

Commonwealth of Pennsylvania
 Department of the Auditor General
 Municipal Pension Reporting Program (MPRP)
 613 North Street, 321 Finance Building,
 Harrisburg, PA 17120

COUNTY	MUNICIPALITY	CODE
LACKAWANNA	SCRANTON CITY	351022
DATE SUBMITTED	STATUS	
4/22/2020	Approved	
DATE APPROVED		
5/12/2020		

2019
Department of the Auditor General
Act 205

Form Type C - Scranton - Fire - Defined Benefit

FILING DEADLINE: March 31, 2020

Identification of Pension Plan and Specification of Valuation Date

A. Name of Pension Plan	Scranton - Fire - Defined Benefit
B. Date on which pension plan was established	5/5/1964
C. Valuation date for demographic, financial and actuarial data	1/1/2019

Step 1 - General Information

A. Is Social Security coverage provided for the active members of the pension plan?	No
B. Do any active members of this pension plan participate in any other pension plan or plans that receive funding from the municipality?	No
C. Do any of the active members of this pension plan work on average less than 35 hours per week?	No
D. Does the pension plan include active members who are not employees of the municipality?	No
E. Do retired members of the pension plan receive any benefit, such as insurance coverage, that is provided wholly or partially by the municipality and not funded through the pension plan?	No
F. What is the Administrative Arrangement?	Other

SCRANTON - FIRE - DEFINED BENEFIT

Step 2 - Demographic Data Summary as of January 01 , 2019 (Valuation Date)

1. Total Number of Active Members	136
2. Total Payroll for Active Members	\$11,185,930
3. Average Payroll for Active Members	\$82,249
4. Number of Vested Members	1
5. Retired Members:	
a. Number of Normal Retired members	64
b. Number of DROP Members	0
c. Total Number of Retired Members	64
d. Benefits for Normal Retired Members	\$2,437,313
e. Benefits for DROP Members	\$0
f. Total Benefits for Retired Members	\$2,437,313
6. Benefits Members:	
a. Number of Disability Benefit Members	77
b. Number of Surviving Spouse Benefit Members	75
c. Number of Surviving Child Benefit Members	0
d. Total Number of Benefit Members	152
e. Benefits for Disability Benefit Members	\$2,847,984
f. Benefits for Surviving Spouse Benefit Members	\$1,384,398
g. Benefits for Surviving Child Benefit Members	\$0
h. Total Benefits for Benefit Members	\$4,232,382
7. Total Count of Retired and Benefit Members	216
8. Total Benefits for Retired and Benefit Members	\$6,669,695

SCRANTON - FIRE - DEFINED BENEFIT

Step 3 - Demographic Detail - Active Members as of January 01, 2019

DISTRIBUTION OF ACTIVE MEMBERS BY AGE AND SERVICE										
AGE	1	2	3	4 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	30+
Under 20										
# of Members										
Payroll (\$000)										
20 - 24										
# of Members	2	3								
Payroll (\$000)	\$77	\$168								
25 - 29										
# of Members	5	8	1							
Payroll (\$000)	\$187	\$464	\$61							
30 - 34										
# of Members	2	4	3		1					
Payroll (\$000)	\$87	\$227	\$184		\$76					
35 - 39										
# of Members	3	1	1		4	2	3			
Payroll (\$000)	\$111	\$59	\$60		\$304	\$160	\$247			
40 - 44										
# of Members	1	1			2	13	5			
Payroll (\$000)	\$36	\$57			\$155	\$1,029	\$413			
45 - 49										
# of Members						5	11	3		
Payroll (\$000)						\$392	\$910	\$249		
50 - 54										
# of Members	1				1	2	7	4	9	
Payroll (\$000)	\$36				\$79	\$159	\$571	\$348	\$806	
55 - 59										
# of Members							6	1	8	6
Payroll (\$000)							\$504	\$82	\$702	\$525
60 - 64										
# of Members									1	5
Payroll (\$000)									\$82	\$440
65 & Over										
# of Members										1
Payroll (\$000)										\$89
Total Members	14	17	5	0	8	22	32	8	18	12
Total Annual Payroll	\$534	\$975	\$305	\$0	\$614	\$1,740	\$2,645	\$679	\$1,590	\$1,054
GRAND TOTAL	Members		136		Annual Payroll			\$10,136,000		

