COMPLIANCE AUDIT

City of Duquesne Comprehensive Municipal Pension Trust Fund

Allegheny County, Pennsylvania

For the Period

January 1, 2015 to December 31, 2017

March 2019

Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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EUGENE A. DEPASQUALE
AUDITOR GENERAL

The Honorable Mayor and City Council
City of Duquesne
Allegheny County
Duquesne, PA 15110

We have conducted a compliance audit of the City of Duquesne Comprehensive Municipal Pension Trust Fund for the period January 1, 2015 to December 31, 2017. We also evaluated compliance with some requirements subsequent to that period when possible. The audit was conducted pursuant to authority derived from Section 402(j) of Act 205 and in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of the audit was to determine if the pension trust fund was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

Our audit was limited to the area related to the objective identified above. To determine whether the pension trust fund 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 dates 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 plans' governing documents and applicable laws and regulations by examining the municipality's calculation of the plans' 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 plans in accordance with the plans' governing documents and applicable laws and regulations by testing total members' contributions on an annual basis using the rates obtained from the plans' 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 plans.

- We determined whether retirement benefits calculated for all 5 retirees, consisting of 1 police plan member, 2 new uniformed employees' plan members, and 2 officers' and employees' plan members who retired during the current audit period, 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 each plan's governing document, applicable laws and regulations by recalculating the amount of the monthly pension benefit due to retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to recipients. We also determined whether retirement benefits calculated for the officer and employees' plan member who elected to vest during the current audit period, and through the completion of our fieldwork procedures, represent payments to all (and only) those entitled to receive them and were properly determined in accordance with the plan's governing document, applicable laws and regulations by recalculating the amount of the pension benefit due to retired individuals and comparing these amounts to supporting documentation evidencing amounts determined.

- We determined whether retirement benefits calculated for the new uniformed employee plan member who terminated employment and elected a lump-sum form of pension benefit during the current audit period, 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 comparing the distributed amounts to supporting documentation evidencing amounts determined and actually paid to recipients.

- We determined whether the January 1, 2013, January 1, 2015 and January 1, 2017 actuarial valuation reports were prepared and submitted by March 31, 2014, 2016 and 2018, respectively, in accordance with Act 205 and whether selected information provided on these reports 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 trust fund is in compliance with Act 205 for distressed municipalities through inquiry of plan officials and evaluation of the recovery remedies implemented during the audit period and through the completion of our fieldwork procedures.

- 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.

The City of Duquesne contracted with an independent certified public accounting firm for annual audits of its basic 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 Duquesne Comprehensive Municipal Pension Trust Fund is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. In conducting our audit, we obtained an understanding of the city's internal controls as they relate to the city's compliance with those requirements and that we considered to be significant within the context of our audit objectives, and assessed whether those significant controls were properly designed and implemented. Additionally and as previously described, we tested transactions, assessed official actions, performed analytical procedures, and interviewed selected officials 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 Duquesne Comprehensive Municipal Pension Trust Fund was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, except as noted in the following findings further discussed later in this report:

New Uniformed Employees' and Officers' and Employees' Pension Plans:

Finding No. 1 – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

Finding No. 2 – Failure To Deduct and Deposit Member Contributions

Police, New Uniformed Employees', and Firemen's Pension Plans:

Finding No. 3 – Failure To Timely Pay The Minimum Municipal Obligation Of The Plans

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.

The contents of this report were discussed with officials of the City of Duquesne 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.

February 27, 2019

EUGENE A. DEPASQUALE
Auditor General

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BACKGROUND

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. Section 402(j) of Act 205 specifically requires the Auditor General, as deemed necessary, to make an audit of every municipality which receives general municipal pension system state aid and of every municipal pension plan and fund in which general municipal pension system state aid is deposited.

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 Duquesne Comprehensive Municipal Pension Trust Fund is also governed by implementing regulations adopted by the former Public Employee Retirement Commission 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 67 – The Third Class City Code, Act of November 24, 2015 (P.L. 242, No. 67), as amended, 11 Pa. C.S. § 10101 et seq.

Act 147 – Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, Act of December 14, 1988 (P.L. 1192, 34, No. 147), as amended, 53 P.S. § 896.101 et seq.

Act 362 – The Third Class City Code, Act of May 23, 1945 (P.L. 903, No. 362), Article XLIII-A, Optional Retirement System for Officers and Employees, as amended, 53 P.S. § 42001 et seq.

