

# COMPLIANCE AUDIT

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## City of York Pension Trust Fund York County, Pennsylvania For the Period January 1, 2016 to December 31, 2017

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May 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen  
www.PaAuditor.gov

EUGENE A. DePASQUALE  
AUDITOR GENERAL

The Honorable Mayor and City Council  
City of York  
York County  
York, PA 17401

We have conducted a compliance audit of the City of York Pension Trust Fund for the period January 1, 2016 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 objectives.

The objectives of the audit were:

1. To determine if municipal officials took appropriate corrective action to address the finding contained in our prior audit report; and
2. 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 areas related to the objectives identified above. To determine if municipal officials took appropriate corrective action to address the finding contained in our prior audit report, we inquired of plan officials and evaluated supporting documentation provided by officials evidencing that the suggested corrective action has been appropriately taken. To determine whether the pension 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 date of state aid and determining whether deposits were made within 30 days of receipt for all years within the period under audit.

- We determined whether annual employer contributions were calculated and deposited in accordance with the plans' governing documents and applicable laws and regulations by examining the municipality's calculation of the plans' annual financial requirements and minimum municipal obligations (MMOs) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plans 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 documents 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 6 of the 12 Police plan members, 11 of the 15 Firefighter's plan members, and 12 of the 14 Officers and Employees plan members who retired during the current audit period, and through the date of the completion of our fieldwork procedures, represent payments to all (and only) those entitled to receive them.<sup>1</sup> We also determined whether retirement benefits were properly determined and disbursed in accordance with the plan's governing document, as well as 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 further determined whether retirement benefits calculated for the 2 Police plan members, and 2 of the 6 Officers and Employees plan members who elected to vest during the current audit period, and through the date of the completion of our fieldwork procedures, represent payments to all (and only) those entitled to receive them.<sup>2</sup> We determined whether the retirement benefits were properly determined in accordance with the plan's governing document, as well as 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.

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

<sup>2</sup> We selected plan members randomly from the population of Officers and Employees plan members who elected to vest during the current audit period, and through the completion of our fieldwork procedures, in order to obtain a representative selection for the purpose of our testing to achieve the audit objective. While representative selection is a required factor of audit sampling methodologies, audit-sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

- We determined whether the January 1, 2015, and January 1, 2017, actuarial valuation reports were prepared and submitted by March 31, 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 transfers were properly authorized, timely, and appropriately recorded by plan officials by examining supporting documentation for the transfer made subsequent to the audit period and through the date of the completion of our fieldwork procedures.
- We determined whether the pension plan 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 date of 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.
- We determined whether provisions of the Deferred Retirement Option Plan (DROP) were in accordance with the provisions of Act 205 by examining provisions stated in the plans' governing documents.

The City of York contracted with an independent certified public accounting firm for an audit of its basic financial statements for the year ended December 31, 2016, which are available at the city's offices. We did not audit those financial statements 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 York 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 York 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:

- Finding No. 1 – Noncompliance With Prior Audit Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Overpayment Of State Aid
- Finding No. 2 – Failure To Properly Fund The City’s Pension Plans In Accordance With Special Taxing Provisions Of Act 205
- Finding No. 3 – Failure To Determine And Submit The Financial Requirements And Minimum Municipal Obligation Of The Plan
- Finding No. 4 – Pension Benefit Not Authorized By The Plan’s Governing Document
- Finding No. 5 – Failure To Fully Pay The Minimum Municipal Obligation Of The Plan

Finding No. 1 contained in this audit report repeats a condition that was cited in our previous audit report that has not been corrected by city officials. We are concerned by the city’s failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

As previously noted, one of the objectives of our audit of the City of York Pension Trust Fund was to determine compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. Act 205 was amended on September 18, 2009, through the adoption of Act 44 of 2009. Among several provisions relating to municipal pension plans, the act provides for the implementation of a distress recovery program. Three levels of distress have been established:

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

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information or conclude on it and, accordingly, express no form of assurance on it.


The data contained in the schedules of funding progress and from the January 1, 2017, actuarial valuation reports filed with the Municipal Pension Reporting Program for the city's police, firefighter's, and officers and employees pension plans contained the following aggregated funding data:

<u>Actuarial Valuation of Assets</u>	<u>Actual Accrued Liability</u>	<u>Funding Ratio</u>
\$ 107,011,641	\$ 180,858,267	59.2%

Based on this information, the Municipal Pension Reporting Program issued a notification that the City of York continues to be in Level II moderate distress status. **We are extremely concerned about the funded status of the city's pension plans, particularly the police and firefighter's pension plans, which are 59.6% and 50.1% funded, respectively, as of January 1, 2017, and we strongly encourage city officials to monitor the funding of its pension plans to ensure the plans' long-term financial stability.**

The contents of this report were discussed with officials of the City of York and, where appropriate, their responses have been included in the report.

