

PMRS

**Pennsylvania Municipal
Retirement System**

Comprehensive Annual Financial Report 2000

**For the Year Ended
December 31, 2000**



On the Cover: Commonwealth, a 17' 8", 3 ton, gilded bronze statue, was originally placed on the dome of the capitol Building on May 25, 1905. She is the "symbolic embodiment of the Commonwealth of Pennsylvania". The statue's right arm is outstretched in the symbol of mercy, and her left arm is raised and grasping a ribbon-garland staff, the symbol of justice surmounted by a traditional Federal eagle.

Excerpt from the Department of General Services website

Pennsylvania Municipal Retirement System

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2000**

John G. Brown III

Chairman

Pennsylvania Municipal Retirement Board

James B. Allen

Secretary

Pennsylvania Municipal Retirement System

Report prepared by the Pennsylvania Municipal Retirement System staff

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- GFOA Certificate of Achievement
- Administrative Organization
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 - Administrative Staff
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 - Organization Chart
- Chairman's Report
- Summary of Plan Provisions



Letter of Transmittal



Pennsylvania Municipal Retirement System

Commonwealth of Pennsylvania

July 31, 2001

Members of the Pennsylvania Municipal Retirement Board
 Pennsylvania Municipal Retirement System
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 Harrisburg, Pennsylvania 17108-1165

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As part of our continuing commitment to full financial reporting for the Pennsylvania Municipal Retirement System (the System), we are honored to submit the System's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2000. Consistent with the requirements of the Pennsylvania Municipal Retirement Law, Act of 1974, P.L. 34, No. 15 (the Act) as amended, the System distributes the Comprehensive Annual Financial Report to our governing board, to the members of the General Assembly of Pennsylvania, to each participating municipal employer, and to all other interested parties upon request.

The System is solely responsible for the accuracy of the data in this report. As the two individuals responsible for the System's financial record as of December 31, 2000, we offer our assurances that we have made every effort to present a comprehensive report. To the best of our knowledge, the enclosed information is accurate in all material respects.

Overview of the System

The Pennsylvania Municipal Retirement System, which is an agent multiple-employer system, is headquartered in Harrisburg, Pennsylvania. The System is a state retirement agency created by the Pennsylvania General Assembly in 1974. Responsibility for the organization and administration of the System is vested in the eleven-member Pennsylvania Municipal Retirement Board (the Board).

The System administers sound, cost-effective pension plans on a contracted basis for local government employees throughout the Commonwealth. Our services include accounting services, actuarial valuations, employee consultation and record keeping, and asset management. Any Pennsylvania county, city, town, township, borough, municipal authority, or institution supported and maintained by a municipality may participate. All participating plans as of December 31, 2000 are listed in the Statistical Section of this report.

The System offers various plan designs: defined benefit, defined contribution, and hybrid. The annual benefit is dependent upon the individual municipality's contracted benefit package because each pension plan is designed based on each municipality's individual needs. Benefits provided to participants in the System are typically dependent upon both age and service requirements. In addition to standard monthly pension benefits, plans routinely include provision for vesting, disability benefits, survivor benefits, and death benefits. The plan cost is determined by individual plan characteristics. The System's individual plans may have a municipal contribution and an employee contribution or just an employer charge. Municipal contributions typically range from 4% to 12% of projected payroll for municipal employees and from 12% to 20% for police and firefighters. The employee contribution is determined by plan contract. In 2000, plan requirements ranged from no employee contribution to as high as 7.5% of earnings.

Letter of Transmittal (*Continued*)

2000 CAFR

The 2000 Comprehensive Annual Financial Report (CAFR) format follows the required Governmental Accounting Standards Board (GASB) Statement No. 25. The annual report is presented in five sections: introductory, financial, investment, actuarial, and statistical. The Introductory Section contains this Letter of Transmittal, the Certificate of Achievement for Excellence in Financial Reporting, the System's administrative organization, the Chairman's Report, and a summary of plan provisions; the Financial Section presents the opinion of the System's independent auditors, Ernst & Young LLP, and the financial statements of the System with accompanying notes and schedules; the Investment Section contains an overview of the System's investment activities and policies and an overview of the System's revenues by source, expenses by type, administrative expenses, and investments; the Actuarial Section presents the opinion of the System's independent actuarial firm, The Segal Company, and the results of its annual actuarial valuation; and the Statistical Section includes significant financial and demographic data presented on a multi-year basis and the Schedule of Participating Employers.

Economic Environment

During 2000, the U.S. economy slumped. While the economy did not enter a recession, the rapid slowdown of the economy from the hot pace of the first half of the year made it seem as if it had. Consumers became progressively more indebted in 2000. The amount of outstanding consumer credit rose from \$1.4 trillion to \$1.56 trillion, an increase of over 10%.

The U.S. unemployment rate increased slightly from the post World War II low of 3.9% to 4.0%, which was still low. The layoffs in manufacturing were offset by hiring in the service sector and the government.

Consumer confidence continued its downward trend. After peaking in January 2000 at 144.7 the Consumer Confidence Index closed the year at 98.4, an enormous 46.3 point drop. Although the whole year was negative, most of the decline came in the third quarter.

The U.S. trade deficit had an unexpected improvement in November and December as the economic slowdown dampened demand for imports. In November, the trade deficit was \$32.99 billion.

Financial Information

The system's financial statements were prepared in accordance with generally accepted accounting principles of government accounting and reporting as adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The financial statements and the required supplementary information in the report have been prepared in accordance with the standards for disclosure following GASB Statement No. 25 guidelines. The accrual basis of accounting is used to record all financial transactions including assets, liabilities, revenues, and expenses. Gains and losses on sales and exchanges of investments are recognized on the transaction date. Significant accounting policies are detailed in the Financial Section under Note B of "Notes to Financial Statements."

The System's assets totaled \$1,107,763,691 as of December 31, 2000. In 2000, the System's assets increased by \$14,353,082 which included contributions of \$35,359,234. Investment-related income increased the portfolio by \$33,429,407. Additional information on the System's assets is detailed in the Financial Section ("Statements of Plan Net Assets" and "Statements of Changes in Plan Net Assets").

The System has established internal computerized control policies and procedures for the review and verification of all receipts and payments made to and from the fund. In addition, the System's staff prepares a yearly budget which must be adopted by the Board. The budget is also presented to and reviewed by the Local Government Committees of the Pennsylvania House and Senate at least two months prior to the beginning of the fiscal year. The committees can approve the budget, reject it, or take no action by the end of the year in which case the proposed budget becomes final. Budgetary controls include monthly review and presentation by management with bimonthly Board reviews. The 2000 administrative budget was adopted in September 1999 and set at \$2.398 million exclusive of investment fees. Expenditures (exclusive of investment fees and depreciation) in 2000 amounted to \$2,062,026. More information on the System's budget is included in the Financial Section of this report ("Schedule 3 - Administrative Expenses").

Letter of Transmittal (*Continued*)

Revenues

The System was established by law to pay pension benefits when due. It accumulates sufficient funds to pay benefits through employee contributions, employer contributions, and investment earnings. The following schedule presents a summary of revenues for the fiscal year ended December 31, 2000, and also shows the amount and percentage of increases and decreases in relation to December 31, 1999 revenues.

Additions to Plan Net Assets	2000 Amount	Percent of Total	1999 Amount	Increase (Decrease) from 1999	Percent of Increase (Decrease)
Member Contributions	\$12,180,952	17.71%	\$11,456,483	\$724,469	6.32%
Municipal Contributions	22,932,542	33.34	20,054,018	2,878,524	14.35
Assessments	245,740	.35	233,905	11,835	5.06
Investment Income	<u>33,429,407</u>	<u>48.60</u>	<u>132,452,017</u>	<u>(99,022,610)</u>	<u>(74.76)</u>
Total	<u>68,788,641</u>	<u>100.00%</u>	<u>\$164,196,423</u>	<u>(\$95,407,782)</u>	

Municipal contributions are based upon an actuarial valuation, using the Entry Age Normal Actuarial Cost Method, computed as a percentage of the total compensation of all active members during the period for which the amount is determined.

Member contributions vary according to the type of pension plan. Under Articles II and III of the Act, members are required to contribute 3% to 8% of their salary. The amount a member contributes under Article IV of the Act is based upon contracted plan provisions and is principally expressed as a percent of compensation or salary.

Investment revenues are a combination of earnings from bonds, equities, real estate, and a short-term cash management fund. During the 2000 fiscal year, the fair value of the System's investment portfolio increased from \$1,088,588,805 to \$1,091,875,102. The largest portions of the investment revenue came from equities (\$95,867,871) and corporate bonds (\$8,346,401).

The final portion of revenue is derived from assessments. Each municipality is charged a \$20 assessment per member to help cover administrative expenses incurred by the System. Any fluctuation in assessments is caused by the number of members per municipality and can be affected by employee turnover or new plans being added or plans leaving the System in previous years.

Six-year historical trend information listing the System's revenues by source is presented in Part I of the Statistical Section of this report.

Expenses

The System's primary expense represents the purpose for which it was created: payment of benefits. The following schedule presents a summary of the System's expenses for the fiscal year ended December 31, 2000, and shows the percentage of increases and decreases in relation to December 31, 1999 amounts.

Deductions from Plan Net Assets	2000 Amount	Percent of Total	1999 Amount	Increase (Decrease) From 1999	Percent of Increase (Decrease)
Annuity benefits	\$22,617,449	63.52%	\$20,260,700	\$2,356,749	11.63%
Disability benefits	905,621	2.54	826,591	79,030	9.56
Terminations	9,949,213	27.94	62,536,769	(52,587,556)	(84.09)
Administrative	<u>2,134,593</u>	<u>6.00</u>	<u>1,919,161</u>	<u>215,432</u>	<u>11.23</u>
Total	<u>\$35,606,876</u>	<u>100.00%</u>	<u>\$85,543,221</u>	<u>(\$49,936,345)</u>	

Letter of Transmittal (*Continued*)

The major expense-related items for 2000 were payment of benefits, refunds of withdrawing plans, refunds of contributions due to termination or death, and administrative expenses.

A breakdown of the System's expenses including six-year historical trend information is presented in Part I of the Statistical Section of this report.

Investment Highlights

The Board's investment objective is to benefit the System's member municipalities by adding value to their assets through prudent monitoring of the investments and careful guarding of the principal. Recognizing that inflation can erode value, the Board's goal is to have the fund earn at least 2% more annually than the average annual inflation rate over a long period of time. The System invests its assets in order to maximize current and future income yield and to provide long-term stability. For the fiscal year ended December 31, 2000, investments provided 48.60% of the System's total revenues.

On December 31, 2000, the fair value of the System's investments was \$1,091,875,102. This represents an increase of \$3,286,297 over the previous year. For the last five years, the System's annualized return was 13.6%. On December 31, 2000, the System's investment portfolio was distributed as follows: 50.4% in domestic equities, 13.8% in international equities, 25.6% in bonds, 9.1% in real estate, and 1.1% in cash equivalents.

Additional information concerning the System's investments is provided in the Investment Section of this report.

Funding

The System's level of funding is based on the actuarial reserve method. Funds are derived from the excess of revenues over expenses and are accumulated by the System in order to meet current and future benefit obligations to retirees and beneficiaries. As the funding level increases, the assets accumulate and strengthen the investment income potential. Net operating income for the 2000 fiscal year was \$33,181,765. This represents an increase in the fund balance of 3.3% over the 1999 fund balance.

To comply with GASB Statement No. 25 disclosure requirements, the "Schedule of Funding Progress" was calculated based on the most recent actuarial valuation dated January 1, 1999. As illustrated in the schedules under "Required Supplementary Information," the System's funded ratio in relation to the System's current actuarial value of assets is adequate to fund the System's actuarial accrued liabilities. Additional information on the System's actuarial value, liabilities, and funding progress can be found in the Actuarial and Financial Sections of this report.

As an agent multiple-employer Public Employee Retirement System (PERS), the System reports to each of the trustees of the plans it administers, providing the governing authority of the member plans with complete actuarial, accounting, and funding data. Detailed information on the System's plan funding can be found in the Financial Section (Schedules 1 and 2) and the Actuarial Section of this report under Exhibit I.

Major Initiatives

During the 2000 financial year, the Board awarded excess investment monies at a rate of 8.49% on year-end 1999 account balances. Added to the 6.5% regular interest, the award produced a compounded rate of return of close to 14.99% on each plan's December 31, 1999 asset balance. Total excess interest awarded to municipalities exceeded \$70 million. Significant efforts were made to insure that the governing boards of the individual plans, the municipal contact persons, and the affected employees understood the benefit and consequences of their actions vis-à-vis the award.

The System conducted a comprehensive review and testing of agency equipment in 1997. In 1998 and 1999, the System totally replaced its existing computer hardware and software at a cost of nearly \$500,000. The new computer platform is now fully operational.

Regarding the System's outside service providers, contract amendments containing Year 2000 compliance representations were successfully negotiated with each provider, including all the System's investment managers and its master investment consultant. The only service provider from whom the System did not obtain representation as to its state of Year 2000 readiness was the System's independent auditor, which does not provide services that would jeopardize the System's ability to function or the safety of the retirement fund. The System also developed contingency plans that would go into

Letter of Transmittal (*Continued*)

operation in the event of any disruption to the System's computers and other time-sensitive systems and back-up procedures for all mission-critical functions.

As part of a project to formalize the System's policies, the Board, staff, and Chief Counsel's Office continued to work on a review of existing regulations to be certain all regulations are understandable, concise, and consistent with existing law and court cases. Final adoption of the regulations was realized in 2000.

The year was also active from a plan membership perspective. The System processed 25 new member plan contracts, 52 plan amendments, and 3 withdrawals. Most membership activity during the year was associated with benefit consulting, designing pension plans for new enrollments, redesigning existing plans for benefit upgrades, and exhibiting at local government conventions.

Under personnel, the Board created the position of descriptive statistician in the Membership and Municipal Services Division and the position of personnel analyst in the Operations Division, bring the total administrative personnel complement to 25 staff members.

The System's accounting initiatives for 2000 included the System's third SAS 70 audit report which covered the period from July 1, 1999 – December 31, 1999. The System's current independent auditor, Ernst & Young, LLP, performed the service provider's audit which tested how the System processes its information. The audit report demonstrated that improvements had been made since the first SAS 70 audit and that controls were put in place and tested. The auditors' sole finding involved management of the computer system and the system's software. These findings were addressed by the installation of the new CPAS computer software system. The audit was greeted by the Board who found it to be a valuable management information tool.

In 2000, the System developed a presence on the Internet. Making Board actions more public and allowing easier access to public pension plan information is a strong initiative of the Board.

Professional Services

The financial information in this report has been audited by the independent accounting firm of Ernst & Young LLP, which is completing year one of a two-year contract. The actuarial information was prepared with the help of E. Greenblum, consulting actuary from The Segal Company. The firm is in the fifth year of a competitively bid five-year renewal contract for actuarial consulting. The investment information was prepared with the cooperation of the System's independent investment consultant, R. Dahab of Dahab Associates. This firm is completing year one of a five-year contract that was competitively bid. The Board and staff sincerely appreciate the cooperation and commitment of these three advisors in providing information for the preparation of this report.

Other Information

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pennsylvania Municipal Retirement System for its comprehensive annual financial report for the fiscal year ended December 31, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Pennsylvania Municipal Retirement System has received a Certificate of Achievement for the last ten consecutive years (fiscal years ended December 31, 1990 - December 31, 1999).

Letter of Transmittal (*Continued*)

Acknowledgments

We must recognize and express our sincere appreciation to the individuals who are so instrumental to the operations of the System. First and foremost, we salute our Board members for their dedicated service to the System. Their dependability, commitment to serving the System's members, dedication, and guidance are most appreciated. Board members serve the System without financial remuneration other than travel expenses for Board meetings, seminars, and conferences.

We also thank the System's staff for providing materials and information needed to compile this financial report. The staff is commended for its teamwork and concerted efforts to meet deadlines without detracting from the quality or accuracy of the report.

The third and most important thank you goes to our individual plan members, contact persons, and governing boards. We appreciate your continued support and trust. Thank you for the privilege of administering your pension needs.

Respectfully submitted,



Reynold E. Witmer
Chief of Accounting



James B. Allen
Secretary

GFOA Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pennsylvania Municipal Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

Administrative Organization

Pennsylvania Municipal Retirement Board as of December 31, 2000



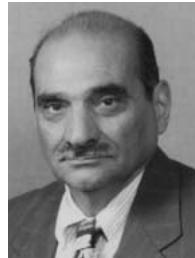
John G. Brown, III
Chairman
serves until replacement named
represents Pennsylvania
townships of the second class



Douglas K. Bowen
Vice-Chairman
serves until replacement named
represents Pennsylvania
municipal authorities



Linda Bodner
term expires January 25, 2004
represents Pennsylvania cities



Victor A. Cicero
serves until replacement named
represents Pennsylvania
police officers



Barbara Hafer
appointed by statute
State Treasurer (ex-officio) represented by
Robert E. Patterson, Chief Investment Officer



Dawn Knapp
term expires September 5, 2004
represents Pennsylvania firefighters



Paul S. McMillen
serves until replacement named
represents Pennsylvania counties



Kim Pizzigrilli
appointed by statute
Secretary of the Commonwealth
(ex-officio) represented by, John T. Henderson, Jr.,
Chief Counsel



Anthony Spagnolo
term expires January 19, 2004
represents Pennsylvania
townships of the first class



Robert T. Umstead
serves until replacement named
represents Pennsylvania boroughs

Vacant: representative from Pennsylvania Municipal Retirement System retired members

Administrative Organization (*Continued*)

Administrative Staff as of December 31, 2000

James B. Allen

Secretary

Edward L. Bechtel

Assistant Secretary

Reynold E. Witmer

Accounting
Division Chief

Benjamin F. Mader

Membership & Municipal Services
Division Chief

William R. McGill

Operations
Division Chief

Professional Consultants as of December 31, 2000

Actuary

The Segal Company
Washington, DC
Eli Greenblum
A.S.A., M.A.A.A., E.A.