The City of Duquesne Comprehensive Municipal Pension Trust Fund acts as a common investment and administrative agent for the city's police, new uniformed employees', firefighters' and officers' and employees' defined benefit pension plans.

The City of Duquesne's Police Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 3 of 2015, effective January 1, 2015, adopted pursuant to Act 67 (formerly Act 317). Prior to January 1, 2015, the plan was locally controlled by the provisions of Ordinance No. 3 of 2003, as amended. The plan is also affected by the provisions of collective bargaining agreements between the city and its police officers. The plan was established February 25, 1944. Active members are required to contribute 4 percent of compensation to the plan. As of December 31, 2017, the plan had no active members, no terminated members eligible for vested benefits in the future, and 23 retirees receiving pension benefits from the plan.

The City of Duquesne's New Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 5 of 2015, effective January 1, 2015, adopted pursuant to Act 67. Prior to January 1, 2015, the plan was locally controlled by the provisions of Ordinance No. 6 of 1987, as amended. The plan is also affected by the provisions of collective bargaining agreements between the city and its police officers. The plan was established for police officers and paid firefighters hired on or after September 1, 1987. Active members are required to contribute 4.5 percent of compensation to the plan. As of December 31, 2017, the plan had 12 active members, no terminated members eligible for vested benefits in the future, and 5 retirees receiving pension benefits from the plan.

The City of Duquesne's Firemen's Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 4 of 2015, effective January 1, 2015, adopted pursuant to Act 67. Prior to January 1, 2015, the plan was locally controlled by the provisions of Ordinance No. 4 of 2003, as amended. The plan was established October 14, 1930. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2017, the plan had no active members, no terminated members eligible for vested benefits in the future, and 12 retirees receiving pension benefits from the plan.

The City of Duquesne's Officers' and Employees' Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 2 of 2015, effective January 1, 2015, adopted pursuant to Act 67. Prior to January 1, 2015, the plan was locally controlled by the provisions of Ordinance No. 5 of 2003, as amended. The plan is also affected by the provisions of collective bargaining agreements between the city and its non-uniformed employees. The plan was established August 20, 1956. Active members are required to contribute 6 percent of compensation if hired prior to September 1, 1987 and 5.5 percent of compensation if hired on or after September 1, 1987 to the plan. As of December 31, 2017, the plan had 16 active members, 1 terminated members eligible for vested benefits in the future, and 16 retirees receiving pension benefits from the plan.

BACKGROUND – (Continued)

As of December 31, 2017, selected plan benefit provisions are as follows:

Police Pension Plan

Eligibility Requirements:

Normal Retirement	Age 50 and 20 years of service
Early Retirement	None
Vesting	Member is 100% vested after 20 years of service

Retirement Benefit:

Benefit equals 50% of the greater of final monthly compensation or highest 5 year average monthly compensation, plus a service increment, if any. The service increment is an additional monthly benefit of 1/40 of the monthly pension for each completed year of service in excess of 20 years, excluding service after 65, up to a maximum increment of $100 per month.

Survivor Benefit:

Benefit equals 50% of the pension the member was receiving or was entitled to receive on the day of the member's death.

Disability Benefit:

Service Related	Normal Retirement Benefit calculated as of the date of disablement.
Non-service Related	Benefit equals 25% of annual compensation if before 10 years of service, 50% if after 10 years of service.

BACKGROUND – (Continued)

New Uniformed Employees' Pension Plan

Eligibility Requirements:

Normal Retirement	Age 55 and 25 years of service
Early Retirement	None
Vesting	Member is 100% vested after 25 years of service

Retirement Benefit:

Benefit equals 50% of the greater of monthly salary at the date of termination or compensation averaged over the highest 5 year period prior to retirement, plus a service increment, equal to 1/40 of the monthly pension for each completed year of service in excess of 25 years, excluding employment after age 65, up to a maximum increment of $100 per month.

Survivor Benefit:

Surviving spouse will receive a benefit based on participant's status as follows:

After Retirement Eligibility	Benefit equals 50% of the pension the member was receiving or was entitled to receive on the day of the member's death.
Not in the Line of Duty with less than 10 Years of Service	Benefit equals 25% of the member's annual compensation at the time of member's death.
Not in the Line of Duty with 10 or More Years of Service or Killed in Service	Benefit equals 50% of the member's annual compensation at the time of member's death.