SCRANTON - FIRE - DEFINED BENEFIT

Step 4 - Demographic Detail - Retired & Vested Members as of January 01, 2019

DEMOGRAPHIC DATA FOR RETIRED MEMBERS			DEMOGRAPHIC DATA FOR MEMBERS TERMINATED WITH VESTING		
Age	Number	Annual Pension Payable	Age	Number	Annual Pension Payable
Under 30			Under 25		
30 - 34			25 - 29		
35 - 39			30 - 34		
40 - 44	2	\$57,128	35 - 39		
45 - 49			40 - 44		
50 - 54	7	\$242,125	45 - 49		
55 - 59	19	\$669,676	50 - 54		
60 - 64	35	\$1,174,757	55 - 59	1	\$37,008
65 - 69	29	\$970,089	60 - 64		
70 - 74	37	\$1,173,784	65 - 69		
75 - 79	24	\$719,660	Over 69		
80 - 84	21	\$633,988	Totals	1	\$37,008
Over 84	42	\$1,028,487			
Totals	216	\$6,669,694			

SCRANTON - FIRE - DEFINED BENEFIT

Step 5 - Statement of Assets Available for Benefits as of the Valuation Date

	Amount as of Valuation Date	Amount as of Previous Year
Assets		
Cash		
Accrued Interest and Dividends Receivable	\$26,826	\$3,422
Receivables - Employee Contributions	\$48,586	\$48,617
Receivables - Employer Contributions		
Receivables - State Aid		
Other Receivables - Recovered Pension Payments	\$900	\$0
Investments at Market Value - Money Markets and other Cash Investments	\$22,245,636	\$3,603,850
Investments at Market Value - Mutual Funds	\$70,491,287	\$70,476,768
Investments at Market Value - Stocks and other Equities		
Investments at Market Value - Bonds and other Fixed Income		
Insurance/Annuity Cash Surrender Value (Individual Policies)		
Other Assets		
Total Assets	\$92,813,235	\$74,132,657
Current Liabilities		
Accounts Payable and Accrued Administrative Expenses		
Other Current Liabilities - Benefits Payables		
Other Liabilities - Due to Police and Non-Uniformed Pension Plans	(\$56,901,411)	(\$47,066,916)
Other Liabilities - Accrued Administrative Expenses	(\$1,241)	\$0
Total Liabilities	(\$56,902,652)	(\$47,066,916)
Net Assets Available for Benefits (Market value) as of Valuation Date	\$35,910,583	\$27,065,741

SCRANTON - FIRE - DEFINED BENEFIT

Step 6 - Statement of Revenue, Expenses and Change in Fund Assets

	Amount as of Valuation Date	Amount as of Previous Year
Net Assets at Beginning of Year (Market value)	\$27,065,741	\$20,703,868
Revenues:		
Member Contributions	\$603,523	\$612,845
Municipal Contributions	\$5,909,496	\$9,501,455
Interest Earnings/Dividend Income	(\$1,314,825)	\$2,790,634
Realized/Unrealized Capital Gains/Losses		
Other Revenue or Credits - Note Proceeds	\$10,383,827	\$0
Total Revenues	\$15,582,021	\$12,904,934
Expenses:		
Total Benefit Payments (Lump Sum)		
Total Benefit Payments (Monthly)	\$6,690,770	\$6,485,624
Annuity Purchases (Lump Sum)		
Insurance Premiums		
Refund of Member Contributions		
Lump Sum DROP Account Payments		
Actuarial Costs	\$1,450	\$10,500
Investment Costs		
Other Expenses or Debits - Administrative Expenses	\$44,959	\$46,937
Total Expenses	\$6,737,179	\$6,543,061
Net Assets at End of Year (Market value)	\$35,910,583	\$27,065,741

SCRANTON - FIRE - DEFINED BENEFIT

Step 7 - Additional Financial Data

Actual Municipal Deposit	
a. Contributions Receivable at beginning of year	
b. Contributions Receivable at end of year	
Administrative Expenses	\$46,409

