



# ANNUAL REPORT

## City of Philadelphia BOARD OF PENSIONS AND RETIREMENT



**FISCAL YEAR ENDING JUNE 30, 2007**

**John F. Street**  
Mayor

**Vincent Jannetti**  
Chairperson

**Gwendolyn Bell**  
Executive Director

**CITY OF PHILADELPHIA**

**BOARD OF PENSIONS AND RETIREMENT**

**ANNUAL REPORT**

**FISCAL YEAR JULY 1, 2006 – JUNE 30, 2007**

**16<sup>TH</sup> FLOOR, TWO PENN CENTER PLAZA  
PHILADELPHIA, PENNSYLVANIA 19102  
(215-496-7418)**

## **To the People of the City of Philadelphia:**

The Board of Pensions and Retirement hereby submits the Annual Report of the Retirement System for City of Philadelphia employees for the fiscal year ending June 30, 2007. The report consists of three sections: An introductory section which contains a brief summary of the Fund and identifies the administrators, investment managers and professional consultants of the Retirement System, an actuarial section which details the methods of costing and funding current and future benefits to members and beneficiaries of the Retirement System, and a financial section which contains the System's financial statements, membership and pension data, and investment statistics.

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### **NOTES:**

If you require more detailed information on the Board's Investment Portfolio, please write to Gwendolyn Bell, Executive Director, Two Penn Center Plaza – 16<sup>th</sup> Floor, Philadelphia, PA 19102 or call 215-496-7418 or 1-800-544-1173.

For additional copies of this report, write to: Shamika D. Taliaferro, Pension Program Administrator or call 215-496-7427 or 1-800-544-1173, or download from [www.phila.gov/pensions](http://www.phila.gov/pensions).

# **INTRODUCTORY SECTION**

## **CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Gwendolyn Bell

Executive Director

### **MEMBERS OF THE BOARD**

Vincent Jannetti

Chairperson, Acting Director of Finance  
Appointed December 27, 2004

Loree D. Jones

Managing Director  
Appointed June 8, 2007

Romulo L. Diaz, Jr., Esquire

City Solicitor  
Appointed April 4, 2005

Tanya Smith

Acting Personnel Director  
Appointed November 28, 2006

Alan L. Butkovitz

City Controller  
Elected by voters of Philadelphia.  
Serving as Board Member since  
January 2, 2006.

John A. Reilly

Local No. 22, Philadelphia Firefighters  
Union. Serving as Employee Elected  
Representative since November 1976.

William Rubin

AFSCME District Council 33. Serving  
as Employee Elected Representative  
since November 2004.

Carol Stukes

AFSCME District Council 47. Serving  
as Employee Elected Representative  
since September 29, 1994.

Ronald Stagliano

Fraternal Order of Police. Serving as  
Employee Elected Representative since  
November 2004.

## **CONSULTANTS**

### **ACTUARY**

Cheiron  
McLean, Virginia

### **PRE-AUDIT FUNCTIONS**

City Controller

### **AUDITOR**

Mitchell & Titus, LLP  
Philadelphia, Pennsylvania

### **LEGAL COUNSEL**

City Solicitor

### **GENERAL INVESTMENT CONSULTANT**

Fiduciary Investment Solutions, Inc.  
Philadelphia, Pennsylvania

### **ALTERNATIVE INVESTMENT CONSULTANTS**

Aksia  
New York, New York

Franklin Park  
Bala Cynwyd, Pennsylvania

### **CUSTODIAN BANK**

State Street Bank  
Boston, Massachusetts

## **INVESTMENT MANAGERS**

Boston Partners Asset Management  
Boston, Massachusetts

Cooke & Bieler  
Philadelphia, Pennsylvania

Turner Investment Partners  
Berwyn, Pennsylvania

Wells Capital Management  
Minneapolis, Minnesota

New York Life  
New York, New York

Wellington Management Co. LLP  
Boston, Massachusetts

Aronson + Johnson + Ortiz, LLC  
Philadelphia, Pennsylvania

Chicago Equity Partners  
Chicago, Illinois

Emerald Advisors  
Lancaster, Pennsylvania

Lombardia Capital  
Pasadena, California

Paradigm Asset Management  
New York, New York

Rhumblin Advisors  
Boston, Massachusetts

## **International Equities**

Northern Trust  
Chicago, Illinois

Philadelphia International Advisers  
Philadelphia, Pennsylvania

Mondrian Investment Partners  
London, England

## **Portable Alphas**

Bridgewater Associates, Inc.  
Westport, Connecticut

First Quadrant Corp.  
Pasadena, California

## **Global Fixed Income**

Aberdeen Asset Management  
Philadelphia, Pennsylvania

Rhumblin Advisors  
Boston, Massachusetts

Fidelity Investments  
Boston, Massachusetts

Western Asset Management Co.  
Pasadena, California

## **Relative Return Bond**

AIG Global Investors Corp.  
Wilton, Connecticut

## **Convertible**

Lord Abbett & Company  
Jersey City, New Jersey

### **Tactical Asset Allocation**

Mellon Capital Management Corp.  
San Francisco, California

### **Opportunity Fund**

Capital Prospects  
Stanford, Connecticut

PFM Advisors  
Philadelphia, Pennsylvania

### **Hedge Fund**

Attalus Multi-Strategy Fund  
Philadelphia, Pennsylvania

Arden Asset Management  
New York, New York

New Markets Capital Partners  
Philadelphia, Pennsylvania

Mesirow Non-Directional Fund  
Chicago, Illinois

Goldman Sacks  
New York, New York

### **Cash Management**

State Street Bank  
Boston, Massachusetts

### **Alternative Investments**

Ascend Ventures, L.P.  
New York, New York

Asian Financial Bank  
Philadelphia, Pennsylvania

Bachow Investment Partners, III, L.P.  
Bala Cynwyd, Pennsylvania

Bay Partners XI, L.P.  
Cupertino, California

Behrman Capital, III, L.P.  
New York, New York

Blackstone Capital Partners, IV, V, L.P.  
New York, New York

Castile Ventures, III  
Waltham, Massachusetts

Columbia Capital Equity Partners II & III  
QP, L.P.  
Alexandria, Virginia

Court Square Capital Partners II, L.P.  
New York, New York

European Strategic Partners I & II, L.P.-  
Standard Life of Scotland  
Edinburgh, Scotland

Fairview Capital II & III, L.P.  
Farmington, Connecticut

Falcon Mezzanine Partners, L.P.  
Needham, Maryland

Fenway Partners Capital Fund II, L.P.  
New York, New York

Green Equity Investors, IV, L.P.  
Los Angeles, California

ICV Partnership  
New York, New York

Keystone Venture IV & V, L.P.  
Philadelphia, Pennsylvania



KKRZ006, LP New York, New York	Kohlberg Investors V, L.P. Mt. Kisco, New York
Lindsay, Goldberg & Bessemer I & II, L.P. New York, New York	Littlejohn Fund III, L.P. Greenwich, Connecticut
LLR Equity Partners, L.P., I & II Philadelphia, Pennsylvania	Meridian Venture Partners, L.P. & MVP Distribution Partners, L.P. Radnor, Pennsylvania
Merion Investment Partners, L.P. King of Prussia, Pennsylvania	Morgan Stanley Venture Partners IV & 2002, L.P. New York, New York
Nogales Investors Fund I & II, L.P. Los Angeles, California	OCM Opportunities Fund III & IV, L.P. Los Angeles, California
PA Early Stage Partners, III, L.P. Wayne, Pennsylvania	Pharos Capital Partners II, L.P. Houston, Texas
Platinum Equity Capital Partners, L.P. Beverly Hills, California	Quaker BioVentures, L.P. Philadelphia, Pennsylvania
SCP Private Equity Partners, L.P. Wayne, Pennsylvania	State of Israel Jubilee ISS Israel Bonds
Sterling Capital Partners II, L.P. Northbrook, Illinois	TCW/ Crescent Mezzanine Partners II & III, L.P. Los Angeles, California
Technology Leaders I, II & V, L.P. Wayne, Pennsylvania	TGP Partners II & III, L.P. Fort Worth, Texas
The Retail Initiative New York, New York	Thomas H. Lee Equity Fund IV & V, L.P. Boston, Massachusetts
Thomas Weisel Capital Partners, LP San Francisco, California	United Bank of Philadelphia Philadelphia, Pennsylvania
Veritas Capital Partners III, L.P. New York, New York	Wellspring Capital Partners IV, L.P. New York, New York
Wicks Communications & Media Partners III, L.P. New York, New York	

## **Real Estate Investments**

Arsenal Real Estate Fund  
Morristown, New Jersey

CIGNA Realty Corp.  
Hartford, Connecticut

Invesco  
Dallas, Texas

Tishman Speyer  
New York, New York

Beacon Capital  
Boston, Massachusetts

CIM Urban Reit  
Los Angeles, CA

JP Morgan  
New York, New York

## **MISSION**

The Board of Pensions and Retirement was charged under the Philadelphia Home Rule Charter with the creation and maintenance of an actuarially sound Retirement System providing benefits for all City employees. The Ordinance (Bill No. 907) implementing the present Retirement System was formally approved by City Council on December 3, 1956, and the System became operational effective January 1, 1957. The enactment of Bill No. 907 superseded the Act of Assembly approved May 20, 1915, P.L. 566, under which the Pension Fund had previously been governed.

The Board, as defined in the Home Rule Charter, is composed of the Director of Finance, who serves as chairperson, the Managing Director, the City Solicitor, the Personnel Director, the City Controller, and four members who are elected by the Civil Service employees of the City of Philadelphia. The elected members serve a four-year term of office.

The 9-member Board formally approves all benefit applications, but its major role is that of “trustee”, to ensure that the Retirement System remains actuarially and financially sound for the benefit of current and future benefit recipients. The Board, with the assistance of its professional consultants, develops the policies and strategies which will enable the Board to successfully execute its fiduciary obligations.

The Executive Director, aided by a staff of 67 personnel, administers the day-to-day activities of the Retirement System, providing services to 30,175 active employees and 33,598 retirees.

## **MEMBERSHIP**

The Public Employees Retirement System provides benefits to police, fire and civilian workers of the City of Philadelphia through the administration of 18 separate plans adopted from 1915 to the present. In addition, the Board of Pensions administers (but does not fund) a pension plan for the employees of quasi-public agencies (the Philadelphia Parking Authority, the Hospitals and Higher Education Facilities Authority of Philadelphia, the Philadelphia Municipal Authority, the Philadelphia Housing Development Corporation, and the Philadelphia Regional Port Authority).

In fiscal year 2007, the Public Employees Retirement System had 30,175 active members and 33,598 retired members, including 8,637 survivors and 4,422 people receiving disability benefits.

During fiscal year 2007, the Board approved 1,731 pension applications submitted by retiring employees, surviving spouses, beneficiaries, and disabled members. The Board processed 1,171 refunds of pension contributions to former employees and beneficiaries of deceased members.

## **FUNDING**

The Municipal Pension Plan Funding Standard and Recovery Act of December 1984 (Act 205) mandated funding methods for all municipal pension plans in the Commonwealth of Pennsylvania. Under the provisions of Act 205, the Municipal Retirement System is required to fund the actuarial liability accrued after July 1, 1985 on a level dollar payment method. In effect, the cost of current pension obligations must be satisfied annually.

The unfunded actuarial liability which had accrued prior to July 1, 1985 is being amortized over a 40-year period with payments increasing at the rate of 6% per year. This debt portion will be satisfied on June 30, 2019.

A class action suit, *Dombrowski v. City of Philadelphia*, was instituted against the City of Philadelphia asserting that the funding level was insufficient to maintain an actuarially sound system as required by the City Charter. The Philadelphia Court of Common Pleas ordered that the judgment in the *Dombrowski* case was to be amortized in level dollar payments over 40 years, ending June 30, 2009.

Act 205 requires that an actuarial valuation be performed annually and that an experience study, covering a 5-year period, be conducted every 4 years to insure that the pension costs derived by the actuary are accurate and based on valid historical experience.

In January 1999, the City issued \$1.29 billion of 30-year pension obligation bonds having an overall rate of 6.61% with a goal of reducing the City's unfunded pension obligation liability.

The normal cost to the Public Employees Retirement System for fiscal year 2007 was \$85,138,415. The total unfunded accrued liability for fiscal year 2007 was \$438,277,725, including \$2,024,000 for the *Dombrowski* annual payment.

## **INCOME**

The City of Philadelphia is the largest single contributor to the Public Employees Retirement System. The City contributed \$ 419,240,948 or 33.6% of the total additions to the Retirement System's net assets in fiscal year 2007. Employees contribute a percentage of their pay, and the percentage varies with plan membership. Employee contributions totaled \$49,179,796 or 3.9% of additions. Contributions from the quasi-public agencies amounted to \$13,026,207 or 1% of additions.