Auditor

Ernst & Young LLP
Harrisburg, PA
Independent Auditors
Stephen A. Baloga

Comptroller

Commonwealth of Pennsylvania
Harrisburg, PA
Central Services
Bruno J. Chiesa

Investment Consultant

Dahab Associates, Inc.
Bay Shore, NY
Richard E. Dehab, C.F.A.
President

Legal Counsel

Commonwealth of Pennsylvania
Harrisburg, PA
Thomas E. Ross
Chief Counsel

Master Custodian
Mellon Bank Corporation
Pittsburgh, PA

Investment Advisors

Black Rock Financial Management, Inc.
Philadelphia, PA
Douglas B. Waggoner, Managing Director

The Boston Company Asset Management, Inc.
Boston, MA
John C. Dodd, Vice President

Chase Investment Counsel Corporation
Charlottesville, VA
Derwood S. Chase, Jr., President

CIGNA Investment Management
Hartford, CT
John M. Hurley, Vice President

Emerald Advisers, Inc.
Lancaster, PA
Kenneth G. Mertz II, President

Forest Investment Associates, Inc.
Atlanta, GA
L. Richard Doelling, Director of Client Relations

Globalt, Inc.
Atlanta, GA
Samuel E. Allen, President

Heitman Capital Management
Chicago, IL
Mary Ludgin, President

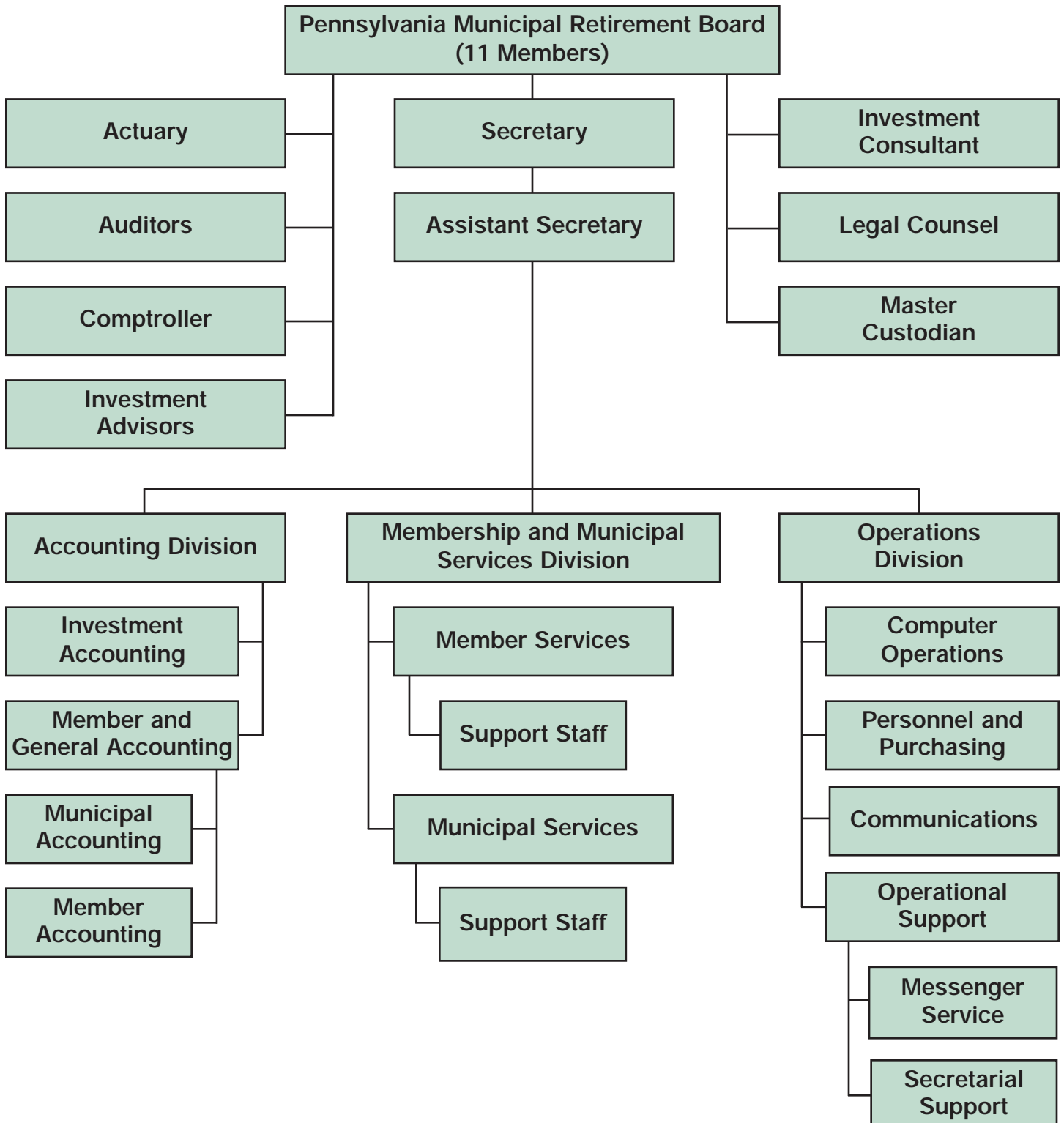
Prudential Real Estate Investors (PRISA)
Parsippany, NJ
Lester F. Lockwood, President

Seix Investment Advisors
Woodcliff Lake, NJ
Christina Seix, Chairman/CIO

State Street Global Advisors
Boston, MA
Tobias K. Seggerman, Vice President

Administrative Organization (Continued)

Organization Chart



Chairman's Report



Pennsylvania Municipal Retirement System

Commonwealth of Pennsylvania

July 31, 2001

Mailing Address:

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17108-1165

Members of the Pennsylvania Municipal Retirement System
Pennsylvania Municipal Retirement System
PO Box 1165
Harrisburg, Pennsylvania 17108-1165

Building Address:

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Eastgate Center
1010 N. 7th Street
Harrisburg, PA
17102-1400

Dear PMRS Members:

The Pennsylvania Municipal Retirement Board is privileged to share with you the Pennsylvania Municipal Retirement System's sixteenth Comprehensive Annual Financial Report. As we believe that full and comprehensive disclosure is the only way to earn the trust of the members we serve, the report provides a complete history of the 2000 financial activities of the System.

Phone:

717-787-2065
800-622-7968
TDD Available

We are proud to announce that the 2000 fiscal year marked yet another increase in the System's assets. As of December 31, 2000, the System's assets totaled over \$1.036 billion, an increase of 8.9% over 1999. Further, the System enrolled 25 new member plans in 2000, increasing the number of employers to 738. The System is now proud to serve approximately 12,000 employees, pensioners and survivor beneficiaries.

Fax:

717-783-8363



There were several changes in Board membership in 2000. With deepest regrets, the Board accepted the resignation of Board member Linda Bodnar. Ms. Bodnar represented Pennsylvania cities and made many valuable contributions.

As Chair of the governing body charged with fiduciary responsibility for the System's pension plans, I wish to reaffirm the Board's commitment to cost-efficient administration and financially secure retirement benefits to Commonwealth municipalities. The enrollment of your pension plan in the Pennsylvania Municipal Retirement System reflects a trust in our continued ability to meet your retirement needs and goals. We thank the System's staff for assisting us in meeting this most important charge.

Each Board member and I want to thank all governing boards, local government staffs, contact persons, and each individual plan member for your cooperation and support. It is truly an honor to be of service to you.

Sincerely,

John G. Brown, III
Chairman

Summary of Plan Provisions⁽¹⁾

The System offers a variety of alternative pension plans. Municipalities may design their own pension benefit structures. Most municipalities select this option and work with the System to create a combination of benefits that meet the individual needs of the municipality and its employees. Additionally, the System has two basic benefit plans designed by the State General Assembly: one for municipal employees and one for police and firefighters.

Superannuation and Early Annuity Eligibility Benefits

Under the basic plans, the minimum normal retirement age is 65 for municipal employees and 55 for police and firefighters. A member may retire early at any age after 24 years of service. Under an optional plan design, a municipality may choose any age or service requirement permitted under its particular municipal code. Early retirement under the optional plan may also be designed to meet the needs of the municipality.

There are two approaches to accumulating retirement benefits. Under the defined contribution approach, the benefit accrues based on the level of contributions and the investment earnings credited to the fund. The defined benefit approach depends upon the individual's age, years of credited service, and an actual benefit formula which usually includes a salary factor.

Disability Annuity Eligibility Benefits

A member who is unable to work because of serious injury or illness may apply for a disability annuity. The application and required medical documentation will be reviewed by the Board and the System's medical examiners to determine whether the member is eligible for the disability benefit.

A disability that results directly from doing one's job is classified as a job-related disability. A disability that is not caused by one's work is termed a nonservice disability.

Conditions for disability benefits are defined in the municipality's contract. The System's basic plans provide for (1) a service connected disability annuity of 50% of the disabled individual's final average salary offset by workmen's compensation, and (2) a nonservice disability with a minimum of 10 years' service and a 30% final average salary annuity.

Vesting Annuity Eligibility Benefits

Conditions for vesting are defined in the municipality's contract. The basic plans have a 12-year service requirement for vesting.

A member who terminates service before retirement may elect to leave the member's accumulated contributions in the System and defer receipt of benefits until normal retirement age. Then when the member receives the vested benefits, checks will include the member contributions and the municipal contributions.

Benefit Payment Options

Depending on the municipality's contractual agreement, employees may choose individual alternatives for the monthly retirement allowance or may select one from a list of options. Typical options are as follows:

- **Single Life Annuity:** Provides a continual income throughout the annuitant's lifetime with no beneficiary benefit
- **Option 1:** Reduced lifetime benefit with remaining lump sum value of account to beneficiary
- **Option 2:** Joint and 100% survivorship annuity
- **Option 3:** Joint and 50% survivorship annuity

⁽¹⁾ Descriptions are not identical to those in the audit report. Information has been rewritten for ease of understanding.

Summary of Plan Provisions (*Continued*)

Death Benefit Eligibility

A death benefit provides some continuation of payment or presentation of benefits to a beneficiary given certain eligibility requirements of the covered individual. If an active member or vestee with minimum years of service dies, the death benefit goes into effect provided the municipality has included this feature in its plan.

Termination of Service

A member always receives his accumulated deductions and interest earned at the regular rate of interest, currently 6.5%. Depending upon the municipality's contract structure, the member might also receive excess investment monies upon withdrawal.

If a member terminates employment and goes to work for another municipality which is a member of the System, the employee may transfer his service credits unimpaired to the new municipal employer.

Financial Section

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 - Investment Expenses
 - Payment to Consultants



Report of Independent Auditors



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■ Phone: (717) 651-7300
(610) 320-3600
Fax: (717) 651-7444
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Report of Independent Auditors

Board of Directors
Pennsylvania Municipal Retirement System

We have audited the accompanying statements of plan net assets of the Pennsylvania Municipal Retirement System (the System) as of December 31, 2000 and 1999, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the System's plan net assets at December 31, 2000 and 1999, and the changes therein for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Funding Progress and Employer Contributions are presented in accordance with Statement No. 25 of the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The supplemental Schedules of Administrative Expenses, Investment Expenses, and Payments to Consultants for the years ended December 31, 2000 and 1999 on Schedules 3, 4, and 5, respectively, are not a required part of the financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements for the years ended December 31, 2000 and 1999, and in our opinion are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Ernst & Young LLP

July 27, 2001

Statements of Plan Net Assets

as of December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Assets:		
Receivables:		
Plan members	\$1,778,588	\$1,574,667
Municipal employers	2,455,075	678,637
Accrued investment income	2,397,981	1,788,921
Investment sales receivable	8,704,942	360,326
Total receivables	<u>15,336,586</u>	<u>4,402,551</u>
Investments, at fair value:		
Short-term and other investments	38,116,063	37,187,910
U.S. Government bonds	191,955,544	215,733,332
Corporate bonds	72,267,754	7,595,911
Common and preferred stocks	665,847,828	714,469,048
Real estate equity	94,422,086	68,470,572
Securities lending collateral pool	29,265,827	45,132,032
Total investments	<u>1,091,875,102</u>	<u>1,088,588,805</u>
Fixed assets, (net of accumulated depreciation of \$422,685 and \$350,119, respectively)	552,003	419,253
Total assets	<u>1,107,763,691</u>	<u>1,093,410,609</u>
Liabilities:		
Accounts payable and accrued expenses	1,084,860	1,332,986
Investment purchases payable	30,860,983	33,575,335
Collateral held under securities lending program	29,265,827	45,132,032
Total liabilities	<u>61,211,670</u>	<u>80,040,353</u>
Net assets held in trust for pension benefits		
(A schedule of funding progress is presented immediately following the "Notes to Financial Statements.")	<u>1,046,552,021</u>	<u>\$1,013,370,256</u>

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets

for the Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Contributions:		
Plan members	\$12,188,516	\$11,456,483
Municipal employers	22,932,542	20,054,018
Assessments	<u>246,540</u>	<u>233,905</u>
Total contributions	<u>35,367,598</u>	<u>31,744,406</u>
Investment income:		
Net appreciation in fair value of investments	(82,960,990)	12,593,239
Short-term and other investments	2,230,915	1,351,178
U.S. Government bonds	4,304,382	2,555,246
Corporate bonds	8,346,401	(1,056,092)
Common and preferred stocks	95,867,871	105,163,002
Real estate equity	7,531,585	13,903,058
Securities lending collateral pool	483,872	279,592
Less investment expenses	<u>(2,374,629)</u>	<u>(2,337,206)</u>
Net investment income	<u>33,429,407</u>	<u>132,452,017</u>
Total additions	<u>68,797,005</u>	<u>164,196,423</u>
Deductions:		
Annuity benefits	22,617,449	20,260,700
Disability benefits	905,620	826,591
Terminations	9,957,578	62,536,769
Administrative expenses	<u>2,134,593</u>	<u>1,919,161</u>
Total deductions	<u>35,615,240</u>	<u>85,543,221</u>
Net increase	33,181,765	78,653,202
Net assets held in trust for pension benefits:		
Balance, beginning of year	<u>1,013,370,256</u>	<u>934,717,054</u>
Balance, end of year	<u>\$1,046,552,021</u>	<u>\$1,013,370,256</u>

See accompanying notes to financial statements.

Notes to Financial Statements as of December 31, 2000

(A)

Organization and Description of the System

Organization

The Pennsylvania Municipal Retirement System (the System) was created by the Pennsylvania General Assembly in 1974 with the passage of the Pennsylvania Municipal Retirement Law, Act of 1974, P.L. 34, No. 15 (the Act). The System is an agent multiple-employer system, and its designated purpose is to administer sound, cost-effective pensions for local government employees. Responsibility for the organization and administration of the System is vested in the eleven-member Pennsylvania Municipal Retirement Board (the Board). Under the Act, each individual municipality has authority to establish or amend its respective benefits and employee contribution rates subject to Board approval. Employer contributions are actuarially determined by the System's actuary.

Membership in the System is optional for Pennsylvania's local governments. When a municipality joins the System, its permanent employees contractually become members. Seasonal and temporary employees as well as elected officials may also become members through contractual agreement. As of December 31, 2000, there were 600 municipalities with defined benefits and 116 with defined contributions*. Membership consisted of:

Participating Local Government Employees

	Defined Benefits	Defined Contributions
Counties	4	0
Cities.....	20	0
Boroughs.....	140	16
Townships of the First Class.....	18	0
Townships of the Second Class.....	113	62
Authorities and Other Units	144	34
Police.....	152	4
Firefighters.....	9	0
Total.....	600	116

* This includes 31 defined benefit plans in which there were no active participants as of the valuation date.

Notes to Financial Statements (Continued)

Individual Membership

Active Members	
Defined Benefit Plans	
Municipal.....	7,069
Police	656
Firefighters	150
Total.....	7,875
Defined Contribution Plans	
Municipal.....	621
Police	5
Firefighters	0
Total.....	626
Total active members	8,501
Retirees and Beneficiaries	
Retirees	2,228
Beneficiaries.....	350
Total retirees and beneficiaries	2,578
Inactive participants with rights to deferred pension (vested)	
Defined benefit.....	301
Defined contribution	80
Total vested.....	381
Inactive participants (nonvested)	
Defined benefit.....	51
Defined contribution	5
Total nonvested	56
Total individual memberships.....	11,516

Pension Benefits

The System has the broad authority of enabling a municipality to design its own retirement benefit structure. As an alternative, the System has two basic benefit structures: one for municipal employees (Article II of the Act) and one for uniformed employees (police and firefighters) (Article III of the Act). Certain elected officials may be permitted to become System members, as outlined in individual municipal ordinances. Members are eligible for monthly retirement benefits upon reaching the age of 65 and 55, under Articles II and III, respectively, or upon accumulating 24 years of service. Under Articles II and III of the Act, vesting occurs after 12 years of service.

Such benefits under Articles II and III are generally equal to (a) the actuarial value of the members' contributions and (b) a municipal annuity which is based upon a percentage of a member's salary or compensation.

The benefit structures also provide death, disability, and early retirement benefits. These benefit provisions and all other requirements are established under Articles II and III of the Act.

Under Article IV of the Act, municipalities may provide for benefits different from those available under Articles II and III. Vesting provisions, if any, under Article IV may vary.

Automatic post-retirement benefit increases are optional in plan contracts. Some plan member municipalities include the automatic increase; others occasionally grant an ad hoc cost-of-living (COLA) increase. The most common method of granting a COLA is through the System's excess interest award. (See Note C for an explanation of excess interest.)

Member municipalities interested in amending benefits contact the System's staff to discuss desired amendments and to obtain a cost study. Amendments are submitted to the System's staff, reviewed by the Chief Counsel's Office to be certain everything is in order, and submitted to the Board for formal approval.

Notes to Financial Statements (Continued)

(B) Significant Accounting Policies

Basis of Accounting

The System's financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Expenses are recorded when the corresponding liabilities are incurred.

Investments

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 the last reported sales price at current exchange rates. Mortgage-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market value are reported at estimated fair values. Purchases and sales of investments are recorded on a trade-date basis.

Fixed Assets

Fixed assets, primarily office furniture and equipment, are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, typically eight years.

(C) Contributions and Reserves

Contributions

Contributions to the System are made by members and municipalities. Under Articles II and III of the Act, members are required to contribute 3% to 8% of their salary. The amount a member contributes under Article IV of the Act is based upon contracted plan provisions and is principally expressed as a percent of compensation or salary. The contributions required of municipalities are based upon an actuarial valuation, using the Entry Age Normal Actuarial Cost Method, computed as a percentage of the total compensation of all active members during the period for which the amount is determined. The required contributions from municipalities for the year ended December 31, 2000 consisted of the following:

Municipality normal cost	\$15,468,588
Amortization of unfunded actuarial accrued liability	<u>3,564,455</u>
Total⁽¹⁾	<u>\$19,033,043</u>

Total contributions to the System during 2000 amounted to \$35,121,058 of which \$12,188,516 and \$22,932,542 were made by its members and municipalities, respectively. The difference between the municipalities' required and actual contributions is due to the municipalities transferring state aid money to the System as required under the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205).

Each municipality is also charged a \$20 assessment per member to help cover administrative expenses incurred by the System.

Contributions Required and Contributions Made

The System's funding policy requires actuarially determined annual required contributions (ARC) of plan member municipalities at rates that accumulate sufficient assets to pay benefits when due. The System's actuary used the Entry Age Normal Actuarial Cost Method to determine plan liabilities and normal cost. Under this method, a normal cost is calculated

⁽¹⁾ Total does not include \$20.00 per member administrative charges to municipalities.