March 25, 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 York 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 399 - Optional Third Class City Charter Law, Act of July 15, 1957 (P.L. 901, No. 399), as amended, 53 P.S. § 41101 *et seq.*

The City of York Pension Trust Fund serves as a common administrative and investment agent for the city's police, firefighter's, and officers and employees pension plans. The police, firefighter's, and officers and employees pension plans are single-employer defined benefit pension plans locally controlled by the provisions of Article 169, 171, and 167, as amended, respectively, of the city's codified ordinances adopted pursuant to Act 399. These plans are also affected by the provisions of separately executed collective bargaining agreements between the city and its police officers, firefighters, and non-uniformed employees.



## **BACKGROUND – (Continued)**

The police plan was established March 21, 1930. Active members are required to contribute 5 percent of base salary to the plan. As of December 31, 2017, the plan had 91 active members, 5 terminated members eligible for vested benefits in the future, and 135 retirees receiving pension benefits from the plan.

The firefighter's plan was established April 1, 1947. Active members hired prior to January 1, 2007, are required to contribute 5 percent of base salary plus \$1 per month to the plan. Active members hired on or after January 1, 2007, are required to contribute 6 percent of base salary to the plan. As of December 31, 2017, the plan had 47 active members, no terminated members eligible for vested benefits in the future, and 94 retirees receiving pension benefits from the plan.

The officers and employees plan was established May 23, 1945. Active members are required to contribute 2 percent of base salary to the plan. If service increments are provided, an additional  $\frac{1}{2}$  (.5) percent is contributed. As of December 31, 2017, the plan had 156 active members, 25 terminated members eligible for vested benefits in the future, and 135 retirees receiving pension benefits from the plan.

## **BACKGROUND – (Continued)**

### POLICE PENSION PLAN

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

#### Eligibility Requirements:

Normal Retirement	Hired before 1/1/2015: Age 50 and 20.5 years of service. Hired after 1/1/2015: Age 55 and 20.5 years of service.
Early Retirement	None
Vesting	100% after 12 years of service.

#### Retirement Benefit:

Benefit equals 50% of the yearly salary paid to officers of the same rank plus 1.25% of pay per year of service in excess of 20 years (maximum of \$1,200 per year).

#### Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions plus interest.
After Retirement Eligibility	A monthly benefit equal to 100% of the benefit the member was receiving or was entitled to receive on the day of the member's death.

#### Service Related Disability Benefit:

Based upon the normal retirement formula, less Worker's Compensation benefits.

#### Non-Service Related Disability Benefit:

After 10 years of service - 30% of current salary at the time the disability plus 2% of salary for each year of service in excess of 10, up to a maximum of 50% of salary, less Worker's Compensation benefits.

## **BACKGROUND – (Continued)**

### FIREFIGHTER’S PENSION PLAN

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

#### Eligibility Requirements:

Normal Retirement	Hired before 1/1/1988: Age 50 and 20 years of service. Hired after 1/1/1988: Age 50 and 20.5 years of service.
Early Retirement	None
Vesting	100% after 10 years of service.

#### Retirement Benefit:

Hired before 1/1/1988: 50% of the final salary or highest 5 years’ average salary, plus 1.25% of pay per year of service in excess of 20 years (not going beyond 65 years of age) up to a maximum of \$100 per month.

Hired after 1/1/1988: 52% of the final salary or highest 5 years’ average salary.

#### Survivor Benefit:

Before Retirement Eligibility	Payable to surviving spouse, or to dependent children under the age of 18 equal to 30% of salary plus 2% of salary for each year in excess of 10 years, up to maximum pension of 50% of salary.
After Retirement Eligibility	A monthly benefit equal to 100% of the benefit the member was receiving or was entitled to receive on the day of the member’s death.

#### Service Related Disability Benefit:

After 10 years of service, 30% of salary at the time of permanent disability plus 2% of salary for each year of service in excess of 10 years, up to a maximum of 50% of salary.

#### Non-Service Related Disability Benefit:

Same as service related disability; however, the pension is reduced by the amount of Worker’s Compensation benefit being received by the member.

## **BACKGROUND – (Continued)**

### OFFICERS AND EMPLOYEES PENSION PLAN

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

#### Eligibility Requirements:

Normal Retirement	Hired before 1/1/1978: Age 60 and 20 years of service, or 40 years. Hired after 1/1/1978: Age 60 and 5 years of service, or 40 years.
Early Retirement	Hired before 1/1/1978: None Hired after 1/1/1978: Age 55 and 5 years of service.
Vesting	Hired before 1/1/1978: 100% after 12 years of service. Hired after 1/1/1978: 100% after 5 years of service.