A major source of income is the earnings of the System's investment portfolio. Interest and dividends amounted to \$80,310,939 or 6.4% of total additions, while securities lending revenue increased plan net assets by \$21,836,851 or 1.7% of additions. Normal investing activity contributed \$701,730,084 in capital gains or 56.2% of the additions. Miscellaneous sources provided \$1,963,036 or .2 % towards the additions. Together the contributions and earnings added \$1,287,287,861 to the plan net assets.

Investment expenses of \$17,126,785 and securities lending expenses of \$20,758,342 resulted in a decrease to the plan net assets of \$37,885,127 or 3%. After investment expenses, the plan net assets increased by \$1,249,402,733 in fiscal year 2007.

## **INVESTMENTS**

The 9-member Board of Pensions and Retirement plays an active role in the determination of investment policy and strategy. All major decisions with regard to the portfolio are approved by the Board based upon the recommendations of its investment consultant and managers and the Board's in-house investment staff. Fiduciary Investment Solutions, Inc., the Board's Investment Consultant, oversees the management of the portfolio by investment management firms (a listing of these firms is presented on Pages 2-6).

The investment policy developed by the Board provides the framework for the investment of funds. However, the manner in which the Board invests its funds is constrained by legal statutes. Investments of the Public Employees Retirement System must be made in compliance with Section 22-1001 of the Public Employees Retirement Code and the regulations for the investment of similar State funds as set forth in the Act of March 1, 1974 (P.L. 125, No. 31), as amended (71 Pa. C.S. Section 5931).

As part of its overall investment policy, the Board approved an asset allocation strategy which has as its goal the identification of the mix of broad asset classes that most efficiently balances the need for achieving a 9% rate of return with the desire to minimize the possibility of capital loss. This strategy is periodically reviewed by the Board for possible fine-tuning to ensure that it remains dynamic and reflective of market conditions.

The current portfolio structure is: 35.53% Domestic Equities; 15.89 % International Equities; 15.32% Global Fixed Income; 4.71% Global TIPS; 2.84% Relative Return Bond; 1.20% Convertible Bond; 4.77% Tactical Asset Allocation (TAA) Balanced Portfolio of Stocks and Bond (Target of 60/40); 5.83% Opportunity Fund; 4.13% Hedge Fund- Non Directional; 0.68% Hedge Fund- Directional; 6.68% Alternative Investments; 1.83% Real Estate; and 0.59% Cash.

As of the fiscal year ending June 30, 2007, the total market value of Pension Fund investments was \$4,936,731,128 (a 13.5% increase over fiscal year 2006) vs. the value at cost of \$4,449,279,613 (a 13.2% increase over fiscal year 2006). Accounting principles require the recognition of the assets at fair value and the resultant unrealized gain or loss shown as an addition or deduction to plan net assets.

## **EXPENSES**

Pension benefit payments are the Board's greatest current normal expense. Of the total deductions from plan net assets of \$ 666,633,859 in fiscal 2007, \$655,629,079 or 98.3% were pension payments. Other expenses included \$4,474,385 for the refund of pension contributions to employees who left City employment and \$6,530,395 for administrative expenses.

## **AMENDMENTS TO CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIREMENT CODE**

### **Section 22-1303 – Definitions - Bill No. 060627 (Enacted by City Council September 14, 2006)**

Section 22-1303 was amended to add Local 22 Fire Political Action Committee (FIREPAC) to the list of designated payees to whom a member may direct deductions from benefit payments

### **Section 22-1303 – Definitions – Bill No. 060696 (Enacted by City Council September 21, 2006)**

Section 22-1303 was amended to add AFSCME District Council 47 to the list of designated payees to whom a member may direct deductions from benefit payments

### **Section 22-310 – Definitions – Bill No. 060695 (Enacted by City Council September 21, 2006)**

Section 22-310 was amended to define the employees to whom an extraordinary extension for participants in the DROP program may apply

### **Section 22-311 – Definitions- Bill No. 060828 (Enacted by City Council November 2, 2006)**

Section 22-311 provisions were amended to govern when deposits are made into the Pension Adjustment Fund

## **PROFESSIONAL SERVICES**

Professional consultants are retained by the Board of Pensions and Retirement to provide expertise and support necessary for the administration of the Public Employees Retirement System. A list of those firms rendering professional services to the Board is presented on Pages 2-6.

## **AUDIT**

The City Controller's Office, which is independent of the City of Philadelphia Administration, performs pre-audit analyses of pension disbursements of the Board of Pensions and Retirement. For the Fiscal year ending June 30, 2007, the Board elected to have the annual financial audit of the Municipal Pension Fund performed by the accounting firm of Mitchell & Titus, LLP.

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## BOARD SUMMARY

The primary purpose of the actuarial valuation and this report is to disclose the following as of the valuation date:

- The financial condition of the City of Philadelphia Municipal Retirement System,
- Past trends and expected future trends in the Retirement System's financial condition,
- The City's required contribution for Fiscal Year 2009, and
- Information required by the Governmental Accounting Standards Board (GASB).

In this Section, we present a summary of the principal valuation results. This includes the basis upon which the July 1, 2007 valuation was completed and an examination of the current financial condition of the System. In addition, we present a review of the key historical trends followed by the System's projected financial outlook.

### A. Valuation Basis

This valuation is the first Cheiron has performed for the City of Philadelphia Municipal Retirement System. As stated in the letter of transmittal, the June 30, 2007 valuation results are based on the same actuarial assumptions used in the June 30, 2006 valuation, prepared by your prior actuary. All results presented as of July 1, 2006 are based on the valuation report prepared by the prior actuary. In our valuation process we replicated their results within generally accepted margins, but we do not certify the results presented for July 1, 2006 for our comparisons.

As Cheiron's first valuation report for the City, below we identify four key results of this valuation.

- *Unfunded Actuarial Liability (UAL):* The UAL is the excess of the System's actuarial liability (AL) over the actuarial value of assets (AVA). The UAL decreased from \$3.915 billion as of July 1, 2006 to \$3.775 billion as of July 1, 2007.
- *Funding Ratio:* This is the ratio of the System's AVA to AL. The funding ratio increased from 51.6% as of July 1, 2006 to 53.9% as of July 1, 2007.
- *Contribution under the City's Funding Policy:* The recommended beginning-of-year contribution under the City's funding policy decreased from \$517.9 million for FY 2008 to an estimated \$514.5 million for FY 2009.
- *Minimum Municipal Obligation (MMO):* The MMO is the required minimum amount the City must contribute under Pennsylvania state law. The MMO increased from \$412.4 million for FY 2008 to \$438.5 million for FY 2009.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION I  
BOARD SUMMARY**

**B. Current Financial Condition**

On the following pages, we summarize the key results of the July 1, 2007 valuation and how they compare to the results from the July 1, 2006 valuation.

1. City membership:

As shown in Table I-2 below, total membership in the Retirement System increased by 1.2% from 2006 to 2007. The average salary per active member increased by 1.2%, which is below the assumed 5.0% salary scale.

<b>Table I-2 Membership Total</b>			
	<b>July 1, 2007</b>	<b>July 1, 2006</b>	<b>% Change</b>
Actives	28,354	28,017	1.2%
Terminated Vesteds	1,301	809	60.8%
Disabled	4,384	4,439	-1.2%
Retirees	20,448	19,853	3.0%
Beneficiaries	8,593	8,637	-0.5%
DROP	2,102	2,625	-19.9%
Total City Members	65,182	64,380	1.2%
Annual Salaries	\$ 1,351,826,215	\$ 1,319,431,076	2.5%
Average Salary per Active Member	47,677	47,094	1.2%
Annual Retirement Allowances	\$ 559,777,176	\$ 532,052,278	5.2%
Average Retirement Allowance	16,747	16,158	3.6%

Two significant changes in plan membership should be noted. First, the large increase in terminated vested participants reflects the conversion of records to electronic files for valuation measurement. The second item to note is the decrease in DROP membership which is an expected reflection of demographics; similar declines are expected going forward.



**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION I  
BOARD SUMMARY**

**2. City assets and liabilities**

Table I-3 presents a comparison between the July 1, 2007 and July 1, 2006 System assets, liabilities, UAL, and funding ratios. Of note is the increase in the Funding Ratio from 51.6% as of July 1, 2006 to **53.9%** as of July 1, 2007

<b>Table I-3 Assets and Liabilities (\$ thousands)</b>			
	<b>July 1, 2007</b>	<b>July 1, 2006</b>	<b>% Change</b>
Actives	\$ 2,761,320	\$ 2,731,484	1.1%
Terminated Vesteds	104,467	65,196	60.2%
Disabled	605,573	602,784	0.5%
Retirees	3,443,250	3,243,723	6.2%
Beneficiaries	451,236	442,936	1.9%
DROP	825,910	991,848	-16.7%
Non-Vested Refunds	5,453	5,696	-4.3%
Total Actuarial Liability	\$ 8,197,209	\$ 8,083,667	1.4%
Market Value of Assets (net of PAF)	\$ 4,850,884	\$ 4,315,593	12.4%
Actuarial Value of Assets (net of PAF)	4,421,734	4,168,467	6.1%
Unfunded Actuarial Liability	\$ 3,775,476	\$ 3,915,200	-3.6%
Funding Ratio	53.9%	51.6%	2.3%

It is also notable that while the market value of assets increased by 12.4%, because the experience gains from investments is spread over a four-year period and prior investment returns were less than the 8.75% expected return, the growth in the actuarial value of assets was only 6.1%.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION

**SECTION I  
BOARD SUMMARY**

3. Components of UAL change between July 1, 2006 and July 1, 2007:

The Retirement System's unfunded actuarial liability decreased by \$139.7 million, from \$3,915.2 million as of July 1, 2006 to \$3,775.5 million as of July 1, 2007. Table I-5 below presents the specific components of this change in the UAL.

The System experienced a \$65.0 million investment gain and a \$25.7 million liability gain. There was a \$51.2 million loss due to FY 2007 contributions being less than expected under the City's funding policy.

<b>Table I-4</b>		
<b>Change in Unfunded Actuarial Liability</b>		
<b>(\$ millions)</b>		
<b>Experience</b>		
1. UAL change due to investment (gain)/loss	\$	(65.0)
2. UAL change due to overall liability (gain)/loss		(25.7)
<b>Contributions</b>		
3. UAL change due to contributions less than expected	\$	51.2
<b>Total</b>		
4. Total net overall (gain)/loss: sum 1 through 3	\$	(39.5)
5. Expected change in UAL		(100.2)
6. Total change in UAL: 4 + 5		(139.7)

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION I  
BOARD SUMMARY**

**4. City contributions:**

The contribution under the City's Funding Policy for Fiscal Year 2009, measured as of the beginning of the year, decreased by 1.72% of payroll, from 38.31% to 36.59%. In dollar terms, the required beginning of the year contribution decreased from \$517.9 million to \$514.4 million.

The Minimum Municipal Obligation for Fiscal Year 2009 measured as of the beginning of the year, increased by 1.13% of payroll, from 30.06% to 31.19%. In dollar terms, the required beginning of year contribution increased from \$412.4 million to \$438.5 million.

In Section IV of this report, we provide more detail on the development of these contributions.