Notes to Financial Statements (*Continued*)

that would fund each employee's benefits during the employee's career as a level percent of pay.

At each valuation date, the unfunded actuarial accrued liability is calculated as the present value of all plan benefits, less the present value of future normal cost accruals, less current assets (actuarial value). The normal cost rate is applied to the projected payroll, and projected employee contributions are deducted. Actuarial gains (or losses) are reflected by decreases (or increases) in the unfunded actuarial accrued liability. Under Act 205, the unfunded accrued liability is being amortized as a level dollar amount over the lesser of:

1. a. 30 years with respect to the initial liability as of January 1, 1985 (or first valuation),
b. 20 years with respect to changes due to plan provisions and actuarial assumptions,
c. 15 years with respect to actuarial gains and losses, or
2. the average assumed working lifetime of active employees as of the date the liability was established.

Significant actuarial assumptions used to compute the actuarially determined contribution requirement include (a) a rate of return on the investment of present and future assets of 6.5% a year (net of investment and certain administrative expenses) compounded annually, (b) projected salary increases of 3.5% a year compounded annually for inflation, with an additional age-based component to reflect merit/seniority, (c) post-retirement cost-of-living increases of 3.5% per annum until maximum is reached (optional in contracts) and (d) pre- and post-retirement mortality based on the 1983 Group Annuity Mortality Table for Males set back 6 years for females, and an additional set forward of 10 years for disabled lives.

Reserve Descriptions

The Act defines the following funds to be maintained by the System:

1. Members' Reserve Account

The Members' Reserve Account is credited with all contributions made by active members of the System. Interest is added to each member's individual account at an annual rate determined by the Board. The System's current interest rate is 6.5%.

Upon retirement or disability of an active member, the member's accumulated contributions plus interest are transferred to the Retired Members' Reserve Account for subsequent benefit payments. Withdrawals of members' contributions not eligible for benefits are paid from this reserve.

As of December 31, 2000, the balance in the Members' Reserve Account was \$245,644,222. The account is fully funded.

2. Municipal Accounts

Separate municipal accounts are maintained for each municipality. The Municipal Reserve Account is credited with each municipality's contributions toward the superannuation retirement and death benefits of its members. Annual interest is added to each separate municipal account at the current rate of 6.5%.

As of December 31, 2000, the balance in the Municipal Reserve Account was \$481,440,859. The account is fully funded.

3. Retired Members' Reserve Account

The Retired Members' Reserve Account represents the amounts transferred from the Members' Reserve Account, the Municipal Accounts, and the Disability Reserve Account. All retirement and retirees' death benefits plus voluntary and involuntary early retirements are paid from this reserve. Annual interest is credited to the Retired Members' Reserve Account at the current rate of 6.5%.

As of December 31, 2000, the balance in the Retired Members' Reserve Account was \$248,735,983. The account is fully funded.

4. Disability Reserve Account

The Disability Reserve Account is credited with the contributions made by municipalities toward the disability retirement of member employees. The disability reserves are limited to 150% of the largest value of transfers to retired reserves over the most recent three years.

As of December 31, 2000, the balance in the Disability Reserve Account was \$1,046,710. The account is fully funded.

Notes to Financial Statements (*Continued*)**5. Undistributed Earnings Designation**

In addition to regular interest, the System may also award excess interest. Excess interest is investment earnings on the System's assets in excess of that required for allocation to regular interest and administrative expenses. Rates for excess interest are determined yearly by the Board with advice from the System's actuary. The excess interest is distributed to the member accounts, the municipal accounts, and the retiree accounts as directed by the municipality.

The System approved a distribution of excess interest at a rate of 8.49% during 2000. Such calculation, as described in Note B, was prepared in accordance with a Board-approved formula and was based on the actuarial value (fair value) of the System's assets as of December 31, 1999 and the expected cash flows of the System for 2000. This December 31, 2000 distribution amounted to \$70,967,000. For the 1999 fiscal year, the Board approved a similar December 31 distribution of excess interest at a rate of 9.68% which amounted to \$74,059,762.

(D)
Investments

Members of the Board are trustees of the System's assets. They have exclusive responsibility for the management of such assets and have full power to invest the System's assets, subject to the terms, conditions, limitations, and restrictions imposed by law upon fiduciaries.

The Board has authorized investments in U.S. government and agency securities, foreign government bonds denominated in U.S. dollars and rated "AA," corporate bonds rated "A" or better, equity securities, and real estate commingled funds allowing for equity participation. The Board specifically prohibits investments in commodities, mineral rights, and options. Additionally, short-selling and margin purchase transactions are prohibited.

The Board achieves day-to-day management of the investment portfolio through the use of investment advisors. Restrictions concerning diversification within each advisor and among advisors are provided by adopted investment policy.

The System invests in the Commonwealth of Pennsylvania Treasury Department's short-term cash management fund. The fund comprises various short-term investments, including repurchase agreements. Restrictions on these repurchase agreements are outlined below.

Repurchase agreements with nonbanking institutions are allowable if (a) the institution has a minimum of \$50 million in capital; (b) the collateral that is pledged to the Treasury is composed of U.S. government securities with a maturity of four years or less; (c) the collateral's fair value equals or exceeds the amount invested by the Treasury; and (d) the collateral is delivered to Treasury's Book Entry Account at the Philadelphia Federal Reserve Bank.

Repurchase investments in banking institutions are subject to identical restrictions as those noted above for non-banking institutions.

The System also invests in mortgage-backed securities such as GNMA and FNMA obligations. These securities are sensitive to prepayments by mortgagees, which may result from a drop in interest rates. The fair value of such securities, which are reported with Bonds in the System's Statements of Plan Net Assets, approximated \$59.1 million at December 31, 2000 and \$14.1 million at December 31, 1999.

The System's investments are categorized below to give an indication of the level of risk assumed by the System at December 31, 2000. In accordance with a contractual relationship between the Commonwealth's Treasury Department and a custodial agent, substantially all investments subject to categorization, except those subject to securities lending, are held in book entry form via a unique account so as to be identified at all times as the possession of the Commonwealth. Therefore, all such investments are reflected in Category 1, which is defined as investments which are insured or registered or securities held by the System or its agent in the System's name. Investments may also be categorized as Category 2, which is defined as investments which are uninsured and unregistered, with the securities held by the counterparty's trust department (bank) or agent in the entity's name. The System has no investments which would be classified in Category 2. Category 3 is defined as investments which are uninsured and unregistered, with the securities held by the System's master custodian (bank) or agent but not in the System's name. The System also has investments which are not in any of the three defined categories, because the securities are not used as evidence of the investment. Such investments are separately identified.

Notes to Financial Statements (Continued)

The System's exposure to the risk of loss of investments due to errors and omissions on behalf of its advisors is covered by the contractual obligation for the advisors to maintain errors and omissions insurance. Managers also must provide proof of a fidelity bond covering the advisor, the office, and the employees.

In accordance with a contract between the Treasurer of the Commonwealth of Pennsylvania and the Treasurer's custodial agent, the System participates in a securities lending program. Under this program, the custodial agent, acting as the lending agent, lends securities (equities, fixed income, and money market instruments) to independent brokers and dealers in exchange for collateral in an amount not less than 102% of the fair value of any securities lent except equity securities of non-U.S. corporations for which 105% of the fair value is required. Collateral is marked-to-market daily. If the fair value of the collateral held falls below the minimum guidelines for securities lent, additional collateral is obtained. In lieu of securities or cash, the borrower may deliver to the lending agent irrevocable bank letters of credit, government securities, or repurchase agreements as collateral. If the collateral obtained consists in whole or in part of cash, the lending agent may use or invest the cash in accordance with reinvestment guidelines approved by the State Treasurer.

All securities loans can be terminated on demand by either the System or the borrower. Cash collateral is invested in the lending agent's short-term investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of the securities loans made by other entities that use the lending agent's pool, which the System cannot determine. The System cannot pledge or sell collateral securities received unless the borrower defaults.

As of December 31, 2000, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. Under the securities lending program, the lending agent provides indemnification to the Commonwealth if the borrowers fail to return the underlying securities (and the collateral is inadequate to replace the securities lent) or fail to pay income distribution on them. As of December 31, 2000 and December 31, 1999, the System's carrying value and fair value of lent securities was \$30,769,555 and \$54,763,725, respectively. The fair value of associated collateral was \$29,265,827 as of December 31, 2000 and \$45,132,032 as of December 31, 1999. The System's income, net of expenses, from securities lending was \$483,872 for 2000 and \$239,588 for 1999. Securities lent at year-end 2000 for cash collateral are presented as unclassified in the following schedule of custodial credit risk.

The System had \$29,265,827 and \$45,132,032 of cash collateral invested in the custodial agent's short-term collateral investment pool as of December 31, 2000 and 1999, respectively.

<u>Investments (Fair Value)</u>	<u>Category 1</u>	<u>Category 3</u>	<u>Not Categorized</u>	<u>Total</u>
Corporate and government bonds				
U.S. government bonds	\$54,313,245	\$2,726,983	\$134,915,316	\$191,955,544
Corporate bonds	30,483,911	0	41,783,843	72,267,754
Common stocks	361,587,561	0	304,260,267	665,847,828
Real estate equity	0	0	94,422,086	94,422,086
State Treasury STIF	0	0	38,116,063	38,116,063
Securities lending short-term collateral investment pool	0	0	29,265,827	29,265,827
Grand Total.....	\$446,384,717	\$2,726,983	\$642,763,402	\$1,091,875,102

Investments (other than those issued or guaranteed by the U.S. government) in any one organization that represented 5% or more of the plan's net assets at December 31, 2000 and 1999 were:

	<u>Security</u>	<u>Fair Value</u>
2000		
	State Street Index Fund	\$458,558,062
1999		
	State Street Index Fund	\$459,369,169

Notes to Financial Statements *(Continued)*

(E) Relationships with Other Commonwealth Agencies

Responsibility for the organization and administration of the System is vested in the eleven-member Pennsylvania Municipal Retirement Board. The State Treasurer and the Secretary of the Commonwealth serve on the Board by virtue of statute. Eight Board members are also appointed by the Governor after being nominated by their respective organizations. One member each represents the Chiefs of Police Association, Pennsylvania League of Cities, Pennsylvania Municipal Authorities Association, Pennsylvania State Association of Boroughs, Pennsylvania State Association of County Commissioners, Pennsylvania State Association of Township Commissioners, Pennsylvania State Association of Township Supervisors, and the Pennsylvania State Fire Fighters Association. In addition, one Board position is filled by a retired member of the Pennsylvania Municipal Retirement System. Interested individuals submit an application, and then the Governor appoints someone from the list of applicants.

The System is not included as a component unit of the Commonwealth of Pennsylvania (the Commonwealth) for financial reporting purposes because the System is not financially accountable to the Commonwealth as there is no imposition of will, no financial benefit/burden, nor fiscal dependency associated with the System toward the Commonwealth.

(F) Litigation and Contingencies

The System is subject to various threatened and pending lawsuits which generally deal with issues concerning upgrading of benefits. Management does not anticipate that the ultimate liability arising from such litigation and threats of litigation will have a material effect on the financial statements of the System.

(G) Plan Termination

Member municipalities may withdraw from the System if the conditions for withdrawal under the Act have been met. Requirements include a minimum of five years of membership and approval of the Board. In the event of withdrawal, a municipality is entitled to receive a net refund of the amount then standing to the credit of the municipality in the municipal account, the member employees' account, and the retired members' reserve account. In no event shall the municipality refund exceed the pro rata interest of the withdrawing municipality in the net assets of the entire fund based on fair value of the fund investments. Liability for any continuation of retirement or disability benefits being paid from the System shall attach to the withdrawing municipality.

(H) Risk Management

Exposure of the System through Board or staff activity is covered by various means. The System acts under the cover of sovereign immunity, participation in the Employee Liability Self-Insurance Program of the Commonwealth of Pennsylvania, the Commonwealth's fidelity bond, and the State Insurance Fund. There have been no significant reductions in insurance coverage from the prior year. Settlements did not exceed insurance coverage for the past three fiscal years.

Required Supplementary Information

Schedule 1 Schedule of Funding Progress⁽¹⁾

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/99	\$768,038,700	\$692,084,400	\$(75,954,300)	111.0%	\$267,134,600	(28.4%)
1/1/97	\$601,852,000	\$592,427,000	\$(9,425,000)	101.6%	\$244,678,500	(3.9%)

See accompanying notes to required supplementary schedules.

Schedule 2 Schedule of Required Employer Contributions for Last Six Years

Year Ended December 31	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed ⁽²⁾
2000	\$19,033,043	\$22,932,542	120%
1999	17,954,107	20,054,018	112
1998	19,905,096	23,003,675	116
1997	19,166,488	22,512,647	117
1996	15,309,891	18,372,425	120
1995	17,335,359	53,826,781 ⁽³⁾	310

See accompanying notes to required supplementary schedules.

⁽¹⁾ Historical trend information for years prior to 1997 is unavailable because of changing the reporting format from GASB Statement No. 5 to GASB Statement No. 25 in 1997. As the System has chosen to have actuarial valuations performed biannually for purposes of calculating the actuarial accrued liability as allowed by GASB Statement No. 25, no actuarial valuation was performed as of January 1, 2000 or January 1, 1998.

⁽²⁾ The difference between the municipalities' required contributions and the percentage contributed is due to various factors including plan take-overs and the municipalities transferring state aid money to the System as required under the Municipal Pension Plan Funding Standard and Recovery Act of 1984 (Act 205).

⁽³⁾ In 1995, the System had its first municipal member take advantage of recent legislation to issue a Pension Benefit Obligation Bond. The proceeds of this bond were contributed to the pension fund of the municipality in December 1995. This contribution provided for over \$34,000,000 in revenue to the System.

Notes to Required Supplemental Schedules as of December 31, 2000

(A) Actuarial Methods and Significant Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date:	January 1, 1999
Actuarial cost method:	entry age normal
Amortization method:	level dollar open
Remaining amortization period:	30 years with respect to the initial liability as of January 1, 1985 (or first valuation) 20 years with respect to changes due to plan provisions and actuarial assumptions 15 years with respect to actuarial gains and losses, or the average assumed working lifetime of active employees as of the date the liability was established 10 years with respect to changes in benefits for currently retired members
Asset valuation method:	sum of all audited reserve accounts plus any additional investment income to be distributed as excess interest
Actuarial assumptions:	
Investment rate of return:	6.5% compounded annually (net of investment and certain administration expenses)
Projected salary increases:	3.5% inflation and age-related scale for merit/seniority (e.g., age 30 - 6.5%; age 40 - 5.0%; age 50 - 4.6%)
Inflation at:	3.5%
Post-retirement cost-of-living adjustments:	3.5% per annum until maximum is reached (optional in contracts)

Supplemental Schedules
Schedule 3 - Administrative Expenses
Comparative Two-Year Schedule
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Personnel costs:		
Salaries and wages.....	\$994,653	\$908,085
Social security contributions	73,691	68,660
Retirement contributions	21,936	40,956
Insurance contributions	199,776	174,265
Other employee benefits	3,041	6,234
Total personnel costs.....	<u>1,293,097</u>	<u>1,198,200</u>
Professional costs:		
Performance evaluation.....	83,250	48,000
Actuarial	197,938	215,685
Data processing.....	11,238	5,796
Audit	62,000	71,224
Legal.....	78,034	70,482
Miscellaneous professional	68,484	48,445
Total professional costs.....	<u>500,944</u>	<u>459,632</u>
Communication costs:		
Printing.....	40,434	29,011
Telephone.....	15,936	14,385
Postage	35,667	32,671
Travel.....	22,336	27,406
Advertising	6,527	2,875
Total communication costs.....	<u>120,900</u>	<u>106,348</u>
Other services and charges:		
Office space rental.....	104,250	77,438
Equipment leasing	10,502	13,183
Supplies	15,821	12,110
Maintenance.....	13,709	7,326
Bonding and insurance	651	345
Dues and subscriptions.....	2,153	1,881
Total other services and charges.....	<u>147,086</u>	<u>112,283</u>
Depreciation.....	72,566	42,698
Total administrative expenses.....	<u>\$2,134,593</u>	<u>\$1,919,161</u>

Schedule 4 - Investment Expenses
Comparative Two-Year Schedule
Year Ended December 31, 2000 and 1999

	2000	1999
Investment management fees.....	\$2,374,629	\$2,334,560
Custodial fees.....	7,266	5,995
Total investment expenses	\$2,381,895	\$2,340,555

Schedule 5 - Payments to Consultants
Comparative Two-Year Schedule
Years Ended December 31, 2000 and 1999

Firm Name	Nature of Service	2000	1999
Dahab Associates, Inc.	Investment Consultant	\$83,250	\$48,000
Ernst & Young LLP.....	Auditor	62,000	71,224
The Segal Company.....	Actuary	197,938	215,685
Total		\$343,188	\$334,909

Investment Section

- Investment Performance
Portfolio Distribution
- Asset Allocation
- Investment Summary
 - Portfolio Summary
 - Portfolio Quality
 - Portfolio Rates of Return
 - Ten Largest Common Stock Holdings
 - Summary of Fees Paid to Investment Advisors
 - Summary of Commissions Paid To Brokers
- Investment Guidelines



Report on Investment Activity

Investment Return

On December 31, 2000, the Pennsylvania Municipal Retirement Board's investment assets were valued at \$1,036,771,008 which was an increase of \$34,593,984 from the December 31, 1999 valuation of \$1,002,177,024. The System recorded aggregate net contributions totaling \$15,753,392 and a net investment return of \$18,840,592.

During the five years covered by this report, the System posted net withdrawals totaling \$52.8 million and net investment returns totaling \$511.1 million. If the System had earned a compound 6.5% rate of return during the cumulative period, the fund would have been worth \$733.0 million or \$303.8 million *less* than the actual value at quarter.

Economic Environment

The U.S. economy slumped during 2000. Domestic demand (combined consumer and industrial) slackened because of higher interest rates and higher energy costs. While housing starts were up modestly during the fourth quarter (after declining 10.6% in the third quarter), sales of existing homes were down 6.8%.

The GDP growth rate during the fourth quarter was under 2.0% (estimated), down from a revised 2.2% rate during the third quarter and less than half of the pace set during the first half of 2000. Consumers became increasingly indebted in 2000. The amount of outstanding consumer credit rose from \$1.4 trillion to \$1.56 trillion, an increase of over ten percent.

Inflation was relatively modest with the core CPI rising 2.4%. The total CPI, which includes energy and food prices, was up 3.4%. That figure was higher than experienced through much of the 1990's, but still historically low. Inflation has been rising in Europe for the same reasons as here.