New Uniformed Employees' Pension Plan – (Continued)

Disability Benefit:

Service Related	Benefit equals 50% of annual compensation calculated as the date of disability offset by social security disability, worker's compensation, or any other disability benefit received.
Non-service related	Benefit equals 25% of final monthly average salary if before 10 years of service. 50% if 10 or more years of service. Benefit will be offset by social security disability, worker's compensation, or any other disability benefit received.

Firemen's Pension Plan

Eligibility Requirements:

Normal Retirement	Age 50 and 20 years of service
Early Retirement	None
Vesting	Member is 100% vested after 20 years of service

Retirement Benefit:

Benefit equals 50% of the greater of final monthly salary at the date termination or compensation averaged over the highest 5 year period to retirement, plus a service increment, equal to 1/40 of the monthly pension for each completed year of service in excess of 20 years, excluding service after 65, up to a maximum increment of $100 per month.

<u>Firemen's Pension Plan – (Continued)</u>

<u>Survivor Benefit</u>:

Before Retirement Eligibility with Less Than 10 Years of Service	Refund of contributions.
Before Retirement Eligibility with 10 to 20 Years of Service	Benefit equals 50% of the benefit the participant was entitled to receive payable until death or remarriage.
After Retirement Eligibility or for Members Killed in Service	Benefit is 100% of the benefit the participant was receiving or entitled to receive payable for life or until remarriage.

<u>Service Related Disability Benefit</u>:

For total and permanent disablement that occurs after the completion of 5 years of service a monthly benefit equal to 50% of the participant's average monthly compensation as of the date of disability

<u>Officers' and Employees' Pension Plan</u>

<u>Eligibility Requirements</u>:

Normal Retirement	Later of age 60 or 20 years. If hired on or after September 1, 1987 the later of age 62 or 25 years.
Early Retirement	20 years (25 years if hired on or after September 1, 1987) and continuation of contributions to age 55.
Vesting	Involuntary Termination: Member is 100% vested after the completion of 12 years. Voluntary Termination: Member is 100% vested after the completion of 20 years of service (25 years of service if hired on or after September 1, 1987).

BACKGROUND – (Continued)

Officers' and Employees' Pension Plan – (Continued)

Retirement Benefit:

Benefit equals 50% of final monthly pay or highest 5 year average pay, if greater, less 40% of social security primary benefit at age 65. For participants hired on or after September 1, 1987, a monthly benefit equal to 50% of final monthly pay or highest 5 years average of pay, if greater.

Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions without interest.
After Retirement Eligibility	Benefit equals 50% of the benefit the participant is receiving or entitled to receive will be payable to the participant's spouse for life.

Disability Benefit:

For total and permanent disablement which occurs after the completion of 15 years of service but prior to age 55, a monthly benefit equal to 50% of final monthly pay or highest 5 year average pay, if greater, determined as of the disability retirement date.

New Uniformed Employees' and Officers' and Employees' Pension Plans

Finding No. 1 – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

Condition: The city failed to certify 1 eligible non-uniformed employee (1 unit) and understated payroll by $30,008 on the Certification Form AG 385 filed in 2017. In addition, the city erroneously certified an eligible police officer (2 units) as a non-uniformed employee (1 unit) on the Certification Form AG 385 filed in 2018. The data contained on these certification forms is based on prior calendar year information.

Criteria: 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 failed to establish adequate internal control procedures to ensure the accuracy of the data certified.

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 $9,272 as identified below:

Year	Type Of Plan	Units Overstated (Understated)	Unit Value	State Aid Overpayment (Underpayment)
2017	Officers' and Employees'	(1)	$ 4,588	$ (4,588)
2018	New Uniformed Employees'	(2)	$ 4,684	(9,368)
	Officers' and Employees'	1	$ 4,684	4,684
		Net Underpayment of State Aid		$ (9,272)

Although the additional state aid will be allocated to the city, the full amount of the 2017 and 2018 state aid allocations were not available to be deposited timely and therefore were not available to pay operating expenses or for investment.

Recommendation: We recommend that in the future, plan officials establish adequate internal control procedures, such as having at least two people review the data certified, to ensure compliance with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data.