Step 8 - Presentation of Actuarial Present Value of Future Benefits as of the Valuation Date

Actuarial Present Values for Active Members

Retirement Benefits	\$36,257,571
Disability Benefits	\$1,310,590
Survivor Benefits	\$564,396
Liability for the Refund of Member Contributions	\$0
Vested Withdrawal Benefits	\$11,104
Other Active Benefits	\$0
Total Active Benefits	\$38,143,661

Actuarial Present Values for Non- Active Members and Benefit Recipients

Deferred Vested Benefits	\$443,666
Retirement Benefits	\$21,543,897
Disability Benefits	\$22,620,872
Survivor Benefits	\$9,520,005
Total Monies Accumulated in DROP Participation Accounts	\$0
Other Non-Active Benefits	\$0
Total Non-Active Benefits	\$54,128,440

Total Actuarial Present Value of Future Benefits (Without Adjustments)	\$92,272,101
Total Adjustments for Ancillary Benefits Valued Through Approximation Techniques	\$0
Total Actuarial Present Value of Future Benefits	\$92,272,101

SCRANTON - FIRE - DEFINED BENEFIT

Step 9 - Summary of Actuarial Data

1. Actuarial Present Value of Future Benefits	\$92,272,101
2. Actuarial Present Value of Future Normal Costs	\$9,734,910
3. Actuarial Accrued Liability	\$82,537,191
4. Actuarial Value of Assets	\$38,484,057
5. Unfunded Actuarial Accrued Liability	\$44,053,134
6. Normal Cost	
a. As a dollar amount	\$978,412
b. As a percentage of total annual payroll	8.75000%
7. Average Administrative Expenses	\$48,205
8. Annual Covered Payroll	\$10,136,448
9. Amortization Contributions	
a. For amortization of initial unfunded actuarial accrued liability established 1/1/85	
1. Amortization period remaining (years)	6
2. Amortization contribution calculated as a level dollar amount for the plan year beginning on valuation date	\$6,071,841
3. Amortization contribution calculated as a level percentage of payroll for the plan year beginning on valuation date	\$5,536,503
b. For amortization of all increases or decreases in unfunded actuarial accrued liability occurring after 1/1/85 or the initial UAL's establishment	
1. Aggregated Amortization period (years)	99
2. Aggregated Amortization contribution calculated as a level dollar amount for the plan year beginning on valuation date	\$372,052
c. Modified Total Amortization Requirement	\$0
d. Total Amortization Requirement	\$5,908,555
10. Actual or Estimated Member Contributions	\$671,156

SCRANTON - FIRE - DEFINED BENEFIT

Step 10 - Summary of Actuarial Data (Split Funded)

11. Actuarial Present Value of Insurance/Annuity Contract Cash Values at Retirement

12. Adjusted Actuarial Present Value of Future Benefits

13. Adjusted Actuarial Present Value of Future Normal Costs

14. Adjusted Actuarial Accrued Liability

15. Actuarial Value of Assets

16. Adjusted Unfunded Actuarial Accrued Liability

17. Adjusted Normal Costs

18. Annual Insurance/Annuity Premium Payments

19. Gross Adjusted Normal Cost

a. As a dollar amount

b. As a percentage of payroll

20. Adjusted Amortization Contributions

SCRANTON - FIRE - DEFINED BENEFIT

Step 11 - Presentation of the Determination of Minimum Municipal Obligation (MMO) for the year ended on Valuation Date

A. Identification of the Actuarial Valuation Report	1/1/2017
B. Development of Minimum Municipal Obligation	☐
1. Total Annual Payroll	\$10,500,000
2. Total Normal Cost	9.35000%
3. Total Projected Normal Cost	\$981,750
4. Total Amortization Requirement	\$5,507,746
5. Total Administrative Expenses	\$50,000
6. Total Financial Requirements	\$6,539,496
7. Member Contributions	\$630,000
8. Funding Adjustment	\$0
9. Minimum Municipal Obligation (MMO)	\$5,909,496
10. Delinquent MMO Plus Interest	\$0
11. Total MMO	\$5,909,496
C. Amortization Contribution Reduction	
1. Reduction of Amortization Contribution	\$0
2. Re-Calculated MMO	\$5,909,496

