MOCKENHAUPT
BENEFITS GROUP

Actuarial Valuation Report

for the

City of Pittsburgh
Municipal Pension Fund

as of

January 1, 2013

Report Date: March 28, 2014

One Gateway Center / Suite 1475 / 420 Fort Duquesne Boulevard / Pittsburgh, PA / 15222
412.394.9660 / 1.800.405.3620 / Fax: 412.394.6339

Table of Contents

Section One: Commentary and Actuarial Disclosures

At the request of the City of Pittsburgh, we have completed an actuarial valuation report for the City of Pittsburgh Municipal Pension Fund as of January 1, 2013. This actuarial valuation is based upon participant data as of January 1, 2013 and upon asset information as of December 31, 2012 as provided by the City.

This report has been completed in accordance with generally accepted actuarial principles and practices, and reflects our current understanding of applicable laws and regulatory requirements. This valuation was prepared to satisfy the funding and disclosure requirements of Act 205 of 1984. It also contains the cost components that may be used to compute the Plan's Minimum Municipal Obligation (MMO) in accordance with that law. This valuation should be used for no other purpose than those outlined herein.

One of the cost components of the Minimum Municipal Obligation is an amortization payment calculated according to specified rules of Act 205. The minimum amortization under Act 205 reflects the utilization of provisions of Act 82 of 1998 for which the City qualified. Under those provisions, the Unfunded Actuarial Accrued Liability as of January 1, 1998 is being amortized over 40 years calculated pursuant to special procedures described beginning on page 5. Bases for subsequent years are established according to the normal procedures of Act 205 of 1984 and amortized over various periods according to the source of the change in unfunded liability such as experience gains or losses, benefit changes, and assumption changes. These periods are not limited by average future service because the City qualifies for Distress Level II according to the requirements under Act 205 of 1984.

Because the Act 82 amortization methodology does not result in an actuarially appropriate funding level, this report also presents an actuarially recommended amortization payment based on a 30-year "fresh start" amortization payment commencing as of January 1, 2011 and additional amortization bases added thereafter according to the normal procedures of Act 205 of 1984.

The City's pension plan assets are aggregated into a single trust. An annual calculation is made to determine each Plan's portion of the assets. The receipts and disbursements for each Plan are added to the Plan's allocated value from the prior year. Then, the year's investment income is allocated proportionately to each Plan in accordance with procedures set forth in Act 205. As of December 31, 2012 the calculated market value of assets in the Municipal Pension Fund is $179,409,183. Section Nine contains exhibits illustrating the calculation of this amount. Section Nine also shows the development of the actuarial value of assets, which is determined by using the Tabular Reserve Method first adopted as of January 1, 2009.

The City Controller obtained third-party advice from which he determined that the dedicated stream of revenue created by Ordinances 42 and 44 of 2010 can be recognized as a pension plan asset for purposes of the required actuarial report under Act 205 and the Board of Trustees of the Comprehensive Municipal Pension Trust Fund has unanimously directed us to combine the assets listed in the CAFR with the value of the revenue stream as determined by an independent accounting firm, Gleason & Associates. The value so provided is consistent with Paragraph 3.5 (Assets that are Difficult to Value) of ASOP 44, Selection and Use of Asset Valuation Methods for Pension Valuations. The Public Employee Retirement Commission (PERC) has accepted the Revised Actuarial Valuation Report as of January 1, 2011 which included the present value of the revenue stream as a pension plan asset for Act 205 actuarial valuation purposes. The inclusion of the present value of this stream of dedicated future parking meter revenues does not imply that it necessarily qualifies as a pension plan asset under GAS 25 or for any other purpose.

2013 Results

Certain highlights of this actuarial valuation compared with the prior valuation are shown in Section Three. The use of pension bond proceeds to reduce the Unfunded Actuarial Accrued Liability has split the funding of the pension plan into actuarial costs and debt service. The actuarial costs consist of normal cost, administrative expense contributions and amortization payments to eliminate the remainder of the Unfunded Actuarial Accrued Liability. The actuarial information used to develop contribution requirements according to the rules of Act 205 is shown in Section Five. Debt service payments repay the money borrowed and subsequently deposited into the plan. Information concerning the annual debt service is contained in Section Ten. The demographics of the Plan population are summarized in Section Eight.

The actuarial cost components as of January 1, 2013 compared to the prior year are as follows:

	Current Year 2013	Prior Year 2011
Normal Cost as a Percentage of Total W-2 Payroll	6.997%	5.943%
Expenses as a Percentage of Total W-2 Payroll	0.800%	1.100%
Minimum Amortization Payment	$8,567,318	$5,878,010

The change in actuarial costs from valuation to valuation can be affected by changes in Plan provisions, assumption changes, and experience changes. Pension bonds were issued in December 1996 and again in March 1998. The 2013 annual debt service payment for the bonds issued in 1996 is approximately $3.09 million; The 2013 debt service payment for the bonds issued in March 1998 is approximately $5.68 million.

Assumption Changes

Multiple assumption changes have been made for this actuarial valuation. The most significant is the change in the interest rate assumption, which the City decided to lower from 8.0% to 7.5% per year. We believe this to be a reasonable and more conservative assumption.

Act 205 requires that the City have an experience study prepared every four years. The purpose of this experience study is to compare the plan's actual experience with the valuation assumptions. This comparison can indicate that actuarial assumptions should be changed. Based on the January 1, 2013 experience study, the mortality and retirement assumptions have been changed for this valuation.

The Plan experienced fewer retirements than expected during the five-year experience study period (and the two-year valuation period). The largest difference between actual retirements and expected retirements were for non-EMS employees beyond the last assumed retirement age (age 68). Therefore, the retirement rates for non-EMS employees were extended two more years to age 70.

The mortality assumptions are all based on the RP-2000 Mortality Tables with various adjustments. The changes in the mortality assumptions are summarized in the following chart:

	Prior	Current
Active Participants	Employee Rates	Employee Rates projected with Scale AA
Retired Participants	Healthy Annuitant rates adjusted by blue collar ratios and set forward two years	Healthy Annuitant rates adjusted by blue collar ratios, set forward one year and projected from 2005 with Scale AA
Disabled Participants	Same as Retired, but with five year set forward	Same as Retired, but with six year set forward and projected from 2013 with Scale AA
Surviving Beneficiary	Healthy Annuitant rates adjusted by blue collar ratios, set forward two years and adjusted by ratio of female beneficiary experience to overall female mortality	Healthy Annuitant rates set forward one year, adjusted by ratio of female beneficiary experience to overall female mortality and projected from 2005 with Scale AA

In addition the projected increase in Medicare premiums was reduced from 6.5% per year to 5.5% per year based on lower expectations of future Medicare premium increases. The net effect of the interest rate, mortality, retirement and Medicare premium assumption changes was an increase in the actuarial accrued liability (AAL) of $31,572,286. This amount will be amortized over 15 years.

Benefit Changes

It is our understanding that there were no benefit changes during the period from January 1, 2011 through January 1, 2013. The benefits provided are summarized in Section Four of this report.

Experience Changes

Plan experience during the year affects the Plan cost for the following year. Both the normal cost and the amortization payment can change.

Normal cost is the portion of the total cost allocated to the current year by the actuarial cost method. Unless Plan provisions or assumptions change, normal cost usually remains fairly stable, changing only moderately from year to year. The changes that do occur relate to changes in the age and service distribution of the participant group.

Generally, changes affect the current year's actuarial experience gain or loss to a greater degree than they affect normal cost. Since foresight can never be perfect, actuarial assumptions will not perfectly match the experience that actually develops from year to year. The determination and amortization of experience gains and losses provide the mechanism for correcting these gains and losses and maintaining the Plan's funding on a sound basis.

The experience gain or loss computed in the current valuation reflects differences since the prior valuation between actual experience and the experience anticipated by the actuarial assumptions. For bases established in 2009 and later, Act 205 requires the amortization of experience gains or losses over a 20-year period. An experience gain will reduce the total amortization payment and an experience loss will increase the payment.

