



# ANNUAL REPORT

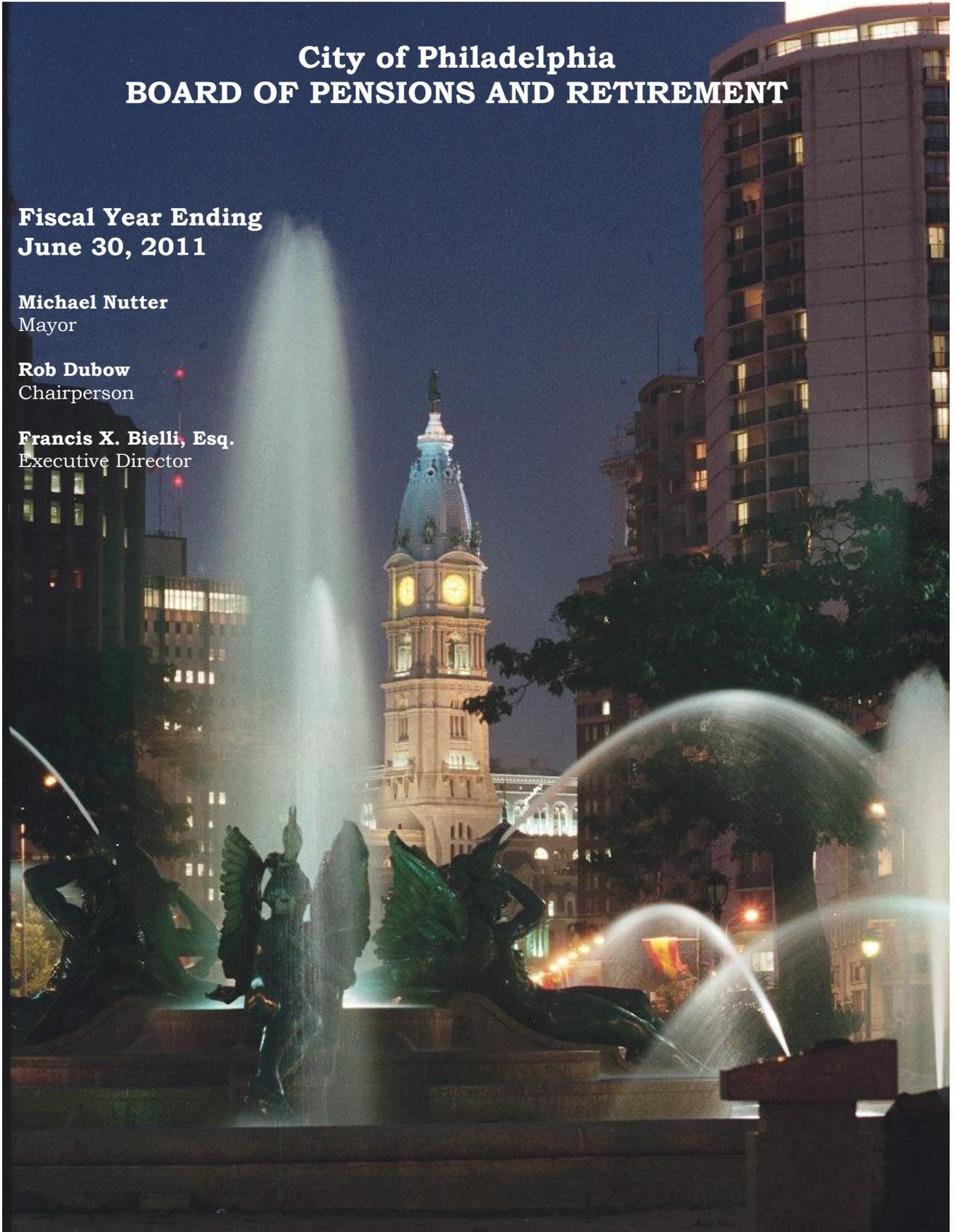
## City of Philadelphia BOARD OF PENSIONS AND RETIREMENT

**Fiscal Year Ending  
June 30, 2011**

**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, 2010 – June 30, 2011



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, 2011.

### **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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### **NOTES:**

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 – 16<sup>th</sup> Floor, Philadelphia, PA 19102 or call 215-496-7418 or 1-800-544-1173.

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



## INTRODUCTORY SECTION

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### CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

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**Francis X. Bielli, Esquire**

Executive Director

#### MEMBERS OF THE BOARD

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**Rob Dubow**, Chairperson

Director of Finance  
Appointed January 7, 2008.

**Ronald Stagliano**, Vice Chairperson

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

**Honorable Alan L. Butkovitz**

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\***

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### **ACTUARY**

**Cheiron, Inc.**

McLean, Virginia

### **IN-HOUSE PRE-AUDIT FUNCTIONS**

**City of Philadelphia**

**Office of the City Controller**

### **AUDITOR**

**Clifton Gunderson LLP**

Timonium, Maryland

### **IN-HOUSE 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

**\*Information is as of 6/30/2011. Currently, the general consultant is Cliffwater LLC of Marina del Ray, California and the alternative investment consultant is Franklin Park Associates LLC of Bala Cynwyd, Pennsylvania. The current custodian is JP Morgan of New York, New York.**

## **INVESTMENT MANAGERS**

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### **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**

Boston, Massachusetts

**Wellington Management Co. LLP**

Boston, Massachusetts

**Lombardia Capital**

Pasadena, California

**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**

Anchorage, Alaska

**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**

**Rhumblin 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

**Allianz Global Investors Capital**

New York, New York

**Emerging Market Debt**

**Stone Harbor**

New York, New York

**J.P. Morgan**

New York, New York

**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

#### **FIS Group**

Philadelphia, Pennsylvania

#### **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

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

**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

**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

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

**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

**Veritas Capital Partners III, L.P.**

New York, New York

**Wellspring Capital Partners IV, L.P.**

New York, New York

**Wicks Capital Partners IV, L.P.**

New York, New York

**Vista Equity Partners III, L.P.**

Chicago, Illinois

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

New York, New York

**Private Real Estate Investments**

**Arsenal Real Estate Fund IA, LP**

Morristown, New Jersey

**CIM Urban REIT, LLC**

Los Angeles, California

**Exeter Industrial Value Fund, LP**

Plymouth Meeting, Pennsylvania

**JP Morgan Chase Strategic Property Fund**

New York, New York

**Mesa West Real Estate Income Fund II, LP**

Los Angeles, California

**Beacon Capital Strategic Partners IV &V, LP**

Boston, Massachusetts

**Colony Investors VIII, LP**

Los Angeles, California

**Invesco Core Real Estate – U.S.A., LLC**

Dallas, Texas

**Lone Star Real Estate Fund II, LP**

Dallas, Texas

**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 active Civil Service employees of the City of Philadelphia. The elected members serve a four-year term of office. There is a tenth member of the Board who is appointed by City Council and does not vote.

The nine voting members of the Board formally approve all benefit applications, but their 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 72 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 Philadelphia Municipal Authority, and the Philadelphia Housing Development Corporation).

In fiscal year 2011, the Public Employees Retirement System had 28,805 active members and 34,182 retired members, including 8,517 survivors/beneficiaries and 4,302 people receiving disability benefits.

During fiscal year 2011, the Board approved 2,520 pension applications submitted by retiring employees, survivors, beneficiaries and disabled members. The Board processed 1,108 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 2011 was \$96,045,061. The total unfunded accrued liability for fiscal year 2011 was \$634,021,333.

Under the City's funding policy, the recommended contribution for the City for the current year amounted to \$536,775,000. The City's actual contribution was \$455,945,000. The City's contribution did not 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 \$80 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's Act 44. Act 44 also allowed the City to temporarily impose an additional local sales tax of 1.0% to fund future MMO Payments.

## **INCOME**

The City of Philadelphia is the largest single contributor to the Public Employees Retirement System. The City contributed \$455,945,000 or 37.3 % of the total additions to the Retirement System's net assets in fiscal year 2011. Employees contribute a percentage of their pay, and the percentage varies with plan membership. Employee contributions totaled \$52,705,556 or 4.3% of additions. Contributions from the quasi-public agencies amounted to \$14,209,836 or 1.2 % of additions.

A major source of income is the earnings of the System's investment portfolio. Interest and dividends amounted to \$79,544,476 or 6.5% of total additions, while securities lending revenue increased plan net assets by \$2,219,697 or 0.2% of additions. Normal investing activity contributed \$635,569,433 in capital gains or 51.9% of the additions. Miscellaneous sources provided \$1,377,256 or 0.1% towards the additions. Together, the contributions and earnings added \$1,241,571,254 to the plan net assets.

Investment expenses of \$15,266,001, securities lending unrealized loss \$1,895,088 and securities lending expenses of \$710,172 resulted in a decrease of \$17,871,261 or 1.5% to the total addition in plan net assets. After investment expenses, the plan net assets were still increased by \$1,223,699,994 in FY 2011.

## **INVESTMENTS**

The Board 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 statute. 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 target structure is: 20.0% Domestic Equities; 21.5% Non-US Equities; 25.5% Global Fixed Income; 10.0% Hedge Funds; 13% Private Equity and Debt; 5.0% Private Real Estate Equity and Debt; and 5.0% Real Assets.

As of the fiscal year ending June 30, 2011, the total market value of Pension Fund investments was \$4,057,826,494 (a 17% increase over fiscal year 2010) vs. the value at cost of \$3,737,249,910 (a 5% increase over fiscal year 2010). 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, 2011, NAV was \$4,032,378,924.