<b>Table I-5 Contributions</b>				
<b>Fiscal Year</b>	<b>2009</b>	<b>% of Pay</b>	<b>2008</b>	<b>% of Pay</b>
<b>City's Funding Policy*</b>				
Estimated FY Payroll	\$ 1,405,899		\$ 1,351,826	
Normal Cost (with Expenses)	\$ 127,858	9.09%	\$ 124,134	9.18%
Employee Contributions	(48,894)	3.48%	(47,445)	3.51%
City Normal Cost	78,964	5.62%	76,689	5.67%
Amortization Payment	435,529	30.98%	441,194	32.64%
City's Funding Policy	\$ 514,493	36.60%	\$ 517,884	38.31%
<b>Minimum Municipal Obligation</b>				
Estimated FY Payroll	\$ 1,405,899		\$ 1,372,208	
Normal Cost (with Expenses)	\$ 127,858	9.09%	\$ 126,013	9.18%
Employee Contributions	(48,894)	3.48%	(48,161)	3.51%
City Normal Cost	78,964	5.62%	77,852	5.67%
Amortization Payment	359,558	25.57%	334,596	24.38%
Minimum Municipal Obligation	438,522	31.19%	412,448	30.06%

\* Assuming beginning-of-year payment.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION

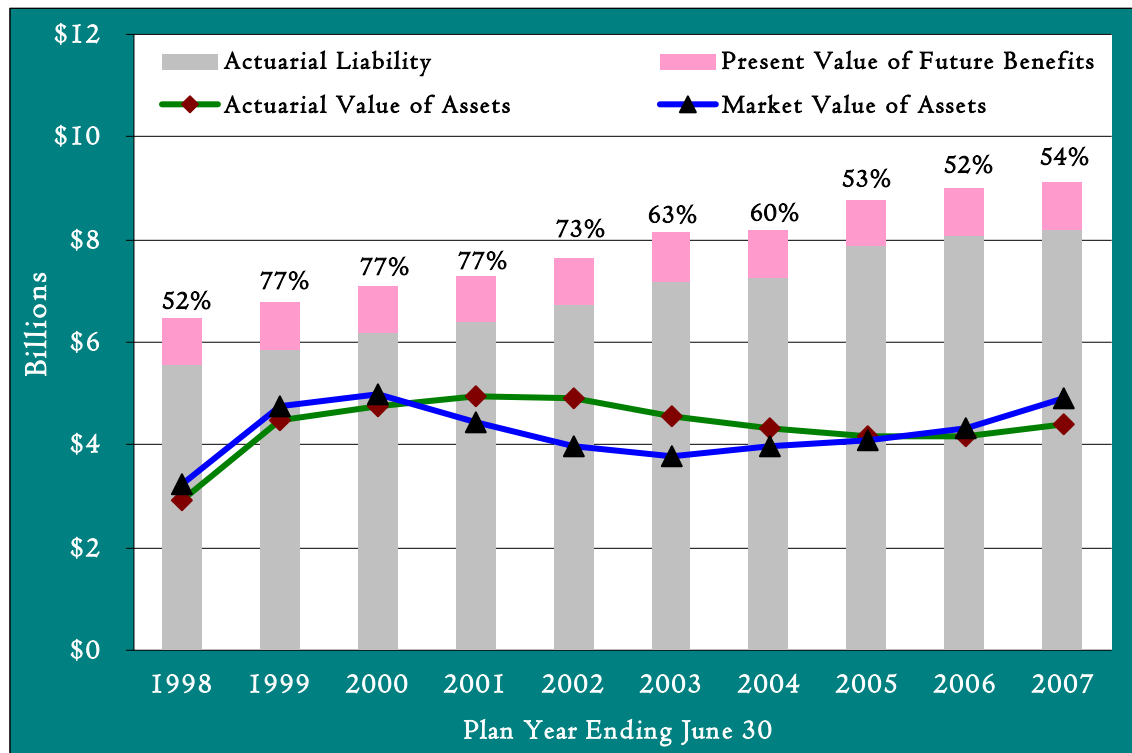
**SECTION I  
BOARD SUMMARY**

**C. Historical Trends**

Even though most of the attention given to the valuation reflects the most recently computed unfunded actuarial liability, funding ratio, and contribution amount, it is important to remember that each valuation is merely a snapshot of the long-term progress of a pension fund. It is equally important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future.

In the chart below, we present the historical trends for the market and actuarial value of assets compared to the actuarial liabilities and present value of future benefits, and we also show the progress of the Retirement System's funding ratios since 1998.

**City of Philadelphia Assets and Liabilities – 1998 to 2007**



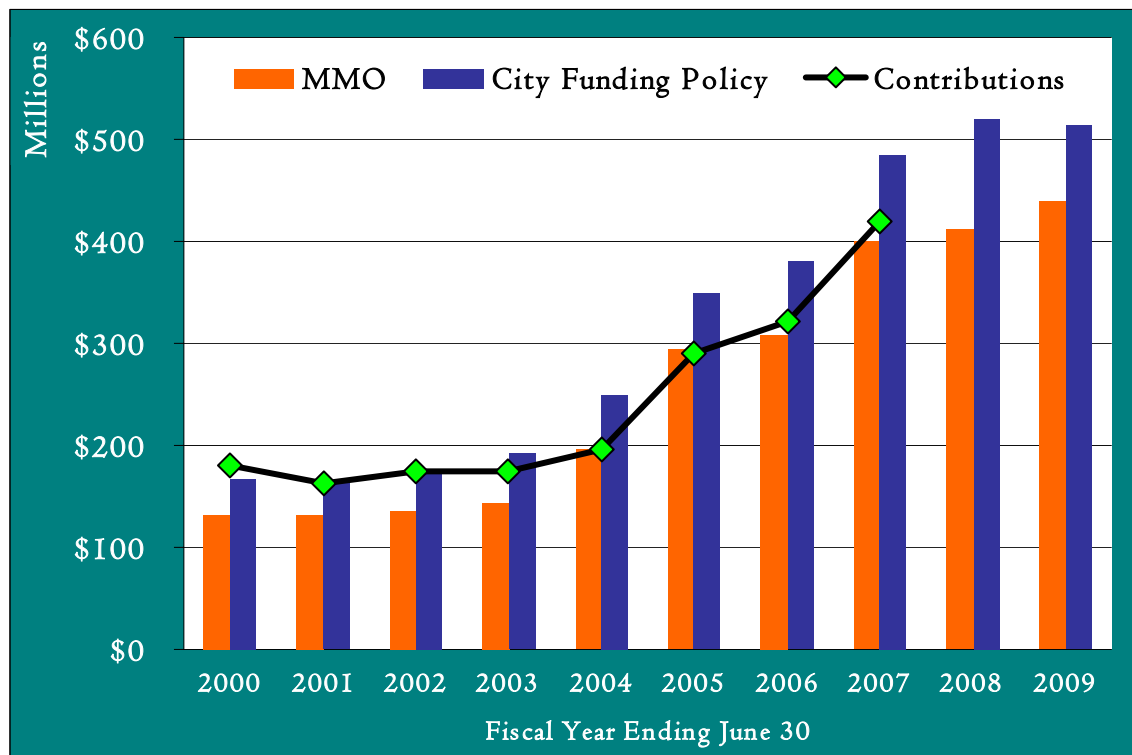
The System's funding ratio has declined significantly in recent years. In 2007, the funding ratio increased for the first time since 1999, primarily due to strong asset performance.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION I  
BOARD SUMMARY**

In the chart below, we present historical trends for the Minimum Municipal Obligation (MMO), the contribution under the City's funding policy, and the actual contribution made for fiscal years since 2000. Because there is a two-year lag in the determination of the City funding policy and MMO requirements, we show the contributions to date and the estimated amounts for fiscal years 2008 and 2009.

**City of Philadelphia Contributions for Fiscal Years 2000-2009**



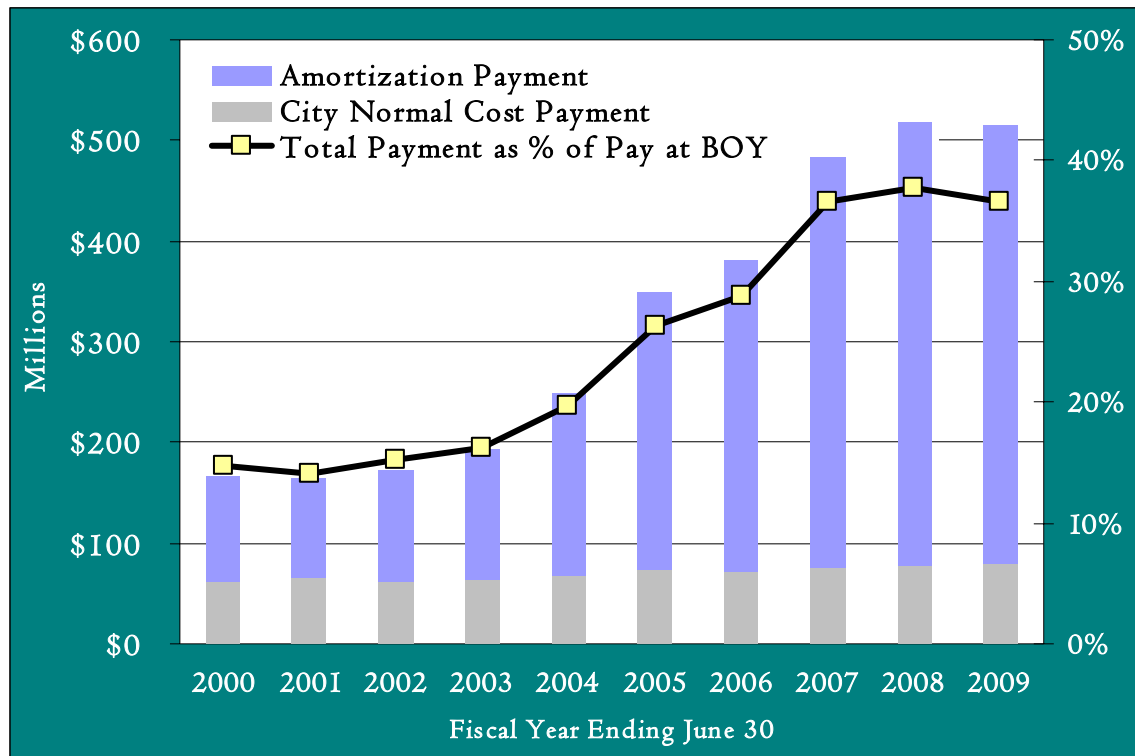
The key trend illustrated in this chart is the rapid escalation in all three measures starting in FY 2004, when the City began to contribute based on the MMO rather than on its traditional funding policy. The chart also shows that the computed funding policy contribution dropped from FY 2008 to FY 2009, whereas the MMO increased. This trend is expected to continue into the future, but may be stalled or reversed if the City decides to contribute the MMO in the future.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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The chart below shows historical amortization payments and City normal cost payments under the City's funding policy, as well as the total beginning-of-year payment as a percentage of payroll.

**Funding Policy Contributions by Source for Fiscal Years 2000-2009**



The chart shows that the City normal cost payment has remained relatively level over the period shown, but the amortization payment to pay off the unfunded actuarial liability has increased from just over \$100 million for FY 2000 to over \$400 million for FY 2009. Furthermore, the total payment as a percentage of payroll is now nearly 40%, up from less than 15% in FY 2000. However, both the amortization payment and the total payment as a percentage of payroll decreased from the amount due in FY 2008 to the amount due in FY 2009.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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**D. Projected Financial Trends**

Our analysis of the City of Philadelphia Municipal Retirement System's projected financial trends is an important part of this valuation. In this section, we present our assessment of the implications of the July 1, 2007 valuation results on the future outlook in terms of benefit security (assets over liabilities) and the City's expected cost progression.

In the charts that follow, we project the Retirement System's assets and liabilities, and the City's contributions as a percent of payroll. Unless otherwise noted we assume the Funding Policy contributions are made each year and the System does not switch to rolling amortization when it reaches 70% funded. The projections are provided on two different bases:

- 1) Assuming 8.75% returns each and every year, and
- 2) Assuming returns shown in the table below. These are rates of return which vary each year but over the projection period equal on average the assumed 8.75% return. We do this because the City's return will never be level from year to year.

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Return	3.0%	8.0%	12.0%	16.0%	14.0%	11.0%	8.0%	6.0%	1.0%	-4.0%
Fiscal Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Return	0.0%	4.0%	7.0%	8.0%	12.0%	16.0%	20.0%	16.0%	11.5%	

Unless otherwise stated, we assume the future City contributions will be in accordance with the funding policy.

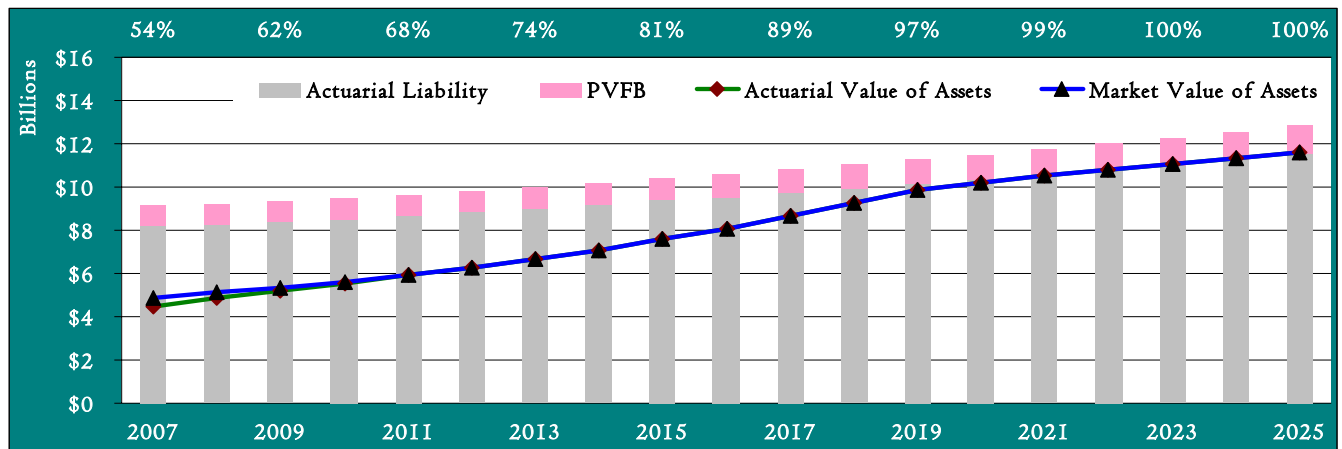
In reviewing each of these projections, it is the future trends versus the actual values that are important to consider in your deliberation of the risks of the System and the potential volatility of future funding ratios and City contribution levels.