For 2013, a new experience gain base of $6,447,817 has been established. The gain was largely due to contributions to the plan in excess of the minimum amounts required based on the January 1, 2011 actuarial valuation report (based on the Act 82 amortization). Additional notable sources of gain were salary increases for the two-year period that were, on average, less than the assumed 4.0% annual rate and fewer participants retiring than expected. Partially offsetting the contribution, salary and retirement gains was a loss from return on the actuarial value of assets (AVA) that was less than the assumed 8.0% annual rate. Under the tabular smoothing method interest is credited on the AVA each year at a rate that is one percent less than the assumed interest rate of the plan.

Funded Ratios

Another measure of comparison between valuations is the plan's funded ratio, the actuarial value of assets divided by the actuarial accrued liability. This ratio is currently 62.4 percent (refer to Table 1). As of January 1, 2011, the corresponding ratio was 66.2 percent so the current valuation shows a decrease of 3.8 percent. This decrease was primarily due to the change to more conservative assumptions (which should help the plan's funded status in the long run). The funded ratio based on the market value of assets is 55.3%.

Accounting Information

This valuation also includes certain actuarial information required for accounting purposes. Section Six contains a summary of the actuarial present values of accumulated Plan benefits and a summary of certain information required by GAS#27.

Actuarially Recommended Amortization Payment

Act 82 of 1998 has a significant impact on the minimum funding requirements. We believe that the procedure for determining amortization amounts in accordance with Act 82 no longer produces an actuarially appropriate funding level. The adoption of a funding policy based on the alternative Actuarially Recommended Amortization Payment in this report is highly recommended.

Act 82 allowed the City to change the minimum funding amortization schedule for its Unfunded Actuarial Accrued Liability because pension bond proceeds were deposited by the City into the pension plan during 1998 that changed the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability by more than 25 percent. Act 82 allowed the City to amortize the January 1, 1998 Unfunded Actuarial Accrued Liability, reduced by pension bond proceeds deposited during 1998, over a 40-year period using a special procedure that was mechanically complex but lowered the amortization payment from what it otherwise would have been. The annual amortization payment was calculated in several steps. An amortization payment was calculated that would eliminate the Unfunded Actuarial Accrued Liability net of 1998 bond proceeds over a 40-year period using a statutory interest rate of 8.75 percent. Next, the future value of these payments at the end of the 40-year period was calculated using 8.75 percent interest. Finally, an amortization payment was calculated using 10 percent interest that would have the same future value at the end of the 40-year period as the previous calculation. The 10 percent amortization amount became the amortization payment starting in 1998.

There are several drawbacks to this approach in the long-term. Under the Act 82 amortization schedule, the outstanding balance of Unfunded Actuarial Accrued Liability for the affected 1998 base actually grows for several years, extending the funding of obligations beyond normal payment periods. For example, the Unfunded Actuarial Accrued Liability for this special base has increased from $53,226,758 as of January 1, 1998 to $77,830,220 as of January 1, 2013 and doesn't start to decline until during the year 2024. Therefore, this amortization method does not maintain normal generational funding objectives.

Act 82 requires that valuations include a comparative interest rate tabulation. This annual tabulation compares the balance of the accumulated Act 82 amortization payments using the actual earnings of the fund during the year with the balance assuming a 10 percent rate of return. If the fund earns more than 10 percent during the year, there will be an actuarial gain. If the fund earns less than 10 percent, there will be an actuarial loss on the comparative interest rate balance. When this legislation was enacted in 1998, investment conditions were different, and an average 10 percent rate of return on a significant block of assets no longer seems reasonable. This balance grows over time and the losses from this source will tend to grow significantly. In fact, because benefits are being paid out as contributions are coming in, the comparative interest rate balance, which isn't adjusted for benefit payments, eventually will become larger than the total market value of assets. In practice, this will likely lead to significant experience losses, an increasing pattern of amortization payments, and a funding ratio which will still be well below 100% at the end of the 40-year period due to remaining balances on these losses.

By contrast, funding the plan on the basis of the actuarially recommended amortization payment is expected to result in a more level amortization schedule, that will result in higher contributions now but ultimately lower contributions, and will likely lead to a funding ratio much closer to 100% by the fixed target year.

Section Two: Certification

In the actuary's opinion, the actuarial assumptions used in the valuation are reasonably related to the experience of the Plan and to reasonable expectations. They represent the actuary's best estimate of anticipated experience under the Plan. To the best of our knowledge, the report is complete and accurate, based on the data herein and the disclosures in Section One.

We will be happy to answer any questions concerning this report and provide further information as needed.

MOCKENHAUPT BENEFITS GROUP

I, David H. Stimpson, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Prepared and Certified by:

David H. Stimpson, E.A., F.C.A., M.A.A.A.
Vice President of Actuarial Services

Section Three: Valuation Highlights

Participant Count	**01/01/13**	**01/01/11**	**Change**
Total Active	1,784	1,829	(45)
Vested	1,010	1,081	(71)
Not Vested	774	748	26
Total In Payment Status	1,584	1,597	(13)
Retirement Benefits	1,225	1,223	2
Disability Benefits	267	282	(15)
Survivor Benefits	92	92	0
Deferred	66	60	6
Total	**3,434**	**3,486**	**(52)**

Average Monthly Benefit

In Payment Status			
Retirement Benefits	$ 984	$ 921	$63
Disability Benefits	$ 1,025	$ 1,003	$22
Survivor Benefits	$ 479	$ 459	$20
Deferred	$ 1,514	$ 1,333	$181

Active Participant Averages

Hire Age	33.8	33.6	0.2
Attained Age	49.6	49.3	0.3
Normal Retirement Age	60.4	60.2	0.2
Assumed Future Service	14.0	14.0	0.0
Monthly Compensation	$3,490	$3,342	$148

Financial Data

Market Value of Assets	$ 179,409,183	$ 166,610,549	$ 12,798,634
Accumulated Employee Contributions	$ 62,769,519	$ 60,051,786	$ 2,717,733

Cost Components

Normal Cost as a percentage of total payroll	6.997%	5.943%	1.054%
Expenses as a percentage of total payroll	0.800%	1.100%	-0.300%
Total	7.797%	7.043%	0.754%
Amortization Payment	$8,567,318	$5,878,010	$2,689,308

Section Four: Summary of Plan Provisions

Plan Year	Twelve-month period beginning January 1 and ending December 31
Plan Established	May 28, 1915
Principal Definitions	
Employee	Any full-time employee of the City of Pittsburgh other than a firefighter or police officer, and full-time employees of the Pittsburgh Water and Sewer Authority
Retirement Benefit Commencement Date	Assumed to be the first day of the month coincident with or next following eligibility for and election to retire
Service Increment	An additional monthly benefit of 1 percent of average compensation for each completed year of service in excess of 20 years to a maximum of $100
Service	Assumed to be completed years of service calculated from date of hire through date of retirement or severance
Normal Form of Payment	Monthly pension benefit payable for life
Participation Requirements	
Entry Date	Following completion of 90-day probationary period
Compensation	Base wages, plus "acting" or "in-grade" pay
Average Compensation	Averaged over the 3-year period prior to retirement or severance
Members hired after December 31, 1987	Averaged over the 4-year period prior to retirement or severance
Normal Retirement	
Eligibility	
Employees other than Emergency Medical Services	Later of age 60 *or* completion of 8 years of service
Emergency Medical Services Employees	Later of age 55 or completion of 8 years of service
Monthly Benefit	Equal to 50% of average compensation and service increment, if any
	Prorated for service less than 20 years
	Upon reaching age 65 reduced by 50% of social security benefit; the reduction shall not exceed 50% of the monthly benefit. This reduction shall not apply to Pittsburgh Water and Sewer Employees (regardless of hire date) or Emergency Medical Services Employees hired on or before January 1, 2006. City non- union employees and union employees whose union has negotiated to eliminate the reduction, who were hired on or before June 29, 2004 will not be subject to the reduction.