## **EXPENSES**

Pension benefit payments are the Board's greatest current normal expense. Of the total deductions from plan net assets of \$695,086,218 in fiscal 2011, \$681,908,745 or 98.1% were pension payments. Other expenses included \$5,124,739 for the refund of pension contributions to employees who left City employment and \$8,052,734 for administrative expenses.

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

### **Bill # 100780 (Enacted by City Council on 11/18/10)**

Amended Title 22 of the Philadelphia Code entitled "Public Employees Retirement Code," by expanding the scope of "Plan '10" and "DC Plan" to cover additional employees, including Fire Department employees; by revising the definition of "Fire employee"; and by making technical changes; all under certain terms and conditions.

### **Bill # 110836-A (Enacted by City Council on 11/17/11)**

Amended Title 22 of the Philadelphia Code, entitled "Public Employees Retirement Code," to expand the scope of "Plan '10" and "DC Plan" to cover additional employees pursuant to an arbitration decision, and to make technical amendments, all under certain terms and conditions.

### **Bill #110841 (Enacted by City Council on 11/17/11)**

Amended Title 22 of the Philadelphia Code, entitled "Public Employees Retirement Code," by further providing conditions under which an employee or any designated beneficiary may be disqualified from receiving any retirement or other benefit or payment.

## **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, 2011, 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

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Classic Values, Innovative Advice

### LETTER OF TRANSMITTAL

March 21, 2012

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

Dear Board Members:

At your request, we have performed the July 1, 2011 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 2013, and rely on future plan experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the future 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. Furthermore, as credentialed actuaries we meet the Qualification Standards, as defined by the American Academy of Actuaries, to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial valuation report was prepared solely for the System for the purposes described herein, except that the plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. This actuarial valuation report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

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, 2011**

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### **CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM JULY 1, 2011 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) 2013,
- 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, 2011 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.

We note here that GASB has issued exposure drafts that would change the reporting requirements effective for large, single-employer plans for periods beginning after June 15, 2012. If GASB issues final statements with the same effective date, the information in this report that would traditionally be used for financial reporting purposes for the fiscal year ending June 30, 2013 will need to be revised to comply with the new requirements. These changes would not affect the contribution rates in this report.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION

SECTION I  
BOARD SUMMARY

### A. Valuation Basis

The June 30, 2011 valuation results are based on the same methods used in the June 30, 2010 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. This report was prepared using census data and financial information as of July 1, 2011 and does not reflect any subsequent changes in the membership or the assets.

The valuation results reflect the Board's decision to decrease the interest rate from 8.15% to 8.10% as of July 1, 2011. We have also updated the following two assumptions to reflect demographic experience and administrative practices followed by the City:

- Active Police participants in Plan 87 are assumed to elect Option 4 as the default form of payment upon service retirement
- Benefit payments to all in-pay participants are made at the end of the month

A plan change is reflected in this year's report which provides for Fire participants hired after October 15, 2010 to elect to participate in Plan 70 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 decreased from \$4.936 billion as of July 1, 2010 to **\$4.768 billion as of July 1, 2011** reflecting the net of asset gains from July 1, 2010 through June 30, 2011, liability gains from the change in timing of retiree payments offset by the increase in the accrued liability (AL) due to the 5 basis point decrease in the interest rate.
- *Funding Ratio*: This is the ratio of the System's AVA to AL. The funding ratio increased from 47.0% as of July 1, 2010 to **49.7% as of July 1, 2011** mainly 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 as they relate to the deferred contribution provisions of the law. The interest and repayment of the deferred contribution amounts of \$150 million and \$80 million for FYE 2010 and FYE 2011, respectively, have been reflected as a separate line item for the MMO exhibit provided in Table I – 5. The MMO decreased from \$507.0 million for FYE 2012 to **\$492.0 million for FYE 2013** before accounting for the interest and repayment of the deferred contributions.
- *Minimum Municipal Obligation (MMO) including deferred contribution interest and repayment*: The MMO for FYE 2012 is **\$534.0 million** after reflecting the interest on the

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION**

**SECTION I  
BOARD SUMMARY**

deferred contributions and for FYE 2013 is \$616.5 million after reflecting both interest and repayment of \$105.5 million of deferred contributions. The MMO for FYE 2012 includes an interest payment of \$27.0 million which is based upon \$7.4 million interest deferred from FYE 2011 and \$19.6 million interest on the total deferred amounts. The MMO for FYE 2013 includes \$19.0 million in interest payments plus the \$105.5 million in principal repayment of deferred contributions. 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 with interest. Section 1002 (E) of the Act 205 Code requires a minimum principal repayment of \$90 million on or before June 30, 2013.

- *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). Therefore the MMO determination reflects annually determined experience gains and losses as opposed to biennially.
- *Contribution under the City's Funding Policy:* The beginning-of-year contribution under the City's Funding Policy increased from \$682.7 million for FYE 2012<sup>1</sup> based upon actual FYE 2012 payroll to an estimated \$696.3 million for FYE 2013.

Table I-1 summarizes the comparative UAL and fiscal year funding amounts discussed above.

<b>Table I-1 Key Results (\$ thousands)</b>		
<b>Valuation Date</b>	<b>7/1/2011</b>	<b>7/1/2010</b>
Unfunded Actuarial Liability	\$ 4,768,359	\$ 4,936,172
Funding Ratio	49.7%	47.0%
<b>Fiscal Year Ending in Year</b>	<b>2013</b>	<b>2012</b>
Minimum Municipal Obligation*	\$ 616,478	\$ 534,039
City's Funding Policy Contribution**	\$ 696,264	\$ 682,701

\* Includes interest on the FYE 2010 and FYE 2011 deferred contributions and the \$105.5 million deferred contribution repayment for 2013

<sup>1</sup>\*\*The City's funding contribution for FYE 2012 was updated based upon the actual payroll of \$1,371.3 million (provided as pay rates in the data) as of July 1, 2011, used to estimate the beginning of year FYE 2012 payroll. In the July 1, 2010 actuarial valuation report, the estimated FYE 2012 payroll was \$1,470.9 million based upon July 1, 2010 pay rates and increased based upon the payroll assumption.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION

SECTION I  
BOARD SUMMARY

**B. Current Financial Condition**

On the following pages, we summarize the key results of the July 1, 2011 valuation and how they compare to the results from the July 1, 2010 valuation.

1. City Membership:

As shown in Table I-2 below, total membership in the Retirement System decreased by 1.7% from 2010 to 2011

<b>Table I-2</b>				
<b>Membership Total</b>				
	<b>July 1, 2011</b>	<b>July 1, 2010</b>	<b>% Change</b>	
Actives	26,671	27,928	-4.5%	
Terminated Vesteds	1,324	1,599	-17.2%	
Disabled	4,235	4,280	-1.1%	
Retirees	21,134	21,064	0.3%	
Beneficiaries	8,273	8,558	-3.3%	
DROP	2,712	2,018	34.4%	
Total City Members	64,349	65,447	-1.7%	
Annual Salaries	\$ 1,371,273,920	\$ 1,421,150,868	-3.5%	
Average Salary per Active Member	\$ 51,414	\$ 50,886	1.0%	
Annual Retirement Allowances	\$ 627,116,620	\$ 615,241,359	1.9%	
Average Retirement Allowance	\$ 18,641	\$ 18,148	2.7%	

The active participant population decreased 4.5% during the 2010 – 2011 plan year. More than half of them became members of the DROP resulting in a total increase in DROP participants of about 34.4%. The average salary per active member increased by only 1.0% during the plan year, which is 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 a decrease of 3.5% versus the expected 3.5% increase, payroll growth assumption.

Annual retirement allowances continued to increase by 1.9% this year.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION

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BOARD SUMMARY

2. City Assets and Liabilities:

Table I-3 presents a comparison between the July 1, 2011 and July 1, 2010 System assets, liabilities, UAL, and funding ratios. The Funding Ratio increased from 47.0% as of July 1, 2010 to 49.7% as of July 1, 2011 due to the higher than expected asset returns and some gains in liabilities as a result of various sources.

The July 1, 2010 market value of assets (MVA) includes the \$150 million deferred contribution from FYE 2010, whereas the July 1, 2011 MVA includes the total deferral amount of \$230 million.

<b>Table I-3</b>				
<b>Assets and Liabilities</b>				
(\$ thousands)				
	July 1, 2011	July 1, 2010	% Change	
<b>Actuarial Liabilities by Membership:</b>				
Actives	\$ 2,881,397	\$ 3,019,883	-4.6%	
Terminated Vesteds	120,270	147,730	-18.6%	
Disabled	688,621	680,163	1.2%	
Retirees	4,071,325	4,034,768	0.9%	
Beneficiaries	501,392	514,053	-2.5%	
DROP	1,218,351	911,939	33.6%	
Non-Vested Refunds	6,122	8,511	-28.1%	
Total Actuarial Liability	\$ 9,487,478	\$ 9,317,047	1.8%	
Market Value of Assets (net of PAF)*	\$ 4,259,229	\$ 3,650,729	16.7%	
Actuarial Value of Assets (net of PAF)*	4,719,119	4,380,875	7.7%	
Unfunded Actuarial Liability	\$ 4,768,359	\$ 4,936,172	-3.4%	
Funding Ratio	49.7%	47.0%	2.7%	

\* 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 19.4% compared to the 8.15% assumption for the previous year. For the actuarial value of assets, the experience gains and losses are smoothed over future years, which yielded a rate of return of 9.9%.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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3. Components of UAL Change between July 1, 2010 and July 1, 2011:

The Retirement System's unfunded actuarial liability decreased by \$167.8 million, from \$4,936.2 million as of July 1, 2010 to \$4,768.4 million as of July 1, 2011. Table I-4 below presents the specific components of this change in the UAL.

