

# COMPLIANCE AUDIT

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## City of Pittsburgh Comprehensive Municipal Pension Trust Fund

Allegheny County, Pennsylvania

For the Period

January 1, 2018 to December 31, 2020

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February 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

The Honorable Mayor and City Council  
City of Pittsburgh  
Allegheny County  
Pittsburgh, PA 15129

We have conducted a compliance audit of the City of Pittsburgh Comprehensive Municipal Pension Trust Fund for the period January 1, 2018 to December 31, 2020. We also evaluated compliance with some requirements subsequent to that period when possible. The audit was conducted pursuant to authority derived from the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984, as amended, 53 P.S. § 895.402(j)), which requires the Auditor General, as deemed necessary, to audit every municipality which receives general municipal pension system state aid and every municipal pension plan and fund in which general municipal pension system state aid is deposited. The audit was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We planned and performed the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

The objectives of the audit were:

1. To determine if municipal officials took appropriate corrective action to address the findings contained in our prior report; and
2. To determine if the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

Our audit was limited to the areas related to the objectives identified above. To determine if municipal officials took appropriate corrective action to address the findings contained in our prior report, we inquired of plan officials and evaluated supporting documentation provided by officials evidencing that the suggested corrective action has been appropriately taken. To determine whether the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, our methodology included the following:

- We determined whether state aid was properly determined and deposited in accordance with Act 205 requirements by verifying the annual deposit date of state aid and determining whether deposits were made within 30 days of receipt for all years within the period under audit.
- We determined whether annual employer contributions were calculated and deposited in accordance with the plan's governing document and applicable laws and regulations by examining the municipality's calculation of the plan's annual financial requirements and minimum municipal obligation (MMO) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plan as evidenced by supporting documentation.
- We determined whether annual employee contributions were calculated, deducted, and deposited into the pension plan in accordance with the plan's governing document and applicable laws and regulations by testing total members' contributions on an annual basis using the rates obtained from the plan's governing document in effect for all years within the period under audit and examining documents evidencing the deposit of these employee contributions into the pension plan.
- We determined whether retirement benefits calculated for 6 of 62 police officers, 5 of 53 firefighters and 20 of 198 non-uniformed employees who retired during the current and through the completion of our fieldwork procedures, represent payments to all (and only) those entitled to receive them and were properly determined and disbursed in accordance with the plan's governing document, applicable laws, and regulations by recalculating the amount of the monthly pension benefits due to the retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients.<sup>1</sup>
- We determined whether the January 1, 2019 actuarial valuation report was prepared and submitted by March 31, 2020, in accordance with Act 205 and whether selected information provided on this report is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.
- We determined whether all annual special ad hoc postretirement reimbursements received by the municipality were authorized and appropriately deposited in accordance with Act 147 by tracing information to supporting documentation maintained by plan officials.
- We determined whether the pension plan is in compliance with Act 205 for distressed

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<sup>1</sup> We selected plan members randomly from the population of plan members who retired during the current audit period and through completion of our fieldwork procedures in order to obtain a representative selection for the purpose of our testing to achieve the audit objective. While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

municipalities through inquiry of plan officials and evaluation of the recovery remedies implemented during the audit period.

- We determined whether the terms and methodologies of the issuance of pension obligation bonds by the municipality, and any restrictions, were in compliance with plan provisions and Act 205 through inquiry of plan officials and examination of supporting documentation.
- We determined whether casino revenues were determined and in accordance with applicable laws and regulations.
- We determined whether parking tax revenues were deposited timely by the city and in accordance with plan provisions and applicable laws and regulations.

The City of Pittsburgh contracted with an independent certified public accounting firm for annual audits of the City of Pittsburgh Comprehensive Municipal Pension Trust Fund's combined financial statements which are available at the city's offices. Those financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

City officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the City of Pittsburgh Comprehensive Municipal Pension Trust Fund Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. As previously described, we tested transactions, interviewed selected officials, and performed procedures to the extent necessary to provide reasonable assurance of detecting instances of noncompliance with legal and regulatory requirements or noncompliance with provisions of contracts, administrative procedures, and local ordinances and policies that are significant within the context of the audit objectives.

