COMPLIANCE AUDIT

City of Reading Officers and Employees Pension Plan

Berks County, Pennsylvania

For the Period
January 1, 2016 to December 31, 2017

March 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 City Council
City of Reading
Berks County
Reading, PA 19601

We have conducted a compliance audit of the City of Reading Officers and Employees Pension Plan for the period January 1, 2016 to December 31, 2017. We also evaluated compliance with some requirements subsequent to that period when possible. The audit was conducted pursuant to authority derived from Section 402(j) of Act 205 and in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of the audit was 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 objective identified above. 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 10 of the 18 plan members[1] who retired during the current audit period, and through the completion of our fieldwork procedures, 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 2 of the 11 plan members[2] 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, 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 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.

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[1] We selected plan members randomly from the population of plan members who retired during the current audit period, and through the completion of our fieldwork procedures, in order to obtain a representative selection for the purpose of our testing to achieve the audit objective. While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

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

- We determined whether the terms and methodologies of the issuance of pension obligation bonds by the municipality, and any restrictions were in compliance with plan provisions and Act 205 through inquiry of plan officials and examination of supporting documentation.

The City of Reading contracted with an independent certified public accounting firm for annual audits of its basic financial statements which are available at the city's offices. Those financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

City officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the City of Reading Officers and Employees 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 city's internal controls as they relate to the city's compliance with those requirements and that we considered to be significant within the context of our audit objective, 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 objective.

The results of our procedures indicated that, in all significant respects, the City of Reading Officers and Employees 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 – Failure To Fully Pay The Minimum Municipal Obligation Of The Plan

Finding No. 2 – Incorrect Data On Certification Form AG 385 Resulting In An Underpayment Of State Aid

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. As noted in the Appendix included in this report, the City of Reading has been declared a distressed municipality pursuant to the provisions of Act 47. We encourage city officials to continue its efforts in the development of a long-term strategic plan to monitor the funding of the Officers and Employees pension plan to ensure its long-term financial stability.

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

March 6, 2019

EUGENE A. DEPASQUALE
Auditor General

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BACKGROUND

On December 18, 1984, the Pennsylvania Legislature adopted the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.). The Act established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state aid to Pennsylvania's public pension plans. Section 402(j) of Act 205 specifically requires the Auditor General, as deemed necessary, to make an audit of every municipality which receives general municipal pension system state aid and of every municipal pension plan and fund in which general municipal pension system state aid is deposited.

Annual state aid allocations are provided from a 2 percent foreign (out-of-state) casualty insurance premium tax, a portion of the foreign (out-of-state) fire insurance tax designated for paid firefighters and any investment income earned on the collection of these taxes. Generally, municipal pension plans established prior to December 18, 1984, are eligible for state aid. For municipal pension plans established after that date, the sponsoring municipality must fund the plan for three plan years before it becomes eligible for state aid. In accordance with Act 205, a municipality's annual state aid allocation cannot exceed its actual pension costs.

In addition to Act 205, the City of Reading Officers and Employees 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 362 - The Third Class City Code, Act of May 23, 1945 (P.L. 903, No. 362), Article XLIII-A, Optional Retirement System for Officers and Employees, as amended, 53 P.S. § 42001 et seq.

The City of Reading Officers and Employees Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Article No. 181 of the Codified Ordinances of the City of Reading, as amended, adopted pursuant to Act 362. The plan is also affected by the provisions of collective bargaining agreements between the city and its non-uniformed employees. The plan was established October 9, 1946. Active members are required to contribute 3 percent of compensation to the plan. As of December 31, 2017, the plan had 267 active members, 30 terminated members eligible for vested benefits in the future, and 314 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	Hired before 1/1/1988: Age 60 and 20 years of service. Hired on or after 1/1/1988: Age 65 and 10 years of service.
Early Retirement	Hired before 1/1/1988: Age 55 and 20 years of service. Hired on or after 1/1/1988: Age 50 and 10 years of service.
Vesting	Hired before 1/1/1988: 100% after 12 years of service. Hired on or after 1/1/1988: 100% after 10 years of service.

Retirement Benefit:

Hired before 1/1/1988: 50% of average monthly compensation, plus service increment. Benefit will be reduced by 40% of Social Security benefit.

Hired on or after 1/1/1988: A monthly benefit equal to 2% of average monthly compensation multiplied by years of service (up to a maximum of 25) plus service increment, if any.

Survivor Benefit:

Before Vesting Eligibility	Refund of member contributions.
After Vesting Eligibility or Retirement	50% of the benefit the participant was receiving or was entitled to receive.

Disability Benefit:

Hired before 1/1/1988: After 15 years of service the normal benefit is payable, with no offsets for social security.

Hired on or after 1/1/1988: Accrued benefit at date of disablement. The maximum disability benefit is 20% of average monthly compensation.

Finding No. 1 – Failure To Fully Pay The Minimum Municipal Obligation Of The Plan

Condition: The municipality did not fully pay the minimum municipal obligation (MMO) that was due to the officers and employees pension plan for the year 2018, as required by Act 205. The municipality had an unpaid MMO balance of $47,355 for the year 2018.