Members hired prior to January 1, 1975 whose union has not negotiated the benefits level for employees hired on or after January 1, 1975 and before January 1, 1988.	If pay is less than $450: ▾ Equal to 60% of 3-year average pay ▾ Not less than $130 ▾ Plus service increment, if any OR If pay is greater than $450: ▾ 55% of first $650 of 3-year average pay *and* 30% of excess ▾ Not less than $270 ▾ Plus service increment, if any
Supplemental Medical	▾ Eligible retired members and spouses will receive additional monthly payment equal to coverage premium ▾ Employees hired after December 31, 1987 not eligible
Early Retirement	
Eligibility	▾ Later of age 50 *or* completion of 8 years of service
Benefit Amount	▾ Normal retirement benefit based upon average compensation at actual retirement ▾ May be deferred to age 60 *or* paid immediately in reduced amount ▾ Reduction will be 1/2 percent per month for each month that payment commences prior to age 60
Members hired prior to January 1, 1975	▾ If 25 years of service, reduction applied only on benefits attributed to earnings in excess of $7,800
Disability	
Eligibility	▾ Permanent disablement in line of duty *or* ▾ Permanent disablement (not in line of duty) after completing 8 years of service
Benefit Amount	▾ Normal retirement benefit at date of disablement ▾ Not prorated for service less than 20 years ▾ Participants hired after December 31, 1974 will have their benefit reduced by 50% of their social security benefit upon reaching age 65. The reduction shall not exceed 50% of the benefit.

Members Hired After December 31, 1987

- Normal retirement benefit if at least age 60 with 8 years of service
- Upon reaching age 65, reduced by 50% of the social security benefit. The reduction shall not exceed 50 percent of the benefit
- Disabled before age 60 with at least 8 years of service calculated as of age 60 with service being greater of:
  (a) Service at disablement or
  (b) The lesser of 20 years and completed service (assuming work until age 60)
- Benefit is reduced so that the sum of the plan benefit and workers' compensation does not exceed member's regular salary at time of disablement

Benefit Commencement Date

- First day of calendar month following determination of disablement *and*
- Continuing for the duration of disability prior to normal retirement date and life thereafter

Vesting

- Attainment of age 40 *and*
- Completion of 8 years of service

Members hired prior to January 1, 1975

- Completion of 15 years of service/no age requirement

Vested Terminated Participants

- Normal retirement benefit if contributions continue to age 50
- Benefit deferred to age 60, a benefit reduced as for early retirement may be elected at age 50.

Death Benefits Before Retirement

Death After Early Retirement Eligibility

- Surviving spouse entitled to 50% of pension that would have been payable if member retired at date of death

Death Before Early Retirement Eligibility

- Member's beneficiary receives amount equal to member's contributions

Death Benefits After Retirement

- Member's beneficiary receives amount equal to the excess, if any, of member's contributions over retirement benefit paid on member's behalf

Members Hired Prior to 1988

- Married employee may deduct up to $100 per month from retirement benefit to provide a $100 per month benefit payable to surviving spouse until death or remarriage

Spouse Predeceases Retiree

- Monthly benefit restored to full level for remainder of retiree's life
- At no time shall total benefit payment on behalf of member be less than the member's contributions to the fund

Members Hired After December 31, 1987	- Married member may elect a reduced pension - Spouse will receive 50% of the reduced pension - Member's pension not restored to full level if spouse predeceases retiree - Total benefit payments on behalf of member will be no less than member's contribution to fund
Employee Contributions *Members hired prior to January 1, 1988*	- 4% of compensation - 5% of compensation
Interest Credit *For non-union employees and members of unions that negotiated for the interest credit, who were hired on or before June 29, 2004*	- 5% compound interest per year

Section Five: Development of Contribution Requirements

Table 1: Normal Cost and Actuarial Accrued Liability

Normal Cost	
Retirement Benefits	$3,762,033
Disability Benefits	680,143
Preretirement Death Benefits	50,906
Postretirement Death Benefits	0
Refunds to Withdrawals	643,071
Medicare Premium Benefits	62,917
Vested Benefits	532,383
Total	**$5,731,453**

Actuarial Accrued Liability

Actuarial Present Value of Benefits at Attained Age

	Deferred	**In Payment**	**Active**	**All**
Retirement Benefits	$8,550,594	$123,592,181	$166,093,475	$298,236,250
Disability Benefits	0	27,535,328	16,123,779	43,659,107
Survivor Benefits	0	4,311,369	0	4,311,369
Preretirement Death Benefits	0	0	1,821,051	1,821,051
Postretirement Death Benefits	0	0	0	0
Refunds to Withdrawals	0	0	2,176,838	2,176,838
Medicare Premium Benefits	0	0	9,989,507	9,989,507
Vested Benefits	0	0	5,445,272	5,445,272
Total	**$8,550,594**	**$155,438,878**	**$201,649,922**	**$365,639,394**

Actuarial Present Value of Future Normal Costs

Retirement Benefits	$26,598,790	
Disability Benefits	5,079,896	
Preretirement Death Benefits	368,843	
Postretirement Death Benefits	0	
Refunds to Withdrawals	4,582,192	
Medicare Premium Benefits	305,069	
Vested Benefits	4,007,535	
Total	**$ 40,942,325**	**($40,942,325)**

Actuarial Accrued Liability	**$324,697,069**
Unfunded Actuarial Accrued Liability	
Actuarial Accrued Liability	$324,697,069
Actuarial Value of Assets	(202,529,949)
Unfunded Actuarial Accrued Liability	**$122,167,120**
Funded Radio	**62.4%**

Table 2: Actuarial (Gain) Loss Determination

Reconciliation of Funded Status

Unfunded Actuarial Accrued Liability as of January 1, 2011			$95,641,110
	2011	**2012**	
Normal Cost/Administrative Expenses Assumed	$5,736,167	$5,928,145	11,664,312
Interest Charged at Valuation Rate			17,343,430
Contributions Made	**2011**	**2012**	
- Municipality	$5,932,666	$6,521,276	
- State Aid Allocated	6,398,832	4,320,825	
- Employees	3,196,201	3,236,377	$(29,606,176)
Interest Credited at Valuation Rate			(2,535,104)
Special Adjustment Because of Higher Act 82 Interest Rate			(3,883,503)
Expected Unfunded Actuarial Accrued Liability Before Adjustments			$88,624,070
Experience from Investment Return			
- Comparative Int. Rate Amortization Tab. (Gain) Loss		$5,449,940	
- Other Investment Return (Gain) Loss		2,348,037	7,797,977
Experience (Gain) Loss from all Other Sources			(5,827,213)
Increase (Decrease) in Unfunded Actuarial Accrued Liability			
- Benefit Modifications for Actives		$ 0	
- Benefit Modifications for Retirees		0	
- Changes in Actuarial Assumptions		31,572,286	31,572,286
Actual Unfunded Actuarial Accrued Liability			$122,167,120

Loss (Gain) to be Amortized

Experience (Gain) Loss from January 1, 2011		$1,970,764
Actuarially Required Contributions and Bond Proceeds with Interest	$23,722,698	
Actual Contributions with Interest	(32,141,280)	
Contribution (Gain) Loss		(8,418,582)
Loss (Gain) to be Amortized		$(6,447,817)

Comparative Interest Rate Amortization Tabulation

Balance Calculated Using Actual Investment Return	**2011**	**2012**	
Act 82 Amortization Balance at January 1	$84,501,619	$90,089,723	
Act 82 Amortization Payment	3,132,592	3,132,592	
Comparative Interest Rate Balance at January 1	$ 87,634,212	$ 93,222,315	
Actual Investment Return on Balance	2,455,511	10,810,992	
Actual Act 82 Amort. Balance at December 31	$90,089,723	$104,033,307	$104,033,307
Balance Calculated Using 10 Percent Investment Return			
Comparative Int. Rate Balance at January 1	$87,634,212	$99,530,225	
Interest at 10 Percent	8,763,421	9,953,022	
Comparative Act 82 Amort. Bal. at Dec. 31	$96,397,633	$109,483,247	$109,483,247
Comparative Interest Rate Amortization Tabulation (Gain) Loss			$5,449,940