The results of our procedures indicated that, in all significant respects, the City of Pittsburgh Comprehensive Municipal Pension Trust Fund Pension Plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, except as noted in the following finding further discussed later in this report:

Finding – Noncompliance With Prior Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

As previously noted, one of the objectives of our audit of the City of Pittsburgh Comprehensive Municipal Pension Trust Fund was to determine compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. Among several provisions relating to municipal pension plans, Act 205 provides for the implementation of a distress recovery program. Three levels of distress have been established:

<u>Level</u>	<u>Indication</u>	<u>Funding Criteria</u>
I	Minimal distress	70-89%
II	Moderate distress	50-69%
III	Severe distress	Less than 50%

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information or conclude on it and, accordingly, express no form of assurance on it. However, **we are extremely concerned about the funded status of the individual plans contained in the schedules of funding progress included in this report which indicates a decline of assets available to satisfy the long-term liabilities of the plan. As of January 1, 2019, which is the most recent data available, the Police Pension Plan's Funded Ratio is 55.2%, the Firemen's Pension Plan's Funded Ratio is also 56.2%, and the Non-Uniformed Pension Plan's Funded Ratio is 61.9%.**

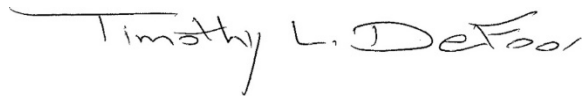
The January 1, 2019, actuarial valuation reports filed with the Municipal Pension Reporting Program (MPRP) for the city's police, firemen's and non-uniformed pension plans, which included the present value of anticipated future parking tax revenues referenced in this audit report and were prepared using actuarial smoothing methodology, contained the following aggregated funding data:

Actuarial Valuation of Assets	Actuarial Accrued Liability	Funding Ratio
\$ 761,287,735	\$ 1,324,270,887	57.5%

Based on this information, MPRP issued a notification that the city remains in Level II moderate distress status. Utilizing data from the city's Annual Comprehensive Financial Report (ACFR), which does not include the fair market value of future funding from parking tax revenues as noted in the Comments section of this audit report, the net assets of the pension trust fund at fair market value on January 1, 2019 were \$428,591,665 which represents just 32.4% of the fund's actuarial accrued liability as of that date.

Act 205, as amended by Act 44, at Section 902(c) mandated the transfer of administration of the City of Pittsburgh's pension plans to the Pennsylvania Municipal Retirement System (PMRS) if the city was determined to be in Level III severe distress as of January 1, 2011. The January 1, 2011 actuarial valuation reports were to be filed with the former Public Employee Retirement Commission by September 1, 2011. As noted in the Comments included in both this report and our prior audit reports, in order to avoid a transfer of the city's pension plans to PMRS, the city adopted Ordinance Nos. 42 and 44 and Resolution No. 882, which were intended to provide additional funding to the Comprehensive Municipal Pension Trust Fund. During the current audit period, the city has made deposits of parking tax revenues to the pension trust fund pursuant to the terms of these documents. We urge the city to continue to take appropriate action to ensure the terms of these documents continue to be adhered to in the future.

The contents of this report were discussed with officials of City of Pittsburgh and, where appropriate, their responses have been included in the report. We would like to thank city officials for the cooperation extended to us during the conduct of the audit.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General  
January 18, 2022

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## BACKGROUND – (Continued)

On December 18, 1984, the Pennsylvania Legislature adopted the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.). The Act established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state aid to Pennsylvania's public pension plans.

Annual state aid allocations are provided from a 2 percent foreign (out-of-state) casualty insurance premium tax, a portion of the foreign (out-of-state) fire insurance tax designated for paid firefighters and any investment income earned on the collection of these taxes. Generally, municipal pension plans established prior to December 18, 1984, are eligible for state aid. For municipal pension plans established after that date, the sponsoring municipality must fund the plan for three plan years before it becomes eligible for state aid. In accordance with Act 205, a municipality's annual state aid allocation cannot exceed its actual pension costs.