The U.S. unemployment rate increased slightly from the post World War II low of 3.9% to 4.0%, which was still low. Hiring in the service sector and government offset layoffs in manufacturing. Consumer confidence continued its downward trend. After peaking in January 2000 at 144.7 the Consumer Confidence Index closed the year at 98.4, an enormous 46.3 point drop. Most of the decline came in the third quarter, but the whole year was negative.

Although still high, the U.S. trade deficit had an unexpected improvement in November and December as the economic slowdown dampened demands for imports. In November, the trade deficit was \$32.99 billion.

Equity Market

During the year, the Dow Jones Industrials fell from 11,497.12 to 10,786.85. The Russell 1000 Value stocks returned 7.0%, for the year. At the same time, the Russell 1000 Growth stocks lost 7.8%. Smaller issues, as measured by the Russell 2000, lost 3.0% for the full year. The broad market, measured by the S&P 500, was down 9.1% for the year.

International Equities

The year 2000 has been brutal for almost all of the world's stock markets. Among the developed markets, only Canada, Denmark and Switzerland posted positive returns for the year. Within the Emerging market country group only Israel, Venezuela and the Czech Republic posted gains for the year. Compounding the poor returns in local currencies, the U.S. dollar has been especially strong. Therefore, when results are stated in dollar terms they are significantly worse. The international equities markets (as represented by the capitalization-weighted EAFE index) declined by 14.0% during the year. On an equal-weighted basis (each country representing 4.3% of the index and companies within the local market are capitalization-weighted) the world's stock markets were down 11.9% for the year. Emerging market stocks lost 28.8% for the year.

Report on Investment Activity (*Continued*)**Bond Market**

The bond market as measured by the Lehman Brothers Aggregate Bond Index, returned 11.6% for the year. Long-term treasuries returned 20.3% for the year. Investment grade corporate bonds fared slightly worse than government issues. High yield corporate bonds (junk bonds) fared worse than better quality issues because of the ongoing widening of quality spreads at the lower end of the spectrum. Many of these issues are priced as though the country were in a recession. These issues lost 5.9% for the year. The Lehman Global ex-US/Euro index lost 2.8% for the year. Emerging market bonds fared very well, returning 13.7% for the year. The replacement of the Ecuadorian Sucre with the U.S. Dollar and the recovery of Russian bonds boosted those two markets for the year by 48.0% and 61.2% respectively.

Relative Performance**Total Fund**

For the year, the total aggregate portfolio returned 1.4%, ranking in the 61st percentile, 2.9% above the median (-1.5%). For the cumulative five years, the fund earned 88.8%, or 13.6% per annum, and ranked in the 11th percentile.

Equities

For the year, the stocks in the aggregate portfolio equities returned 1.1%, ranking in the 43rd percentile. The performance was 10.2% above the S&P 500's -9.1% return for the year. For the five-year period, the aggregate stocks returned 153.5% (20.4% annualized) and ranked in the 14th percentile, 2.1% per year ahead of the S&P 500's 18.3% annualized return.

Bonds

For the year, the bond segment returned 12.0% which ranked above the median in the 17th percentile. Over the cumulative five years, the bonds earned 34.8% (6.2% per annum) and ranked in the 17th percentile; the annualized return trailed the annualized index return by 0.3%.

Real Estate

In 2000, the combined real estate portfolios returned 12.8%. For the cumulative five-year period, the real estate portfolio earned 87.1%, or 13.3% annualized.

International

For the year, the international fund returned -11.5%, ranked in the 35th percentile, and over-performed the EAFE index (-14.0%) by 2.5%. For the cumulative five years, the international equities returned 51.2%, or 8.6% annualized, ranking in the 48th percentile.

Small Cap

The small cap segment was comprised of the actively managed BlackRock (Provident) account combined with Emerald and the State Street Russell 2000 Index Fund. In 2000, the small cap stocks returned -8.7%, which was 5.7% below the Russell 2000 (-3.0%). For the cumulative five years, this segment returned 98.3%, or 14.7% per annum. The Russell 2000 index returned 63.54% or 10.3% annualized during the same time period.

Report on Investment Activity *(Continued)***Asset Allocation**

On December 31, 2000, the allocation of assets was as follows:

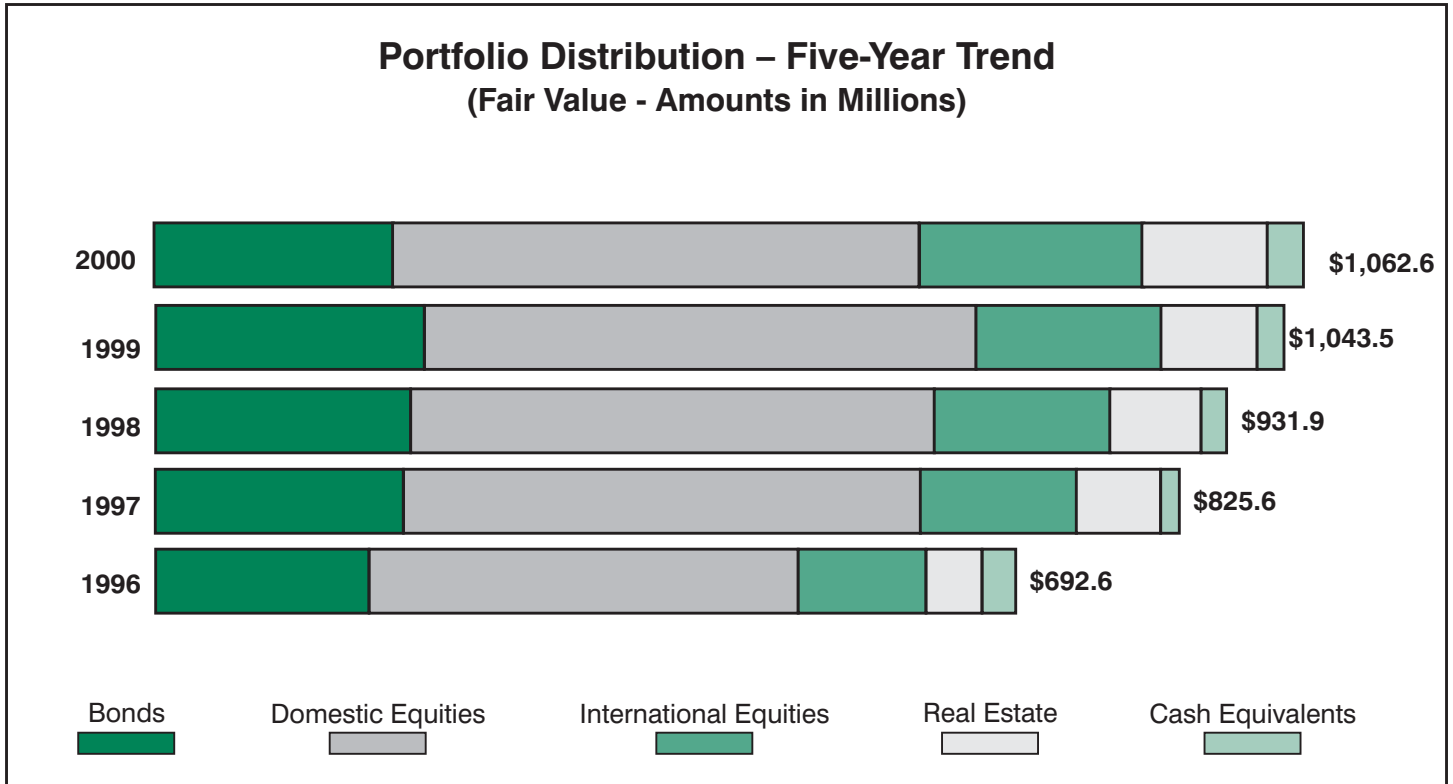
Domestic equities	35.5% (\$368.5 million)
Small cap equities	14.9% (\$154.3 million)
International equities	13.8% (\$143.0 million)
Total equities	64.2% (\$665.8 million of the overall aggregate portfolio)
Fixed income	25.6% (\$265.4 million)
Real estate	9.1% (\$94.4 million)
Cash and equivalents.....	1.1% (\$11.1 million)

Prepared by
DAHAB ASSOCIATES, INC.

Investment Performance

On December 31, 2000, the System's investment assets were valued at \$1,062,609,274,⁽¹⁾ an increase in value of \$19,152,501 over the December 31, 1999 valuation of \$1,043,456,773.

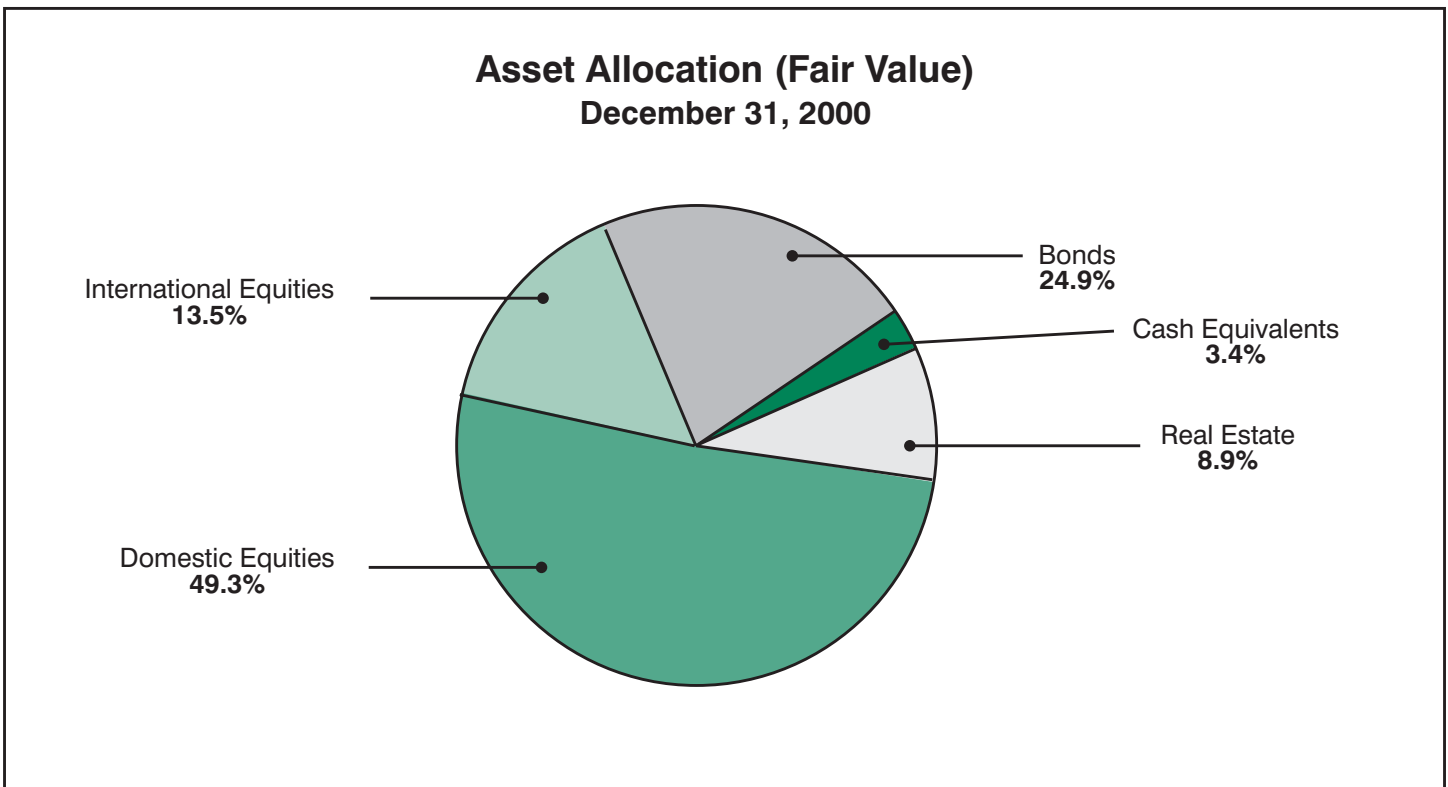
During the last five years, the System has grown from \$692.6 million to \$1,062.6 million. The following graph shows the System's five-year trend of investment assets at fair value.



⁽¹⁾ Amounts in the Investment Section do not include the securities lending collateral pool.

Asset Allocation

The System's asset allocation as of December 31, 2000 was \$522.8 million committed to domestic equities, \$143.0 million to international equities, \$264.2 million to bonds, \$94.4 million to real estate, and \$36.5 million to cash equivalents. The percentage distribution is illustrated below.



The time-weighted rate of return for the System's investments during the fiscal year ended December 31, 2000 was 1.4%, ranking below the median in the 61st percentile of all balanced funds as measured by the CDA universe. This performance level was 2.5% below the median balanced fund's return of 3.9%. The cumulative five-year return for December 1995 through December 2000 of 89.2% (13.6% per year) ranked in the 11th percentile.

For the year ended December 31, 2000, equities gained 1.1% and ranked in the 43rd percentile, performing 10.2% above the Standard and Poor's 500 return of -9.1%. For the last five years, the System's stock return of 153.0% (20.4% annualized) ranked in the 14th percentile, 2.1% per year above the Standard and Poor's 500 return of 18.3% for the same time period.

Bonds returned 12.0% for the year, ranking in the 17th percentile, performing 0.4% above the Lehman Aggregate bond index return of 11.6%. For the five-year period, the cumulative bond return of 34.8% (6.2% per year) ranked in the 17th percentile, 0.3% behind the Lehman Aggregate bond index return of 6.5% for the same period.

The real estate segment of the portfolio earned 12.8% for the fiscal year. For the cumulative five-year period, the real estate portfolio earned 87.1% (13.3% per year).

Investment Summary

Portfolio Summary As of December 31, 2000

Type of Investment	Par Value	Cost Value	Fair Value	% of Total Fair Value
Corporate and government bonds:				
U.S. Government bonds.....	\$168,100,000	\$168,500,000	\$192,000,000	18%
Corporate bonds	63,900,000	63,400,000	72,300,000	7%
Total	232,000,000	231,900,000	264,300,000	25%
Common stock	558,500,000	558,500,000	665,800,000	63%
Other investments:				
Real estate equity	91,400,000	91,400,000	94,400,000	9%
Cash equivalents	38,100,000	38,100,000	38,100,000	3%
Total	129,500,000	129,500,000	132,500,000	12%
Grand total	\$920,000,000	\$919,900,000	\$1,062,600,000	100%

Portfolio Quality Two-Year Comparative Analysis Years Ended December 31, 2000 and 1999

Bond Rating	Fair Value	% of Total Fair Value	% of Total Carrying Value
December 31, 2000			
AAA	\$247,900,000	93%	93%
AA	7,100,000	3%	3%
A	9,300,000	4%	4%
Total bonds	\$264,300,000	100%	100%
December 31, 1999			
AAA	\$215,100,000	98%	98%
AA	1,100,000	1%	1%
A	2,700,000	1%	1%
Total bonds	\$218,900,000	100%	100%

Investment Summary (Continued)

Portfolio Rates of Return⁽¹⁾

The following table compares rates of return for the System's total investment portfolio with standard indexes for the last five years. Information for similar three-year returns was not available. The calculations of yields were prepared using a time weighted rate of return based on the market rate in accordance with AIMA's performance presentation standards. The System's returns have been competitive with other professionally managed funds.

Rates of Return
Last 5 Years

Rates of Return - (Dollar-Weighted)	Year Ended 12/31/00	Period From 1/1/96 to 12/31/00 (Annualized)
Total	1.4%	13.6%
(Rank) ⁽²⁾	(61)	(11)
Equities	1.1	20.4
(Rank) ⁽³⁾	(43)	(14)
Bonds	12.0	6.2
(Rank) ⁽⁴⁾	(17)	(17)
Real Estate	12.8	13.3
International	-11.5	8.6
(Rank)	(35)	(48)
Small Cap	-8.7	14.7
Inflation Rate -		
Consumer Price Index	3.4	2.5
Market Indicators -		
Standard and Poor's 500	-9.1	18.3
Russell 2000	-3.0	10.3
Lehman Aggregate Bond Index	11.6	6.5
EAFE (international)	-14.0	7.4
90-Day Treasury Bills	6.2	5.4
CDA Universe⁽⁵⁾ Median Rate of Return - (Time-Weighted)	3.9	10.3

⁽¹⁾ Rate of return is a mathematical measure of the rate of change in the asset value of a fund. All rates of return are based on the fair value of the assets. Rates of return reflect both realized and unrealized capital gains and losses as well as total earnings from interest and dividends received.

⁽²⁾ Ranked against balanced funds.

⁽³⁾ Ranked against equity oriented funds.

⁽⁴⁾ Ranked against fixed income oriented funds.

⁽⁵⁾ The CDA balanced universe contains the returns of 2,751 portfolios with an aggregate asset value in excess of \$1.7 trillion. This universe provides as accurate a standard for evaluating a manager's performance as any available through any service in the country.

Investment Summary (Continued)

**Ten Largest Common Stock Holdings
(Fair Value)
As of December 31, 2000**

Stock	Shares	Fair Value	% of Stock Portfolio
Citigroup Inc.	222,466	\$11,359,670	1.71%
General Electric Co.....	200,700	9,621,056	1.44
Tyco International Ltd.	167,800	9,312,900	1.40
Sysco Corp.	301,200	9,036,000	1.36
American International Group	90,840	8,953,418	1.34
Proctor & Gamble Group	107,600	8,439,875	1.27
United Technologies Corp.	99,400	7,815,325	1.17
United Health Group.....	111,900	6,867,863	1.03
Fannie Mae	77,700	6,740,475	1.01
Pfizer Inc.	145,100	6,674,600	1.00

A complete list of portfolio holdings can be obtained from the System.