The System experienced an \$84.4 million investment gain based upon the actuarial value of assets and a \$54.3 million liability gain. There was also a \$42.3 million liability increase due to the assumption change of decreasing the interest rate from 8.15% to 8.10%. Actual FYE 2011 contributions created an \$11.3 million loss when compared to the MMO expected because of lower contributions as a function of lower payroll. This is combined with a \$33.7 million gain due to the one year deferral of gains and losses under the MMO contribution method for a total increase in the UAL for contributions.

<b>Table I-4</b>	
<b>Change in Unfunded Actuarial Liability</b>	
<b>(\$ millions)</b>	
<b>Experience</b>	
1. UAL change due to investment (gain)/loss	\$ (84.4)
2. UAL change due to overall liability (gain)/loss	(54.3)
<b>Contributions</b>	
3. UAL change to difference in benefit accruals, MMO contributions, and timing	11.3
4. UAL change due to one-year delay in MMO contributions	(33.7)
<b>Assumption Change</b>	
5. UAL change due to assumption change	42.3
<b>Total</b>	
6. Total net overall change: sum 1 through 5	\$ (118.8)
7. Expected change in UAL	(49.0)
8. Net increase/(decrease) in UAL: 6 + 7	\$ (167.8)

The \$54.3 million liability gain is attributable to the following:

- \$5.1 million demographic loss due to increased DROP participants, offset in part by the lower than expected payroll.
- \$59.3 million gain due to existing retirees changes in the assumptions for timing of pension payments and the form of payment elected for Plan 87 retirees based upon administrative practices.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION**

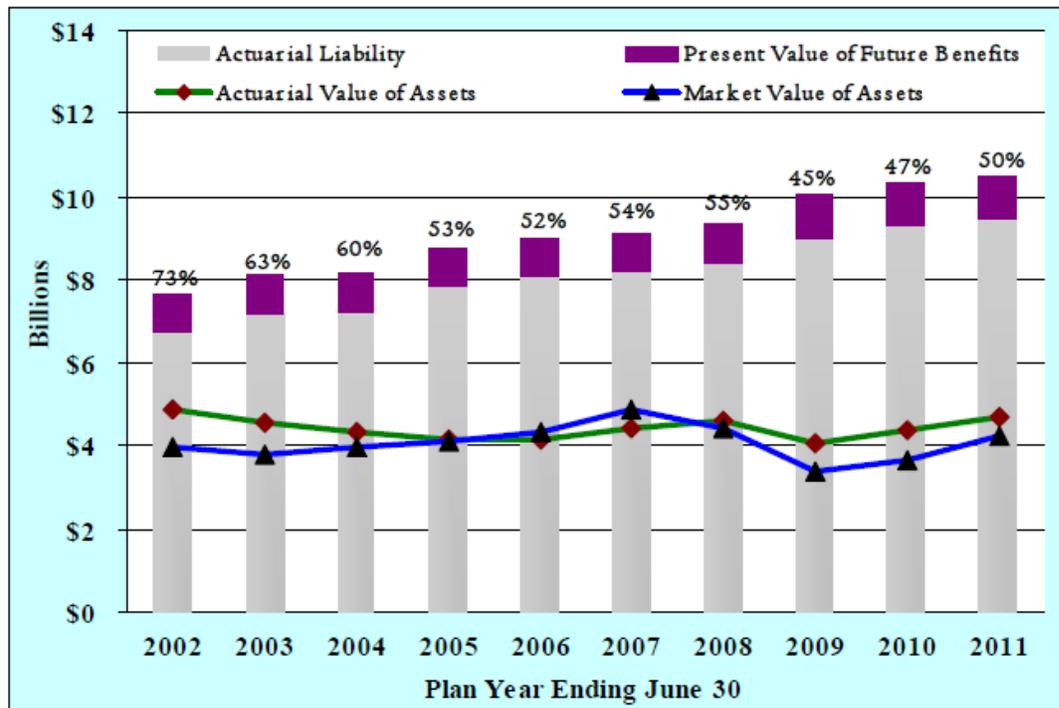
**SECTION I  
BOARD SUMMARY**

**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 2002.

**City of Philadelphia Assets\* and Liabilities – 2002 to 2011**



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

The System's funding ratio has declined significantly since 2002. 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 and 2011, the funding ratio increased by 2% and 3% due to strong investment returns, which was partially offset by the increased actuarial liability due to the assumption changes.

This historic trend emphasizing the relatively low funded status highlights the potential risk of insolvency, if contributions coupled with more stable and favorable investment returns relative to the long-term assumption are not realized in the near future.

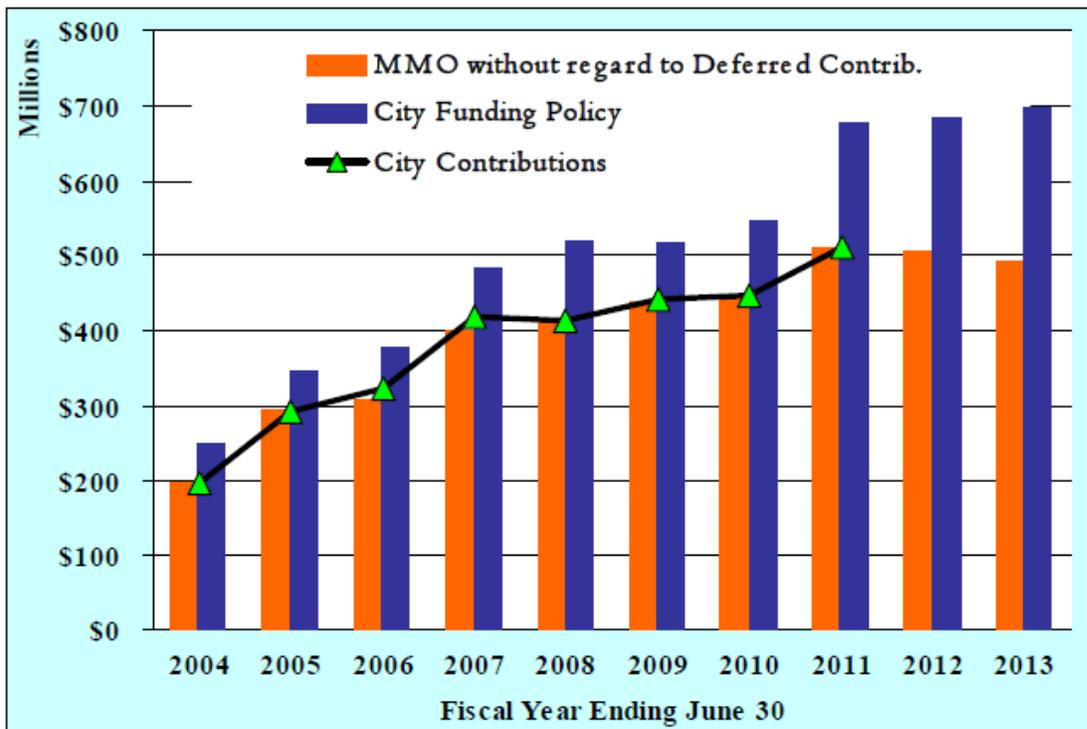
Interest & Repayment for Deferrals	\$ 616,478	43.44%	\$ 534,039	36.31%
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CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION

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BOARD SUMMARY

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 2004. 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 2012 and 2013. The FYE 2010 and 2011 City contributions include the \$150 million and \$80 million deferred contributions for each year. The deferred contributions are subsequently treated as if they are short-term investments and therefore not reflected in the FYE 2012 and 2013 MMO amounts due.

