



ANNUAL REPORT

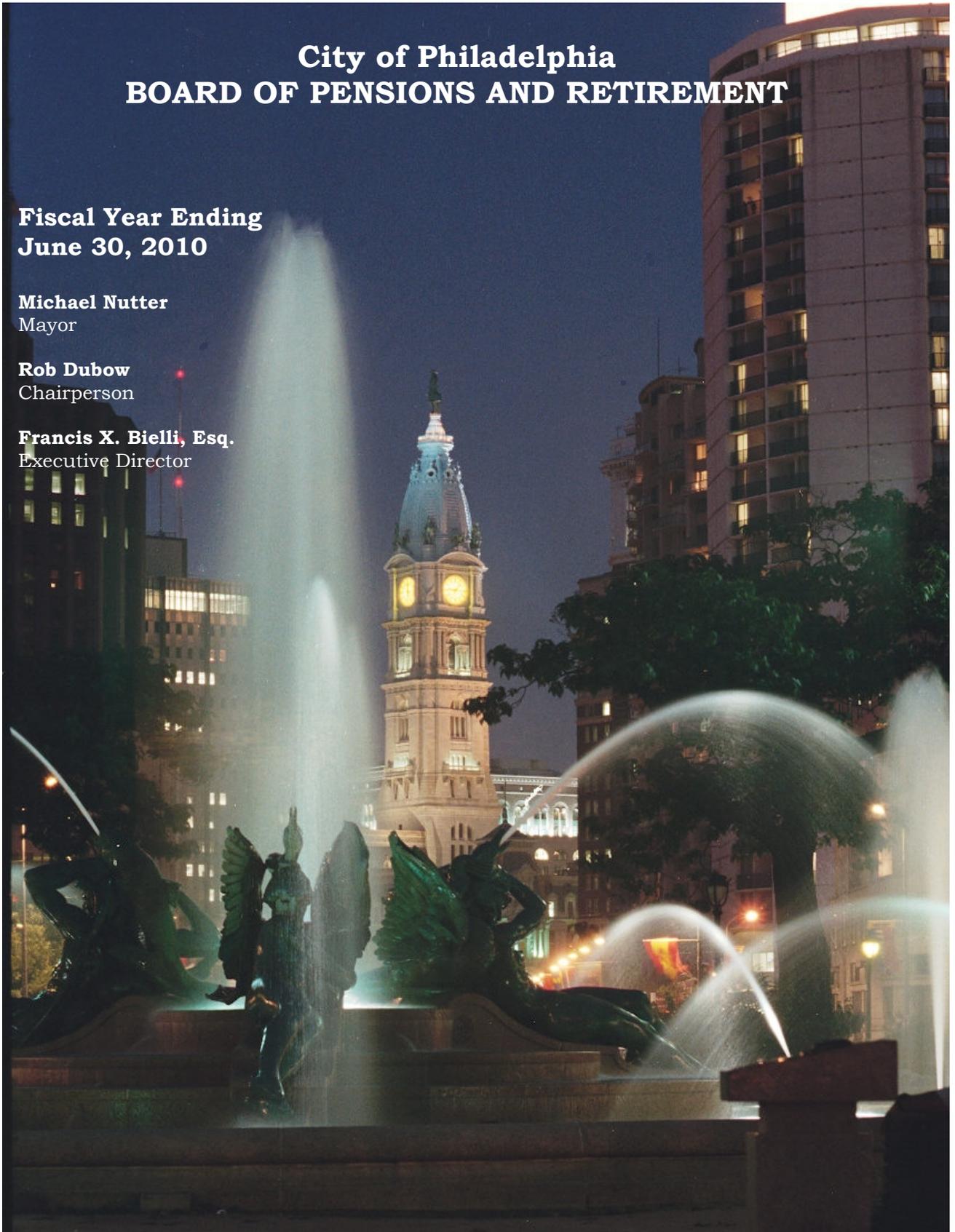
City of Philadelphia BOARD OF PENSIONS AND RETIREMENT

**Fiscal Year Ending
June 30, 2010**

Michael Nutter
Mayor

Rob Dubow
Chairperson

Francis X. Bielli, Esq.
Executive Director



City Of Philadelphia
BOARD OF PENSIONS AND RETIREMENT

Annual Report

Fiscal Year July 1, 2009 – June 30, 2010



16th 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, 2010.

The report consists of three sections:

- An introductory section, which contains a brief summary of the Fund and identifies the administrators, trustees, investment managers and professional consultants of the Retirement System, and
- 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 pension data, and investment statistics.

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If you require more detailed information on the Board’s Investment Portfolio, please write to Francis X. Bielli, Esq., Executive Director, Two Penn Center Plaza – 16th 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 <http://www.phila.gov/pensions>.

INTRODUCTORY SECTION

CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Francis X. Bielli, Esquire

Executive Director

MEMBERS OF THE BOARD

Rob Dubow, Chairperson

Director of Finance
Appointed January 7, 2008.

Ronald Stagliano, ViceChairperson

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

Alan L. Butkovitz, Esquire

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

Carol Stukes

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

Richard Negrin, Esquire

Deputy Mayor/Managing Director
Appointed July 1, 2010.

John A. Reilly

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

Shelley Smith, Esquire

City Solicitor
Appointed January 7, 2008

Albert L. D'Attilio, Esquire

Director of Human Resources
Appointed June 2, 2008

Veronica M. Pankey

AFSCME District Council 33. Serving as Employee
Elected Representative since February 2011.

CONSULTANTS

ACTUARY

Cheiron, Inc.

McLean, Virginia

PRE-AUDIT FUNCTIONS

City of Philadelphia - Office of the City Controller

AUDITOR

Clifton Gunderson LLP

Timonium, Maryland

LEGAL COUNSEL

City of Philadelphia Law Department

GENERAL INVESTMENT CONSULTANT

FIS Group, Inc.

Philadelphia, Pennsylvania

ALTERNATIVE INVESTMENT CONSULTANTS

Aksia LLC (Hedge Funds)

New York, New York

Courtland Partners, Ltd. (Private Real Estate)

Cleveland, Ohio

Franklin Park Associates LLC (Private Markets)

Bala Cynwyd, Pennsylvania

CUSTODIAN BANK

State Street Bank

Boston, Massachusetts

INVESTMENT MANAGERS

Domestic Equity

Aronson + Johnson + Ortiz, LLC

Philadelphia, Pennsylvania

Penn Capital Management

Philadelphia, Pennsylvania

Emerald Advisors

Lancaster, Pennsylvania

Rhumblin Advisors

Boston, Massachusetts

Fisher Investment Management

Woodside, California

Turner Investment Partners

Berwyn, Pennsylvania

Lee Munder

Palm Beach Gardens, Florida

Wellington Management Co. LLP

Boston, Massachusetts

Lombardia Capital

Boston, Massachusetts

Wells Capital Management

Menomonee Falls, Wisconsin

Madison Square Investors

New York, New York

International Equity

Northern Trust

Chicago, Illinois

Mondrian Investment Partners

London, England

McKinley Capital Management

Darien, Connecticut

Emerging Markets Equity

Eaton Vance Management

Boston, Massachusetts

Trilogy Global Advisors

Winter Park, Florida

Portable Alpha

Bridgewater Associates, Inc.

Westport, Connecticut

Core Bond & Core Bond Plus Fixed Income

Rhumbline Advisers

Boston, Massachusetts

Western Asset Management Co.

Pasadena, California

Pyramis Global Advisors

Boston, Massachusetts

Global Fixed Income

Brandywine Global Management

Philadelphia, Pennsylvania

Global Tips

Western Asset Management Co.

Pasadena, California

High Yield

Artio Asset Management

New York, New York

MacKay Shields

New York, New York

Convertible Bonds

Lord Abbett & Company

Jersey City, New Jersey

Domestic Mortgages

Brandywine Global Management

Philadelphia, Pennsylvania

Currency

A.G. Bisset

Rowayton, Connecticut

J.P. Morgan Asset Management

New York, New York

Opportunity Fund

PFM Advisors

Philadelphia, Pennsylvania

Hedge Funds

Attalus Multi-Strategy Fund
Philadelphia, Pennsylvania

Advent Capital Management
New York, New York

Arden Asset Management
New York, New York

Caspian Select Credit Int'l
Harrison, New York

DiamondBack
Stamford, Connecticut

K2 Overseas
Stamford, Connecticut

Karsch
New York, New York

Cash Management

State Street Bank
Boston, Massachusetts

Private Markets

Advent International GPE VI, L.P.
Boston, Massachusetts

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

Audax Mezzanine Fund III, L.P.
New York, New York

Bay Partners XI, L.P.
Cupertino, California

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

Castile Ventures III, L.P.
Waltham, Massachusetts

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

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

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

Lighthouse
Palm Beach Gardens, Florida

Mason Capital Management
New York, New York

Mesirow Non-Directional
Chicago, Illinois

Paulson & Co.
New York, New York

Regiment Capital Ltd.
Boston, Massachusetts

Taconic
New York, New York

Altaris Healthcare Partners II, L.P.
New York, New York

Asian Financial Corporation
Philadelphia, Pennsylvania

Avenue Special Situations Fund V, L.P.
New York, New York

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

Caryle Europe III, L.P.
New York, New York

Columbia Capital Equity Partners II & III QP, L.P.
New York, New York

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

Falcon Mezzanine Partners, L.P.
Boston, Massachusetts

Franklin Park Venture Fund Series 2008, L.P.
Bala Cynwyd, Pennsylvania

Green Equity Investors IV, L.P.

Los Angeles, California

Keystone Venture V, L.P.

Philadelphia, Pennsylvania

Kohlberg Investors V, L.P.

Mt. Kisco, New York

Levine Leichtman Capital Partners IV, L.P.

Los Angeles, California

Littlejohn Fund III, L.P.

Greenwich, Connecticut

Mason Wells Buyout Fund III, L.P.

Milwaukee, Wisconsin

Merion Investment Partners, L.P.

King of Prussia, Pennsylvania

Natural Gas Partners IX, L.P.

Irving, Texas

Novitas Capital III, L.P. (formerly PA Early Stage)

Wayne, Pennsylvania

Pharos Capital Partners II, L.P.

Houston, Texas

Quaker BioVentures, L.P.

Philadelphia, Pennsylvania

Riverside Capital Appreciation Fund V, L.P.

New York, New York

State of Israel Bonds

Israel Bonds

Summit Subordinated Debt IV, L.P.

Palo Alto, California

TCW/ Crescent Mezzanine Partners II & III, L.P.

Los Angeles, California

TGP Partners II & III, L.P.

Fort Worth, Texas

Thomas H. Lee Equity Fund IV & V, L.P.

Boston, Massachusetts

United Bank of Philadelphia

Philadelphia, Pennsylvania

ICV Partners II, L.P.

New York, New York

KKR 2006 Fund, L.P.

New York, New York

KPS Special Situations Fund III, L.P.

New York, New York

Lindsay, Goldberg & Bessemer I & II, L.P.

New York, New York

LLR Equity Partners I, II & III, L.P.

Philadelphia, Pennsylvania

Meridian Venture Partners, L.P. & MVP Distribution Partners, L.P.

Radnor, 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 & VIIb, L.P.

Los Angeles, California

Platinum Equity Capital Partners I & II, L.P.