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

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

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

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

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

> Any amount of the minimum obligation of the municipality which remains unpaid as of December 31 of the year in which the minimum obligation is due shall be added to the minimum obligation of the municipality for the following year, with interest from January 1 of the year in which the minimum obligation was first due until the date the payment is paid at a rate equal to the interest assumption used for the actuarial valuation report or the discount rate applicable to treasury bills issued by the Department of Treasury of the United States with a six-month maturity as of the last business day in December of the plan year in which the obligation was due, whichever is greater, expressed as a monthly rate and compounded monthly.

Cause: Plan officials did not comply with the Act 205 requirements because there was a recent turnover of plan officials.

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

Due to the municipality's failure to fully pay the 2018 MMO by the December 31, 2018, deadline, the municipality must add the 2018 MMO balance to the current year's MMO and include interest, as required by Act 205.

Finding No. 1 – (Continued)

Recommendation: We recommend that the municipality pay the MMO due to the officers and employees pension plan for the year 2018, with interest, in accordance with Section 302(e) of Act 205. A copy of the interest calculation must be maintained by the municipality for examination during our next audit of the plan.

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

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

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

Finding No. 2 – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

Condition: As disclosed in the police and firemen pension plans' prior audit reports, the city failed to certify 1 eligible firefighter (2 units) and understated payroll by $48,872 on the Certification Form AG 385 filed in 2014. In addition, the city certified 1 ineligible police officer (2 units) and overstated payroll by $90,005, and failed to certify 1 eligible firefighter (2 units) and understated payroll by $37,812 on the Certification Form AG 385 filed in 2015. Furthermore, the city certified 1 ineligible police officer (2 units) and overstated payroll by $97,278 on the Certification Form AG 385 filed in 2016. These errors resulted in a net overpayment of state aid in the amount of $1,004 for the years 2014 through 2016, which was recommended to be returned to the Commonwealth; however, that amount was not returned.

During the current audit period, the city failed to certify 1 eligible police officer (2 units) and understated payroll by $51,626, and failed to certify 1 eligible non-uniformed employee (1 unit) and understated payroll by $93,681 on the Certification Form AG 385 filed in 2017. The data contained on these certification forms is based on prior calendar year information.

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

Cause: Due to a change in personnel, plan officials failed to establish adequate internal control procedures to ensure the accuracy of the data certified and to ensure compliance with the prior audit recommendation.

Finding No. 2 – (Continued)

Effect: The data submitted on these certification forms is used, in part, to calculate the state aid due to the municipality for distribution to its pension plans. Since the city failed to return the net overpayment of state aid for the years 2014 through 2016 to the Commonwealth, the effect of those years' error will be netted with the errors in 2017. Because the city's state aid allocations were based on unit value, the city received a net underpayment of state aid for the years 2014 through 2017 in the amount of $12,760 as identified below:

Year	Type of Plan	Units Overstated (Understated)	Unit Value	State Aid Overpayment (Underpayment)
2014	Firemen's	(2)	$3,873	$ (7,746)
2015	Police	2	$3,921	$ 7,842
	Firemen's	(2)		(7,842)
2016	Police	2	$4,375	$ 8,750
2017	Police	(2)	$4,588	$ (9,176)
	Officers and Employees	(1)		(4,588)
		Net Underpayment of State Aid		$ (12,760)

Although the net underpayment for the years 2014 through 2017 will be allocated to the city, the full amount of the 2017 state aid allocation was not available to be deposited timely and therefore was not available to pay operating expenses or for investment.

Recommendation: We recommend that in the future, plan officials establish adequate internal control procedures, such as having at least two people review the data certified, to ensure compliance with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data.

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

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

CITY OF READING OFFICERS AND EMPLOYEES PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

The supplementary information contained on Pages 6 through 9 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

	2014	2015
Total Pension Liability		
Service cost	$ 1,218,457	$ 1,135,512
Interest	5,110,331	5,126,628
Difference between expected and actual experience	-	(1,054,281)
Benefit payments, including refunds of member contributions	(4,901,267)	(5,049,970)
Net Change in Total Pension Liability	1,427,521	157,889
Total Pension Liability – Beginning	69,325,620	70,753,141
Total Pension Liability – Ending (a)	$ 70,753,141	$ 70,911,030
Plan Fiduciary Net Position		
Contributions – employer	$ 2,780,193	$ 3,179,616
Contribution – member	422,154	416,374
Net investment income	2,806,966	598,813
Benefit payments, including refunds of member contributions	(4,901,267)	(5,049,970)
Administrative expense	(402,879)	(448,751)
Other	3,686	-
Net Change in Plan Fiduciary Net Position	708,853	(1,303,918)
Plan Fiduciary Net Position – Beginning	54,348,288	55,057,141
Plan Fiduciary Net Position – Ending (b)	$ 55,057,141	$ 53,753,223
Net Pension Liability – Ending (a-b)	$ 15,696,000	$ 17,157,807
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.82%	75.80%
Estimated Covered Employee Payroll	$ 14,233,277	$ 14,403,603
Net Pension Liability as a Percentage of Covered Employee Payroll	109.02%	119.12%

