eight years of service. For early retirees, benefit payments may be deferred until 60 years of age or paid immediately at reduced amounts.

Prior to January 1, 2002, upon termination and prior to vesting, member's contributions were refundable without interest to the member. Beginning January 1, 2002, contributions were refundable with 5% interest for certain classes of employees. Employee contributions to the Plan are 5% of pre-tax for employees hired prior to January 1, 1988, and 4% of pre-tax pay for those hired thereafter.

In May of 1995, the City offered its employees who are covered by the Municipal Fund and who had attained the age of 50 with a minimum of eight years of service an Early Retirement Incentive Program (Program). The Program became effective July 1, 1995, for those employees electing to participate by June 30, 1995, who had become members of the Municipal Fund prior to January 1, 1988. The Program provides each of the employees who elected to retire under its provisions a monthly benefit of $350 until attainment of 65 years of age. There are two retirees in this group remaining as of December 31, 2010, with a total cost to the City in 2010 of $2,450.

Costs related to healthcare reimbursement and Medicare benefits are considered part of the pension plan and are included in the Municipal Plan's MMO calculation.

The Policemen's Relief and Pension Fund:

The Policemen's Fund of the City was established by Act 99 of May 25, 1935, P.L. 233. The Policemen's Fund is a single employer defined benefit plan and its purpose is to provide retirement, disability, and other benefits to its members. P.L. 233 requires the City and members of the Policemen's Fund to make contributions to the Policemen's Fund for the purpose of paying benefits and other plan administrative costs.

All employees of the Bureau of Police, including substitute uniformed employees, are eligible for membership in the Policemen's Fund. At January 1, 2009, the Policemen's Fund has 2,494 total members, of which 898 are active members; 1,592 retirees, disabled and survivors; and four terminated member not yet receiving benefits.

Retirement benefits are available at the employee's option upon completion of 20 years of service and attainment of age 50. Employees who become permanently disabled in the line of duty and who are unable to perform the duties of their position are eligible to receive a disability pension. Employees who become permanently disabled other than in the line of duty become eligible to receive a disability pension if they have completed 10 years of service.

Employees hired prior to January 1, 1992 receive a pension benefit equal to 50% of the highest 12 months' base salary at the time of retirement. Employees hired after December 31, 1991, receive a pension benefit based on the highest 36 months' base salary. An arbitration award dated March 30, 1992, changed the method used to calculate pension benefits for employees. Under the new method, pension benefits are determined on the basis of the last 36 months' base salary for employees hired on or after January 1, 1992.

Service increments of $20 per month for each year of service between 20 and 25 years and $25 per month for each year in excess of 25 years are included in the retirement benefit. A death benefit is available for the survivors, as defined by the plan, of any member who dies in the performance of his duties. A surviving spouse benefit, which is applicable to deaths not in the line of duty, may also be elected by plan participants.

Effective January 1, 1989, regular pensioners receiving benefits prior to January 1, 1984 and disabled pensioners receiving benefits prior to January 1, 1985 received an increase in benefits based upon retirement year.

An employee, who terminates employment after 20 years of service, and before age 50, is considered fully vested in the plan. The accrued benefit is payable at age 50 and is based on base salary at the time of termination. A terminated member may elect to continue making contributions to the plan, equal to the contribution rate of their rank at the time of termination. In this event, the monthly benefit payable at age 50 will be based on the base salary which would have been in effect had the employee continued to work until age 50. If a member terminates employment before completing 20 years of service, accumulated employee contributions are refundable.

Employee contributions to the Fund are 6% of pay plus $1 per month. Those electing the surviving spouse benefit contribute an additional ½% of pay.

The Firemen's Relief and Pension Fund:

The Firemen's Fund of the City was established by Act of May 25, 1933, P.L. 1050. The Firemen's Fund is a single employer defined benefit plan and its purpose is to provide retirement, disability, and other benefits to its members. P.L. 1050 requires the City and members of the Firemen's Fund to make contributions to the plan for the purpose of paying benefits and administrative expenses.

