

LIMITED PROCEDURES ENGAGEMENT

Allegheny County District Attorney Detectives Retirement Fund Allegheny County, Pennsylvania For the Period January 1, 2015 to December 31, 2017

November 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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AUDITOR GENERAL

Board of Trustees
Allegheny County District Attorney Detectives Retirement Fund
Allegheny County
Pittsburgh, PA 15216

We conducted a Limited Procedures Engagement (LPE) of the Allegheny County District Attorney Detectives Retirement Fund for the period January 1, 2015 to December 31, 2017 to determine its compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. We also evaluated compliance with some requirements subsequent to that period when possible. The LPE was conducted pursuant to authority derived from Section 402(j) of the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 *et seq.*) but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. 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. We believe that the evidence obtained provides a reasonable basis to support our LPE results.

Our LPE was limited to determining the following:

- 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 engagement period. State aid allocations that were deposited into the pension plan for the years ended December 31, 2012 to December 31, 2017, are presented on the Summary of Deposited State Aid and Employer Contributions.
- Whether retirement benefits calculated pursuant to the supplemental District Attorney Detectives pension plan for plan members who retired during the engagement 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 the retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients.

Based on the results of our procedures performed during our LPE, nothing came to our attention indicating that the Allegheny County District Attorney Detectives Retirement Fund was not being administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

Our determination to perform a LPE for this engagement period does not preclude the Department from conducting an audit in accordance with *Government Auditing Standards* of the pension plan in subsequent periods. The Allegheny County District Attorney Detectives Retirement Fund should continue to maintain documentation related to this pension plan.

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 Allegheny County District Attorney Detectives Retirement Fund and, where appropriate, their responses have been included in this report. We would like to thank the Allegheny County District Attorney Detectives Retirement Fund officials for the cooperation extended to us during the conduct of this LPE.



EUGENE A. DEPASQUALE
Auditor General

October 24, 2018

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BACKGROUND

The Allegheny County District Attorney Detectives Retirement Fund is a single-employer defined benefit pension plan locally controlled by the provisions of a plan document effective January 1, 1999, as amended. The pension plan was established to provide pension benefits to eligible Allegheny County District Attorney Detectives and their beneficiaries in addition to any pension benefits provided through the Allegheny County Employees' Retirement System. The plan is also subject to the provisions of Act 293 of 1972 (P.L. 1383, No. 293).

ALLEGHENY COUNTY DISTRICT ATTORNEY DETECTIVES RETIREMENT FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

The supplementary information contained on Pages 2 and 3 reflects the implementation of GASB Statement No. 67, *Financial Reporting for s*. 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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 70,769	\$ 76,077	\$ 64,652
Interest	193,610	204,522	211,154
Actuarial (gain)/loss	(23,451)	(85,081)	-
Benefit payments, including refunds of member contributions	<u>(95,546)</u>	<u>(100,630)</u>	<u>(102,131)</u>
Net Change in Total Pension Liability	145,382	94,888	173,675
Total Pension Liability - Beginning	<u>2,593,855</u>	<u>2,739,237</u>	<u>2,834,125</u>
Total Pension Liability - Ending (a)	<u><u>\$ 2,739,237</u></u>	<u><u>\$ 2,834,125</u></u>	<u><u>\$ 3,007,800</u></u>
Plan Fiduciary Net Position			
Contributions – employer	\$ 216,870	\$ 213,071	\$ 233,486
Net investment income	130,065	(41,931)	108,300
Benefit payments, including refunds of member contributions	(95,546)	(100,630)	(102,131)
Actuarial cost	(7,965)	-	(9,575)
Other	<u>(20)</u>	<u>-</u>	<u>(332)</u>
Net Change in Plan Fiduciary Net Position	243,404	70,510	229,748
Plan Fiduciary Net Position - Beginning	<u>2,481,428</u>	<u>2,724,832</u>	<u>2,795,342</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,724,832</u></u>	<u><u>\$ 2,795,342</u></u>	<u><u>\$ 3,025,090</u></u>
Net Pension Liability - Ending (a-b)	<u><u>\$ 14,405</u></u>	<u><u>\$ 38,783</u></u>	<u><u>\$ (17,290)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.47%	98.63%	100.57%
Estimated Covered Employee Payroll	\$ 2,084,970	\$ 2,661,723	\$ 2,598,448
Net Pension Liability as a Percentage of Covered Employee Payroll	0.69%	1.46%	(0.67)%

ALLEGHENY COUNTY DISTRICT ATTORNEY DETECTIVES RETIREMENT 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 Allegheny County District Attorney Detectives Retirement Fund as of December 31, 2014, 2015, and 2016, calculated using the discount rate of 7.50%, as well as what the Allegheny County District Attorney Detectives Retirement Fund's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability - 12/31/14	\$ 279,646	\$ 14,405	\$ (212,680)
Net Pension Liability - 12/31/15	\$ 304,845	\$ 38,783	\$ (189,557)
Net Pension Liability - 12/31/16	\$ 265,076	\$ (17,290)	\$ (259,623)

SCHEDULE OF INVESTMENT RETURNS

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

2016	3.89%
2015	(1.54%)
2014	5.26%

ALLEGHENY COUNTY DISTRICT ATTORNEY DETECTIVES RETIREMENT 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 293 biennially. The historical information, beginning as of January 1, 2012, 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)
01-01-12	\$ 1,792,640	\$ 2,224,201	\$ 431,561	80.6%
01-01-14	2,481,428	2,593,855	112,427	95.7%
01-01-16	2,795,342	2,834,125	38,783	98.6%

ALLEGHENY COUNTY DISTRICT ATTORNEY DETECTIVES RETIREMENT 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.

ALLEGHENY COUNTY DISTRICT ATTORNEY DETECTIVES RETIREMENT FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid	Employer Contributions
2012	\$ 193,110	None
2013	217,524	None
2014	216,870	None
2015	213,071	None
2016	233,486	None
2017	253,885	None

ALLEGHENY COUNTY DISTRICT ATTORNEY DETECTIVES RETIREMENT 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:

Actuarial valuation date	January 1, 2016
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	1 year
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	Not disclosed

ALLEGHENY COUNTY DISTRICT ATTORNEY DETECTIVES RETIREMENT FUND
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Ms. Jackelyn Weibel
President, Board of Trustees

Mr. Kevin Flanigan
Vice-President, Board of Trustees

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.