#### Retirement Benefit:

Hired before 1/1/1978: 50% of final compensation plus (if elected) 1.25% of compensation per year of service over 20 years.

Hired after 1/1/1978: 2% of highest 5 years average out of the last 10 years per year of service up to 40 years.

#### Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions plus interest.
After Retirement Eligibility	Hired before 1/1/1978: if married for one year and is eligible for normal retirement, 50% of Joint & 50% Survivor benefit. Hired after 1/1/1978: if retired or married for one year and is eligible for early retirement, 50% of benefit.

#### Disability Benefit:

Hired before 1/1/1978: Before age 55 and after 15 years of service – 50% of pay less Worker's Compensation.

Hired after 1/1/1978: After 10 years of service – Larger of accrued benefit or 50% of pay, reduced by the amount that the city financed benefits exceed 80% of pay.

CITY OF YORK PENSION TRUST FUND  
STATUS OF PRIOR FINDING

Noncompliance With Prior Audit Recommendation

The City of York has not complied with the prior audit recommendation concerning the following as further discussed in the Findings and Recommendations section of this report:

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

Although the city was subsequently reimbursed in November 2016 for the underpayment of state aid received during the prior audit period, municipal officials failed to comply with the recommendation in the prior audit report to comply with the instructions that accompany subsequent Certification Form AG 385s to assist them in accurately reporting the required pension data as further discussed in Finding No. 1 of this report.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Overpayment Of State Aid**

Condition: As disclosed in the Status of Prior Finding section of this report, although the city was subsequently reimbursed for the underpayment of state aid received during the prior audit period, municipal officials again failed to comply with the instructions that accompanied Certification Form AG 385 to assist them in accurately reporting the required pension data. During the current audit period, the city failed to certify an eligible firefighter on the Certification Form AG 385 filed in 2016. The city also failed to certify 4 eligible non-uniformed employees but included 2 ineligible non-uniformed employees, 4 ineligible police officers, and 6 ineligible firefighters on the Certification Form AG 385 filed in 2017. The ineligible police officers and firefighters had retired and entered their respective pension plan's Deferred Retirement Option Program (DROP). In addition, the city failed to certify an eligible police officer on the Certification Form AG 385 filed in 2018.

Criteria: Pursuant to Act 205, at Section 402(e)(2), in order to be eligible for certification, an employee must have been employed on a full-time basis for at least six consecutive months and must have been participating in a pension plan during the certification year.

Furthermore, Act 205 at Section 402(e)(2) states, in part:

For the purpose of computing and reporting the applicable number of units, a DROP participant shall not be reported to the Auditor General as an active employee.

Cause: Plan officials again failed to establish adequate internal control procedures to ensure the accuracy of the data certified and compliance with the prior recommendation. In addition, plan officials were unaware that DROP participants are not eligible for certification.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

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 incorrect certification of pension data affected the city’s state aid allocations, as identified below:

<u>Year</u>	<u>Type of Plan</u>	<u>Units Overstated (Understated)</u>	<u>Unit Value</u>	<u>State Aid Overpayment (Underpayment)</u>
2016	Firefighters	(2)	\$ 4,375	\$ (8,750)
2017	Police	8	\$ 4,588	\$ 36,704
	Non-Uniformed	(2)	\$ 4,588	(9,176)
	Firefighters	12	\$ 4,588	55,056
2018	Police	(2)	\$ 4,684	\$ (9,368)
Net Overpayment of State Aid				<u>\$ 64,466</u>

Furthermore, the city’s future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the net overpayment of state aid, in the amount of \$64,466, plus interest, be returned to the Commonwealth from its general fund. A check in this amount, with interest compounded annually from date of receipt to date of repayment, at a rate earned by the pension plan, should be made payable to: Commonwealth of Pennsylvania and mailed to: Department of the Auditor General, Municipal Pension & Fire Relief Programs Unit, 321 Finance Building, Harrisburg, PA 17120. A copy of the interest calculation must be submitted along with the check.

We also again 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.

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

Auditor’s Conclusion: Due to the potential withhold of state aid, the city’s compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the pension trust fund.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Failure To Properly Fund The City’s Pension Plans In Accordance With Special Taxing Provisions Of Act 205**

Condition: The City of York’s pension plans were determined to be Level II Distressed by the former Pennsylvania Employees Retirement Commission (PERC). Act 44 of 2009 provides short-term fiscal relief to local governments operating public pension plans and includes discretionary remedies available for distressed municipalities to assist with the funding of their pension plans. Utilizing a special tax provision provided in Act 44, the city adopted Ordinance No. 26-2014 (effective January 1, 2015) increasing its Earned Income Tax above the maximum rate for both residents and non-residents of the city for the sole purpose of defraying the additional costs required to be paid pursuant to Act 205 directly related to the city’s pension plans. The city however, failed to determine its level of contributions to its pension plans prior to the implementation of the special municipal tax as required under the distress provisions of Act 205 and ensure that the city met its annual funding requirements for 2016 and 2017 in accordance with Act 205.