## SECTION I BOARD SUMMARY

### Projection Set 1: Assets and Liabilities

The two charts below show asset measures (green and gold lines) compared to liabilities (grey and pink bars). At the top of each chart is the progression of the System's funding ratios which compares the actuarial value of assets (gold lines) to the actuarial liability (grey bars). The most revealing insight from these two charts is how varying investment returns impact the System's funding ratios.

**Chart 1: Projection of Assets and Liabilities, 8.75% return each year**



**Chart 2: Projection of Assets and Liabilities, varying returns averaging 8.75%**

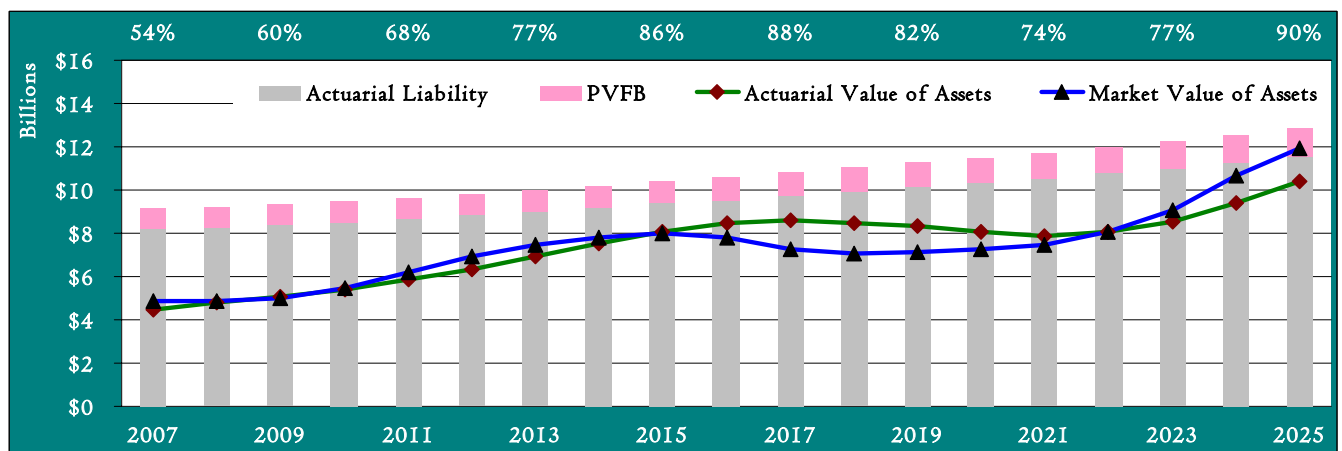


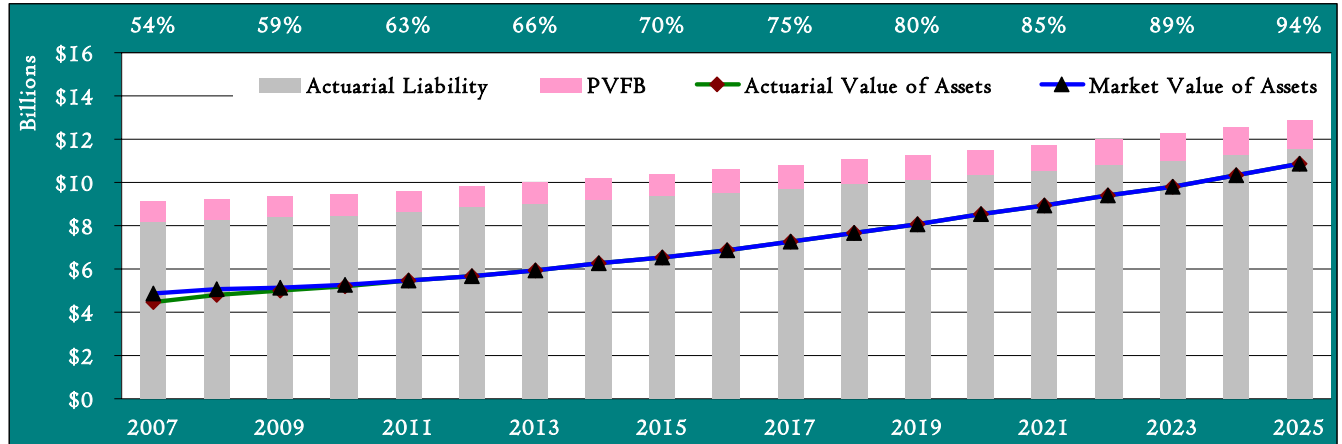
Chart 2 demonstrates how while achieving a long-term return rate of 8.75%, the funding ratio can be adversely impacted by volatile returns year by year. This component of funding risk is driven by negative cash flows (where benefit payments and expenses are greater than contributions). When a mature fund pays out more than it receives in a year when returns are below the assumption, those assets that get paid out are no longer in the fund during subsequent years of market recovery.



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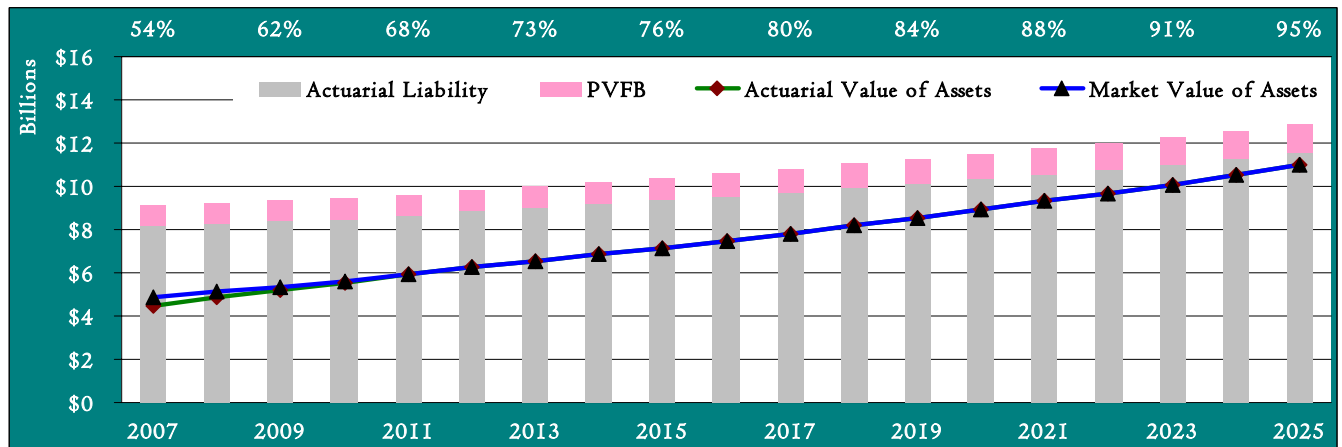
**SECTION I  
BOARD SUMMARY**

**Chart 3: Projection of Assets and Liabilities, 8.75% return each year,  
and the City makes contributions based on the MMO**



Under this scenario the System does not reach full funding during the projection period. This is compared to full funding being achieved by year 2022 if the City makes contributions based on the Funding Policy (Chart 1).

**Chart 4: Projection of Assets and Liabilities, under the Funding Policy, 8.75% return each  
year, and application of rolling 10 year amortization once the Fund is 70% funded**

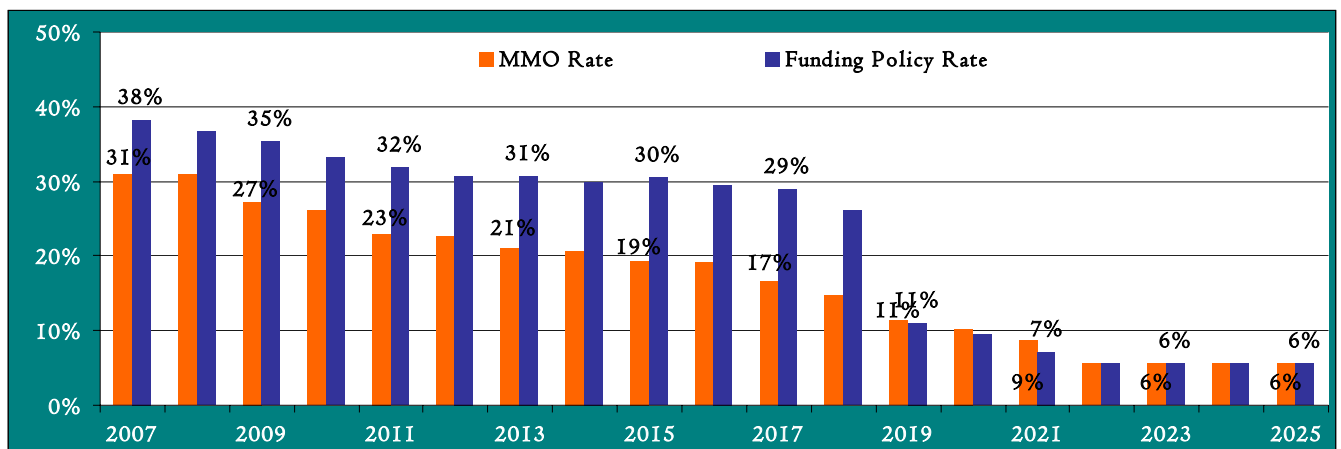


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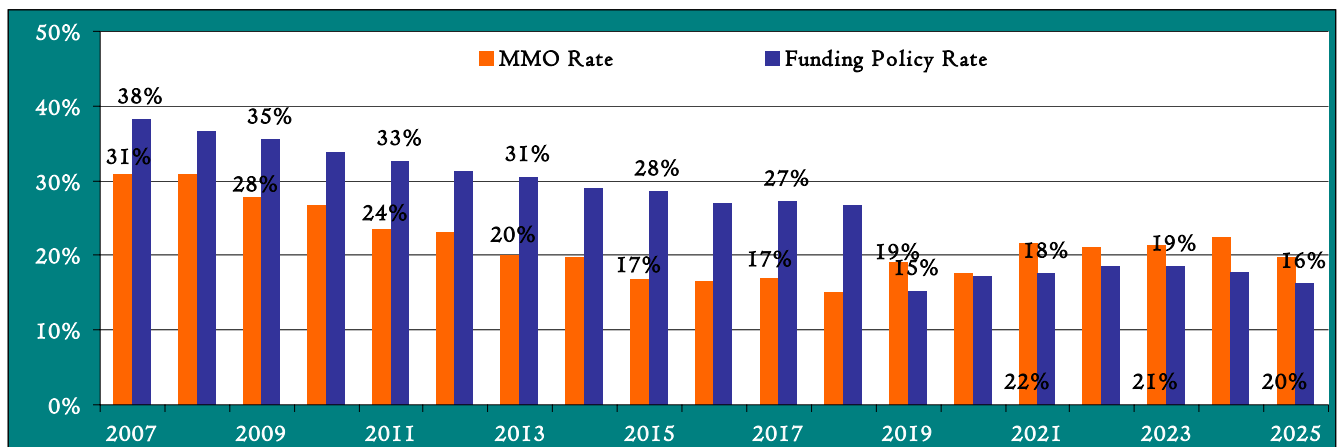
**Projection Set 2: Projected City Contribution Rate**

The chart below shows that the City's composite contribution rate is projected to decline slowly as a percent of payroll until the initial unfunded actuarial liability base gets paid off, after which the cost quickly reverts to the normal cost rate. This assumes all actuarial assumptions are met, including the 8.75% anticipated investment return assumption, and the Funding Policy contributions are made each year.

