

COMPLIANCE AUDIT

Eddystone Borough Police Pension Plan Delaware County, Pennsylvania For the Period January 1, 2014 to December 31, 2017

December 2018



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 Borough Council
Eddystone Borough
Delaware County
Eddystone, PA 19022

We have conducted a compliance audit of the Eddystone Borough Police Pension Plan for the period January 1, 2014 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 findings contained in our prior audit report; and
2. To determine if the pension plan 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 findings 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 plan 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 plan's governing document and applicable laws and regulations by examining the municipality's calculation of the plan's 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 plan in accordance with the plan's governing document and applicable laws and regulations by testing total members' contributions on an annual basis using the rates obtained from the plan's 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 plan.
- We determined that there were no benefit calculations prepared for the years covered by our audit period.
- 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.

Borough officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Eddystone Borough Police Pension Plan 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 borough's internal controls as they relate to the borough'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 Eddystone Borough Police Pension Plan 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 – Failure To Properly Determine And Fully Pay The Minimum Municipal Obligation Of The Plan

Finding No. 2 – Untimely Deposit Of State Aid

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 borough officials. We are concerned by the borough'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 Eddystone Borough Police Pension Plan was to determine compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. Act 205 was previously 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. **However, we are extremely concerned about the funded status of the plan contained in the schedule of funding progress included in this report which indicates the plan's funded ratio is 62.6% as of January 1, 2017**, which is the most recent data available. Based on this information, the Municipal Pensions Reporting Program issued a notification that the borough is currently in Level II moderate distress status. We encourage borough officials to monitor the funding of the police pension plan to ensure its long-term financial stability.

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

October 19, 2018


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 Eddystone Borough Police Pension Plan 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 600 - Police Pension Fund Act, Act of May 29, 1956 (P.L. 1804, No. 600), as amended, 53 P.S. § 767 et seq.

The Eddystone Borough Police Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 543, as amended, adopted pursuant to Act 600. The plan is also affected by the provisions of collective bargaining agreements between the borough and its police officers. The plan was established September 27, 1957. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2017, the plan had 9 active members, no terminated members eligible for vested benefits in the future, and 7 retirees receiving pension benefits from the plan.

BACKGROUND – (Continued)

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

Eligibility Requirements:

Normal Retirement	Age 55 and 25 years of service
Early Retirement	None
Vesting	Member is 100% vested after 12 years of service

Retirement Benefit:

Benefit equals 50% of final 36 months average salary.

Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions plus interest.
After Retirement Eligibility	A monthly benefit equal to 50% of the pension the member was receiving or was entitled to receive on the day of the member's death.

Service Related Disability Benefit:

Lesser of 70% of 36 months average preceding disability or 100% of 36 months average less any workers compensation.

EDDYSTONE BOROUGH POLICE PENSION PLAN
STATUS OF PRIOR FINDINGS

Compliance With Prior Audit Recommendations

Eddystone Borough has complied with the prior audit recommendations concerning the following:

- Failure To Adopt Benefit Provision Mandated By Act 30 of 2002

Plan officials adopted Ordinance No. 650 thereby amending the plan's governing document to comply with Act 600, as amended by Act 30.

- Failure To Timely Pay The Minimum Municipal Obligation Of The Plan

Based on additional information provided by plan officials, plan officials paid the outstanding interest due to the police pension plan for the untimely 2007 MMO payment in accordance with Section 302(e) of Act 205.

- Unauthorized Provision For A Killed In Service Benefit

Plan officials adopted Ordinance No. 651 thereby eliminating the killed in service benefit provision from the plan's governing document.

- Failure To Implement Act 44 Mandatory Distressed Provisions

Plan officials submitted a plan for administrative improvement as required under the mandatory remedies applicable to Level II distressed municipalities pursuant to Act 44 of 2009.

Noncompliance With Prior Audit Recommendation

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

- Failure To Properly Determine And Fully Pay The Minimum Municipal Obligation Of The Plan

EDDYSTONE BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Properly Determine And Fully Pay The Minimum Municipal Obligation Of The Plan

Condition: As disclosed in the prior audit report, plan officials did not properly determine or fully pay the minimum municipal obligation (MMO) of the police pension plan for the year 2014, as required by Act 205, which resulted in an unpaid MMO balance of \$11,432 for the 2014 funding year.

A similar condition occurred during the current audit period. Plan officials did not pay the minimum municipal obligation (MMO) that was due to the pension plan for the year 2017, as required by Act 205. The MMO determined by the municipality for 2017 amounted to \$302,844; however, as of December 31, 2017, the borough had not deposited the MMO in accordance with Act 205.

In addition, based on documentation provided by the borough, an additional funding deficiency involving the year 2014 was discovered when the borough inadvertently withdrew and reimbursed to the general fund an additional \$42,994 during 2016 representing what plan officials believed were excess municipal contributions made during 2014 towards the plan's outstanding 2014 MMO resulting in an additional unpaid MMO balance due the plan amounting to \$42,994 for 2014.

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.