In addition to Act 205, the City of Pittsburgh Comprehensive Municipal Pension Trust Fund Pension Plan is also governed by implementing regulations published at Title 16, Part IV of the Pennsylvania Code and applicable provisions of various other state statutes including, but not limited to, the following:

- Act 14 - Second Class City Code, Act of March 7, 1901 (P.L. 20, No. 14) as amended, 53 P.S. § 22101, et seq.
- Act 147 - Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, Act of December 14, 1988 (P.L. 1192, No. 147), as amended, 53 P.S. § 896.101 et seq.

The City of Pittsburgh Comprehensive Municipal Pension Trust Fund serves as a common administrative and investment agent for the city's police, firemen's and non-uniformed employee defined benefit pension plans. Ordinances governing pension plan operations are codified in the Pittsburgh Code, Title 1, Administrative, Article XI, Personnel, Chapter 192. The plans are also affected by the provisions of collective bargaining agreements between the city and its police officers, firefighters, and non-uniformed employees.

The police pension plan was established September 1, 1935. Active members are required to contribute 6 percent of compensation plus \$1 per month to the plan. Members who elect the surviving spouse benefit contribute an additional 0.5 percent of compensation. As of January 1, 2019, the plan had 955 active members, 24 terminated members eligible for vested benefits in the future, and 1,466 retirees receiving pension benefits.



## **BACKGROUND – (Continued)**

The firemen's pension plan was established May 25, 1933. Active members are required to contribute 6.5 percent of compensation plus \$1 per month to the plan. Members who elect the surviving spouse benefit contribute an additional 0.5 percent of compensation. As of January 1, 2019, the plan had 666 active members, no terminated members eligible for vested benefits in the future, and 1,097 retirees receiving pension benefits.

The non-uniformed pension plan was established May 28, 1915. Active members hired prior to January 1, 1988 are required to contribute 5.0 percent of compensation to the plan. Members hired after December 31, 1987 are required to contribute 4.0 percent of compensation to the plan. As of January 1, 2019, the plan had 1,767 active members, 59 terminated members eligible for vested benefits in the future, and 1,691 retirees receiving pension benefits.

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
STATUS OF PRIOR FINDINGS

Compliance With Prior Recommendations

The City of Pittsburgh has complied with the prior recommendation concerning the following:

- Incorrect Data On Certification Form AG 490 Resulting In Excess Reimbursement For Special 1989 Ad Hoc Postretirement Adjustments

During the current audit period, municipal officials reimbursed \$197 to the Commonwealth for the over payment in 2018.

Noncompliance With Prior Recommendation

The City of Pittsburgh has not complied with the prior recommendation concerning the following as further discussed in the Finding and Recommendation section of this report:

- Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
FINDING AND RECOMMENDATION

**Finding – Noncompliance With Prior Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid**

Condition: As disclosed in the prior audit report, the city failed to comply with the instructions that accompanied Certification Form AG 385 in accurately reporting required data during 2017, 2018 and 2019 (note: 2018 and 2019 AG 385s were audited during the previous engagement because the information was available), resulting in a total net underpayment of state aid. Although the city was subsequently reimbursed for the state aid underpayment, a similar condition occurred during the current audit period. The city certified two ineligible police officers (4 units) and an ineligible non-uniformed employee (1 unit) on the Certification Form AG 385 submitted during 2020 and failed to include 23 eligible police officers (46 units), 9 eligible firemen (18 units) and 126 eligible non-uniformed employees (126 units) on the Certification Form AG 385 filed in 2021. The data contained on these certification forms is based on prior calendar year information.

Criteria: As previously cited, pursuant to Act 205, at Section 402(e)(2), an employee who has been employed on a full-time basis for at least six consecutive months and has been participating in a pension plan during the certification year is eligible for certification.