**Summary of Fees Paid to Investment Advisors
Comparative Two-Year Schedule
Years Ended December 31, 2000 and 1999**

Firm Name	2000	1999
BlackRock.....	\$215,199	\$187,948
Chase Investment Counsel Corporation.....	776,377	664,004
Emerald Advisers.....	288,075	230,270
First Union National Bank of North Carolina	0	237,274
Forest Investment Associates	161,640	274,651
Globalt, Inc.	249,330	229,902
Seix Investment Advisors	205,244	11,262
State Street Global Advisors	315,917	305,175
The Boston Company Asset Management, Inc.....	212,847	194,074
Total.....	\$2,424,629	\$2,334,560

Investment Summary (Continued)

Summary of Commissions Paid to Brokers Year Ended December 31, 2000

Broker Name	Commissions Paid
ABN Amro Chicago Corp.....	\$540
Advest Co Hartford	1,338
B Trade Services LLC New York	52,776
Baird, Robert W. & Co. Inc. Milwaukee	894
Bancboston Robertson Stephens San Francisco California	3,894
Bear Sterns & Co. Inc. New York.....	12,147
Bernstein Sanford C & Co. New York.....	11,779
Boston Institutional Services Inc. Boston.....	100
Bridge Trading Co. St. Louis	370
Brooks Securities Inc. Cleveland.....	3,462
Brown Brothers Harriman & Co. New York	115
Buckingham Research Group, Inc. Brooklyn.....	230
Cantor Fitzgerald & Co., Inc. New York.....	3,513
Capital Institutional Investors Dallas.....	654
Conning & Co Hartford	190
Correspondent Services Corp. New York.....	384
Credit Suisse First Boston Corp. New York	23,354
Dain Rauscher Inc. Minnesota.....	558
DB Clearing Services New York	7,828
Deutsche Bk. Sec. Inc. New York.....	210
Donaldson Lufkin & Jenrette Securities New York.....	16,201
Equitable Securities Corp. Nashville	1,674
Ewing Capital, Inc. Washington.....	34,824
Execution Services Inc. New York	43,322
Factset Data Systems Inc/BCC Clearing New York	852
Fahnestock & Co. New York.....	140
First Albany Corp. Albany New York	294
First Union Cap. Mkts. Charlotte North Carolina	2,202
Fox-Pitt Kelton, Inc.	1,852
Furman Selz Mager New York	138
Gerard Klauer Mattison & Co.	516
Goldman Sachs & Co. New York	8,128
Gruntal & Co. Inc. New York.....	400
Hambrecht & Quist Inc. San Francisco.....	402
Herzog Heine Geduld Inc.	102
Hoak Secs. Dallas Texas.....	552
Howard Weil Labouisse Friedrichs New Orleans.....	240
Instinet Corp. New York	2,870
Investment Technology Groups New York	534
Janney Montgomery Scott Philadelphia Pennsylvania.....	3,834
Jefferies & Co., Inc. New York	7,020
Jones & Assoc. Westlake Village	2,226
Keefe Bruyette & Woods Jersey City.....	396
Ladenburg Thalman & Co. Weehawken	594
Legg Mason Wood Walker, Inc. Baltimore Maryland.....	13,644
Lehman Bros, Inc. New York	29,397
Lewco Sec/Agent for Schroder Wertheim.....	855

Investment Summary (Continued)

Broker Name	Commissions Paid
Merrill Lynch Pierce Fenner Smith, Inc. New York	17,485
Merrill Lynch Professional Clearing Purchases.....	276
Montgomery Securities San Francisco	8,494
Morgan J.P. Secs., Inc. New York	3,922
Morgan Stanley & Co., Inc. New York	13,313
Nutmeg Securities Westport	232
Oppenheimer & Co. Inc. New York	2,338
Paine Webber, Inc. New Jersey	5,303
Paulsen Dowling Secs. Boston.....	15
PCS Securities, Inc. Brooklyn New York	1,181
Piper Jaffray & Hopwood, Inc.....	2,202
Prudential Securities, Inc. New York.....	2,925
Quaker Securities, Inc. Philadelphia Pennsylvania	2,220
Quantitative Analysis.....	1,074
Raymond James & Assoc. Inc. St. Petersburg Florida.....	5,060
Robinson Humphrey.....	252
Sanders Morris Mundy Houston Texas	150
Sandler O'Neil & Partners New York	636
Scotia McLeod (USA), Inc. New York	335
SG Cowen Secs. Corp. New York	1,971
Sherwood Secs/Broadcort New York	354
Smith Barney, Inc. New York	70,045
Soundview Financial Group Stanford.....	70
Spear Leeds & Kellogg	4,040
Standard & Poors Securities, Inc. New York	140
Sturdivant & Co. Inc. Brooklyn New York.....	312
Thomas & Weisel Inc. San Francisco California	1,402
Tucker Anthony & R.L. Day Inc. New York	10,357
Van Kasper & Co. San Francisco California.....	2,190
Warburg Dillon Read LLC New York.....	31,107
Weeden & Co. New York	247,254
Weis Peck & Greer New York	2,818
Wheat First Securities, Inc. Richmond Virginia	342
Total Brokerage Commissions Paid.....	\$737,360

Investment Guidelines

Introduction

The following represents highlights from the Board's investment guidelines adopted on September 23, 1999. These guidelines, which set forth the Board's expectations, restrictions, and policy decisions, were developed to assist the System's staff and consultants in the day-to-day management of the System's assets.

Background

The System is currently experiencing a positive cash flow and expects no change in this posture for the foreseeable future. The System assumes that all benefit payouts can be made from incoming revenue as opposed to any depletion of invested assets.

Philosophy

The Board considers itself a conservative fiduciary, placing the greatest emphasis on quality of investments and consistency in return. Despite this conservative posture, the Board still believes that the five-year rate of return on investments should exceed the recognized market indices for the various asset vehicles.

After consideration of the System's 1998 asset allocation study, the Board adopted its allocation goals as follows:

Equities (large capitalized firms)	35%
Equities (small capitalized firms).....	15%
Equities (non-US domiciled firms)	15%
Fixed income	25%
Real estate.....	10%

Objective

The Board's investment objective is to benefit our member municipalities by adding value to their assets. Recognizing that inflation can erode value, the Board's goal is to have the fund earn at least 2% more annually than the average annual inflation rate over a long period of time. While this is the System-wide goal, individual investment advisors' performance measures rely on other characteristics which are specifically spelled out in the individual investment guidelines for the investment advisor.

Portfolio Construction

Short-Term Considerations - It is the Board's desire to remain as fully invested as possible. Therefore, any advisor in a cash or cash equivalent position must either invest in vehicles authorized by the System or utilize the System's depository relationship with the State Treasurer who will, in turn, invest all cash on a daily basis. No management fee will be paid by the System for any portion of a manager's average assets in excess of 5% remaining in cash equivalents at Treasury after the end of any given quarter.

Fixed Income Considerations - The Board seeks to bring income and stability to the overall portfolio through fixed income vehicles. The bond portfolio must be invested in quality vehicles, and it is expected to be diversified from a geographic and industrial standpoint. No single holding of an investment advisor other than a U.S. government bond is to account for more than 5% of the fair value of an investment advisor's bond portfolio. The System shall not hold as assets more than 10% of any one bond issue nor more than 5% of the bonds of any one issuing agent. Corporate bonds of any given industry are not to account for more than 25% of the fair value of the bond portfolio.

Equity Investment Policy - The System's equity portfolio reflects the Board's desire to include growth through market appreciation. The Board requires an equity portfolio with diversification, quality potential, and underlying value. No single equity holding may account for more than 7.5% of the fair value of the System's equity portfolio, nor are the securities of any single industry to account for more than 20% of the value of an individual manager's portfolio. No more than 1% of the capitalization of any company is to be held by the System. The cumulative holdings of a manager of all of that manager's clients shall account for no more than 5% of the outstanding voting common stock of the corporation.

Investment Guidelines *(Continued)*

Real Estate Policy - The Board believes that diversification in investment vehicles should enhance the potential return on investments without significantly altering the overall risk of the portfolio. Investment decisions regarding the real estate portfolio shall be guided by the objectives to preserve capital, maximize cash distributions and income, achieve a total return competitive with the other asset classes, and maintain a broad diversification of assets and managers. Real estate vehicles may be both direct equity participation and participation in commingled funds that involve equity participation with consideration given to types of properties and geographic location. The investment process and specific limitations shall be detailed in each real estate advisor's contract.

Prohibited Transactions

The Board prohibits (1) purchasing of commodities, mineral rights, and warrants except those previously authorized; (2) short selling and the purchasing of securities on margin; and (3) selling or buying options or futures contracts on either fixed income or equity instruments. Leveraged derivatives of any nature or the use of derivatives to create leverage are strictly prohibited.

Execution and Operation

The System utilizes Mellon Bank, N. A. as a master custodian and the Pennsylvania State Treasury as the depository. Mellon Bank is authorized to engage in security lending. It is not expected that this operation will have an impact on the discretion of the investment advisors.

Investment advisors are directed to execute orders on the best net price basis. Transactional costs and the rate of turnover will be monitored. Active equity advisors are expected to execute trades on the auction market at a rate close to the execution-only cost (currently averaging 0.3 cents per share or less).

The investment advisors may enter into agreements with certain brokerage houses in order to participate in a recapture program whereby a designated percentage of the System's trades handled by these brokerage firms will be returned as cash to the System and be treated as new income for the benefit of the membership. It is expected that under such an arrangement, the average execution cost of all trades will approximate the execution-only price.

The Board assumes full responsibility for exercising the voting privilege contained in proxy solicitations and has adopted specific guidelines for staff guidance. These guidelines as adopted and hereafter amended are an integral part of the System's investment guidelines.

Communications

The Board expects an open and constant line of communication between the System's staff and investment advisors. Reports required of investment advisors to the Board and staff include a timely confirmation of all transactions, a monthly summary of transactions, a quarterly statement of asset values at cost and fair value, any explanation of contemplated major shifts in investment strategy or manager style before implementation, and an explanation of major changes in organization or the personnel associated with the System's account. In addition to written reports, the investment advisors are obligated to make periodic personal appearances before the Board as specifically spelled out in the investment advisor's contract.

Investment advisors' fees will be paid in hard dollars. The cost for each investment advisor will be based on the fair value of the firm's assets in the System's portfolio at the end of each quarter.

Monitoring

The System will monitor the performance of its investment advisors through direct involvement of the Board, the System's staff, and any consultant hired for this purpose by the Board.

Actuarial Section

- Actuary's Certification Letter
 - Funded Status of Actuarial Accrued Liabilities
 - Actuarial Present Value of Accumulated Plan Benefits
 - Actuarial Assumptions
 - Actuarial Methods
- Membership Data
 - Active Members
 - Retired Members
- Analysis of Financial Experience
- Solvency Test



Actuary's Certification Letter

THE SEGAL COMPANY

1920 N Street, N.W.
Suite 500
Washington, DC
20036-1501
202-837-6400
www.segals.com

May 25, 2001

PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM

Certificate of Actuarial Valuation

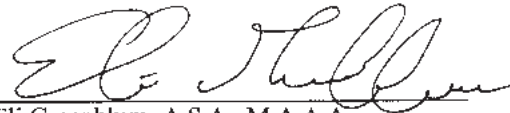
This is to certify that we have prepared an annual actuarial valuation of the System as of January 1, 2000, in accordance with generally accepted actuarial principles and practices. This certificate includes the following attached exhibits:

- EXHIBIT I** - Funded Status of Actuarial Accrued Liabilities
- EXHIBIT II** - Actuarial Present Value of Accumulated Plan Benefits
- EXHIBIT III** - Actuarial Assumptions
- EXHIBIT IV** - Actuarial Methods

Individual municipality actuarial valuation results as of January 1, 2000, have been provided separately for 12 plans sponsored by distressed municipalities and 4 plans sponsored by counties that are required to redetermine contribution levels as of January 1, 2000 under the applicable Commonwealth statutes (Act 205 of 1984 and Act 293). We have calculated (1) the unfunded liability; (2) the amortization required; and (3) the normal cost as a percentage of payroll. State law delegates to the governing authority the determination of payroll that is to be applied to the normal cost percentage. Other municipalities have been included in the actuarial results reported in this certificate, but individual plan funding requirements were either not required or not redetermined; contribution requirements for such municipalities are determined on a biennial basis, most recently as of January 1, 1999.

The valuation was based on information supplied by the System's auditor with respect to assets, and by the System's administrative staff with respect to reserve accounts; age, service and compensation of employees; and age, benefit form and amount for inactive participants and pensioners. We have not verified and customarily would not verify such information, but we have examined the data for reasonableness and have no reason to doubt its substantial accuracy. The actuarial assumptions employed in this valuation were adopted by the Pennsylvania Municipal Retirement Board based on our recommendations.

To the best of my knowledge, the information supplied in this actuarial certificate is complete and accurate, and in my opinion the assumptions used in the aggregate are reasonably related to the experience of the various plans and to reasonable expectations of anticipated experience.



Eli Greenblum, A.S.A., M.A.A.A.
Senior Vice President & Actuary
Enrolled Actuary No. 99-3636

EG:vm
Attachments

Actuary's Certification Letter (Continued)

**Exhibit I - Funded Status of Actuarial Accrued Liabilities
GASB Statement No. 25 Disclosure**

Actuarial Valuation Date	Actuarial Value of Assets ⁽¹⁾ (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAL) (b-a)	Funded Ratio (a/b)
1/1/00	\$202,070,300	\$167,273,700	\$(34,796,600)	120.8%
1/1/99	768,038,700	692,084,400	(75,954,300)	111.0
1/1/98	189,831,000	169,580,200	(20,250,800)	111.9

The actuarial assumptions as of January 1, 2000 are shown in Exhibit III. The above information was derived from the following membership data, as provided by the System, regarding:

- 16 defined benefit plans required to redetermine contribution levels as of January 1, 2000.
- 600 defined benefit plans and 116 defined contribution-only plans as of January 1, 1999;
- 18 defined benefit plans required to redetermine contribution levels as of January 1, 1998;

	As of January 1	
	2000	1999
a. Retirees currently receiving benefits.....	476	2,253
b. Beneficiaries currently receiving benefits.....	113	387
c. Terminated vested employees entitled to future benefits - defined benefit plans	60	274
d. Terminated nonvested employees entitled to contribution refunds - defined benefit plans	19	141
e. Active employees in defined benefit plans	1,984	7,933
i. aggregate salary	\$64,141,245	\$252,438,000
ii. vested	885	3,930
iii. nonvested	1,099	4,003
f. Participants in defined contribution-only plans	-	669
i. aggregate salary	-	\$14,696,600
ii. active vested.....	-	595
iii. inactive vested.....	-	74

⁽¹⁾ According to method described in Exhibit IV, but excluding one-year administration expense reserve and excess interest allocation, if any, to be credited at year-end. For even-numbered year valuations of plans required to redetermine contribution requirements, excludes Disability Reserves, and Retired Reserve allocation is based on current actuarial present value.

Actuary's Certification Letter (Continued)

Exhibit II - Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of accumulated Plan benefits, calculated in conformity with FASB Statement No. 35, is shown below as of January 1, 2000 and, for comparative purposes, as of January 1, 1999.

	Benefit Information Date	
	January 1, 2000	January 1, 1999
Actuarial present value of accrued vested benefits:		
Participants currently receiving benefits.....	\$212,485,300	\$207,210,800
Other vested benefits.....	308,440,100	301,621,700
Total vested benefits	\$520,925,400	\$508,832,500
Actuarial present value of nonvested accumulated plan benefits.	52,748,600	50,672,600
Total actuarial present value of accumulated plan benefits...	\$573,674,000	\$559,505,100

The amounts shown above have been calculated in accordance with Interpretations 1 and 2 promulgated by the Actuarial Standards Board for calculating such values. The actuarial assumptions used are as shown in Exhibit III.

The factors that affected the change in the actuarial present value of accumulated Plan benefits from the preceding to the current benefit information date are as follows:

Factor	Change in Actuarial Present Value of Accumulated Plan Benefits
Withdrawn municipalities.....	\$(35,981,500)
Newly entered municipalities.....	1,190,100
Benefits accumulated, net experience gain or loss, changes in data, upgrades	61,484,800
Benefits paid (including contribution refunds).....	(47,642,600)
Interest.....	35,118,100
Total	\$14,168,900

Actuary's Certification Letter (Continued)

Exhibit III - Actuarial Assumptions

The following actuarial assumptions were adopted by the PMRS Board in November 1999 for first use in the January 1, 1999 actuarial valuation:

Mortality rates: 1983 Group Annuity Mortality Table for Males, with ages set back 6 years for females

Disability mortality: Mortality under stipulated table for a healthy life 10 years older

The following chart presents life expectancies that result from the application of the 1983 Group Annuity Mortality Table for Males for healthy lives aged 50 to 80.

Expected Number of Years of Life Remaining
(from the 1983 Group Annuity Mortality Table)

Age		Years	Age		Years	Age		Years
Male	Female		Male	Female		Male	Female	
50	56	29.2	61	67	19.8	71	77	12.5
51	57	28.3	62	68	19.0	72	78	11.9
52	58	27.4	63	69	18.2	73	79	11.3
53	59	26.5	64	70	17.5	74	80	10.7
54	60	25.7	65	71	16.7	75	81	10.2
55	61	24.8	66	72	15.9	76	82	9.6
56	62	24.0	67	73	15.2	77	83	9.1
57	63	23.1	68	74	14.5	78	84	8.6
58	64	22.3	69	75	13.8	79	85	8.1
59	65	21.5	70	76	13.2	80	86	7.6
60	66	20.6						

Termination rates before retirement: For all plans with 25 or more active members, the termination rates indicated below were used; for municipalities with between 6 and 24 members, a percentage of the indicated rates was used where such percentage equals 100% less 5% x (25 - number of members); for municipalities with 5 or fewer members, no terminations were assumed.

Termination Rates Before Retirement

Years of Service	Rate of Termination ⁽¹⁾ (%)		
	Uniformed Members Male and Female	Municipal Members	
		Male	Female
fewer than 1	10%	12%	16%
1 but fewer than 2	8	10	14
2 but fewer than 3	8	9	12
3 but fewer than 4	7	8	10
4 but fewer than 5	6	7	9
5 but fewer than 6	5	7	8
6 but fewer than 7	4	6	7
7 but fewer than 8	3	5	6
8 but fewer than 9	3	4	5
9 but fewer than 10	2	3	4
10 or more	2	2	3

⁽¹⁾ No termination rates are applied once the employee becomes eligible for voluntary early or normal retirement.

Actuary's Certification Letter (Continued)

Disability rates: 50% of 1964 OASDI (Social Security) Experience for Males. Sample rates are as follows:

Disability Rate Assumptions

Age	Rate of Disablement (%)
25	0.043%
35	0.074
45	0.180
55	0.504
65	1.160

Disability rates - Uniformed plans: 100% of 1964 OASDI (Social Security) Experience for Males. Sample rates are as follows:

Disability Rate Assumptions

Age	Rate of Disablement (%)
25	0.085%
35	0.147
45	0.360
55	1.009
65	2.321

Type of disability: Municipal plans - 15% of disablements are assumed to be service related.

Uniformed plans - 50% of disablements are assumed to be service related.