With regard to the payroll estimate used in the preparation of the MMO, the Pennsylvania Code, Title 16, Section 204.1(c)(1) states, in part:

The payroll used in determining the minimum municipal obligation of a pension plan under section 302(c) of the act shall be based on the payroll to be reported on the Internal Revenue Service Form W-2 and shall be calculated as the total payroll for active members of the plan as of the date of the determination, plus the payroll for the same active members of the plan projected to the year's end using the payroll rates in effect as of the date of the determination.

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.

EDDYSTONE BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

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 adopt adequate internal control procedures to ensure compliance with this department's prior audit recommendation. In addition, as disclosed in Finding No. 2 in this report, for 2017, the borough also failed to timely deposit its 2017 state aid allocation into the pension plan to further reduce the borough's outstanding 2017 funding obligation. Although subsequent to the current audit period, on August 13, 2018, the borough did ultimately deposit its 2017 state aid allocation amounting to \$82,589 into the pension plan.

Effect: The continued failure to fully pay the MMO in accordance with Act 205 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 MMOs by their respective December 31, deadlines, the municipality must add the outstanding 2014 and 2017 MMO balances to the current year's MMO and include interest, as required by Act 205.

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

Recommendation: We again recommend that the municipality pay the total outstanding MMO due to the police pension plan for the year 2014, in the amount of \$54,426, with interest, and also the outstanding 2017 MMO due, \$220,255, with interest, in accordance with Section 302(e) of Act 205. A copy of the interest calculations must be maintained by the borough for examination during our next audit of the plan.

Furthermore, we recommend that in the future, plan officials properly determine and fully pay the MMO in accordance with Act 205 requirements.

EDDYSTONE BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Management’s Response: Municipal officials agreed with the finding without exception. During the exit conference held on October 4, 2018, plan officials provided documentation including copies of checks executed on October 1, 2018 in the amounts of \$16,807 and \$52,758 towards the payment of the outstanding MMO due to the police pension plan for the year 2014 and included applicable interest.

Auditor’s Conclusion: Based on the management response, it appears municipal officials have partially complied with the finding recommendation. However, municipal officials will still need to pay the remaining outstanding 2017 MMO balance of \$220,255, plus interest. Due to the potential withhold of state aid, the borough’s compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the plan.

Finding No. 2 – Untimely Deposit Of State Aid

Condition: The municipality did not deposit its 2015 and 2017 state aid allocations into the pension plan within the 30 day grace period allowed by Act 205. The municipality received its 2015 and 2017 state aid allocations in the amount of \$54,892 and \$82,589, respectively, on September 30, 2015, and September 27, 2017, respectively; however, plan officials did not deposit the funds into the pension plan until December 30, 2015, and August 13, 2018, respectively.

Criteria: Section 402(g) of Act 205 states, in part:

. . . the total amount of the general municipal pension system State aid received by the municipality shall, within 30 days of receipt by the treasurer of the municipality, be deposited in the pension fund or the alternate funding mechanism applicable to the police pension plan.

Cause: The 2015 and 2017 state aid was not deposited timely into the municipality’s pension plan because internal control procedures were not in effect to ensure the timely deposit of state aid.

Effect: Although the state aid was eventually deposited into the plan, the interest earned beyond the 30 day grace period was not deposited into the plan. When state aid is not deposited into a pension plan account in a timely manner, the funds are not available to pay operating expenses or for investment and, as disclosed in Finding No. 1, to fund the borough’s annual pension requirements, and the risk of misapplication is increased.

EDDYSTONE BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We recommend that the municipality pay the police pension plan the interest earned during the period beyond the 30 day grace period allowed by Act 205, compounded annually. A copy of the interest calculation must be maintained by the borough for examination during our next audit of the plan.

We also recommend that plan officials develop and implement adequate internal control procedures to ensure that future state aid allocations are deposited timely in accordance with Act 205 requirements.

Management's Response: Municipal officials agreed with the finding without exception. During the exit conference held on October 4, 2018, plan officials provided documentation including a copy of a check executed on October 1, 2018 in the amounts of \$920 representing interest due on the late deposit of the 2015 state aid into the pension plan.

Auditor's Conclusion: Based on the management response, it appears municipal officials have partially complied with the finding recommendation; however, municipal officials will still need to determine and pay the police pension plan the interest earned during the period beyond the 30 day grace period allowed by Act 205 for the 2017 state aid to fully comply with this finding recommendation. Compliance will be evaluated during our next audit of the plan.

EDDYSTONE BOROUGH POLICE PENSION PLAN
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding such as that reported by Finding No. 1 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.