New Uniformed Employees' and Officers' and Employees' Pension Plans – (Continued)

Finding No. 1 – (Continued)

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

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

Finding No. 2 – Failure To Deduct and Deposit Member Contributions

Condition: City officials failed to deduct member contributions from the members of the New Uniformed Employees' and Officers' and Employees' Pension Plans during the year 2018 and deposit the member contributions into the respective plans.

Criteria: Section 3.01 of Ordinance No. 5 of 2015, for the New Uniformed Employees' Pension Plan states, in part:

> Each participant shall be required to have contributions deducted from the Participant's Compensation and contributed to the plan. The rate of contributions shall be 4.5% of the participant's compensation. In addition, each participant shall pay twelve ($12) per year for the service increment, which amount shall be deducted on a pro-rata basis from the Participant's Compensation as paid until the Participant attains age sixty five (65) or terminates employment, whichever shall first occur.

Furthermore, Section 3.01 of Ordinance 2 of 2015, for the Officers' and Employees' Pension Plan states, in part:

> Participants electing to receive a full benefit from the plan unreduced by social security shall contribute 5% of monthly compensation. Participants electing to have benefit integrated with (40%) of social security shall contribute (3.5%) of compensation to the plan. All Participants hired on or after September 1, 1987 shall be required to have contributions deducted from the Participant's Compensation and contributed to the plan at a rate of (4.5%) of the Participant's compensation for 25 years of service. Each participant shall also contribute an additional (1%) of compensation to assist in the funding of the survivor benefit which is effective for all retirements after January 1, 2001.

New Uniformed Employees' and Officers' and Employees' Pension Plans – (Continued)

Finding No. 2 – (Continued)

Cause: City officials failed to establish adequate internal control procedures to ensure that member contributions were deducted from plan members when they changed payroll contractors during 2018.

Effect: Insufficient member contributions could result in the plan not having adequate resources to meet current and future benefit obligations to its members. In addition, employee contributions are a part of the City's minimum municipal Obligation (MMO) calculation and are used to reduce the amount of city contributions required to meet the MMO. Failing to deduct and deposit the employee contributions could result in the city failing to meet its MMO obligation which will then require additional interest to be calculated, retroactively to January 1, 2018, and paid into the plan.

Recommendation: We recommend that the delinquent member contributions be deducted and deposited into the pension plans for the year 2018. In addition, we recommend that city officials establish internal control procedures to ensure that this situation does not occur again in the future. Furthermore, we recommend that city officials determine and pay any additional outstanding MMO amount and affiliated interest.

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

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

Police, New Uniformed Employees', and Firemen's Pension Plans

Finding No. 3 – Failure To Timely Pay The Minimum Municipal Obligation Of The Plans

Condition: The city did not timely pay the balance due on the 2018 minimum municipal obligation (MMO) that was due to the Police, New Uniformed Employees', and Firemen's pension plans by December 31, 2018, as required by Act 205. The city deposited $184,028 into the plans on January 10, 2019 to pay the balance due for the 2018 MMO; however, the city failed to pay the interest due on the late deposit of the 2018 MMO in accordance with Act 205 requirements.

Police, New Uniformed Employees' and Firemen's Pension Plans – (Continued)

Finding No. 3 – (Continued)

Section 302(e) of Act 205 states:

> Interest penalty on omitted municipal contributions. Any amount of the minimum obligation of the municipality which remains unpaid as of December 31 of the year in which the minimum obligation is due shall be added to the minimum obligation of the municipality for the following year, with interest from January 1 of the year in which the minimum obligation was first due until the date the payment is paid at a rate equal to the interest assumption used for the actuarial valuation report or the discount rate applicable to treasury bills issued by the Department of Treasury of the United States with a six-month maturity as of the last business day in December of the plan year in which the obligation was due, whichever is greater, expressed as a monthly rate and compounded monthly.

Cause: Municipal officials failed to establish adequate procedures to ensure that the MMO due was paid timely and that the interest due on the late payment was determined and paid in accordance with Act 205 requirements. In addition, there was a recent turnover of plan officials.

Effect: The plan is not being adequately compensated for the municipality's failure to pay the MMO timely in accordance with Act 205 requirements.

Recommendation: We recommend that the city pay the interest due to the Police, New Uniformed Employees', and Firemen's pension plans for the untimely payment of the 2018 MMO in accordance with Section 302(e) of Act 205. A copy of the interest calculations must be maintained by the city for examination during our next audit of the plan.