Workers Compensation: Service related disability benefits payable from municipal plans are offset by 25% of final average salary

Salary scale: 3.5% inflation and age related scale for merit/seniority. Plans that calculate benefits based on final rate of pay at time of retirement or on the final year's actual salary have an additional 6% increase applied at time of assumed retirement. Sample rates are as follows:

Sample Salary Scale Rates

Age	Total Rate (%) (including inflation)
30	6.5%
40	5.0
50	4.6
60	4.2

Retirement age: Active members are assumed to retire no earlier than the age at which unreduced benefits are available. No early retirement is assumed. Specific assumptions regarding retirement age are as follows:

- (a) Uniformed Members: (i) Members first eligible to retire at age 57 or younger will defer their retirement four years; (ii) members first eligible to retire at ages 58, 59, 60, or 61 will retire at age 62; and (iii) members first eligible to retire at ages 62 or older will retire when first eligible.
- (b) Municipal Members: Members are assumed to retire over a range of ages. The probability that a member retires at a given age (if still active and eligible for unreduced benefits at that age) is shown on next page:

Actuary's Certification Letter *(Continued)*

Retirement age (continued):

Age	Rate of Normal Retirement ⁽¹⁾
61 and younger	10%
62	35
63-64	20
65	45
66-74	20
75	100

Inactive vested members are assumed to retire when first eligible for unreduced benefits.

Marital status and spouse's age⁽²⁾: 85% of members will be married at time of retirement and wives are four years younger than their husbands.

Social Security⁽²⁾: (a) The Social Security Taxable Wage Base will increase by 4.0% compounded annually.
 (b) The Consumer Price Index will increase by 3.5% compounded annually.
 (c) The Average Total Wages of All Workers will increase by 4.0% compounded annually.

Post-retirement cost-of-living increases⁽²⁾: 3.5%

Net investment return: 6.5% compounded annually (net of investment and certain administration expenses) for funding purposes.

6.5% compounded annually (net of investment expenses) for calculation of values intended to comply with FASB Statement No. 35.

⁽¹⁾ Rates indicated are adjusted by adding 5% for the year in which the member is first eligible for normal retirement.

⁽²⁾ If applicable.

Actuary's Certification Letter (*Continued*)

Exhibit IV - Actuarial Methods

Contribution requirements are individually determined for each participating municipality, on an actuarial basis as described below, at least biannually. The frequency of actuarial valuation is determined by applicable Commonwealth statute (Act 205 of 1984 and Act 293 of 1972). The following actuarial methods were adopted effective January 1, 1985, unless indicated otherwise.

Actuarial Value of Assets (adopted effective January 1, 1991)

Sum of all audited reserve accounts as of the valuation date, including Members, Municipal, Retired, and Disability Reserves, and a one-year administration expense reserve, plus the portion of any additional investment income to be distributed as "excess interest." The actuarial value can never be less than 90% of fair market value.

Each year, municipalities may receive an excess interest allocation derived as a portion of new surplus created during the prior year. "Surplus" refers to the excess of fair market value over the actuarial value of assets. Once the preliminary actuarial asset value has been determined, a formula⁽¹⁾ is used to allocate the new surplus. Generally, depending on the relative size of surplus to fair market value, between 10% and 90% of new surplus will become excess interest. For the year ended December 31, 1999, the portion of new surplus allocated to excess interest was 86.28%, resulting in an excess interest allocation in 2000 of 8.49% of eligible reserve accounts.

Actuarial Cost Method -- Entry Age Normal Actuarial Cost Method

Entry age is defined as attained age less credited service. The normal cost rate is derived as a level percent of future compensation of current employees, on an individual basis. This rate is applied to the projected payroll and projected employee contributions are deducted. Actuarial gains (or losses), including the effect of contributions greater or less than the previously determined actuarial level, are reflected by decreases (or increases) in the unfunded actuarial accrued liability. Under Act 205 of 1984, the unfunded actuarial accrued liability is amortized as a level dollar amount⁽²⁾ over the lesser of:

- (a) i. 30 years, with respect to the initial liability as of January 1, 1985 (or first valuation);
- ii. 20 years, with respect to changes due to plan provisions and actuarial assumptions;
- iii. 10 years, with respect to changes in benefits for currently retired members;
- iv. 15 years, with respect to actuarial gains and losses; or
- (b) the average assumed working lifetime of active employees as of the date the liability was established⁽³⁾.

With the two exceptions which follow, the funding method is applied individually with respect to each municipality:

Retired and disabled members are paid monthly benefits from the System's Retired Members' Reserve Account, which at the time of retirement receives a transfer from the municipal and member accounts in an amount actuarially determined to be sufficient to pay all future benefits for the member (and, if applicable, a surviving beneficiary). Thus, post-retirement experience is pooled within the System. (However, this procedure does not apply to the legislated ad hoc adjustments which became effective January 1, 1989.)

A disabled member's pension is met in part from the amount that can be provided by the member's own accumulated contributions and from the amount that can be provided by the value of that portion of the member's accrued benefit attributable to municipal contributions, with the balance of the pension being provided by the appropriate transfer from the Disability Reserve Account. The amount of annual transfer from accumulated municipal contributions to the Disability Reserve Account is determined on the one-year term cost basis, i.e., the expected cost of disabilities in the coming year.

⁽¹⁾ The portion of investment income to be distributed as excess interest is based on a complicated algebraic formula adopted by the Board with the advice of the System's actuary effective January 1, 1985.

⁽²⁾ In certain instances, distressed municipalities may use "level percent of payroll" amortization of the initial liability, where the assumed payroll increase is 4.0%.

⁽³⁾ If there are not active employees, the unfunded actuarial liability is amortized for one year from the date that the liability was established. If a municipality attains certain levels of distressed status under applicable Commonwealth statute, part (b) will not be applied.

Schedule of Active Member Valuation Data for Last Seven Years

Defined Benefit Plans

Valuation Date 1/1	Number of Active Members	Percentage Change in Membership	Number of Participating Employers	Percentage Increase in Number of Participating Employers	Total Annual Payroll	Percentage Increase in Payroll	Average Annual Salary	Percentage Increase in Average Annual Salary
2000	7,875	(0.7)%	611	1.8%	\$253,300,000	0.4%	\$32,163	1.1%
1999	7,933	0.7	600	2.0	252,438,000	3.9	31,821	3.1
1998	7,874	1.9	588	2.6	243,012,000	4.1	30,863	2.1
1997	7,725	0.8	573	2.3	233,510,200	5.4	30,228	4.6
1996	7,664	1.8	560	2.8	221,506,900	4.1	28,902	2.3
1995	7,527	2.7	545	2.6	212,746,400	7.0	28,264	4.2
1994	7,329	(2.1)	531	3.9	198,826,000	2.6	27,129	4.8

Defined Contribution Plans

Valuation Date 1/1	Number of Active Members	Percentage Change in Membership	Number of Participating Employers	Percentage Increase in Number of Participating Employers	Total Annual Payroll	Percentage Increase in Payroll	Average Annual Salary	Percentage Increase in Average Annual Salary
2000	626	5.2%	124	6.9%	\$15,974,000	8.7%	\$25,518	3.3%
1999	595	9.0	116	11.5	14,696,600	14.4	24,700	5.0
1998	546	12.6	104	14.3	12,846,000	15.0	23,527	2.2
1997	485	13.1	91	12.3	11,168,300	15.5	23,028	2.2
1996	429	15.6	81	19.1	9,665,900	18.6	22,531	2.6
1995	371	16.3	68	23.6	8,150,100	20.7	21,968	3.8
1994	319	16.4	55	10.0	6,750,600	18.8	21,162	2.0

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls for Last Seven Years

Valuation Date 1/1	Added to Roll	Deleted from Roll	Number on Roll	Annual Annuities	Percentage Increase in Annuities	Average Annual Annuities	Percentage Increase in Average Annual Annuities
2000	179	241	2,578	\$21,087,300	0.2%	\$8,180	2.6%
1999	185	132	2,640	21,054,200	8.5	7,975	5.9
1998	199	139	2,587	19,404,000	9.1	7,530	6.5
1997	201	106	2,527	17,779,200	12.2	7,036	8.0
1996	219	85	2,432	15,841,300	9.4	6,514	3.4
1995	206	111	2,298	14,480,500	10.9	6,301	6.3
1994	191	99	2,203	13,057,600	12.0	5,927	7.3

Analysis of Financial Experience

The System does not conduct an extensive experience study by individual plan because the magnitude of any change in plans of average size becomes misleading and irrelevant. A comprehensive experience study is performed once every five years on the overall assumptions used by the System, but this data is not relevant to individual plan experience.

Solvency Test

A short term solvency test, which is one means of determining a system's progress under its funding program, compares the plan's present assets with:

1. active member contributions on deposit,
2. the liabilities for future benefits to present retired lives⁽¹⁾, and
3. the actuarial accrued liability for service already rendered by active members.

In a system that has been following the entry age normal actuarial cost method financing discipline, the obligation for active member contributions on deposit (Item A) and the liabilities for future benefits to present retired lives⁽¹⁾ (Item B) will be fully covered by present assets with the exception of rare circumstances. The actuarial accrued liability for active members (Item C) will be partially covered by the remainder of present assets. If the system has been using level cost financing, the funded portion of Item C usually will increase over a period of time. Item C being fully funded is rare.

Prior to 1997, the solvency test was shown on the basis of the Pension Benefit Obligation computed under GASB Statement No. 5.

⁽¹⁾ Includes terminated employees not yet receiving benefits.

Valuation Date 1/1	Actuarial Accrued Liability				Portion of Actuarial Accrued Liability Covered by Assets		
	(A)	(B)	(C)	Valuation Assets ⁽²⁾			
	Active Member Contributions	Retirees and Beneficiaries ⁽¹⁾	Active Members (Employer Financed Portion)		(A)	(B)	(C)
1999	\$170,495,100	\$224,089,800	\$297,499,500	\$768,038,700	100%	100%	100%
1997	130,006,000	182,762,700	279,659,500	601,852,000	100%	100%	100%

Valuation Date 1/1	Pension Benefit Obligation				Portion of Actuarial Accrued Liability Covered by Assets		
	(A)	(B)	(C)	Valuation Assets ⁽²⁾			
	Active Member Contributions	Retirees and Beneficiaries ⁽¹⁾	Active Members (Employer Financed Portion)		(A)	(B)	(C)
1996	\$111,462,700	\$162,864,500	\$190,440,900	\$561,536,000	100%	100%	100%
1995	103,727,900	149,161,100	180,651,600	446,189,000	100	100	100
1994	89,611,100	128,996,500	160,030,900	406,894,000	100	100	100
1993	84,581,000	115,232,000	153,279,100	361,937,000	100	100	100

⁽¹⁾ Includes terminated employees not yet receiving benefits.

⁽²⁾ Sum of Member, Municipal, Retirement, and Disability Reserve Accounts as shown in audited financial statements - Prior to 1997 includes one-year administration expense reserve and excess interest allocation, if any, to be credited at year-end.

Statistical Section

- Financial
 - Revenue by Source
 - Expenses by Type
 - Revenues vs. Expenses
 - Components of Total Revenues and Expenses
 - Total Assets

- Membership
 - Active Members
 - Retired Members
 - Pensions in Payment Status by Type and Monthly Amount
 - Pensions Awarded, Each of the Last Ten Years, by Type and Amount
 - Total Membership
 - Participating Pension Plans



Part I - Financial

Revenues by Source and Expenses by Type for Last Six Years

Revenues by Source

Fiscal Year	Member Contributions	Municipal Contributions ⁽¹⁾	Municipal Assessments ⁽²⁾	Investment Income	Total Revenue
2000	\$12,180,952	\$22,932,542	\$245,740	\$33,429,407	\$68,788,641
1999	11,456,483	20,054,018	233,905	132,452,017	164,196,423
1998	11,372,676	23,003,675	240,580	136,023,868	170,640,799
1997	10,358,715	22,512,647	233,720	124,610,902	157,715,984
1996	10,018,617	18,372,425	226,240	92,040,168	120,657,450
1995	9,132,878	53,826,781	221,660	34,432,357	97,613,676

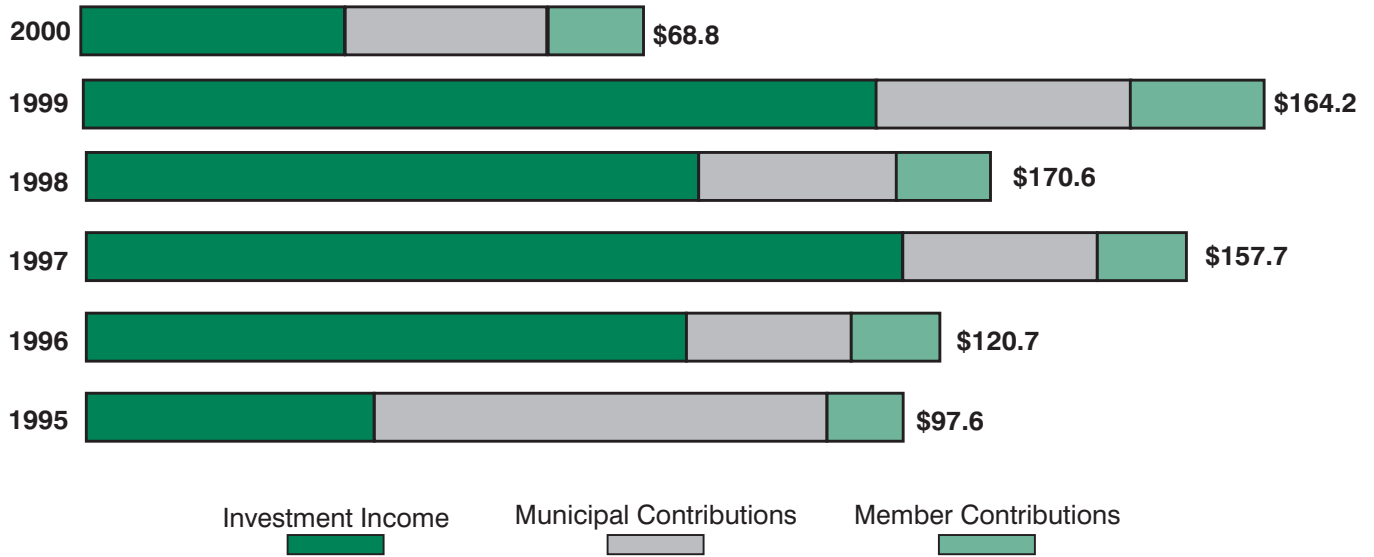
Expenses by Type

Fiscal Year	Benefit Expenses			Administrative Expenses	Total Expenses
	Annuity	Disability	Termination	Operational	
2000	\$22,617,449	\$905,621	\$9,949,213	\$2,134,593	\$35,606,876
1999	20,260,700	826,591	62,536,769	1,919,161	85,543,221
1998	19,541,577	1,031,601	38,519,546	1,861,306	60,954,030
1997	18,743,647	1,265,473	5,658,634	1,659,840	27,327,594
1996	16,823,555	1,011,021	3,285,072	1,608,038	22,727,686
1995	14,790,805	893,437	4,842,814	2,912,441	23,439,497

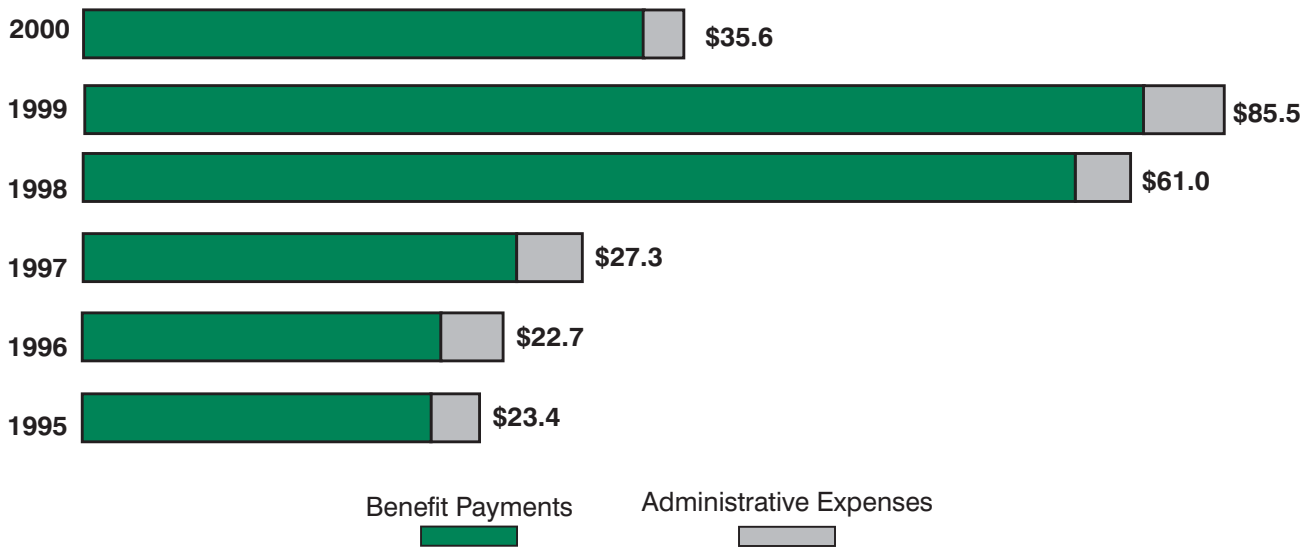
⁽¹⁾ Contributions were made in accordance with actuarially determined contribution requirements.

⁽²⁾ Municipal assessments are receipts but not assets of the plans.

