

CITY OF DETROIT RETIREMENT SYSTEMS

Financial Statements

June 30, 2000

(With Independent Auditors' Report Thereon)

CITY OF DETROIT RETIREMENT SYSTEMS

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Independent Auditors' Report

To the Boards of Trustees
The City of Detroit General Retirement System
and
The Policemen and Firemen Retirement System
of the City of Detroit:

We have audited the statement of plan net assets and the related statement of changes in plan net assets of the City of Detroit General Retirement System and the Policemen and Firemen Retirement System of the City of Detroit (the Systems) as of and for the year ended June 30, 2000. These financial statements are the responsibility of the Systems' 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Systems as of June 30, 2000 and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The schedules of employer contributions and funding progress on page 12 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit, and do not express an opinion on, such information. We have applied to the schedules of employer contributions and funding progress certain limited procedures prescribed by professional auditing standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules.

December 15, 2000

CITY OF DETROIT RETIREMENT SYSTEMS

Statement of Plan Net Assets

June 30, 2000

(With comparative totals for June 30, 1999)

	General Retirement System		Policemen and Firemen Retirement System	
	2000	1999	2000	1999
Assets:				
Cash	\$ 3,985,023	4,835,682	46,189	50,374
Investments, at fair value	2,979,070,129	2,900,953,132	4,227,747,513	3,848,953,063
Accrued investment income	14,997,714	15,265,602	18,611,430	19,447,461
Contributions receivable	6,606,627	5,460,149	2,111,371	709,799
Receivables from investment sales	185,973,204	368,408,946	262,492,416	311,333,303
Other accounts receivable	186,414	140,937	389,053	392,147
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Total assets	3,190,819,111	3,295,064,448	4,511,397,972	4,180,886,147
Liabilities:				
Payables for investment purchases	194,591,475	395,400,815	265,038,302	367,624,738
Claims payable to retirants and beneficiaries	2,967,497	2,950,569	1,466,012	358,323
Accrued pension benefits	12,191,550	16,864,950	—	—
Due to City of Detroit agencies	1,691,915	1,621,842	6,500,326	1,650,379
Other liabilities	31,585,598	32,363,446	5,346,764	3,355,343
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Total liabilities	243,028,035	449,201,622	278,351,404	372,988,783
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Net assets held in trust for pension benefits (a schedule of funding progress for each plan is presented on page 12)	\$ <u>2,947,791,076</u>	<u>2,845,862,826</u>	<u>4,233,046,568</u>	<u>3,807,897,364</u>

See accompanying notes to financial statements.

CITY OF DETROIT RETIREMENT SYSTEM

Statement of Changes in Plan Net Assets

Year ended June 30, 2000

(With comparative totals for 1999)

	General Retirement System					Total	
	Annuity reserves		Market Stabilization Fund	Pension reserves		2000	1999
	Annuity Savings Fund	Annuity Reserve Fund		Pension Accumulation Fund	Pension Reserve Fund		
Additions:							
Employer contributions	\$ —	—	—	66,681,049	—	66,681,049	55,683,125
Employee contributions	24,283,908	—	—	46,997	—	24,330,905	22,198,181
Investment income, net	97,772,934	2,270,902	(43,890,355)	105,357,251	97,242,878	258,753,610	247,776,787
Total additions	122,056,842	2,270,902	(43,890,355)	172,085,297	97,242,878	349,765,564	325,658,093
Deductions:							
Pension and annuity benefits	—	3,255,248	—	—	143,814,547	147,069,795	145,550,539
General and administrative expenses	—	—	—	3,700,685	—	3,700,685	3,515,558
Refunds	95,876,859	—	—	1,189,975	—	97,066,834	60,256,582
Total deductions	95,876,859	3,255,248	—	4,890,660	143,814,547	247,837,314	209,322,679
Net increase (decrease)	26,179,983	(984,346)	(43,890,355)	167,194,637	(46,571,669)	101,928,250	116,335,414
Transfers, net	(6,024,034)	615,454	—	(137,296,632)	142,705,212	—	—
Net assets held in trust for pension benefits beginning of year	705,800,097	25,944,913	89,248,368	882,159,910	1,142,709,538	2,845,862,826	2,729,527,412
Net assets held in trust for pension benefits end of year	\$ 725,956,046	25,576,021	45,358,013	912,057,915	1,238,843,081	2,947,791,076	2,845,862,826

CITY OF DETROIT RETIREMENT SYSTEMS

Statement of Changes in Plan Net Asset:

Year ended June 30, 2000

(With comparative totals for 1999)

