

# City of Morgantown

## Finance Department

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# MEMO

**DATE:** February 27, 2013

**TO:** Jeff Mikorski, ICMA-CM, Interim City Manager

**FROM:** J.R. Sabatelli, CPA, Finance Director 

**RE:** FY12 Annual Reports of Police & Fire Pension Funds

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Attached are copies of the Annual Reports for the fiscal year ended June 30, 2012 for the Morgantown Police and Fire Pension Funds required by the WV Municipal Pensions Oversight Board. Please include this item on the agenda for the March 5<sup>th</sup> City Council meeting as part of your City Manager's report. Once Council approves the reports, a request for the State's insurance tax allocation will be made.

The most recent actuarial valuation is the 7/1/11 valuation. Pension fund balances have increased as follows:

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Policemen's Pension	\$11,646,868	\$12,867,840	\$12,779,244
Firemen's Pension	\$ 9,052,894	\$10,056,586	\$10,106,257

The funded ratio for the two plans decreased from the previous actuarial valuation as follows:

	<u>7/1/09</u>	<u>7/1/10</u>	<u>7/1/11</u>
Policemen's Pension	38.26%	29.33%	31.79%
Firemen's Pension	34.79%	29.19%	31.48%

Please let me know if you have any questions or need additional information.

**Annual Report of Policemen's and Firemen's Pension and Relief Funds  
to the Municipal Pensions Oversight Board  
as required by WV Code §8-22-19(d)(1)(B) and §8-22-22a(a)**

Pension Fund	Morgantown Firemen's Pension & Relief Fund
Treasurer	Joseph R. Sabatelli, Finance Director
Municipality	City of Morgantown, West Virginia
Fiscal Year (July 1 - June 30)	July 1, 2011 - June 30, 2012
Actuarial Funding Method	<input type="checkbox"/> Standard Funding Method <input type="checkbox"/> Optional Funding Method <input checked="" type="checkbox"/> Alternative Funding Method (107%) <input type="checkbox"/> % Necessary to Maintain Plan Solvency for 15 Years <input type="checkbox"/> Conservation Funding Method

PART I		Item	Amount
<b>Beginning Fair Value of Pension Plan</b>		<b>July 1</b>	<b>\$ 10,056,585.95</b>
<b>I. Revenue During Fiscal Year</b>			
1. Employee Contributions for employees hired prior to Jan. 1, 2010	Percent of Gross Salary	7.00%	
Total amounts contributed by employees or withheld from their salaries			\$ 155,365.94
2. Employee Contributions for employees hired on or after Jan. 1, 2010	Percent of Gross Salary	9.50%	
Total amounts contributed by employees or withheld from their salaries			\$ 22,958.88
3. Employee Contributions for Plans utilizing the Conservation Funding Method	Percent of Gross Salary	1.50%	
Total amounts contributed by employees or withheld from their salaries			\$ -
<b>4. Government Contributions</b>			
a. From Parent Local Government			
Required employer contributions from your municipality			\$ 477,648.00
b. Additional employer contributions from your municipality			
			\$ 25,138.00
c. From State Government			
Municipal Pensions Oversight Board (premium surcharges on fire and casualty insurance)			\$ 834,258.66
<b>5. Earnings on Investments</b>			
a. Net Appreciation/(Depreciation) of Fair Value of Investments			\$ (475,289.77)
b. Bond Interest			\$ 123,488.76
c. Dividends			\$ 103,327.98
d. Net Realized Gain (Loss) on Sale or Exchange of Assets			\$ 214,600.73
e. Other			\$ 318.62
f. Less Investment Expense			\$ (86,950.98)
Net Investment Income			\$ (120,504.66)
<b>6. All Other Revenues</b>			
Please Specify			
<b>Total Revenues</b>			<b>\$ 1,394,864.82</b>
The sum of items i.1. through i.6.			