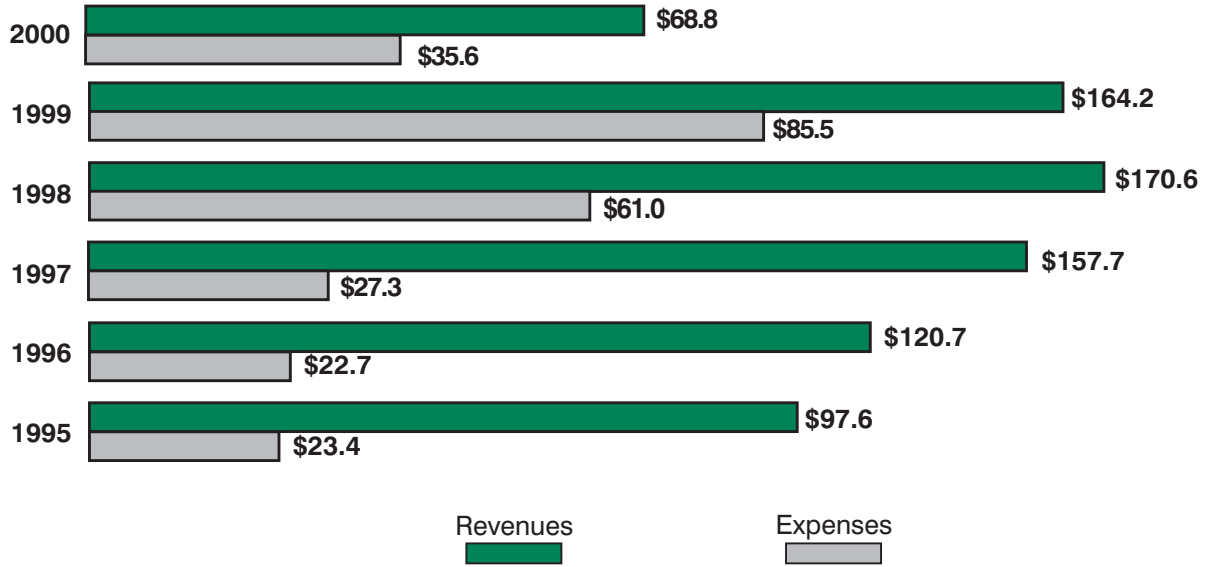
Revenues by Source – Six-Year Trend (Amounts in Millions)



Expenses by Type – Six-Year Trend (Amounts in Millions)

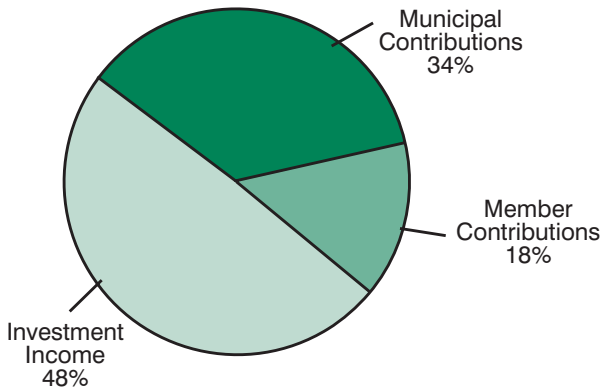


Revenues vs. Expenses – Six-Year Trend (Amounts in Millions)

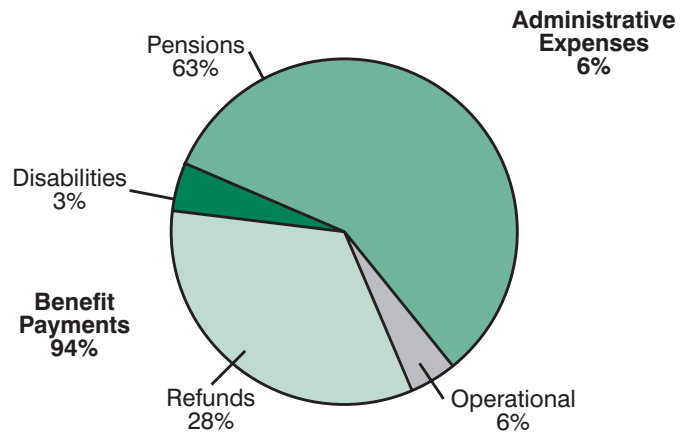


Components of Total Revenues and Expenses – 2000

Total Revenues



Total Expenses



Total Assets – Six-Year Trend
(Fair Value – Amounts in Millions)

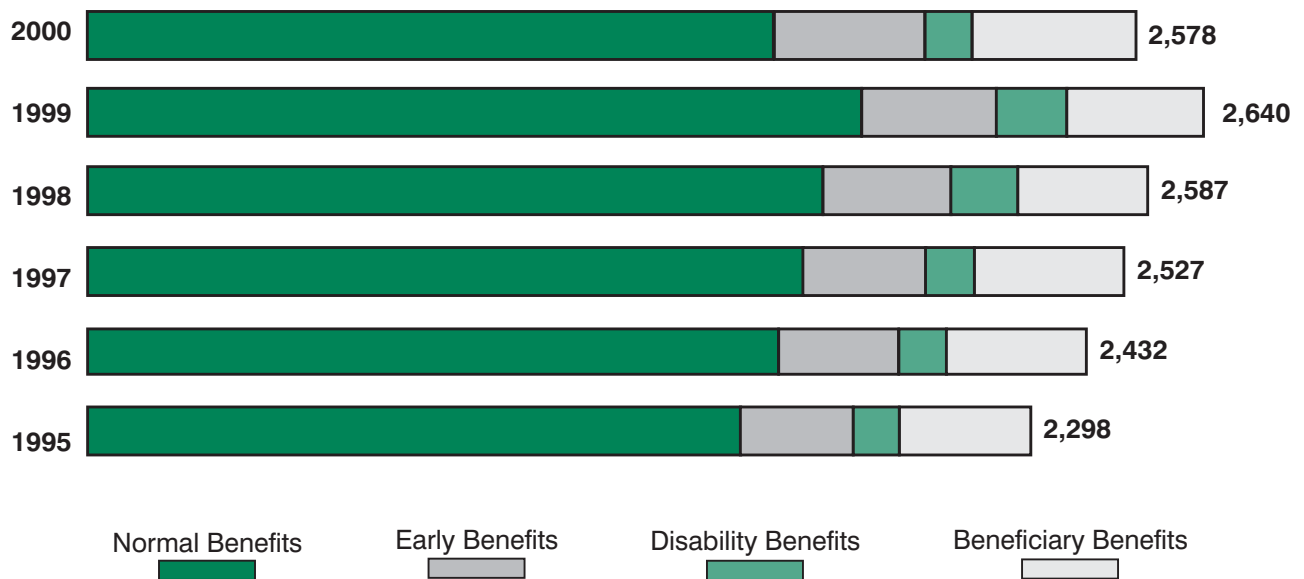


Part II -- Membership

Total Assets – Six-Year Trend
(Fair Value – Amounts in Millions)



Retired Members – Six-Year Trend
Valuation Date 1/1



Pensions in Payment Status on January 1, 2000 by Type and by Monthly Amount

Monthly amount	Total	Type of pension				
		Normal	Involuntary early	Voluntary early	Service disability	Non-service disability
Total	2,228	1,800	194	132	19	83
Under \$100	104	80	8	14	1	1
\$100 - \$199	198	136	17	42	2	1
200 - 299	225	179	21	19	--	6
300 - 399	182	157	10	10	--	5
400 - 499	198	151	25	9	2	11
500 - 599	173	143	13	12	--	5
600 - 699	150	115	16	4	1	14
700 - 799	158	117	21	3	1	16
800 - 899	147	119	16	5	1	6
900 - 999	115	97	7	5	1	5
1,000 - 1,199	203	161	22	5	6	9
1,200 - 1,399	107	93	8	2	2	2
1,400 - 1,599	102	95	3	1	2	1
1,600 - 1,799	51	50	--	--	--	1
1,800 - 1,999	44	42	2	--	--	--
2,000 - 2,199	23	21	2	--	--	--
2,200 - 2,399	17	15	2	--	--	--
2,400 - 2,599	11	11	--	--	--	--
2,600 - 2,799	7	6	1	--	--	--
2,800 - 2,999	3	3	--	--	--	--
3,000 and over	10	9	--	1	--	--

Pensions Awarded, Each of the Last Ten Years, by Type and Amount

Year ended January 1:	Total		Type of Pension							
			Normal		Involuntary early		Voluntary early		Disability	
	Number	Average monthly amount	Number	Average monthly amount	Number	Average monthly amount	Number	Average monthly amount	Number ⁽¹⁾	Average monthly amount
1991	135	\$519	94	\$516	31	\$561	5	\$137	5(1)	\$709
1992	157	622	131	626	15	530	4	384	7 (2)	878
1993	176	665	142	716	12	407	7	239	15(1)	586
1994	154	784	133	822	4	617	9	217	8 (0)	874
1995	162	734	139	736	12	831	4	275	7 (3)	780
1996	182	727	141	757	19	648	12	395	10 (2)	855
1997	165	819	133	811	15	877	6	144	11 (4)	1,194
1998	169	782	142	831	10	594	9	337	8 (4)	647
1999	152	939	122	1,006	13	785	6	347	11 (2)	698
2000	179	869	152	912	22	647	3	345	2 (0)	850

Schedule of Total Membership - Six-Year Trend

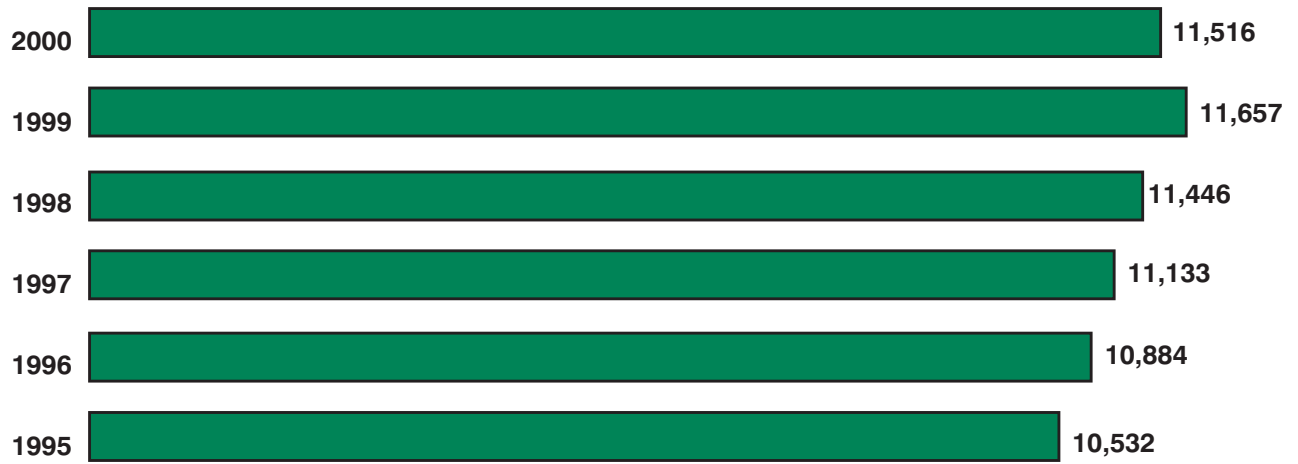
Valuation Date 1/1	Active Members Defined Benefit Plans	Active Members Defined Contribution Plans	Retirees	Beneficiaries	Deferred Pensions ⁽²⁾	Inactive Members ⁽³⁾	Total
2000	7,875	626	2,228	350	386	51	11,516
1999	7,933	595	2,253	387	344	145	11,657
1998	7,874	546	2,211	376	311	128	11,446
1997	7,725	485	2,163	364	271	125	11,133
1996	7,664	429	2,091	341	230	129	10,884
1995	7,527	371	1,978	320	205	131	10,532

⁽¹⁾ Number of service-related disability pensions are shown in parentheses.

⁽²⁾ Inactive participants with rights to deferred pension (vested)

⁽³⁾ Inactive participants with rights to return of contributions (nonvested)

Total Membership – Six-Year Trend
Valuation Date 1/1



Schedule of Participating Pension Plans⁽¹⁾ as of December 31, 2000

Counties

Adams	Adams-Green Acres	Forest	Jefferson
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Cities

Allentown (Lehigh)	Harrisburg, Plan A (Dauphin)	Lower Burrell (Westmoreland)
Bethlehem (Northampton)	Harrisburg, Plan B (Dauphin)	New Kensington (Westmoreland)
Clairton (Allegheny)	Hazleton (Luzerne)	Sharon (Mercer)
Connellsville (Fayette)	Hermitage (Mercer)	Sunbury (Northumberland)
DuBois (Clearfield)	Jeannette (Westmoreland)	Uniontown (Fayette)
Easton (Northampton)	Latrobe (Westmoreland)	
Greensburg (Westmoreland)	Lebanon (Lebanon)	

Boroughs

Adamstown (Lancaster)	Collegeville (Montgomery)	Hatfield (Montgomery)
Ashland (Schuylkill)	Collingdale (Delaware)	Hollidaysburg (Blair)
Atglen (Chester)	Conneautville (Crawford)	Homer City (Indiana)
Avonmore (Westmoreland)	Conshohocken (Montgomery)	Hughestown (Luzerne)
Bally (Berks)	Conway (Beaver)	Hummelstown (Dauphin)
Bangor (Northampton)	Coopersburg (Lehigh)	Huntingdon (Huntingdon)
Bedford (Bedford)	Cressona (Schuylkill)	Hyndman (Bedford)
Bellefonte (Centre)	Dalton (Lackawanna)	Jim Thorpe (Carbon)
Bellwood (Blair)	Delmont (Westmoreland)	Johnsonburg (Elk)
Bentleyville (Washington)	Doylestown (Bucks)	Kenhorst (Berks)
Berlin (Somerset)	Dravosburg (Allegheny)	Kennett Square (Chester)
Big Beaver (Beaver)	Dublin (Bucks)	Kittanning (Armstrong)
Biglerville (Adams)	Duboistown (Lycoming)	Kulpmont (Northumberland)
Bloomfield (Perry)	Duncannon (Perry)	Kutztown (Berks)
Brackenridge (Allegheny)	East Rochester (Beaver)	Lehighton (Carbon)
Bridgeville (Allegheny)	East Stroudsburg (Monroe)	Lewistown (Mifflin)
Brockway (Jefferson)	East Washington (Washington)	Lykens (Dauphin)
Brookville (Jefferson)	Emporium (Cameron)	Marcus Hook (Delaware)
California (Washington)	Etna (Allegheny)	Martinsburg (Blair)
Cambridge Springs (Crawford)	Everett (Bedford)	Matamoras (Pike)
Camp Hill (Cumberland)	Falls Creek (Jefferson)	Mercer (Mercer)
Carnegie (Allegheny)	Ferndale (Cambria)	Meyersdale (Somerset)
Carroll Valley (Adams)	Forest City (Susquehanna)	Middleburg (Snyder)
Castle Shannon (Allegheny)	Fountain Hill (Lehigh)	Middletown (Dauphin)
Central City (Somerset)	Franklin (Cambria)	Millersburg (Dauphin)
Charleroi (Washington)	Franklintown (York)	Millerstown (Perry)
Cheswick (Allegheny)	Freeburg (Snyder)	Minersville (Schuylkill)
Claysville (Washington)	Freedom (Beaver)	Monaca (Beaver)
Clymer (Indiana)	Freeland (Luzerne)	Monroeville Municipality (Allegheny)
Cochranton (Crawford)	Greenville (Mercer)	Montrose (Susquehanna)

⁽¹⁾ County names are in parentheses.

Schedule of Participating Pension Plans (*Continued*)**Boroughs (Continued)**

Moosic (Lackawanna)	Pottstown (Montgomery)	Summit Hill (Carbon)
Morrisville (Bucks)	Prospect Park (Delaware)	Tarentum (Allegheny)
Mont Alto (Franklin)	Renovo (Clinton)	Telford (Montgomery)
Mount Gretna (Lebanon)	Ridley Park (Delaware)	Topton (Berks)
Mount Jewett (McKean)	Roaring Spring (Blair)	Trainer (Delaware)
Mount Pleasant (Westmoreland)	Rochester (Beaver)	Turbotville (Northumberland)
Mount Union (Huntingdon)	Rouseville (Venango)	Turtle Creek (Allegheny)
Nanty Glo (Cambria)	Royersford (Montgomery)	Verona (Allegheny)
Narberth (Montgomery)	Rural Valley (Armstrong)	Versailles (Allegheny)
Nesquehoning (Carbon)	Salisbury (Somerset)	Waterford (Erie)
New Eagle (Washington)	Saxton (Bedford)	Waynesburg (Greene)
New Stanton (Westmoreland)	Schuylkill Haven (Schuylkill)	West Conshohocken (Montgomery)
Newport (Perry)	Selinsgrove (Snyder)	West Grove (Chester)
Newtown (Bucks)	Sellersville (Bucks)	West Newton (Westmoreland)
Norristown (Montgomery)	Shamokin Dam (Snyder)	Wheatland (Mercer)
North East (Erie)	Sharpsburg (Allegheny)	White Haven (Luzerne)
Northumberland (Northumberland)	Sharpsville (Mercer)	Williamstown (Dauphin)
Orwigsburg (Schuylkill)	Shenandoah (Schuylkill)	Wilmerding (Allegheny)
Palmerton (Carbon)	Slippery Rock (Butler)	Wilson (Northampton)
Pen Argyl (Northampton)	Souderton (Montgomery)	Windsor (York)
Pennsburg (Montgomery)	South Waverly (Bradford)	Wyomissing Hills (Berks)
Perkasie (Bucks)	Southmont (Cambria)	York Springs (Adams)
Pine Grove (Schuylkill)	Springdale (Allegheny)	Youngwood (Westmoreland)
Portage (Cambria)	Stroudsburg (Monroe)	

Townships of the First Class

Butler (Butler)	Hanover (Luzerne)	Salisbury (Lehigh)
Caln (Chester)	Harrison (Allegheny)	Springdale (Allegheny)
Collier (Allegheny)	Hopewell (Beaver)	Swatara (Dauphin)
Crescent (Allegheny)	North Huntingdon (Westmoreland)	Upper Moreland (Montgomery)
Darby (Delaware)	North Versailles (Allegheny)	Whitehall (Lehigh)
East Deer (Allegheny)	Ridley (Delaware)	Wilkins (Allegheny)
Elizabeth (Allegheny)	Rochester (Beaver)	

Townships of the Second Class

Allegheny (Westmoreland)	Boggs (Clearfield)	Center (Greene)
Antrim (Franklin)	Brecknock (Lancaster)	Center (Indiana)
Athens (Crawford)	Briar Creek (Columbia)	Center (Snyder)
Bald Eagle (Clinton)	Brighton (Beaver)	Centre (Perry)
Bedminster (Bucks)	Brown (Mifflin)	Cherrytree (Venango)
Bell (Westmoreland)	Buckingham (Bucks)	Clarion (Clarion)
Bethel (Armstrong)	Burnside (Clearfield)	Clearfield (Cambria)
Black Creek (Luzerne)	Burrell (Indiana)	Concord (Delaware)
Blair (Blair)	Caernarvon (Lancaster)	Corydon (McKean)
Bloomfield (Crawford)	Cambria (Cambria)	Covington (Lackawanna)
Blooming Grove (Pike)	Cambridge (Crawford)	Cranberry (Venango)
Boggs (Centre)	Canton (Washington)	Cross Creek (Washington)

Schedule of Participating Pension Plans *(Continued)***Townships of the Second Class (Continued)**