	Policemen and Firemen Retirement System						Total	
	Annuity reserves		Market Stabilization Fund	Survivor Benefits Fund	Pension reserves		2000	1999
	Annuity Savings Fund	Annuity Reserve Fund			Pension Accumulation Fund	Pension Reserve Fund		
Additions:								
Employer contributions	\$ —	—	—	—	19,972,058	—	19,972,058	15,709,800
Employee contributions	8,624,171	—	—	—	45,832	—	8,670,003	8,526,238
Investment income, net	38,855,351	1,848,070	72,180,711	2,378,014	331,067,776	150,574,662	596,904,584	328,055,372
Total additions	47,479,522	1,848,070	72,180,711	2,378,014	351,085,666	150,574,662	625,546,645	352,291,410
Deductions:								
Pension and annuity benefits	—	1,058,071	—	2,997,598	—	166,191,719	170,247,388	157,936,772
General and administrative expenses	—	—	—	—	3,656,663	—	3,656,663	3,155,896
Refunds	26,303,160	190,230	—	—	—	—	26,493,390	22,373,304
Total deductions	26,303,160	1,248,301	—	2,997,598	3,656,663	166,191,719	200,397,441	183,465,972
Net increase (decrease)	21,176,362	599,769	72,180,711	(619,584)	347,429,003	(15,617,057)	425,149,204	168,825,438
Transfers, net	51,049	361,854	—	—	(412,903)	—	—	—
Net assets held in trust for pension benefits beginning of year	204,687,416	24,096,127	139,534,386	31,990,573	1,397,028,836	2,010,560,026	3,807,897,364	3,639,071,926
Net assets held in trust for pension benefits end of year	\$ 225,914,827	25,057,750	211,715,097	31,370,989	1,744,044,936	1,994,942,969	4,233,046,568	3,807,897,364

See accompanying notes to financial statements.

CITY OF DETROIT RETIREMENT SYSTEMS

Notes to the Financial Statements

June 30, 2000

(A) Plan Description

The City of Detroit, a single employer, Retirement Systems consist of the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). Each System is composed of a defined benefit plan and a defined contribution plan. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

These Systems are administered in accordance with the City of Detroit Charter and union contracts, which assign the authority to establish and amend contributions and benefit provisions to each System's Board of Trustees.

(B) Summary of Significant Accounting Policies

Basis of Accounting

The Systems' financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

System investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at estimated fair value.

Funding Policy – Contributions

The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. The current rate is 13.26% of active annual payroll for the GRS and 26.17% of active annual payroll for the PFRS. Contributions from employer, including receivables for the year ended June 30, 2000, amounted to \$66,681,049 and \$19,972,058 for the GRS and the PFRS, respectively.

Employee contributions for annuity savings are as follows:

- **General Retirement System:** 3% of the first \$68,400 of annual compensation and 5% of any excess over \$68,400. Employees may also elect to contribute 5% or 7%. Contributions are voluntary for all union and non-union employees.
- **Policemen and Firemen Retirement System:** Mandatory contributions are 5% of base compensation until eligibility for retirement is reached.

Contributions received from employees during the year ended June 30, 2000 amounted to \$24,330,905 and \$8,670,003 for the GRS and the PFRS, respectively.

CITY OF DETROIT RETIREMENT SYSTEMS

Notes to the Financial Statements

June 30, 2000

The contribution requirements of plan members and the City of Detroit are established and may be amended by the Board of Trustees in accordance with the City Charter, union contracts, and plan provisions.

Benefits

GRS members may retire with full benefits after attaining 30 years of service; age 55 with 30 years of service if hired after January 1, 1996; age 60 with 10 years of service; or age 65 with 8 years of service. Employees may retire after 25 years of service and collect an actuarially reduced retirement benefit.

Police officers and firefighters hired prior to January 1, 1969 may retire after 25 years of service with full benefits and an escalator clause for future increases. Police officers and firefighters hired after January 1, 1969 may retire after 25 years of service with full benefits and a yearly cost-of-living adjustment of 2.25%.

Members of the GRS who separated prior to July 1, 1981, met the age and service requirements, and who did not withdraw their accumulated annuity contributions are generally eligible for a pension at the time they would have been eligible had they continued in City employment. Members who separate after July 1, 1981 are not required to leave their accumulated annuity contributions in the System.

Members of the PFRS who separated prior to July 1, 1982, met the age and service requirements, and who did not withdraw their accumulated annuity contributions are generally eligible for a pension at the time they would have been eligible had they continued in City employment. Members who separate after July 1, 1982 and meet the age and service requirements are able to withdraw their accumulated contributions and remain eligible for a benefit.