Furthermore, we recommend that plan officials establish and implement internal control procedures to ensure that future MMOs are paid timely in accordance with Act 205 requirements.

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

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

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

The supplementary information contained on Pages 12 through 19 reflects the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans*. The objective of this statement is to improve financial reporting by state and local governmental pension plans.

POLICE PENSION PLAN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED DECEMBER 31, 2014, 2015, AND 2016

	2014	2015	2016
Total Pension Liability			
Interest	$ 192,690	$ 182,301	$ 173,437
Difference between expected and actual experience	-	(36,288)	-
Benefit payments, including refunds of member contributions	(296,970)	(292,820)	(308,447)
Net Change in Total Pension Liability	(104,280)	(146,807)	(135,010)
Total Pension Liability – Beginning	2,715,009	2,610,729	2,463,922
Total Pension Liability – Ending (a)	$ 2,610,729	$ 2,463,922	$ 2,328,912
Plan Fiduciary Net Position			
Contributions – employer	$ 67,119	$ 111,864	$ 93,258
Contributions – employee	2,357	2,353	683
Net investment income	161,129	(25,940)	128,577
Benefit payments, including refunds of member contributions	(296,970)	(292,820)	(308,447)
Administrative expense	(30,188)	(33,673)	(25,620)
Net Change in Plan Fiduciary Net Position	(96,553)	(238,216)	(111,549)
Plan Fiduciary Net Position – Beginning	2,258,250	2,161,697	1,923,481
Plan Fiduciary Net Position – Ending (b)	$ 2,161,697	$ 1,923,481	$ 1,811,932
Net Pension Liability – Ending (a-b)	$ 449,032	$ 540,441	$ 516,980
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.80%	78.10%	77.80%
Estimated Covered Employee Payroll	$ 58,932	$ 59,466	$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	761.90%	908.80%	N/A

POLICE PENSION PLAN – (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the city as of December 31, 2015 and 2016, calculated using the then discount rate of 7.50%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability – 12/31/15	$ 694,611	$ 540,441	$ 402,965
Net Pension Liability – 12/31/16	$ 658,023	$ 516,980	$ 390,973

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll*	Contributions as a Percentage of Covered-Employee Payroll
2008	$ -	$ -	$ -	$ 54,259	N/A
2009	-	-	-	-	
2010	-	-	-	56,853	N/A
2011	-	-	-	-	
2012	-	-	-	58,959	N/A
2013	67,119	67,119	-	-	
2014	67,119	67,119	-	58,932	113.90%
2015	111,864	111,864	-	59,466	188.10%
2016	93,258	93,258	-	-	N/A
2017	97,396	97,396	-	-	N/A

* Due to GASB Statement No. 67, *Financial Reporting for Pension Plans,* being implemented only recently, the amount of Covered-Employee Payroll was not provided for odd years prior to 2014.

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

NEW UNIFORMED EMPLOYEES' PENSION PLAN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED DECEMBER 31, 2014, 2015, AND 2016

	2014	2015	2016
Total Pension Liability			
Service cost	$ 106,509	$ 94,868	$ 99,611
Interest	172,272	167,950	179,872
Change of benefit terms	-	21,896	-
Difference between expected and actual experience	-	(246,091)	-
Benefit payments, including refunds of member contributions	(81,160)	(120,691)	(96,093)
Net Change in Total Pension Liability	197,621	(82,068)	183,390
Total Pension Liability – Beginning	2,230,299	2,427,920	2,345,852
Total Pension Liability – Ending (a)	$ 2,427,920	$ 2,345,852	$ 2,529,242
Plan Fiduciary Net Position			
Contributions – employer	$ 142,135	$ 182,968	$ 156,269
Contributions – employee	27,569	27,968	26,040
Net investment income	127,519	(23,678)	138,679
Benefit payments, including refunds of member contributions	(81,160)	(120,691)	(96,093)
Administrative expense	(24,562)	(26,831)	(32,580)
Net Change in Plan Fiduciary Net Position	191,501	39,736	192,315
Plan Fiduciary Net Position – Beginning	1,519,289	1,710,790	1,750,526
Plan Fiduciary Net Position – Ending (b)	$ 1,710,790	$ 1,750,526	$ 1,942,841
Net Pension Liability – Ending (a-b)	$ 717,130	$ 595,326	$ 586,401
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.50%	74.60%	76.80%
Estimated Covered Employee Payroll	$ 698,736	$ 725,937	$ 683,407
Net Pension Liability as a Percentage of Covered Employee Payroll	102.60%	82.00%	85.80%