Beverly Hills, California

Relativity Fund, L.P.

New York, New York

SCP Private Equity Partners I & II, L.P.

Wayne, Pennsylvania

Sterling Capital Partners II & III, L.P.

Northbrook, Illinois

TA Associates XI, L.P.

Boston, Massachusetts

Technology Leaders I, II & V, L.P.

Wayne, Pennsylvania

The Retail Initiative 1994, L.P.

New York, New York

TWCP, L.P.

New York, New York

Veritas Capital Partners III, L.P.

New York, New York

Vista Equity Partners III, L.P.
Chicago, Illinois

Wellspring Capital Partners IV, L.P.
New York, New York

**Wicks Communications & Media Partners III,
L.P.**
New York, New York

Private Real Estate Investments

Arsenal Real Estate Fund IA, LP
Morristown, New Jersey

Beacon Capital Strategic Partners IV &V,LP
Boston, Massachusetts

CIM Urban REIT, LLC
Los Angeles, California

Colony Investors VIII, LP
Los Angeles, California

Exeter Industrial Value Fund, LP
Plymouth Meeting, Pennsylvania

Invesco Core Real Estate – U.S.A., LLC
Dallas, Texas

JP Morgan Chase Strategic Property Fund
New York, New York

Mesa West Real Estate Income Fund II, LP
Los Angeles, California

Tishman Speyer European Real Estate
Venture VI Scots B, LP
New York, New York

MISSION STATEMENT

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 75 personnel, administers the day-to-day activities of the Retirement System, providing services to over 64,000 members.

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 2010, the Public Employees Retirement System had 29,256 active members and 34,327 retired members, including 8,651 survivors/beneficiaries and 4,324 people receiving disability benefits.

During fiscal year 2010, the Board approved 1,826 pension applications submitted by retiring employees, survivors, beneficiaries and disabled members. The Board processed 1,004 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.

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 2010 was \$85,599,885. The total unfunded accrued liability for fiscal year 2010 was \$505,273,163.

Under the City's funding policy, the recommended contribution for the City for the current year amounted to \$588,143,391. The City's actual contribution was \$297,445,998. The City's contribution did meet the Minimum Municipal Obligation (MMO) as required by the Commonwealth of Pennsylvania's Acts 205 and 189.

In Fiscal Year 2010, the City made several changes to the pension plan based on Act 44, which provided a new method of determining municipal distress levels and alternative funding relief in response to the 2008/2009 market decline. The City adopted fresh start amortization, alternating to 30 years and lowered the assumed rate of interest from 8.75% to 8.25% assuming a partial deferral of the pension payments in fiscal years 2010 and 2011 of \$150 million and \$90 million respectively, which must be repaid by fiscal year 2014. The change in amortization period and partial deferral were approved by the Commonwealth of Pennsylvania General Assembly,

INCOME

The City of Philadelphia is the largest single contributor to the Public Employees Retirement System. The City contributed \$297,445,998 or 35.4 % of the total additions to the Retirement System's net assets in fiscal year 2010. Employees contribute a percentage of their pay, and the percentage varies with plan membership. Employee contributions totaled \$51,569,852 or 6% of additions. Contributions from the quasi-public agencies amounted to \$15,110,329 or 1.8 % of additions.

A major source of income is the earnings of the System's investment portfolio. Interest and dividends amounted to \$70,537,730 or 8.4% of total additions, while securities lending revenue increased plan net assets by \$2,852,256 or 0.3% of additions. Normal investing activity contributed \$401,243,539 in capital gains or 47.8% of the additions. Miscellaneous sources provided \$712,091 or 0.08% towards the additions. Together, the contributions and earnings added \$839,471,796 to the plan net assets.

Investment expenses of \$15,988,648, securities lending unrealized loss \$3,899,319 and securities lending expenses of \$1,032,621 resulted in a decrease to the plan net assets of \$20,920,588 or 2.5%. After investment expenses, the plan net assets increased by \$818,551,208 in FY 2010.

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 consultants 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 8-12).

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 an 8.15% 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: 23.0% Domestic Equities; 20.0% Non-US Equities; 32.0% Global Fixed Income; 7.0% Hedge Funds; 14% Private Markets; 3.0% Real Estate; and 1.0% Cash.

As of the fiscal year ending June 30, 2010, the total market value of Pension Fund investments was \$3,466,003,573 (a 2% increase over fiscal year 2009) vs. the value at cost of \$3,545,960,022 (a 4% decrease over fiscal year 2009). Accounting principles require the recognition of the assets at fair value, which for liquid securities would be market value as of the date of valuation. Unrealized gains or losses are shown as additions or deductions to fair value and the result is Net Asset Value, or NAV also called Net Assets at Market. As of June 30, 2010, NAV was \$3,505,012,737.

EXPENSES

Pension benefit payments are the Board's greatest current normal expense. Of the total deductions from plan net assets of \$692,716,163 in fiscal 2010, \$680,121,941 or 98.2% were pension payments. Other expenses included \$4,520,092 for the refund of pension contributions to employees who left City employment and \$8,074,130 for administrative expenses.

AMENDMENTS TO CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIREMENT CODE

Bill No. 100007 (Enacted by City Council June 10, 2010)

Sections 22-306,-701 & -702 was amended to make Retirement and Survivorship Benefit Option 4 available to members of additional plans, to allow the member to designate his or her dependent grandchildren to receive a survivorship benefit, and to allow benefits to be paid to trusts for disabled grandchildren of members; all under certain terms and conditions

Bill No. 100286 (Enacted by City Council June 17, 2010)

Amended Title 22 of The Philadelphia Code, entitled "Public Employees Retirement Code," to create two new Plans, entitled "Plan '10" and "DC Plan," for (i) certain employees hired or rehired on or after January 1, 2010; and (ii) certain electing employees; and making technical changes; all under certain terms and conditions

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 Page 8.

AUDIT

The City Controller's Office, which is independent of the City of Philadelphia Administration, audits all operational transactions of the Board of Pensions and Retirement. For the Fiscal year ending June 30, 2010, the Board elected to have the annual financial audit of the Municipal Pension Fund performed by the accounting firm of Clifton Gunderson LLP.

ACTUARIAL SECTION

INTRODUCTION/CERTIFICATION – CHEIRON



Classic Values, Innovative Advice

LETTER OF TRANSMITTAL

March 22, 2011

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

Dear Board Members:

At your request, we have performed the July 1, 2010 actuarial valuation of the City of Philadelphia Municipal Retirement System.

In preparing our report, we relied without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. The results of this report are only applicable to the System's contribution for Fiscal Year Ending 2012, and rely on future plan experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results will vary accordingly.

We hereby certify that, to the best of our knowledge, this report is 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 of Practice set out by the Actuarial Standards Board, and that we meet the Qualification Standards, as defined by the American Academy of Actuaries, to render the opinion contained in this report.

Finally, in preparation of this report we have accepted the assumptions and methodologies as adopted by the Board of Pensions and Retirement for the City of Philadelphia Municipal Retirement System.

Sincerely,
Cheiron

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

Karen Zangara, FSA, EA, MAAA
Consulting Actuary

BOARD SUMMARY – PRINCIPAL VALUATION RESULTS – JULY 1, 2010

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM JULY 1, 2010 ACTUARIAL VALUATION

SECTION I 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 End (FYE) 2012,
- The Retirement Board's Funding Policy recommended City contribution, 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, 2010 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.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
JULY 1, 2010 ACTUARIAL VALUATION

SECTION I
BOARD SUMMARY

A. Valuation Basis

The June 30, 2010 valuation results are based on the same methods used in the June 30, 2009 valuation as outlined in the report reflecting the amendments made under Act 44 to the Act 205 funding requirements through the addition of Chapter 10. The actuarial assumptions have been updated to reflect the new assumptions approved by the Retirement Board, as presented in the Experience Study Results and Recommendations Report from April 2010. The following outlines the basic assumption changes. For a detailed description of these assumption changes, refer to Appendix C of this report.

- **Interest Rate:** The interest rate decreased from **8.25% to 8.15%**.
- **Salary Increase Rate:** The salary increase rate changed from **5.00% to an age-based salary table**.
- **Payroll and Expenses Growth:** The payroll and expenses growth assumption decreased from **4.00% to 3.50%**.
- **Demographic Actuarial Assumptions:** Demographic assumption changes such as the retirement rates, termination rates, disability rates and mortality rates were updated. A detailed list of these assumption changes is located in Appendix C of this report.

A plan change is reflected in this year's report for the first year which provides for Police participants hired after January 1, 2010 to elect to participate in Plan '10 or Plan 87 with a higher member contribution rate. All participants opted to participate in Plan 87 with the increased employee contributions of 6%.

Below we highlight significant outcomes of this valuation. Table I-1 summarizes these results:

- **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 increased from \$4.933 billion as of July 1, 2009 to **\$4.936 billion as of July 1, 2010** reflecting the net of asset gains from July 1, 2009 through June 30, 2010 offset by the increase in the AL due to the 10 basis point decrease in the interest rate and the change in the other actuarial assumptions.
- **Funding Ratio:** This is the ratio of the System's AVA to AL. The funding ratio increased from 45.0% as of July 1, 2009 to **47.0% as of July 1, 2010** due to the asset gains.
- **Minimum Municipal Obligation (MMO) excluding deferred contribution interest:** The MMO is the required minimum amount the City must contribute under Pennsylvania State law **before application of amendments** specific to the System. The FYE 2011 MMO provided in this report does not reflect possible deferrals of a portion of the MMO up to \$80 million, as permitted per Act 44. However, the interest on the FYE 2010 deferred contribution of \$150 million has been reflected as a separate line item for the MMO exhibit provided in Table I – 5. The MMO decreased from \$511.0 million for FYE 2011 to **\$507.0 million for FYE 2012** before accounting for the interest due on the deferred contribution.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
JULY 1, 2010 ACTUARIAL VALUATION**

**SECTION I
BOARD SUMMARY**

- **Minimum Municipal Obligation (MMO) including deferred contribution interest:** After reflecting the interest of the FYE 2010 deferred contribution, the **MMO for FYE 2011 is \$536.8 million and for FYE 2012 is \$519.3 million.** Two years worth of interest, \$25.7 million, is included in the FYE 2011 MMO amount because the interest was not paid in FYE 2010. This interest *only* reflects the \$150 million FYE 2010 deferred contribution. If additional deferrals are made during FYE 2011, then this interest would increase the FYE 2011 MMO amount. Under Section 1002 (D) and (G) of the Act 205 Code, interest for deferred contributions are to be added to the MMO, and if the interest payment is deferred, then these amounts should be added to the next year's MMO amount.
- **Annual Act 205 Reporting:** under Section 1002 of Act 205, the City is required to provide annual reports to the Pennsylvania Employee Retirement Commission (PERC). Thus, the City will need to recognize gains and losses annually to determine the amortized unfunded, as opposed to biennially.
- **Contribution under the City's Funding Policy:** The beginning-of-year contribution under the City's Funding Policy increased from \$675.1 million for FYE 2011¹ based upon actual FYE 2011 payroll to an estimated **\$690.0 million for FYE 2012.**

Table I-1 Key Results (\$ thousands)		
Valuation Date	7/1/2010	7/1/2009
Unfunded Actuarial Liability	\$ 4,936,172	\$ 4,932,932
Funding Ratio	47.0%	45.0%
Fiscal Year Ending in Year	2012	2011
Minimum Municipal Obligation*	\$ 519,331	\$ 536,775
City's Funding Policy Contribution**	\$ 690,017	\$ 675,065

* Includes interest on the FYE 2010 deferred contribution of \$150 million. Interest for two years for the FYE 2011 (\$25.7 million) and interest for one year for FYE 2012 (\$12.4 million).