**City of Philadelphia Contributions for Fiscal Years 2004-2013**



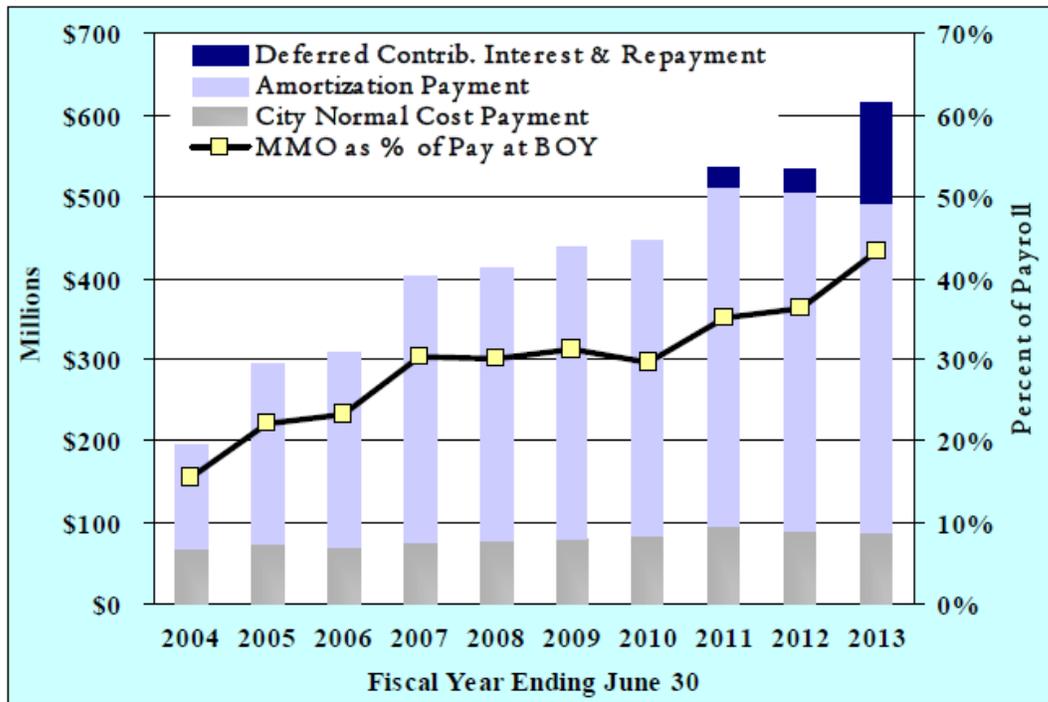
The key trend illustrated in this chart is the rapid escalation in all three measures starting in FYE 2004 due in part to investment losses and the City's funding decision. Since 2004 the City began to make contributions based on the MMO rather than the Funding Policy which has resulted in the Funding 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 mainly due to the investment losses.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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The chart below shows historical amortization payments, City normal cost payments, and the deferred contribution interest and principal repayment. Also shown is the beginning-of-year MMO (normal cost plus amortization payments only) as a percentage of payroll based on the values in the legend on the right versus the line graph. For example in 2013 the City cost is expected to be about 35% of payroll. Note that this cost as a percentage of payroll is prior to the additional amounts payable by the City due to interest and repayment of deferred contributions from 2010 and 2011.

**MMO Contributions by Source for Fiscal Years 2004-2013**



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 \$130 million for FYE 2004 to just over \$400 million for FYE 2013. In 2005, the amortized payment increased by \$90 million, mainly due to investment losses and changes in assumptions including the interest rate. In 2011, the amortized payment increased by \$50 million due to investment losses and the decrease in the interest rate assumption, which were then mitigated by the 30 year fresh start of the unfunded liability.

The total City cost (normal cost plus amortization payments) as a percentage of payroll (as shown by the line and on the right hand axis) increased rapidly from about 16% in 2004 to about 30% in 2007, remained steady for 4 years and has since increased 5% to about 35% in FYE 2013. The interest and principal repayment for FYE 2013 is about 9% of payroll, which would increase the contribution amount for this year to 43%, if this is included.

**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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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, 2011 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 8.10% 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 8.10% 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Return	1.0%	7.5%	11.5%	9.0%	13.5%	10.5%	7.5%	5.5%	3.8%	-4.5%
Fiscal Year Beginning	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Return	-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.

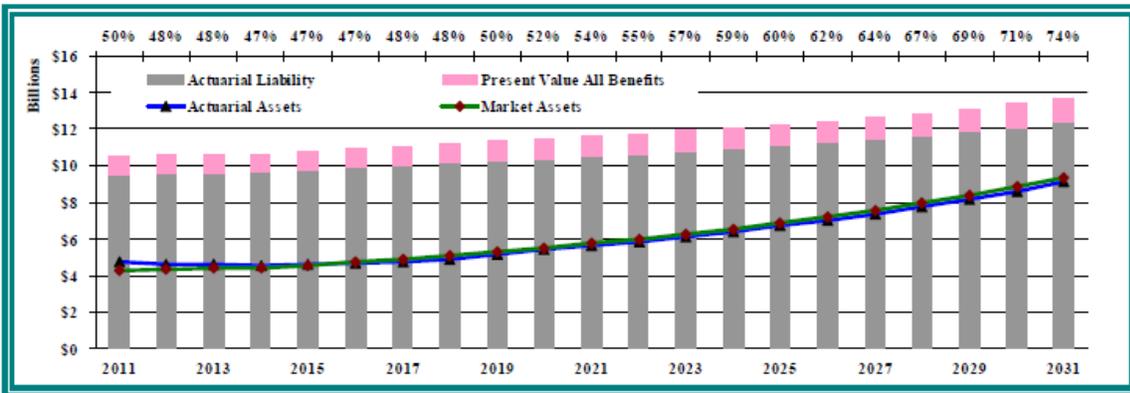
**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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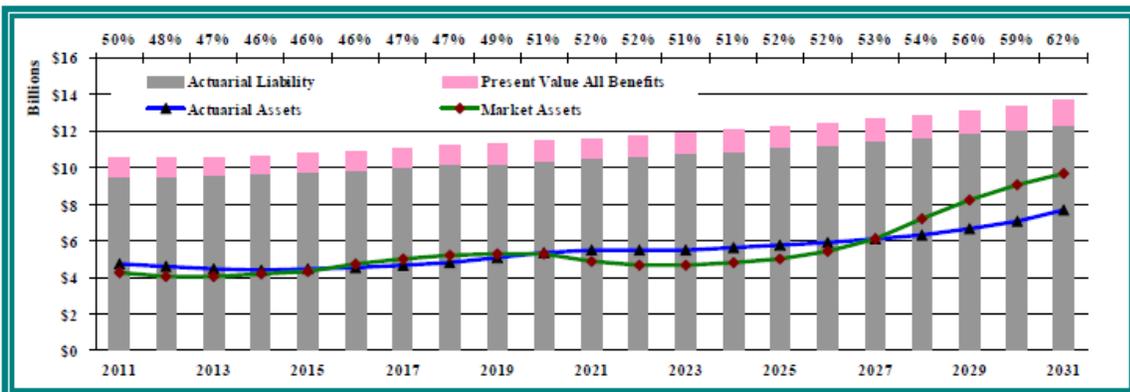
**Projection Set 1: Assets and Liabilities**

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 ten year smoothing of the investment losses and 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 as to how varying investment returns impact the System's funding ratio. In both projections, the 10 year asset smoothing method has significant influence on the smoothing of assets against market value volatility.

**Chart 1: Projection of Assets and Liabilities, 8.10% return each year and  
City makes contributions based on MMO**



**Chart 2: Projection of Assets and Liabilities, varying returns averaging 8.10% and  
City makes contributions based on MMO**



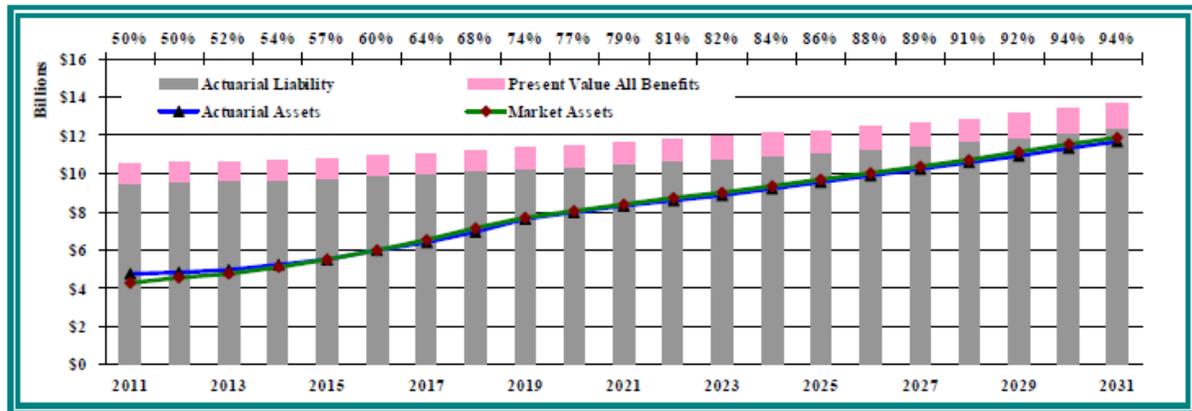
\* Market value of assets includes the PAF, which is not available for funding purposes.

SECTION I  
 BOARD SUMMARY

Chart 2 demonstrates that if the fund can achieve a long-term return rate of 8.10%, the funding ratio can be adversely impacted by volatile returns year by year. This component of funding risk is driven by negative cash flows (where benefit payments and expenses are greater than contributions). When a mature fund pays out more than it receives in a year and 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, 8.10% 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 94% at the end of the projection period. 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 8.10%**

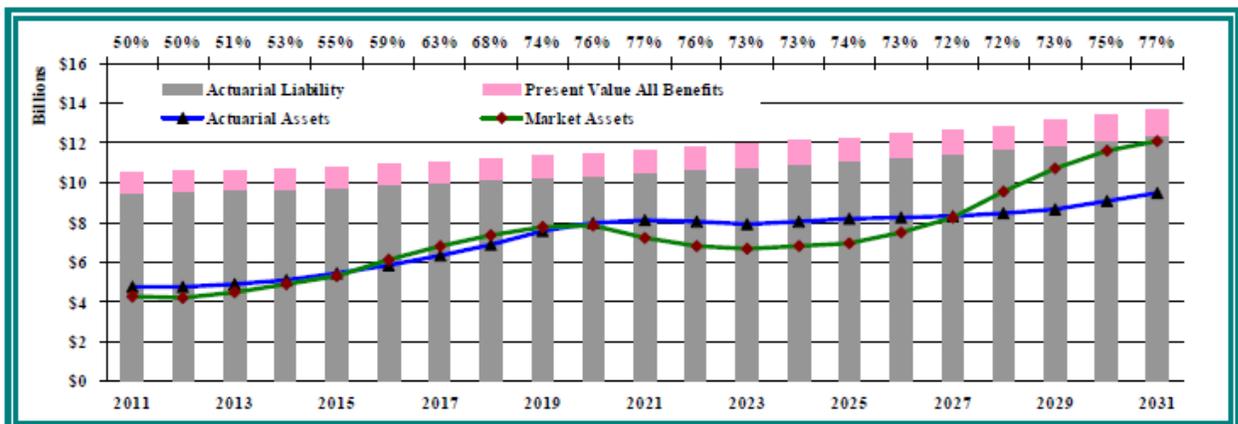


Chart 4 demonstrates that even if the return is achieved on average, because of negative cash flows the funded ratio could be materially less than long-term expectations might imply.