Monthly pension benefits, which are subject to certain minimum and maximum amounts, are determined according to fixed rates per year of credited service. Pension benefits for all members of the GRS are increased annually by 2.25% of the original pension. For those members of the PFRS who were hired after January 1, 1969, pension benefits are increased annually by 2.25% of the original pension. Police officers and firefighters hired before January 1, 1969 may elect, at retirement, increases based upon pay increases of active members or annual increases of 2.25% of the original pension.

Employee contributions to both Systems for annuity savings may be withdrawn upon separation from the City. At retirement, members have the option to withdraw their accumulated annuity contributions plus interest in a lump sum or to receive monthly annuity payments. Employees in both Systems may withdraw their annuity balance if they have accumulated 25 years of service credit.

Class of Employees

The GRS covers all eligible employees other than police officers and firefighters, who are covered by the PFRS.

CITY OF DETROIT RETIREMENT SYSTEMS

Notes to the Financial Statements

June 30, 2000

The Systems' membership consisted of the following at June 30, 1999, the date of the latest actuarial valuation:

	<u>Defined benefit plans</u>		<u>Defined contribution plans</u>	
	<u>GRS</u>	<u>PFRS</u>	<u>GRS</u>	<u>PFRS</u>
Retirees and beneficiaries receiving benefits	11,537	7,883	2,060	1,880
Terminated plan members entitled to but not yet receiving benefits	1,351	45	574	19
Active plan members	<u>11,987</u>	<u>5,329</u>	<u>11,286</u>	<u>4,646</u>

Reclassifications

Certain amounts in 1999 were reclassified to conform to the 2000 presentation.

(C) Cash and Investments

Cash balances for the Systems are held in financial institutions insured as members of FDIC in the Systems' name. As of June 30, 2000, the carrying amounts of \$3,985,023 for the GRS and \$46,189 for the PFRS were equal to bank balances. Of the bank balance, \$292,418 and \$46,189, respectively, were covered by federal depository insurance.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 3, the Systems' investments are categorized to give an indication of the level of custodial risk assumed by the Systems at June 30, 2000. Category 2 includes investments which are uninsured, unregistered, and held by a trust department or agent in the Systems' name.

The Systems have adopted an official investment policy, which is in accordance with state statute. Authorized investments include U.S. Government obligations, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investment quality, bankers' acceptances, repurchase agreements, mutual funds of certain investment quality, secured lease obligations, real and personal property, small business and venture capital firms, preferred stock, common stock, and other investments not excluded by state statute, limited as to portfolio share.

CITY OF DETROIT RETIREMENT SYSTEMS

Notes to the Financial Statements

June 30, 2000

Following is a description of the investments by type and category:

Investment	2000	1999	Category
General Retirement System:			
Short-term investments	\$ 81,485,551	134,444,558	2
Bonds and stocks	2,123,565,422	1,996,812,573	2
Mortgage-backed securities	64,774,385	123,919,827	2
Mortgage and construction loans	135,088,234	120,524,657	N/A
Equity interest in real estate	81,122,565	87,260,110	N/A
Securities lending	233,982,226	270,666,581	N/A
Pooled investments	101,462,095	101,674,593	N/A
Private placements	<u>157,589,651</u>	<u>65,650,233</u>	2
Total	\$ <u>2,979,070,129</u>	<u>2,900,953,132</u>	
Policemen and Firemen System:			
Short-term investments	\$ 175,632,926	195,973,320	2
Bonds and stocks	2,831,212,630	2,051,633,134	2
Mortgage-backed securities	194,145,764	186,076,890	2
Mortgage and construction loans	107,782,578	93,075,004	N/A
Equity interest in real estate	55,475,488	50,387,964	N/A
Securities lending	470,059,337	343,613,748	N/A
Pooled investments	356,300,802	887,508,725	N/A
Private placements	<u>37,137,988</u>	<u>40,684,278</u>	2
Total	\$ <u>4,227,747,513</u>	<u>3,848,953,063</u>	

(D) Securities Lending

Under the provisions of Securities Lending Authorization Agreements, the Systems lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Systems' custodial banks manage the securities lending program and receive cash, securities, and irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100% of the market value of the loaned securities.

The Systems did not impose any restrictions during the fiscal year on the amount of the loans that the custodial banks made on its behalf, and the custodial banks indemnified the Systems by agreeing to purchase replacement securities or return cash collateral in the event a borrower failed to return the loaned security or pay distributions thereon. There were no such failures by any borrowers during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or the custodial banks.