Table 3: Amortization of Unfunded Actuarial Accrued Liability

Source	Original Amount	Year Est.	Target Year	Remaining Balance	Remaining Payments	Annual Amount
Initial	$53,226,758	1998	2037	$77,830,220	25	$3,132,592
Assumption Change	$(4,327,036)	1998	2017	$(1,807,965)	5	$(415,689)
Experience Loss	531,346	1999	2013	59,143	1	59,143
Experience Gain	(8,518,572)	2000	2014	(1,819,300)	2	(942,530)
Experience Loss	15,454,485	2001	2015	4,752,648	3	1,700,067
Ben. Mod. - Actives	15,075,742	2002	2021	9,734,028	9	1,419,512
Experience Loss	1,076,675	2002	2016	424,054	4	117,776
Investment Loss	15,617,085	2002	2032	13,258,757	20	1,209,842
Assumption Change	(5,300,394)	2003	2022	(3,665,731)	10	(496,786)
Ben. Mod. – Actives	6,262,573	2003	2022	4,331,169	10	586,968
Experience Loss	4,617,946	2003	2017	2,185,132	5	502,407
Investment Loss	20,777,261	2003	2032	18,261,669	20	1,666,351
Assumption Change	(55,417)	2005	2024	(42,861)	12	(5,154)
Ben. Mod.-Actives	7,325,991	2005	2024	5,666,089	12	681,395
Experience Gain	(7,233,308)	2005	2019	(4,440,338)	7	(779,849)
Experience Gain	(3,323,763)	2007	2021	(2,436,520)	9	(355,318)
Assumption Change	(9,457,779)	2009	2028	(8,526,485)	16	(867,648)
Experience Loss	40,849,981	2009	2028	36,827,544	16	3,747,542
Experience Gain	(56,098,421)	2011	2030	(53,548,602)	18	(5,132,146)
Agg. Changes through Last Valuation	N/A	N/A	2022	$19,212,431	10	$2,695,883
Assumption Change	$31,572,286	2013	2027	$31,572,286	15	$3,327,197
Ben. Mod. - Actives	N/A					
Ben. Mod. - Retired	N/A					
Experience Gain	(6,447,817)	2013	2032	(6,447,817)	20	(588,354)
Agg. Changes-2013	N/A	N/A	2027	$25,124,469	15	$2,738,843
Aggregate Changes	N/A	N/A	2024	$44,336,900	12	$5,434,726
Aggregate	N/A	N/A	2085	$122,167,120	73	$8,567,318

Details of Calculation of Act 82 Payment

Act 82 Unfunded Actuarial Accrued Liability	$ 53,226,758
40-Year Amortization Payment	$ 4,437,482
Future Value at end of 40-Year period	$ 1,525,108,142
Payment to provide same future value with 10% annual earnings	$ 3,132,592

Table 4: Municipal Contributions

Required Municipal Contributions (Reflecting Act 82 of 1998)

The Financial Requirement of the Plan is based on the Normal Cost Percentage and other components shown below. The Normal Cost Percentage is applied to the payroll of the members for the applicable fiscal year.

Normal Cost (Table 1)	$ 5,731,453
Total Annual Payroll	$81,916,275
Percentages for Budget	
• Normal Cost (Normal Cost divided by Total Annual Payroll)	6.997%
• Administrative Expense (as a % of payroll)	0.800%
• Gross Normal Cost	7.797%
Net Amortization Payment (Table 3)	$8,567,318
Funding Adjustment	$ 0

Amortization Payment for Actuarially Recommended Contribution

See Section One for further explanation of the basis of this recommendation.

Source	Original Amount	Year Est.	Target Year	Remaining Balance	Remaining Payments	Annual Amount
Initial	$95,641,110	2011	2040	$93,885,038	28	$7,546,191
Experience Loss	$(3,290,204)	2013	2032	$(3,290,204)	20	$(300,226)
Assumption Change	31,572,286	2013	2027	31,572,286	15	3,327,197
Aggregate	N/A	N/A	2035	$122,167,120	23	$10,573,162

Section Six: Accounting Information

Accumulated Plan Benefits		**01/01/13**	**01/01/11**
Assets at Market Value		**$ 179,409,183**	**$ 166,610,549**
Actuarial Present Value of Vested Benefits			
Retired	$ 155,438,878		
Deferred	8,550,594		
Employee Contributions	2,885,951		
Active	131,189,222		
Total		**$ 298,064,645**	**$ 255,967,632**
Unfunded Actuarial Present Value of Vested Benefits		**$118,655,462**	**$ 89,357,083**
Actuarial Present Value of Accrued Benefits			
Retired	$ 155,438,878		
Deferred	8,550,594		
Employee Contributions	1,248,632		
Active	139,338,634		
Total		**$ 304,576,738**	**$ 260,715,529**
Unfunded Actuarial Present Value of Accrued Benefits		**$ 125,167,555**	**$ 94,104,980**

GAS #27 Information

Summary of Annual Pension Cost and Net Pension Obligation (NPO) for Prior Years

	2011	2012
Annual Required Contribution (ARC)	$15,206,442	$ 9,839,391
Interest on NPO	(597,158)	(360,146)
Adjustment to the ARC	684,869	392,049
Annual pension cost	15,294,153	9,871,294
Contributions made	12,331,498	10,842,101
Change in NPO	2,962,655	(970,807)
NPO, Beginning of Year (1/1)	(7,464,475)	(4,501,820)
NPO, End of Year (12/31)	$ (4,501,820)	$ (5,472,627)

Annual Pension Cost for the Year Beginning 1/1/2013

Annual Required Contribution (ARC)	$ 10,166,118
Interest on NPO	(437,810)
Adjustment to the ARC	494,177
Annual Pension Cost	$ 10,222,485

Other Information from the 1/1/2013 Actuarial Valuation for GAS #25 and GAS #27

Actuarial Cost Method	Entry Age
Asset Valuation Method	Tabular Smoothing
Amortization Method	Level Dollar Closed
Aggregate Remaining Amortization Period (Years)	30
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	4.00%
Underlying Inflation Rate	3.00%

Section Seven: Actuarial Basis of Valuation

Actuarial Assumptions: January 1, 2013

Economic	
Interest Rate	7.5% increase per year
Salary Projection	4.0% increase per year Merit Increase: 1.0 percent increase per year Inflation: 3.0 percent increase per year
Social Security Benefits	Actives: Offset based on social security law in 2013, projected using an annual increase in the National Average Wage of 4 percent and an annual increase in the Social Security Consumer Price Index of 3 percent Retirees: Offset based on: ☐ Actual benefit if 65 or older ☐ One third of original pension amount, if younger than 65
Medicare Premiums	For 2013, $104.90 per month. The premium for years thereafter is assumed to increase at a rate of 5.5% per year.
Employee Characteristics	
Mortality	RP-2000 Mortality Tables, with adjustments to reflect Pittsburgh Pension Plan mortality experience as confirmed by experience studies. The adjusted rates are based upon the following:
Active Participants	RP-2000 Employee Rates projected with scale AA.
Retired/Term Vested Participants	RP-2000 Healthy Annuitant Mortality, rates adjusted by blue collar ratios, set forward one year and projected from 2005 with scale AA
Disability Retirees	RP-2000 Healthy Annuitant Rates adjusted by blue collar ratios, set forward six years and projected from 2013 with scale AA.
Surviving Beneficiaries	RP-2000 Healthy Annuitant Rates adjusted by ratios of female beneficiary experience to overall female RP-2000 Healthy Annuitant Mortality Rates (Appendix D of *RP-2000 Mortality Tables Report*), set forward one year and projected from 2005 with scale AA.

Sample Base Rates (Rounded):

Age	Active Male Participant	Male Regular Retiree	Male Disabled Retiree	Male Beneficiary
45	0.15%	0.19%	0.59%	0.20%
55	0.30%	0.77%	1.15%	0.86%
65	0.76%	1.82%	2.93%	1.91%
75	N/A	4.77%	7.82%	4.51%
85	N/A	12.64%	19.98%	12.81%

Age	Active Female Participant	Female Regular Retiree	Female Disabled Retiree	Female Beneficiary
45	0.11%	0.15%	0.25%	0.15%
55	0.25%	0.32%	0.70%	0.55%
65	0.58%	1.25%	2.07%	1.47%
75	N/A	3.38%	5.42%	3.31%
85	N/A	9.23%	14.87%	9.01%

Withdrawal

Sample rates:

Age	Rate
20	8.20%
25	7.98%
30	7.67%
35	7.18%
40	6.40%
45	5.24%
50	3.49%
55	1.28%
60	0.12%

Disablement

Sample rates:

Age	Male	Female
30	0.06%	0.07%
40	0.14%	0.27%
50	0.42%	0.53%
60	1.25%	0.96%

Retirement Age

Percentage of employees eligible for early retirement who retire at each age:

Age	Non-Emergency Medical Services	Emergency Medical Services EE
50	4	3
51	3	3
52	3	3
53	3	3
54	3	3
55	3.5	50
56	3.5	20
57	3.5	20
58	3.5	20
59	3.5	20
60	6.5	20
61	10	20
62	20	40
63	20	40
64	20	40
65	20	100
66	40	N/A
67	50	N/A
68	50	N/A
69	50	N/A
≥70	100	N/A

Exclusions

Non-participants

Percentage Married

Active: 80% of male participants and 65% of female participants.

