

**City of Harrisburg
Police Pension Plan**

Financial Statements and Required
Supplementary Information

Years Ended December 31, 2019 and 2018
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

Pursuing the profession while promoting the public good®
www.md-cpas.com

CITY OF HARRISBURG POLICE PENSION PLAN

YEARS ENDED DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Plan Net Position	1
Statements of Changes in Plan Net Position	2
Notes to Financial Statements	3

Required Supplementary Information:

Schedule of Changes in Plan Net Pension Liability and Related Ratios	13
Schedule of City Contributions and Investment Returns	14
Note to Required Supplementary Information – Pension Plan	15

Independent Auditor's Report

**Police Pension Board
City of Harrisburg
Police Pension Plan**

We have audited the accompanying financial statements of the City of Harrisburg (City) Police Pension Plan (Plan) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2019 and 2018, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the historical pension plan information on pages 13 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of the City, as of December 31, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Maher Duessel

Harrisburg, Pennsylvania
September 3, 2020

CITY OF HARRISBURG POLICE PENSION PLAN

STATEMENTS OF PLAN NET POSITION

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
<hr/>		
Receivables:		
Interest and dividends	\$ 21,089	\$ 32,009
Investments, at fair value:		
Money market funds	1,369,110	568,726
Mutual funds:		
Equity	67,555,546	53,007,455
Fixed income	19,831,518	20,332,800
Partnership	2,514,198	3,113,089
Total investments	<u>91,270,372</u>	<u>77,022,070</u>
Total Assets	<u>91,291,461</u>	<u>77,054,079</u>
<hr/>		
Net Position		
Restricted for pension benefits	<u>\$ 91,291,461</u>	<u>\$ 77,054,079</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HARRISBURG POLICE PENSION PLAN

STATEMENTS OF CHANGES IN PLAN NET POSITION

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Additions:		
<hr/>		
Contributions:		
Plan member	\$ 475,531	\$ 458,735
Employer	3,714,804	3,400,136
Total contributions	4,190,335	3,858,871
Investment income (loss):		
Interest and dividend income	3,029,736	2,398,424
Net appreciation (depreciation) in fair value of investments	13,719,584	(6,801,030)
Total investment income (loss)	16,749,320	(4,402,606)
Less: investment expense	(192,527)	(207,050)
Net investment income (loss)	16,556,793	(4,609,656)
Total additions	20,747,128	(750,785)
Deductions:		
<hr/>		
Pension benefits	6,458,735	6,450,151
Administrative expenses	51,011	51,959
Total deductions	6,509,746	6,502,110
Change in Plan Net Position	14,237,382	(7,252,895)
Net Position:		
<hr/>		
Beginning of year	77,054,079	84,306,974
End of year	\$ 91,291,461	\$ 77,054,079

The accompanying notes are an integral part of these financial statements.

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

1. Summary of Significant Accounting Policies

Plan Description and Administration

The City of Harrisburg (City) Police Pension Plan (Plan) is a single-employer defined benefit pension plan covered by the Municipal Pension Plan Funding Standards and Recovery Act, Act 205-1984 of the Pennsylvania Legislature. The Plan was created by Ordinance No. 21 of 1998 and is controlled by the provisions of Ordinance No. 5 of 2001, as amended. The Plan is considered part of the City of Harrisburg's financial reporting entity and is included in the City's financial report as a pension trust fund. The accompanying financial statements do not include any other funds of the City and, therefore, do not present fairly the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Valuation of Investments

Investments are reported at fair value. The Plan categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America. Estimates also affect the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

2. Plan Description and Contribution Information

Plan Participants

Membership of the Plan consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Active members	139	135
Inactive members or beneficiaries currently receiving benefits	209	214
Inactive members entitled to but not yet receiving benefits	<u>2</u>	<u>2</u>
	<u>350</u>	<u>351</u>

Benefit Provisions

The Plan is governed by the City's Police Pension Board (Board), which consists of three persons appointed by the City, three persons appointed by the representatives of the Members' collective bargaining unit, and a neutral person appointed by a majority of the first six representatives. The Board is responsible for the management of Plan assets, appointment of the Plan trustee or custodian, and selection of investment advisors and managers.

All full-time members of the police force are eligible to join the Plan upon employment. Members are eligible for normal retirement after attainment of age 50. For members hired after September 2013, members are eligible for normal retirement after attainment of age 50 and completion of 20 years of service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse or, if there is no eligible surviving spouse, to the dependent children of the member under the age of 18, equal to 50% of the amount payable to the member at the time of the member's death.