CITY OF DETROIT RETIREMENT SYSTEMS

Notes to the Financial Statements

June 30, 2000

The Systems and the borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan is invested in two separate collective investment pools. The average duration of both investment pools as of June 30, 2000 was 74 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2000, the Systems had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the Systems as of June 30, 2000 were \$727,633,026 and \$704,041,563, respectively.

The GRS has, via a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company (State Street) to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. Cash collateral received with respect to such loans was invested, at the discretion of the Board of Trustees of the System, in Quality Funds for Short-term Investments, a pooled external vehicle (the Fund). The fair value of investments held by the Fund is based upon valuations provided by a recognized pricing service. Because the Fund does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, State Street has valued the Fund's investments at fair value for reporting purposes. The Fund is not registered with the Securities and Exchange Commission. State Street, and consequently the investment vehicles it sponsors (including the Fund), is subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the GRS's position in the Fund is not the same as the value of the Fund shares. There was no involuntary participation in an external investment pool by the System for the fiscal year. Further, State Street assigned no income from one fund to another fund during the fiscal year.

(E) Net Assets Held in Trust for Employees' Pension Benefits

Net assets held in trust for employees' pension benefits include legally required reserves and amounts designated by the plans' Boards of Trustees for specific purposes. Net assets as of June 30, 2000 consist of the following reserves and designations:

	GRS	PFRS
Annuity reserves:		
Annuity Savings Fund	\$ 725,956,046	225,914,827
Annuity Reserve Fund	25,576,021	25,057,750
	751,532,067	250,972,577
Pension reserves:		
Pension Accumulation Fund	912,057,915	1,744,044,936
Pension Reserve Fund	1,238,843,081	1,994,942,969
Survivor Benefit Fund	—	31,370,989
	2,150,900,996	3,770,358,894
Trustee-designated fund –		
Market Stabilization Fund	45,358,013	211,715,097
Total net assets	\$ 2,947,791,076	4,233,046,568

CITY OF DETROIT RETIREMENT SYSTEMS

Notes to the Financial Statements

June 30, 2000

Annuity Savings and Annuity Reserve Funds (Defined Contribution Plan)

The Annuity Savings Fund represents cumulative contributions made by active employees plus credited interest. Amounts are subject to withdrawal upon termination of employment or retirement. Amounts transferred to the Annuity Reserve Fund represent cumulative contributions for retirees, disabled members, or surviving spouses who have elected monthly annuity benefits.

Pension Accumulation and Pension Reserve Funds (Defined Benefit Plan)

The Pension Accumulation Fund represents the fund in which City contributions are accumulated for the payment of pensions and other benefits. Employees who served in World War II, the Korean War, or Vietnam are eligible to contribute a one-time contribution to receive an additional pension payment upon retirement. Total employee contributions for the veterans were \$46,997 for GRS and \$45,832 for PFRS for the year ended June 30, 2000.

The Pension Reserve Fund represents funded pension benefits available for retired lives and is funded by actuarially determined transfers from the Pension Accumulation Fund.

Survivor Benefit Reserve Fund

The Survivor Benefit Reserve Fund represents accumulated employee and City contributions for certain survivor benefits from which the related benefits are paid.

Market Stabilization Fund

The Market Stabilization Fund represents amounts designated from plans' earnings for cushioning the effect of future market value adjustments for investment performance. The Boards of Trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year-average method.

(F) Transfers

Reserves are subject to adjustments based upon actuarial valuation. Such adjustments are recorded each fiscal year.

(G) Accrued Pension Benefits

The amount accrued for the GRS at June 30, 2000 represents the distribution to the retirees of 2000 earnings approved by the Board of Trustees.

(H) Old Pension Plans

Certain old pension plans, which include retired members only, are accounted for by the sponsor funds on a pay-as-you-go basis and are not reflected in the accompanying financial statements. The sponsor funds and contributions made for the year ended June 30, 2000 are \$52,003 and \$8,187 for the General Fund and Water Fund, respectively.