Spouse Age

Female spouses are assumed to be two years younger than male spouses.

Actuarial Basis of Valuation: Actuarial Cost Method

The actuarial costs of this Plan are determined under the Entry Age Normal Actuarial Cost Method as described in Act 205 of 1984. The total contribution (the financial requirements of the Pension Plan) is made up of three components: normal cost, administrative expense and amortization payment or funding adjustment.

Normal Cost

For each active participant covered by the Plan, normal cost is calculated to be the annual contribution necessary to completely fund the participant's pension by the participant's retirement age. Contributions are assumed to begin with the year of employment and to be a constant percentage of the participant's annual pay.

For the Plan, normal cost is expressed as a percentage of the total annual payroll of the participants used in the budgeting of required contributions.

Administrative Expense

Estimated annual expense to be incurred by the fund for the contribution year for which the financial requirements are determined.

Actuarial Accrued Liability

Total actuarial present value of all future benefits less the actuarial present value of the future normal costs. The total unfunded actuarial accrued liability as of the valuation date is the actuarial accrued liability less the total value of all assets owned by the Plan.

Amortization Payment

Sum of the annual level amortization contribution requirements specified by the Act for the applicable portions of the unfunded actuarial accrued liability. The Plan's unfunded actuarial accrued liability was re-established in 1998. In the subsequent years, experience gains and losses, changes in benefit provisions, and changes in valuation assumptions would result in increases or decreases to the unfunded actuarial accrued liability. If the unfunded actuarial accrued liability is negative, the amortization payment is zero and a funding adjustment is created.

Section Eight: Demographic Summaries

Distribution of Active Members by Age and Service

Years of Service											
Age	Number of People in Category										
	1	2	3	4-5	6-10	11-15	16-20	21-25	26-30	30+	Total by Age
<20	0	0	0	0	0	0	0	0	0	0	**0**
20-24	16	2	6	3	0	0	0	0	0	0	**27**
25-29	33	25	16	27	10	1	0	0	0	0	**112**
30-34	6	16	24	34	41	7	0	0	0	0	**128**
35-39	8	10	14	21	42	22	4	0	0	0	**121**
40-44	13	4	8	27	38	48	8	6	0	0	**152**
45-49	14	9	18	16	35	41	33	34	6	0	**206**
50-54	8	5	12	36	43	42	18	45	49	31	**289**
55-59	2	6	8	22	36	44	34	46	51	115	**364**
60-64	4	3	1	8	29	29	22	41	32	121	**290**
65+	1	1	2	1	13	15	10	12	9	31	**95**
Total	**105**	**81**	**109**	**195**	**287**	**249**	**129**	**184**	**147**	**298**	**1784**

Age Distribution of Deferred Vested Participants

Persons Entitled To Deferred Benefits			
Age Group	**Number of People**	**Total Annual Benefit**	**Average Annual Benefit**
< 30	0	0.00	0.00
30-34	0	0.00	0.00
35-39	0	0.00	0.00
40-44	1	$28,740.00	$28,740.00
45-49	3	53,062.56	17,687.52
50-54	29	548,290.80	18,906.58
55-59	26	486,309.00	18,704.19
60-64	7	82,842.48	11,834.64
65-69	0	0.00	0.00
70-74	0	0.00	0.00
75-79	0	0.00	0.00
80-84	0	0.00	0.00
85+	0	0.00	0.00
Total	**66**	**$1,199,244.84**	**$18,170.38**

Age Distribution of Retired Participants

Regular Retirements			
Age Group	**Number of People**	**Total Annual Benefit**	**Average Annual Benefit**
< 30	0	0.00	0.00
30-34	0	0.00	0.00
35-39	0	0.00	0.00
40-44	0	0.00	0.00
45-49	0	0.00	0.00
50-54	10	$76,461.72	$ 7,646.17
55-59	80	915,723.96	11,446.55
60-64	190	2,861,363.52	15,059.81
65-69	216	3,209,756.28	14,859.98
70-74	223	2,659,837.08	11,927.52
75-79	164	1,771,625.40	10,802.59
80-84	158	1,479,979.20	9,366.96
85+	184	1,489,340.16	8,094.24
Total	**1,225**	**$14,464,087.32**	**$11,807.42**

Age Distribution of Retired Participants

Disability Retirements			
Age Group	**Number of People**	**Total Annual Benefit**	**Average Annual Benefit**
< 30	0	0.00	0.00
30-34	0	0.00	0.00
35-39	0	0.00	0.00
40-44	1	$14,135.88	$14,135.88
45-49	0	0.00	0.00
50-54	22	324,152.04	14,734.18
55-59	56	894,641.76	15,975.75
60-64	57	783,960.72	13,753.70
65-69	46	585,918.48	12,737.36
70-74	19	180,464.04	9,498.11
75-79	26	201,036.24	7,732.16
80-84	21	167,021.88	7,953.42
85+	19	133,567.32	7,029.86
Total	**267**	**$3,284,898.36**	**$12,302.99**

Age Distribution of Retired Participants

Survivors			
Age Group	**Number of People**	**Total Annual Benefit**	**Average Annual Benefit**
< 30	0	0.00	0.00
30-34	0	0.00	0.00
35-39	0	0.00	0.00
40-44	0	0.00	0.00
45-49	0	0.00	0.00
50-54	4	$18,430.80	$4,607.70
55-59	8	67,885.92	8,485.74
60-64	11	72,457.20	6,587.02
65-69	10	69,620.52	6,962.05
70-74	20	119,803.56	5,990.18
75-79	10	47,758.32	4,775.83
80-84	9	41,232.00	4,581.33
85+	20	91,707.12	4,585.36
Total	**92**	**$528,895.44**	**$5,748.86**

Age Distribution of Retired Participants

All Persons Receiving Benefits			
Age Group	**Number of People**	**Total Annual Benefit**	**Average Annual Benefit**
< 30	0	0.00	0.00
30-34	0	0.00	0.00
35-39	0	0.00	0.00
40-44	1	$14,135.88	$14,135.88
45-49	0	0.00	0.00
50-54	36	419,044.56	11,640.13
55-59	144	1,878,251.64	13,043.41
60-64	258	3,717,781.44	14,410.01
65-69	272	3,865,295.28	14,210.64
70-74	262	2,960,104.68	11,298.11
75-79	200	2,020,419.96	10,102.10
80-84	188	1,688,233.08	8,979.96
85+	223	1,714,614.60	7,688.86
Total	**1,584**	**$18,277,881.12**	**$11,539.07**

Demographic Data as of January 1, 2013

Changes in Plan Participation for Active Members

Active Members	Number
As of January 1, 2011	1,829
New Entrants	195
Returned from Inactive Status	1
Total	2,025
Separation from Active Service	
Transfer to another Plan	(3)
Separations w/Deferred Benefit	(17)
Separations w/o Deferred Benefit	(108)
Disability	(11)
Death	(5)
Retirement with a Service Retirement Benefit	(97)
Total Separations	(241)
Data Adjustments	0
Active Members as of January 1, 2013	1,784

Changes in Plan Participants for Inactive Members and Survivors

	Deferred Vested	Regular Retirements	Disability Retirement	Survivors	Total
As of January 1, 2011	60	1,223	282	92	1,657
New Benefit Recipients	17	97	11	7	132
Death	0	(114)	(30)	(7)	(151)
Commencement of Deferred Benefits	(12)	10	2	0	0
Returned to Active Status	0	(1)	0	0	(1)
Changed Inactive Status	0	0	0	0	0
Net Data Adjustments	1	10	2	0	13
As of January 1, 2013	66	1,225	267	92	1,650

Section Nine: Plan Assets

Combined Municipal Pension Trust Fund Calendar Year 2011

Source of Asset Information

The assets of the Aggregated Trust for the City's pension plans are summarized in the following tables based on the information provided by the City and by Maher Duessel. As directed by the Trustees of the City of Pittsburgh Comprehensive Municipal Pension Trust Fund, the values represent a combination of the assets listed in the City's 2010 Comprehensive Annual Financial Report (CAFR) and the present value calculated by Gleason and Associates of the dedicated stream of revenues created by City Ordinances 42 & 44 of 2010. Assets are shown at market value.

