

ACTUARIAL VALUATION REPORT

for the

City of Pittsburgh

Policemen's Relief and Pension Fund

as of

January 1, 2005

Report Date: July 10, 2006

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Section One: Introduction

At the request of the City of Pittsburgh, we have completed an actuarial valuation of the City of Pittsburgh Policemen's Relief and Pension Fund as of January 1, 2005. Our actuarial valuation is based upon participant data as of January 1, 2005 and upon asset information as of December 31, 2004 as provided by the City. This report has been completed in accordance with generally accepted actuarial principles and practices, and reflects our current understanding of applicable laws and regulatory requirements.

This valuation was prepared to satisfy the funding and disclosure requirements of Act 205 of 1984. It also contains the cost components that may be used to compute the Plan's Minimum Municipal Obligation (MMO).

The City has qualified under Distress Level III, as defined in Act 205 of 1984. The City is also permitted to utilize the provisions of Act 82 of 1998. As a result, the unfunded actuarial accrued liability as of January 1, 1998 is being amortized over 40 years.

Under Act 205, a Level III municipality is mandated to aggregate the assets of its pension plans into a single trust. An annual calculation is made to determine each Plan's portion of the assets. The receipts and disbursements for each Plan are added to the Plan's allocated value from the prior year. Then, the year's investment income is allocated proportionately to each Plan in accordance with procedures set forth in Act 205. As of December 31, 2004, the calculated value of assets in the Policemen's Relief and Pension Fund is \$117,821,971. Section Nine contains exhibits illustrating the calculation of this amount.

2005 Results

Certain highlights of this actuarial valuation compared with the prior valuation are shown in Section Three. The use of pension bond proceeds to reduce the Unfunded Actuarial Accrued Liability has split the funding of the pension plan into actuarial costs and debt service. The actuarial costs consist of Normal Cost, administrative expense contributions and amortization payments to eliminate the remainder of the Unfunded Actuarial Accrued Liability. The actuarial information used to develop contribution requirements according to the rules of Act 205 is shown in Section Five. Debt service

payments repay the money borrowed and subsequently deposited into the Plan. Information concerning the annual debt service is contained in Section Ten. The demographics of the Plan population are summarized in Section Eight.

The actuarial cost components as of January 1, 2005 compared to the prior year are as follows:

	Current Year 2005	Prior Year 2003
<i>Normal Cost</i> as a Percentage of Total W-2 Payroll	11.390%	10.353%
<i>Expenses</i> as a Percentage of Total W-2 Payroll	1.600%	1.200%
<i>Amortization</i> Payment	\$16,301,723	\$14,720,755

The change in actuarial costs from year to year can be affected by changes in Plan provisions, assumption changes, and experience changes. A summary of the actuarial assumptions is contained in Section Seven, Actuarial Basis of Valuation.

Pension bonds were issued in March 1998. The debt service payment for 2005 is approximately \$8.83 million.

Act 82

Act 82 of 1998 also has an impact on the actuarial costs of this pension plan. Act 82 allowed the City to change the amortization schedule for its Unfunded Actuarial Accrued Liability since pension bond proceeds were deposited into the pension plan during 1998 that changed the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability by more than 25 percent.

Act 82 allows the City to amortize the January 1, 1998 Unfunded Actuarial Accrued Liability, reduced by pension bond proceeds deposited during 1998, over a 40-year period. The annual amortization payment is calculated in several steps. An amortization payment is calculated that eliminates the Unfunded Actuarial Accrued Liability net of 1998 bond proceeds over a 40-year period using 8.75 percent interest. Next, the future value of these payments at the end of the 40-year period is calculated using 8.75 percent interest. Finally, an amortization payment is calculated using 10 percent

interest that will have the same future value as the previous calculation. The 10 percent amortization amount becomes the amortization payment starting in 1998.

Act 82 requires that valuations include a comparative interest rate tabulation. This annual tabulation compares the balance of the accumulated Act 82 amortization payments using the actual earnings of the fund during the year, with the balance assuming a 10 percent rate of return. If the fund earns more than 10 percent during the year, there will be an actuarial gain. If the fund earns less than 10 percent, there will be an actuarial loss. The gain or loss from the comparative interest rate tabulation will be combined with the other actuarial gains or losses for the year to determine the aggregate annual gain or loss.

Assumption Changes

Act 205 requires that the City have an experience study prepared every four years. The purpose of this study is to compare the plan's actual experience with the valuation assumptions. This comparison can indicate that actuarial assumptions should be changed.

An experience study was prepared as of January 1, 2005. Several assumption changes have been made as of January 1, 2005, to implement changes recommended in this study. The assumption changes are in the rates of mortality for employees, retirees, survivors and disabled participants, which are now based on the RP-2000 Mortality Tables with adjustments to conform to the results of the experience study. The adjustments are described in Section Seven, which also includes sample rates of mortality. The RP-2000 Mortality Tables are the most recent tables developed using large amounts of data. These tables are particularly useful in valuing the City's pension plans because separate rates are available for employees, annuitants and beneficiaries.

These assumption changes decreased the Unfunded Actuarial Accrued Liability by \$369,251. The assumptions currently in use are shown in Section Seven.

Benefit Changes

There have been no benefit changes since January 1, 2003 affecting current participants.

Experience Changes

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

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

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

The actuarial gain or loss computed in the current valuation reflects differences since the prior valuation between actual experience and the experience anticipated by the actuarial assumptions. Act 205 requires the amortization of actuarial gains or losses over a 15-year period. An actuarial gain will reduce the total amortization payment, and an actuarial loss will increase the payment.

The plan has experienced a net actuarial loss of \$14,390,731. The loss occurred as a result of a number of factors.

One factor contributing significantly to the loss was the greater than anticipated number of disability retirements occurring during the period. The number of new disabled retirees was 124 and the number of participants receiving disability increased by 110 during the two-year period. The 88 new retirees during the period were also greater than expected and added to the loss.