¹**The City's funding contribution for FYE 2011 was updated based upon the actual payroll of \$1,421.2 million (provided as pay rates in the data) as of July 1, 2010, which is used to estimate the beginning of year FYE 2011 payroll. In the July 1, 2009 actuarial valuation report, the estimated FYE 2011 payroll was \$1,521.8 million based upon July 1, 2009 pay rates and increased based upon the payroll assumption, which was used to estimate the FYE 2011 funding contribution of \$682.3 million.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
JULY 1, 2010 ACTUARIAL VALUATION**

**SECTION I
BOARD SUMMARY**

B. Current Financial Condition

On the following pages, we summarize the key results of the July 1, 2010 valuation and how they compare to the results from the July 1, 2009 valuation.

1. City Membership:

As shown in Table I-2 below, total membership in the Retirement System decreased by 0.3% from 2009 to 2010.

Table I-2				
Membership Total				
	July 1, 2010	July 1, 2009	% Change	
Actives	27,928	28,632	-2.5%	
Terminated Vesteds	1,599	1,336	19.7%	
Disabled	4,280	4,288	-0.2%	
Retirees	21,064	21,214	-0.7%	
Beneficiaries	8,558	8,554	0.0%	
DROP	2,018	1,638	23.2%	
Total City Members	65,447	65,662	-0.3%	
Annual Salaries	\$ 1,421,150,868	\$ 1,463,259,769	-2.9%	
Average Salary per Active Member	\$ 50,886	\$ 51,106	-0.4%	
Annual Retirement Allowances	\$ 615,241,359	\$ 605,992,742	1.5%	
Average Retirement Allowance	\$ 18,148	\$ 17,794	2.0%	

The active participant population decreased 2.5% during the 2009 – 2010 plan year. About half of them became members of the DROP resulting in a total increase in DROP participants of about 23%. Furthermore, the average salary per active member decreased by 0.4% during the plan year, which is significantly below the assumed salary scale. The combined result of lower active membership and salary growth produced a decrease in the total payroll growth which was lower than expected at -2.9% versus the 3.5% payroll growth assumption.

Annual retirement allowances continued to increase by 1.5% this year.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
JULY 1, 2010 ACTUARIAL VALUATION**

**SECTION I
BOARD SUMMARY**

2. City Assets and Liabilities:

Table I-3 presents a comparison between the July 1, 2010 and July 1, 2009 System assets, liabilities, UAL, and funding ratios. The Funding Ratio increased from 45.0% as of July 1, 2009 to **47.0%** as of July 1, 2010 due to the higher than expected assets returns, although this was partly offset by the increase in liabilities from the change in assumptions.

The July 1, 2010 market value of assets includes the \$150 million deferred contribution from FYE 2010.

Table I-3 Assets and Liabilities (\$ thousands)			
	July 1, 2010	July 1, 2009	% Change
Actuarial Liabilities by Membership:			
Actives	\$ 3,019,883	\$ 3,164,583	-4.6%
Terminated Vesteds	147,730	111,107	33.0%
Disabled	680,163	642,177	5.9%
Retirees	4,034,768	3,868,581	4.3%
Beneficiaries	514,053	493,044	4.3%
DROP	911,939	689,988	32.2%
Non-Vested Refunds	8,511	5,565	52.9%
Total Actuarial Liability	\$ 9,317,047	\$ 8,975,045	3.8%
Market Value of Assets (net of PAF)*	\$ 3,650,729	\$ 3,368,427	8.4%
Actuarial Value of Assets (net of PAF)*	4,380,875	4,042,113	8.4%
Unfunded Actuarial Liability	\$ 4,936,172	\$ 4,932,932	0.1%
Funding Ratio	47.0%	45.0%	2.0%

* The PAF is available for distribution under title §22-311 of the Philadelphia Code. In general, the PAF provides for enhanced benefit distribution to retirees and beneficiaries through the use of excess earnings. For more details on the PAF, see Section II – E.

The market asset value (net of the Pension Adjustment Fund (PAF)) average return was 13.8% compared to the 8.25% assumption. For the actuarial value of assets, the experience gains and losses are smoothed over future years, which yielded an initial return rate for the preliminary actuarial value of assets of 14.8%. However, the final actuarial of assets is limited by the 20% corridor around the market value of assets, prohibiting the use of an actuarial asset value that is 20% more or less than the market value, which caused the final actuarial value of assets to return to be 12.9% over the prior year.

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3. Components of UAL Change between July 1, 2009 and July 1, 2010:

The Retirement System's unfunded actuarial liability increased by \$3.3 million, from \$4,932.9 million as of July 1, 2009 to \$4,936.2 million as of July 1, 2010. Table I-4 below presents the specific components of this change in the UAL.

The System experienced a \$201.9 million investment gain based upon the actuarial value of assets and a \$8.6 million liability loss. There was also a \$151.2 million liability increase due to the assumption change of decreasing the interest rate from 8.25% to 8.15% along with various demographic assumption changes as shown in Appendix C. Actual FYE 2010 contributions created a \$31.6 million loss when compared to the MMO expected because of lower contributions as a function of lower payroll. This is combined with a \$55.3 million loss due to the one year deferral of gains and losses under the MMO contribution method for a total increase in the UAL for contributions.

Table I-4	
Change in Unfunded Actuarial Liability	
(\$ millions)	
Experience	
1. UAL change due to investment (gain)/loss	\$ (201.9)
2. UAL change due to overall liability (gain)/loss	8.6
Contributions	
3. UAL change to difference in benefit accruals, MMO contributions, and timing	31.6
4. UAL change due to one-year delay in MMO contributions	55.3
Assumption Change	
5. UAL change due to assumption change	151.2
Total	
6. Total net overall change: sum 1 through 5	\$ 44.8
7. Expected change in UAL	(41.5)
8. Net increase/(decrease) in UAL: 6 + 7	\$ 3.3

The \$8.6 million liability loss is attributable to the following:

- \$14.7 million demographic gain from decreased active population and less than expected average pay increases.
- \$23.3 million loss due to existing retirees.

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4. Contributions:

The contribution under the City's Funding Policy for FYE 2011 was originally estimated to be \$682.3 million based upon estimated FYE 2011 payroll. Using updated payroll, the FYE 2011 contribution is \$675.1 million. For Fiscal Year 2012, the funding policy contributions decreased by 0.59% of payroll, from 47.50% to 46.91%. In dollar terms, the contributions under the City's Funding Policy increased from \$675.1 million to \$690.0 million, a \$14.9 million increase. The FYE 2012 contributions under the City's Funding Policy will be updated next year when the actual payroll is available. All contributions for the City's Funding Policy are provided as of the beginning of the year.

The Minimum Municipal Obligation for FYE 2012 measured as of the beginning of the year increased by 0.04% of payroll, from 35.27% to 35.31% which includes interest on the deferred contributions. In dollar terms, the required beginning of year contribution decreased from \$536.8 million to \$519.3 million, a \$17.5 million decrease in part because of the lower interest payment due to the doubling up for 2011. These values do not reflect any additional interest due for anticipated additional contribution deferrals by the City in FYE 2011.

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

Table I-5 Contributions (\$ thousands)				
Fiscal Year Ending in Year:	2012	% of Pay	2011	% of Pay
City's Funding Policy¹				
Estimated FY Payroll	\$ 1,470,891		\$ 1,421,151 ²	
Normal Cost (with Expenses)	\$ 139,947	9.51%	\$ 138,709	9.76%
Employee Contributions	(50,251)	3.42%	(49,346)	3.47%
City Normal Cost	89,696	6.10%	89,363	6.29%
Amortization Payment	600,321	40.81%	585,702	41.21%
City's Funding Policy	\$ 690,017	46.91%	\$ 675,065	47.50%
Minimum Municipal Obligation³				
Estimated FY Payroll	\$ 1,470,891		\$ 1,521,790	
Normal Cost (with Expenses)	\$ 139,947	9.51%	\$ 149,473	9.82%
Employee Contributions	(50,251)	3.42%	(52,840)	3.47%
City Normal Cost	89,696	6.10%	96,633	6.35%
Amortization Payment	417,260	28.37%	414,370	27.23%
Minimum Municipal Obligation before Adjustment	\$ 506,956	34.47%	\$ 511,004	33.58%
Interest due by year end on Contribution Deferred ⁴	12,375		25,771	
Interest due on any 2011 Contribution Deferral	TBD		TBD	
Minimum Municipal Obligation plus Interest & Repayment for Deferrals	\$ 519,331	35.31%	\$ 536,775	35.27%

¹ Assuming beginning-of-year payment.

² FYE 2011 payroll for the City's Funding Policy is based upon the July 1, 2010 pay rates and will be finalized when the FYE 2011 payroll is available. All other payroll is estimated based upon the prior year's data used for the actuarial valuation.

³ The MMO does not include Quasi-Agency contributions.

⁴ Interest on the deferred contributions is due on all amounts outstanding by fiscal year end calculated from the beginning of the fiscal year such deferred contributions are still outstanding by year end. This amount will need to be determined and added as part of the MMO.

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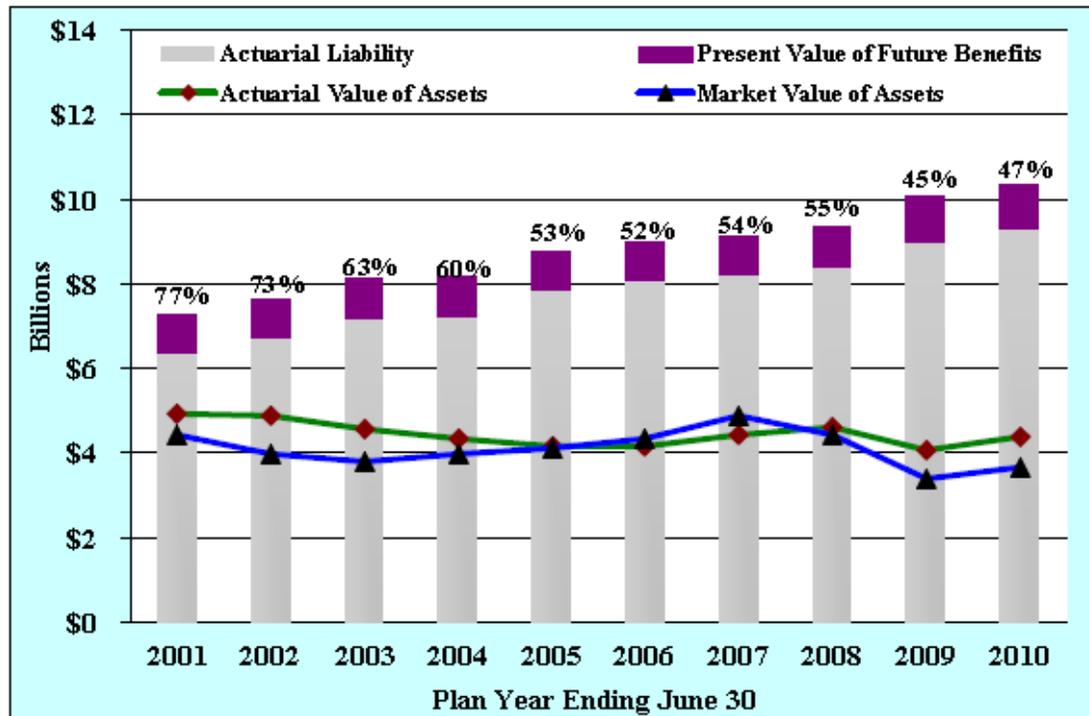
**SECTION I
BOARD SUMMARY**

C. Historical Trends

Although most of the attention given to the valuation reflects the most recently computed unfunded actuarial liability, funding ratio, and contribution amounts, 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; we also show the progress of the Retirement System's funding ratios (provided above each bar) since 2001.