Summary of Values for Aggregated Trust

	1/1/11	1/1/12
Invested Portfolio	$334,927,888	$325,275,669
Dedicated Funding from Parking Assets	238,572,759	246,267,849
Accrued Interest	540,982	506,858
Accrued Contributions	12,606	
Due from City of Pittsburgh		1,402,380
Accrued Expenses and Other Payables	(2,671,784)	(2,660,726)
Market Value of Assets - Accrual Basis	$571,382,451	$570,792,030

Summary of Transactions for the Aggregated Trust

Balance as of January 1, 2011		$571,382,451
Contributions Toward Pension Liability		
- Policemen's	$25,581,920	
- Firemen's	23,013,090	
- Municipal	15,527,698	$ 64,122,708
Miscellaneous and Pass Through Items		4,418,518
Interest and Dividends		5,241,252
Net Appreciation (Decline) in Fair Value Of Investments		9,622,836
Payments to Participants		
- Policemen's	$ 32,545,291	
- Firemen's	28,200,726	
- Municipal	21,133,734	(81,879,751)
Expenses		(2,115,984)
Balance as of December 31, 2011		**$570,792,030**

Undivided Participation Calculation Calendar Year 2011 - Accrual Basis

	Policemen's	Firemen's	Municipal	Total
January 1, 2011 Market Value	$216,050,208	$188,721,694	$ 166,610,549	$571,382,451
Plan-Specific Contributions	26,885,936	23,384,367	17,372,712	67,643,014
Plan-Specific Distributions	(32,873,373)	(28,393,023)	(21,420,864)	(82,687,260)
Sub-Total	$210,062,771	$183,713,038	$ 162,562,397	$556,338,205
Sub-Total Percentages	37.76%	33.02%	29.22%	100.00%
Allocated Expenses	(494,080)	(432,058)	(382,336)	(1,308,475)
Allocated Investment Earnings	5,951,844	5,204,711	4,605,745	15,762,300
December 31, 2011 Market Value	$215,520,534	$188,485,691	$166,785,805	$570,792,030

Contributions and Distributions for 2011 - Accrual Basis

Plan-Specific Contributions	Policemen's	Firemen's	Municipal	Total
General Municipal Pension System State Aid	$ 11,402,091	$ 9,106,716	$ 6,398,832	$26,907,639
Member Contributions	3,591,870	3,562,550	3,196,201	10,350,620
City Contributions	10,587,959	8,440,820	5,932,666	24,961,445
Wilkinsburg Fire Transfer	0	1,903,004	0	1,903,004
Pass Through Contributions	1,304,016	361,800	1,772,618	3,438,434
Miscellaneous Income	0	9,477	72,395	81,872
Total Contributions	**$26,885,936**	**$23,384,367**	**$17,372,712**	**$67,643,014**

Plan-Specific Distributions

Benefit Payments to Participants	$32,297,162	$28,159,257	$20,562,562	$81,018,981
Refunds to Participants	248,129	41,469	571,172	860,770
Administrative Expenses	328,082	192,297	287,130	807,509
Total Distributions	**$32,873,373**	**$28,393,023**	**$21,420,864**	**$82,687,260**

Combined Municipal Pension Trust Fund Calendar Year 2012

Source of Asset Information

The assets of the Aggregated Trust for the City's pension plans are summarized in the following tables based on the information provided by the City and by Maher Duessel. As directed by the Trustees of the City of Pittsburgh Comprehensive Municipal Pension Trust Fund, the values represent a combination of the assets listed in the City's 2012 Comprehensive Annual Financial Report (CAFR) and the present value calculated by Gleason and Associates of the dedicated stream of revenues created by City Ordinances 42 & 44 of 2010. Assets are shown at market value.

Summary of Values for the Aggregated Trust

	1/1/12	1/1/13
Invested Portfolio	$ 325,275,669	$ 355,308,381
Dedicated Funding from Parking Assets	246,267,849	252,251.944
Accrued Interest	506,858	534,057
Accrued Contributions		
Due From City of Pittsburgh	1,402,380	688,949
Accrued Expenses and Other Payables	(2,660,726)	(2,660,148)
Market Value of Assets – Accrual Basis	$ 570,792,030	$ 606,123,183

Summary of Transactions for the Aggregated Trust

Balance as of January 1, 2012		$ 570,792,030
Contributions Toward Pension Liability		
-Policemen's	$ 19,697,172	
-Firemen's	19,267,909	
-Municipal	14,078,478	$ 53,043,559
Miscellaneous and Pass Through Items		3,506,306
Interest and Dividends		4,675,117
Net Appreciation (Decline) in Fair Value of Investments		59,319,524
Payments to Participants		
-Policemen's	$ 32,627,580	
-Firemen's	28,849,451	
-Municipal	21,573,218	(83,050,249)
Expenses		(2,163,104)
Balance as of December 31, 2012		**$ 606,123,183**

Undivided Participation Calculation Calendar Year 2012 - Accrual Basis

	Policemen's	Firemen's	Municipal	Total
January 1, 2012 Market Value	$215,520,534	$188,485,691	$166,785,805	$570,792,030
Plan-Specific Contributions	20,955,098	19,592,765	15,897,202	56,445,065
Plan-Specific Distributions	(32,994,063)	(29,071,505)	(21,868,627)	(83,934,195)
Sub-Total	$203,481,569	$179,006,951	$160,814,380	$543,302,900
Sub-Total Percentages	37.45%	32.95%	29.60%	100.00%
Allocated Expenses	(479,045)	(421,483)	(378,631)	(1,279,158)
Allocated Investment Earnings	24,005,241	21,120,766	18,973,434	64,099,441
December 31, 2012 Market Value	$227,007,765	$ 199,706,235	$ 179,409,183	$606,123,183

Contributions and Distributions for 2012 - Accrual Basis

Plan-Specific Contributions	Policemen's	Firemen's	Municipal	Total
General Municipal Pension System State Aid	$ 6,383,196	$ 6,203,826	$ 4,320,825	$16,907,847
Member Contributions	3,684,218	3,704,596	3,236,377	10,625,191
City Contributions	9,629,757	9,359,487	6,521,276	25,510,521
Pass Through Contributions	1,257,926	315,400	1,798,849	3,372,175
Miscellaneous Income	0	9,456	19,875	29,331
Total Contributions	**$20,955,098**	**$19,592,765**	**$15,897,202**	**$56,445,065**
Plan-Specific Distributions				
Benefit Payments to Participants	$32,402,642	$28,667,452	$21,055,082	$ 82,125,176
Refunds to Participants	224,938	181,999	518,136	925,073
Administrative Expenses	366,483	222,054	295,409	883,946
Total Distributions	**$32,994,063**	**$29,071,505**	**$21,868,627**	**$83,934,195**

Calculation of Actuarial Value of Assets

Description of Method

The Actuarial Value of Assets is determined by a Tabular Smoothing Method which takes the Actuarial Value of Assets from the prior valuation report and brings it forward using a specified interest rate. The Actuarial Value of Assets in the prior report, contributions by year, and annual disbursements are each credited with interest at a rate of one percent less than the prior valuation interest rate assumption. The resulting value is further subject to a minimum of 80 percent and a maximum of 120 percent of the market value of assets.