Derry - Defined Benefit (Dauphin)	Jackson (Luzerne)	Pymatuning (Mercer)
Derry - Defined Contribution (Dauphin)	Jenks (Forest)	Raccoon (Beaver)
Derry (Mifflin)	Jenner (Somerset)	Rice (Luzerne)
Derry (Westmoreland)	Keating (McKean)	Richhill (Greene)
Dingman (Pike)	Kennett (Chester)	Richland (Bucks)
Donegal (Westmoreland)	Lancaster (Butler)	Ridgway (Elk)
Dorrance (Luzerne)	Lancaster (Lancaster)	Rome (Crawford)
Douglass (Montgomery)	Latimore (Adams)	Rutland (Tioga)
East Allen (Northampton)	LeBoeuf (Erie)	Scott (Columbia)
East Coventry (Chester)	Lehman (Philadelphia)	Sewickley (Westmoreland)
East Fallowfield (Chester)	Liberty (McKean)	Shade (Somerset)
East Finley (Washington)	Limestone Township (Lycoming)	Sheffield (Warren)
East Hanover (Dauphin)	Lincoln (Somerset)	Shippensburg (Cumberland)
East Huntingdon (Westmoreland)	Liverpool (Perry)	Slippery Rock (Butler)
East Manchester (York)	London Grove (Chester)	Solebury (Bucks)
East Marlborough (Chester)	Loyalhanna (Westmoreland)	South Abington (Lackawanna)
East Rockhill (Bucks)	Mahoning (Montour)	South Franklin (Washington)
Eldred (Monroe)	Manchester (York)	South Huntingdon (Westmoreland)
Eldred (Warren)	Mead (Warren)	South Manheim (Schuylkill)
Elizabeth (Lancaster)	Middle Smithfield (Monroe)	South Middleton (Cumberland)
Elk (Warren)	Middlesex (Cumberland)	South Pymatuning (Mercer)
Elk Creek (Erie)	Milford (Bucks)	South Strabane (Washington)
Fairfield (Westmoreland)	Millcreek (Lebanon)	Southampton (Cumberland)
Fairview (Erie)	Monongahela (Greene)	Southwest (Warren)
Farmington (Clarion)	Morris (Greene)	Spring Creek (Warren)
Forks (Northampton)	Mount Joy (Lancaster)	Sugar Grove (Warren)
Forward (Allegheny)	Mount Pleasant (Westmoreland)	Sullivan (Tioga)
Franklin (Carbon)	Muncy Creek (Lycoming)	Tinicum (Bucks)
Franklin (Greene)	New Garden (Chester)	Towanensing (Carbon)
Freedom (Blair)	Nockamixon (Bucks)	Tredyffrin (Chester)
Freehold (Warren)	North Coventry (Chester)	Tunkhannock (Wyoming)
Frenchcreek (Venango)	North Strabane (Washington)	Union (Berks)
Glade (Warren)	Nottingham (Washington)	Union (Snyder)
Greene (Beaver)	Oakland (Venango)	Unity (Westmoreland)
Greenfield (Blair)	Oil Creek (Crawford)	Wallace (Chester)
Greenfield (Erie)	Old Lycoming (Lycoming)	Warsaw (Jefferson)
Hamilton (Monroe)	Oliver (Mifflin)	Warwick (Lancaster)
Hanover (Lehigh)	Paradise (Monroe)	Warrington (York)
Hemlock (Columbia)	Pennsbury (Chester)	Washington (Berks)
Hilltown (Bucks)	Pike (Berks)	Washington (Dauphin)
Hopewell (Cumberland)	Pine Grove (Schuylkill)	Washington (Erie)
Hopewell (Washington)	Pittsfield (Warren)	Washington (Greene)
Horsham (Montgomery)	Pleasant (Warren)	Washington (Northampton)
Howe (Forest)	Plum Creek (Armstrong)	Washington (Schuylkill)
Hunlock (Luzerne)	Plumstead (Bucks)	West Bradford (Chester)
Huntington (Luzerne)	Pocopson (Chester)	West Brunswick (Schuylkill)
Huston (Clearfield)	Point (Northumberland)	West Caln (Chester)
Jackson (Greene)	Price (Monroe)	West Carroll (Cambria)
Jackson (Lebanon)	Pulaski (Lawrence)	West Lampeter (Lancaster)

Schedule of Participating Pension Plans *(Continued)***Townships of the Second Class (Continued)**

West Pennsboro (Cumberland)	Whiteley (Greene)
West Rockhill (Bucks)	Wiconisco (Dauphin)
West Salem (Mercer)	Windsor (York)
West Wheatfield (Indiana)	Wright (Luzerne)
Westtown (Chester)	Zerbe (Northumberland)

Authorities and Other Units

Allegheny Valley Joint Sewer Authority (Allegheny)	DuBois City Redevelopment Authority (Clearfield)
Ambridge Borough Municipal Authority (Beaver)	East Norriton-Plymouth Whitpain Joint Sewer Authority (Montgomery)
Avonmore Borough Municipal Authority (Westmoreland)	Eastern Regional Communications Center (Allegheny)
Barta (Berks)	Eastern Snyder County Regional Authority (Snyder)
Bedford Borough Water Authority (Bedford)	Economy Borough Municipal Authority (Beaver)
Bedford Municipal Authority (Bedford)	Elizabeth Borough Municipal Authority (Allegheny)
Belle Vernon Municipal Authority (Fayette)	Emlenton Area Municipal Authority (Venango)
Bethlehem Authority (Northampton)	Erie County Housing Authority (Erie)
Bethlehem City Redevelopment Authority (Northampton)	Everett Area Municipal Authority (Bedford)
Bloomfield Township Sewer Authority (Crawford)	Falls Township Authority (Bucks)
Bradford City Water Authority (McKean)	Fawn-Frazer Joint Water Authority (Allegheny)
Bradford Regional Airport Authority (McKean)	Forward Township Municipal Authority (Allegheny)
Brighton Township Municipal Authority (Beaver)	Franklin City Housing Authority (Venango)
Brighton Township Sewer Authority (Beaver)	Franklin Township Municipal Sanitary Authority (Westmoreland)
Bristol Township Authority (Bucks)	Franklin Township Sewer Authority (Greene)
Brockway Borough Municipal Authority (Jefferson)	Frazer Transportation Authority (Allegheny)
Brookville Municipal Authority (Jefferson)	Freeland Borough Municipal Authority (Luzerne)
Bucks County Redevelopment Authority (Bucks)	Greater Lebanon Refuse Authority (Lebanon)
Bucks County Water & Sewer Authority (Bucks)	Guilford Township Authority (Franklin)
Burrell Township Sewage Authority (Indiana)	Guilford Water Authority (Franklin)
Butler Area Public Library (Butler)	Harrison Township Water Authority (Allegheny)
Cambria Township Sewer Authority (Cambria)	Hawley Area Authority (Wayne)
Cambria Township Water Authority (Cambria)	Hazleton Transit Authority (Luzerne)
Carbon County Conservation District (Carbon)	Hellertown Borough Authority (Northampton)
Carlisle Suburban Authority (Cumberland)	Hilltown Township Water & Sewer Authority (Bucks)
Carmichaels-Cumberland Joint Sewer Authority (Greene)	Horsham Township Sewer Authority (Montgomery)
Carroll Township Authority (Washington)	Hughesville-Wolf Township Joint Municipal Authority (Lycoming)
Centerville Borough Sanitary Authority (Washington)	Indiana County Conservation District (Indiana)
Central Indiana County Joint Sanitary Authority (Indiana)	Indiana County Solid Waste Authority (Indiana)
Centre County Library & Historical Museum (Centre)	Jackson Township Water Authority (Cambria)
Coaldale-Lansford Summit Hill Sewer Authority (Carbon)	Jeannette Municipal Authority (Westmoreland)
Columbia County Conservation District (Columbia)	Johnsonburg Municipal Authority (Elk)
Connellsville Municipal Authority (Fayette)	Juniata County Conservation District (Juniata)
Connellsville Redevelopment Authority (Fayette)	Kiskiminetas Township Municipal Authority (Armstrong)
Conshohocken Borough Authority (Montgomery)	Kulpmont-Marion Heights Joint Municipal Authority (Northumberland)
Coplay-Whitehall Sewer Authority (Lehigh)	Lancaster City Parking Authority (Lancaster)
Crescent South Heights Municipal Authority (Allegheny)	Lansford Coaldale Joint Water Authority (Carbon)
Cressona Borough Authority (Schuylkill)	Lebanon Community Library (Lebanon)
Creswell Heights Joint Authority (Beaver)	
Delaware Valley Municipal Management Authority (Montgomery)	
Derry Township Municipal Authority (Westmoreland)	

Schedule of Participating Pension Plans (Continued)

Authorities and Other Units (Continued)

Leetsdale Borough Municipal Authority (Allegheny)	Northern Lancaster County Authority (Lancaster)
Lehigh County Authority (Lehigh)	Northern York County Regional (York)
Lehighon Water Authority (Carbon)	Northumberland Sewer Authority (Northumberland)
Lower Bucks County Joint Municipal Authority (Bucks)	Oil City Housing Authority (Venango)
Lower Bucks County Joint Municipal Authority Supervisors (Bucks)	PA League of Cities (Dauphin)
Lower Indiana County Municipal Authority (Indiana)	Parks Township Municipal Authority (Armstrong)
Lower Providence Township Sewer Authority (Montgomery)	Penn Township Sewage Authority (Westmoreland)
Luzerne County Conservation District (Luzerne)	Pennridge Regional Police Municipality (Bucks)
Lykens Borough Authority (Dauphin)	Pennridge Waste Treatment Authority (Bucks)
Mahanoy Township Authority (Schuylkill)	Perkasie Borough Authority (Bucks)
Mahoning Township Authority (Montour)	Peters Creek Sanitary Authority (Washington)
Maidencreek Township Authority (Berks)	Peters Township Municipal Authority (Franklin)
Manor Township Joint Municipal Authority (Armstrong)	Portage Area Sewer Authority (Cambria)
Mary Meuser Memorial Library (Monroe)	Portage Borough Municipal Authority (Cambria)
Matamoras Borough Municipal Authority (Pike)	Possum Valley Municipal Authority (Adams)
McKean County Solid Waste Authority (McKean)	Robesonia-Wernersville Municipal Authority (Berks)
Mercer County Regional Planning Commission (Mercer)	Robinson Township Municipal Authority (Allegheny)
Mid Mon Valley Water Authority (Washington)	Rochester Area Joint Sewer Authority (Beaver)
Middletown Township Sewer Authority (Delaware)	Rostraver Township Sewer Authority (Westmoreland)
Mifflin County Regional Police Municipality (Mifflin)	St. Marys Area Joint Water Authority (Elk)
Mifflintown Municipal Authority (Juniata)	Shamokin City Redevelopment Authority (Northumberland)
Millcreek-Richland Joint Sewer Authority (Lebanon)	Sheffield Township Municipal Authority (Warren)
Millersburg Area Authority (Dauphin)	Slippery Rock Municipal Authority (Butler)
Mon Valley Sewer Authority (Washington)	South Fayette Township Municipal Authority (Allegheny)
Monroe County Control Center (Monroe)	Southern Police Commission Municipal (York)
Montgomery County Sewer Authority (Montgomery)	Southwestern PA Water Authority (Greene)
Montour County Conservation District (Montour)	Southwest Regional Dispatch Center (Allegheny)
Moon Township Municipal Authority (Allegheny)	Stroudsburg Municipal Authority (Monroe)
Morrisville Borough Municipal Authority (Bucks)	Susquehanna Township Authority (Dauphin)
Mount Jewett Borough Authority (McKean)	Tower City Borough Authority (Schuylkill)
Mount Lebanon Parking Authority (Allegheny)	Tri-County Joint Municipal Authority (Washington)
Mount Pocono Municipal Authority (Monroe)	Upper Allegheny Joint Sanitation Authority (Allegheny)
Myerstown Borough Water Authority (Lebanon)	Upper Montgomery Joint Authority (Montgomery)
Myerstown Community Library (Lebanon)	Upper Southampton Municipal Authority (Bucks)
Nanty-Glo Sanitary Authority (Cambria)	Upper Southampton Sewer Authority (Bucks)
Nanty Glo Water Authority (Cambria)	Vanport Township Municipal Authority (Beaver)
Nesquehoning Borough Authority (Carbon)	Warren County Housing Authority (Warren)
New Kensington Municipal Sanitary Authority (Westmoreland)	Warren County Solid Waste Authority (Warren)
New Kensington Redevelopment Authority (Westmoreland)	Warrington Township Municipal Authority (Bucks)
Newport Borough Water Authority (Perry)	Warwick Township Municipal Authority (Lancaster)
Norristown Municipal Waste Authority (Montgomery)	Washington Area Council of Governments (Washington)
North & South Shenango Joint Municipal Authority (Crawford)	Washington Township Municipal Authority (Berks)
North Coventry Municipal Authority (Chester)	Washington Township Municipal Authority (Fayette)
North Huntingdon Township Municipal Authority (Westmoreland)	Waterford Borough Municipal Authority (Erie)
North Strabane Township Municipal Authority (Washington)	Wayne County Redevelopment Authority (Wayne)
	Wernersville Municipal Authority (Berks)
	West Carroll Township Water & Sewer Authority (Cambria)
	Western Butler County Authority (Butler)
	Western Clinton County Municipal Authority (Clinton)
	Western Westmoreland Municipal Authority (Westmoreland)

Schedule of Participating Pension Plans *(Continued)*

Authorities and Other Units (Continued)

Westmoreland-Fayette Municipal Sewer Authority (Westmoreland) White Haven Municipal Authority (Luzerne) White Run Regional Municipal Authority (Adams) Whitehall Township Authority (Lehigh) Williamstown Borough Authority (Dauphin)	Womelsdorf-Robeson Joint Authority (Berks) York County Planning Commission (York)
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Police

Ashley Borough (Luzerne) Bally Borough (Berks) Barrett Township (Monroe) Bedminster Township (Bucks) Bellwood Borough (Blair) Bentleyville Borough (Washington) Berks-Lehigh Regional (Berks) Big Beaver Borough (Beaver) Biglerville Borough (Adams) Birmingham Township (Chester) Blair Township (Blair) Brecknock Township (Lancaster) Briar Creek Township (Columbia) Brockway Borough (Jefferson) Buckingham Township (Bucks) Caernarvon Township (Lancaster) California Borough (Washington) Cambria Township (Cambria) Cambridge Springs Borough (Crawford) Camp Hill Borough (Cumberland) Carroll Valley Borough (Adams) Central City Borough (Somerset) Clairton City (Allegheny) Clymer Borough (Indiana) Colebrookdale Township (Berks) Conneaut Lake Regional (Crawford) Coopersburg Borough (Lehigh) Covington Township (Lackawanna) Crescent Township (Allegheny) Danville Borough (Montour) Delmont Borough (Westmoreland) Douglass Township (Berks) Douglass Township (Montgomery) Dravosburg Borough (Allegheny) Dublin Borough (Bucks) Duboistown Borough (Lycoming) Dunbar Borough (Fayette) Duncannon Borough (Perry) East Bangor Borough (Northampton) East Coventry Township (Chester)	East Deer Township (Allegheny) East Earl Township (Lancaster) East Fallowfield Township (Chester) East Pennsboro Township (Cumberland) East Washington Borough (Washington) Elizabeth Township (Allegheny) Ell-Co Regional (Washington) Emporium Borough (Cameron) Everett Borough (Bedford) Factoryville Borough (Wyoming) Fairview Township (Erie) Falls Creek Borough (Jefferson) Forward Township (Allegheny) Franklin Borough (Cambria) Freedom Township (Blair) Gilpin Township (Armstrong) Greenfield Township (Blair) Greenville Borough (Mercer) Harveys Lake Borough (Luzerne) Heidelberg Township (York) Hellam Township (York) Hemlock Township (Columbia) Hilltown Township (Bucks) Hummelstown Borough (Dauphin) Hyndman Borough (Bedford) Independence Township (Beaver) Johnsonburg Borough (Elk) Lancaster Township (Butler) Larksville Borough (Luzerne) Liberty Borough (Allegheny) Locust Township (Columbia) Lower Windsor Township (York) Lower Yoder Township (Cambria) Lykens Borough (Dauphin) Mahoning Township (Montour) Manor Borough (Westmoreland) Martinsburg Borough (Blair) Mead Township (Warren) Mercer Borough (Mercer) Middleburg Borough (Snyder)	Middlesex Township (Cumberland) Millcreek Township (Lebanon) Millersburg Borough (Dauphin) Montour Township (Columbia) Moore Township (Northampton) Moosic Borough (Lackawanna) Morrisville Borough (Bucks) Moscow Borough (Lackawanna) Mount Jewett Borough (McKean) Mount Pleasant Borough (Westmoreland) Mount Union Borough (Huntingdon) New Garden Township (Chester) New Wilmington Borough (Lawrence) Newport Borough (Perry) Newtown Borough (Bucks) Nockamixon Township (Bucks) North Coventry Township (Chester) North Huntingdon Township (Westmoreland) North Middleton Township (Cumberland) Northeastern Regional (York) Northern Cambria Regional (Cambria) Northumberland Borough (Northumberland) Ohio Township (Allegheny) Old Lycoming Township (Lycoming) Orangeville Borough (Columbia) Orwigsburg Borough (Schuylkill) Paxtang Borough (Dauphin) Penbrook Borough (Dauphin) Pennridge Regional (Bucks) Perkasio Borough (Bucks) Pine Grove Borough (Schuylkill) Plumstead Township (Bucks) Point Township (Northumberland) Pulaski Township (Lawrence) Pymatuning Township (Mercer) Red Lion (York) Richland Township (Bucks)
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Schedule of Participating Pension Plans *(Continued)*

Police (Continued)

Roaring Spring Borough (Blair)	Souderton Borough (Montgomery)	West Pottsgrove Township (Montgomery)
Rochester Township (Beaver)	South Waverly Borough (Bradford)	West Vincent Township (Chester)
Rye Township (Perry)	South Williamsport Borough (Lycoming)	Westfield Borough (Tioga)
Saxton Borough (Bedford)	Springdale Township (Allegheny)	White Haven Borough (Luzerne)
Schuylkill Township (Schuylkill)	Summit Hill Borough (Carbon)	Wiconisco Township (Dauphin)
Schwenksville Borough (Montgomery)	Telford Borough (Montgomery)	Williamstown Borough (Dauphin)
Scott Township (Columbia)	Tinicum Township (Bucks)	Windsor Borough (York)
Scottdale Borough (Westmoreland)	Tulpehocken Township (Berks)	Windsor Township (York)
Selinsgrove Borough (Snyder)	Upper Uwchlan Township (Chester)	Wrightstown Township (Bucks)
Shade Township (Somerset)	Versailles Borough (Allegheny)	Wyomissing Hills Borough (Berks)
Shamokin Dam Borough (Snyder)	West Conshohocken Borough (Montgomery)	Youngwood Borough (Westmoreland)
Sheffield Township (Warren)	West Grove Borough (Chester)	
Shippingport Borough (Beaver)	West Lampeter Township (Lancaster)	
Shiremanstown Borough (Cumberland)	West Middlesex Borough (Mercer)	
Sinking Spring Borough (Berks)		

Firefighters

Clairton City (Allegheny)	Harrisburg City, Plan B (Dauphin)	New Garden Township (Chester)
Easton City (Northampton)	Larksville Borough (Luzerne)	Upper Moreland Township (Montgomery)
Greenville Borough (Mercer)	Manchester Township (York)	Wilson Borough (Northampton)
Harrisburg City, Plan A (Dauphin)		

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