Criteria: With regard to the MMO, Section 302(c) of Act 205 states, in part:

Annually, the chief administrative officer of the pension plan shall determine the minimum obligation of the municipality with respect to the pension plan for the following plan year.

Section 302(d) of Act 205 states, in part:

The minimum obligation of the municipality shall be payable to the pension plan from the revenue of the municipality.

Furthermore, relative to the additional remedies available to distressed municipalities to assist with the funding of their pension plans, Section 607(f) of Act 205 further states:

**(f) Special municipal taxing authority.**

- (1) If the tax rates set by the municipality on earned income or on real property are at the maximum provided by applicable law, the municipality may increase its tax on either earned income or real property above those maximum rates. The proceeds of this special municipal tax increase shall be used solely to defray the additional costs required to be paid pursuant to this act, which are directly related to the pension plans of the municipality. The municipality utilizing this special municipal taxing authority shall not reduce the level of municipal contributions to the pension plans prior to the implementation of the special municipal taxing authority. [Emphasis added.]



CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

- (2) The average level of municipal contributions to the pension plans from all revenue sources for the three years immediately prior to the implementation of the special municipal taxing authority shall be expressed as a percentage of the average covered payroll for that same three-year period: Provided, however, that any supplemental contributions made to the plans pursuant to any pension recovery legislation enacted by the municipalities shall be excluded for purposes of determining the level of municipal contribution to the pension plans prior to the implementation of the special municipal taxing authority. In each year subsequent to the implementation of the special municipal taxing authority, the municipal contributions to the pension plan from all revenue sources existing prior to the implementation of the special existing municipal taxing authority, reduced by any supplemental pension recovery contributions, shall equal or exceed this average percentage of the current covered payroll. A municipality utilizing the provisions of section 404 may levy or continue to levy the special municipal tax increase under this subsection provided that the municipality does not reduce the level of municipal contributions to the pension plans prior to the implementation of the special municipal taxing authority. In executing the procedure prescribed in this subsection to determine the level of municipal contributions, the debt service payments for bonds or notes issued under section 404 shall be considered municipal contributions. [Emphasis added.]

Cause: The city was unaware of its obligation to determine its required funding levels prior to enacting the special taxing provision under Act 205 and/or its responsibility to perform annual reconciliations to ensure/evidence that required funding levels mandated by Section 607(f) of Act 205 are maintained. In addition, there was a recent turnover of plan officials responsible for the administration of the city's pension plans and current plan officials were unaware that such a determination was required under Act 205.

Effect: The failure to properly apply the provisions of Section 607(f) of Act 205 and fund the pension plans accordingly resulted in less annual funding towards the city's distressed pension plans than afforded under the provisions of Act 205 during 2016 and 2017 and could result in the plans not having the necessary resources to meet current and future benefit obligations to its members. Based on an estimate prepared by this department from records provided by the city, the city appeared to have an overall funding deficiency totaling \$3,712,842 for the years 2016 (\$2,744,316) and 2017 (\$968,526) according to Act 205. A similar condition may have also existed during 2018; however, we were unable to determine the impact due to the timing of this engagement. The failure to maintain the levels of contribution prior to enacting the additional special tax reduced the net overall contributions to the plan, potentially negating benefits of the additional tax.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Recommendation: We recommend that the city, with assistance from its actuary, determine the city's required level of contributions under Section 607(f) of Act 205. Copies of these calculations must be maintained by the city for examination during our next audit of the plans.

In addition, we recommend that city officials implement adequate internal control procedures to ensure that the city does not reduce its level of contributions to its pension plans from funding sources prior to the implementation of the special municipal tax in accordance with Act 205 for periods subsequent to this report beginning with the city's 2020 budgetary process. Such procedures should include maintaining appropriate supporting documentation identifying the sources of its annual contributions to its pension plans as well as an annual reconciliation evidencing that funding requirements were properly met in accordance with Section 607(f) of Act 205.

Management's Response: City officials provided the following response:

The city has asked its Actuary, in conjunction with our pension attorneys, to perform the following:

1. Requested the City's actuary to determine the City's required level of contributions under §607(f) of Act 205; and
2. Analyze the contributions previously made by the City during 2016, 2017, and 2018 to determine any existing outstanding balances.

Auditor's Conclusion: It appears that city officials intend to comply with the finding recommendation. Compliance will be evaluated during our next audit of the pension trust fund.