For members who complete 20 or more years of service, the amount of monthly pension is equal to 50% of the member's average monthly compensation, plus an incremental pension equal to 2.5% of average monthly compensation for each complete year of service in excess of 20 years, up to a maximum of 65% of average monthly compensation for members who complete 26 years of service. An additional 5% of average monthly compensation is added for members who complete 27 years of service, up to a maximum monthly pension of 70% of average monthly compensation. Effective September 2013, the benefit provisions of the

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

Plan for new hires were changed to decrease the maximum monthly pension to 50% of average monthly compensation, plus an incremental pension equal to 1/40th of the pension for each complete year of service in excess of 20 years and before age 65, up to a maximum of \$100 additional per month.

Average monthly compensation is based upon the final annualized basic compensation rate, including longevity payments, or the average monthly compensation, including longevity payments, received during the last five years of employment, if higher.

A member may continue to work after normal retirement date. The member's pension does not commence until the actual date of retirement and the benefit is equal to the benefit accrued to the late retirement date.

A member who has become disabled in the line of duty is eligible for a disability pension. The monthly disability pension is equal to 50% of average monthly compensation, reduced by any Worker's Compensation benefits received by the member. If an active member who had completed four years of service is disabled outside of the line of duty, the member is eligible for a disability pension equal to 50% of average monthly compensation. For members hired after September 2013, if an active member who had completed less than ten years of service is disabled outside of the line of duty, the member is eligible for a disability pension equal to 25% of average monthly compensation, and if an active member who had completed ten years of service is disabled outside of the line of duty, the member is eligible for a disability pension equal to 50% of average monthly compensation.

If a member who is eligible for retirement dies prior to retirement, a death benefit is payable to the surviving spouse, or if there is no eligible surviving spouse, to dependent children of the member under the age of 18, equal to 50% of the benefits the member would have been receiving had the member been retired at the time of the member's death.

A member's benefits vest upon completion of 20 years of service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

The benefit accrued at any date, other than the normal retirement date, is calculated by multiplying the projected normal retirement benefit by the ratio, not greater than one, of the number of years of service to date to 20 years.

As outlined in Ordinance No. 21 of 1998, as amended by Ordinance No. 5 of 2001, the authority to establish and amend benefit provisions rests with the members' collective

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

bargaining unit and the City's administration. It then must be approved by the Board and ratified and enacted by City Council.

Contributions

During the years ended December 31, 2019 and 2018, Plan members contributed to the Plan at a rate of 5% of compensation, plus \$1 per month. As outlined in Ordinance No. 21 of 1998, as amended, the authority to make amendments to the contribution rates of Plan members rests with the members' collective bargaining unit and the City's administration. It then must be approved by the Board and ratified and enacted by City Council.

The City receives annual contributions from the Commonwealth of Pennsylvania in accordance with Act 205 that may be used by the City to meet employer contribution requirements.

The City contributed \$3,714,804 and \$3,400,136 to the Plan for the years ended December 31, 2019 and 2018, respectively.

Administrative Expenses

Administration costs are financed through investment earnings.

Net Pension Liability

The components of the net pension liability at December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 97,808,051	\$ 98,203,560
Plan fiduciary net position	<u>(91,291,461)</u>	<u>(77,054,079)</u>
Net pension liability	<u>\$ 6,516,590</u>	<u>\$ 21,149,481</u>
Plan fiduciary net position as a percentage of the total pension liability	93.34%	78.46%

The net pension liability was measured as of December 31, 2019 and 2018 and was determined by rolling forward the liabilities from the January 1, 2019 and January 1, 2017 actuarial valuations, respectively. No significant events or changes occurred between the valuation dates and the fiscal year-ends.

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

Actuarial Assumptions – The January 1, 2019 and January 1, 2017 actuarial valuations used the entry age normal actuarial cost method and IRS 2017 Static Combined Table for Small Plans mortality table. The actuarial assumptions include: a) 8.00% investment rate of return, b) a projected salary increase of 5.00%, c) 3.00% inflation rate, d) level dollar closed amortization method, and e) 6-year remaining amortization period for the January 1, 2019 actuarial valuation and 8-year remaining amortization period for the January 1, 2017 actuarial valuation. These assumptions were applied to the respective periods included in the measurement of total pension liability.