Development of the Actuarial Value of Assets

Market Value of Assets at January 1, 2013	$179,409,183
Actuarial Value of Assets at January 1, 2011	$187,041,985
Contributions During 2011	17,300,317
Disbursements During 2011	(21,803,200)
Interest Credited During 2011	12,904,931
Tabular Smoothing Value of Assets at January 1, 2012	$195,444,032
Tabular Smoothing Value of Assets at January 1, 2012	$195,444,032
Contributions During 2012	15,877,327
Disbursements During 2012	(22,247,258)
Interest Credited During 2012	13,455,847
Tabular Smoothing Value of Assets at January 1, 2013	$202,529,949
Low Limit: 80% of Market Value	$143,527,346
High Limit: 120% of Market Value	$215,291,020
Actuarial Value of Assets at January 1, 2013	$202,529,949

Section Ten: Supplementary Exhibits for Plans Funded With Pension Bond Proceeds

Table 5: Unfunded Actuarial Accrued Liability Excluding Assets Arising from Pension Bond Proceeds

Assets Excluding Pension Bond Proceeds			
Assets Excluding Bond Proceeds at January 1, 2011			$68,734,967
Receipts	**2011**	**2012**	
Employer Contributions	$8,538,967	$7,411,044	
Employee Contributions	3,196,201	3,236,377	
State Aid	6,398,832	4,320,825	
Investment Income	3,316,890	2,789,334	
Net Appreciation	(1,458,983)	4,800,740	
Pass Through Contributions & Misc. Income	1,845,013	1,818,724	
Total Receipts			46,213,964
Disbursements			
Monthly Benefit Payments	$18,789,944	$19,256,233	
Refund of Employee Contributions	571,172	518,136	
Administrative Expenses	607,855	549,045	
Pass Through Payments	1,772,618	1,798,849	
Total Disbursements			(43,863,852)
Assets Excluding Bond Proceeds at January 1, 2013			$ 71,085,079

Development of Actuarial Value of Assets Excluding Bond Proceeds

Market Value of Assets Excluding Bond Proceeds at January 1, 2013	$71,085,079
Actuarial Value of Assets Excluding Bond Proceeds at January 1, 2011	70,099,618
Contributions During 2011	19,906,618
Disbursements During 2011	(21,741,589)
Interest Credited During 2011	4,735,822
Tabular Smoothing Value of Assets at January 1, 2012	$73,000,468
Tabular Smoothing Value of Assets at January 1, 2012	$73,000,468
Contributions During 2012	16,767,095
Disbursements During 2012	(22,122,263)
Interest Credited During 2012	4,889,099
Tabular Smoothing Value of Assets at January 1, 2013	$72,534,399
Low Limit: 80% of Market Value	$56,868,063
High Limit: 120% of Market Value	$85,302,095
Actuarial Value of Assets Excluding Bond Proceeds at January 1, 2013	**$72,534,399**

Unfunded Actuarial Accrued Liability Excluding Assets from Bond Proceeds

Actuarial Accrued Liability (Table 1)	$324,697,069
Actuarial Value of Assets Excluding Bond Proceeds at January 1, 2013	(72,534,399)
Adjusted Unfunded Actuarial Accrued Liability	$252,162,670

Table 6: Actuarial (Gain) Loss Determination Excluding Assets Arising from Pension Bond Proceeds

Reconciliation of Funded Status

	2011	2012	
Unfunded Actuarial Accrued Liability as of January 1, 2011			$212,583,477
Normal Cost/Administrative Expenses Assumed	$5,736,167	$5,928,145	11,664,312
Interest Charged at Valuation Rate			36,802,641
Contributions Made			
- Municipality	$8,538,967	$7,411,044	
- State Aid Allocated	6,398,832	4,320,825	
- Employees	3,196,201	3,236,377	(33,102,245)
Interest Credited At Valuation Rate			(2,767,443)
Special Adjustment Because of Higher Act 82 Interest Rate			(11,307,666)
Expected Unfunded Actuarial Accrued Liability Before Adjustments			$213,873,077
Experience from Investment Return			
- Comparative Interest Rate Amortization Tab. (Gain) Loss		$15,868,690	
- Other Investment Return (Gain) Loss		(3,374,246)	12,494,444
Experience (Gain) Loss from all Other Sources			(5,777,137)
Increase (Decrease) in Unfunded Actuarial Accrued Liability			
- Benefit Modifications for Actives		$0	
- Benefit Modifications for Retirees		0	
- Change in Actuarial Assumption		31,572,286	31,572,286
Actual Unfunded Actuarial Accrued Liability			$252,162,670

Loss (Gain) to be Amortized

Experience (Gain) Loss from January 1, 2011		$6,717,307
Actuarially Required Contributions and Bond Proceeds w/Interest	$27,518,211	
Actual Contributions with Interest	(35,869,688)	
Contribution (Gain) Loss		(8,351,476)
Loss (Gain) to be Amortized		$ (1,634,169)

Comparative Interest Rate Amortization Tabulation

Balance Calculated Using Actual Investment Return	2011	2012	
Act 82 Amortization Balance at January 1	$246,044,866	$262,315,844	
Act 82 Amortization Payment	9,121,224	9,121,224	
Comparative Interest Rate Balance at January 1	$255,166,090	$271,437,069	
Actual Investment Return on Balance	7,149,754	31,478,557	
Actual Act 82 Amort. Balance at December 31	$262,315,844	$302,915,626	$302,915,626
Balance Calculated Using 10 Percent Investment Return			
Comparative Interest Rate Balance at January 1	$255,166,090	$289,803,924	
Interest at 10 Percent	25,516,609	28,980,392	
Compatative Act 82 Amort. Bal. at December 31	$280,682,699	$318,784,316	$318,784,316
Comparative Interest Rate Amortization Tabulation (Gain) Loss			$15,868,690

Table 7: Amortization of Unfunded Actuarial Accrued Liability Excluding Assets Arising from Pension Bond Proceeds

Source	Original Amount	Year Est.	Target Year	Remaining Balance	Remaining Payments	Annual Amount
Initial	$154,981,297	1998	2037	$226,619,628	25	$9,121,224
Assumption Change	$(4,327,036)	1998	2017	$(1,807,965)	5	$(415,689)
Experience Loss	270,401	1999	2013	30,097	1	30,097
Experience Gain	(3,675,180)	2000	2014	(784,904)	2	(406,637)
Experience Loss	2,412,237	2001	2015	741,824	3	265,357
Ben. Mod. -Actives	15,075,742	2002	2021	9,734,027	9	1,419,512
Experience Loss	1,211,257	2002	2016	477,061	4	132,498
Investment Loss	3,463,728	2002	2032	2,940,673	20	268,332
Assumption Change	(5,300,394)	2003	2022	(3,665,731)	10	(496,786)
Ben. Mod. - Actives	6,262,573	2003	2022	4,331,169	10	586,968
Experience Loss	4,981,603	2003	2017	2,357,208	5	541,971
Investment Loss	2,634,424	2003	2032	2,315,462	20	211,283
Assumption Change	(55,417)	2005	2024	(42,861)	12	(5,154)
Ben. Mod – Actives	7,325,991	2005	2024	5,666,089	12	681,395
Experience Loss	6,389,402	2005	2019	3,922,287	7	688,864
Experience Gain	(798,334)	2007	2021	(585,227)	9	(85,344)
Assumption Change	15,074,490	2009	2028	13,590,127	16	1,382,921
Experience Loss	8,218,578	2009	2028	7,409,308	16	753,965
Experience Gain	(53,453,311)	2011	2030	(51,023,719)	18	(4,890,159)
Agg. Changes Through Last Valuation	N/A	N/A		$(4,395,075)		$663,394
Assumption Changes	$31,572,286	2013	2027	$31,572,286	15	$3,327,197
Ben. Mod. - Actives	N/A					
Ben. Mod. - Ret.	N/A					
Experience Gain	(1,634,169)	2013	2032	(1,634,169)	20	(149,116)
Agg. Changes – 2013	N/A	N/A	2027	$29,938,117	15	$3,178,081
Aggregate Changes	N/A	N/A	2021	$25,543,042	9	$3,841,475
Aggregate	N/A	N/A		$252,162,670		$12,962,699

Details of the Calculation of Act 82 Payment

Act 82 Unfunded Actuarial Accrued Liability	$ 154,981,297
40-Year Amortization Payment	$ 12,920,696
Future Value at end of 40-Year period	$ 4,440,684,474
Payment to provide the same future value with 10% annual earnings	$ 9,121,224