City of Philadelphia Assets* and Liabilities – 2001 to 2010



* Market value of assets includes the PAF, which is not available for funding purposes.

The System's funding ratio has declined significantly since 2001. In 2009, the funding ratio declined by 10% due to the investment losses during the year and the change in the actuarial liability interest rate assumption. In 2010, the funding ratio increased by 2% due to strong investment returns, which was partially offset by the increased actuarial liability due to the assumption changes.

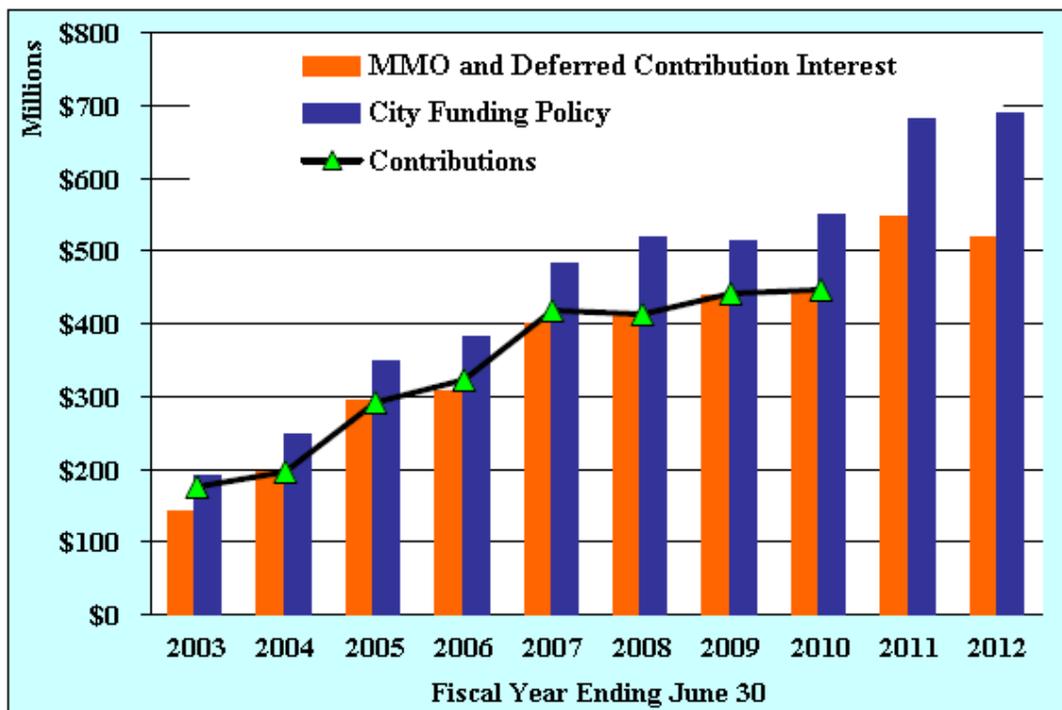
This historic trend emphasizing the funded status has continued to decline, increasing the risk of insolvency if contributions coupled with more stable and favorable returns relative to the long-term assumption are not realized in the near future.

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In this next chart 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 2003. 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 2011 and 2012. The FYE 2010 contribution includes the \$150 million deferred contribution.

City of Philadelphia Contributions for Fiscal Years 2003-2012



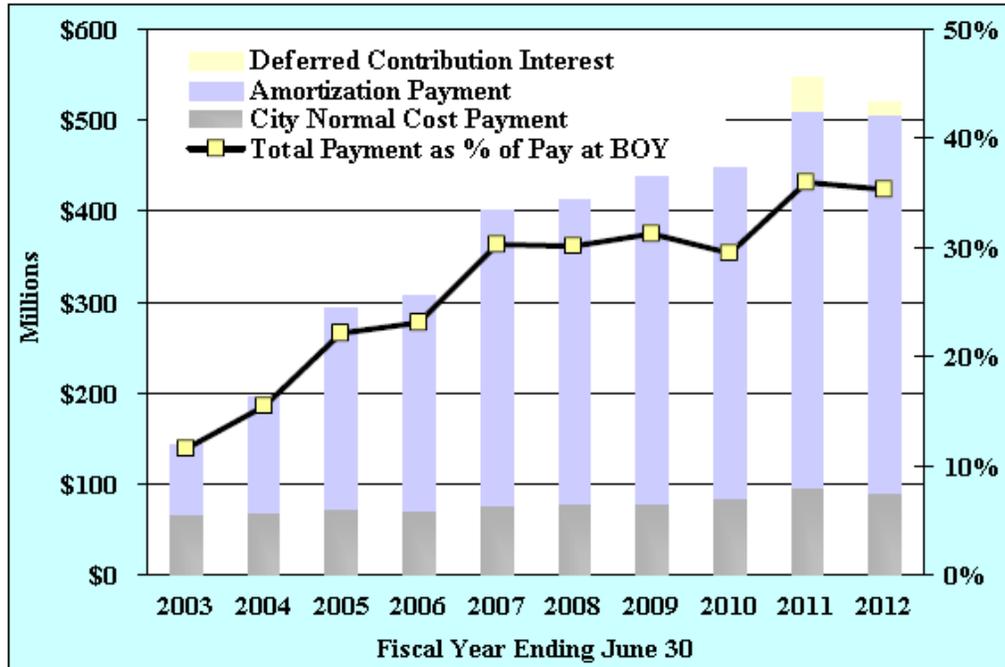
The key trend illustrated in this chart is the rapid escalation in all three measures starting in FYE 2004 due in part to investment losses and the City's funding decision. Since 2004 the City began to make contributions based on the MMO rather than the Funding Policy which has resulted in the Funding Policy amounts increasing more rapidly than the MMO. This is especially evident for FYE 2011 contributions, where the City's Funding Policy contributions increased about \$130 million. In addition, the MMO and City's Funding Policy amounts for FYE 2011 increased significantly due to the investment losses, as well as an increase of \$25.8 million for the interest on the deferred contribution. For FYE 2012, the MMO decreased due to the improved funding ratio for the plan, and interest on contribution deferrals are \$12.3 million for one year.

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The chart below shows historical amortization, City normal cost payments, and the deferred contribution interest under the MMO. Also shown is the total beginning-of-year payment as a percentage of payroll based on the values in the legend on the right versus the line graph. For example in 2012 the City cost is expected to be just over 35% of payroll.

MMO Contributions by Source for Fiscal Years 2003-2011



The chart illustrates that the City normal cost payment has remained relatively level over the period shown. The amortization payment to pay off the unfunded actuarial liability has increased from just under \$80 million for FYE 2003 to just over \$417 million for FYE 2012. The total payment as a percentage of payroll is now above 35%, up from about 12% in FYE 2003. The amortization payment increased slightly from the amount due in FYE 2011 to the amount due in FYE 2012, but the total payment decreased because 2011 reflects two years of interest due on the deferred contributions.

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**SECTION I
BOARD SUMMARY**

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, 2010 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 MMO contributions are made each year. Our illustrations assume the provisions of Act 205 as amended by Act 44 remain in force during the projection period without consideration of the sunset provisions.

The projections are provided on two different asset return assumption bases:

- 1) Assuming 8.15% 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 8.15% return. We do this because the City’s return will never be level from year to year and the System must anticipate the implications of asset return volatility to the funded status and contribution requirements.

Fiscal Year Beginning Return	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	2.5%	7.5%	11.5%	15.5%	13.5%	10.5%	7.5%	5.5%	0.5%	-4.5%
Fiscal Year Beginning Return	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	-0.5%	3.5%	6.5%	7.5%	11.5%	15.5%	19.5%	15.5%	11.0%	6.7%

In reviewing each of these projections, it is the future trends, not necessarily 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.

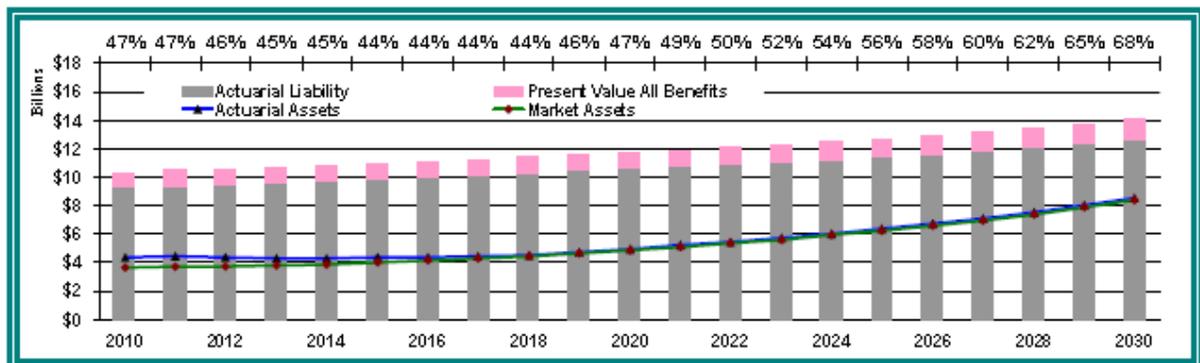
**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
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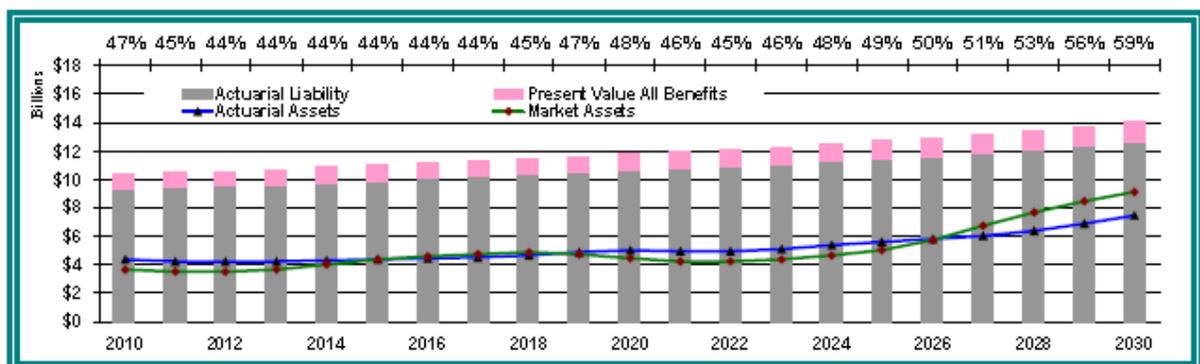
Projection Set 1: Assets and Liabilities

The two charts below show asset measures (green and blue lines) compared to liabilities (grey and pink bars). At the top of each chart is the progression of the System's funding ratio which compares the actuarial value of assets (green lines) to the actuarial liability (grey bars). The projections demonstrate a number of issues. Funding at the MMO level will result in a very slow improvement of funding after the full impact of the 2008/2009 investment losses are fully realized. This is a reflection of the negative cash flow of the System where benefit payments and expenses exceed expected contributions. The alternative return expectations reveal insight from these two charts is how varying investment returns impact the System's funding ratio. In both projections you can see that we applied the 10 year asset smoothing method adopted by the Board. This has significant influence on the smoothing of assets against market value volatility.