CITY OF DETROIT RETIREMENT SYSTEMS

Notes to the Financial Statements

June 30, 2000

(I) Other Postemployment Benefits

In addition to the pension benefits described above, the City provides postretirement benefits to its retirees, which include hospitalization, dental care, eye care, and life insurance. The number of City retirees at June 30, 2000 is 19,826. Costs are accounted for in accordance with GASB Statement No. 12, *Disclosure of Information on Postretirement Benefits Other than Pension Benefits by State and Local Government Employers*. The benefits are provided in accordance with the City Charter and union contracts. The costs of benefits, which are financed on a pay-as-you-go basis, for the year ended June 30, 2000 are as follows:

Benefits		City cost	Retiree cost	Total cost
		<hr/>	<hr/>	<hr/>
Hospitalization	\$	93,017,535	7,333,135	100,350,670
Dental care		4,954,455	—	4,954,455
Eye care		1,284,653	—	1,284,653
Life insurance		142,298	26,089	168,387
		<hr/>	<hr/>	<hr/>
Total	\$	<u>99,398,941</u>	<u>7,359,224</u>	<u>106,758,165</u>

(J) Subsequent Event

On October 4, 2000, the City of Detroit, Michigan, the Detroit Police and Lieutenants and Sergeants Association (DPLSA), the Detroit Police Officers Association (DPOA), the Detroit Firefighters Association (DFFA), the Detroit Police Command Officers Association (DPCOA), and the Retired Detroit Police and Fire Association (RDPFA), collectively known as “the Union,” entered into a tentative agreement whereby \$92.4 million and \$98 million for the years ended June 30, 1998 and 1999, respectively, will be distributed to the City (40%) and active (30%) and retired (30%) police and fire.

The distribution results from the excess of the funding value of assets over actuarial accrued liabilities (full funding credit). The City’s portion will be a credit toward the normal cost contribution for the fiscal years ending June 30, 2000 and 2001. Retired employees or beneficiaries will receive an additional pension check, referred to as the “13th Check.” All active employees on the payroll July 1, 1999 and July 1, 2000 would receive a distribution in the form of contributions to each employee’s defined contribution plan account, based upon the employee’s pension service credit earned as of the June 30 of the applicable plan year.

The mayor of the City and the Union have approved the agreement; however, the agreement has not been presented to City Council for approval. Such approval is required to finalize the agreement.

CITY OF DETROIT RETIREMENT SYSTEMS

Required Supplementary Information

June 30, 2000

**A. Schedule of Employer Contributions
(Dollar amounts in millions)**

General Retirement System			Policemen and Firemen Retirement System		
Year ended June 30	Annual required contributions	Percentage contributed	Year ended June 30	Annual required contributions	Percentage contributed
1994	\$ 35.7	100%	1994	\$ 54.9	100%
1995	36.5	100	1995	57.3	100
1996	42.5	100	1996	55.0	100
1997	54.7	100	1997	54.5	100
1998	52.7	100	1998	48.1	100
1999	55.6	100	1999	15.7	100

**B. Schedule of Funding Progress
(Dollar amounts in millions)**

Actuarial valuation date June 30	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio	Unfunded AAL (UAAL)	Covered payroll	UAAL as a percentage of payroll
General Retirement System						
1994(A)	\$ 2,041.9	2,192.8	93.1	\$ 150.9	325.4	46.4%
1995	2,043.4	2,275.2	89.8	231.8	327.6	70.8
1996	2,193.2	2,382.8	92.0	189.6	360.1	52.7
1997	2,333.4	2,537.8	91.9	204.4	382.8	53.4
1998	2,582.0	2,814.9	91.7	232.9	387.0	60.2
1999(A)(B)	2,756.6	2,900.4	95.0	143.8	383.4	37.5
Policemen and Firemen Retirement System						
1994(A)	\$ 2,304.4	2,486.2	92.7	\$ 181.8	199.7	91.0%
1995	2,443.0	2,574.2	94.9	131.2	209.7	62.6
1996(A)	2,628.6	2,633.4	99.8	4.8	212.7	2.3
1997	2,944.2	2,806.6	104.9	(137.6)	217.6	—
1998	3,325.9	2,976.8	111.7	(349.1)	217.5	—
1999(A)(B)	3,668.4	3,218.7	114.0	(449.7)	216.0	—

(A) After changes in actuarial assumptions.

(B) Plan amended.

CITY OF DETROIT RETIREMENT SYSTEMS

Required Supplementary Information

June 30, 2000

Significant Actuarial Assumptions

Significant actuarial assumptions used in preparing the accompanying Systems' required supplementary information for the year ended June 30, 2000 follow:

	General Retirement System	Policemen and Firemen Retirement System
Valuation date	June 30, 1999	June 30, 1999
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	22 years	18 years
Asset valuation method	3-year smoothed market	3-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.9%	7.8%
Projected salary increases	4.0%-10.0%	5.5%-9.0%
Includes inflation at	4.0%	4.8%
Cost-of-living adjustments	2.25%	2.25%

Factors that significantly affect the identification of trends in the amounts reported include, for example, changes in benefit provisions, the size or composition of the population covered by the plans, or the actuarial methods and assumptions used.