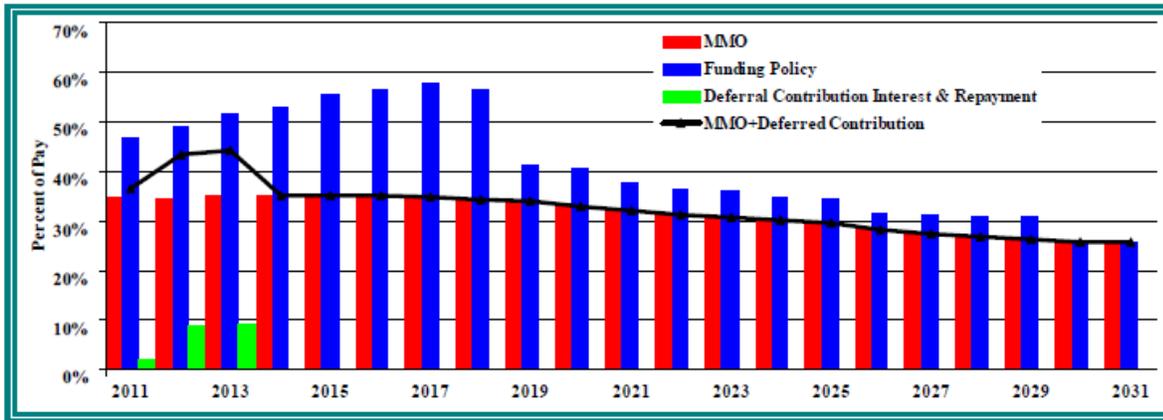
CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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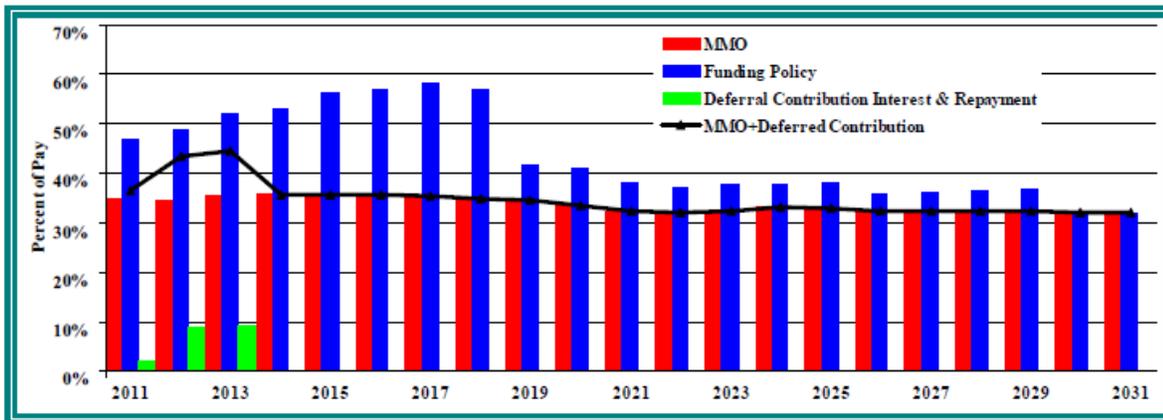
**Projection Set 2: Projected City Contribution Rate**

The chart below shows that the City’s composite contribution rate under the MMO which increases slowly until 2015, after which the MMO decreases slightly until 2024 when 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 8.10% anticipated investment return assumption, and the MMO contributions are made each year.

**Chart 5: Projection of City Contributions, 8.10% return each year**



**Chart 6: Projection of City Contributions, varying returns averaging 8.10%**



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

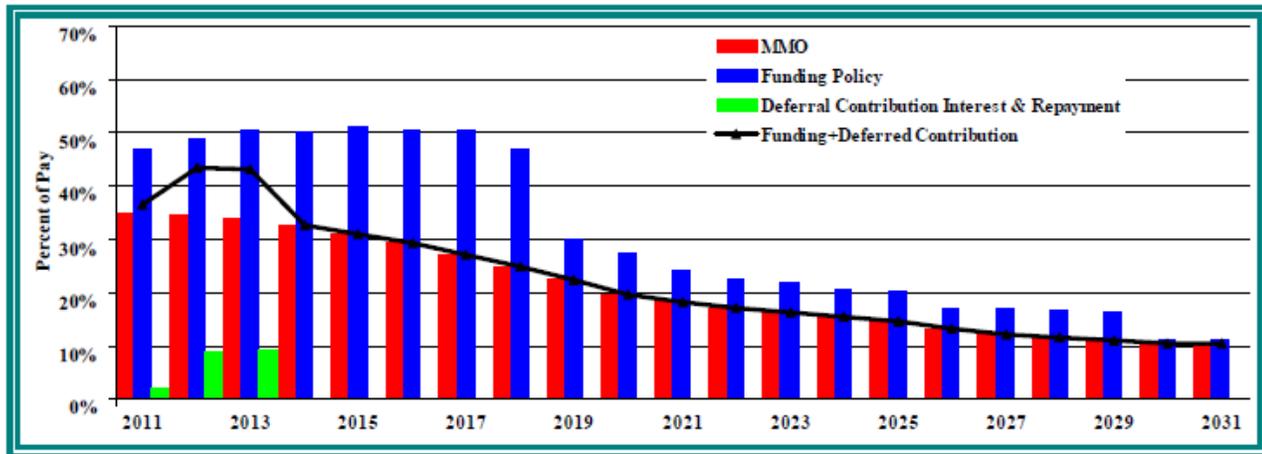
**CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
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10-year smoothing of assets and 20-year amortization of experience gains and losses. This illustrates that the future contributions should be anticipated to be higher to adjust for the market volatility. 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.

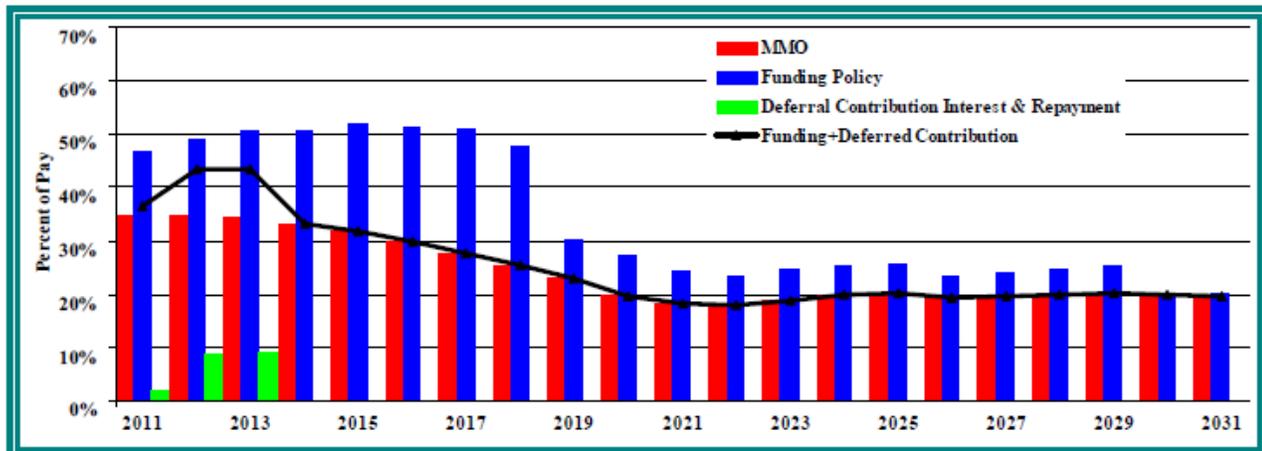
**Chart 7: Projection of City Contributions, 8.10% return each year, and the City makes contributions based on the City's Funding Policy**

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 8.10% 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.



## ASSETS

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION

SECTION II  
ASSETS

### G. Asset Gain/(Loss)

There was a \$414.2 million investment gain on market value of assets when compared to the expected as of July 1, 2011. Table II-8 reconciles the 2011 asset gain (expected versus actual) for the market value of assets both net of the PAF and in total. This investment gain 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, 2011.