CITY OF READING OFFICERS AND EMPLOYEES 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

	2016	2017
Total Pension Liability		
Service cost	$ 1,165,580	$ 1,249,541
Interest	5,219,129	5,375,550
Difference between expected and actual experience	-	(2,301,879)
Changes of assumptions	-	5,496,078
Benefit payments, including refunds of member contributions	(5,068,045)	(5,141,823)
Net Change in Total Pension Liability	1,316,664	4,677,467
Total Pension Liability – Beginning	70,911,030	72,227,694
Total Pension Liability – Ending (a)	$ 72,227,694	$ 76,905,161
Plan Fiduciary Net Position		
Contributions – employer	$ 3,005,282	$ 3,135,808
Contributions – member	412,951	391,888
Net investment income	4,112,997	8,051,525
Benefit payments, including refunds of member contributions	(5,068,045)	(5,141,823)
Administrative expense	(392,538)	(428,049)
Other	-	-
Net Change in Plan Fiduciary Net Position	2,070,647	6,009,349
Plan Fiduciary Net Position – Beginning	53,753,223	55,823,870
Plan Fiduciary Net Position – Ending (b)	$ 55,823,870	$ 61,833,219
Net Pension Liability – Ending (a-b)	$ 16,403,824	$ 15,071,942
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.29%	80.40%
Estimated Covered Employee Payroll	$ 14,240,701	$ 13,832,568
Net Pension Liability as a Percentage of Covered Employee Payroll	115.19%	108.96%

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

The following presents the net pension liability of the city as of December 31, 2015 and 2016, calculated using the discount rate of 7.50%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability – 12/31/15	$ 25,325,506	$ 17,157,807	$ 10,290,957
Net Pension Liability – 12/31/16	$ 24,703,410	$ 16,403,825	$ 9,418,056

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability – 12/31/17	$ 24,242,654	$ 15,071,942	$ 7,416,800

CITY OF READING OFFICERS AND EMPLOYEES 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
2008	$ 598,539	$ 626,961	$ (28,422)	$ 15,024,254	4.17%
2009	775,359	806,192	(30,833)	16,673,672	4.84%
2010	800,416	1,670,803	(870,387)	17,182,014	9.72%
2011	1,376,733	1,404,139	(27,406)	14,850,270	9.46%
2012	1,488,269	1,510,837	(22,568)	15,498,759	9.75%
2013	2,836,234	2,860,603	(24,369)	14,888,776	19.21%
2014	2,769,963	2,780,193	(10,230)	14,233,277	19.53%
2015	3,173,811	3,179,616	(5,805)	14,403,603	22.08%
2016	3,005,282	3,005,282	-	14,240,701	21.10%
2017	3,033,047	3,135,808	(102,761)	13,832,568	22.67%

SCHEDULE OF INVESTMENT RETURNS

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

2017	15.19%
2016	8.11%
2015	1.08%
2014	5.93%

CITY OF READING OFFICERS AND EMPLOYEES 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	$ 48,596,291	$ 68,020,380	$ 19,424,089	71.4%
01-01-15	53,627,779	69,698,860	16,071,081	76.9%
01-01-17	57,631,113	75,421,894	17,790,781	76.4%

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 which will be limited to a maximum of 120 percent and minimum of 80 percent of the fair 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.

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (Column 4) provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

CITY OF READING OFFICERS AND EMPLOYEES 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	11 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	4.75%
Cost-of-living adjustments	None assumed

It was noted in the prior audit report that during 2009, the Department of Community and Economic Development (DCED) received a request for Determination of Municipal Financial Distress under the Municipalities Financial Recovery Act (Act of 1987 P.L. 246, No. 47) from the Mayor of the City of Reading. This Act empowers DCED to declare certain municipalities as financially distressed; provides for the restructuring of debt of financially distressed municipalities; limits the ability of financially distressed municipalities to obtain government funding; authorizes municipalities to participate in Federal debt adjustment actions under certain circumstances; and provides for consolidation or merger of contiguous municipalities to relieve financial distress.

DCED issued a report in 2009 which contained a recommendation that the City of Reading be declared distressed under Act 47. The report also indicated that the City had been experiencing ongoing financial challenges over the past several years, and given Reading's fiscal position there were serious questions and uncertainty as to the City's ability to maintain municipal services without an adverse impact on the health, safety, and welfare of residents of the City.

The City stated the following in the Management's Discussion and Analysis portion of the City of Reading Financial and Compliance Audit Report for the year ended December 31, 2017:

> The City maintained its status within Act 47 for the fiscal year ending December 31, 2017. In partnership with the City's Act 47 coordinator, Public Financial Management (PFM), the City continued to take positive steps to reduce spending and improve revenues. However, the City still faces significant financial challenges which will force difficult choices to overcome long-term structural deficits.
>
> Among the most pressing areas of concern are: 1) expected yearly increases in the City's Minimum Municipal Obligation, which totaled approximately $15.7 million in 2017, 2) year-over-year increases in the cost of Public Safety operations, which totaled $56.1 million in 2017, and 3) legal expenses related to ongoing litigation.

CITY OF READING OFFICERS AND EMPLOYEES PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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