Step 12 - Presentation of the Determination of Minimum Municipal Obligation (MMO) for the Prior Year

A. Identification of the Actuarial Valuation Report	1/1/2015
B. Development of Minimum Municipal Obligation	☐
1. Total Annual Payroll	\$10,500,000
2. Total Normal Cost	10.86000%
3. Total Projected Normal Cost	\$1,140,300
4. Total Amortization Requirement	\$8,931,155
5. Total Administrative Expenses	\$60,000
6. Total Financial Requirements	\$10,131,455
7. Member Contributions	\$630,000
8. Funding Adjustment	\$0
9. Minimum Municipal Obligation (MMO)	\$9,501,455
10. Delinquent MMO Plus Interest	\$0
11. Total MMO	\$9,501,455
C. Amortization Contribution Reduction	
1. Reduction of Amortization Contribution	\$0
2. Re-Calculated MMO	\$9,501,455

SCRANTON - FIRE - DEFINED BENEFIT

Step 13 - Amortization of Unfunded Actuarial Accrued Liability

Part A - Initial Unfunded Actuarial Accrued Liability

Source	Amount of Liability	Date Established	Amortization Period	Remaining Balance	Amortization Contribution
Initial Liability	\$33,978,580	1/1/1985	40	\$30,801,822	\$5,536,503

Part B - Changes in Unfunded Actuarial Accrued Liability

Source	Description	Amount of Liability	Date Established	Amortization Period	Remaining Balance	Amortization Contributions
Other	Investment Loss	\$164,809	1/1/2002	14	\$106,894	\$11,568
Other	Investment Loss	\$4,529,660	1/1/2003	14	\$3,050,579	\$330,132
Experience Gain		(\$8,966,193)	1/1/2005	1	(\$965,659)	(\$965,659)
Experience Gain		(\$6,704,664)	1/1/2007	3	(\$2,010,232)	(\$717,486)
Assumption Change		(\$6,242,729)	1/1/2009	10	(\$4,252,031)	(\$571,010)
Experience Loss		\$8,886,195	1/1/2009	10	\$6,052,544	\$812,803
Assumption Change		\$686,785	1/1/2011	7	\$416,190	\$72,634
Experience Loss		\$20,667,797	1/1/2011	12	\$15,813,454	\$1,881,170
Experience Loss		\$16,932,242	1/1/2013	14	\$14,175,619	\$1,534,076
Assumption Change		\$3,694,635	1/1/2015	11	\$3,071,355	\$386,668
Experience Loss		\$4,681,367	1/1/2015	16	\$4,208,696	\$422,313
Assumption Change		(\$23,063,685)	1/1/2017	13	(\$21,231,368)	(\$2,402,301)
Experience Loss		\$3,842,466	1/1/2017	18	\$3,658,350	\$345,244
Assumption Change		\$1,779,419	1/1/2019	15	\$1,779,419	\$185,051
Experience Gain		(\$10,622,498)	1/1/2019	20	(\$10,622,498)	(\$953,151)
	Total	\$10,265,606			\$13,251,312	\$372,052

Part C - Aggregation of Changes in Unfunded Actuarial Accrued Liability

Remaining Balance of Aggregated Liability	Date of Aggregation	Aggregated Target Date	Aggregated Amortization Period	Aggregated Amortization Contribution
\$13,251,312	1/1/2019	12/31/2117	99	\$372,052

