

COMPLIANCE AUDIT

Municipality of Murrysville Comprehensive Municipal Pension Trust Fund Westmoreland County, Pennsylvania For the Period January 1, 2015 to December 31, 2017

August 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

The Honorable Mayor and Municipal Council
Municipality of Murrysville
Westmoreland County
Murrysville, PA 15668

We have conducted a compliance audit of the Municipality of Murrysville Comprehensive Municipal Pension Trust Fund for the period January 1, 2015 to December 31, 2017. We also evaluated compliance with some requirements subsequent to that period when possible. The audit was conducted pursuant to authority derived from Section 402(j) of Act 205 and in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding 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 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 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 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 whether retirement benefits calculated for the police officer and the non-uniformed plan member who retired during the current audit period represent payments to all (and only) those entitled to receive them and were properly determined and disbursed in accordance with the plan's governing document, applicable laws and regulations by recalculating the amount of the monthly pension benefit due to retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to recipients. We also determined whether retirement benefits calculated for all 3 of the non-uniformed plan members who elected to vest during the current audit period represent payments to all (and only) those entitled to receive them and were properly determined in accordance with the plan's governing document, applicable laws and regulations by recalculating the amount of the pension benefit due to retired individuals and comparing these amounts to supporting documentation evidencing amounts determined.
- We determined whether the January 1, 2013, January 1, 2015, and January 1, 2017 actuarial valuation reports were prepared and submitted by March 31, 2014, 2016, and 2018, respectively, in accordance with Act 205 and whether selected information provided on these reports is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.
- We determined whether 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.

- 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 plan's governing documents.

The Municipality of Murrysville contracted with an independent certified public accounting firm for annual audits of its basic financial statements for the years ended December 31, 2015 and 2016, which are available at the municipality's offices. Those financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

Municipal officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Municipality of Murrysville Comprehensive Municipal Pension Trust Fund is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. In conducting our audit, we obtained an understanding of the municipality's internal controls as they relate to the municipality'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 Municipality of Murrysville Comprehensive Municipal Pension Trust Fund was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

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

The contents of this report were discussed with officials of the Municipality of Murrysville and, where appropriate, their responses have been included in the report. We would like to thank municipal officials for the cooperation extended to us during the conduct of the audit.

August 7, 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 Municipality of Murrysville Comprehensive Municipal Pension Trust Fund is also governed by implementing regulations adopted by the former Public Employee Retirement Commission published at Title 16, Part IV of the Pennsylvania Code and applicable provisions of various other state statutes including, but not limited to, the following:

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

The Municipality of Murrysville Comprehensive Municipal Pension Trust Fund was established by Ordinance No. 812-10, effective May 19, 2010. The ordinance required the municipality to aggregate the assets of its non-uniformed and police pension plans into a single pension trust fund pursuant to Section 607(b) of Act 205.

The Municipality of Murrysville Police Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 914-14, adopted pursuant to Act 600. The plan is also affected by the provisions of collective bargaining agreements between the municipality and its police officers. The plan was established January 1, 1962. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2017, the plan had 18 active members, no terminated members eligible for vested benefits in the future, 17 retirees receiving pension benefits from the plan, and 3 retirees receiving benefits funded through annuities purchased with plan assets.

BACKGROUND – (Continued)

The Municipality of Murrysville Non-Uniformed Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 832-11, as amended. The plan is also affected by the provisions of collective bargaining agreements between the municipality and its non-uniformed employees. The plan was established January 1, 1967. Active members hired before January 1, 2012 are not required to contribute to the plan; however, active members hired on or after January 1, 2012 are required to contribute 2.5 percent of compensation to the plan. As of December 31, 2017, the plan had 34 active members, 13 terminated members eligible for vested benefits in the future, 22 retirees receiving pension benefits from the plan, and 8 retirees receiving benefits funded through annuities purchased with plan assets.

BACKGROUND – (Continued)

Police Pension Plan

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

Eligibility Requirements:

Normal Retirement	Age 50 and 25 years of service.
Early Retirement	Eligible with 20 years of service.
Vesting	A member is 100% after 12 years of service.

