COMPLIANCE AUDIT

Port Allegany Borough Non-Uniformed Pension Plan

McKean County, Pennsylvania

For the Period

January 1, 2016 to December 31, 2018

September 2019

Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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EUGENE A. DEPASQUALE
AUDITOR GENERAL

The Honorable Mayor and Borough Council
Port Allegany Borough
McKean County
Port Allegany, PA 16743

We have conducted a compliance audit of the Port Allegany Borough Non-Uniformed Pension Plan for the period January 1, 2016 to December 31, 2018. 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 Limited Procedures Engagement (LPE) 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 LPE 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. In addition, employer contributions that were deposited into the pension plan for employees hired on or after January 1, 2012 for the years ended December 31, 2014 to December 31, 2018, are presented on the Summary of Deposited State Aid and Employer Contributions.

- We determined that there were no employee contributions required by the plan's governing document and applicable laws and regulations for the years covered by our audit period.

- We determined whether benefits calculated for the lone plan member who terminated employment and received a lump-sum form of pension benefit 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 comparing the distributed amounts to supporting documentation evidencing amounts determined and actually paid to the recipient.

- 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 the terms of the plan's unallocated insurance contract, including ownership and any restrictions, were in compliance with plan provisions, investment policies, and state regulations by comparing the terms of the contract with the plan's provisions, investment policies, and state regulations.

- 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 completion of our fieldwork procedures.

Borough officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Port Allegany Borough Non-Uniformed 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 Port Allegany Borough Non-Uniformed 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 finding further discussed later in this report:

Finding No. 1 – Incorrect Data Supplied To Actuary For Actuarial Valuation Report Preparation

Finding No. 2 – Withdrawal Of Plan Assets Prior To Retirement

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

Level	Indication	Funding Criteria
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 a decline of assets available to satisfy the long-term liabilities of the plan. **The plan's funded ratio went from 74.2% as of January 1, 2015, to a ratio of 61.8% as of January 1, 2017**, which is the most recent data available. Based on this information, the Municipal Pension Reporting Program issued a notification that 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 Port Allegany Borough and, where appropriate, their responses have been included in the report. We would like to thank borough officials for the cooperation extended to us during the conduct of the audit.

Eugene A. DePasquale

August 8, 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 Port Allegany Borough Non-Uniformed 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.

The Port Allegany Borough Non-Uniformed Pension Plan is a single-employer defined benefit pension plan for borough non-uniformed employees hired prior to January 1, 2012, establishes a cash balance retirement account for those non-uniformed employees hired on or after January 1, 2012 and is locally controlled by the provisions of Ordinance No. 453, as amended. The plan is also affected by the provisions of collective bargaining agreements between the borough and its non-uniformed employees. The plan was established May 5, 1975. Active members are not required to contribute to the plan. As of December 31, 2018, for borough non-uniformed employees hired prior to January 1, 2012, the pension plan had 4 active participants, 2 terminated members eligible for vested benefits in the future, and 7 retirees receiving pension benefits from the plan. For those non-uniformed employees hired on or after January 1, 2012 participating in the cash balance retirement account, there were 6 active members and no members eligible for vested benefits in the future or currently receiving pension benefits as of December 31, 2018.

BACKGROUND – (Continued)

As of December 31, 2018, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Age 62 and 10 years of service.
Early Retirement	Age 55 or 30 years of service.
Vesting	10% vesting available after 3 years of service, plus 10% percent per year, thereafter, until 100% vested after 12 years.

Retirement Benefit:

For a participant whose date of hire was prior to January 1, 2012, monthly benefit equals 1.525% of final 60 months average salary times years of service.

For a participant whose date of hire was on or after January 1, 2012, after completing the required age and service requirements, a participant is entitled to Cash Balance Retirement Account (CBRA) under one of the available benefit alternatives prescribed in the governing document: (a) a lump sum equal to CBRA value, (b) a single life annuity which is actuarial equivalent in value to the value of the CBRA at retirement, (c) a joint and 50% survivor annuity which is actuarial equivalent in value to the value of the CBRA at retirement, (d) a joint and 66 2/3% survivor annuity which is actuarial equivalent in value to the value of the CBRA at retirement, (e) a joint and 100% survivor annuity which is actuarial equivalent in value to the value of the CBRA at retirement.