<b>Table II-8</b>			
<b>Calculation of Asset Gain/(Loss)</b>			
	<b>Market Value (Net of PAF)</b>	<b>PAF</b>	<b>Total Market Value</b>
1. Market Value of Assets as of July 1, 2010	\$ 3,650,729,498	\$ 872,624	\$ 3,651,602,122
2. Transactions During Plan Year July 1, 2010 to June 30, 2011			
a. Contributions			
City and Commonwealth	\$ 455,945,000	\$ -	\$ 455,945,000
Deferred Contributions	80,000,000		80,000,000
Employees	52,705,556	-	52,705,556
Quasi-Public Agencies	14,209,837	-	14,209,837
b. Benefit Payments	(681,857,898)	(50,847) <sup>1</sup>	(681,908,745)
c. Withdrawals	(5,124,739)	-	(5,124,739)
d. Administrative Expenses	(8,052,734)	-	(8,052,734)
e. Net Transactions	\$ (92,174,978)	\$ (50,847)	\$ (92,225,825)
3. Expected Investment Income From July 1, 2010 to June 30, 2011	\$ 286,482,064	\$ 164,899 <sup>2</sup>	\$ 286,646,963
4. PAF transfer at July 1, 2011	\$ -	\$ -	\$ -
5. Expected Market Value of Assets as of July 1, 2011 [1. + 2.e. + 3. + 4]	\$ 3,845,036,584	\$ 986,676	\$ 3,846,023,260
6. Market Value of Assets as of July 1, 2011	\$ 4,259,229,222	\$ 986,676	\$ 4,260,215,898
7. Investment Gain/(Loss) [6. - 5.]	\$ 414,192,638	\$ -	\$ 414,192,638

<sup>1</sup> This is the amount of distributions made out of the Pensions Adjustment Fund during the Plan Year.

<sup>2</sup> The PAF is credited with investment income at the market rate of return earned by plan assets.

# LIABILITIES

## 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
<b>Present Value of Future Benefits</b>								
Actives	\$ 973,758	\$ 316,872	\$ 96,882	\$ 1,029,834	\$ 10,778	\$ 1,136,900	\$ 308,804	\$ 3,873,826
Terminated Vesteds	70,427	147	-	35,940	-	11,231	2,525	120,270
Disabled	237,401	235,277	58,986	37,480	-	100,173	19,304	688,621
Retirees	2,190,692	1,238,492	520,093	87,122	6,002	20,604	8,320	4,071,325
Beneficiaries	284,151	138,667	54,413	11,968	448	7,738	4,006	501,392
DROP	667,240	270,774	179,312	54,754	6,760	25,282	14,229	1,218,351
Non-Vested Refunds	1,808	161	50	3,451	9	525	119	6,122
<b>Total PVFB</b>	<b>\$ 4,425,477</b>	<b>\$ 2,200,390</b>	<b>\$ 909,736</b>	<b>\$ 1,260,549</b>	<b>\$ 23,997</b>	<b>\$ 1,302,452</b>	<b>\$ 357,307</b>	<b>\$10,479,907</b>
<b>Actuarial Liability</b>								
Actives	\$ 881,994	\$ 278,103	\$ 85,864	\$ 743,584	\$ 9,630	\$ 700,225	\$ 181,996	\$ 2,881,397
Terminated Vesteds	70,427	147	-	35,940	-	11,231	2,525	120,270
Disabled	237,401	235,277	58,986	37,480	-	100,173	19,304	688,621
Retirees	2,190,692	1,238,492	520,093	87,122	6,002	20,604	8,320	4,071,325
Beneficiaries	284,151	138,667	54,413	11,968	448	7,738	4,006	501,392
DROP	667,240	270,774	179,312	54,754	6,760	25,282	14,229	1,218,351
Non-Vested Refunds	1,808	161	50	3,451	9	525	119	6,122
<b>Total AL</b>	<b>\$ 4,333,713</b>	<b>\$ 2,161,621</b>	<b>\$ 898,718</b>	<b>\$ 974,299</b>	<b>\$ 22,849</b>	<b>\$ 865,778</b>	<b>\$ 230,499</b>	<b>\$ 9,487,478</b>
Actuarial Value of Assets	(1,870,510)	(781,665)	(331,753)	(794,132)	(13,499)	(732,450)	(195,110)	(4,719,119)
<b>Unfunded Actuarial Liability</b>	<b>\$ 2,463,203</b>	<b>\$ 1,379,956</b>	<b>\$ 566,965</b>	<b>\$ 180,167</b>	<b>\$ 9,349</b>	<b>\$ 133,327</b>	<b>\$ 35,389</b>	<b>\$ 4,768,359</b>
<b>Funding %</b>	<b>43.2%</b>	<b>36.2%</b>	<b>36.9%</b>	<b>81.5%</b>	<b>59.1%</b>	<b>84.6%</b>	<b>84.6%</b>	<b>49.7%</b>

Note: Numbers may not add due to rounding.

## CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION

### CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM JULY 1, 2011 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, 2012. Table IV-2 shows the quasi-agency funding rates as a percent of payroll.

	<b>Municipal<sup>1</sup></b>	<b>Elected</b>	<b>Police</b>	<b>Fire</b>
Plan 67	3.75%	N/A	6.00%	6.00%
Plan 87 <sup>2</sup>	1.93%	7.30%	5.02%	5.01%

<sup>1</sup> For the Municipal 1967 plan, employee contributions are 6% for pay in excess of the social security wage base.

<sup>2</sup> Police '87 and Fire '87 contribution rates reflects the new rate of 6% for new hires after January 1, 2010 and October 15, 2010, respectively, 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.

<b>Valuation Date</b>	<b>July 1, 2011</b>	<b>July 1, 2010</b>
<b>Fiscal Year Ending in Year</b>	<b>2013</b>	<b>2012</b>
1. Normal Cost Rate	7.497%	7.273%
2. Amortization Rate under the City's Funding Policy	182.424%	146.440%
3. Total Year-End Rate [1. + 2.]	189.921%	153.714%
4. Quarterly adjustment factor	0.97098	0.97081
5. Total, adjusted for Quarterly Payments [3. x 4.]	184.410%	149.227%

SECTION IV  
 CONTRIBUTIONS AND MINIMUM MUNICIPAL OBLIGATION

Table IV-3 shows the development of the FYE 2013 Minimum Municipal Obligation (MMO) for each division. Table IV-4 on the following page shows a schedule of amortization payments toward the MMO.

	<b>Non-Uniformed</b>	<b>Police</b>	<b>Fire</b>	<b>Total</b>
Estimated FY 2012-2013 Payroll	\$ 897,986	\$ 404,274	\$ 117,009	\$ 1,419,269
Normal Cost %	6.701%	12.535%	12.861%	8.871%
Normal Cost	\$ 60,171	\$ 50,677	\$ 15,048	\$ 125,897
Amortization Payment	225,048	128,340	51,575	404,964
Administrative Expenses	5,895	2,275	742	8,913
Subtotal	\$ 291,114	\$ 181,292	\$ 67,365	\$ 539,774
Expected Employee Contributions	(20,971)	(20,800)	(6,012)	(47,784)
Minimum Municipal Obligation	\$ 270,144	\$ 160,493	\$ 61,353	\$ 491,990
Deferred Contribution Interest	9,069	7,638	2,268	18,975
Deferred Principal Repayment	50,428	42,472	12,612	105,513
<b>Total Minimum Municipal Obligation</b>	<b>\$ 329,641</b>	<b>\$ 210,603</b>	<b>\$ 76,233</b>	<b>\$ 616,478</b>

**Table IV-4  
 Unfunded Liability Payments toward the MMO for Fiscal Year 2013  
 (\$ thousands)**

Type of Base	Municipal			Police			Fire			Total		
	7/1/2011 Balance	Years Left	FY 2013 Payment	7/1/2011 Balance	Years Left	FY 2013 Payment	7/1/2011 Balance	Years Left	FY 2013 Payment	7/1/2011 Balance	Years Left	FY 2013 Payment
Fresh Start Base est. July 1, 2009	\$ 2,720,655	28	\$ 229,818	\$ 1,531,415	28	\$ 129,361	\$ 593,452	28	\$ 50,130	\$ 4,845,522	28	\$ 409,309
Gain/Loss Base est. July 1, 2010	\$ (58,931)	19	\$ (5,717)	\$ (42,021)	19	\$ (4,077)	\$ (3,145)	19	\$ (305)	\$ (104,097)	19	\$ (10,100)
Assumption Change est. July 1, 2010	\$ 82,441	14	\$ 9,304	\$ 33,079	14	\$ 3,734	\$ 30,188	14	\$ 3,407	\$ 145,708	14	\$ 16,445
Gain/Loss est. July 1, 2011	\$ (114,875)	20	\$ (10,904)	\$ (23,278)	20	\$ (2,210)	\$ (22,891)	20	\$ (2,173)	\$ (161,044)	20	\$ (15,287)
Assumption Change est. July 1, 2010	\$ 23,432	15	\$ 2,548	\$ 14,089	15	\$ 1,532	\$ 4,751	15	\$ 517	\$ 42,271	15	\$ 4,596
<b>Total</b>	<b>\$ 2,652,721</b>		<b>\$ 225,048</b>	<b>\$ 1,513,283</b>		<b>\$ 128,340</b>	<b>\$ 602,355</b>		<b>\$ 51,575</b>	<b>\$ 4,768,360</b>		<b>\$ 404,964</b>

Note: Numbers may not add due to rounding.