Cause: Plan officials again failed to implement adequate internal control procedures to ensure the accuracy and consistency of the data certified prior to submission and compliance with the prior recommendation as well as the following:

- Some of the errors on the forms were attributed to clerical oversight;
- Some of the errors were attributed to confusion over the eligibility of newly hired Pittsburgh Water and Sewer Authority (PWSA) employees due to the creation of a new defined contribution pension plan which was intended to be managed separately from the city's plan. It was noted that effective July 1, 2019, the PWSA implemented their own separate defined contribution plan and discontinued enrolling newly hired non-union employees into the city's pension plan (*if hired on or after March 1, 2019*). Union employees hired on or after March 31, 2019, however, were to continue to be enrolled into the pension plan sponsored by the city pending ratification by the various unions. Additionally, the new PWSA defined contribution plan was not eligible for participation in the state aid program; and therefore, newly hired non-union employees were not eligible for certification on the AG 385 form. When filing the 2020 and 2021 AG-385 forms, the city failed to differentiate whether certain employees hired after March 1, 2019 were union or non-union causing some ineligible members to be certified while other eligible members were inadvertently omitted from the form;

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

- The city implemented a new payroll system in 2020 and information received from the city’s payroll department did not include any plan members who terminated or retired during 2020. This caused any member who retired or terminated, but worked the required six consecutive months full-time during the year, to be omitted from the form; and
- The city electronically sorted the PWSA member listing for the year 2020 into alphabetical order but failed to include appropriate dates of hire.

Effect: The data submitted on these certification forms is used, in part, to calculate the state aid due to the municipality for distribution to its pension plans. Because the city’s state aid allocations were based on unit value, the city received an underpayment of state aid of \$886,810 as identified below:

<u>Year</u>	<u>Type Of Plan</u>	<u>Units Overstated (Understated)</u>	<u>Unit Value</u>	<u>State Aid Overpayment (Underpayment)</u>
2020	Police	4	\$ 4,924	\$ 19,696
	Non-Uniformed	1	4,924	<u>4,924</u>
				<u>24,620</u>
2021	Police	(46)	4,797	(220,662)
	Non-Uniformed	(126)	4,797	(604,422)
	Firemen’s	(18)	4,797	<u>(86,346)</u>
				<u>(911,430)</u>
Total Net Underpayment of State Aid				<u>\$ (886,810)</u>

Although the city will be reimbursed for the net underpayment of state aid due to the city’s certification errors, the full amounts of the 2020 and 2021 state aid allocations were not available to be deposited timely and therefore were not available to pay operating expenses or for investment.

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Recommendation: We again recommend that in the future, plan officials implement adequate internal control procedures, such as having at least 2 people review the data certified, to ensure compliance with the instructions that accompany Certification Form AG 385 and address the deficiencies identified in the Cause section above, to assist them in accurately reporting the annual required pension data.

Management's Response: Municipal officials agreed with the finding without exception.

Auditor's Conclusion: Compliance will be evaluated during our next audit of the plan.

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS  
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions*	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 31,438,297	\$ 51,914,297	\$(20,476,000)	\$ 202,853,143	25.59%
2015	42,860,296	63,758,477	(20,898,181)	211,692,778	30.08%
2016	43,073,288	73,149,762	(30,076,474)	215,018,989	34.02%
2017	49,202,651	70,487,381	(21,284,730)	184,625,860	38.18%
2018	49,662,394	86,414,394	(36,752,000)	204,883,102	42.18%
2019	51,011,799	95,189,427	(44,177,628)	198,814,274	47.88%
2020	51,519,387	99,099,273	(47,579,886)	207,900,314	47.67%

*\* Actual contributions for 2019 includes \$855,776 of additional state aid received by the city in 2019 for the total net underpayment of state aid for prior years (2017-2019) as disclosed in the prior audit report.*

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Historical trend information about the plan is presented herewith as supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially. The historical information, beginning as of January 1, 2015, is as follows:

POLICE PENSION PLAN

	(1)	(2)	(3)	(4)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)
01-01-15	\$ 249,288,242	\$ 449,093,877	\$ 199,805,635	55.5%
01-01-17	261,080,152	483,208,558	222,128,406	54.0%
01-01-19	265,925,503	482,008,624	216,083,121	55.2%

Note: The market values of the plan's assets at 01-01-15, 01-01-17 and 01-01-19 have been adjusted to reflect the smoothing of gains and losses using the tabular smoothing method subject to a minimum of 80% and a maximum of 120% of the market value of assets. These methods will lower contributions in years of less than expected returns and increase contributions in years of greater than expected returns. The net effect over long periods of time is to have less variance in contribution levels from year to year.