All employees of the Bureau of Fire, including the commanding officer and chief of the bureau, are eligible for membership in the Firemen's Fund. At January 1, 2009, the Fund has 1,808 total members, of which 642 are active members; 1,165 retirees, disabled, and survivors; and one terminated member not yet receiving benefits.

Retirement benefits are available at the employee's option upon completion of 20 years of service for any participant employed before January 1, 1976, or for those employed thereafter, completion of 20 years of service and attainment of age 50. Employees who become permanently disabled in the line of duty and who are unable to perform the duties of their position are eligible to receive a disability pension. Employees who become permanently disabled other than in the line of duty become eligible to receive a disability pension if they have completed 10 years of service.

The regular pension benefit is equal to 50% of the average wages earned during any three calendar years of service or the last 36 months' average pay immediately preceding retirement. A service increment of $20 per month in 1991 and thereafter is paid to each member for each year of service in excess of 20. A surviving spouse benefit may also be elected by plan participants which is applicable to deaths. A lump sum death benefit of $1,200 is paid to the beneficiary of any deceased member.

Normal pension is payable upon attainment of age 50 and 20 years of service. Normal vesting occurs upon attainment of 20 years of service. However, if a retiree is under the age of 50, they must make contributions to the plan until the age of 50 to qualify for a monthly pension at age 50. Upon termination of employment, a member's contributions, without accumulation of interest, are refundable.

Employee contributions to the Firemen's Fund are 6% of pay plus $1. Those electing the surviving spouse benefit contribute an additional ½% of pay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying combined financial statements include all of the accounts of the plans which contain assets whose purpose is to satisfy retirement and related obligations of the City. The funds inclusive are as follows:

Comprehensive Municipal Pension Trust Fund (Comprehensive Trust)
The Municipal Pension Fund of the City of Pittsburgh
The Policemen's Relief and Pension Fund of the City of Pittsburgh
The Firemen's Relief and Pension Fund of the City of Pittsburgh

The Pension Trust Funds (Funds) are considered blended component units for the purpose of the City of Pittsburgh's financial statements and are reported as fiduciary funds. The accompanying financial statements present only the Funds' financial position and activity.

Basis of Accounting

The accompanying financial statements of the Funds have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Investments

Trust investments are reported at fair value. Short-term investments are reported at cost, which approximate fair value. Securities traded on public exchanges are valued at closing public exchange rates at December 31st of each year.

3. DEPOSITS AND INVESTMENTS HELD BY FINANCIAL INSTITUTIONS

Deposits are maintained by all entities within the Funds. The Comprehensive Trust holds all investment vehicles on behalf of the Funds. The Comprehensive Trust was established on January 1, 1988 by combining the assets and liabilities of the three prior investment plans representing the City Police and Fire Departments and Non-uniformed Municipal workers in order to provide a consolidated investment strategy to support the City's pension obligation.

The Comprehensive Trust is governed by a formal investment policy established by its Board of Directors (Board). The policy dictates that investments must be managed in a manner consistent with the Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act (Act 205) and the Pennsylvania Fiduciaries Code. The policy covers the two components of the Comprehensive Trust: 1) the Operating Fund and 2) the Long-Term Assets. The Operating Fund is a liquidity pool to accept employee, employer, and supplemental state contributions and to make benefit dispersals. As such, the Operating Fund investments are restricted to high quality, very short duration fixed income instruments whose average maturity must not exceed six months and whose quality is restricted to investment grade and above securities. The Long-Term Asset component includes restrictions on both fixed income and equity investments as discussed below.

Governmental Accounting Standards Board (GASB) Statement No. 40, *"Deposit and Investment Risk Disclosures,"* requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the City's deposit and investment risks:

Deposits

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the combined deposits of the City's pension funds may not be returned to it. There are no formal deposit policies specifically addressing custodial credit risk.