Another factor was contribution losses that arose because the Minimum Municipal Obligation calculations based on previous valuations were compared to actuarial requirements based on the January 1, 2003 valuation reports. Act 205 required that the Minimum Municipal Obligation calculation for 2003 be presented to City Council by September 30, 2002. As a result, the 2003 contributions had

to be based on an earlier valuation and could not reflect the contribution requirements of the 2003 actuarial valuation. Timing factors were also involved in the calculation of the 2004 Minimum Municipal Obligation.

These losses were offset by investment gains. The rate of return on assets exceeded the 8.75 percent rate assumed in the prior valuation.

Accounting Information

This valuation also includes certain actuarial information required for accounting purposes. Section Six is a summary of the actuarial present values of accumulated Plan benefits and the pension benefit obligation.

Section Two: Certification

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

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

MOCKENHAUPT BENEFITS GROUP

Prepared and Certified by:

G. Herbert Loomis, F.S.A., E.A., M.A.A.A.
Consulting Actuary

Section Three: Valuation Highlights

Participant Count	01/01/05	01/01/03	Change
Total Active	804	1,070	(266)
Vested	88	173	(85)
Not Vested	716	897	(181)
Total In Payment Status:	1,663	1,545	118
Retirement Benefits	730	719	11
Disability Benefits	428	318	110
Survivor Benefits	505	508	(3)
Deferred	10	3	7
Total	2,477	2,618	(141)

Average Monthly Benefit

<i>In Payment Status</i>			
Retirement Benefits	\$2,069	\$1,866	\$ 203
Disability Benefits	\$1,887	\$1,577	\$ 310
Survivor Benefits	\$ 591	\$ 531	\$ 60
Deferred	\$2,694	\$2,484	\$ 210

Active Participant Averages

Hire Age	28.7	28.5	0.2
Attained Age	41.2	40.8	0.4
Normal Retirement Age	51.6	52.0	(0.4)
Assumed Future Service	17.0	17.0	0
Monthly Compensation	\$4,815	\$ 4,377	\$ 438

Financial Data

Market Value of Assets	\$117,821,971	\$106,340,161	\$ 11,481,810
Accumulated Employee Contributions	\$ 23,865,549	\$ 28,510,195	\$ (4,644,646)

Cost Components

Normal cost as a percentage of total payroll	11.390%	10.353%	1.037%
Expenses as a percentage of total payroll	1.600%	1.200%	0.400%
Total	12.990%	11.553%	1.437%
Amortization payment	\$16,301,723	\$14,720,755	\$1,580,968

Section Four: Summary of Plan Provisions

Plan Year

- ▼ Twelve-month period beginning January 1 and ending December 31

Plan Established

- ▼ September 1, 1935

Principal Definitions

Employee

- ▼ Any person employed by the City of Pittsburgh Bureau of Police, including all substitute uniformed employees of the Bureau.

Retirement Benefit Commencement Date

- ▼ Assumed to be the first day of the month coincident with or next following eligibility-for and election to retire

Service Increment

- ▼ An additional monthly benefit of \$20 for each completed year of service between 20 and 25 years, plus \$25 for each year of service in excess of 25 years

Service

- ▼ Assumed to be completed years of service calculated from date of hire through date of retirement or severance, plus periods of service purchased

Normal Form of Payment

- ▼ Monthly pension benefit payable for life

Participation Requirements

Entry Date

- ▼ Date of hire

Compensation

Average Compensation

- ▼ Base wages and longevity pay
- ▼ Compensation averaged over the 12-month period prior to retirement or severance.

Members hired after December 31, 1991

- ▼ Compensation averaged over 36 months prior to retirement or severance.

Normal Retirement

Eligibility

- ▼ Later of age 50 *or* Completion of 20 years of service

Monthly Benefit

- ▼ Equal to 50% of average compensation plus service increment if any

Disability

Eligibility

- ▼ Permanent disablement in line of duty *or*
- ▼ Permanent disablement (not in line of duty) after completing 10 years of service

Benefit Amount

- ▼ 50% of earnings in year prior to disablement

Members Hired after December 31, 1991

- ▼ Sum of this benefit and member's workers' compensation benefit shall not exceed member's regular salary at time of disablement

Benefit Commencement Date

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

Vesting

- ▼ If member completed 20 years of service, may collect normal retirement benefit based on average compensation at termination (providing terminated member continues contributions at rate in effect at termination)
- ▼ Benefit deferred to age 50

Terminated Participants

- ▼ If contributions continue at same rate in effect at termination and continue to age 50, member may receive monthly benefit based on rate of pay in effect had officer worked until age 50

Death Benefits

Accidental Death

- ▼ Benefit plus return of member's accumulated contributions
- ▼ Benefit plus workers' compensation or other payments equal to 50% of member's wages at death
- ▼ Payable for 500 weeks or until surviving spouse dies or remarries
- ▼ If no surviving spouse or unmarried children, dependent parents receive payments

- Children Benefits

(No surviving spouse/or discontinued payment to surviving spouse)

- ▼ Unmarried child under age 18 receives payments equal to 25% of payments to spouse

- *Children Benefits (Cont'd)*

- ▼ Total payments to one family may not exceed 50% of member's wages at time of death
- ▼ \$60 minimum monthly payment if only one child
- ▼ If maximum amount payable, divide equally among entitled children
- ▼ Payments terminate when child reaches age 18, dies, marries
- ▼ Payments may continue indefinitely to incompetent child

Death Prior to Retirement
Active service/not accidental

- ▼ If so elected, spouse paid benefit equal to 50% of pension member would have received if retired on date of death
- ▼ No election, accumulated contributions without interest paid to beneficiary or estate

Death After Retirement

- ▼ If so elected, spouse paid benefit equal to 50% of pension member was receiving
- ▼ No surviving spouse, benefit may be paid to surviving children or dependent parents

Employee Contributions

- ▼ Participants will contribute 6.0 percent of their compensation plus \$1 per month. Members who elect the surviving spouse benefit contribute an additional 1/2 percent of compensation. The \$1 per month contribution will cease at age 65.