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULES OF FUNDING PROCESS – (Continued)

FIREMEN’S PENSION PLAN

	(1)	(2)	(3)	(4)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)
01-01-15	\$ 228,146,021	\$ 410,718,753	\$ 182,572,732	55.5%
01-01-17	241,394,024	445,271,063	203,877,039	54.2%
01-01-19	255,015,392	453,850,369	198,834,977	56.2%

Note: The market values of the plan’s assets at 01-01-15, 01-01-17 and 01-01-19 have been adjusted to reflect the smoothing of gains and losses using the tabular smoothing method subject to a minimum of 80% and a maximum of 120% of the market value of assets. These methods will lower contributions in years of less than expected returns and increase contributions in years of greater than expected returns. The net effect over long periods of time is to have less variance in contribution levels from year to year.



CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULES OF FUNDING PROCESS – (Continued)

NON-UNIFORMED PENSION PLAN

	(1)	(2)	(3)	(4)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)
01-01-15	\$ 210,113,317	\$ 345,696,976	\$ 135,583,659	60.8%
01-01-17	224,014,919	371,330,236	147,315,317	60.3%
01-01-19	240,346,840	388,411,894	148,065,054	61.9%

Note: The market values of the plan's assets at 01-01-15, 01-01-17 and 01-01-19 have been adjusted to reflect the smoothing of gains and losses using the tabular smoothing method subject to a minimum of 80% and a maximum of 120% of the market value of assets. These methods will lower contributions in years of less than expected returns and increase contributions in years of greater than expected returns. The net effect over long periods of time is to have less variance in contribution levels from year to year.

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (Column 4) provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES

POLICE PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2015	\$ 15,229,739	155.2%
2016	15,003,507	146.3%
2017	15,887,308	131.5%
2018	16,280,159	120.1%
2019	16,122,726	132.5%
2020	14,868,348	140.4%

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

FIREMEN'S PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2015	\$ 16,079,789	142.3%
2016	16,295,387	133.2%
2017	19,059,379	109.2%
2018	18,871,645	120.1%
2019	20,318,940	132.5%
2020	21,597,824	140.4%

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES

NON-UNIFORMED PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2015	\$ 11,550,768	149.2%
2016	11,774,394	136.9%
2017	14,255,964	108.0%
2018	14,510,590	120.1%
2019	14,570,133	138.4%
2020	15,053,215	140.4%

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

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

POLICE PENSION PLAN

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	Tabular smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	4.25%

\* Includes inflation at 2.75%

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

FIREMEN'S PENSION PLAN

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	9 years
Asset valuation method	Tabular smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	5.50%

\* Includes inflation at 2.75%

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

NON-UNIFORMED PENSION PLAN

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	11 years
Asset valuation method	Tabular smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	4.00%

\* Includes inflation at 2.75%



CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
COMMENTS

ACT 44 OF 2009

As noted in the Letter from the Auditor General , Act 205, as amended by Act 44, at Section 902(c) mandated the transfer of administration of the City of Pittsburgh's pension plans to the Pennsylvania Municipal Retirement System (PMRS) if the city was determined to be in Level III Severe Distress as of January 1, 2011. The January 1, 2011, actuarial valuation reports were to be filed with the former Public Employee Retirement Commission by September 1, 2011.

In an attempt to avert a takeover of the city's pension plans by PMRS, Pittsburgh City Council adopted Ordinance Nos. 42 and 44 and Resolution No. 882, effective December 31, 2010.