Debt Service Schedule by Plan Year
Pension Bond Issue of December 15, 1996

	Date of Original Borrowing	Total Principal Borrowed	Total Principal to this Plan	Percentage to this Plan	Date of Refinancing
	12/15/96	$37,710,000.00	$37,710,000.00	100%	N/A
Plan Year	**Required Principal Pymt.**	**Required Interest Pymt.**	**Annual Debt Service**	**Premium or Discount Amortized**	**Principal Balance at Valuation Date**
1997		$1,834,529.78	$1,834,529.78		$37,710,000.00
1998	$525,000.00	2,564,976.25	3,089,976.25		37,710,000.00
1999	560,000.00	2,533,905.00	3,093,905.00		37,185,000.00
2000	590,000.00	2,499,965.00	3,089,965.00		36,625,000.00
2001	630,000.00	2,463,050.00	3,093,050.00		36,035,000.00
2002	670,000.00	2,423,065.00	3,093,065.00		35,405,000.00
2003	715,000.00	2,379,772.50	3,094,772.50		34,735,000.00
2004	760,000.00	2,332,930.00	3,092,930.00		34,020,000.00
2005	810,000.00	2,282,285.00	3,092,285.00		33,260,000.00
2006	865,000.00	2,227,631.25	3,092,631.25		32,450,000.00
2007	925,000.00	2,169,008.75	3,094,008.75		31,585,000.00
2008	985,000.00	2,106,210.00	3,091,210.00		30,660,000.00
2009	1,055,000.00	2,038,890.00	3,093,890.00		29,675,000.00
2010	1,125,000.00	1,966,950.00	3,091,950.00		28,620,000.00
2011	1,200,000.00	1,890,225.00	3,090,225.00		27,495,000.00
2012	1,285,000.00	1,808,220.00	3,093,220.00		26,295,000.00
2013	1,375,000.00	1,717,690.00	3,092,690.00		25,010,000.00
2014	1,475,000.00	1,617,940.00	3,092,940.00		23,635,000.00
2015	1,580,000.00	1,511,015.00	3,091,015.00		22,160,000.00
2016	1,695,000.00	1,396,390.00	3,091,390.00		20,580,000.00
2017	1,820,000.00	1,273,365.00	3,093,365.00		18,885,000.00
2018	1,950,000.00	1,141,415.00	3,091,415.00		17,065,000.00
2019	2,095,000.00	998,792.50	3,093,792.50		15,115,000.00
2020	2,250,000.00	844,545.00	3,094,545.00		13,020,000.00
2021	2,415,000.00	678,937.50	3,093,937.50		10,770,000.00
2022	2,590,000.00	501,260.00	3,091,260.00		8,355,000.00
2023	2,780,000.00	310,625.00	3,090,625.00		5,765,000.00
2024	2,985,000.00	105,967.50	3,090,967.50		2,985,000.00

Debt Service Schedule by Plan Year
Pension Bond Issue of March 10, 1998

	Date of Original Borrowing	Total Principal Borrowed	Total Principal to this Plan	Percentage to this Plan	Date of Refinancing
	3/10/98	$255,865,000.00	$57,569,624.42	22.3%	N/A
Plan Year	**Required Principal Pymt.**	**Required Interest Pymt.**	**Annual Debt Service**	**Premium or Discount Amortized**	**Principal Balance at Valuation Date**
1997					
1998		$1,873,403.84	$1,873,403.84		$57,569,624.42
1999	$ 225,000.00	3,740,451.43	3,965,451.43		57,569,624.42
2000	225,000.00	3,727,795.18	3,952,795.18		57,344,624.42
2001	225,000.00	3,715,071.43	3,940,071.43		57,119,624.42
2002	225,000.00	3,702,111.43	3,927,111.43		56,894,624.42
2003	225,000.00	3,689,050.18	3,914,050.18		56,669,624.42
2004	225,000.00	3,675,853.93	3,900,853.93		56,444,624.42
2005	563,624.99	3,652,273.94	4,215,898.93		56,219,624.42
2006	521,999.99	3,619,574.69	4,141,574.68		55,655,999.43
2007	553,499.99	3,586,902.44	4,140,402.43		55,133,999.44
2008	577,124.99	3,552,346.23	4,129,471.22		54,580,499.45
2009	623,249.99	3,512,858.03	4,136,108.02		54,003,374.46
2010	677,249.99	3,469,880.22	4,147,130.21		53,380,124.47
2011	726,749.99	3,426,005.22	4,152,755.21		52,702,874.48
2012	1,775,249.98	3,347,373.91	5,122,623.89		51,976,124.49
2013	2,471,624.98	3,212,979.43	5,684,604.41		50,200,874.51
2014	2,630,249.97	3,049,022.22	5,679,272.19		47,729,249.53
2015	2,860,874.97	2,870,560.66	5,731,435.63		45,098,999.56
2016	3,050,999.97	2,678,424.72	5,729,424.69		42,238,124.59
2017	4,105,124.96	2,445,850.66	6,550,975.62		39,187,124.62
2018	2,977,874.97	2,215,653.17	5,193,528.14		35,081,999.66
2019	4,506,749.95	1,970,149.48	6,476,899.43		32,104,124.69
2020	4,814,999.95	1,662,531.73	6,477,531.68		27,597,374.74
2021	5,143,499.95	1,333,901.23	6,477,401.18		22,782,374.79
2022	5,495,624.94	982,810.12	6,478,435.06		17,638,874.84
2023	5,871,374.95	607,699.11	6,479,074.06		12,143,249.90
2024	6,271,874.95	206,971.86	6,478,846.81		6,271,874.95

Section Eleven: Glossary

Accrued Benefit
The portion of the participant's retirement benefit that is attributable to service completed before the calculation date. The calculation typically uses actual service as of the calculation date and may involve other factors such as average pay at the determination date and projected service through the retirement eligibility date.

Act 205 of 1984
Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005, No. 205. The Act controls pension funding in Pennsylvania. This Act also provides for reporting of actuarial information and for a recovery program for qualifying municipalities.

Actuarial Accrued Liability
The portion of the actuarial cost assigned to prior years.

Actuarial Assumptions
Factors used by the actuary to forecast future events. These factors include items relating to future economic conditions, the survival of the participants and their beneficiaries, and the length of employment.

Actuarial Cost Method
A means of assigning costs to periods of employment. This method is used to determine a funding level that will provide sufficient assets to pay benefits for each participant upon retirement. Act 205 specifies that the entry age normal cost method, as described in the Act, should be used for this determination.

Actuarial Gain or Loss
The effect on the actuarial accrued liability of differences between events as predicted by the actuarial assumptions and those that actually occurred. This difference can increase or decrease the contribution in future years.

Actuarial Present Value
The lump sum value that is equivalent to an expected series of future payments. This value is determined by using the actuarial assumptions. An actuarial present value, as of the valuation date, represents the amount of funds that would be sufficient to provide the series of payments, if experience precisely matches the actuarial assumptions.

Actuarial Value of Assets
The value of current plan assets which is used by the actuary to evaluate the current funding status and determine future funding requirements. Under Act 205, a corridor limitation requires that this value be between 80 and 120 percent of the fair market value of the assets except for certain temporary periods for which an expanded corridor of between 70 and 130 percent of fair market value applies.

Administrative Expenses
The average of expenses to administer the plan that is paid in the year preceding the most recent valuation and the anticipated expenses for the year following this valuation. The average is converted to a percentage of payroll and used as part of the Minimum Municipal Obligation calculation.

Amortization Payment
The annual payment required to eventually eliminate the unfunded actuarial accrued liability according to the schedule established in Act 205.

Funding Adjustment
Occurs when the actuarial value of assets exceeds the actuarial accrued liability; it is defined by Act 205 as 10 percent of the excess. This adjustment reduces the amount that must be contributed to the pension plan.

General Municipal Pension System State Aid
Annually municipalities receive a portion of the insurance premium tax levied on casualty insurance companies headquartered outside of Pennsylvania. If they have paid firefighters, they also receive a portion of the premium tax on out-of-state fire insurance companies. These taxes are distributed according to formula contained in Act 205.

Minimum Municipal Obligation
The amount that must be contributed to a pension plan by a municipality for a given year. The calculation of this amount uses the normal cost, anticipated administrative expenses, amortization payment or funding adjustment, and anticipated employee contributions to determine a municipality's contribution requirement. General Municipal Pension System State Aid may be used to reduce the contribution.

Normal Cost
The actuarial cost assigned to a given year to pay for the portion of the anticipated benefit derived from service during that year.

Unfunded Actuarial Accrued Liability
The amount by which the actuarial accrued liability exceeds the actuarial value of assets. A valuation will identify the value of changes in the unfunded actuarial accrued liability that result from changes in plan benefits, actuarial assumptions, or actuarial gains and losses.

Vesting
The participant's non-forfeitable right to receive a benefit, provided that the participant survives until benefit eligibility.