Refund

- ▼ Accumulated contributions without interest

Section Five: Development of Contribution Requirements

Table 05-1: Normal Cost and Actuarial Accrued Liability

Normal Cost	
Retirement Benefits	\$3,567,826
Disability Benefits	1,798,993
Preretirement Death Benefits	117,333
Postretirement Death Benefits	0
Refunds to Withdrawals	179,458
Medicare Premium Benefits	0
Vested Benefits	<u>60,391</u>
Total	\$5,724,001

Actuarial Accrued Liability

Actuarial Present Value of Benefits at Attained Age

	<u>Deferred</u>	<u>In Payment</u>	<u>Active</u>	<u>All</u>
Retirement Benefits	\$ 3,069,094	\$148,532,742	\$107,569,625	\$259,171,461
Disability Benefits	0	87,383,134	37,764,345	125,147,479
Survivor Benefits	0	24,823,285	0	24,823,285
Preretirement Death Benefits	0	0	2,002,367	2,002,367
Postretirement Death Benefits	0	0	0	0
Refunds to Withdrawals	0	0	1,683,788	1,683,788
Medicare Premium Benefits	0	0	0	0
Vested Benefits	<u>0</u>	<u>0</u>	<u>1,569,711</u>	<u>1,569,711</u>
Total	\$ 3,069,094	\$260,739,161	\$150,589,836	\$414,398,091

Actuarial Present Value of Future Normal Costs

Retirement Benefits	\$38,211,292	
Disability Benefits	18,803,058	
Preretirement Death Benefits	1,249,286	
Postretirement Death Benefits	0	
Refunds to Withdrawals	1,958,607	
Medicare Premium Benefits	0	
Vested Benefits	<u>696,684</u>	
Total	\$60,918,927	(\$60,918,927)

Actuarial Accrued Liability **\$353,479,164**

Unfunded Actuarial Accrued Liability

Actuarial Accrued Liability	\$353,479,164
Actuarial Value of Assets	<u>(117,821,971)</u>
Unfunded Actuarial Accrued Liability	\$235,657,193

Table 05-2: Actuarial (Gain) Loss Determination

Reconciliation of Funded Status

Unfunded Actuarial Accrued Liability as of January 1, 2003			\$217,125,808
	2003	2004	
Normal Cost/Admin Expenses Assumed	\$ 7,683,401	\$ 8,117,666	15,801,067
Interest Charged at Valuation Rate			41,773,103
Contributions Made	2003	2004	
- Municipality	\$ 3,620,139	\$ 9,329,339	
- State Aid Allocated	9,861,324	6,096,378	
- Employees	<u>3,597,614</u>	<u>3,306,730</u>	\$(35,811,524)
Interest Credited at Valuation Rate			(2,378,994)
Special Adjustment Because of Higher Act 82 Interest Rate			<u>(1,731,067)</u>
Expected Unfunded Actuarial Accrued Liability Before Adjustments			\$234,778,393
Experience from Investment Return			
- Comparative Interest Rate Amortization Tab. (Gain) Loss		\$ (9,677,707)	
- Other Investment Return (Gain) Loss		<u>(7,323,687)</u>	(17,001,394)
Experience (Gain) Loss from all Other Sources			18,249,445
Increase (Decrease) in Actuarial Accrued Liability:			
- Benefit Modifications for Actives		\$ 0	
- Benefit Modifications for Retirees		0	
- Changes in Actuarial Assumptions		<u>(369,251)</u>	<u>(369,251)</u>
Actual Unfunded Actuarial Accrued Liability			<u>\$235,657,193</u>

Loss (Gain) to be Amortized

Experience (Gain) Loss from January 1, 2003			\$ 1,248,051
Actuarially Required Contributions and Bond Proceeds with Interest		\$ 51,333,198	
Actual Contributions with Interest		<u>(38,190,518)</u>	
Contribution (Gain) Loss			<u>13,142,680</u>
Loss (Gain) to be Amortized			\$ 14,390,731

Comparative Interest Rate Amortization Tabulation

<i>Balance Calculated Using Actual Investment Return</i>	2003	2004	
Act 82 Amortization Balance at January 1	\$ 52,020,330	\$ 73,888,740	
Act 82 Amortization Payment	<u>7,746,181</u>	<u>7,746,181</u>	
Comparative Interest Rate Balance on January 1	59,766,511	81,634,921	
Actual Investment Return on Balance	<u>14,122,229</u>	<u>8,881,063</u>	
Actual Act 82 Amort Bal at December 31	\$ 73,888,740	\$90,515,984	<u>\$ 90,515,984</u>
<i>Balance Calculated Using 10 Percent Investment Return</i>			
Comparative Interest Rate Balance at January 1	\$59,766,511	\$ 73,489,343	
Interest at 10 Percent	5,976,651	7,348,934	
Comp Act 82 Amort Bal at December 31	\$ 65,743,162	\$ 80,838,277	\$ 80,838,277
<i>Comparative Interest Rate Amortization Tabulation (Gain) Loss</i>			\$ (9,677,707)

Table 05-3: Amortization of Unfunded Actuarial Accrued Liability

Source	Original Amount	Year Est.	Target Year	Remaining Balance	Rem. Pymts.	Annual Amount
Initial	\$131,617,548	1998	2037	\$155,927,353	33	\$7,746,181
Assumption Chg.	\$(2,912,234)	1998	2017	\$(2,385,101)	13	\$(289,040)
Experience Loss	\$ 815,131	1999	2013	\$ 605,262	9	\$ 91,893
Experience Gain	\$(6,646,327)	2000	2014	\$(5,283,125)	10	\$(748,673)
Experience Loss	\$21,763,126	2001	2015	\$18,345,096	11	\$2,449,643
Assump. Change	\$597,864	2002	2021	\$ 558,879	17	\$ 59,189
Experience Loss	\$ 3,850,682	2002	2016	\$ 3,415,689	12	\$433,115
Investment Loss	\$18,838,751	2002	2032	\$17,905,165	28	\$1,592,745
Assumption Change	\$(4,706,925)	2003	2022	\$(4,509,411)	18	\$(465,723)
Ben. Mod.-Retired	\$5,143,958	2003	2012	\$4,428,704	8	\$ 728,951
Experience Loss	\$7,363,935	2003	2017	\$6,830,000	13	\$827,698
Investment Loss	\$26,217,850	2003	2032	\$25,797,202	28	\$2,294,777
Agg. Change through Last Valuation	N/A	N/A	2021	\$65,708,360	17	\$6,974,575
Assumption Change	\$(369,251)	2005	2024	\$ (369,251)	20	\$(36,535)
Ben. Mod.-Active	N/A					
Ben. Mod – Retired	N/A					
Experience Loss	\$14,390,731	2005	2019	\$14,390,731	15	\$1,617,502
Agg. Change-2005	N/A	N/A	2019	\$14,021,480	15	\$1,580,967
Aggregate Changes	N/A	N/A	2021	\$79,729,840	17	\$ 8,555,542
Aggregate	N/A	N/A		\$235,657,193		\$16,301,723