**Annual Report of Policemen's and Firemen's Pension and Relief Funds  
to the Municipal Pensions Oversight Board  
as required by WV Code §8-22-19(d)(1)(B) and §8-22-22a(a)**

	Item	Amount
<b>II Expenditures During Fiscal Year</b> <span style="float: right; font-size: small;">Does not include Investment Expenses, see I.5.f. on first page.</span>		
<b>1. Benefits Paid</b> <span style="font-size: x-small;">Retirement, disability, survivor and any other benefits.</span>		\$ 1,334,799.47
<b>2. Withdrawals</b> <span style="font-size: x-small;">Amount paid to employees or former employees or their survivors, representing return of contributions made by employees during the period of their employment</span>		\$ 8,993.96
<b>3. Other Payments</b> <span style="font-size: x-small;">Administrative expenses and other costs or payments non representing benefit payments or withdrawals.</span>		
<b>a. Administration</b> <span style="font-size: x-small;">Municipal administration fees.</span>		\$ -
<b>b. Other</b> <span style="font-size: x-small;">Example: Pension Secretary expenses; Rent; etc.</span>		\$ 1,400.00
<b>Total Expenditures</b> <span style="font-size: x-small;">The sum of items II.1. through II.3.b.</span>		<b>\$ 1,345,193.43</b>
<b>Net Income/(Loss)</b>		<b>\$ 49,671.39</b>
<b>Ending Fair Value of the Pension Plan</b> <span style="float: right;"><b>June 30</b></span>		<b>\$ 10,106,257.34</b>
<b>III Asset Allocation at End of Fiscal Year</b>		
<b>1. Cash and Short-Term Investments</b>		<b>Percent of Total Assets 8.40%</b>
Institution or Money Manager	Type of Account	Fair Value
a. United Bank	Checking	\$ 242,609.50
b.	Non-Interest Bearing	\$ -
c. Morgan Stanley	Savings or Money Market Account	\$ 605,935.03
d.	Certificates of Deposit	\$ -
e.	Re-Purchase Agreements	\$ -
		Fair Value
<b>Total Cash and Short-Term Investments</b> <span style="font-size: x-small;">The sum of items 1.a. through 1.e.</span>		<b>\$ 848,544.53</b>
<b>2. Government Securities</b>		<b>Percent of Total Assets 20.02%</b>
Institution or Money Manager	Type of Account	Fair Value
a. Morgan Stanley	Treasury Notes and Bonds	\$ 2,023,300.53
b.	State and Municipal Bonds	\$ -
c.	Mutual Funds (Government Bonds)	\$ -
		Fair Value
<b>Total Government Securities (at fair value)</b> <span style="font-size: x-small;">The sum of items 2.a. through 2.c.</span>		<b>\$ 2,023,300.53</b>
<b>3. Corporate Bonds</b>		<b>Percent of Total Assets 21.42%</b>
Institution or Money Manager	Type of Account	Fair Value
a. Morgan Stanley	Bonds	\$ 2,164,389.70
b.	Mortgage-backed Securities	\$ -
c.	Debentures	\$ -
d.	Mutual Funds (Corporate Bonds)	\$ -
		Fair Value
<b>Total Corporate Bonds (at fair value)</b> <span style="font-size: x-small;">The sum of items 3.a. through 3.d.</span>		<b>\$ 2,164,389.70</b>
<b>4. Corporate Stocks</b>		<b>Percent of Total Assets 50.17%</b>

**Annual Report of Policemen's and Firemen's Pension and Relief Funds  
to the Municipal Pensions Oversight Board  
as required by WV Code §8-22-19(d)(1)(B) and §8-22-22a(a)**

Institution or Money Manager	Type of Account	Fair Value	
a. Morgan Stanley	Individual Stocks Held	\$ 5,070,022.58	
b.	Mutual Fund Shares (Equities)	\$ -	
			Fair Value
<b>Total Corporate Stocks (at fair value)</b>		<small>The sum of items 4.a. through 4.b.</small>	<b>\$ 5,070,022.58</b>
<b>Total Assets</b>			<b>\$ 10,106,257.34</b>

**PART II**

**Membership and Beneficiaries**

\* Please report the figures requested below, for the fiscal year reported on page 1. To figure the Average Monthly Number of Persons, add figures for each month and divide by 12. Please round to two decimal places. An employee must have been paid for 100 hours in any month to be included in that month.

\*\* Please report the total number of disability applications received during the fiscal year, the status of each application at the end of the fiscal year, the total applications granted and denied, and the percentage of disability benefit recipients to the total number of active members of the fund. This requirement satisfies §8-22-23a(a) of the WV Code if the report is submitted to the Municipal Pensions Oversight Board prior to December 31st of each year.