**Finding No. 3 – Failure To Determine And Submit The Financial Requirements And Minimum Municipal Obligation Of The Plan**

Condition: While the city's 2018 budget contained amounts for the 2018 minimum municipal obligations (MMOs) for its pension plans, and payments were made to the pension fund based on these budgeted amounts, we were unable to determine whether plan officials properly determined the financial requirements (FRP) and the MMOs of the police, firefighter's, and officers and employees pension plans for the year 2018, as required by Act 205. In addition, we were also unable to locate evidence of formal approval of the 2018 budgeted MMO amounts by city council in the meeting minutes provided by city officials.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Criteria: With regard to the FRP, Section 302(b) of Act 205 states, in part:

Annually, the chief administrative officer of the pension plan shall determine the financial requirements of the pension plan for the following plan year.

With regard to the MMO, Section 302(c) of Act 205 states, in part:

Annually, the chief administrative officer of the pension plan shall determine the minimum obligation of the municipality with respect to the pension plan for the following plan year.

Further, Section 304 of Act 205 states, in part:

The chief administrative officer of each pension plan shall submit the financial requirements of the pension plan and the minimum obligation of the municipality with respect to the pension plan, with appropriate documenting detail, to the governing body of the municipality on or before the last business day in September, annually.

Cause: Plan officials did not comply with the Act 205 requirements because there was a recent turnover of plan officials and current officials could not locate the 2018 FRP-MMO calculations for its pension plans. In addition, there were no formal written procedures for complying with Act 205 reporting and funding requirements or the maintaining of appropriate substantive documentation evidencing compliance with such reporting and funding requirements to ensure an effective transition of duties in the event of turnover in officials responsible for administration of the city's pension fund.

Effect: The proper determination and submission of the plans' FRP and MMOs ensures plan officials can properly allocate the necessary resources to the pension plan for the upcoming year. In addition, the failure to maintain adequate supporting documentation of the FRP-MMO process, along with related approvals by the governing body, denotes a general lack of overall transparency of the actions taken by officials relative to this process.

Recommendation: We recommend that for plan years subsequent to the current audit period, the CAO properly determine and submit the FRP and MMOs of the pension plans in accordance with Act 205 and maintain readily available copies of such calculations, along with evidencing approvals by the governing body, in the books and records of the city's pension fund.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

We also recommend that plan officials establish adequate internal control procedures, which could include a written procedure manual, to assist them in complying with Act 205 reporting and funding requirements. Plan officials should maintain appropriate supporting documentation for evidencing compliance with such reporting and funding requirements, including required approvals by the governing body, to ensure an acceptable transition of duties in the event of changes in management personnel responsible for the administration of the city's pension fund.

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

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

**Finding No. 4 – Pension Benefit Not Authorized By The Plan's Governing Document**

Condition: Municipal officials provided pension benefits in excess of those authorized by the Officers and Employees pension plan's governing document, Article 167, as amended. Pension benefit calculations were prepared using wages earned that are excluded by the governing document, thereby increasing the amount of the pension benefit.

Criteria: Section 3.2(c) of the pension plan's governing document, Ordinance No. 39, states, in part:

...each eligible participant shall receive an annual benefit payable at his normal retirement date equal to 2.0% of average annual compensation multiplied by the years of benefit service, up to a maximum of 40 years.

In addition, Section 1.3(c) of the pension plan's governing document, Ordinance No. 39, states, in part:

Average annual compensation means... the average of a participant's annual compensation over the highest 5-consecutive year period out of the last 10 years preceding the date of employment termination.

Furthermore, Section 1.3(a)(1) of the pension plan's governing document, Ordinance No. 39, states, in part:

Compensation means the sum of the following for the applicable period:

- Base salary
- Longevity pay

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

Cause: Plan officials did not comply with the plan’s governing document requirements because there was a recent turnover of plan officials.

Effect: The plan is paying pension benefits to four retirees in the Officers and Employees pension plan in excess of those authorized by the plan’s governing document. As of the date of this report, the retirees are receiving total excess benefits of \$80 per month, which totaled approximately \$2,234 from retirement until the date of this report.

Providing unauthorized pension benefits increases the plan’s pension costs and reduces the amount of funds available for investment purposes or for the payment of authorized benefits or administrative expenses. Since the city received state aid based on unit value during the current audit period, it did not receive allocations attributable to the excess pension benefits provided. However, the increased costs to the pension plan as a result of the excess pension benefits could result in the receipt of excess state aid in the future and increase the municipal contributions necessary to fund the plan in accordance with Act 205 funding standards.