Details of the Calculation of Act 82 Payment

Act 82 Unfunded Actuarial Accrued Liability	\$131,617,548
40-Year Amortization Payment	\$10,972,874
Future Value at end of 40-Year period	\$3,771,242,164
Payment to provide the same future value with 10% annual earnings	\$7,746,181

Table 05-4: Required Municipal Contributions

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

Normal Cost (Table 05-1)	\$ 5,724,001
Total Annual Payroll	\$50,252,864
Percentages for Budget	
• Normal Cost (Normal Cost divided by Total Annual Payroll)	11.390%
• Administrative Expense (as a % of Payroll)	1.600%
• Gross Normal Cost	12.990%
Net Amortization Payment (Table 05-3)	\$16,301,723
Funding Adjustment	\$0

Section Six: Accounting Information

Accumulated Plan Benefits	01/01/05	01/01/03
Assets at Market Value	<u>\$117,821,971</u>	<u>\$106,340,161</u>
Actuarial Present Value of Vested Benefits		
Retired	\$260,739,161	
Deferred	3,069,094	
Employee Contributions	7,501,627	
Active	<u>19,789,148</u>	
Total	<u>\$291,099,030</u>	<u>\$263,989,983</u>
Unfunded Actuarial Present Value of Vested Benefits	<u>\$173,277,059</u>	<u>\$157,649,822</u>
Actuarial Present Value of Accrued Benefits		
Retired	\$260,739,161	
Deferred	3,069,094	
Employee Contributions	991,332	
Active	<u>59,830,632</u>	
Total	<u>\$324,630,219</u>	<u>\$293,774,608</u>
Unfunded Actuarial Present Value of Accrued Benefits	<u>\$206,808,248</u>	<u>\$187,434,447</u>

GAS #27 Information

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

	2003	2004
Annual required contribution (ARC)	\$ 12,925,574	\$ 14,892,379
Interest on NPO	0	0
Adjustment to the ARC	<u>0</u>	<u>0</u>
Annual Pension cost	12,925,574	14,892,379
Contributions made	<u>\$ 12,925,574</u>	<u>\$ 14,892,379</u>
Change in NPO	0	0
NPO - Beginning of Year (1/1)	<u>0</u>	<u>0</u>
NPO - End of Year (12/31)	\$ 0	\$ 0

Annual Pension Cost for the Year Beginning 1/1/2005

Annual Required Contribution (ARC)	\$ 17,530,520
Interest on NPO	0
Adjustment to the ARC	0
Annual Pension Cost	\$ 17,530,520

Other Information from the 1/1/2005 Actuarial Valuation for GAS #25 and GAS #27

Actuarial Cost Method	Entry Age
Asset Valuation Method	Market Value
	Level Dollar
Amortization Method	Closed
Aggregate Remaining Amortization Period (Years)	33
Actuarial Assumptions	
Investment Rate of Return	8.75%
Projected Salary Increases	5.75%
Underlying Inflation Rate	3.50%

Section Seven: Actuarial Basis of Valuation

Actuarial Assumptions: January 1, 2005

Economic

Interest Rate	8.75 percent increase per annum
Salary Projection	5.75 percent increase per annum
	Merit and Longevity Increases: 2.25 percent per annum
	Inflation: 3.5 percent increase per annum

Employee Characteristics

Mortality: RP-2000 Mortality Tables, with adjustments to reflect Pension Plan mortality experience as confirmed by experience studies. The adjusted rates are based upon the following:

Active Participants

RP-2000 Mortality Tables – Employee Rates of Mortality

Inactive Participants

RP-2000 Mortality Tables for Healthy Annuitants, adjusted by blue collar ratios (Table 5-5 of *RP-2000 Mortality Tables Report*) and set forward two years in age for healthy and deferred retirees and set forward five years in age for disabled retirees.

Surviving Beneficiaries

RP-2000 Rates, adjusted for healthy inactives as above, and further adjusted by ratios of female beneficiary experience to overall female RP-2000 Health Annuitant Mortality Rates (Appendix D of *RP-2000 Mortality Tables Report*)

Sample Rates (Rounded):

Age	Active Male Participant	Male Regular Retiree	Male Disabled Retiree	Male Beneficiary
45	0.15%	0.45%	0.56%	0.57%
55	0.30%	0.88%	1.06%	1.16%
65	0.76%	2.01%	2.68%	2.54%
75	N/A	5.27%	7.05%	5.60%
85	N/A	13.86%	18.34%	14.36%

Age	Active Female Participant	Female Regular Retiree	Female Disabled Retiree	Female Beneficiary
45	0.11%	0.19%	0.23%	0.23%
55	0.23%	0.44%	0.62%	0.62%
65	0.58%	1.37%	1.86%	1.74%
75	N/A	3.69%	4.90%	3.93%
85	N/A	10.24%	13.67%	10.61%

Withdrawal

Sample rates:

Age	Rate
20	2.04%
25	1.98%
30	1.90%
35	1.76%
40	1.31%
45	0.66%
50	0.15%
55	0.00%

Disablement

Sample rates:

Age	Male	Female
30	.22%	.26%
40	.50%	.98%
50	1.53%	1.94%
60	4.56%	3.49%

Retirement Age

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

Age	Percentage
50	20
51	20
52	12
53	12
54	10
55	10
56	10
57	10
58	10
59	10
60	10
61	10
62	10
63	10
64	10
65	100

Duty Related Mortality

Twenty percent of deaths in active service are assumed to be duty related.

Duty Related Disability

Fifty percent of disabilities occurring during employment are assumed to occur in the line of duty.