Item	Avg. Monthly #
<b>I. Members of your Pension Fund</b>	
<small>Exclude Beneficiaries</small>	
1. Active Members	46.83
2. Inactive Members	0.00
<small>Current number of employees contributing to the pension fund</small>	
<small>Non-active vested members and employees on extended leave without pay</small>	
<b>II. Beneficiaries Receiving Periodic Benefit Payments During Fiscal Year</b>	
1. Retirees	37.58
2. Disability Retirees	2.00
<small>Includes the new applications approved during reporting period</small>	
a. Number of Disability Applications received during the fiscal year	0.00
b. Status of each Disability Application at end of fiscal year - please attach separate sheet with details	
(1.) Disability Applications Approved during Fiscal Year	0.00
(2.) Disability Applications Denied during Fiscal Year	0.00
3. Percentage of Disability Benefit Recipients to the Total of Active Members in the fund	4.27%
4. Survivors (of Deceased Members) Drawing Benefits	13.50

**Annual Report of Policemen's and Firemen's Pension and Relief Funds  
to the Municipal Pensions Oversight Board  
as required by WV Code §8-22-19(d)(1)(B) and §8-22-22a(a)**

Pension Fund	Morgantown Policemen's Pension & Relief Fund
Treasurer	Joseph R. Sabatelli, Finance Director
Municipality	City of Morgantown, West Virginia
Fiscal Year (July 1 - June 30)	July 1, 2011 - June 30, 2012
Actuarial Funding Method	<input type="checkbox"/> Standard Funding Method <input type="checkbox"/> Optional Funding Method <input checked="" type="checkbox"/> Alternative Funding Method (107%) <input type="checkbox"/> % Necessary to Maintain Plan Solvency for 15 Years <input type="checkbox"/> Conservation Funding Method

PART I		Item	Amount
<b>Beginning Fair Value of Pension Plan</b>		<b>July 1</b>	<b>\$ 12,867,839.53</b>
<b>I. Revenue During Fiscal Year</b>			
1. Employee Contributions for employees hired prior to Jan. 1, 2010	Percent of Gross Salary	7.00%	\$ 223,171.24
Total amounts contributed by employees or withheld from their salaries			
2. Employee Contributions for employees hired on or after Jan. 1, 2010	Percent of Gross Salary	9.50%	\$ 36,711.73
Total amounts contributed by employees or withheld from their salaries			
3. Employee Contributions for Plans utilizing the Conservation Funding Method	Percent of Gross Salary	1.50%	\$ -
Total amounts contributed by employees or withheld from their salaries			
<b>4. Government Contributions</b>			
a. From Parent Local Government			\$ 588,369.00
Required employer contributions from your municipality			
b. Additional employer contributions from your municipality			\$ -
c. From State Government			\$ 1,001,102.71
Municipal Pensions Oversight Board (premium surcharges on fire and casualty insurance)			
<b>5. Earnings on Investments</b>			
a. Net Appreciation/(Depreciation) of Fair Value of Investments			\$ (629,701.73)
b. Bond Interest			\$ 159,619.72
c. Dividends			\$ 131,936.63
d. Net Realized Gain (Loss) on Sale or Exchange of Assets			\$ 261,861.16
e. Other			\$ 67.94
f. Less Investment Expense			\$ (111,007.50)
Net Investment Income			\$ (187,223.78)
<b>6. All Other Revenues</b>			
Please Specify			
<b>Total Revenues</b>			<b>\$ 1,662,130.90</b>
The sum of Items I.1. through I.6.			

**Annual Report of Policemen's and Firemen's Pension and Relief Funds  
to the Municipal Pensions Oversight Board  
as required by WV Code §8-22-19(d)(1)(B) and §8-22-22a(a)**