Retirement Benefit:

Benefit equals 50% of gross pay averaged over last 36 months of employment, plus a monthly service increment of \$20 for each year of service in excess of 25 years, up to a maximum of \$100.

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. The monthly survivor benefits are payable to the participant's spouse for life. If there is no spouse or the spouse later dies, the benefit will be paid to the participant's dependent children, if any, until age 18, or 23 if attending college.

Service Related Disability Benefit:

Benefit equals 50% of the member's salary at the time the disability was incurred, offset by Social Security disability benefits received for the same injury.

BACKGROUND – (Continued)

Non-Uniformed Pension Plan

As of December 31, 2014, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Age 65
Early Retirement	Age 60
Vesting	A member is 100% after 5 years of service

Retirement Benefit:

- a.) A monthly benefit equal to 2.0% of compensation averaged over the final 60 months of employment multiplied by years of service, up to a maximum of 70%. For those hired prior to December 31, 2002 the greater of (a) or (b).
- b.) A monthly benefit equal to 50% of average monthly compensation multiplied by the years of service at retirement (up to 15) and divided by 15.

Survivor Benefit:

Before Retirement Eligibility and before 10 years of service - Refund of member contributions plus interest.

Before Retirement Eligibility and after 10 years of service – An immediate monthly benefit equal to 50% of the accrued benefit at death payable to the spouse until death or remarriage.

After Retirement Eligibility - The form of benefit payment in force for the participant at the time death occurs.

Disability Benefit:

Accrued benefit at the date of disablement.

MUNICIPALITY OF MURRYSVILLE
COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
STATUS OF PRIOR FINDING

Compliance With Prior Audit Recommendation

The Municipality of Murrysville has complied with the prior audit recommendation concerning the following:

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

During the current audit period, the municipality reimbursed \$8,347 to the Commonwealth for the overpayment of state aid received in 2014.

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

The supplementary information contained on Pages 6 through 14 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

POLICE PENSION PLAN

	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service cost	\$ 261,251	\$ 251,733
Interest	828,805	831,584
Difference between expected and actual experience	(515,562)	-
Benefit payments, including refunds of member contributions	(629,585)	(422,525)
Net Change in Total Pension Liability	<u>(55,091)</u>	<u>660,792</u>
Total Pension Liability – Beginning	11,098,587	11,043,496
Total Pension Liability - Ending (a)	<u>\$ 11,043,496</u>	<u>\$ 11,704,288</u>
Plan Fiduciary Net Position		
Contributions – employer	\$ 574,358	\$ 578,195
Contributions – member	92,482	106,878
Net investment income	775,813	(150,849)
Benefit payments, including refunds of member contributions	(629,585)	(422,525)
Administrative expense	(58,671)	(67,292)
Net Change in Plan Fiduciary Net Position	<u>754,397</u>	<u>44,407</u>
Plan Fiduciary Net Position - Beginning	11,094,019	11,848,416
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,848,416</u>	<u>\$ 11,892,823</u>
Net Pension Liability - Ending (a-b)	<u>\$ (804,920)</u>	<u>\$ (188,535)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.3%	101.6%
Estimated Covered Employee Payroll	\$ 1,739,239	\$ 1,725,834
Net Pension Liability as a Percentage of Covered Employee Payroll	(46.3%)	(10.9%)

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

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

POLICE PENSION PLAN – (Continued)

	<u>2016</u>	<u>2017</u>
Total Pension Liability		
Service cost	\$ 263,061	\$ 321,568
Interest	880,551	1,020,446
Difference between expected and actual experience	-	809,590
Changes of assumptions	-	793,957
Benefit payments, including refunds of member contributions	(461,674)	(480,870)
Net Change in Total Pension Liability	<u>681,938</u>	<u>2,464,691</u>
Total Pension Liability - Beginning	11,704,288	12,386,226
Total Pension Liability - Ending (a)	<u>\$ 12,386,226</u>	<u>\$ 14,850,917</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 234,889	\$ 233,885
Contributions - member	97,122	102,225
Net investment income	1,094,799	1,902,775
Benefit payments, including refunds of member contributions	(461,674)	(480,870)
Administrative expense	(49,677)	(51,929)
Net Change in Plan Fiduciary Net Position	<u>915,459</u>	<u>1,706,086</u>
Plan Fiduciary Net Position - Beginning	11,892,823	12,808,282
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,808,282</u>	<u>\$ 14,514,368</u>
Net Pension Liability - Ending (a-b)	<u>\$ (422,056)</u>	<u>\$ 336,549</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.4%	97.7%
Estimated Covered Employee Payroll	\$ 2,022,672	\$ 1,990,965
Net Pension Liability as a Percentage of Covered Employee Payroll	(20.9%)	16.9%