As of December 31, 2010, $1,142,656 of the City's pension cash and short-term investment account deposits of the $199,336,128 combined bank balance were insured by the Federal Deposit Insurance Corporation. The remaining bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. $3,111,487 of cash and cash equivalents was held at December 31, 2010 in the separate pension funds; the remaining $195,409,109 was held in the Comprehensive Trust.

Investments

Long-term investments are all held by the Comprehensive Trust. These investments are assigned to professional asset managers that specialize in certain types of investments with oversight by an outside investment consultant and the Board in order to achieve an appropriate, diversified and balanced asset class mix to minimize portfolio risk.

The Investment Policy of the Comprehensive Trust dictates an allocation of 65% equity, 35% fixed income with a variation of 10% above or below these targets for each classification. At December 31, 2010, the Comprehensive Trust had a conservative allocation different from the investment policy in an attempt to mitigate further decline in market value. Within each investment category are specific policies to further address various types of risk compared to return.

As of December 31, 2010, the Comprehensive Trust had the following cash and investments in its pension trust fund:

Investment Type	Fair Market Value
U.S. government and agency obligations	$ 16,210,994
Corporate debt	15,387,318
Other	8,416,383
Total debt securities	40,014,695
Cash and cash equivalents	195,409,109
Mutual funds	52,884,227
Preferred and common stocks	31,300,337
Private equity	12,208,033
Total cash, cash equivalents, and other investments	291,801,706
Combined total	$ 331,816,401

Concentration of Credit Risk – The Comprehensive Trust investment guidelines address this risk by requiring diversity and investment percentage limits. With the exception of Federal Government and Agency obligations, no one issue will comprise more than 10% of the aggregate fixed-income portfolio without the Board's prior approval. In addition, equity investment concentration in any single industry and in any company shall not exceed 25% and 5%, respectively, of the market value of the plan assets. To further reduce risk, diversification will also be achieved by using multiple managers whose styles and strategies are sufficiently distinctive. As of December 31, 2010, these limits have been met.

Interest Rate Risk - The Comprehensive Trust has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The schedule below details maturity by investment type.

		Investment Maturities from December 31, 2010			
Cash or Investment Type	Fair Market Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government and agency obligations	$ 16,210,994	$ 2,109,337	$ 11,255	$ 4,851,875	$ 9,238,527
Corporate debt	15,387,318	1,293,067	4,985,868	7,272,546	1,835,837
Other	8,416,383	250,597	607,730	3,046,737	4,511,319
Total debt securities	$ 40,014,695	$ 3,653,001	$ 5,604,853	$ 15,171,158	$ 15,585,683

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The policy guidelines of the Comprehensive Trust limit investments to Federal Government and Agency issues and corporate issues having a Moody's rating of Aaa to Baa, with the exception that up to 20% of the fixed income assets may be allocated to high yield fixed-income securities. The Pension Trust Fund's December 31, 2010 investments in corporate bonds have received the following ratings from Moody's; the City's remaining investments were unrated:

	Moody's Credit Rating	% of Corporate Debt Portfolio
Corporate debt	Aaa	27.56%
Corporate debt	Aa1	1.43%
Corporate debt	Aa2	1.83%
Corporate debt	Aa3	3.48%
Corporate debt	A2	1.11%
Corporate debt	BAA & below	64.59%
		100.0%

The City's investment in mutual funds and U.S. Government agencies implicitly guaranteed by the U.S. Government were unrated.

4. BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits disclosed in Note 1, resolutions of City Council, State statutes, and labor agreements have provided for certain benefits other than pension benefits, to be provided to retirees or their beneficiaries. Such benefits are primarily funded through annual appropriations from the City's General Fund and Trust designated for those purposes. Payment of such benefits is included in the monthly pension disbursement to the retiree. Additional benefit amounts for hospitalization insurance, Medicare benefits, and life insurance are paid through the Controller's Office. A brief summary of the benefits paid through the pension offices follows:

Policemen's Pension Fund:

Police officers retiring in 1979 are eligible at age 65 to receive a maximum of $50 per month for hospitalization insurance premiums if such retirees actually pay such premiums. Police officers retiring in 1980 and 1981 are eligible at age 60 to receive a maximum of $50 per month for hospitalization insurance premiums if such retirees actually pay such premiums. As of December 31, 2010, the Policemen's Pension Fund has 30 retirees receiving the $50 per month. Police officers retiring in 1982 and 1983 have health insurance premiums paid by the City for the retiree only. Police officers retiring in 1984-2003 have premiums paid by the City, with the retiree paying premium increases after the year of retirement. Surviving spouses of deceased retirees who do not otherwise receive survivor's benefits under the plan received $350 per month.

Firemen's Pension Fund:

Retirees who retired between January 1, 1979 and December 31, 1986 receive up to $70 per month as an allowance for health insurance.

Retirees who retired January 1, 1987 through December 31, 1991 receive Husband and Wife coverage at no cost at the time of retirement. Any increases in premiums subsequent to retirement are paid by the retiree and coverage ends when retiree becomes eligible for Medicare.

Retirees who retired January 1, 1992 through December 31, 2005 receive Husband and Wife coverage at no cost for the rest of their lives. If they elect Family coverage, they are responsible for the cost difference between Husband and Wife coverage and Family coverage.

Retirees who retired after January 1, 2006 and later receive Husband and Wife coverage at no cost at the time of retirement. Any subsequent increases in premiums above established rates specified in the contract are paid by the retiree. If they elect Family coverage, they are also responsible for the cost difference between Husband and Wife coverage and Family coverage.

Surviving spouses of deceased retirees who do not otherwise receive survivor benefits under the plan receive $350 per month.

A comprehensive explanation of other post-employment benefits can be found in Note 8 of the City's Comprehensive Annual Financial Report.

5. CONTINGENCIES

The Plans are defendants in a number of lawsuits involving the determination of eligibility for benefits, and/or the date from which benefits should be paid. None of the legal actions are expected to have a materially adverse effect on the Trust, should an unfavorable outcome occur. Management intends to aggressively defend its position in each case. The ultimate outcome of the lawsuits is not determinable at this time.

Required Supplementary Information

CITY OF PITTSBURGH
COMBINED PENSION TRUST FUNDS

SCHEDULES OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
Municipal:						
1/1/2001	$ 124,935	$ 185,656	$ (60,721)	67.29%	$ 64,621	-93.96%
1/1/2002	111,528	205,300	(93,772)	54.32%	69,594	-134.74%
1/1/2003	91,604	212,206	(120,602)	43.17%	69,034	-174.70%
1/1/2005	109,791	234,134	(124,343)	46.89%	67,412	-184.45%
1/1/2007	117,692	237,314	(119,622)	49.59%	70,189	-170.43%
1/1/2009	115,323	267,616	(152,293)	43.09%	73,072	-208.41%
Policemen:						
1/1/2001	$ 150,833	$ 305,282	$ (154,449)	49.41%	$ 51,345	-300.81%
1/1/2002	133,280	314,033	(180,753)	42.44%	54,815	-329.75%
1/1/2003	106,340	323,466	(217,126)	32.88%	54,308	-399.80%
1/1/2005	117,822	353,479	(235,657)	33.33%	50,253	-468.94%
1/1/2007	114,889	353,522	(238,633)	32.50%	54,862	-434.97%
1/1/2009	105,565	387,858	(282,293)	27.22%	63,787	-442.56%
Firemen:						
1/1/2001	$ 147,291	$ 222,041	$ (74,750)	66.34%	$ 50,326	-148.53%
1/1/2002	136,442	233,373	(96,931)	58.47%	52,054	-186.21%
1/1/2003	114,527	230,092	(115,565)	49.77%	54,006	-213.99%
1/1/2005	145,995	255,770	(109,775)	57.08%	56,591	-193.98%
1/1/2007	142,787	308,412	(165,625)	46.30%	47,573	-348.15%
1/1/2009	118,292	334,060	(215,768)	35.41%	47,509	-454.16%
Total:						
1/1/2001	$ 423,059	$ 712,979	$ (289,920)	59.34%	$ 166,292	-174.34%
1/1/2002	381,250	752,706	(371,456)	50.65%	176,463	-210.50%
1/1/2003	312,471	765,764	(453,293)	40.81%	177,348	-255.60%
1/1/2005	373,608	843,383	(469,775)	44.30%	174,256	-269.59%
1/1/2007	375,368	899,248	(523,880)	41.74%	172,624	-303.48%
1/1/2009	339,180	989,534	(650,354)	34.28%	184,368	-352.75%