Investment Policy – The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. The Board seeks to achieve long-term growth of the Plan’s assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the Plan’s current and long-term pension obligations.

Long-Term Expected Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2019 and 2018 are summarized in the following tables:

December 31, 2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	46.0%	5.50% - 7.50%
International equity	25.0%	4.50% - 6.50%
Fixed income	25.0%	1.00% - 3.00%
Limited partnerships	3.0%	5.50% - 7.50%
Cash	1.0%	0.00% - 1.00%
	<u>100.0%</u>	

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

December 31, 2018		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	46.0%	5.50% - 7.50%
International equity	25.0%	4.50% - 6.50%
Fixed income	25.0%	1.00% - 3.00%
Limited partnerships	3.0%	5.50% - 7.50%
Cash	1.0%	0.00% - 1.00%
	100.0%	

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended December 31, 2019 and 2018, the annual money-weighted rate of return on Plan investments, net of investment expense, was 21.86% and -5.40%, respectively.

Discount Rate – The discount rate used to measure the total pension liability as of December 31, 2019 and 2018 was 8.00%. The Plan’s fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Plan calculated using the discount rate described above, as well as what the Plan’s net pension liabilities (asset) would be if they were calculated using a discount rate that is one-percentage-point lower or higher than the current rates:

December 31, 2019		
1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
\$ 16,657,517	\$ 6,516,590	\$ (2,080,015)
December 31, 2018		
1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
\$ 31,493,081	\$ 21,149,481	\$ 12,386,135

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

3. Deposits and Investments

The deposit and investment policy of the Plan adheres to state statutes. Permissible investments include direct obligations of the U.S. Treasury and U.S. governmental agencies; certificates of deposit issued by insured banks, bank and trust companies, and savings and loan associations; short-term commercial paper issued by a public corporation; bankers acceptances; repurchase agreements not exceeding 30 days, secured by U.S. government obligations with collateral to be delivered to a third-party custodian, shares of registered investment companies whose portfolios consist solely of government securities; general obligation bonds of any state, Pennsylvania subdivisions or any of its agencies or instrumentalities backed by the full faith and credit of the issuing entity and saving the highest rating of a recognized bond rating agency; pooled funds of public agencies of the Commonwealth of Pennsylvania; corporate stocks and bonds; and other investments consistent with sound business practices.

The Plan's investments, at fair value, at December 31, 2019 are as follows:

Investments	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds	\$ 1,369,110	\$ 1,369,110	\$ -	\$ -
Mutual funds:				
Equity - domestic	43,274,002	43,274,002	-	-
Equity - international	24,281,544	24,281,544	-	-
Fixed income	19,831,518	19,831,518	-	-
Partnership	2,514,198	-	-	2,514,198
Total	\$ 91,270,372	\$ 88,756,174	\$ -	\$ 2,514,198

The Plan's investments, at fair value, at December 31, 2018 are as follows:

Investments	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds	\$ 568,726	\$ 568,726	\$ -	\$ -
Mutual funds:				
Equity - domestic	34,315,291	34,315,291	-	-
Equity - international	18,692,164	18,692,164	-	-
Fixed income	20,332,800	20,332,800	-	-
Partnership	3,113,089	-	-	3,113,089
Total	\$ 77,022,070	\$ 73,908,981	\$ -	\$ 3,113,089

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

Partnership (Equus Investment Partnership X, L.P.): At December 31, 2019 and 2018, the Plan has \$2,514,198 and \$3,113,089, respectively, invested in Equus Investment Partnership X, L.P (Partnership). The Partnership invests in and acquires, holds, operates, and disposes of operational real estate through equity interests. The valuation of the Partnership is determined in good faith from information provided by the General Partner of the limited partnership. The fair value of the Partnership's investments in real estate ventures is based on valuation methods including, but not limited to, the following: (1) forecast of future net cash flows based on the General Partner's analysis of future earnings from the investment plus anticipated net proceeds from the sale, deposition or resolution of the investment, discounted at a risk-adjusted rate; (2) prevailing market capitalization rates or earnings multiples applied to stabilized income or adjusted earnings from the investment; (3) recent sales of comparable investments; (4) independent third-party appraisals; and (5) sale negotiations and bona fide purchase offers received from independent parties. The discounted cash flow technique is the primary method employed by the General Partner supplemented by one or more of the other valuation techniques described above, as applicable. Two significant unobservable inputs used in the discounted cash flow technique are discount rate and terminal capitalization rate. These unobservable inputs are inter-related. A significant increase in the discount or terminal capitalization rate in isolation would result in a significantly lower fair value measurement. The estimated fair values do not necessarily represent the prices at which the real estate investments would sell, since market prices can only be determined by negotiation between a willing buyer and a willing seller. This investment can never be redeemed within the fund. Distributions from the fund will be received as the underlying investments of the fund are liquidated. It is expected that the underlying assets of the fund will be liquidated over five to seven years after the end of the investment period. The unfunded commitment for this investment was \$2,514,198. This investment is classified within Level 3 of the valuation hierarchy.