Recommendation: We recommend that the pension benefits of any retirees whose benefits were not determined in accordance with the provisions of the plan’s governing document be adjusted prospectively. In addition, any excess benefit payments made from the plan will be deemed ineligible for funding with state aid. Accordingly, the pension plan’s actuary may be required to determine the impact, if any, of the excess benefit payments on the city’s future state aid allocations and submit this information to the Department. If it is determined that the excess benefit payments had an impact on the city’s future state aid allocations after the submission of this information, the plan’s actuary would then be required to contact the Department to verify the overpayment of state aid received. Plan officials would then be required to reimburse the overpayment to the Commonwealth.

We further recommend that future pension benefits be calculated and paid in accordance with the applicable provisions contained in the plan’s governing document if effect at the time of a plan member’s retirement.

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

Auditor’s Conclusion: Compliance will be evaluated during our next audit of the pension trust fund.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – Failure To Fully Pay The Minimum Municipal Obligation Of The Plan**

Condition: The city did not fully pay the minimum municipal obligation (MMO) that was due to the Firefighter’s pension plan for the year 2017, as required by Act 205. The city had an unpaid MMO balance of \$3,042 for the year 2017.

Criteria: With regard to the MMO, Section 302(c) of Act 205 states, in part:

Annually, the chief administrative officer of the pension plan shall determine the minimum obligation of the municipality with respect to the pension plan for the following plan year.

Section 302(d) of Act 205 states, in part:

The minimum obligation of the municipality shall be payable to the pension plan from the revenue of the municipality.

Furthermore, Section 302(e) of Act 205 states:

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: Plan officials failed to reconcile the municipal record of payments made to the pension plan with actual deposits made to the plan, and did not realize a discrepancy existed.

Effect: The failure to fully pay the MMO could result in the plan not having adequate resources to meet current and future benefit obligations to its members.

Due to the municipality’s failure to fully pay the 2017 MMO by the December 31, 2017, deadline, the municipality must add the 2017 MMO balance to the current year’s MMO and include interest, as required by Act 205.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – (Continued)**

Recommendation: We recommend that the municipality pay the outstanding MMO due to the firefighter's pension plan for the year 2017, with interest, in accordance with Section 302(e) of Act 205. A copy of the interest calculation must be maintained by the city for examination during our next audit of the plan.

Furthermore, we recommend that, in the future, plan officials pay the full MMO due the plan.

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

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

CITY OF YORK PENSION TRUST FUND  
POTENTIAL WITHHOLD OF STATE AID

In addition, Finding No. 1 contained in this audit report cites a net overpayment of state aid to the city in the amount of \$64,466, plus interest. A condition of this nature may lead to a total withholding of state aid in the future unless that finding is corrected. A check in this amount with interest, at a rate earned by the pension plan, should be made payable to: Commonwealth of Pennsylvania, and mailed to: Department of the Auditor General, Municipal Pension & Fire Relief Programs Unit, 321 Finance Building, Harrisburg, PA 17120.

A condition such as that reported by Finding No. 2 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action will not be considered if sufficient written documentation is provided to verify compliance with this department's recommendation. Such documentation should be submitted to: Department of the Auditor General, Bureau of Municipal Pension & Liquor Control Audits, 314 Finance Building, Harrisburg, PA 17120.



CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

The supplementary information contained on Pages 18 through 22 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.

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

POLICE PENSION PLAN

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 1,322,853	\$ 1,205,920	\$ 1,266,216
Interest	6,178,659	6,047,318	6,320,281
Change of benefit terms	-	-	1,908,531
Difference between expected and actual experience	-	(4,581,597)	-
Changes of assumptions	-	2,208,539	-
Benefit payments, including refunds of member contributions	<u>(3,525,466)</u>	<u>(3,652,628)</u>	<u>(4,089,708)</u>
Net Change in Total Pension Liability	3,976,046	1,227,552	5,405,320
Total Pension Liability – Beginning	<u>74,803,022</u>	<u>78,779,068</u>	<u>80,006,620</u>
Total Pension Liability – Ending (a)	<u>\$ 78,779,068</u>	<u>\$ 80,006,620</u>	<u>\$ 85,411,940</u>
Plan Fiduciary Net Position			
Contributions – employer	\$ 3,491,221	\$ -	\$ 1,074,024
Contributions – member	350,605	328,860	322,726
Net investment income	1,375,276	(1,474,372)	3,068,741
Benefit payments, including refunds of member contributions	<u>(3,525,466)</u>	<u>(3,652,628)</u>	<u>(4,089,708)</u>
Net Change in Plan Fiduciary Net Position	1,691,636	(4,798,140)	375,783
Plan Fiduciary Net Position – Beginning	<u>50,336,310</u>	<u>52,027,946</u>	<u>47,229,806</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 52,027,946</u>	<u>\$ 47,229,806</u>	<u>\$ 47,605,589</u>
Net Pension Liability – Ending (a-b)	<u>\$ 26,751,122</u>	<u>\$ 32,776,814</u>	<u>\$ 37,806,351</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.04%	59.03%	55.74%
Estimated Covered Employee Payroll	\$ 7,164,627	\$ 6,306,343	\$ 6,665,819
Net Pension Liability as a Percentage of Covered Employee Payroll	373.38%	519.74%	567.17%