**Chart 5: Projection of City Contributions, 8.75% return each year**



**Chart 6: Projection of City Contributions, varying returns averaging 8.75%**



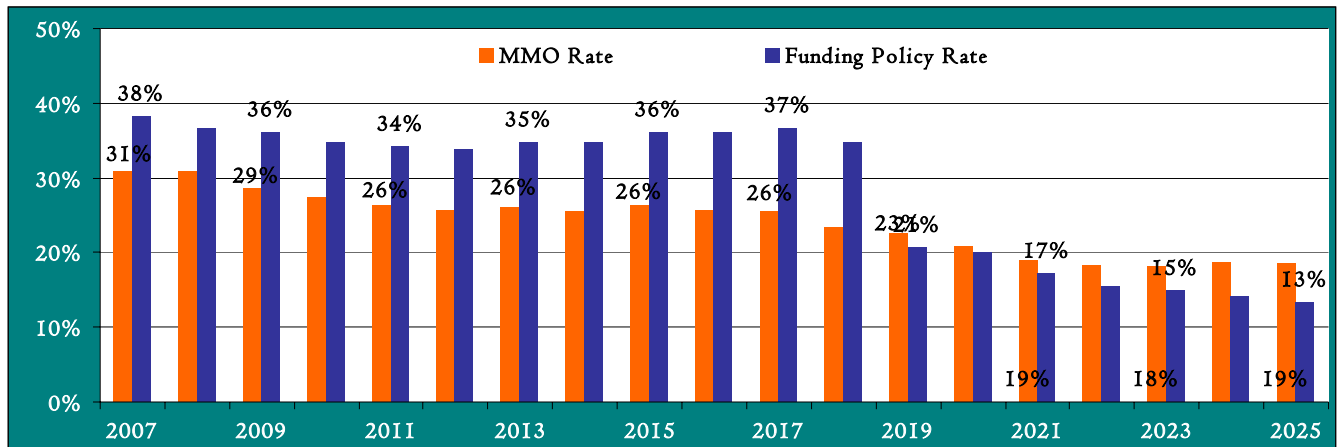
As shown above, varying returns have a significant impact on the computed City contribution rate. What it illustrates is that the UAL may not disappear even if the anticipated return is achieved over the period of amortization of the current UAL. This is because market volatility can prolong the period of paying down the unfunded when coupled with the impact of negative cash flows in down markets.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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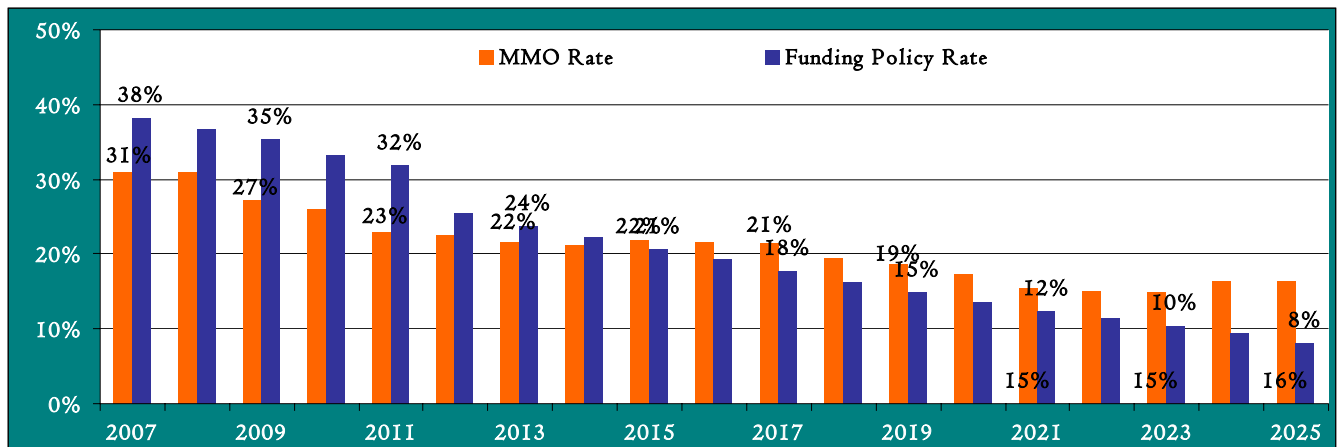
**Chart 7: Projection of City Contributions, 8.75% return each year,  
and the City makes contributions based on the MMO**

This chart shows the expected future contribution if only the MMO is contributed each year.



**Chart 8: Projection of City Contributions, 8.75% return each year,  
and application of rolling 10-year amortization once the Fund is 70% funded**

Under Act 205, if the plan is 70% funded or higher, the City can adopt the policy of annually reamortizing the unfunded liability over 10 years. This creates a smoother funding requirement than continued funding using the various amortization bases. The following chart illustrates how this provision could affect the future funding requirements.



## LETTER OF TRANSMITTAL

April 4, 2008

City of Philadelphia Municipal Retirement System  
Two Penn Center Plaza – 16<sup>th</sup> Floor  
Philadelphia, PA 19102-1721

Dear Board Members:

At your request, we have performed the July 1, 2007 actuarial valuation of the City of Philadelphia Municipal Retirement System. This is Cheiron's first valuation report for the City. Below we identify four key results of this valuation.

- *Unfunded Actuarial Liability (UAL):* The UAL is the excess of the System's actuarial liability (AL) over the actuarial value of assets (AVA). The UAL decreased from \$3.915 billion as of July 1, 2006 to \$3.775 billion as of July 1, 2007.
- *Funding Ratio:* This is the ratio of the System's AVA to AL. The funding ratio increased from 51.6% as of July 1, 2006 to 53.9% as of July 1, 2007.
- *Contribution under the City's Funding Policy:* The recommended beginning-of-year contribution under the City's funding policy decreased from \$517.9 million for FY 2008 to an estimated \$514.5 million for FY 2009.
- *Minimum Municipal Obligation (MMO):* The MMO is the required minimum amount the City must contribute under Pennsylvania state law. The MMO increased from \$412.4 million for FY 2008 to \$438.5 million for FY 2009.

<b>Table I-1</b> <b>Key Results</b> <b>(\$ thousands)</b>		
<b>Valuation Date</b>	<b>7/1/2007</b>	<b>7/1/2006</b>
Unfunded Actuarial Liability	\$ 3,775,476	\$ 3,915,200
Funding Ratio	53.9%	51.6%
<b>Fiscal Year</b>	<b>2009</b>	<b>2008</b>
City's Funding Policy*	\$ 514,493	\$ 517,884
Minimum Municipal Obligation	438,522	412,448

\* The FY 2009 amount is based on estimated July 1, 2008 annual payroll. The final contribution will be based on actual payroll.



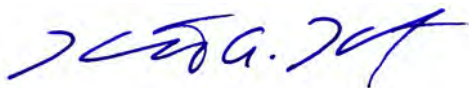
These results are based on the same actuarial assumptions and methods used in the July 1, 2006 valuation, which was performed by Mercer Human Resource Consulting. The detailed assumptions and methods are found in Appendix B. All results presented as of July 1, 2006 are based on the valuation report prepared by the prior actuary. In our valuation process we replicated their results within generally accepted margins, but we do not certify the results presented for July 1, 2006 for our comparisons.

We do certify that, to the best of our knowledge, the results of this report as of July 1, 2007 are complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable actuarial standards set out by the Actuarial Standards Board and Actuarial Standards of Practice (ASOPs) Nos. 4, 27 and 35. As such, it reflects the actuary's responsibility under Section 5.8 of ASOP No. 4 "for assessing the implications of the overall results, in terms of short- and long-range benefit security and expected cost progression."

In preparing our report, we relied without audit, on information supplied by the Retirement System's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information.

Finally, in preparation of this report we have accepted the assumptions and methodologies as adopted by the Board of Pensions and Retirement as related to the experience and expectations for the City of Philadelphia Municipal Retirement System. We do not provide an opinion of the long-term return rate assumption of 8.75% being sustainable from the diversified asset portfolio. However, the use of these assumptions and methodologies for the July 1, 2007 actuarial valuation do not appear to expose the Retirement System to unsound financial risk at this time.

Sincerely,  
Cheiron



Kenneth A. Kent, FSA, FCA, EA, MAAA  
Consulting Actuary



Christian Benjaminson, ASA, EA, MAAA  
Actuary

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION III  
LIABILITIES**

Table III-3 shows the derivation of the city normal cost as a percent of pay for each Plan in the System.

<b>Table III-3</b> <b>Derivation of the Normal Cost as of July 1, 2007</b> <b>(\$ thousands)</b>								
	<b>1967 Plan</b>			<b>1987 Plan</b>				
	<b>Municipal</b>	<b>Police</b>	<b>Fire</b>	<b>Municipal</b>	<b>Elected</b>	<b>Police</b>	<b>Fire</b>	<b>Total</b>
Retirement	\$ 16,251	\$ 9,078	\$ 3,804	\$ 18,569	\$ 148	\$ 25,061	\$ 7,804	\$ 80,715
Death	991	385	180	1,752	14	1,091	380	4,793
Disability	2,341	806	311	3,894	18	2,773	784	10,927
Termination	5,661	766	304	9,714	75	2,212	571	19,305
Administrative Expenses	3,050	1,232	441	1,679	4	608	186	7,200
Total Normal Cost	\$ 28,295	\$ 12,266	\$ 5,040	\$ 35,609	\$ 259	\$ 31,745	\$ 9,727	\$ 122,940
Expected Employee Contributions	\$ 11,242	\$ 4,730	\$ 1,963	\$ 10,664	\$ 160	\$ 14,085	\$ 4,170	\$ 47,013
City Normal Cost	\$ 17,053	\$ 7,537	\$ 3,077	\$ 24,944	\$ 99	\$ 17,660	\$ 5,556	\$ 75,927
Current Annual Payroll	\$ 299,776	\$ 78,827	\$ 32,714	\$ 573,344	\$ 2,061	\$ 281,697	\$ 83,407	\$ 1,351,826
City Normal Cost as % of Pay, Beginning of Year Payment	5.689%	9.561%	9.407%	4.351%	4.803%	6.269%	6.662%	5.617%
City Normal Cost as % of Pay, End of Year Payment	6.186%	10.397%	10.230%	4.731%	5.224%	6.818%	7.244%	6.108%

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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**SECTION III  
LIABILITIES**

Table III-4 shows changes in the unfunded actuarial liability from July 1, 2006 to July 1, 2007 due to actuarial experience; there were no assumption or plan changes. It also shows the development of the expected unfunded actuarial liability from July 1, 2007 to July 1, 2008.

**Table III-4  
Expected Unfunded Actuarial Liability for the Plan Year Ending June 30, 2008  
(\$ thousands)**

	1967 Plan			1987 Plan				
	Municipal	Police	Fire	Municipal	Elected	Police	Fire	Total
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2007 Based on July 1, 2006 Valuation	\$ 2,027,131	\$ 1,179,047	\$ 451,859	\$ 62,180	\$ 2,741	\$ 76,450	\$ 15,582	\$ 3,814,990
2. Changes in UAL due to								
a. Actuarial Experience	\$ 12,651	\$ (16,777)	\$ (8,463)	\$ 1,256	\$ 744	\$ (25,520)	\$ (3,407)	\$ (39,514)
b. Assumption Changes	-	-	-	-	-	-	-	-
c. Active Plan Changes	-	-	-	-	-	-	-	-
d. Inactive Plan Changes	-	-	-	-	-	-	-	-
e. Subtotal	\$ 12,651	\$ (16,777)	\$ (8,463)	\$ 1,256	\$ 744	\$ (25,520)	\$ (3,407)	\$ (39,514)
3. Actual UAL as of July 1, 2007 [1. + 2e.]	\$ 2,039,783	\$ 1,162,270	\$ 443,396	\$ 63,436	\$ 3,485	\$ 50,930	\$ 12,175	\$ 3,775,476
4. Expected Changes in UAL from July 1, 2007 to July 1, 2008 due to								
a. Interest on Changes in UAL	\$ 1,107	\$ (1,468)	\$ (740)	\$ 110	\$ 65	\$ (2,233)	\$ (298)	\$ (3,457)
b. FY 2008 Amortization Contribution	(80,772)	(49,365)	(15,113)	(260)	(88)	(568)	178	(145,987)
c. Subtotal	\$ (79,665)	\$ (50,833)	\$ (15,854)	\$ (150)	\$ (23)	\$ (2,800)	\$ (120)	\$ (149,445)
5. Expected UAL as of July 1, 2008 [3. + 4c.]	\$ 1,960,118	\$ 1,111,437	\$ 427,542	\$ 63,287	\$ 3,462	\$ 48,129	\$ 12,056	\$ 3,626,031

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION IV  
CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to achieve and maintain an appropriate funded status of a plan. Typically, the actuarial process will use an actuarial funding method that will result in a pattern of contributions that are both stable and predictable.