Custodial Credit Risk. Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Plan's investment policy does not specifically address custodial credit risk. All of the Plan's investments are held by the broker or dealer, or by its trust department or agent, in the Plan's name.

Concentration of Credit Risk. The Plan's investment policy places the following limits on the amount the Plan may invest in any one issuer: 1) Not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation; 2) Not more than 40% of the total stock portfolio valued at market may be held in any one industry sector; 3) Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio; and 4) Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

At December 31, 2019 and 2018, the Plan did not have any investments that exceeded the above concentration policies.

Credit Risk. The Plan's investment policy limits the overall rating of the money market funds and fixed income investments, as calculated by the investment advisor, to investment grade, based on the rating of one nationally recognized statistical rating organization.

At December 31, 2019 and 2018, the Plan's investment ratings are as follows:

December 31, 2019	Rating	Fair Value
Money market funds	AAA	\$ 1,369,110
Mutual funds - fixed income	*A	18,233,009
Mutual funds - fixed income	*BBB	1,598,509
Partnership	Unrated	2,514,198

*This is a weighted-average quality rating for a mutual fund made up of fixed income securities.

December 31, 2018	Rating	Fair Value
Money market funds	AAA	\$ 568,726
Mutual funds - fixed income	*A	18,948,376
Mutual funds - fixed income	*BB	1,384,424
Partnership	Unrated	3,113,089

*This is a weighted-average quality rating for a mutual fund made up of fixed income securities.

Interest Rate Risk. The Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following is a list of the Plan's money market funds and fixed income investments and their related average maturities:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 years
December 31, 2019					
Money market funds	\$ 1,369,110	\$ 1,369,110	\$ -	\$ -	\$ -
Mutual funds - fixed income	19,831,518	-	-	19,831,518	-
Total	\$ 21,200,628	\$ 1,369,110	\$ -	\$ 19,831,518	\$ -

CITY OF HARRISBURG POLICE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

Investment Type	Fair Value	Investment Maturities			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 years
December 31, 2018					
Money market funds	\$ 568,726	\$ 568,726	\$ -	\$ -	\$ -
Mutual funds - fixed income	20,332,800	-	-	20,332,800	-
Total	\$ 20,901,526	\$ 568,726	\$ -	\$ 20,332,800	\$ -

4. Subsequent Event

In early 2020, an outbreak of a novel strain of coronavirus was identified and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the impact of the coronavirus on the Plan's operational and financial performance is currently uncertain and cannot be predicted.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF HARRISBURG POLICE PENSION FUND
SCHEDULE OF CHANGES IN PLAN NET PENSION LIABILITY AND
RELATED RATIOS