EDDYSTONE BOROUGH POLICE PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

The supplementary information contained on Pages 9 through 11 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 AND 2015

	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service cost	\$ 70,340	\$ 121,623
Interest	258,269	277,978
Difference between expected and actual experience	-	63,260
Changes of assumptions	-	77,521
Benefit payments, including refunds of member contributions	(255,916)	(292,724)
Net Change in Total Pension Liability	<u>72,693</u>	<u>247,658</u>
Total Pension Liability - Beginning	<u>3,285,984</u>	<u>3,358,677</u>
Total Pension Liability - Ending (a)	<u><u>\$ 3,358,677</u></u>	<u><u>\$ 3,606,335</u></u>
 Plan Fiduciary Net Position		
Contributions - employer	\$ 179,222	\$ 212,273
Contributions - state aid	61,963	54,892
Contributions - member	34,397	38,068
Net investment income	132,589	(31,817)
Benefit payments, including refunds of member contributions	(255,916)	(292,724)
Administrative expense	(3,900)	(8,300)
Net Change in Plan Fiduciary Net Position	<u>148,355</u>	<u>(27,608)</u>
Plan Fiduciary Net Position - Beginning	<u>1,983,448</u>	<u>2,131,803</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,131,803</u></u>	<u><u>\$ 2,104,195</u></u>
 Net Pension Liability - Ending (a-b)	<u><u>\$ 1,226,874</u></u>	<u><u>\$ 1,502,140</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.5%	58.3%
 Estimated Covered Employee Payroll	\$ 450,000	\$ 666,680
 Net Pension Liability as a Percentage of Covered Employee Payroll	272.6%	225.3%

EDDYSTONE BOROUGH POLICE PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

	<u>2016</u>	<u>2017</u>
Total Pension Liability		
Service cost	\$ 127,704	\$ 136,656
Interest	288,435	336,733
Difference between expected and actual experience	-	435,942
Changes of assumptions	-	11,992
Benefit payments, including refunds of member contributions	<u>(257,214)</u>	<u>(281,385)</u>
Net Change in Total Pension Liability	158,925	639,938
Total Pension Liability - Beginning	<u>3,606,335</u>	<u>3,765,260</u>
Total Pension Liability - Ending (a)	<u><u>\$ 3,765,260</u></u>	<u><u>\$ 4,405,198</u></u>
Plan Fiduciary Net Position		
Contributions – employer*	\$ 171,803	\$ 220,255
Contributions – state aid	78,744	82,589
Contributions - member	41,516	43,715
Net investment income	153,130	382,731
Benefit payments, including refunds of member contributions	<u>(257,214)</u>	<u>(281,385)</u>
Administrative expense	<u>(5,200)</u>	<u>(9,200)</u>
Net Change in Plan Fiduciary Net Position	182,779	438,705
Plan Fiduciary Net Position - Beginning	<u>2,104,195</u>	<u>2,286,974</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,286,974</u></u>	<u><u>\$ 2,725,679</u></u>
Net Pension Liability - Ending (a-b)	<u><u>\$ 1,478,286</u></u>	<u><u>\$ 1,679,519</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.7%	61.9%
Estimated Covered Employee Payroll	\$ 720,000	\$ 800,346
Net Pension Liability as a Percentage of Covered Employee Payroll	205.3%	209.8%

* 2017 employer contributions includes \$220,255 that was not actually deposited into the pension plan as of the date of this report (*See Finding No. 1 in this report*); however, the borough has made a formal commitment to pay such outstanding funds and appear as a receivable on the borough's annual financial statements.

EDDYSTONE BOROUGH POLICE PENSION PLAN
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

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

The following presents the net pension liability of the borough as of December 31, 2014, 2015, 2016 and 2017, calculated using the discount rate of 8.0%, as well as what the borough'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%)
Net Pension Liability - 12/31/14	\$ 1,591,305	\$ 1,226,874	\$ 917,743
Net Pension Liability - 12/31/15	\$ 1,911,300	\$ 1,502,140	\$ 1,157,169
Net Pension Liability - 12/31/16	\$ 1,914,980	\$ 1,478,286	\$ 1,110,486
Net Pension Liability - 12/31/17	\$ 2,198,358	\$ 1,679,519	\$ 1,242,941

SCHEDULE OF INVESTMENT RETURNS

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

2017	16.62%
2016	7.90%
2015	(1.61%)
2014	7.06%

EDDYSTONE BOROUGH POLICE PENSION PLAN
 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:

	(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	\$ 2,036,570	\$ 3,225,563	\$ 1,188,993	63.1%
01-01-15	2,272,957	3,499,458	1,226,501	65.0%
01-01-17	2,637,656	4,213,194	1,575,538	62.6%

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 subject to a maximum of 120 percent of the market value of assets. 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.

EDDYSTONE BOROUGH POLICE PENSION PLAN
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.

EDDYSTONE BOROUGH POLICE PENSION PLAN
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
 AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2012	\$ 190,742	100.0%
2013	176,370	100.0%
2014	252,617	95.5% *
2015	267,165	100.0%
2016	293,541	100.0%
2017	302,844	27.3% *

* See Finding No. 1 contained in the Findings and Recommendations section of this report.

EDDYSTONE BOROUGH POLICE PENSION PLAN
 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:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	9 years
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	Increased annually by the Consumer Price Index increase for the Philadelphia area limiting the total retirement benefit to 75% of the final average salary or 130% of the original retirement benefit.

EDDYSTONE BOROUGH POLICE PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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