Survivor Benefit:

Before Retirement Eligibility	None
After Retirement Eligibility	Normal form of benefit is a single life annuity, however, optional forms may be selected at retirement.

For a participant whose date of hire was on or after January 1, 2012, upon the death of a participant, the balance of his or her CBRA shall be paid to his or her designated beneficiary.

Disability Benefits:

None

PORT ALLEGANY BOROUGH NON-UNIFORMED PENSION PLAN
STATUS OF PRIOR FINDING

Compliance With Prior LPE Recommendation

Port Allegany Borough has complied with the prior LPE recommendation concerning the following:

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

  The borough reimbursed $4,413 to the Commonwealth for the overpayment of state aid received in 2016 and complied with the instructions that accompanied Certification Form AG 385 and accurately reported the required data.

Finding No. 1 – Incorrect Data Supplied To Actuary For Actuarial Valuation Report Preparation

Condition: Actuarial valuation report form PC 203C, for the borough's non-uniformed defined benefit pension plan, with a valuation date of January 1, 2017, submitted to the Municipal Pension Reporting Program (MPRP), (formerly the Public Employee Retirement Commission), contained incorrect information. The information was based on data supplied by the municipality to the plan's actuary. The municipality supplied the following incorrect information to the plan's actuary:

- In Section III, Summary of Demographic Data, the number of active members reported as of the valuation date includes individuals who are not active members of the defined benefit pension plan (i.e. employees hired after January 1, 2012 who are participants in the borough's cash balance retirement account) and/or not full-time employees of the borough.

- In Section V, Summary of Financial Data, the market value of assets includes not only assets of the defined benefit pension plan but also includes assets associated with the borough's defined contribution cash balance retirement account established in 2015 for borough employees hired after January 1, 2012; and

- In Section VI Summary of Actuarial Data, the actuarial value of assets also includes the asset balance of the cash balance retirement account.

Criteria: Section 201(a) of Act 205 states, in part:

> Each municipality which has established or maintains a pension plan for its employees, including any municipality which participates in the Pennsylvania Municipal Retirement System, shall cause to be made actuarial valuation reports. Actuarial valuation reports shall be made biennially…

Section 201(d) of Act 205 states:

> Responsibility for preparation and filing of reports and investigations. The actuarial valuation report or experience investigation required pursuant to subsection (a) shall be prepared under the supervision and at the discretion of the chief administrative officer of the municipality, who shall be responsible for the filing of the document. The actuarial valuation report or experience investigation shall be signed by the chief administrative officer, indicating that to the extent of the understanding and knowledge of the officer, the report or investigation represents a true and accurate portrayal of the actuarial, financial and demographic condition of the pension plan of the municipality.

Finding No. 1 – (Continued)

In addition, Section 202(b) of Act 205 describes the contents of the actuarial exhibits for defined benefit plans, self-insured in whole or in part (Form PC-203C); whereas, Section 202(c) of Act 205 prescribes the contents of actuarial exhibits for defined contribution plans, self-insured in whole or in part (Form PC-203A). However, Act 205 does not prescribe provisions authorizing the combined actuarial reporting for a defined benefit pension plan which also contains defined contribution (cash balance) plan provisions for certain municipal employees.

Cause: Plan officials were unfamiliar with applicable Act 205 filing guidelines requiring a separate Act 205 actuarial valuation reporting form for each different type of municipal pension coverage and commingled all of its non-uniformed employees' data onto its reporting Form PC-203C (for defined benefit plans) valued as of January 1, 2017, instead of filing a separate Form PC-203A reporting the borough's defined contribution-cash balance pension coverage information.

Effect: Because the municipality's state aid allocation is determined, in part, by the information contained in the actuarial valuation report, the submission of incorrect data to the actuary may have resulted in the municipality receiving an incorrect allocation of state aid for 2018, and may also subsequently result in the municipality receiving an incorrect state aid allocation during 2019.

In addition, since the information contained in the actuarial valuation report is used to determine the municipality's minimum municipal obligation (MMO), the incorrect data may have resulted in an erroneous MMO calculation for the year 2019, and subsequently, for the year 2020.