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

POLICE PENSION PLAN – (Continued)

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

The following presents the net pension liability of the municipality as of December 31, 2014, 2015, and 2016, calculated using the discount rate of 7.5%, as well as what the municipality’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability - 12/31/14	\$ 452,948	\$ (804,920)	\$ (1,872,549)
Net Pension Liability - 12/31/15	\$ 1,109,241	\$ (188,535)	\$ (1,290,694)
Net Pension Liability - 12/31/16	\$ 914,797	\$ (422,056)	\$ (1,557,609)

The following presents the net pension liability of the municipality as of December 31, 2017, calculated using the discount rate of 7.25%, as well as what the municipality’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 2,055,886	\$ 336,549	\$ (1,106,210)

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

POLICE PENSION PLAN – (Continued)

SCHEDULE OF CONTRIBUTIONS

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll*</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2008	\$ 345,816	\$ 345,816	\$ -	\$1,615,852	21.4%
2009	355,048	466,048	(111,000)		
2010	447,270	558,870	(111,600)	1,665,856	33.5%
2011	478,524	568,524	(90,000)		
2012	541,370	541,370	-	1,792,486	30.2%
2013	547,297	547,297	-		
2014	574,358	574,358	-	1,739,239	33.0%
2015	578,195	578,195	-	1,725,834	33.5%
2016	234,889	234,889	-	2,022,672	11.6%
2017	233,885	233,885	-	1,990,965	11.7%

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

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

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

NON-UNIFORMED PENSION PLAN

	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service cost	\$ 159,385	\$ 156,228
Interest	542,893	574,380
Difference between expected and actual experience	(43,439)	-
Benefit payments, including refunds of member contributions	(211,759)	(260,834)
Net Change in Total Pension Liability	<u>447,080</u>	<u>469,774</u>
Total Pension Liability - Beginning	7,183,149	7,630,229
Total Pension Liability - Ending (a)	<u>\$ 7,630,229</u>	<u>\$ 8,100,003</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 314,926	\$ 315,078
Contributions - member	5,922	7,024
Net investment income	521,271	(99,978)
Benefit payments, including refunds of member contributions	(211,759)	(260,834)
Administrative expense	(37,578)	(40,330)
Net Change in Plan Fiduciary Net Position	<u>592,782</u>	<u>(79,040)</u>
Plan Fiduciary Net Position - Beginning	7,368,312	7,961,094
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,961,094</u>	<u>\$ 7,882,054</u>
Net Pension Liability - Ending (a-b)	<u>\$ (330,865)</u>	<u>\$ 217,949</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.3%	97.3%
Estimated Covered Employee Payroll	\$ 1,852,808	\$ 1,900,740
Net Pension Liability as a Percentage of Covered Employee Payroll	(17.9%)	11.5%

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

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

NON-UNIFORMED PENSION PLAN – (Continued)

	<u>2016</u>	<u>2017</u>
Total Pension Liability		
Service cost	\$ 163,258	\$ 183,664
Interest	609,571	669,945
Difference between expected and actual experience	-	(130,575)
Changes of assumptions	-	732,178
Benefit payments, including refunds of member contributions	(276,304)	(287,381)
Net Change in Total Pension Liability	<u>496,525</u>	<u>1,167,831</u>
Total Pension Liability - Beginning	8,100,003	8,596,528
Total Pension Liability - Ending (a)	<u>\$ 8,596,528</u>	<u>\$ 9,764,359</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 261,094	\$ 259,114
Contributions - member	7,837	8,043
Net investment income	732,758	1,284,074
Benefit payments, including refunds of member contributions	(276,304)	(287,381)
Administrative expense	(34,891)	(40,566)
Net Change in Plan Fiduciary Net Position	<u>690,494</u>	<u>1,223,284</u>
Plan Fiduciary Net Position - Beginning	7,882,054	8,572,548
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,572,548</u>	<u>\$ 9,795,832</u>
Net Pension Liability - Ending (a-b)	<u>\$ 23,980</u>	<u>\$ (31,473)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.7%	100.3%
Estimated Covered Employee Payroll	\$ 1,954,683	\$ 1,966,584
Net Pension Liability as a Percentage of Covered Employee Payroll	1.2%	(1.6%)