Ordinance No. 42 irrevocably dedicated to the Comprehensive Municipal Pension Trust Fund the receipts of revenue from the city's parking tax for the years 2011 through 2041. Ordinance No. 44 details the payment schedule which provides for annual deposits of \$13,376,000 for the years 2011 through 2017, and \$26,752,000 for the years 2018 through 2041, resulting in total deposits to the Fund in the amount of \$735,680,000.

Resolution No. 882 requested that the Intergovernmental Cooperation Authority (ICA) authorize the transfer of \$45,000,000 from the City Restricted Debt Fund to the Comprehensive Municipal Pension Trust Fund for the purpose of improving the cash position of the Fund. The ICA subsequently approved the transfer of the funds in 2010.

Pursuant to Ordinance Nos. 42 and 44, the city recognized the fair market value of the future funding from the parking tax revenues in the amount of \$238,572,759 as an asset in the revised January 1, 2011, actuarial valuation reports filed with the former Public Employee Retirement Commission. Consequently the aggregate funding ratio of the city plans' increased to 62 percent. In a letter to the city dated September 19, 2011, the former Public Employee Retirement Commission accepted the city's revised actuarial valuation reports (noting that the original valuations were prepared based on asset information included in the city's Comprehensive Annual Financial Report, which did not include the fair value of future parking revenues) and notified the city that in accordance with the aggregated funding status of its plans as of January 1, 2011, the city was determined to be in Level II Moderate Distress Status.

During the current audit period for the years 2018, 2019 and 2020, the city made 4 separate deposits, annually, of parking tax revenues in the amount of \$6,688,000, totaling \$26,752,000 for each year, pursuant to Ordinance No. 44. The Department of the Auditor General will continue to monitor the city's compliance with Act 205, as amended, and Ordinance Nos. 42 and 44 during subsequent audits of the City of Pittsburgh Comprehensive Municipal Pension Trust Fund.

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
COMMENTS

ACT 71 OF 2004

The Commonwealth of Pennsylvania declared the City of Pittsburgh financially distressed in 2004 pursuant to the provision of Act 47 and established the Intergovernmental Cooperation Authority (ICA) and an Act 47 oversight team to help city reach financial solvency. The mission/policy of ICA is described at Section 102 of Act 11 of 2004, titled Intergovernmental Cooperation Authority for cities of the Second Class.

Act 71 of 2004 specifically provides that the local share of gaming revenue from licensees located in the City of Pittsburgh shall be directed to the ICA. Act 71 directs the ICA to utilize gaming revenue to reduce debt, increase pension funding, or for any other purposes determined to be in the best interest of the City of Pittsburgh by the ICA.

As previously disclosed in the prior report, the Board of the ICA determined to release gaming funds only after it had completed an exhaustive review and analysis of the conditions that contributed to the structural fiscal weakness of the city’s financial picture, and an informed determination as to the highest and best use of those funds.

The ICA authorized the release of gaming revenues prior to and during the current audit period as illustrated below:

Year	Amount	Disposition
2011	\$ 1,400,000	Deposited into pension plans in 2012.
2012	7,455,000	Deposited into city’s general fund as reimbursement for contributions previously made by city in excess of the city’s 2012 MMOs due to its plans.
2013	5,696,703	Deposited into pension plans during 2013.
2014	7,100,000	Deposited into pension plans during 2014.
2015	2,900,000	Deposited into pension plans during 2016.
2016	11,159,224	Deposited into pension plans during 2016.
2017	7,908,730	Deposited into pension plans during 2017.
2018	10,000,000	Deposited into pension plans during 2018.
2019	16,569,853	Deposited into pension plans during 2019.
2020	20,827,885	Deposited into pension plans during 2020.

The Department of the Auditor General will continue to monitor the ongoing deposits of gaming revenue into the City’s pension trust fund during future audits of the City of Pittsburgh Comprehensive Municipal Pension Trust Fund.

CITY OF PITTSBURGH COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
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