**Chart 1: Projection of Assets and Liabilities, 8.15% return each year and
City makes contributions based on MMO**



**Chart 2: Projection of Assets and Liabilities, varying returns averaging 8.15% and
City makes contributions based on MMO**



* Market value of assets includes the PAF, which is not available for funding purposes.

Chart 2 demonstrates that if the fund can achieve a long-term return rate of 8.15%, 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

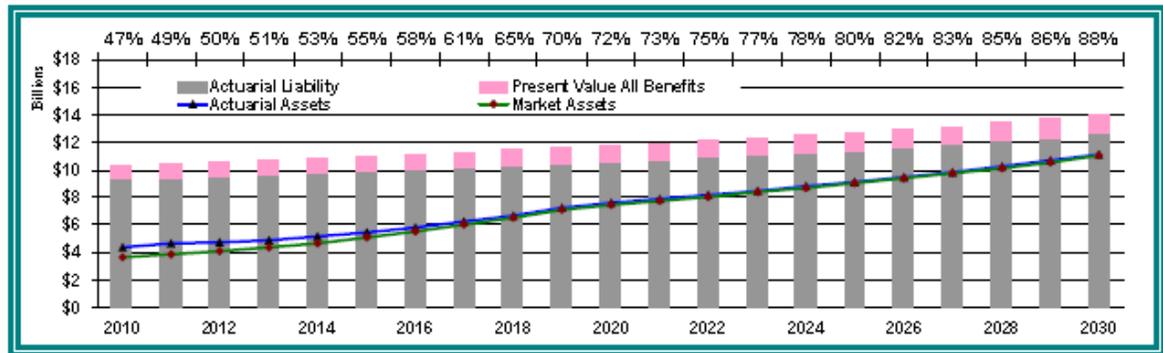
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contributions). When a mature fund pays out more than it receives in a year when returns are below the assumption, the assets that get paid out are no longer in the fund during subsequent years of market recovery.

It is also important to consider the fact that as long as the System is significantly underfunded, the financial burden on the City will remain relatively high and the only reason both of these projections show gradual improvement is because the contributions will be adjusted to cover any cost volatility.

Chart 3: Projection of Assets and Liabilities, 8.15% return each year, and the City makes contributions based on the City's Funding Policy



In the above scenario where the City's Funding Policy is contributed every year, the System reaches a funded ratio of 93% at the end of the projection period (similar to the projections on the prior page in Chart 1). Also, for the entire period the funding ratio is higher than the ratio achieved each year if the MMO contributions are made, because of the higher assumed contributions.

Chart 4: Projection of Assets and Liabilities, if the City makes contributions based on the Funding Policy, varying returns averaging 8.15%

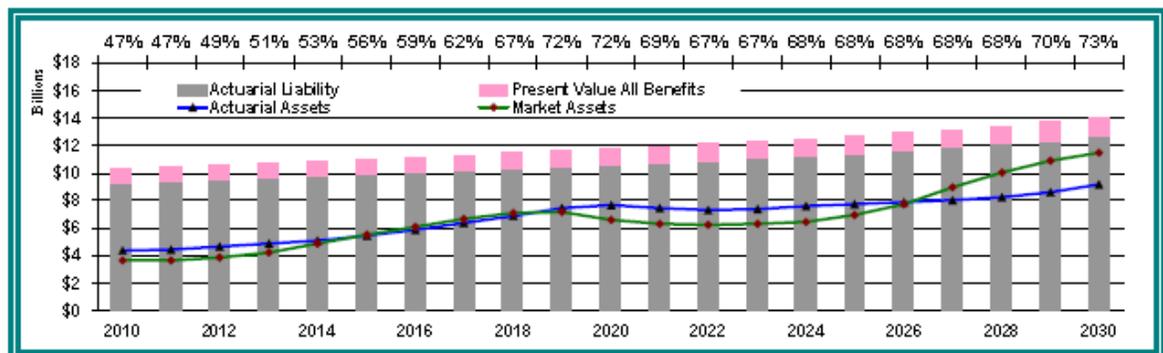


Chart 4 demonstrates that even if the return is achieved on average, because of negative cash flows the funded ratio could be materially less than long-term expectations might imply.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
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SECTION I
BOARD SUMMARY

Projection Set 2: Projected City Contribution Rate

The chart below shows that the City's composite contribution rate under the MMO which increases slowly until 2017 after which the MMO decreases slightly until 2026 when the initial unfunded is paid off and the contribution rate drops to less than 30% of payroll. The unfunded actuarial liability is not paid off during this projection period; thus the projected contributions never revert to the normal cost rate. The decrease in 2019 for the City's Funding Policy rate is due to the payment in full of the initial unfunded liability. This projection assumes all actuarial assumptions are met, including the 8.15% anticipated investment return assumption, and the MMO contributions are made each year.

Chart 5: Projection of City Contributions, 8.15% return each year

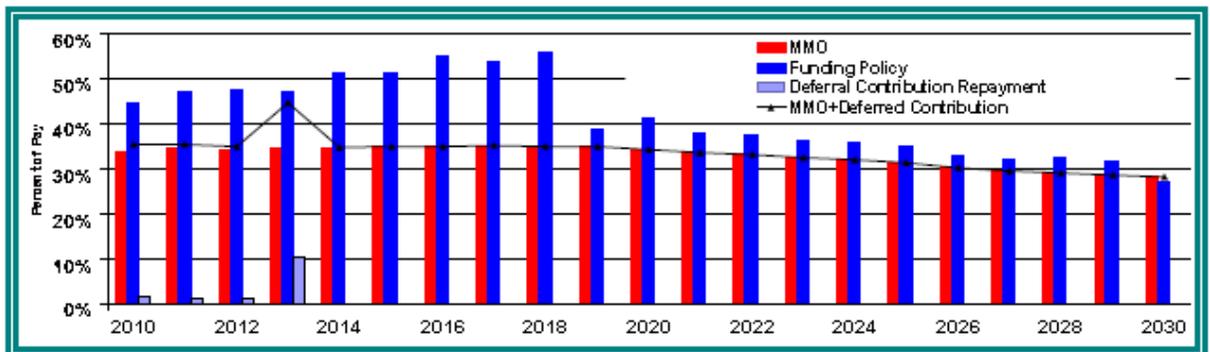
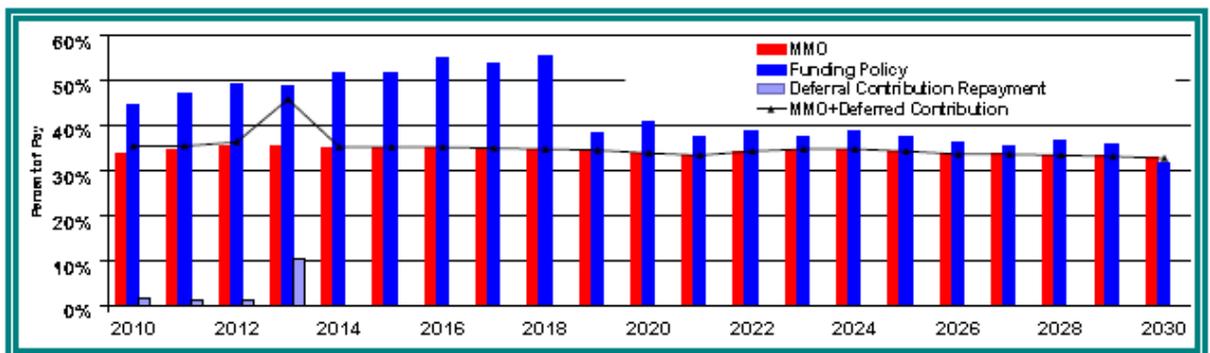


Chart 6: Projection of City Contributions, varying returns averaging 8.15%



As shown above, varying returns have an impact on the computed City contribution rate, especially in the later projection years. However the volatility is mitigated for two reasons, the 10 year smoothing of assets and 20 year amortization of experience gains and losses. This illustrates that the future contributions should be anticipated to be higher to adjust for the market volatility. Thus, the market volatility can prolong the period of paying down the unfunded when coupled with the impact of negative cash flows in down markets.

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Chart 7: Projection of City Contributions, 8.15% return each year, and the City makes contributions based on the City's Funding Policy

This chart shows the expected future contribution if the City's Funding Policy contributions are made each year. Since larger contributions are assumed to be made each year up front, projected contributions are expected to steadily decline when compared to Chart 5.

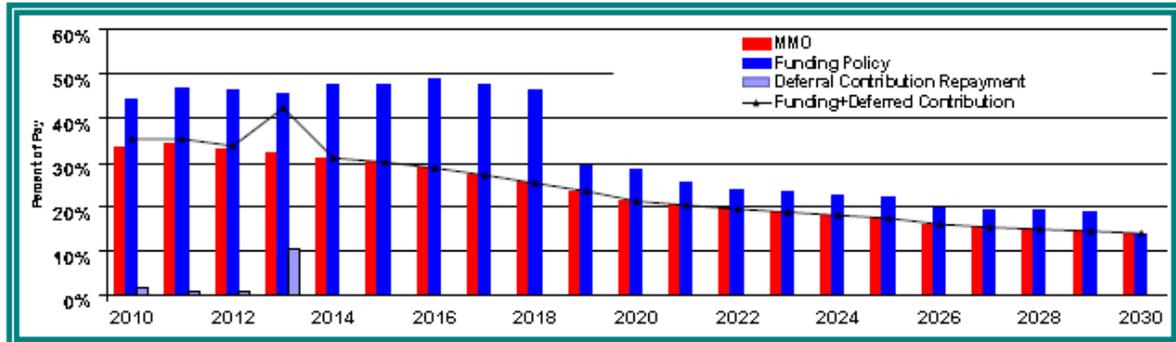
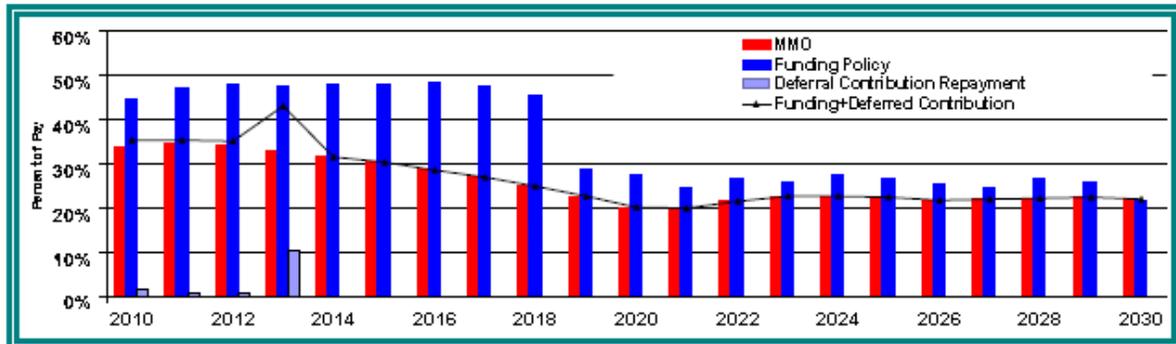


Chart 8: Projection of City Contributions, varying returns averaging 8.15% and the City makes contributions based on the City's Funding Policy

Chart 8 is similar to Chart 7 illustrating again the smoothing expectation on a City Funding Policy level when the annual return rates vary from year to year.