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION

**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, 2011 for the MMO.

<b>Table IV-5a</b>			
<b>Development of the Fiscal Year 2013 Amortization Payment under MMO</b>			
<b>Municipal and Elect</b>			
<b>(\$ thousands)</b>			
	<b>7/1/2011 Outstanding Balance</b>	<b>Remaining Years</b>	<b>FY 2013 Payment</b>
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2011 Based on July 1, 2010 Valuation	\$ 2,744,165		\$ 233,404
2. Changes in UAL due to			
a. Actuarial Experience	\$ (114,875)	20	\$ (10,904)
b. Assumption Changes	23,432	15	2,548
c. Active Plan Changes	-	0	-
d. Inactive Plan Changes	-	0	-
e. Subtotal	\$ (91,444)		\$ (8,356)
3. Total [1c. + 2e.]	\$ 2,652,721		\$ 225,048

<b>Table IV-5b</b>			
<b>Development of the Fiscal Year 2013 Amortization Payment under MMO</b>			
<b>Police</b>			
<b>(\$ thousands)</b>			
	<b>7/1/2011 Outstanding Balance</b>	<b>Remaining Years</b>	<b>FY 2013 Payment</b>
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2011 Based on July 1, 2010 Valuation	\$ 1,522,472		\$ 129,018
2. Changes in UAL due to			
a. Actuarial Experience	\$ (23,278)	20	\$ (2,210)
b. Assumption Changes	14,089	15	1,532
c. Active Plan Changes	-	0	-
d. Inactive Plan Changes	-	0	-
e. Subtotal	\$ (9,189)		\$ (678)
3. Total [1c. + 2e.]	\$ 1,513,283		\$ 128,340

CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM  
JULY 1, 2011 ACTUARIAL VALUATION

<b>Table IV-5c</b>			
<b>Development of the Fiscal Year 2013 Amortization Payment under MMO</b>			
<b>Fire</b>			
(\$ thousands)			
	7/1/2011 Outstanding Balance	Remaining Years	FY 2013 Payment
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2011 Based on July 1, 2010 Valuation	\$ 620,495		\$ 53,232
2. Changes in UAL due to			
a. Actuarial Experience	\$ (22,891)	20	\$ (2,173)
b. Assumption Changes	4,751	15	517
c. Active Plan Changes	-	0	-
d. Inactive Plan Changes	-	0	-
e. Subtotal	\$ (18,140)		\$ (1,656)
3. Total [1c. + 2e.]	\$ 602,355		\$ 51,576

<b>Table IV-5d</b>			
<b>Development of the Fiscal Year 2013 Amortization Payment under MMO</b>			
<b>Total</b>			
(\$ thousands)			
	7/1/2011 Outstanding Balance	Remaining Years	FY 2013 Payment
1. Expected Unfunded Actuarial Liability (UAL) as of July 1, 2011 Based on July 1, 2010 Valuation	\$ 4,887,132		\$ 415,654
2. Changes in UAL due to			
a. Actuarial Experience	\$ (161,044)	20	\$ (15,287)
b. Assumption Changes	42,271	15	4,596
c. Active Plan Changes	-	0	-
d. Inactive Plan Changes	-	0	-
e. Subtotal	\$ (118,773)		\$ (10,690)
3. Total [1c. + 2e.]	\$ 4,768,359		\$ 404,964

Note: Numbers may not add due to rounding.

## **GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)**

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### **CITY OF PHILADELPHIA MUNICIPAL RETIREMENT SYSTEM JULY 1, 2011 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 8.25% per annum for Fiscal Year 2011. For Fiscal Year 2012, the assumed interest rate will change to 8.15% based upon July 1, 2010 liabilities valued at this interest rate. For Fiscal Year 2013 the assumed interest rate will change to 8.10% based upon July 1, 2011 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, 2010 and July 1, 2011 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 current and historical information about the funded status of the plan. This schedule can be found in Tables V-1 and V-3. Consistent with the exclusion of the deferred contribution amounts in the Schedule of Employer Contribution amounts, we have adjusted the Actuarial Value of Assets for the net amounts of the deferred contributions of \$150 million and \$230 million of the July 1, 2010 and 2011 values respectively.
- 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 contributions of \$150 million for FYE 2010 and \$80 million for FYE 2011.

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.



**CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
STATEMENT OF PLAN NET ASSETS  
JUNE 30, 2011**

**ASSETS**

Cash on Deposit and on Hand	\$	17,756,299
Investments at Fair Value		4,039,290,380
Securities Lending		485,348,281
Allowance for Unrealized Loss		(1,895,088)
Accounts Receivable		4,429,754
Due from Brokers		620,344,768
Interest and Dividends Receivable		14,434,813
Due from Other Governmental Units		3,612,705
		<hr/>
<u>Total Assets</u>	\$	<u><u>5,183,321,912</u></u>

**LIABILITIES**

Vouchers Payable	\$	106,766
Accounts Payable		3,625,838
Salaries and Wages Payable		189,208
Due on Securities Lending		485,348,281
Due to Brokers		660,238,187
Accrued Expenses		1,158,489
Deferred Revenue		2,047,238
Monies Held in Escrow		11,038
Other Liabilities		380,970
		<hr/>
<u>Total Liabilities</u>		<u><u>1,153,106,015</u></u>

Net Assets Held in Trust for Pension Benefits	\$	4,030,215,897
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**CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND**

Schedule A-1a

**SUMMARY OF INVESTMENT TYPE FOR THE FISCAL YEAR ENDED JUNE 30,  
2011**

	<u>Par</u>	<u>Cost</u>	<u>Market</u>
U.S. Government Securities	57,194,448,464	326,592,651	342,574,520
U.S. Government Agency Securities	38,153,990	37,776,730	38,634,355
Corporate Bonds	62,611,660,599	280,025,657	291,665,990
Corporate Equity	241,254,550	1,186,866,301	1,362,114,279
Collateralized Mortgage Obligations	25,846,766	16,720,842	20,372,878
Other Bonds & Investments	4,117,596,580	1,235,957,631	1,385,464,525
Short Term Investment Pools	82,808,987	82,808,987	82,808,987
Real Estate	9,222,790	20,703,519	14,567,232
Financial Agreements	<u>497,422,440</u>	<u>549,797,592</u>	<u>519,623,728</u>
Total	<u>\$ 124,818,415,166</u>	<u>\$ 3,737,249,910</u>	<u>\$ 4,057,826,494</u>

CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

Additions:

Contributions:			
Employer's Contributions	\$	470,154,837	\$ 312,556,328
Employees' Contributions		<u>52,705,556</u>	<u>51,569,852</u>
Total Contributions		522,860,393	364,126,180
Investment Income:			
Interest and Dividends		79,544,476	70,537,730
Gain (Loss) from Sale of Investments		635,569,433	401,243,539
(Less) Investment Expenses		(15,266,001)	(15,988,648)
Securities Lending Revenue		2,219,697	2,852,256
Securities Lending Unrealized Loss		(1,895,088)	(3,899,319)
(Less) Securities Lending Expenses		(710,172)	(1,032,621)
Net Investment Income		<u>699,462,345</u>	<u>453,712,937</u>
Miscellaneous Operating Revenues		1,377,256	712,091
Total Additions		<u>1,223,699,994</u>	<u>818,551,208</u>

Deductions:

Personal Services		3,675,375	3,814,690
Purchase of Services		1,792,127	1,952,234
Materials and Supplies		81,257	76,107
Employee Benefits		2,384,554	2,111,262
Pension Benefits		681,908,745	680,121,941
Refunds of Members' Contributions		5,124,739	4,520,092
Indemnities		-	-
Other Operating Expenses		119,421	119,837
Transfer Out		-	-
Total Deductions		<u>695,086,218</u>	<u>692,716,163</u>

Net Increase		<u>528,613,776</u>	<u>125,835,045</u>
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Net Assets Held in Trust for Pension Benefits - July 1, 2010		<u>3,501,602,121</u>	<u>3,375,767,076</u>
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Prior Period Adjustment		-	-
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Net Assets Held in Trust for Pension Benefits - June 30, 2011		<u><u>4,030,215,897</u></u>	<u><u>3,501,602,121</u></u>
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**CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
ANALYSIS OF MEMBER'S CONTRIBUTIONS FOR THE PERIOD ENDED - JUNE 30, 2011**

	Municipal Division Old	Municipal Divison New	Fire Division New	Police Division New
Balance, July 1, 2010	203,351	\$ 307,506	\$ 42,530,942	\$ 85,827,570
<b>Additions</b>				
Regular Payroll Deductions	-	-	1,020,459	3,425,765
Installment Repurchase Deductions	-	-	-	15,376
Payment Through City Treasurer	-	-	511,209	651,715
Retirees' Pension Payment	-	-	-	68
Net Change in Liability for Deceased Pensions	-	-	-	25,538
Net Change in Liability for Pensioner's Unexpected Contribution	-	-	59,071	62,534
Adjustments to Member's Contribution Accounts	-	-	-	-
Unclaimed Withdrawal Checks Deposited	-	-	-	-
<b>Total Additions</b>	<b>-</b>	<b>-</b>	<b>1,590,739</b>	<b>4,180,996</b>
<b>Deductions</b>				
Withdrawals	-	-	231,554	732,438
Retirements	-	-	2,840,731	5,561,733
Adjustments to Member's Contribution Accounts	-	-	-	-
<b>Total Deductions</b>	<b>-</b>	<b>-</b>	<b>3,072,285</b>	<b>6,294,171</b>
<b>Net Change in Year</b>	<b>-</b>	<b>-</b>	<b>(1,481,546)</b>	<b>(2,113,175)</b>
<b>Balance, June 30, 2011</b>	<b>\$ 203,351</b>	<b>\$ 307,506</b>	<b>\$ 41,049,396</b>	<b>\$ 83,714,395</b>