Percentage Married

Eighty percent of male participants and 65 percent of female participants.

Spouse Age

Female spouse assumed to be two years younger than male spouse.

Actuarial Basis of Valuation: Actuarial Cost Method

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

Normal Cost

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

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

Administrative Expense

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

Actuarial Accrued Liability

Total actuarial present value of all future benefits less the actuarial present value of the future normal costs. The total Unfunded Actuarial Accrued Liability as of the valuation date is the Actuarial Accrued Liability less the total value of all assets owned by the Plan.

Amortization Payment

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

Section Eight: Demographic Summaries

Distribution of Active Members by Age and Service

Years of Service											
Age	Number of People in Category										
	1	2	3	4-5	6-10	11-15	16-20	21-25	26-30	30+	Total by Age
-20	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	34	0	0	0	0	0	0	34
30-34	0	0	0	70	28	45	1	0	0	0	144
35-39	0	0	1	21	32	147	29	0	0	0	230
40-44	0	0	0	4	18	103	47	9	0	0	181
45-49	0	0	0	6	9	41	32	32	11	0	131
50-54	0	0	0	1	2	11	19	14	14	0	61
55-59	0	0	0	0	0	6	4	3	3	2	18
60-64	0	0	0	0	1	3	1	0	0	0	5
65+	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	1	136	90	356	133	58	28	2	804

Age Distribution of Deferred Vested Participants

All Persons Entitled to Benefits			
Age Group	Number of People	Total Annual Benefit	Average Annual Benefit
Under 30	0	0.00	0.00
30-34	0	0.00	0.00
35-39	0	0.00	0.00
40-44	1	\$ 31,077.00	\$ 31,077.00
45-49	9	292,257.60	32,473.07
50-54	0	0.00	0.00
55-59	0	0.00	0.00
60-64	0	0.00	0.00
65-69	0	0.00	0.00
70-74	0	0.00	0.00
75-79	0	0.00	0.00
80-84	0	0.00	0.00
84+	0	0.00	0.00
Total	10	\$323,334.60	\$32,333.46

Age Distribution of Retired Participants

Regular Retirements			
Age Group	Number of People	Total Annual Benefit	Average Annual Benefit
Under 30	0	0.00	0.00
30-34	0	0.00	0.00
35-39	0	0.00	0.00
40-44	0	0.00	0.00
45-49	0	0.00	0.00
50-54	49	\$ 1,537,847.40	\$ 31,384.64
55-59	108	3,244,820.04	30,044.63
60-64	125	3,863,072.40	30,904.58
65-69	131	3,487,076.52	26,618.90
70-74	105	2,365,908.12	22,532.46
75-79	125	2,316,908.04	18,535.26
80-84	62	978,204.00	15,777.48
85+	25	329,669.40	13,186.78
Total	730	\$ 18,123,505.92	\$ 24,826.72

Age Distribution of Retired Participants

Disability Retirements			
Age Group	Number of People	Total Annual Benefit	Average Annual Benefit
Under 30	0	\$ 0.00	\$ 0.00
30-34	3	77,973.00	25,991.00
35-39	25	652,871.76	26,114.87
40-44	29	755,047.32	26,036.11
45-49	31	773,281.32	24,944.56
50-54	67	1,771,669.44	26,442.83
55-59	62	1,561,036.80	25,178.01
60-64	64	1,373,007.48	21,453.24
65-69	47	1,010,470.68	21,499.38
70-74	40	813,779.64	20,344.49
75-79	40	618,958.92	15,473.97
80-84	18	266,110.92	14,783.94
85+	2	19,868.88	9,934.44
Total	428	9,694,076.16	\$ 22,649.71

Age Distribution of Retired Participants

Survivors			
Age Group	Number of People	Total Annual Benefit	Average Annual Benefit
Under 30	4	\$ 29,344.20	\$ 7,336.05
30-34	1	5,148.60	5,148.60
35-39	1	8,727.00	8,727.00
40-44	2	32,373.60	16,186.80
45-49	8	83,701.80	10,462.73
50-54	14	152,304.60	10,878.90
55-59	18	168,393.84	9,355.21
60-64	37	329,671.20	8,910.03
65-69	66	594,646.20	9,009.79
70-74	87	667,933.44	7,677.40
75-79	109	714,109.80	6,551.47
80-84	93	497,967.00	5,354.48
85+	65	299,128.80	4,601.98
Total	505	\$3,583,450.08	\$ 7,095.94

Age Distribution of Retired Participants

All Persons Receiving Benefits			
Age Group	Number of People	Total Annual Benefit	Average Annual Benefit
Under 30	4	\$ 29,344.20	\$ 7,336.05
30-34	4	83,121.60	20,780.40
35-39	26	661,598.76	25,446.11
40-44	31	787,420.92	25,400.67
45-49	39	856,983.12	21,973.93
50-54	130	3,461,821.44	26,629.40
55-59	188	4,974,250.56	26,458.78
60-64	226	5,565,751.08	24,627.22
65-69	244	5,092,193.40	20,869.65
70-74	232	3,847,621.20	16,584.57
75-79	274	3,649,976.76	13,321.08
80-84	173	1,742,281.92	10,070.99
85+	92	648,667.08	7,050.73
Total	1,663	\$31,401,032.04	\$ 18,882.16

Demographic Data as of January 1, 2005

Changes in Plan Participation for Active Members

Active Members	Number
As of January 1, 2003	1,070
New Entrants	0
Transfer from Another Plan	0
Return from Disability Retirement	<u>1</u>
	1,071
Separation from Active Service	
Separation with a Deferred Benefit	(9)
Separation without a Deferred Benefit	(46)
Disability	(124)
Death	(1)
Retirement with a Service Retirement Benefit	<u>(88)</u>
Total Separations	(268)
Data Adjustments	<u>1</u>
Active Members as of January 1, 2005	804

Changes in Plan Participants for Inactive Members and Survivors

	Deferred Vested Retirees	Regular Retirements	Disability Retirement	Survivors		Total
				Child	Other	
As of January 1, 2003	3	719	318	4	504	1,548
New Benefit Recipients	9	88	124	0	47	268
Death	0	(75)	(16)	0	(50)	(141)
Other Cessation of Benefits	0	0	(3)	0	0	(3)
Net Data Adjustments	(2)	(2)	5	(1)	1	1
As of January 1, 2005	10	730	428	3	502	1,673

Section Nine: Plan Assets

Combined Municipal Pension Trust Fund Calendar Year 2003

Source of Asset Information

The assets of the Aggregated Trust for the City's pension plans are summarized in the following tables based on the information provided by the City and by Terry & Stephenson, P.C. Assets are shown at market value.