Recommendation: We recommend that plan officials contact the MPRP to determine whether revised actuarial valuation reporting is required. If revised actuarial reporting is submitted and accepted by the MPRP, a copy should be submitted to: Department of the Auditor General, Bureau of Municipal Pension & Liquor Control Audits, 314 Finance Building, Harrisburg, PA 17120.

We also recommend that if revised actuarial valuation reporting is prepared and accepted by the MPRP, the chief administrative officer of the pension plan recalculate the MMO and make any necessary deposit to the plan, with interest in accordance with Section 302(e) of Act 205.

Finally, we recommend that, in the future, plan officials review and verify all information submitted to and received from the plan's actuary and ensure that separate actuarial reports are prepared for each type of coverage offered by the borough so that future actuarial valuation reports properly reflect the status of the pension plan in accordance with Act 205.

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

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

Finding No. 2 – Withdrawal Of Plan Assets Prior To Retirement

Condition: A plan member who separated service with the borough during 2017 received a distribution from the pension plan prior to reaching eligibility for such distribution according to the plan document.

Criteria: Section 4.1 of Article IV of Ordinance No. 453, as amended, states the following:

> A Participant in the Plan may retire from active employment on the later of the first day of the month following the attainment of age sixty-two (62) or the tenth (10^{th}) anniversary of the Participant's employment with the Employer. Normal retirement age is the later of age 62 or 10 years of employment.

In addition, Section 4.4 (early retirement) further states, in part:

> A Participant who has attained the age of fifty-five (55) or who has separated voluntarily after thirty (30) years of credited service may retire early…

Moreover, Section 4.6 (vesting) states, in part:

> …a vested benefit shall be paid to the Participant upon attainment of that Participant's normal or early retirement date as set forth in this plan …

In addition, Section 102 of Act 205 contains the following definitions:

> "Pension plan or system." The various aspects of the relationship between a municipality and its employees with respect to the retirement coverage provided by a municipality to the employees.
>
> "Defined contribution pension plan." A type of pension benefit plan which provides for a fixed contribution rate or amount and which provides for periodic benefit payments calculable at retirement dependent on the accumulated contributions, investment income, experience gains and losses credited to the member and the expected mortality of the member.

Therefore, Act 205 funding (state aid) is intended to provide benefit payments upon eligibility for retirement, not for distributions prior to such benefit eligibility.

Cause: Plan officials failed to establish adequate internal control procedures to prevent pre-mature distributions to plan members prior to their retirement eligibility date.

Finding No. 2 – (Continued)

Effect: Allowing distributions from the pension plan prior to an individual's eligibility to receive such retirement benefits violates the purpose for which state aid was allocated to the municipality, adversely affects the retirement income of an annuitant and undermines the integrity of the pension plan.

Recommendation: We recommend that plan officials establish adequate internal control procedures to ensure that all future retirement distributions from the pension plan are made in accordance with the provisions contained in the plan's governing document.

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

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

PORT ALLEGANY BOROUGH NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

The supplementary information contained on Pages 8 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, 2015, AND 2016

	2014	2015	2016
Total Pension Liability			
Service cost	$ 20,759	$ 15,285	$ 15,973
Interest	125,714	124,984	123,775
Difference between expected and actual experience	-	7,362	-
Changes of assumptions	-	59,899	-
Benefit payments, including refunds of member contributions	(67,159)	(159,300)	(154,845)
Net Change in Total Pension Liability	79,314	48,230	(15,097)
Total Pension Liability – Beginning	1,584,241	1,663,555	1,711,785
Total Pension Liability – Ending (a)	$ 1,663,555	$ 1,711,785	$ 1,696,688
Plan Fiduciary Net Position			
Contributions – state aid	$ 29,279	$ 17,696	$ 43,746
Contributions – employer	57,390	65,599	36,053
Net investment income	36,652	(31,178)	62,657
Benefit payments, including refunds of member contributions	(67,159)	(159,300)	(154,845)
Other	-	84	-
Net Change in Plan Fiduciary Net Position	56,162	(107,099)	(12,389)
Plan Fiduciary Net Position – Beginning	1,227,779	1,283,941	1,176,842
Plan Fiduciary Net Position – Ending (b)	$ 1,283,941	$ 1,176,842	$ 1,164,453
Net Pension Liability – Ending (a-b)	$ 379,614	$ 534,943	$ 532,235
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.18%	68.75%	68.63%
Estimated Covered Employee Payroll	$ 439,936	$ 409,596	$ 495,460
Net Pension Liability as a Percentage of Covered Employee Payroll	86.29%	130.60%	107.42%