Elected Officials	Municipal Revised Plan 60	Municipal Revised Plan 87	Municipal Revised Plan 93	Fire Division Old	Police Division Old	Total
\$ 2,398,195	\$ 217,138,430	\$ 7,138,629	\$ 106,601,643	\$ 42,580,411	\$ 156,367,673	661,094,350
166,578	7,564,782	788	13,499,252	4,900,560	17,477,656	48,055,840
-	68,098	-	419,855	129,859	167,180	800,368
-	1,175,914	3,470	1,168,036	82,768	247,408	3,840,520
-	6,080	1,531	1,149	-	-	8,828
-	(145,627)	-	(34,633)	22,822	-	(131,901)
(75,405)	(68,891)	-	327,043	89,591	346,069	740,012
-	-	-	-	-	-	-
-	-	-	-	-	-	-
91,173	8,600,354	5,789	15,380,702	5,225,600	18,238,313	53,313,667
-	775,972	-	1,672,335	252,051	1,460,389	5,124,739
129,962	15,758,124	-	2,654,275	511,506	1,589,795	29,046,126
-	-	-	-	-	-	-
129,962	16,534,096	-	4,326,610	763,557	3,050,184	34,170,865
(38,789)	(7,933,742)	5,789	11,054,092	4,462,043	15,188,129	19,142,802
\$ 2,359,406	\$ 209,204,688	\$ 7,144,418	\$ 117,655,735	\$ 47,042,454	\$ 171,555,802	680,237,152

**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, 2010	<u>661,094,350</u>	<u>2,840,507,770</u>	<u>3,501,602,120</u>
Additions:			
Contributions:			
Employees	52,705,556	-	
Quasi-Public Agencies Net Accrual	-	14,209,837	
City Appropriations	-	455,945,000	
Total Contributions	<u>52,705,556</u>	<u>470,154,837</u>	
Interest:			
Members' Reinstatements	-	8,261	
Interest on Long-Term Investments	-	79,327,816	
Interest on Short-Term Investments	-	208,399	
Total Interest	<u>-</u>	<u>79,544,476</u>	
Net Appreciation (Depreciation) Fair Value of Investment	-	394,207,584	
Net Income (Loss) from Investment Managers	-	239,115,887	
Members' Contributions Transferred to Reserve for Retirements	-	29,046,126	
Adjustments for Liability to Deceased Pensioners	(131,901)	-	
Adjustments to Members' Unexpended Contributions	740,012	-	
Adjustments for Accrued Death Benefits	-	259,109	
Adjustment for Employees Unexpended Vacation Time	-	-	
Other Additions:			
Unclaimed Withdrawal Checks Deposited	-	-	
Refunds and Cancelled Checks -			
Prior Years' Pensions	-	1,207,235	
Miscellaneous Receipts	-	2,046,672	
Miscellaneous Fund Balance Adjustments	-	-	
Total Other Additions	<u>608,111</u>	<u>665,882,613</u>	
Total Additions	<u>53,313,667</u>	<u>1,215,581,926</u>	<u>1,268,895,592</u>
Deductions			
Withdrawals	5,124,739		
Retirements	29,046,126		
Administrative Expenses	-	8,181,102	
Payments of Pensions and Benefits	-	681,908,742	
Investment Manager Expenses	-	15,266,001	
Monies Held In Escrow		11,038	
Adjustments for Liability to Deceased Pensioners			
Adjustments to Members' Unexpended Contributions	-	740,012	
Adjustments for Accrued Death Benefits	-	259,109	
Adjustment for Employees Unexpended Vacation Time	-	(8,992)	
Transfer Out		-	
Reversal of Prior Year Accruals	-	(365,483)	
Miscellaneous Fund Balance Adjustments	-	119,421	
Total Deductions	<u>34,170,865</u>	<u>706,110,950</u>	<u>740,281,815</u>
Balance, June 30, 2011	<u>680,237,152</u>	<u>3,349,978,745</u>	<u>4,030,215,897</u>

**CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS BY DIVISION FOR THE  
FISCAL YEAR ENDED JUNE 30, 2011**

		<u>Employee Contributions</u>	<u>Pension Benefits</u>	<u>Miscellaneous Revenue</u>	<u>Operating Expenses</u>
Police Division - Old	530347	17,892,244	9,765,029	176,223	-
Police Division - New	530340	4,092,924	196,640,785	239,240	-
Fire Division - Old	530337	5,113,188	2,782,038	5,535	-
Fire Division - New	530330	1,531,668	81,239,486	40,986	-
Municipal Revised - Plan 60	530360	8,814,873	374,491,486	732,424	-
Municipal Revised - Plan 87	530367	5,789	281,784		-
Municipal Revised - Plan 93	530361	15,088,293	15,719,733	12,626	-
Municipal Division - New	530362	-	219,940	200	-
Civilian - Elected Officials	530350	166,578	1,135,595		-
			-		
Operating Fund	530390	-	<u>(367,131)</u>	<u>1,377,256</u>	<u>8,181,102</u>
<b>TOTAL</b>		<u>52,705,557</u>	<u>681,908,745</u>	<u>2,584,490</u>	<u>8,181,102</u>

**CITY OF PHILADELPHIA  
MUNICIPAL PENSION FUND  
PENSION CONTRIBUTIONS BY DIVISION FOR THE FISCAL YEAR ENDED JUNE  
30, 2011**

	<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)	270,166,813
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>566,012,880</u>

**MUNICIPAL PENSION FUND  
FISCAL 2011 INFORMATION**

Cash and Accrued Contributions from the City - Fiscal 2011 \*

<u>Category</u>	- -	<u>Amount</u>	
Cash received	\$	455,945,000	
Accrued 6/30/11		-	\$ 455,945,000

Cash and Accrued Contributions from Quasi-Agencies - Fiscal 2011

Cash received	15,374,351	
Accrued 6/30/2011	(1,164,514)	14,209,837
Total City & Quasi Agencies		\$ 470,154,837
Contribution from the Commonwealth		-
Total Contribution requirement		\$ 470,154,837

\* Analysis of Contributions from the City - Fiscal 2011

<u>Date</u>	<u>Amount</u>
08/09/2011	\$ 455,945,000
	\$ 455,945,000

# STATISTICAL INFORMATION

## CITY OF PHILADELPHIA

### MUNICIPAL RETIREMENT SYSTEM

#### 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>SURVIVORS OF</u>			<u>TOTAL</u>		
				<u>REGULAR</u>	<u>DISABLED</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
<b>Grand Total</b>	<b><u>989</u></b>	<b><u>15</u></b>	<b><u>1,004</u></b>	<b><u>1,280</u></b>	<b><u>129</u></b>	<b><u>52</u></b>	<b><u>365</u></b>	<b><u>1826</u></b>	<b><u>2,830</u></b>

#### APPLICATIONS PROCESSED DURING JULY 2010 THROUGH JUNE 2011

<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>SURVIVORS OF</u>			<u>TOTAL</u>		
				<u>REGULAR</u>	<u>DISABLED</u>	<u>EMPLOYEES</u>		<u>PENSIONERS</u>	
Municipal	968	27	995	1482	74	30	223	1809	2804
Fire	17	0	17	142	6	6	50	204	221
Police	94	2	96	373	36	3	94	506	602
Elected	0	0	0	1	0	0	0	1	1
<b>Grand Total</b>	<b><u>1,079</u></b>	<b><u>29</u></b>	<b><u>1,108</u></b>	<b><u>1,998</u></b>	<b><u>116</u></b>	<b><u>39</u></b>	<b><u>367</u></b>	<b><u>2,520</u></b>	<b><u>3,628</u></b>

**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>
<b><u>June 30, 2010</u></b>								
<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>

	<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>
<b><u>June 30, 2011</u></b>								
<u>MUNICIPAL</u>	13546	1986	5512	21044	\$ 23,273,237	\$2,805,437	\$3,353,867	\$29,432,541
<u>FIRE</u>	5755	1889	2181	9825	\$ 11,856,725	\$3,092,321	\$1,608,794	\$16,557,840
<u>POLICE</u>	2050	427	821	3298	5,021,514	\$ 754,623	\$ 662,745	\$ 6,438,882
<u>ELECTED</u>	12	0	3	15	59,060	\$ -	\$ 5,718	\$ 64,778
<u>GRAND TOTAL</u>	<u>21,363</u>	<u>4,302</u>	<u>8,517</u>	<u>34,182</u>	<u>40,210,535</u>	<u>6,652,381</u>	<u>5,631,124</u>	<u>52,494,041</u>

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

**ACTIVE MEMBERS**

<b><u>DIVISION</u></b>	<b><u>6/30/10</u></b>	<b><u>6/30/11</u></b>
<b>MUNICIPAL</b>	<b>20,234</b>	<b>20,013</b>
<b>FIRE</b>	<b>2,161</b>	<b>2,125</b>
<b>POLICE</b>	<b>6,836</b>	<b>6,643</b>
<b>ELECTED</b>	<b>25</b>	<b>24</b>
<b><u>TOTAL</u></b>	<b><u>29,256</u></b>	<b><u>28,805</u></b>

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