The actuarial funding methodology for the July 1, 2007 actuarial valuation is the Entry Age Normal actuarial funding method. Under this method, there are two components to the total contribution: the normal cost, and the unfunded actuarial liability contribution. The normal cost rate is determined by taking the value, as of entry age into the plan, of each member's projected future benefits. This value is then divided by the value, also at entry age, of the each member's expected future salary producing a normal cost rate that should remain relatively constant over a participant's career. The normal cost rate is multiplied by current salary to determine each member's normal cost. Finally, the normal cost is reduced by the member contribution to produce the employer normal cost. The difference between the EAN actuarial liability and the actuarial value of assets is the unfunded actuarial liability.

In Table IV-1 we provide the employee contribution rates as a percent of pay effective for the plan year starting July 1, 2008. Table IV-2 shows the quasi agency funding rates as a percent of payroll.

<b>Table IV-1 Employee Contribution Rates for the Plan Year Beginning July 1, 2008</b>				
	<b>Municipal</b>	<b>Elected</b>	<b>Police</b>	<b>Fire</b>
1967 Plan	3.75%	N/A	6.00%	6.00%
Plan 87	1.86%	7.74%	5.00%	5.00%

<b>Table IV-2 Quasi Agency Funding Rate as a Percent of Payroll</b>		
<b>Valuation Date</b>	<b>July 1, 2006</b>	<b>July 1, 2007</b>
<b>Fiscal Year</b>	<b>2008</b>	<b>2009</b>
1. Normal Cost Rate	6.287%	6.186%
2. Amortization Rate	<u>80.107%</u>	<u>85.398%</u>
3. Total Year-End Rate [1. + 2.]	86.394%	91.584%
4. Adjusted for Quarterly Payments [3. x 0.96877]	83.696%	88.724%



**SECTION IV  
CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

Table IV-3 below shows the development of the FY 2009 Minimum Municipal Obligation (MMO) for each division. Table IV-4 on the following page shows a schedule of amortization payments toward the MMO. The differences between the MMO and the City's funding policy are:

- The City's funding policy amortizes the initial July 1, 1985 unfunded actuarial liability over 34 years, whereas the MMO is determined based on a 40-year amortization schedule.
- A July 2004 amendment to Act 205 allowed for 2001 and 2002 calendar year investment losses to be amortized over 30 years, rather than the usual 15.
- The normal cost portion of the City's funding policy payment is based on actual fiscal year payroll, whereas the MMO is based on the prior year's estimated payroll for that year.
- Interest does not accumulate on the MMO, as long as the payment is made by the end of the fiscal year.
- Both the City's funding policy and the MMO utilize valuation results developed in the previous year (e.g., the July 1, 2007 valuation report will determine FY 2009 contribution amounts). However, no interest is added to the MMO for this delay.
- The MMO reflects amortization of prior years' City contributions above past MMOs as actuarial gains.
- Starting with FY 2007-2008, the MMO will recognize actuarial gains and losses every other year, in order to coincide with the filing of the Act 205 forms.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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**SECTION IV  
CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

**Table IV-3  
Development of the Minimum Municipal Obligation for Fiscal Year 2009  
(\$ thousands)**

	<b>Non-Uniformed</b>	<b>Police</b>	<b>Fire</b>	<b>Total</b>
Estimated FY 2008-2009 Payroll	\$ 910,188	\$ 374,945	\$ 120,766	\$ 1,405,899
Normal Cost %	6.790%	11.697%	12.177%	8.562%
Normal Cost	\$ 61,805	\$ 43,859	\$ 14,705	\$ 120,370
Amortization Payment	199,679	119,544	40,335	359,558
Administrative Expenses	4,923	1,913	652	7,488
Subtotal	\$ 266,407	\$ 165,316	\$ 55,693	\$ 487,415
Expected Employee Contributions	<u>\$ (22,948)</u>	<u>\$ (19,567)</u>	<u>\$ (6,379)</u>	<u>\$ (48,894)</u>
Minimum Municipal Obligation	\$ 243,459	\$ 145,749	\$ 49,314	\$ 438,522

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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**SECTION IV**  
**CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

**Table IV-4**  
**Unfunded Liability Payments toward the MMO for Fiscal Year 2009**  
**(\$ thousands)**

Type of Base	7/1/2007 Balance	Municipal Remaining Years	FY 2009 Payment	7/1/2007 Balance	Police Remaining Years	FY 2009 Payment	7/1/2007 Balance	Fire Remaining Years	FY 2009 Payment
<b>Original July 1, 1985 Unfunded Liability</b>	\$ 940,033	18	\$ 74,326	\$ 603,454	18	\$ 47,714	\$ 240,647	18	\$ 19,027
<b>Dombrowski</b>	978	1	978	626	1	626	249	1	249
<b>July 1, 1992</b>									
Active Plan Change	68	1	68	-	-	-	-	-	-
<b>July 1, 1993</b>									
Active Plan Change	(394)	3	(143)	(262)	3	(95)	-	-	-
Assumption Change	(3,881)	3	(1,404)	31	3	11	(723)	3	(261)
Subtotal	(4,275)		(1,546)	(231)		(84)	(723)		(261)
<b>July 1, 1995</b>									
Experience Gain/(Loss)	2,571	3	930	173	3	62	(1,116)	3	(403)
Active Plan Change	287	8	47	-	-	-	-	-	-
Subtotal	2,857		977	173		62	(1,116)		(403)
<b>July 1, 1996</b>									
Experience Gain/(Loss)	2,280	4	644	1,119	4	316	(973)	4	(275)
<b>July 1, 1997</b>									
Experience Gain/(Loss)	(28,478)	5	(6,689)	(10,930)	5	(2,567)	(7,307)	5	(1,716)
Assumption Change	34,473	10	4,885	4,219	10	598	1,777	10	252
Subtotal	5,995		(1,804)	(6,711)		(1,969)	(5,530)		(1,464)

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**SECTION IV**  
**CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

**Table IV-4**  
**Unfunded Liability Payments toward the MMO for Fiscal Year 2009 (continued)**  
**(\$ thousands)**

Type of Base	7/1/2007 Balance	Municipal Remaining Years	FY 2009 Payment	7/1/2007 Balance	Police Remaining Years	FY 2009 Payment	7/1/2007 Balance	Fire Remaining Years	FY 2009 Payment
<b>July 1, 1998</b>									
Experience Gain/(Loss)	\$ (9,302)	6	\$ (1,893)	\$ (7,593)	6	\$ (1,545)	\$ (6,825)	6	\$ (1,389)
<b>July 1, 1999</b>									
Experience Gain/(Loss)	(85,362)	7	(15,465)	628	7	114	(30,987)	7	(5,614)
Active Plan Change	11,776	12	1,493	-	-	-	-	-	-
Inactive Plan Change	11,965	2	6,233	5,325	2	2,774	1,977	2	1,030
Subtotal	(61,620)		(7,739)	5,953		2,888	(29,010)		(4,584)
<b>July 1, 2000</b>									
Experience Gain/(Loss)	(18,378)	8	(3,025)	25,562	8	4,207	523	8	86
<b>July 1, 2001</b>									
Experience Gain/(Loss)	(14,530)	`	(2,206)	(17,400)	9	(2,642)	8,694	9	1,320
Assumption Change	(3,511)	14	(409)	(2,003)	14	(233)	(4,555)	14	(530)
Subtotal	(18,042)		(2,615)	(19,402)		(2,875)	4,139		790
<b>July 1, 2002</b>									
Asset Gain/(Loss)	19,294	26	1,750	10,286	26	933	4,384	26	398
Liability Gain/(Loss)	121,103	10	17,162	80,502	10	11,408	22,517	10	3,191
Assumption Change	13,935	15	1,566	9,240	15	1,039	7,273	15	818
Subtotal	154,332		20,478	100,027		13,379	34,175		4,406

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION

**SECTION IV**  
**CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

**Table IV-4**  
**Unfunded Liability Payments toward the MMO for Fiscal Year 2009 (continued)**  
**(\$ thousands)**

Type of Base	7/1/2007 Balance	Municipal Remaining Years	FY 2009 Payment	7/1/2007 Balance	Police Remaining Years	FY 2009 Payment	7/1/2007 Balance	Fire Remaining Years	FY 2009 Payment
<b>July 1, 2003</b>									
Asset Gain/(Loss)	\$ 329,706	26	\$ 29,906	\$ 173,983	26	\$ 15,781	\$ 74,792	26	\$ 6,784
Liability Gain/(Loss)	68,023	11	9,083	9,728	11	1,299	7,237	11	966
Active Plan Change	-	-	-	21,469	16	2,338	8,586	16	935
Inactive Plan Change	-	-	-	24,456	6	4,976	7,312	6	1,488
Subtotal	397,729		38,989	229,637		24,394	97,927		10,173
<b>July 1, 2004</b>									
Experience Gain/(Loss)	130,191	12	16,508	78,646	12	9,972	23,129	12	2,933
<b>July 1, 2005</b>									
Experience Gain/(Loss)	209,464	13	25,384	89,325	13	10,825	38,225	13	4,632
Assumption Change	231,819	18	23,942	112,172	18	11,585	45,034	18	4,651
Plan Change	2,033	18	210	256	18	26	-	-	-
Subtotal	443,316		49,536	201,754		22,436	83,259		9,283
<b>July 1, 2007</b>									
Experience Gain/(Loss)	140,541	15	15,797	187	15	21	15,700	15	1,765
<b>Total</b>	\$ 2,106,704		\$ 199,679	\$ 1,213,200		\$ 119,544	\$ 455,571		\$ 40,335

**SECTION V**  
**ACCOUNTING STATEMENT INFORMATION**

The Governmental Accounting Standards Board's Statement No. 25 (GASB 25) is effective for plan years beginning after June 15, 1996, and supersedes Statement No. 5. GASB No. 25 establishes standards for disclosure of pension information by public employee retirement systems and governmental employers in notes to financial statements and supplementary information. The disclosure presents the actuarial liability computed for funding purposes to the actuarial value of assets to determine a funding ratio (i.e., the EAN liability). The actuarial liability is determined assuming that participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 8.75% per annum. GASB Statement No. 25 requires the actuarial liability be compared with the actuarial value of assets for funding purposes. The relevant amounts as of July 1, 2006 and July 1, 2007 are presented in Table V-1 and Table V-2.

GASB 25 also requires for the disclosure of two financial statements and two schedules of historical information:

- Statement of Plan Net Assets – includes information about System assets and liabilities at the valuation date. This statement can be found at the beginning of the Assets section of this report, in Table II-1.
- Statement of Changes in Plan Net Assets – shows receipts and disbursements from the Fund for the most recent plan year. This statement can also be found in the Assets section of this report, in Table II-2.
- Schedule of Funding Progress – discloses historical information about the funded status of the plan. This schedule can be found in Table V-3.
- Schedule of Employer Contributions – discloses historical information about the Annual Required Contribution (ARC) and the actual contributions made by the employer. This schedule can be found in Table V-4.

GASB Statement No. 27 requires that financial statements must include additional disclosures for pension expenditures/expenses. It is effective for the period beginning after June 15, 1997. Table V-5 summarizes the results of this valuation according to our interpretation of GASB 27. The interpretation of the statements is subject to your auditor's review. The required disclosures are:

- Annual Required Contribution (ARC) – this is the expected contribution required based on statement-specific valuation methods and assumptions, with the unfunded liability amortized over a period not to exceed forty years, either as a level-dollar amount or as a level percentage of pay, and with amortization of contributions less than or in excess of the required amount. Historically, the ARC has been shown as the contribution required under the City's funding policy.
- Net Pension Obligation (NPO) – the accumulated value of contribution deficiencies (or excesses) over required contributions from July 1, 1987 to July 1, 1997 between the annual pension cost and the employer's contribution. During the 1994 fiscal year, the City

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

contributed \$10 million more than the ARC. Therefore, the initial NPO value at the effective date is (\$9,012,000) as shown in Table V-5 below.