We note that when the System becomes 70% funded or greater, the unfunded liability may be amortized on a rolling 10 year basis. We have not shown the implications of this alternative funding method provided for in Act 205 because of the length of the projected period it will take before the System reaches this level of funding.

ASSETS

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
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**SECTION II
ASSETS**

G. Asset Gain/(Loss)

There was a \$200.5 million investment gain on market value of assets when compared to the expected as of July 1, 2010. Table II-8 reconciles the 2010 asset loss (expected versus actual) for the market value of assets both net of the PAF and in total. This investment loss is smoothed over a ten-year period to determine the actuarial value of assets (see Table II - 4). Also provided below is a reconciliation of the PAF. There was no PAF transfer amount as of July 1, 2010.

Table II-8 Calculation of Asset Gain/(Loss)			
	Market Value (Net of PAF)	PAF	Total Market Value
1. Market Value of Assets as of July 1, 2009	\$ 3,368,427,258	\$ 7,339,818	\$ 3,375,767,076
2. Transactions During Plan Year July 1, 2009 to June 30, 2010			
a. Contributions			
City and Commonwealth	\$ 297,445,999	\$ -	\$ 297,445,999
Deferred Contributions	150,000,001		150,000,001
Employees	51,569,852	-	51,569,852
Quasi-Public Agencies	15,110,329	-	15,110,329
b. Benefit Payments	(672,639,860)	(7,482,081) ¹	(680,121,941)
c. Withdrawals	(4,520,092)	-	(4,520,092)
d. Administrative Expenses	(8,074,131)	-	(8,074,131)
e. Net Transactions	\$ (171,107,902)	\$ (7,482,081)	\$ (178,589,983)
3. Expected Investment Income From July 1, 2009 to June 30, 2010	\$ 252,885,505	\$ 1,014,887 ²	\$ 253,900,392
4. PAF transfer at July 1, 2010	\$ -	\$ -	\$ -
5. Expected Market Value of Assets as of July 1, 2010 [1. + 2. e. + 3. + 4]	\$ 3,450,204,861	\$ 872,624	\$ 3,451,077,485
6. Market Value of Assets as of July 1, 2010	\$ 3,650,729,498	\$ 872,624	\$ 3,651,602,122
7. Investment Gain/(Loss) [6. - 5.]	\$ 200,524,637	\$ -	\$ 200,524,637

¹ This is the amount of distributions made out of the Pensions Adjustment Fund during the Plan Year

² The PAF is credited with investment income at the market rate of return earned by plan assets

LIABILITIES

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM JULY 1, 2010 ACTUARIAL VALUATION

SECTION III LIABILITIES

Table III-2 shows the present value of future benefits, actuarial liability, and unfunded actuarial liability for each Plan in the Retirement System.

	1967 Plan			1987 Plan				Total
	Municipal	Police	Fire	Municipal	Elected	Police	Fire	
Present Value of Future Benefits								
Actives	\$ 1,183,582	\$ 401,033	\$ 129,711	\$ 976,702	\$ 10,536	\$ 1,047,361	\$ 298,839	\$ 4,047,763
Terminated Vesteds	86,690	1,448	1,286	42,276	-	12,993	3,037	147,730
Disabled	242,144	246,290	63,091	29,093	-	83,808	15,737	680,163
Retirees	2,161,307	1,250,421	524,208	71,737	5,496	14,931	6,669	4,034,768
Beneficiaries	291,322	144,726	56,559	9,727	467	8,043	3,208	514,053
DROP	521,676	175,701	153,012	33,686	7,478	12,546	7,840	911,939
Non-Vested Refunds	2,004	162	51	4,783	9	1,211	291	8,511
Total PVFB	\$ 4,488,725	\$ 2,219,781	\$ 927,918	\$ 1,168,002	\$ 23,986	\$ 1,180,894	\$ 335,622	\$10,344,927
Actuarial Liability								
Actives	\$ 1,068,375	\$ 351,778	\$ 114,709	\$ 689,376	\$ 9,331	\$ 616,388	\$ 169,926	\$ 3,019,883
Terminated Vesteds	86,690	1,448	1,286	42,276	-	12,993	3,037	147,730
Disabled	242,144	246,290	63,091	29,093	-	83,808	15,737	680,163
Retirees	2,161,307	1,250,421	524,208	71,737	5,496	14,931	6,669	4,034,768
Beneficiaries	291,322	144,726	56,559	9,727	467	8,043	3,208	514,053
DROP	521,676	175,701	153,012	33,686	7,478	12,546	7,840	911,939
Non-Vested Refunds	2,004	162	51	4,783	9	1,211	291	8,511
Total AL	\$ 4,373,518	\$ 2,170,526	\$ 912,916	\$ 880,675	\$ 22,781	\$ 749,921	\$ 206,709	\$ 9,317,047
Actuarial Value of Assets	(1,818,274)	(766,961)	(330,636)	(674,540)	(12,449)	(616,204)	(161,810)	(4,380,875)
Unfunded Actuarial Liability	\$ 2,555,244	\$ 1,403,565	\$ 582,280	\$ 206,135	\$ 10,332	\$ 133,716	\$ 44,899	\$ 4,936,172
Funding %	41.6%	35.3%	36.2%	76.6%	54.6%	82.2%	78.3%	47.0%

Note: Numbers may not add due to rounding.

CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM JULY 1, 2010 ACTUARIAL VALUATION

SECTION IV CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION

In Table IV-1 we provide the employee contribution rates as a percent of pay effective for the plan year starting July 1, 2011. Table IV-2 shows the quasi-agency funding rates as a percent of payroll.

Table IV-1				
Employee Contribution Rates				
for the Plan Year Beginning July 1, 2011				
	Municipal¹	Elected	Police	Fire
Plan 67	3.75%	N/A	6.00%	6.00%
Plan 87 ²	1.94%	7.32%	5.02%	5.00%

¹ For Municipal 1967 plan, employee contributions are 6% for pay in excess of the social security wage base
² Police '87 contribution rate reflects the new rate of 6% for new hires after January 1, 2010 who opted to stay in Plan '87

This table isolates the City Funding Policy requirements for the Quasi Agencies that participate in the System based upon rates used to determine the 1967 Municipal cost.

Table IV-2		
Quasi Agency Funding Rate as a Percent of Payroll		
Valuation Date	July 1, 2010	July 1, 2009
Fiscal Year Ending in Year	2012	2011
1. Normal Cost Rate	7.273%	7.297%
2. Amortization Rate under the City's Funding Policy	146.440%	125.124%
3. Total Year-End Rate [1. + 2.]	153.714%	132.421%
4. Adjusted for Quarterly Payments [3. x 0.96877]	148.913%	128.285%

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
JULY 1, 2010 ACTUARIAL VALUATION**

**SECTION IV
CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

Table IV-3 shows the development of the FYE 2012 Minimum Municipal Obligation (MMO) for each division. Table IV-4 on the following page shows a schedule of amortization payments toward the MMO.

Table IV-3				
Development of the Minimum Municipal Obligation for Fiscal Year 2012				
(\$ thousands)				
	Non-Uniformed	Police	Fire	Total
Estimated FY 2011-2012 Payroll	\$ 936,354	\$ 412,494	\$ 122,043	\$ 1,470,891
Normal Cost %	6.895%	12.361%	12.935%	8.929%
Normal Cost	\$ 64,563	\$ 50,987	\$ 15,786	\$ 131,336
Amortization Payment	234,306	129,513	53,441	417,260
Administrative Expenses	5,685	2,205	721	8,611
Subtotal	\$ 304,554	\$ 182,705	\$ 69,948	\$ 557,207
Expected Employee Contributions	(22,604)	(21,339)	(6,310)	(50,252)
Minimum Municipal Obligation	\$ 281,950	\$ 161,366	\$ 63,638	\$ 506,955
Additional MMO for Deferred Contribution Interest	6,083	4,804	1,487	12,375
Total Minimum Municipal Obligation	\$ 288,034	\$ 166,171	\$ 65,126	\$ 519,330

Note: Numbers may not add due to rounding.

**SECTION IV
CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

Table IV-4
Unfunded Liability Payments toward the MMO for Fiscal Year 2012
(\$ thousands)

Type of Base	Municipal			Police			Fire			Total		
	7/1/2010 Balance	Years Left	FY 2012 Payment									
Unfunded Actuarial Liability as of July 1, 2009	\$ 2,746,382	29	\$ 230,752	\$ 1,545,896	29	\$ 129,887	\$ 599,064	29	\$ 50,333	\$ 4,891,342	29	\$ 410,972
Gain/Loss as of July 1, 2010	\$ (60,225)	20	\$ (5,772)	\$ (42,944)	20	\$ (4,116)	\$ (3,214)	20	\$ (308)	\$ (106,383)	20	\$ (10,196)
Assumption Change as of July 1, 2010	\$ 85,555	15	\$ 9,327	\$ 34,329	15	\$ 3,742	\$ 31,329	15	\$ 3,415	\$ 151,213	15	\$ 16,484
Total	\$ 2,771,712		\$ 234,306	\$ 1,537,280		\$ 129,513	\$ 627,179		\$ 53,440	\$ 4,936,171		\$ 417,260

Note: Numbers may not add due to rounding.

**SECTION IV
CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION**

Table IV-5 (a) – (d) provides more detail by plan on the expected and actual unfunded actuarial liability and the new amortization bases established as of July 1, 2010 for the MMO.

Table IV-5a			
Development of the Fiscal Year 2012 Amortization Payment under MMO			
Municipal and Elect			
(\$ thousands)			
	7/1/2010	Remaining	FY 2012
	Outstanding Balance	Years	Payment
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2010 Based on July 1, 2009 Valuation	\$ 2,746,382	29	\$ 230,752
2. Changes in UAL due to			
a. Actuarial Experience	\$ (60,225)	20	\$ (5,772)
b. Assumption Changes	85,555	15	9,327
c. Active Plan Changes	-	0	-
d. Inactive Plan Changes	-	0	-
e. Subtotal	\$ 25,330		\$ 3,555
3. Total [1c. + 2e.]	\$ 2,771,712		\$ 234,307

Note: Numbers may not add due to rounding.