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

NON-UNIFORMED PENSION PLAN – (Continued)

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

The following presents the net pension liability of the municipality as of December 31, 2014, 2015, and 2016, calculated using the discount rate of 7.5%, as well as what the municipality’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability - 12/31/14	\$ 548,263	\$ (330,865)	\$ (1,086,330)
Net Pension Liability - 12/31/15	\$ 1,121,118	\$ 217,949	\$ (559,481)
Net Pension Liability - 12/31/16	\$ 950,018	\$ 23,980	\$ (774,135)

The following presents the net pension liability of the municipality as of December 31, 2017, calculated using the discount rate of 7.25%, as well as what the municipality’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 1,077,273	\$ (31,473)	\$ (976,745)

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

NON-UNIFORMED PENSION PLAN – (Continued)

SCHEDULE OF CONTRIBUTIONS

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll*</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2008	\$ 307,479	\$ 307,479	\$ -	\$1,936,590	15.9%
2009	313,342	382,342	(69,000)		
2010	380,513	448,913	(68,400)	1,897,657	23.7%
2011	379,458	469,458	(90,000)		
2012	357,603	357,603	-	1,862,232	19.2%
2013	352,217	352,217	-		
2014	314,926	314,926	-	1,852,808	17.0%
2015	315,078	315,078	-	1,900,740	16.6%
2016	261,094	261,094	-	1,954,683	13.4%
2017	259,114	259,114	-	1,966,584	13.2%

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

MUNICIPALITY OF MURRYSVILLE
COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

COMPREHENSIVE TRUST FUND

SCHEDULE OF INVESTMENT RETURNS

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

2017*	15.08%
2016*	9.38%
2015*	(1.40%)
2014*	6.99%

*As provided by the asset manager

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

POLICE PENSION PLAN

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	\$ 9,107,523	\$ 10,628,637	\$ 1,521,114	85.7%
01-01-15	11,190,760	11,043,496	(147,264)	101.3%
01-01-17	13,177,089	13,989,773	812,684	94.2%

Note: The market values of the plan's assets at 01-01-13, 01-01-15, and 01-01-17 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period. This method will lower contributions in years of less than expected returns and increase contributions in years of greater than expected returns. The net effect over long periods of time is to have less variance in contribution levels from year to year.

MUNICIPALITY OF MURRYSVILLE
 COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

NON-UNIFORMED PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

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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	\$ 5,874,522	\$ 6,654,520	\$ 779,998	88.3%
01-01-15	7,521,674	7,630,229	108,555	98.6%
01-01-17	8,814,563	9,198,131	383,568	95.8%

Note: The market values of the plan's assets at 01-01-13, 01-01-15, and 01-01-17 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period. This method will lower contributions in years of less than expected returns and increase contributions in years of greater than expected returns. The net effect over long periods of time is to have less variance in contribution levels from year to year.

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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.

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POLICE PENSION PLAN

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

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	14 years
Asset valuation method	4-year smoothing, the actuarial value of assets will be limited to a maximum of 120% and a minimum of 80% of the fair market value of assets.
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5%
Cost-of-living adjustments	In accordance with Act 600 provisions

* Includes inflation at 2.75%

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NON-UNIFORMED PENSION PLAN

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

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	4 years
Asset valuation method	4-year smoothing, the actuarial value of assets will be limited to a maximum of 120% and a minimum of 80% of the fair market value of assets.
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.25%

* Includes inflation at 2.75%

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