NEW UNIFORMED EMPLOYEES' PENSION PLAN – (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the city as of December 31, 2015 and 2016, calculated using the then discount rate of 7.50%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability – 12/31/15	$ 920,660	$ 595,326	$ 323,894
Net Pension Liability – 12/31/16	$ 933,954	$ 586,400	$ 295,838

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2008	$ 85,449	$ 85,449	$ -	$ 692,413	12.30%
2009	65,371	74,873	(9,502)	692,413	10.80%
2010	81,743	81,743	-	653,953	12.50%
2011	82,650	82,650	-	653,953	12.60%
2012	81,067	81,067	-	706,605	11.50%
2013	133,086	133,086	-	706,605	18.80%
2014	142,135	142,135	-	698,736	20.30%
2015	182,968	182,968	-	725,937	25.20%
2016	156,269	156,269	-	683,407	22.90%
2017*	155,543	155,543	-	-	

* Due to the timing of this audit, covered-employee payroll for 2017 was not provided in this schedule.

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

FIREMEN'S PENSION PLAN

SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015, AND 2016

	2014	2015	2016
Total Pension Liability			
Interest	$ 101,540	$ 99,123	$ 91,856
Difference between expected and actual experience	-	69,105	-
Benefit payments, including refunds of member contributions	(208,395)	(197,128)	(194,875)
Net Change in Total Pension Liability	(106,855)	(28,900)	(103,019)
Total Pension Liability – Beginning	1,456,178	1,349,323	1,320,423
Total Pension Liability – Ending (a)	$ 1,349,323	$ 1,320,423	$ 1,217,404
Plan Fiduciary Net Position			
Contributions – employer	$ 40,801	$ 50,901	$ 50,352
Net investment income	91,726	(14,132)	67,902
Benefit payments, including refunds of member contributions	(208,395)	(197,128)	(194,875)
Administrative expense	(19,121)	(22,347)	(14,395)
Net Change in Plan Fiduciary Net Position	(94,989)	(182,706)	(91,016)
Plan Fiduciary Net Position – Beginning	1,325,588	1,230,599	1,047,893
Plan Fiduciary Net Position – Ending (b)	$ 1,230,599	$ 1,047,893	$ 956,877
Net Pension Liability – Ending (a-b)	$ 118,724	$ 272,530	$ 260,527
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.20%	79.40%	78.60%
Estimated Covered Employee Payroll	$ -	$ -	$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

FIREMEN'S PENSION PLAN – (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the city as of December 31, 2015 and 2016, calculated using the then discount rate of 7.50%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability – 12/31/15	$ 345,290	$ 272,530	$ 206,992
Net Pension Liability – 12/31/16	$ 325,755	$ 260,527	$ 201,685

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2008	$ -	$ -	$ -	$ 44,543	N/A
2009	-	-	-	-	
2010	-	-	-	46,837	N/A
2011	-	-	-	-	
2012	-	-	-	-	N/A
2013	40,801	40,801	-	-	
2014	40,801	40,801	-	-	N/A
2015	50,901	50,901	-	-	N/A
2016	50,352	50,352	-	-	N/A
2017	50,352	50,352	-	-	N/A

* Due to GASB Statement No. 67, *Financial Reporting for Pension Plans,* being implemented only recently, the amount of Covered-Employee Payroll was not provided for certain years prior to 2014.

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

OFFICERS' AND EMPLOYEES' PENSION PLAN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED DECEMBER 31, 2014, 2015, AND 2016