Table IV-5b			
Development of the Fiscal Year 2012 Amortization Payment under MMO			
Police			
(\$ thousands)			
	7/1/2010	Remaining	FY 2012
	Outstanding Balance	Years	Payment
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2010 Based on July 1, 2009 Valuation	\$ 1,545,896	29	\$ 129,887
2. Changes in UAL due to			
a. Actuarial Experience	\$ (42,944)	20	\$ (4,116)
b. Assumption Changes	34,329	15	3,742
c. Active Plan Changes	-	0	-
d. Inactive Plan Changes	-	0	-
e. Subtotal	\$ (8,616)		\$ (374)
3. Total [1c. + 2e.]	\$ 1,537,280		\$ 129,513

Table IV-5c			
Development of the Fiscal Year 2012 Amortization Payment under MMO			
Fire			
(\$ thousands)			
	7/1/2010	Remaining	FY 2012
	Outstanding Balance	Years	Payment
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2010 Based on July 1, 2009 Valuation	\$ 599,064	29	\$ 50,333
2. Changes in UAL due to			
a. Actuarial Experience	\$ (3,214)	20	\$ (308)
b. Assumption Changes	31,329	15	3,415
c. Active Plan Changes	-	0	-
d. Inactive Plan Changes	-	0	-
e. Subtotal	\$ 28,115		\$ 3,107
3. Total [1c. + 2e.]	\$ 627,179		\$ 53,440

Note: Numbers may not add due to rounding.

Table IV-5d			
Development of the Fiscal Year 2012 Amortization Payment under MMO			
Total			
(\$ thousands)			
	7/1/2010	Remaining	FY 2012
	Outstanding Balance	Years	Payment
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2010 Based on July 1, 2009 Valuation	\$ 4,891,342	29	\$ 410,972
2. Changes in UAL due to			
a. Actuarial Experience	\$ (106,383)	20	\$ (10,196)
b. Assumption Changes	151,213	15	16,484
c. Active Plan Changes	-	0	-
d. Inactive Plan Changes	-	0	-
e. Subtotal	\$ 44,829		\$ 6,288
3. Total [1c. + 2e.]	\$ 4,936,171		\$ 417,260

Note: Numbers may not add due to rounding.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM JULY 1, 2010 ACTUARIAL VALUATION

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 for Fiscal Year 2010. For Fiscal Year 2011, the assumed interest rate will change to 8.25% based upon July 1, 2009 liabilities valued at this interest rate. For Fiscal Year 2012 the assumed interest rate will change to 8.15% based upon July 1, 2010 liabilities valued at this interest rate. 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, 2009 and July 1, 2010 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. The City's deferred contributions are included in these amounts based on the requirement set out in Section 10 of Act 205.
- 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. The City's deferred contributions are included in these amounts based on the requirement set out in Section 10 of Act 205.
- 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. These contributions do not include the deferred contribution of \$150 million.

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

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM
JULY 1, 2010 ACTUARIAL VALUATION**

**SECTION V
ACCOUNTING STATEMENT INFORMATION**

over an initial period not to exceed 40 years and thereafter 30 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.

- Equivalent Single Amortization Period – this is the number of years incorporated in a weighted average amortization factor for all amortization components combined. The weighted average amortization factor is equal to the total unfunded actuarial liability divided by the sum of the amortization provisions for each of the separately amortized components. This weighted average produces 12.3 years where the amortized components are based upon the Funding policy.
- Net Pension Obligation (NPO) – the accumulated value of contribution deficiencies (or excesses) over required contributions from July 1, 1987 to July 1, 2010 between the annual pension cost and the employer's contribution.
- Annual Pension Cost – is equal to the ARC plus one year's interest on NPO and ARC adjustment.

Table V-1				
Funding Status Under GASB Statement No. 25				
(\$ thousands)				
		July 1, 2010	July 1, 2009	% Change
1.	Actuarial Liabilities			
	a. Members Currently Receiving Payments	\$ 6,140,923	\$ 5,693,789	7.9%
	b. Vested Terminated and Inactive Members	156,241	116,672	33.9%
	c. Active Members	<u>3,019,883</u>	<u>3,164,583</u>	-4.6%
	d. Total Actuarial Liability	\$ 9,317,047	\$ 8,975,044	3.8%
2.	Actuarial Value of Assets	\$ 4,380,875	\$ 4,042,113	8.4%
3.	Unfunded Actuarial Liability	\$ 4,936,172	\$ 4,932,931	0.1%
4.	Ratio of Actuarial Value of Assets to Actuarial Liability (2)/(1)(d)	47.0%	45.0%	2.0%

**CITY OF PHILADELPHIA
MUNICIPAL PENSION FUND
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2010**

ASSETS

Cash on Deposit and on Hand	\$	23,275,349
Investments at Fair Value		3,448,631,883
Securities Lending		440,491,098
Allowance for Unrealized Loss		(3,899,319)
Accounts Receivable		4,333,706
Due from Brokers		866,954,693
Interest and Dividends Receivable		10,432,515
Due from Other Governmental Units		4,777,219

Total Assets \$ 4,794,997,145

LIABILITIES

Vouchers Payable	\$	36,496
Accounts Payable		3,300,856
Salaries and Wages Payable		158,279
Due on Securities Lending		440,491,098
Due to Brokers		844,725,570
Accrued Expenses		1,733,961
Deferred Revenue		2,070,409
Monies Held in Escrow		365,483
Other Liabilities		512,871

Total Liabilities \$ 1,293,395,024

Net Assets Held in Trust for Pension Benefits \$ 3,501,602,121

CITY OF PHILADELPHIA **Schedule A-1a**
MUNICIPAL PENSION FUND
SUMMARY OF INVESTMENT TYPE FOR THE FISCAL YEAR ENDED JUNE 30,
2010

	<u>Par</u>	<u>Cost</u>	<u>Market</u>
U.S. Government Securities	38,146,330	40,236,213	41,707,736
U.S. Government Agency Securities	58,132,119,853	160,320,052	167,718,747
Corporate Bonds	264,164,660	248,943,271	254,781,424
Corporate Equity	528,829,793	2,359,811,733	2,341,851,033
Collateralized Mortgage Obligations	79,652,516	45,881,982	56,379,386
Other Bonds & Investments	737,668,184	44,133,434	41,220,631
Short Term Investment Pools	85,446,461	85,446,461	85,446,461
Real Estate	8,338,765	17,786,133	8,676,750
Financial Agreements	<u>492,802,103</u>	<u>543,400,743</u>	<u>468,221,405</u>
Total	<u><u>60,367,168,665</u></u>	<u><u>3,545,960,022</u></u>	<u><u>3,466,003,573</u></u>

**CITY OF PHILADELPHIA
MUNICIPAL PENSION FUND
STATEMENT OF CHANGES IN THE PLAN NET ASSETS FOR THE FISCAL YEARS
ENDED JUNE 30, 2010 AND 2009**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Additions:		
Contributions:		
Employer's Contributions	\$ 312,556,328	\$ 455,389,006
Employees' Contributions	<u>51,569,852</u>	<u>54,022,578</u>
Total Contributions	364,126,180	509,411,584
Investment Income:		
Interest and Dividends	70,537,730	75,635,329
Gain (Loss) from Sale of Investments	401,243,539	(912,254,505)
(Less) Investment Expenses	(15,988,648)	(12,758,521)
Securities Lending Revenue	2,852,256	12,342,274
Securities Lending Unrealized Loss	(3,899,319)	(20,581,763)
(Less) Securities Lending Expenses	<u>(1,032,621)</u>	<u>(6,662,875)</u>
Net Investment Income	<u>453,712,937</u>	<u>(864,280,061)</u>
Miscellaneous Operating Revenues	712,091	1,014,880
Total Additions	<u>818,551,208</u>	<u>(353,853,597)</u>
Deductions:		
Personal Services	3,814,690	3,795,061
Purchase of Services	1,952,234	2,147,116
Materials and Supplies	76,107	89,446
Employee Benefits	2,111,262	2,395,631
Pension Benefits	680,121,941	681,086,661
Refunds of Members' Contributions	4,520,092	4,786,213
Other Operating Expenses	<u>119,837</u>	<u>154,546</u>
Total Deductions	<u>692,716,163</u>	<u>694,454,674</u>
Net Increase	<u>125,835,045</u>	<u>(1,048,308,271)</u>
Net Assets Held in Trust for Pension Benefits - July 1, 2009	<u>3,375,767,076</u>	<u>4,424,075,347</u>
Prior Period Adjustment Pension Benefits - June 30, 2010	<u>3,501,602,121</u>	<u>3,375,767,076</u>

**CITY OF PHILADELPHIA
MUNICIPAL PENSION FUND
ANALYSIS OF MEMBER'S CONTRIBUTIONS FOR THE PERIOD ENDED - JUNE 30, 2010**

	Municipal Division Old	Municipal Divison New	Fire Division New	Police Division New
Balance, July 1, 2009	\$ 203,351	\$ 307,506	\$ 44,404,919	\$ 86,853,992
Additions				
Regular Payroll Deductions	-	-	1,235,712	3,863,902
Installment Repurchase Deductions	-	-	6,527	20,749
Payment Through City Treasurer	-	-	474,660	234,120
Retirees' Pension Payment	-	-	-	-
Net Change in Liability for Deceased Pensions	-	-	61,285	-
Net Change in Liability for Pensioner's Unexpected Contribution	-	-	(694,399)	326,028
Adjustments to Member's Contribution Accounts	-	-	-	-
Unclaimed Withdrawal Checks Deposited	-	-	-	-
Total Additions	-	-	1,083,785	4,444,799
Deductions				
Withdrawals	-	-	82,565	199,635
Retirements	-	-	2,875,197	5,271,585
Adjustments to Member's Contribution Accounts	-	-	-	-
Total Deductions	-	-	2,957,762	5,471,220
Net Change in Year	-	-	(1,873,977)	(1,026,421)
Balance, June 30, 2010	\$ 203,351	\$ 307,506	\$ 42,530,942	\$ 85,827,571

Elected Officials	Municipal Revised Plan 60	Municipal Revised Plan 87	Municipal Revised Plan 93	Fire Division Old	Police Division Old	Total
<u>\$ 2,313,567</u>	<u>\$ 227,300,992</u>	<u>\$ 7,130,925</u>	<u>\$ 96,321,516</u>	<u>\$ 38,216,091</u>	<u>\$ 142,252,881</u>	<u>\$ 645,305,740</u>
153,348	8,737,466	28	12,293,195	4,824,203	16,487,045	47,594,899
-	114,369	-	493,742	144,996	154,219	934,602
-	963,342	2,854	1,166,525	88,861	86,450	3,016,812
-	5,697	6,519	10,320	1,003	-	23,539
-	(8,934)	-	(24,754)	-	23,266	50,863
-	-	-	-	-	-	-
207,898	(1,082,856)	-	(71,867)	(129,709)	(8,246)	(1,453,151)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>361,246</u>	<u>8,729,084</u>	<u>9,401</u>	<u>13,867,161</u>	<u>4,929,354</u>	<u>16,742,734</u>	<u>50,167,564</u>
-	921,857	1,697	1,570,163	169,910	1,574,265	4,520,092
276,617	17,969,790	-	2,016,873	395,124	1,053,676	29,858,862
-	-	-	-	-	-	-
<u>276,617</u>	<u>18,891,647</u>	<u>1,697</u>	<u>3,587,036</u>	<u>565,034</u>	<u>2,627,941</u>	<u>34,378,954</u>
<u>84,629</u>	<u>(10,162,563)</u>	<u>7,704</u>	<u>10,280,125</u>	<u>4,364,320</u>	<u>14,114,793</u>	<u>15,788,610</u>
<u>\$ 2,398,196</u>	<u>\$ 217,138,429</u>	<u>\$ 7,138,629</u>	<u>\$ 106,601,641</u>	<u>\$ 42,580,411</u>	<u>\$ 156,367,674</u>	<u>\$ 661,094,350</u>