	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability:						
Service cost	\$ 1,502,431	\$ 1,579,365	\$ 1,504,157	\$ 1,564,700	\$ 1,490,190	\$ 1,542,107
Interest	7,484,253	7,513,232	7,309,215	7,106,970	6,895,688	6,403,162
Differences between expected and actual experience	(2,923,458)	-	(2,624,640)	-	(753,653)	-
Changes in assumptions	-	-	2,659,196	-	4,507,561	-
Benefit payments, including refunds of member contributions	(6,458,735)	(6,450,151)	(6,226,579)	(6,008,655)	(5,630,072)	(5,351,314)
Net Changes in Total Pension Liability	(395,509)	2,642,446	2,621,349	2,663,015	6,509,714	2,593,955
Total Pension Liability - Beginning	98,203,560	95,561,114	92,939,765	90,276,750	83,767,036	81,173,081
Total Pension Liability - Ending	\$ 97,808,051	\$ 98,203,560	\$ 95,561,114	\$ 92,939,765	\$ 90,276,750	\$ 83,767,036
Plan Fiduciary Net Position:						
Contributions - employer	\$ 3,714,804	\$ 3,400,136	\$ 3,319,118	\$ 2,906,315	\$ 2,972,450	\$ 2,424,298
Contributions - plan member	475,531	458,735	542,472	479,598	462,539	478,549
Net investment income (loss)	16,556,793	(4,609,656)	11,643,216	4,175,445	586,944	4,082,703
Benefit payments, including refunds of member contributions	(6,458,735)	(6,450,151)	(6,226,579)	(6,008,655)	(5,630,072)	(5,351,314)
Administrative expense	(51,011)	(51,959)	(50,943)	(53,331)	(48,790)	(58,924)
Net Change in Plan Fiduciary Net Position	14,237,382	(7,252,895)	9,227,284	1,499,372	(1,656,929)	1,575,312
Plan Fiduciary Net Position - Beginning	77,054,079	84,306,974	75,079,690	73,580,318	75,237,247	73,661,935
Plan Fiduciary Net Position - Ending	\$ 91,291,461	\$ 77,054,079	\$ 84,306,974	\$ 75,079,690	\$ 73,580,318	\$ 75,237,247
Net Pension Liability - Ending	\$ 6,516,590	\$ 21,149,481	\$ 11,254,140	\$ 17,860,075	\$ 16,696,432	\$ 8,529,789
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.34%	78.46%	88.22%	80.78%	81.51%	89.82%
Covered Payroll	\$ 9,219,226	\$ 8,885,970	\$ 8,689,052	\$ 8,628,184	\$ 8,887,141	\$ 9,363,263
Net Pension Liability as a Percentage of Covered Payroll	70.68%	238.01%	129.52%	207.00%	187.87%	91.10%

*This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Plan is presenting information for those years only for which information is available.

See accompanying note to required supplementary information - pension plan.

CITY OF HARRISBURG POLICE PENSION FUND

SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS

<u>Schedule of City Contributions</u>	2019*	2018*	2017*	2016*	2015*	2014*	2013*	2012	2011	2010
Actuarially determined contribution under Act 205	\$ 3,714,804	\$ 3,400,136	\$ 3,319,118	\$ 2,906,315	\$ 2,972,450	\$ 2,034,070	\$ 2,146,827	\$ 1,517,751	\$ 1,551,579	\$ 314,094
Contributions in relation to the actuarially determined contribution	3,714,804	3,400,136	3,319,118	2,906,315	2,972,450	2,424,298	2,594,752	2,524,734	4,510,723	314,094
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (390,228)	\$ (447,925)	\$ (1,006,983)	\$ (2,959,144)	\$ -
Covered payroll	\$ 9,219,226	\$ 8,885,970	\$ 8,689,052	\$ 8,628,184	\$ 8,887,141	\$ 9,363,263	\$ 10,240,017	\$ 10,358,429	\$ 10,250,723	\$ 9,650,596
Contributions as a percentage of covered payroll	40.29%	38.26%	38.20%	33.68%	33.45%	25.89%	25.34%	24.37%	44.00%	3.25%
 <u>Investment Returns</u>										
Annual money-weighted rate of return, net of investment expense	21.86%	-5.40%	16.01%	6.08%	1.01%	6.05%	15.30%			

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Plan is presenting information for those years only for which information is available.

See accompanying note to required supplementary information - pension plan.

CITY OF HARRISBURG POLICE PENSION FUND

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

YEARS ENDED DECEMBER 31, 2019 AND 2018

1. Actuarial Methods and Assumptions

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates required under Act 205 are as follows:

Contribution Year	12/31/2019	12/31/2018
Actuarial valuation date	1/1/2017	1/1/2015
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar closed	Level dollar closed
Remaining amortization period	8 years	10 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value
Actuarial assumptions:		
Investment rate of return	8.0%	8.0%
Projected salary increases	5.0%	5.0%
Underlying inflation rate	3.0%	3.0%
Post-retirement mortality table	IRS 2017 Static Combined Table for Small Plans	RP2000 mortality table

Change in Actuarial Assumptions

In the January 1, 2017 actuarial valuation, the mortality table was updated from the RP-2000 Table for Males and Females to the IRS 2017 Static Combined Table for Small Plans and the remaining amortization period was updated from 10 years to 8 years.

In the January 1, 2015 actuarial valuation, the mortality table was updated from the UP 1984 Table to the RP-2000 Table for Males and Females and the remaining amortization period was updated from 11 years to 10 years.