	2014	2015	2016
Total Pension Liability			
Service cost	$ 49,217	$ 50,749	$ 52,906
Interest	243,729	247,227	252,470
Change of benefit terms	-	293	-
Difference between expected and actual experience	-	(40,741)	-
Benefit payments, including refunds of member contributions	(192,842)	(222,473)	(238,270)
Net Change in Total Pension Liability	100,104	35,055	67,106
Total Pension Liability – Beginning	3,295,176	3,395,280	3,430,335
Total Pension Liability – Ending (a)	$ 3,395,280	$ 3,430,335	$ 3,497,441
Plan Fiduciary Net Position			
Contributions – employer	$ 105,306	$ 96,579	$ 79,080
Contributions – employee	34,196	35,066	34,201
Net investment income	240,407	(41,124)	219,846
Benefit payments, including refunds of member contributions	(192,842)	(222,473)	(238,270)
Administrative expense	(43,004)	(48,332)	(41,776)
Net Change in Plan Fiduciary Net Position	144,063	(180,284)	53,081
Plan Fiduciary Net Position – Beginning	3,081,233	3,225,296	3,045,012
Plan Fiduciary Net Position – Ending (b)	$ 3,225,296	$ 3,045,012	$ 3,098,093
Net Pension Liability – Ending (a-b)	$ 169,984	$ 385,323	$ 399,348
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.00%	88.80%	88.60%
Estimated Covered Employee Payroll	$ 605,107	$ 615,960	$ 580,301
Net Pension Liability as a Percentage of Covered Employee Payroll	28.10%	62.60%	68.80%

OFFICERS' AND EMPLOYEES' PENSION PLAN – (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the city as of December 31, 2015 and 2016, calculated using the then discount rate of 7.50%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (805%)
Net Pension Liability – 12/31/15	$ 712,966	$ 385,323	$ 101,648
Net Pension Liability – 12/31/16	$ 728,150	$ 399,348	$ 114,402

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2008	$ 79,619	$ 79,619	$ -	$ 688,743	11.60%
2009	78,400	78,400	-	688,743	11.30%
2010	76,741	76,741	-	626,951	12.20%
2011	88,255	88,255	-	626,951	14.10%
2012	82,368	82,368	-	616,409	13.40%
2013	107,639	107,639	-	616,409	17.50%
2014	105,306	105,306	-	605,107	17.40%
2015	96,579	96,579	-	615,960	15.70%
2016	79,080	79,080	-	580,301	13.60%
2017*	81,483	81,483	-	-	

* Due to the timing of this audit, covered-employee payroll for 2017 was not provided in this schedule.

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

SCHEDULES 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, 2013, 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)
01-01-13	$ 2,208,217	$ 2,826,447	$ 618,230	78.1%
01-01-15	2,060,985	2,574,441	513,456	80.1%
01-01-17	1,904,571	2,376,397	471,826	80.1%

Note: The market values of the plan's assets at 01-01-13, 01-01-15, and 01-01-17 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period. This method 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 DUQUESNE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES OF FUNDING PROGRESS – (Continued)

NEW UNIFORMED EMPLOYEES' 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)
01-01-13	$ 1,227,607	$ 2,051,538	$ 823,931	59.8%
01-01-15	1,627,742	2,203,725	575,983	73.9%
01-01-17	2,007,734	2,661,422	653,688	75.4%

Note: The market values of the plan's assets at 01-01-13, 01-01-15, and 01-01-17 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period. This method 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 DUQUESNE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES OF FUNDING PROGRESS – (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)
01-01-13	$ 1,337,503	$ 1,569,039	$ 231,536	85.2%
01-01-15	1,173,347	1,418,428	245,081	82.7%
01-01-17	1,009,614	1,290,467	280,853	78.2%

Note: The market values of the plan's assets at 01-01-13, 01-01-15, and 01-01-17 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period. This method 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 DUQUESNE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES OF FUNDING PROGRESS – (Continued)

OFFICERS' AND EMPLOYEES' 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)
01-01-13	$ 2,706,069	$ 3,202,025	$ 495,956	84.5%
01-01-15	3,072,038	3,354,832	282,794	91.6%
01-01-17	3,233,112	3,806,721	573,609	84.9%

Note: The market values of the plan's assets at 01-01-13, 01-01-15, and 01-01-17 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period. This method 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 DUQUESNE 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 DUQUESNE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
NOTES TO SUPPLEMENTARY SCHEDULES
(UNAUDITED)

POLICE PENSION PLAN

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:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	1 year
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	5.0%

* Includes inflation at 2.75%.

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

NEW UNIFORMED EMPLOYEES' PENSION PLAN

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:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	9 years
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	5.0%

* Includes inflation at 2.75%.

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

FIREMEN'S PENSION PLAN

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:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	1 Year
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	5.0%

* Includes inflation at 2.75%.

OFFICERS' AND EMPLOYEES' PENSION PLAN

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:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	14 year
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	4.25%

* Includes inflation at 2.75%.

CITY OF DUQUESNE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
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