**CITY OF PHILADELPHIA
MUNICIPAL PENSION FUND
ANALYSIS OF FUND BALANCE FOR THE PERIOD ENDED JUNE 30, 2010**

	<u>Reserve for Member Contributions</u>	<u>Reserve for Payment of Pensions and All Other Purposes</u>	<u>Total Reserves</u>
Balance, July 1, 2009	<u>645,305,740</u>	<u>2,730,461,336</u>	<u>3,375,767,076</u>
Additions:			
Contributions:			
Employees	51,569,852	-	
Quasi-Public Agencies Net Accrual	-	15,110,329	
City Appropriations	-	297,445,999	
Total Contributions	<u>51,569,852</u>	<u>312,556,328</u>	
Interest:			
Members' Reinstatements	-	3,045	
Interest on Long-Term Investments	-	70,404,540	
Interest on Short-Term Investments	-	130,145	
Total Interest	<u>-</u>	<u>70,537,730</u>	
Net Appreciation (Depreciation) Fair Value of Investment	-	201,659,495	
Net Income (Loss) from Investment Managers	-	195,677,500	
Members' Contributions Transferred to	-	29,858,862	
Reserve for Retirements	-	-	
Adjustments for Liability to Deceased Pensioners	50,863	-	
Adjustments to Members' Unexpended Contributions	(1,453,151)	-	
Adjustments for Accrued Death Benefits	-	(8,684)	
Adjustment for Employees Unexpended Vacation Time	-	-	
Other Additions:	-	-	
Unclaimed Withdrawal Checks Deposited	-	-	
Refunds and Cancelled Checks -	-	-	
Prior Years' Pensions	-	58,526	
Miscellaneous Receipts	-	2,473,200	
Miscellaneous Fund Balance Adjustments	-	-	
Total Other Additions	<u>(1,402,288)</u>	<u>429,718,899</u>	
Total Additions	<u>50,167,564</u>	<u>812,812,957</u>	<u>862,980,521</u>
Deductions			
Withdrawals	4,520,092		
Retirements	29,858,862		
Administrative Expenses	-	7,989,711	
Payments of Pensions and Benefits	-	680,121,941	
Investment Manager Expenses	-	15,988,648	
Monies Held In Escrow	-	365,483	
Adjustments for Liability to Deceased Pensioners	-	-	
Adjustments to Members' Unexpended Contributions	-	(1,453,151)	
Adjustments for Accrued Death Benefits	-	(8,684)	
Adjustment for Employees Unexpended Vacation Time	-	15,445	
Reversal of Prior Year Accruals	-	(372,708)	
Miscellaneous Fund Balance Adjustments	-	119,837	
Total Deductions	<u>34,378,954</u>	<u>702,766,522</u>	<u>737,145,476</u>
Balance, June 30, 2010	<u>661,094,350</u>	<u>2,840,507,771</u>	<u>3,501,602,121</u>

**CITY OF PHILADELPHIA
MUNICIPAL PENSION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS BY DIVISION FOR THE
FISCAL YEAR ENDED JUNE 30, 2010**

	Employee Contributions	Pension Benefits	Withdrawals	Miscellaneous Revenue	Operating Expenses
Police Division - Old	16,727,714	8,259,356	1,574,266	350	-
Police Division - New	4,118,771	197,807,771	199,635	5,322	-
Fire Division - Old	5,059,063	2,405,365	169,910	273	-
Fire Division - New	1,716,899	80,935,025	82,565	7,138	-
Municipal Revised - Plan 60	9,820,874	375,934,494	921,857	55,818	-
Municipal Revised - Plan 87	9,401	285,815	1,697		-
Municipal Revised - Plan 93	13,963,782	13,084,434	1,570,162	269	-
Municipal Division - New	-	266,792			-
Civilian - Elected Officials	153,348	1,142,889	-	-	-
Operating Fund	-	-	-	712,092	8,029,720
TOTAL	<u>51,569,852</u>	<u>680,121,941</u>	<u>4,520,092</u>	<u>781,262</u>	<u>8,029,720</u>

**CITY OF PHILADELPHIA
YEAR-END PENSION CONTRIBUTION
PENSION CONTRIBUTIONS BY DIVISION FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

	<u>Payroll Used To Determine Normal Cost</u>	<u>Normal Costs</u>	<u>Unfunded Liability</u>	<u>Less Quasi Contributions</u>	<u>Plus Total Interest Charges</u>	<u>Total Pension Contribution</u>
Police - 1967 Plan	65,404,036	6,841,262	159,143,663		(2,810,810)	163,174,115
Police - 1987 Plan	329,782,954	22,418,645	4,187,963		(450,560)	26,156,048
Fire - 1967 Plan	21,142,324	2,172,585	57,513,525		(1,010,732)	58,675,378
Fire - 1987 Plan	96,694,224	7,447,389	1,730,213		(155,415)	9,022,187
Municipal - 1967 Plan	230,581,235	14,148,465	273,322,463	(12,651,284)	(4,653,831)	270,165,813
Municipal - 1987 Plan	637,273,117	30,021,937	8,878,350		(658,742)	38,241,544
Municipal Elected - 1987 Plan	2,033,618	90,557	496,988		(9,950)	577,595
Quasi-Governmental Agencies	40,075,709	2,459,046		(2,459,046)		-
	<u>1,422,987,218</u>	<u>85,599,885</u>	<u>505,273,163</u>	<u>(15,110,329)</u>	<u>(9,750,039)</u>	<u>566,012,680</u>

**MUNICIPAL PENSION FUND
FISCAL 2010 INFORMATION**

Cash and Accrued Contributions from the City - Fiscal 2010 *

<u>Category</u>	-	-	<u>Amount</u>
Cash received		\$	297,445,999
Accrued 6/30/10		-	<u>297,445,999</u>

Cash and Accrued Contributions from Quasi-Agencies - Fiscal 2010

Cash received	15,151,272	
Accrued 6/30/2010	(40,943)	<u>15,110,329</u>
Total City & Quasi Agencies		\$ <u>312,556,328</u>
Contribution from the Commonwealth		<u>-</u>
Total Contribution requirement		\$ <u>312,556,328</u>

* Analysis of Contributions from the City - Fiscal 2010

<u>Date</u>	<u>Amount</u>
10/13/2010	\$ <u>297,445,999</u>
	\$ 297,445,999

STATISTICAL INFORMATION

CITY OF PHILADELPHIA

MUNICIPAL RETIREMENT SYSTEM

APPLICATIONS PROCESSED DURING JULY 2008 THROUGH JUNE 2009

<u>DIVISION</u>	<u>WITHDRAWAL APPLICATIONS</u>			<u>PENSION APPLICATIONS</u>					<u>GRAND TOTAL 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>EMPLOYEES</u>	<u>PENSIONERS</u>		
Municipal	1169	26	1195	1291	65	42	209	1607	2,802
Fire	18	0	18	246	11	7	26	290	308
Police	84	2	86	267	43	12	91	413	499
Grand Total	<u>1,271</u>	<u>28</u>	<u>1,299</u>	<u>1,804</u>	<u>119</u>	<u>61</u>	<u>326</u>	<u>2,310</u>	<u>3,609</u>

APPLICATIONS PROCESSED DURING JULY 2009 THROUGH JUNE 2010

<u>DIVISION</u>	<u>WITHDRAWAL APPLICATIONS</u>			<u>PENSION APPLICATIONS</u>					<u>GRAND TOTAL 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>EMPLOYEES</u>	<u>PENSIONERS</u>		
Municipal	880	15	895	1024	79	43	209	1355	2250
Fire	19	0	19	73	3	4	37	117	136
Police	90	0	90	181	47	5	119	352	442
Elected	0	0	0	2	0	0	0	2	2
Grand Total	<u>989</u>	<u>15</u>	<u>1,004</u>	<u>1,280</u>	<u>129</u>	<u>52</u>	<u>365</u>	<u>1,826</u>	<u>2,830</u>

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

AS OF JUNE 30, 2009 AND JUNE 30, 2010

	<u>NUMBER RECEIVING BENEFITS</u>				<u>MONTHLY RATE OF PENSION BENEFITS IN FORCE</u>			
	<u>Retired Members</u>				<u>Retired Members</u>			
	<u>Regular</u>	<u>Disabled</u>	<u>Survivors</u>	<u>Total</u>	<u>Regular</u>	<u>Disabled</u>	<u>Survivors</u>	<u>Total</u>
<u>June 30, 2009</u>								
<u>MUNICIPAL</u>	13,379	1,980	5,468	20,827	\$ 21,841,690	\$ 2,671,403	\$ 3,131,887	\$ 27,644,980
<u>FIRE</u>	5,826	1,916	2,251	9,993	\$ 11,664,103	\$ 2,923,267	\$ 1,539,629	\$ 16,126,999
<u>POLICE</u>	2,085	448	861	3,394	\$ 4,914,985	\$ 753,011	\$ 630,787	\$ 6,298,782
<u>GRAND TOTAL</u>	<u>21,290</u>	<u>4,344</u>	<u>8,580</u>	<u>34,214</u>	<u>\$ 38,420,778</u>	<u>\$ 6,347,680</u>	<u>\$ 5,302,303</u>	<u>\$ 50,070,761</u>

	<u>NUMBER RECEIVING BENEFITS</u>				<u>MONTHLY RATE OF PENSION BENEFITS IN FORCE</u>			
	<u>Retired Members</u>				<u>Retired Members</u>			
	<u>Regular</u>	<u>Disabled</u>	<u>Survivors</u>	<u>Total</u>	<u>Regular</u>	<u>Disabled</u>	<u>Survivors</u>	<u>Total</u>
<u>June 30, 2010</u>								
<u>MUNICIPAL</u>	13485	1983	5510	20978	\$ 22,636,292	\$ 2,736,912	\$ 3,241,614	\$ 28,614,818
<u>FIRE</u>	5776	1906	2296	9978	\$ 4,981,235	\$ 749,967	\$ 645,604	\$ 6,376,806
<u>POLICE</u>	2079	435	842	3356	\$ 11,713,322	\$ 3,025,774	\$ 1,608,563	\$ 16,347,659
<u>ELECTED</u>	12	0	3	15	\$ 52,501	\$ -	\$ 5,718	\$ 58,219
<u>GRAND TOTAL</u>	<u>21,352</u>	<u>4,324</u>	<u>8,651</u>	<u>34,327</u>	<u>\$ 39,383,350</u>	<u>\$ 6,512,653</u>	<u>\$ 5,501,499</u>	<u>\$ 51,397,502</u>

CITY OF PHILADELPHIA
PUBLIC EMPLOYEES RETIREMENT SYSTEM
ANALYSIS OF MEMBERSHIP

ACTIVE MEMBERS

<u>DIVISION</u>	<u>6/30/09</u>	<u>6/30/10</u>
MUNICIPAL	20,708	20,234
FIRE	2,230	2,161
POLICE	6,853	6,836
ELECTED	26	25
<u>TOTAL</u>	<u>29,817</u>	<u>29,256</u>

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