Summary of Values for Aggregated Trust

	<u>1/1/03</u>	<u>1/1/04</u>
Market Value of Assets - Cash Basis	\$313,952,163	\$ 361,301,912
Accrued Interest	1,019,024	952,571
Accrued Contributions	0	0
Other Receivables	0	0
Accrued Expenses and Other Payables	<u>(2,500,222)</u>	<u>(2,835,977)</u>
Market Value of Assets - Accrual Basis	\$312,470,965	\$ 359,418,506

Summary of Transactions for the Aggregated Trust

Balance as of January 1, 2003		\$312,470,965
Contributions Toward Pension Liability		
- Policemen's	\$17,079,077	
- Firemen's	10,343,295	
- Municipal	<u>7,860,821</u>	\$ 35,283,193
Miscellaneous Contributions and Pass Through Items		3,666,144
Interest and Dividends		9,341,287
Net Appreciation(Decline) in Fair Value Of Investments		62,513,423
Payments to Participants		
- Policemen's	\$28,418,968	
- Firemen's	15,884,171	
- Municipal	<u>17,318,082</u>	(61,621,221)
Expenses		<u>(2,235,285)</u>
Balance as of December 31, 2003		\$359,418,506

Undivided Participation Calculation Calendar Year 2003 - Accrual Basis

	<u>Policemen's</u>	<u>Firemen's</u>	<u>Municipal</u>	<u>Total</u>
January 1, 2003 Market Value	\$106,340,161	\$114,527,374	\$ 91,603,430	\$312,470,965
Plan-Specific Contributions	17,760,917	11,143,737	9,897,022	38,801,676
Plan-Specific Distributions	<u>(28,757,437)</u>	<u>(16,108,008)</u>	<u>(17,628,051)</u>	<u>(62,493,496)</u>
Sub-Total	\$ 95,343,641	\$109,563,103	\$ 83,872,401	\$288,779,145
Sub-Total Percentages	33.02%	37.94%	29.04%	100.00%
Allocated Expenses	(450,066)	(517,126)	(395,818)	(1,363,010)
Allocated Investment Earnings	<u>23,775,183</u>	<u>27,317,700</u>	<u>20,909,488</u>	<u>72,002,371</u>
December 31, 2003 Market Value	\$118,668,758	\$136,363,677	\$104,386,071	\$359,418,506

Contributions and Distributions for 2003 - Accrual Basis

Plan-Specific Contributions	<u>Policemen's</u>	<u>Firemen's</u>	<u>Municipal</u>	<u>Total</u>
State Aid:				
General Municipal Pension System State Aid	\$ 9,861,324	\$ 5,052,699	\$ 3,300,465	\$18,214,488
Supplemental State Aid	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total State Aid</i>	\$ 9,861,324	\$ 5,052,699	\$ 3,300,465	\$18,214,488
Member Contributions	3,597,614	3,718,789	3,535,639	10,852,042
City Contributions	3,620,139	1,571,807	1,024,717	6,216,663
Pass Through Contributions	681,840	800,442	2,036,201	3,518,483
Miscellaneous Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Contributions	\$17,760,917	\$11,143,737	\$9,897,022	\$38,801,676

Plan-Specific Distributions

Benefit Payments to Participants	\$28,211,944	\$15,866,076	\$16,447,663	\$ 60,525,683
Refunds to Participants	207,024	18,095	870,419	1,095,538
Administrative Expenses	<u>338,469</u>	<u>223,837</u>	<u>309,969</u>	<u>872,275</u>
Total Distributions	\$28,757,437	\$16,108,008	\$17,628,051	\$62,493,496

Combined Municipal Pension Trust Fund Calendar Year 2004

Source of Asset Information

The assets of the Aggregated Trust for the City's pension plans are summarized in the following tables based on the information provided by the City and by Maher Duessel. Assets are shown at market value.

Summary of Values for the Aggregated Trust

	<u>1/1/04</u>	<u>1/1/05</u>
Market Value of Assets – Cash Basis	\$ 361,301,912	\$ 374,352,191
Accrued Interest	952,571	1,659,618
Accrued Contributions	0	0
Other Receivables	0	368,969
Accrued Expenses and other Payables	<u>(2,835,977)</u>	<u>(2,772,371)</u>
Market Value of Assets – Accrual Basis	\$ 359,418,506	\$ 373,608,407

Summary of Transactions for the Aggregated Trust

Balance as of January 1, 2004		\$ 359,418,506
Contributions toward Pension Liability		
Police	\$ 18,732,447	
Firemen's	12,503,104	
Municipal	<u>11,369,268</u>	\$ 42,604,819
Miscellaneous and Pass Through Items		4,069,020
Interest and Dividends		10,815,704
Net Appreciation (Decline) in Fair Value of Investments		26,432,214
Payments to Participants		
Police	\$ 31,331,530	
Firemen's	17,628,288	
Municipal	<u>18,421,561</u>	(67,381,379)
Expenses		<u>(2,350,477)</u>
Balance as of December 31, 2004		\$ 373,608,407

Undivided Participation Calculation Calendar Year 2004 - Accrual Basis

	<u>Policemen's</u>	<u>Firemen's</u>	<u>Municipal</u>	<u>Total</u>
January 1, 2004 Market Value	\$118,668,758	\$136,363,677	\$104,386,071	\$359,418,506
Plan-Specific Contributions	19,373,109	13,255,046	13,406,014	46,034,169
Plan-Specific Distributions	<u>(31,721,618)</u>	<u>(17,874,666)</u>	<u>(18,715,079)</u>	<u>(68,311,363)</u>
Sub-Total	\$ 106,320,249	\$131,744,057	\$ 99,077,006	\$337,141,312
Sub-Total Percentages	31.54%	39.08%	29.38%	100.00%
Allocated Expenses	(448,023)	(555,129)	(417,341)	(1,420,493)
Allocated Investment Earnings	<u>11,949,745</u>	<u>14,806,469</u>	<u>11,131,374</u>	<u>37,887,588</u>
December 31, 2004 Market Value	\$117,821,971	\$145,995,397	\$109,791,039	\$373,608,407