Note: The above plan fiduciary net position information for the years 2014 through 2016, also includes assets held in the defined contribution, cash balance retirement account.

PORT ALLEGANY BOROUGH NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2018

	2017	2018
Total Pension Liability		
Service cost	$ 17,089	$ 17,815
Interest	132,144	130,866
Difference between expected and actual experience	78,362	-
Changes of assumptions	108,872	-
Benefit payments, including refunds of member contributions	(156,666)	(178,517)
Net Change in Total Pension Liability	179,801	(29,836)
Total Pension Liability – Beginning	1,696,688	1,876,489
Total Pension Liability – Ending (a)	$ 1,876,489	$ 1,846,653
Plan Fiduciary Net Position		
Contributions – state aid	$ 41,294	$ 42,160
Contributions – employer	49,380	49,520
Net investment income	145,253	(88,724)
Benefit payments, including refunds of member contributions	(156,666)	(178,517)
Net Change in Plan Fiduciary Net Position	79,261	(175,561)
Plan Fiduciary Net Position – Beginning	1,164,453	1,243,714
Plan Fiduciary Net Position – Ending (b)	$ 1,243,714	$ 1,068,153
Net Pension Liability – Ending (a-b)	$ 632,775	$ 778,500
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.28%	57.84%
Estimated Covered Employee Payroll	$ 237,398	$ 244,904
Net Pension Liability as a Percentage of Covered Employee Payroll	266.55%	317.88%

Note: The above plan fiduciary net position information for years 2017 and 2018, include the assets held in the defined contribution cash balance retirement account.

PORT ALLEGANY BOROUGH NON-UNIFORMED 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 2015 and 2016, calculated using the discount rate of 7.5%, 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability – 12/31/15	$ 691,314	$ 534,943	$ 399,166
Net Pension Liability – 12/31/16	$ 686,953	$ 532,235	$ 397,685

In addition, the following presents the net pension liability of the borough as of December 31, 2017 and 2018, calculated using the discount rate of 7.25%, 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability – 12/31/17	$ 814,774	$ 632,775	$ 475,063
Net Pension Liability – 12/31/18	$ 959,461	$ 778,500	$ 621,414

PORT ALLEGANY BOROUGH NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	$ 77,616	$ 85,378	$ (7,762)	$ 439,936	19.41%
2015	72,539	72,539	-	409,596	17.71%
2016	64,594	64,594	-	232,515	27.78%
2017	77,306	77,306	-	237,398	32.56%
2018	77,835	77,835	-	244,904	31.78%

SCHEDULE OF INVESTMENT RETURNS

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

2018	(7.54%)
2017	13.25%
2016	5.66%
2015	(2.59%)
2014	4.07%

PORT ALLEGANY BOROUGH NON-UNIFORMED 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	$ 1,112,357	$ 1,504,876	$ 392,519	73.9%
01-01-15	1,283,941	1,730,816	446,875	74.2%
01-01-17	1,164,453	1,883,922	719,469	61.8%

Note: The market value of the plan's assets at 01-01-13 has been adjusted to reflect the smoothing of gains and/or losses over a four-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.

PORT ALLEGANY BOROUGH NON-UNIFORMED 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.

PORT ALLEGANY BOROUGH NON-UNIFORMED PENSION PLAN
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid	Employer Contributions
2014	None	$ 2,899
2015	None	10,756
2016	None	13,598
2017	None	13,855
2018	None	13,845

The Department typically presents this data for the past six consecutive fiscal years. Since six years of data were not yet available, this will be done prospectively.

PORT ALLEGANY BOROUGH NON-UNIFORMED 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	8 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.25%

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This report was initially distributed to the following:

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