See accompanying note to supplementary pension schedules.

CITY OF PITTSBURGH
COMBINED PENSION TRUST FUNDS

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS
AND OTHER CONTRIBUTING ENTITIES
(Dollar Amounts in Thousands)

Calendar Year	Annual Required Contributions	Employer Contributions	Employer Contributions as a Percentage of Annual Required Contributions	Commonwealth of Pennsylvania Contributions (1)	Commonwealth of Pennsylvania Contributions as a Percentage of Annual Required Contributions	Total Contributions	Total Contributions as a Percentage of Annual Required Contributions
Municipal:							
2005	$ 10,143	$ 3,328	32.8%	$ 6,815	67.2%	$ 10,143	100.0%
2006	10,692	4,086	38.2%	6,606	61.8%	10,692	100.0%
2007	11,950	6,252	52.3%	5,698	47.7%	11,950	100.0%
2008	10,457	4,810	46.0%	5,647	54.0%	10,457	100.0%
2009	10,158	4,589	45.2%	5,569	54.8%	10,158	100.0%
2010	10,334	19,678	190.4%	3,568	34.5%	23,246	224.9%
Policemen:							
2005	$ 17,531	$ 11,636	66.4%	$ 5,895	33.6%	$ 17,531	100.0%
2006	19,537	14,416	73.8%	5,121	26.2%	19,537	100.0%
2007	17,466	11,996	68.7%	5,470	31.3%	17,466	100.0%
2008	19,769	14,327	72.5%	5,442	27.5%	19,769	100.0%
2009	20,241	14,584	72.1%	5,657	27.9%	20,241	100.0%
2010	20,429	38,899	190.4%	7,053	34.5%	45,952	224.9%
Firemen:							
2005	$ 9,046	$ 4,381	48.4%	$ 4,665	51.6%	$ 9,046	100.0%
2006	7,750	3,803	49.1%	3,947	50.9%	7,750	100.0%
2007	8,742	4,728	54.1%	4,014	45.9%	8,742	100.0%
2008	7,901	3,842	48.6%	4,059	51.4%	7,901	100.0%
2009	14,116	10,312	73.1%	3,804	26.9%	14,116	100.0%
2010	14,408	27,436	190.4%	4,974	34.5%	32,410	224.9%
Total:							
2005	$ 36,720	$ 19,345	52.7%	$ 17,375	47.3%	$ 36,720	100.0%
2006	37,979	22,305	58.7%	15,674	41.3%	37,979	100.0%
2007	38,158	22,976	60.2%	15,182	39.8%	38,158	100.0%
2008	38,127	22,979	60.3%	15,148	39.7%	38,127	100.0%
2009	44,515	29,485	66.2%	15,030	33.8%	44,515	100.0%
2010	45,171	86,013	190.4%	15,595	34.5%	101,608	224.9%

(1) Allocation of State funding is based upon State determined eligibility units for each plan.

See accompanying note to supplementary pension schedules.