- Annual Pension Cost – is equal to the ARC plus one year's interest on NPO and ARC adjustment.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

**Table V-1  
Funding Status Under GASB Statement No. 25  
(\$ thousands)**

	July 1, 2007	July 1, 2006	% Change
1. Actuarial Liabilities			
a. Members Currently Receiving Payments	\$ 5,325,969	\$ 5,281,291	0.8%
b. Vested Terminated and Inactive Members	109,920	70,892	55.1%
c. Active Members	<u>2,761,320</u>	<u>2,731,484</u>	1.1%
d. Total Actuarial Liability	\$ 8,197,209	\$ 8,083,667	1.4%
2. Actuarial Value of Assets	\$ 4,421,734	\$ 4,168,467	6.1%
3. Unfunded Actuarial Liability	\$ 3,775,476	\$ 3,915,200	-3.6%
4. Ratio of Actuarial Value of Assets to Actuarial Liability (2)/(1)(d)	53.94%	51.57%	2.3%

**Table V-2  
Statement of Changes in Liabilities - GASB No. 25 Basis  
(\$ thousands)**

<b>Actuarial Liability as of July 1, 2006</b>	<b>\$ 8,083,667</b>
Increase (Decrease) During Year Attributable to:	
Passage of Time	678,441
Benefits Paid	(660,103)
Assumption Change	-
Plan Amendment	-
Benefits Accrued, Other Gains/Losses	95,204
Net Increase (Decrease)	\$ 113,542
<b>Actuarial Liability as of July 1, 2007</b>	<b>\$ 8,197,209</b>



**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

**Table V-3  
Schedule of Funding Progress  
(\$ millions)**

<b>Actuarial Valuation Date *</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (b)</b>	<b>Unfunded Actuarial Liability (UAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAL as a % of Covered Payroll [(b-a)/c]</b>
7/1/1992	\$ 1,981.8	\$ 4,425.5	\$ 2,443.7	44.78%	\$ 993.3	246.02%
7/1/1993	2,113.9	4,502.1	2,388.2	46.95%	975.0	244.94%
7/1/1994	2,225.2	4,662.6	2,437.4	47.72%	974.3	250.17%
7/1/1995	2,312.1	4,850.8	2,538.7	47.66%	1,006.4	252.26%
7/1/1996	2,457.2	5,098.1	2,640.9	48.20%	1,068.3	247.21%
7/1/1997	2,660.9	5,318.1	2,657.2	50.03%	1,067.7	248.87%
7/1/1998	2,921.3	5,586.1	2,664.8	52.30%	1,128.2	236.19%
7/1/1999	4,496.8	5,862.1	1,365.3	76.71%	1,178.6	115.84%
7/1/2000	4,765.0	6,193.4	1,428.4	76.94%	1,142.8	124.99%
7/1/2001	4,943.4	6,379.8	1,436.4	77.49%	1,180.4	121.69%
7/1/2002	4,891.3	6,727.2	1,835.9	72.71%	1,207.3	152.06%
7/1/2003	4,548.1	7,188.3	2,640.2	63.27%	1,269.3	208.00%
7/1/2004	4,333.1	7,247.7	2,914.6	59.79%	1,266.0	230.23%
7/1/2005	4,159.5	7,851.5	3,692.0	52.98%	1,270.7	290.54%
7/1/2006	4,168.5	8,083.7	3,915.2	51.57%	1,319.4	296.74%
7/1/2007	4,421.7	8,197.2	3,775.5	53.94%	1,351.8	279.29%

\* The actuarial valuation reports need to be references in comparison of these values to ascertain when and if the values reflect assumption, benefit or method changes.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

**Table V-4  
Schedule of Employer Contributions  
(\$ millions)**

<b>Fiscal Year Ended June 30</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>
1993	\$ 209.4	100.0%
1994	223.8	104.5%
1995	212.8	100.0%
1996	222.5	100.0%
1997	237.0	100.0%
1998	252.1	100.0%
1999	256.7	586.9%*
2000	168.9	108.9%
2001	167.6	100.0%
2002	178.2	100.0%
2003	195.5	91.9%
2004	253.8	79.9%
2005	358.1	83.6%
2006	395.0	84.0%

\* Due to the Pension Obligation Bond worth \$1,250,000,000 deposited on February 2, 1999.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2007 ACTUARIAL VALUATION**

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

**Table V-5  
Calculation of Annual Pension Cost  
(\$ thousands)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
ARC	\$ 223,750	\$ 212,838	\$ 222,482	\$ 237,016	\$ 252,080	\$ 256,704	\$ 168,928	\$ 167,616	\$ 178,239	\$ 195,514	\$ 253,844	\$ 358,141	\$ 394,950	\$527,925
Interest on NPO	-	(900)	(869)	(840)	(811)	(783)	(113,257)	(110,748)	(106,975)	(103,330)	(98,392)	(90,448)	(82,068)	(71,541)
Adjustment to ARC	-	1,241	1,198	1,158	1,118	1,080	156,130	152,672	147,470	142,446	135,638	124,687	113,135	99,953
Annual Pension Cost	\$ 223,750	\$ 213,179	\$ 222,811	\$ 237,334	\$ 252,387	\$ 257,001	\$ 211,801	\$ 209,540	\$ 218,734	\$ 234,630	\$ 291,090	\$ 392,380	\$ 426,017	\$ 556,337
Contributions	233,750	212,838	222,482	237,016	252,080	1,506,704	183,928	167,616	178,239	179,757	202,827	299,266	331,765	432,267
Increase in NPO	(10,000)	341	329	318	307	(1,249,703)	27,873	41,924	40,495	54,873	88,263	93,114	94,252	124,069
NPO at BOY	-	(10,000)	(9,659)	(9,330)	(9,012)	(8,705)	(1,258,408)	(1,230,535)	(1,188,611)	(1,148,116)	(1,093,243)	(1,004,980)	(911,866)	(817,614)
NPO at EOY	(10,000)	(9,659)	(9,330)	(9,012)	(8,705)	(1,258,408)	(1,230,535)	(1,188,611)	(1,148,116)	(1,093,243)	(1,004,980)	(911,866)	(817,614)	(693,545)
Interest Rate	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	8.75%
15-Year Amortization														
Factor (EOY)	8.06	8.06	8.06	8.06	8.06	8.06	8.06	8.06	8.06	8.06	8.06	8.06	8.06	8.18

(\$9,012,000) is the NPO at transition date.

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CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
STATEMENT OF PLAN NET ASSETS  
JUNE 30, 2007

EXHIBIT A-1

ASSETS

Cash on Deposit and on Hand	\$ 46,108,182
Investments at Fair Value	4,909,719,150
Securities Lending	443,072,876
Accounts Receivable	3,652,018
Due from Brokers	72,682,026
Interest and Dividends Receivable	9,277,796
Due from Other Governmental Units	5,157,886

<u>Total Assets</u>	<u>\$ 5,489,669,935</u>
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LIABILITIES

Vouchers Payable	\$ 103,554
Accounts Payable	3,704,007
Salaries and Wages Payable	126,509
Due on Securities Lending	443,072,876
Due to Brokers	139,569,581
Accrued Expenses	1,074,659
Deferred Revenue	1,971,243
Monies Held in Escrow	376,989
Other Liabilities	315,395

<u>Total Liabilities</u>	<u>590,314,813</u>
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Net Assets Held in Trust for Pension Benefits	<u>\$ 4,899,355,121</u>
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CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
SUMMARY OF INVESTMENT TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30,2007

	<u>Par</u>	<u>Cost</u>	<u>Market</u>
U.S. Government Securities	81,100,911	82,155,172	81,389,136
U.S. Government Agency Securiti	187,776,090	162,470,638	160,428,210
Corporate Bonds	228,947,000	229,123,596	259,376,230
Corporate Equity	317,972,751	3,315,111,014	3,710,125,539
Collateralized Mortgage Obligation	286,892,851	102,787,453	101,519,948
Other Bonds & Investments	250,423,485	74,233,421	74,373,705
Short Term Investment Pools	169,720,707	169,720,707	169,720,707
Real Estate	12,862,606	35,259,319	25,117,700
Financial Agreements	<u>207,966,015</u>	<u>278,418,293</u>	<u>354,679,953</u>
 Total	 <u>\$ 1,743,662,417</u>	 <u>\$ 4,449,279,613</u>	 <u>\$4,936,731,128</u>

CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

	June 30, 2007	June 30, 2006
Additions:		
Contributions:		
Employer's Contributions	\$ 432,267,154	\$ 331,765,447
Employees' Contributions	<u>49,179,796</u>	<u>48,910,053</u>
Total Contributions	481,446,950	380,675,500
Investment Income:		
Interest and Dividends	80,310,939	65,100,546
Gain (Loss) from Sale of Investments	701,730,084	403,143,791
(Less) Investment Expenses	(17,126,785)	(16,780,609)
Securities Lending Revenue	21,836,851	12,040,928
(Less) Securities Lending Expenses	<u>(20,758,342)</u>	<u>(11,343,244)</u>
Net Investment Income	765,992,747	452,161,412
Miscellaneous Operating Revenues	1,963,036	2,157,351
Total Additions	<u>1,249,402,733</u>	<u>834,994,263</u>
Deductions:		
Personal Services	3,626,245	3,383,531
Purchase of Services	1,183,273	1,055,663
Materials and Supplies	104,065	101,766
Employee Benefits	1,562,070	2,034,523
Pension Benefits	655,629,079	608,682,198
Refunds of Members' Contributions	4,474,385	4,791,109
Other Operating Expenses	<u>54,742</u>	<u>147,236</u>
Total Deductions	<u>666,633,859</u>	<u>620,196,026</u>
Net Increase	<u>582,768,874</u>	<u>214,798,237</u>
Net Assets Held in Trust for Pension Benefits - July 1, 2006	<u>4,316,586,247</u>	<u>4,101,788,010</u>
Net Assets Held in Trust for Pension Benefits - June 30, 2007	<u>\$ 4,899,355,121</u>	<u>\$ 4,316,586,247</u>

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CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
ANALYSIS OF MEMBER'S CONTRIBUTION  
FOR THE PERIOD ENDED JUNE 30, 2007

	Municipal Division Old	Municipal Divison New	Fire Division New	Police Division New	Elected Officials
Balance, July 1, 2006	<u>\$ 203,351</u>	<u>\$ 330,621</u>	<u>\$ 56,374,966</u>	<u>\$ 102,723,442</u>	<u>\$ 2,208,854</u>
<b>Additions</b>					
Regular Payroll Deductions	-	436	2,006,323	4,677,415	154,145
Installment Repurchase Deductions	-	-	29,193	44,688	2,844
Payment Through City Treasurer	-	-	390,328	122,567	-
Retirees' Pension Payment	-	-	2,613	-	-
Net Change in Liability for Deceased Pensions	-	-	-	-	-
Net Change in Liability for Pensioner's Unexpected Contribution	-	-	783,003	653,411	(76,358)
Adjustments to Member's Contribution Accounts	-	-	-	-	-
Unclaimed Withdrawal Checks Deposited	-	-	-	-	-
<b>Total Additions</b>	<u>-</u>	<u>436</u>	<u>3,211,459</u>	<u>5,498,081</u>	<u>80,632</u>
<b>Deductions</b>					
Withdrawals	-	-	168,727	290,851	528
Retirements	-	2,781	5,923,403	10,000,617	-
Adjustments to Member's Contribution Accounts	-	-	-	-	-
<b>Total Deductions</b>	<u>-</u>	<u>2,781</u>	<u>6,092,130</u>	<u>10,291,467</u>	<u>528</u>
<b>Net Change in Year</b>	<u>-</u>	<u>(2,344)</u>	<u>(2,880,671)</u>	<u>(4,793,386)</u>	<u>80,104</u>
Balance, June 30, 2007	<u>\$ 203,351</u>	<u>\$ 328,276</u>	<u>\$ 53,494,295</u>	<u>\$ 97,930,056</u>	<u>\$ 2,288,958</u>



Municipal Revised Plan 60	Municipal Revised Plan 87	Municipal Revised Plan 93	Fire Division Old	Police Division Old	Total
<u>\$ 261,356,434</u>	<u>\$ 7,248,333</u>	<u>\$ 67,801,915</u>	<u>\$ 26,036,848</u>	<u>\$ 102,382,802</u>	<u>\$ 626,667,566</u>
11,126,601	296,245	10,266,418	3,679,913	13,243,710	45,451,206
148,586	-	377,660	143,018	146,491	892,480
1,243,155	5,542	762,640	164,994	135,159	2,824,386
2,256	46	-	-	6,809	11,724
134,313	-	17,751	-	59,333	211,397
1,009,013	(1,775)	(43,267)	11,676	201,700	2,537,405
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,663,925</u>	<u>300,059</u>	<u>11,381,202</u>	<u>3,999,602</u>	<u>13,793,202</u>	<u>51,928,598</u>
1,157,281	-	1,829,955	159,775	867,268	4,474,385
23,143,447	8,820	1,005,983	152,746	566,868	40,804,665
-	-	-	-	-	-
<u>24,300,727</u>	<u>8,820</u>	<u>2,835,939</u>	<u>312,521</u>	<u>1,434,137</u>	<u>45,279,050</u>
<u>(10,636,803)</u>	<u>291,239</u>	<u>8,545,263</u>	<u>3,687,081</u>	<u>12,359,065</u>	<u>6,649,548</u>
<u>\$ 250,719,631</u>	<u>\$ 7,539,572</u>	<u>\$ 76,347,178</u>	<u>\$ 29,723,929</u>	<u>\$ 114,741,867</u>	<u>\$ 633,317,113</u>

CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
ANALYSIS OF FUND BALANCE  
FOR THE PERIOD ENDED JUNE 30, 2007

	Reserve for Member Contributions	Reserve for Payment of Pensions and All Other Purposes	Total Reserves
Balance, July 1, 2006	\$ 626,667,566	\$ 3,689,918,681	\$ 4,316,586,247
Additions:			
Contributions:			
Employees	49,179,796	-	
Quasi-Public Agencies Net Accrual	-	13,026,207	
City Appropriations	-	419,240,948	
Total Contributions	49,179,796	432,267,154	
Interest:			
Members' Reinstatements	-	3,946	
Interest on Long-Term Investments	-	78,058,651	
Interest on Short-Term Investments	-	2,248,343	
Total Interest	-	80,310,939	
Net Appreciation (Depreciation) Fair Value of Investments	-	68,817,745	
Net Income (Loss) from Investment Managers	-	633,289,329	
Members' Contributions Transferred to		40,804,665	
Reserve for Retirements	-	-	
Adjustments for Liability to Deceased Pensioners	211,397	-	
Adjustments to Members' Unexpended Contributions	2,537,405	-	
Adjustments for Accrued Death Benefits	-	236,142	
Adjustment for Employees Unexpended Vacation Time	-	-	
Other Additions:			
Unclaimed Withdrawal Checks Deposited	-	-	
Refunds and Cancelled Checks -			
Prior Years' Pensions	-	1,581,292	
Miscellaneous Receipts	-	1,460,252	
Miscellaneous Fund Balance Adjustments	-	-	
Total Other Additions	2,748,801	746,189,424	
Total Additions	51,928,598	1,258,767,518	1,310,696,116
Deductions			
Withdrawals	4,474,385		
Retirements	40,804,665		
Administrative Expenses	-	6,716,169	
Payments of Pensions and Benefits	-	655,629,079.15	
Investment Manager Expenses	-	17,126,785.42	
Monies Held In Escrow	-	376,989	
Adjustments for Liability to Deceased Pensioners	-	-	
Adjustments to Members' Unexpended Contributions	-	2,537,405	
Adjustments for Accrued Death Benefits	-	236,142	
Adjustment for Employees Unexpended Vacation Time	-	15,620	
Reversal of Prior Year Accruals	-	-	
Miscellaneous Fund Balance Adjustments	-	10,002	
Total Deductions	45,279,050	682,648,192	727,927,242
Balance, June 30, 2007	\$ 633,317,113	\$ 4,266,038,008	\$ 4,899,355,121

CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
FOR THE PERIOD ENDED JUNE 30, 2007

RECEIPTS AND DISBURSEMENTS BY DIVISION

	<u>Employee Contributions</u>	<u>Pension Benefits</u>	<u>Withdrawals</u>	<u>Miscellaneous Revenue</u>	<u>Operating Expenses</u>
Police Division - Old	13,532,169	6,109,877	867,268	51,984	-
Police Division - New	4,844,670	201,720,665	290,851	268,513	-
Fire Division - Old	3,987,925	1,631,369	159,775	18,220	-
Fire Division - New	2,428,457	84,649,300	168,727	136,795	-
Municipal Revised - Plan 60	12,520,598	354,205,461	1,157,281	1,088,727	-
Municipal Revised - Plan 87	301,834	258,300	-	235	-
Municipal Revised - Plan 93	11,406,718	6,343,353	1,829,955	14,462	-
Municipal Division - New	436	320,367	-	2,050	-
Civilian - Elected Officials	156,989	390,386	528	306	-
Operating Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,742</u>	<u>6,530,395</u>
 TOTAL	 <u>49,179,796</u>	 <u>655,629,079</u>	 <u>4,474,385</u>	 <u>1,963,034</u>	 <u>6,530,395</u>

City of Philadelphia  
Year-End Pension Contribution  
Pension Contributions By Division  
Fiscal Year Ending June 30, 2007

	<b>Payroll Used To Determine Normal Cost</b>	<b>Normal Costs</b>	<b>Unfunded Liability</b>	<b>Less Quasi Contributions</b>	<b>Plus Total Interest Charges</b>	<b>Total Pension Contribution</b>
Police - 1967 Plan	80,524,664.45	8,419,658.92	156,257,437.50		(10,603,743.85)	154,073,352.57
Police - 1987 Plan	271,141,611.47	19,026,006.88	5,583,225.00		(1,584,616.18)	23,024,615.70
Fire - 1967 Plan	34,552,218.32	3,582,028.47	49,885,800.00		(3,442,853.74)	50,024,974.73
Fire - 1987 Plan	80,799,557.59	6,160,158.27	427,387.50		(424,179.50)	6,163,366.27
Municipal - 1967 Plan	305,934,736.28	19,255,532.30	224,520,900.00	(10,569,250.65)	(15,016,473.29)	218,190,708.36
Municipal - 1987 Plan	553,204,929.47	26,133,400.87	1,421,362.50		(1,774,282.27)	25,780,481.10
Municipal Elected - 1987 Plan	2,204,583.51	104,673.62	181,612.50		(18,434.29)	267,851.83
Quasi-Governmental Agencies	39,036,477.11	2,456,955.87		(2,456,955.87)		0.00
	1,367,398,778.20	85,138,415.20	438,277,725.00	(13,026,206.52)	(32,864,583.12)	477,525,350.56

MUNICIPAL PENSION FUND  
FISCAL 2007 INFORMATION

Cash and Accrued Contributions from the City - Fiscal 2007 \*

<u>Category</u>	<u>Amount</u>	
Cash received	\$ 419,240,948	
Accrued 6/30/07	<u>-</u>	\$ 419,240,948

Cash and Accrued Contributions from Quasi-Agencies - Fiscal 2007

Cash received	8,141,593	
Accrued 6/30/2007	4,884,614	<u>13,026,207</u>
Total City & Quasi Agencies		\$ <u>432,267,154</u>
Contribution from the Commonwealth		<u>-</u>
Total Contribution requirement		\$ <u>432,267,154</u>

\* Analysis of Contributions from the City - Fiscal 2007

<u>Date</u>	<u>Amount</u>
07/20/2006	\$ 400,534,000
09/13/2007	<u>18,706,948</u>
	\$ <u>419,240,948</u>

**CITY OF PHILADELPHIA**

**MUNICIPAL RETIREMENT SYSTEM**

**APPLICATIONS PROCESSED DURING JULY 2005 THROUGH JUNE 2006**

<u>DIVISION</u>	<u>WITHDRAWAL APPLICATIONS</u>			<u>PENSION APPLICATIONS</u>					
	<u>MEMBERS</u>	<u>DEATHS</u>	<u>TOTAL</u>	<u>REGULAR</u>	<u>DISABLED</u>	<u>SURVIVORS OF</u>		<u>TOTAL</u>	<u>GRAND TOTAL APPLICATIONS</u>
						<u>EMPLOYEES</u>	<u>PENSIONERS</u>		
<b>Municipal</b>	1,122	43	1,165	770	88	34	222	1,114	2,279
<b>Fire</b>	23	0	23	91	1	4	40	136	159
<b>Police</b>	70	1	71	191	19	10	102	322	393
<b><u>Grand Total</u></b>	<b><u>1,215</u></b>	<b><u>44</u></b>	<b><u>1,259</u></b>	<b><u>1,052</u></b>	<b><u>108</u></b>	<b><u>48</u></b>	<b><u>364</u></b>	<b><u>1,572</u></b>	<b><u>2,831</u></b>

**APPLICATIONS PROCESSED DURING JULY 2006 THROUGH JUNE 2007**

<u>DIVISION</u>	<u>WITHDRAWAL APPLICATIONS</u>			<u>PENSION APPLICATIONS</u>					
	<u>MEMBERS</u>	<u>DEATHS</u>	<u>TOTAL</u>	<u>REGULAR</u>	<u>DISABLED</u>	<u>SURVIVORS OF</u>		<u>TOTAL</u>	<u>GRAND TOTAL APPLICATIONS</u>
						<u>EMPLOYEES</u>	<u>PENSIONERS</u>		
Municipal	1,019	38	1,057	866	81	71	225	1,243	2,300
Fire	26	1	27	107	2	1	40	150	177
Police	81	6	87	221	13	13	91	338	425
		0							
Grand Total	<u>1,126</u>	<u>45</u>	<u>1,171</u>	<u>1,194</u>	<u>96</u>	<u>85</u>	<u>356</u>	<u>1,731</u>	<u>2,902</u>

**CITY OF PHILADELPHIA  
MUNICIPAL RETIREMENT SYSTEM  
COMPARATIVE STATEMENT OF RETIREMENT BENEFITS IN FORCE**

**AS OF JUNE 30, 2006 AND JUNE 30, 2007**

	<b><u>NUMBER RECEIVING BENEFITS</u></b>				<b><u>MONTHLY RATE OF PENSION BENEFITS IN FORCE</u></b>			
	<b><u>Retired Members</u></b>				<b><u>Retired Members</u></b>			
	<b><u>Regular</u></b>	<b><u>Disabled</u></b>	<b><u>Survivors</u></b>	<b><u>Total</u></b>	<b><u>Regular</u></b>	<b><u>Disabled</u></b>	<b><u>Survivors</u></b>	<b><u>Total</u></b>
<b><u>June 30, 2006</u></b>								
<b><u>MUNICIPAL</u></b>	12,440	2,011	5,540	19,991	\$ 18,350,612	\$ 2,542,704	\$ 2,876,452	\$ 23,769,768
<b><u>FIRE</u></b>	1,941	460	935	3,336	\$ 4,202,181	\$ 720,909	\$ 599,650	\$ 5,522,740
<b><u>POLICE</u></b>	5,638	2,001	2,219	9,858	\$ 10,752,140	\$ 2,854,909	\$ 1,403,354	\$ 15,010,403
<b><u>GRAND TOTAL</u></b>	<b><u>20,019</u></b>	<b><u>4,472</u></b>	<b><u>8,694</u></b>	<b><u>33,185</u></b>	<b><u>\$ 33,304,933</u></b>	<b><u>\$ 6,118,522</u></b>	<b><u>\$ 4,879,456</u></b>	<b><u>\$ 44,302,911</u></b>

	<b><u>NUMBER RECEIVING BENEFITS</u></b>				<b><u>MONTHLY RATE OF PENSION BENEFITS IN FORCE</u></b>			
	<b><u>Retired Members</u></b>				<b><u>Retired Members</u></b>			
	<b><u>Regular</u></b>	<b><u>Disabled</u></b>	<b><u>Survivors</u></b>	<b><u>Total</u></b>	<b><u>Regular</u></b>	<b><u>Disabled</u></b>	<b><u>Survivors</u></b>	<b><u>Total</u></b>
<b><u>June 30, 2007</u></b>								
<b><u>MUNICIPAL</u></b>	12,802	2,002	5,489	20,293	\$ 19,607,062	\$ 2,619,786	\$ 2,938,499	\$ 25,165,347
<b><u>FIRE</u></b>	1,997	442	910	3,349	\$ 4,461,876	\$ 695,905	\$ 613,179	\$ 5,770,960
<b><u>POLICE</u></b>	5,740	1,978	2,238	9,956	\$ 11,123,274	\$ 2,861,546	\$ 1,453,245	\$ 15,438,065
<b><u>GRAND TOTAL</u></b>	<b><u>20,539</u></b>	<b><u>4,422</u></b>	<b><u>8,637</u></b>	<b><u>33,598</u></b>	<b><u>\$ 35,192,212</u></b>	<b><u>\$ 6,177,237</u></b>	<b><u>\$ 5,004,923</u></b>	<b><u>\$ 46,374,372</u></b>

**CITY OF PHILADELPHIA**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**ANALYSIS OF MEMBERSHIP**

**ACTIVE MEMBERS**

<b><u>DIVISION</u></b>	<b><u>6/30/06</u></b>	<b><u>6/30/07</u></b>
<b>MUNICIPAL</b>	<b>21,027</b>	<b>21,005</b>
<b>FIRE</b>	<b>2,240</b>	<b>2,365</b>
<b>POLICE</b>	<b>6,662</b>	<b>6,805</b>
<b>TOTAL</b>	<b><u>29,929</u></b>	<b><u>30,175</u></b>



**Cover photo provided by courtesy of the Office of the City Representative, City of Philadelphia**