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

FIREFIGHTER'S PENSION PLAN

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 511,278	\$ 494,784	\$ 519,523
Interest	3,604,349	4,238,174	4,374,388
Change of benefit terms	-	28,139	-
Difference between expected and actual experience	-	5,091,199	-
Changes of assumptions	-	1,962,059	-
Benefit payments, including refunds of member contributions	<u>(3,590,234)</u>	<u>(2,925,202)</u>	<u>(3,044,634)</u>
Net Change in Total Pension Liability	525,393	8,889,153	1,849,277
Total Pension Liability – Beginning	<u>46,338,201</u>	<u>46,863,594</u>	<u>55,752,747</u>
Total Pension Liability – Ending (a)	<u>\$ 46,863,594</u>	<u>\$ 55,752,747</u>	<u>\$ 57,602,024</u>
Plan Fiduciary Net Position			
Contributions – employer	\$ 1,537,319	\$ 2,273,368	\$ 2,226,597
Contributions – member	226,812	218,812	178,383
Net investment income	514,571	(1,020,636)	1,729,517
Benefit payments, including refunds of member contributions	<u>(3,590,234)</u>	<u>(2,925,202)</u>	<u>(3,044,634)</u>
Net Change in Plan Fiduciary Net Position	(1,311,532)	(1,453,658)	1,089,863
Plan Fiduciary Net Position – Beginning	<u>28,836,154</u>	<u>27,524,622</u>	<u>26,070,964</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 27,524,622</u>	<u>\$ 26,070,964</u>	<u>\$ 27,160,827</u>
Net Pension Liability – Ending (a-b)	<u>\$ 19,338,972</u>	<u>\$ 29,681,783</u>	<u>\$ 30,441,197</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.73%	46.76%	47.15%
Estimated Covered Employee Payroll	\$ 3,705,295	\$ 3,869,835	\$ 3,624,686
Net Pension Liability as a Percentage of Covered Employee Payroll	521.93%	767.00%	839.83%

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

OFFICERS AND EMPLOYEES PENSION PLAN

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 616,541	\$ 598,372	\$ 628,291
Interest	2,308,475	2,449,055	2,556,901
Difference between expected and actual experience	-	(690,824)	-
Changes of assumptions	-	1,089,428	-
Benefit payments, including refunds of member contributions	<u>(1,419,365)</u>	<u>(1,677,033)</u>	<u>(1,781,508)</u>
Net Change in Total Pension Liability	1,505,651	1,768,998	1,403,684
Total Pension Liability – Beginning	<u>28,949,076</u>	<u>30,454,727</u>	<u>32,223,725</u>
Total Pension Liability – Ending (a)	<u>\$ 30,454,727</u>	<u>\$ 32,223,725</u>	<u>\$ 33,627,409</u>
Plan Fiduciary Net Position			
Contributions – employer	\$ 724,531	\$ 1,448,271	\$ 1,129,001
Contributions – member	159,718	141,597	148,872
Net investment income	477,956	(915,530)	1,503,099
Benefit payments, including refunds of member contributions	<u>(1,419,365)</u>	<u>(1,677,033)</u>	<u>(1,781,508)</u>
Net Change in Plan Fiduciary Net Position	(57,160)	(1,002,695)	999,464
Plan Fiduciary Net Position – Beginning	<u>23,662,202</u>	<u>23,605,042</u>	<u>22,602,347</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 23,605,042</u>	<u>\$ 22,602,347</u>	<u>\$ 23,601,811</u>
Net Pension Liability – Ending (a-b)	<u>\$ 6,849,685</u>	<u>\$ 9,621,378</u>	<u>\$ 10,025,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	70.14%	70.19%
Estimated Covered Employee Payroll	\$ 7,283,412	\$ 7,405,770	\$ 7,513,114
Net Pension Liability as a Percentage of Covered Employee Payroll	94.05%	129.92%	133.44%

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

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, 2014, calculated using the discount rate of 8.0%, 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 (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
<u>Net Pension Liability</u>			
Police Pension Plan	\$ 36,617,862	\$ 26,751,122	\$ 18,570,561
Firefighter's Pension Plan	24,306,151	19,338,972	15,118,011
Officers and Employees Pension Plan	<u>10,092,166</u>	<u>6,849,685</u>	<u>4,103,349</u>
Total	<u>\$ 71,016,179</u>	<u>\$ 52,939,779</u>	<u>\$ 37,791,921</u>