CITY OF PITTSBURGH
COMBINED PENSION TRUST FUNDS

NOTE TO SUPPLEMENTARY PENSION SCHEDULES

YEAR ENDED DECEMBER 31, 2010

The information presented in the required supplementary pension schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Municipal	Policemen	Firemen
Actuarial valuation date	1/1/2009	1/1/2009	1/1/2009
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Amortization period	29 years	29 years	29 years
Asset valuation method	Tabular Smoothing	Tabular Smoothing	Tabular Smoothing
Actuarial assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases	4.00%	5.75%	5.75%
Cost-of-living adjustments	3.50%	3.50%	3.50%
Merit and longivity increases	0.50%	2.25%	2.25%

Supplementary Information

CITY OF PITTSBURGH
COMBINED PENSION TRUST FUNDS

COMBINING STATEMENT OF PLAN NET ASSETS

DECEMBER 31, 2010

	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Assets					
Cash and short-term investments, at cost, which approximates fair value	$ 195,409,109	$ 115,769	$ 2,976,245	$ 19,473	$ 198,520,596
Investments, at fair value:					
Preferred and common stock	31,300,337	-	-	-	31,300,337
U.S. government and agency obligations	16,210,994	-	-	-	16,210,994
Corporate and other obligations	23,803,701	-	-	-	23,803,701
Mutual funds	52,884,227	-	-	-	52,884,227
Private equity	12,208,033	-	-	-	12,208,033
Due from (to) other fund	(435,783)	-	435,783	-	-
Accrued interest and dividends receivable	540,982	-	-	-	540,982
Total Assets	331,921,600	115,769	3,412,028	19,473	335,468,870
Liabilities					
Benefits and related withholdings payable	-	-	2,637,469	-	2,637,469
Accrued liabilities and accounts payable	-	23,255	-	-	23,255
Due to City of Pittsburgh Trust and Agency Fund	-	-	6,640	4,420	11,060
Total Liabilities	-	23,255	2,644,109	4,420	2,671,784
Net Assets Held in Trust for Pension Benefits	$ 331,921,600	$ 92,514	$ 767,919	$ 15,053	$ 332,797,086

CITY OF PITTSBURGH
COMBINED PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS

YEAR ENDED DECEMBER 31, 2010

	Comprehensive Trust	Municipal Fund	Policemen's Fund	Firemen's Fund	Total
Additions:					
Contributions:					
Employer - pension benefits	$ 86,013,337	$ -	$ -	$ -	$ 86,013,337
Employer - other benefits	2,533,689	-	927,874	-	3,461,563
Plan members	10,143,686	-	-	-	10,143,686
Commonwealth of Pennsylvania	15,595,175	-	-	-	15,595,175
Total contributions	114,285,887	-	927,874	-	115,213,761
Investment income:					
Net appreciation in fair value of investments	12,757,573	-	-	-	12,757,573
Interest and dividends	4,676,671	-	-	1,578	4,678,249
Total investment income	17,434,244	-	-	1,578	17,435,822
Investment expense	(666,944)	-	-	-	(666,944)
Net investment income	16,767,300	-	-	1,578	16,768,878
Miscellaneous:					
Transfer in	-	21,144,863	31,874,578	28,243,000	81,262,441
Other	36,724	-	-	9,600	46,324
Total additions	131,089,911	21,144,863	32,802,452	28,254,178	213,291,404
Deductions:					
Benefit payments	-	20,105,804	32,261,808	27,977,630	80,345,242
Dues refunds	-	749,363	133,196	42,641	925,200
Transfer out	81,262,441	-	-	-	81,262,441
Administrative expenses	432,463	291,879	324,834	234,252	1,283,428
Total deductions	81,694,904	21,147,046	32,719,838	28,254,523	163,816,311
Net Increase (Decrease) in Plan Net Assets	49,395,007	(2,183)	82,614	(345)	49,475,093
Net Assets:					
Beginning of year	282,526,593	94,697	685,305	15,398	283,321,993
End of year	$ 331,921,600	$ 92,514	$ 767,919	$ 15,053	$ 332,797,086