Contributions and Distributions for 2004 - Accrual Basis

Plan-Specific Contributions	<u>Policemen's</u>	<u>Firemen's</u>	<u>Municipal</u>	<u>Total</u>
State Aid:				
General Municipal Pension System State Aid	\$ 6,096,378	\$ 4,990,063	\$ 6,815,483	\$17,901,924
Supplemental State Aid	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total State Aid</i>	\$ 6,096,378	\$ 4,990,063	\$ 6,815,483	\$17,901,924
Member Contributions	3,306,730	3,972,800	3,233,207	10,512,737
City Contributions	9,329,339	3,540,241	1,320,578	14,190,158
Pass Through Contributions	640,662	751,942	2,036,746	3,429,350
Miscellaneous Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Contributions	\$19,373,109	\$13,255,046	\$13,406,014	\$46,034,169
Plan-Specific Distributions				
Benefit Payments to Participants	\$30,908,188	\$17,428,653	\$17,304,441	\$ 65,641,282
Refunds to Participants	423,342	199,635	1,117,120	1,740,097
Administrative Expenses	<u>390,088</u>	<u>246,378</u>	<u>293,518</u>	<u>929,984</u>
Total Distributions	\$31,721,618	\$17,874,666	\$18,715,079	\$68,311,363

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

**Table 05-5: Unfunded Actuarial Accrued Liability Excluding Assets
Arising from Pension Bond Proceeds**

Assets Excluding Pension Bond Proceeds		
Assets Excluding Bond Proceeds at January 1, 2003		\$16,187,027
Receipts	2003	2004
Employer Contributions	\$ 6,455,173	\$ 12,164,373
Employee Contributions	3,597,614	3,306,730
State Aid	9,861,324	6,096,378
Supplemental State Assistance	0	0
Investment Income	341,081	184,026
Net Change in Market Value	2,511,447	438,950
Pass Through Contributions	<u>681,840</u>	<u>640,662</u>
Total Receipts		\$ 46,279,598
Disbursements		
Monthly Benefit Payments	\$27,530,104	30,267,526
Refund of Employee Contributions	207,024	423,342
Administrative Expenses	492,993	1,088,501
Pass Through Payments	<u>681,840</u>	<u>640,662</u>
Total Disbursements		\$ (61,331,992)
Assets Excluding Bond Proceeds at January 1, 2005		\$1,134,633
Unfunded Actuarial Accrued Liability Excluding Assets from Bond Proceeds		
Actuarial Accrued Liability (Table 05-1)		\$353,479,164
Assets Excluding Bond Proceeds at January 1, 2005		<u>(1,134,633)</u>
Adjusted Unfunded Actuarial Accrued Liability		\$352,344,531

**Table 05-6: Actuarial (Gain) Loss Determination Excluding Assets
Arising from Pension Bond Proceeds**

Reconciliation of Funded Status

Unfunded Actuarial Accrued Liability as of January 1, 2003			\$307,278,942
	2003	2004	
Normal Cost/Admin Expenses Assumed	\$ 7,683,401	\$ 8,117,666	15,801,067
Interest Charged at Valuation Rate			58,240,136
Contributions Made			
- Municipality	\$ 6,455,173	\$12,164,373	
- State Aid Allocated	9,861,324	6,096,378	
- Employees	<u>3,597,614</u>	<u>3,306,730</u>	(41,481,592)
Interest Credited at Valuation Rate			(2,648,687)
Special Adjustment Because of Higher Act 82 Interest Rate			<u>(3,301,549)</u>
Expected Unfunded Actuarial Accrued Liability Before Adjustments			\$333,888,317
Experience from Investment Return			
- Comparative Interest Rate Amortization Tabulation (Gain) Loss	(18,457,637)		
- Other Investment Return (Gain) Loss	<u>17,661,941</u>		(795,696)
Experience (Gain) Loss from all Other Sources			19,621,161
Increase (Decrease) in Actuarial Accrued Liability			
- Benefit Modifications for Actives	\$ 0		
- Benefit Modifications for Retirees	0		
- Changes in Actuarial Assumptions	<u>(369,251)</u>		<u>(369,251)</u>
Actual Unfunded Actuarial Accrued Liability			<u>\$352,344,531</u>

Loss (Gain) to be Amortized

Experience (Gain) Loss from January 1, 2003		\$ 18,825,465
Actuarially Required Contributions	\$57,769,169	
Actual Contributions with Interest	<u>(44,130,279)</u>	
Contribution (Gain) Loss		<u>13,638,890</u>
Loss (Gain) to be Amortized		\$ 32,464,355

Comparative Interest Rate Amortization Tabulation

<i>Balance Calculated Using Actual Investment Return</i>	2003	2004	
- Act 82 Amortization Balance at January 1	\$ 99,214,869	\$140,923,013	
- Act 82 Amortization Payment	<u>14,773,769</u>	<u>14,773,769</u>	
- Comparative Interest Rate Balance at January 1	\$113,988,638	155,696,782	
- Actual Investment Return on Balance	<u>26,934,375</u>	<u>16,938,253</u>	
- Actual Act 82 Amort. Balance at December 31	\$140,923,013	\$172,635,035	\$172,635,035
 <i>Balance Calculated Using 10 Percent Investment Return</i>	2003	2004	
- Comparative Interest Rate Balance at January	\$113,988,638	\$140,161,271	
- Interest at 10 Percent	<u>11,398,864</u>	<u>14,016,127</u>	
- Comp. Act 82 Amort. Balance at December 31	\$125,387,502	\$154,177,398	\$154,177,398
 <i>Comparative Interest Rate Amortization Tabulation (Gain) Loss</i>			\$ (18,457,637)