SCRANTON - FIRE - DEFINED BENEFIT

Step 14 - Presentation of Actuarial Assumptions and Methods

ACTUARIAL ASSUMPTIONS

1. Interest Rate	7.250
2. Salary Projections	4.50%
3. Disability Rate	100% OF THE UNITED AUTO WORKERS TABLE.
4. Termination Rate	AGE: 20 25 30 35 40 45 50 55 60 TURNOVER: 5.5% 5.0% 4.0% 2.5% 1.0% 0.5% 0.0% 0.0% 0.0%
5. Mortality	BLUE COLLAR RP-2000 MORTALITY TABLE PROJECTED TO 2017 USING SCALE AA.
6. Retirement Age	AGE: 55 56 57 58 59 60 SERVICE: 25 25 25 25 25 25 % RETIRING: 5.0% 10.0% 10.0% 15.0% 15.0% 100%
7. Asset Smoothing	ASSETS ARE VALUED USING A 5 YEAR SMOOTHING METHOD DESCRIBED IN INTERNAL REVENUE PROCEDURE 2000-40, APPROVAL 16.
8. Other (Specify)	COST-OF-LIVING INCREASE - NONE ASSUMED BASED ON A DETERMINATION THAT THE CITY'S PENSION PLANS ARE NOT ACTUARIALLY SOUND.
9. Other (Specify)	FORM OF ANNUITY - JOINT & 50% SURVIVOR.
Actuarial Cost Method	ENTRY AGE NORMAL COST METHOD. LEVEL PERCENTAGE OF FUTURE PAYROLL AMORTIZATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY IS BASED UPON A 4.0% ANNUAL INCREASE IN COVERED PAYROLL ASSUMPTION.

ACTUARIAL CALCULATIONS

1. Average Future Service	13
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Step 15 - Presentation of Benefit Plan Provisions**A. Eligibility Requirement**

	Retirement Age	Years of Service	Relational Selection
Normal Retirement	55	25	And
Early Retirement	NONE.		

Vesting	25 YEARS OF SERVICE.
B. Retirement Benefit	PRE 7/1/87 EMPLOYEES - 50% OF SALARY AT RETIREMENT PLUS A SERVICE INCREMENT OF 1% OF THE PENSION IN EXCESS OF 25 YEARS IN MULTIPLE OF 5 YEARS (MINIMUM BENEFIT \$4,000 ANNUALLY). POST 6/30/87 EMPLOYEES - 50% OF AVERAGE MONTHLY PAY BASED ON FINAL 36 MONTHS OF EMPLOYMENT.

C. Survivor Benefit	50% OF BENEFIT TO SURVIVING SPOUSE.
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D. Disability Benefits	
Service Related	BENEFIT IS CALCULATED IN THE SAME MANNER AS THE NORMAL RETIREMENT BENEFIT.

Non-Service Related	5% OF LAST 36 MONTHS OF SALARY PER YEAR OF SERVICE UP TO 50% OF SALARY.
E. Post Retirement Adjustments	IF THE CITY'S PENSION PLANS ARE DETERMINED TO BE ACTUARIALLY SOUND - PRE 7/1/87 EMPLOYEES - ALL RETIRED MEMBERS AND WIDOWS BENEFITS ARE INCREASED AT THE SAME RATE THAT THE SALARY OF ACTIVE MEMBERS OF THE SAME RANK ARE INCREASED. POST 6/30/87 EMPLOYEES - DISABILITY BENEFITS OF MEMBERS AND ALL BENEFITS OF WIDOWS ARE INCREASED AT HALF THE RATE THAT THE SALARY OF ACTIVE MEMBERS OF THE SAME RANK ARE INCREASED.

F. DROP Benefit	NONE.
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G. Other Benefit	PRE-7/1/87 EMPLOYEES - SPECIAL WIDOW'S PLAN - \$150 PER MONTH.
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H. Member Contributions	
Amount or Rate	6% OF PAY.
Interest Rate Credited to Member Contributions	NONE.

SCRANTON - FIRE - DEFINED BENEFIT

Step 16 - Certification

Actuary Signature:

☒ By checking this box and typing my name in the text box, I hereby certify that I have prepared and reviewed the actuarial data and information entered on this form and that the data and information provided is to the best of my knowledge true and accurate.

Lawrence Brisman

(Name)

Beyer-Barber Company

(Firm Name)

SCRANTON CITY Signature:

☒ By checking this box and typing my name in the text box, I hereby certify that to the best of my knowledge the information provided is complete, true and accurate.

Rebecca McMullen

(Name)

(570) 348-4118

(Phone)

Finance Manager

(Title)

Date	User	Comments
1/6/2020 9:59:33 AM		Aggregated target date and aggregated amortization period cannot be calculated.