Item	Amount	
<b>II Expenditures During Fiscal Year</b>	<small>Does not include Investment Expenses, see I.5.f. on first page.</small>	
<b>1. Benefits Paid</b> <small>Retirement, disability, survivor and any other benefits.</small>	\$ 1,743,783.32	
<b>2. Withdrawals</b> <small>Amount paid to employees or former employees or their survivors, representing return of contributions made by employees during the period of their employment</small>	\$ 5,351.55	
<b>3. Other Payments</b> <small>Administrative expenses and other costs or payments non representing benefit payments or withdrawals.</small>		
<b>a. Administration</b> <small>Municipal administration fees.</small>	\$ -	
<b>b. Other</b> <small>Example: Pension Secretary expenses; Rent; etc.</small>	\$ 1,591.25	
<b>Total Expenditures</b> <small>The sum of items II.1. through II.3.b.</small>	<b>\$ 1,750,726.12</b>	
<b>Net Income/(Loss)</b>	<b>\$ (88,595.22)</b>	
<b>Ending Fair Value of the Pension Plan</b>	<b>\$ 12,779,244.31</b>	
<b>III Asset Allocation at End of Fiscal Year</b>		
<b>1. Cash and Short-Term Investments</b>	<b>Percent of Total Assets 6.68%</b>	
<small>Institution or Money Manager</small>	<small>Type of Account</small>	
<small>Fair Value</small>		
a. United Bank	Checking	\$ 261,718.28
b.	Non-Interest Bearing	\$ -
c. Morgan Stanley	Savings or Money Market Account	\$ 591,660.76
d.	Certificates of Deposit	\$ -
e.	Re-Purchase Agreements	\$ -
	<small>Fair Value</small>	
<b>Total Cash and Short-Term Investments</b> <small>The sum of items 1.a. through 1.e.</small>	<b>\$ 853,379.04</b>	
<b>2. Government Securities</b>	<b>Percent of Total Assets 21.52%</b>	
<small>Institution or Money Manager</small>	<small>Type of Account</small>	
<small>Fair Value</small>		
a. Morgan Stanley	Treasury Notes and Bonds	\$ 2,750,498.21
b.	State and Municipal Bonds	\$ -
c.	Mutual Funds (Government Bonds)	\$ -
	<small>Fair Value</small>	
<b>Total Government Securities (at fair value)</b> <small>The sum of items 2.a. through 2.c.</small>	<b>\$ 2,750,498.21</b>	
<b>3. Corporate Bonds</b>	<b>Percent of Total Assets 21.46%</b>	
<small>Institution or Money Manager</small>	<small>Type of Account</small>	
<small>Fair Value</small>		
a. Morgan Stanley	Bonds	\$ 2,742,648.10
b.	Mortgage-backed Securities	\$ -
c.	Debentures	\$ -
d.	Mutual Funds (Corporate Bonds)	\$ -
	<small>Fair Value</small>	
<b>Total Corporate Bonds (at fair value)</b> <small>The sum of items 3.a. through 3.d.</small>	<b>\$ 2,742,648.10</b>	
<b>4. Corporate Stocks</b>	<b>Percent of Total Assets 50.34%</b>	

**Annual Report of Policemen's and Firemen's Pension and Relief Funds  
to the Municipal Pensions Oversight Board  
as required by WV Code §8-22-19(d)(1)(B) and §8-22-22a(a)**

Institution or Money Manager	Type of Account	Fair Value
a. Morgan Stanley	Individual Stocks Held	\$ 6,432,718.96
b.	Mutual Fund Shares (Equities)	
		Fair Value
<b>Total Corporate Stocks (at fair value)</b>	<small>The sum of items 4.a. through 4.b.</small>	<b>\$ 6,432,718.96</b>
<b>Total Assets</b>		<b>\$ 12,779,244.31</b>

**PART II**

**Membership and Beneficiaries**

\* Please report the figures requested below, for the fiscal year reported on page 1. To figure the Average Monthly Number of Persons, add figures for each month and divide by 12. Please round to two decimal places. An employee must have been paid for 100 hours in any month to be included in that month.

\*\* Please report the total number of disability applications received during the fiscal year, the status of each application at the end of the fiscal year, the total applications granted and denied, and the percentage of disability benefit recipients to the total number of active members of the fund. This requirement satisfies 58-22-23a(a) of the WV Code if the report is submitted to the Municipal Pensions Oversight Board prior to December 31st of each year.

Item	Avg. Monthly #
<b>I. Members of your Pension Fund</b>	
<small>Exclude Beneficiaries</small>	
1. Active Members	61.58
2. Inactive Members	1.00
<small>Current number of employees contributing to the pension fund</small>	
<small>Non-active vested members and employees on extended leave without pay</small>	
<b>II. Beneficiaries Receiving Periodic Benefit Payments During Fiscal Year</b>	
1. Retirees	40.50
2. Disability Retirees	8.50
<small>Includes the new applications approved during reporting period</small>	
a. Number of Disability Applications received during the fiscal year	0.00
b. Status of each Disability Application at end of fiscal year - please attach separate sheet with details	
(1.) Disability Applications Approved during Fiscal Year	0.00
(2.) Disability Applications Denied during Fiscal Year	0.00
3. Percentage of Disability Benefit Recipients to the Total of Active Members in the fund	13.80%
4. Survivors (of Deceased Members) Drawing Benefits	8.50