Table 05-7: Amortization of Unfunded Actuarial Accrued Liability Excluding Assets Arising from Pension Bond Proceeds

Source	Original Amount	Year Est.	Target Year	Remaining Balance	Remaining Payments	Annual Amount
Initial	\$251,025,283	1998	2037	\$297,389,735	33	14,773,769
Assump. Chg	\$(2,912,234)	1998	2017	\$(2,385,101)	13	\$(289,040)
Exp. Gain	\$(675,232)	1999	2013	\$(501,381)	9	\$(76,121)
Exp. Gain	\$(927,052)	2000	2014	\$(736,909)	10	\$(104,427)
Exp. Loss	\$6,608,820	2001	2015	\$5,570,864	11	\$743,884
Assum.Chg.	\$ 597,864	2002	2021	\$ 558,879	17	\$ 59,189
Experience Loss	\$4,011,726	2002	2016	\$3,558,540	12	\$ 451,229
Investment Loss	\$4,719,077	2002	2032	\$4,485,215	28	\$ 398,980
Assum. Chg.	\$(4,706,925)	2003	2022	\$(4,509,411)	18	\$(465,723)
Ben. Mod.-Ret.	\$5,143,958	2003	2012	\$4,428,704	8	\$728,951
Exp. Loss	\$7,791,758	2003	2017	\$7,226,803	13	\$ 875,785
Investment Loss	\$5,247,684	2003	2032	\$5,163,489	28	\$ 459,315
Agg. Changes thru Last Valuation	N/A	N/A	2017	\$22,859,692	13	\$ 2,782,022
Assum. Chg.	\$(369,251)	2005	2024	\$(369,251)	20	\$(36,535)
Ben. Mod.-Act.	N/A					
Ben. Mod.-Ret.	N/A					
Experience Loss	\$32,464,355	2005	2019	\$32,464,355	15	\$3,648,958
Agg. Changes - 2005	N/A	N/A	2019	\$ 32,095,104	15	\$3,612,423
Agg. Changes	N/A	N/A	2018	\$ 54,954,796	14	\$ 6,394,445
Aggregate	N/A	N/A		\$352,344,531		\$21,168,213

Details of the Calculation of Act 82 Payment

Act 82 Unfunded Actuarial Accrued Liability	\$ 251,025,283
40-Year Amortization Payment	\$ 20,927,824
Future Value at End of 40-Year Period	\$ 7,192,636,133
Payment to Provide the Same Future Value with 10% Annual Earnings	\$ 14,773,769

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

	Date of Original Borrowing	Total Principal Borrowed	Total Principal to this Plan	Percentage to this Plan	Date of Refinancing
	3/10/98	\$255,865,000	\$120,512,415.10	47.6%	N/A
Plan Year	Req. Prin.Pymt.	Req.Int.Pymt.	Annual Debt Service	Disc.Amort.	Prin.Balance at Val Date
1998		\$3,921,658.75	\$3,921,658.75	\$ 0	\$120,512,415.10
1999	\$471,000.00	7,830,011.75	8,301,011.75	0	120,512,415.10
2000	471,000.00	7,803,518.00	8,274,518.00	0	120,041,415.10
2001	471,000.00	7,776,882.95	8,247,882.95	0	119,570,415.10
2002	471,000.00	7,749,753.35	8,220,753.35	0	119,099,415.10
2003	471,000.00	7,722,411.80	8,193,411.80	0	118,628,415.10
2004	471,000.00	7,694,787.65	8,165,787.65	0	118,157,415.10
2005	1,179,855.01	7,645,426.83	8,825,281.84	0	117,686,415.10
2006	1,092,720.01	7,576,976.41	8,669,696.42	0	116,506,560.09
2007	1,158,660.01	7,508,582.50	8,667,242.51	0	115,413,840.08
2008	1,208,115.01	7,436,244.85	8,644,359.86	0	114,255,180.07
2009	1,304,670.00	7,353,582.89	8,658,252.89	0	113,047,065.06
2010	1,417,710.00	7,263,616.00	8,681,326.00	0	111,742,395.06
2011	1,521,330.00	7,171,771.00	8,693,101.00	0	110,324,685.06
2012	3,716,190.01	7,007,169.44	10,723,359.45	0	108,803,355.06
2013	5,173,935.00	6,725,837.03	11,899,772.03	0	105,087,165.05
2014	5,505,990.01	6,382,619.91	11,888,609.92	0	99,913,230.05
2015	5,988,765.01	6,009,040.37	11,997,805.38	0	94,407,240.04
2016	6,386,760.00	5,606,835.82	11,993,595.82	0	88,418,475.03
2017	8,593,395.01	5,119,980.78	13,713,375.79	0	82,031,715.03
2018	6,233,685.01	4,638,100.67	10,871,785.68	0	73,438,320.02
2019	9,434,130.01	4,124,179.63	13,558,309.64	0	67,204,635.01
2020	10,079,400.01	3,480,233.14	13,559,633.15	0	57,770,505.00
2021	10,767,060.01	2,792,299.96	13,559,359.97	0	47,691,104.99
2022	11,504,175.00	2,057,349.21	13,561,524.21	0	36,924,044.98
2023	12,290,744.99	1,272,116.86	13,562,861.85	0	25,419,869.98
2024	13,129,124.99	433,261.15	13,562,386.14	0	13,129,124.99

Section Eleven: Glossary

Accrued Benefit

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

Act 205 of 1984

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

Actuarial Accrued Liability

The portion of the actuarial cost assigned to prior years.

Actuarial Assumptions

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

Actuarial Cost Method

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

Actuarial Gain or Loss

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

Actuarial Present Value

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

Actuarial Value of Assets

The value of current plan assets which is used by the actuary to evaluate the current funding status and determine future funding requirements. Pennsylvania Code, Title 16, Part IV, Section 203.2(a) requires that this value be between 80 and 120 percent of the fair market value of the assets.

Administrative Expenses

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

Amortization Payment

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

Funding Adjustment

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

General Municipal Pension System State Aid

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

Minimum Municipal Obligation

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

Normal Cost

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

Unfunded Actuarial Accrued Liability

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

Vesting

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