The following presents the net pension liability of the city as of December 31, 2015, calculated using the discount rate of 8.0%, 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 (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
<u>Net Pension Liability</u>			
Police Pension Plan	\$ 42,708,831	\$ 32,776,814	\$ 24,532,960
Firefighter's Pension Plan	37,317,587	29,681,783	25,726,112
Officers and Employees Pension Plan	<u>13,107,870</u>	<u>9,621,378</u>	<u>6,667,187</u>
Total	<u>\$ 93,134,288</u>	<u>\$ 72,079,975</u>	<u>\$ 56,926,259</u>

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

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, 2016, calculated using the discount rate of 8.0%, 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:

<u>Net Pension Liability</u>	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Police Pension Plan	\$ 48,397,081	\$ 37,806,351	\$ 29,038,398
Firefighter's Pension Plan	38,248,315	30,441,197	26,594,389
Officers and Employees Pension Plan	<u>13,577,239</u>	<u>10,025,598</u>	<u>7,016,750</u>
Total	<u>\$ 100,222,635</u>	<u>\$ 78,273,146</u>	<u>\$ 62,649,537</u>

SCHEDULE OF INVESTMENT RETURNS

Annual Money-Weighted Rate of Return, Net of Investment Expense:

For ALL Plans (Aggregate Pension Trust Fund)

2016	0.72%
2015	(2.47%)
2014	1.73%

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

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

The actuarial information is required by Act 205 biennially. The historical information, beginning as of January 1, 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	\$ 44,072,678	\$ 71,200,977	\$27,128,299	61.9%
01-01-15	53,378,033	76,406,010	23,027,977	69.9%
01-01-17	51,821,578	86,982,155	35,160,577	59.6%

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 five-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 YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

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

The actuarial information is required by Act 205 biennially. The historical information, beginning as of January 1, 2013, is as follows:

FIREFIGHTER'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	\$ 25,983,937	\$ 44,675,326	\$ 18,691,389	58.2%
01-01-15	28,193,075	53,944,991	25,751,916	52.3%
01-01-17	29,556,363	59,006,604	29,450,241	50.1%

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 five-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 YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

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

The actuarial information is required by Act 205 biennially. The historical information, beginning as of January 1, 2013, is as follows:

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	\$ 20,996,579	\$ 27,527,632	\$ 6,531,053	76.3%
01-01-15	24,015,037	30,853,331	6,838,294	77.8%
01-01-17	25,633,700	34,869,508	9,235,808	73.5%

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 five-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 YORK 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 YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES

POLICE PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2012	\$ 3,509,807	100.0%
2013	3,428,955	100.0%
2014	3,491,221	100.0%
2015	None*	N/A
2016	None*	N/A
2017	2,633,544	113.8%

\* During the prior audit period, it was noted that the retroactive implementation of an amended cost of living adjustment provision enabled the City to submit a revised January 1, 2013 actuarial valuation report, and the corresponding actuarial adjustments resulted in the elimination of the police pension plan's MMO payments for the years 2015 and 2016.

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES

FIREFIGHTER'S PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2012	\$ 1,756,473	100.0%
2013	1,521,930	100.0%
2014	1,537,319	100.0%
2015	2,217,425	100.0%
2016	2,226,597	100.0%
2017	2,883,556	99.9%*

\* See Finding No. 4 contained in the Findings and Recommendations section of this report.

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES

OFFICERS AND EMPLOYEES PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2012	\$ 762,020	100.0%
2013	757,667	100.0%
2014	724,531	100.0%
2015	1,204,572	120.2%
2016	1,129,001	100.0%
2017	1,291,264	100.1%

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

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

POLICE PENSION PLAN

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal.
Amortization method	Level dollar.
Remaining amortization period	12 years
Asset valuation method	5-year smoothing, plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	2.5% per year postretirement. For certain members who retired between 1-1-03 and 1-15-03, 4.0% per year postretirement.

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

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

FIREFIGHTER'S PENSION PLAN

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal.
Amortization method	Level dollar.
Remaining amortization period	N/A
Asset valuation method	5-year smoothing, plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	Hired pre 1-1-1988 - 5.0% per year postretirement. For certain members who retired between 1-1-03 and 1-15-03, 4.0% per year postretirement.

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

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

OFFICERS AND EMPLOYEES PENSION PLAN

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal.
Amortization method	Level dollar.
Remaining amortization period	15 years
Asset valuation method	5-year smoothing, plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	None assumed.

CITY OF YORK PENSION TRUST FUND  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania

**The Honorable Michael Helfrich**  
Mayor

**Mr. Henry Hay Nixon**  
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**Ms. Sandie Walker**  
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Interim Business Administrator

**Mr. Tommy Williams**  
Assistant Business Administrator

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