

# COMPLIANCE AUDIT

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## City of York Pension Trust Fund York County, Pennsylvania For the Period January 1, 2014 to December 31, 2015

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October 2016



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 York  
York County  
York, PA 17405

We have conducted a compliance audit of the City of York Pension Trust Fund for the period January 1, 2014 to December 31, 2015. 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 findings contained in our prior audit report; and
2. To determine if the pension trust fund was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

Our audit was limited to the areas related to the objectives identified above. To determine if municipal officials took appropriate corrective action to address the findings contained in our prior audit report, we inquired of fund officials and evaluated supporting documentation provided by officials evidencing that the suggested corrective action has been appropriately taken. To determine whether the pension trust fund 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 plans' governing documents and applicable laws and regulations by examining the municipality's calculation of the plans' annual financial requirements and minimum municipal obligations (MMOs) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plans as evidenced by supporting documentation.
- We determined whether annual employee contributions were calculated, deducted, and deposited into the pension plans in accordance with the plans' governing documents and applicable laws and regulations by testing members' contributions on an annual basis using the rates obtained from the plans' governing documents in effect for all years within the period under audit and examining documents evidencing the deposit of these employee contributions into the pension plans.
- We determined whether retirement benefits calculated for all 10 of the Police plan members, all 11 of the Firefighter's plan members, and all 16 of the Officers and Employees' plan members 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 the retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients. We also determined whether retirement benefits calculated for all 4 of the Police plan members and all 4 of the Officers and Employees plan members who elected to vest 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 in accordance with the plan's governing document, applicable laws and regulations by recalculating the amount of the pension benefit due and comparing these amounts to supporting documentation evidencing amounts determined.
- We determined whether the January 1, 2013 and January 1, 2015 actuarial valuation reports were prepared and submitted to the former Public Employee Retirement Commission (PERC) by March 31, 2014 and 2016, 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 trust fund 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.

- 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.
- 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 plans' governing documents.

The City of York contracted with an independent certified public accounting firm for an audit of its basic financial statements for the year ending December 31, 2014 which is 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 York 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 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 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 City of York Pension Trust Fund 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 – Noncompliance With Prior Audit Recommendation – Incorrect Data On  
Certification Form AG 385 Resulting In An Underpayment Of State Aid

The finding contained in this audit report repeats a condition that was cited in our previous audit report that has not been corrected by city officials. We are concerned by the city's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

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

<u>Level</u>	<u>Indication</u>	<u>Funding Criteria</u>
I	Minimal distress	70-89%
II	Moderate distress	50-69%
III	Severe distress	Less than 50%

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

The data contained in the schedules of funding progress and from the January 1, 2015 actuarial valuation reports filed with the former Public Employee Retirement Commission (PERC) for the city's police, firefighter's, and officers and employees pension plans contained the following aggregated funding data:

<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funding Ratio</u>
\$ 105,586,145	\$ 161,204,332	65.5%

Based on this information, the City of York remains in Level II moderate distress status. While we note the improvement in the aggregate funding status of the city's plans from the data contained in the plans' January 1, 2013, actuarial valuation reports, **we continue to be concerned about the funded status of the police and firefighter's pension plans which are 69.9% and 52.3% funded, respectively, as of January 1, 2015.**

As further described in the Comments section included in this report, during the current audit period, the City has worked with its police officers through the collective bargaining process to negotiate benefit modifications that will reduce the police plan's long-term pension costs. We commend both city and union officials for their cooperative efforts and urge continued development of a long-term strategic plan which will enable city officials to make fiscally responsible decisions as plan fiduciaries that will benefit the City of York and its taxpayers to ensure the city's pension plans have adequate resources to meet current and future benefit obligations to the city's hard working police officers, firefighters, and non-uniformed employees.

The contents of this report were discussed with officials of the City of York 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.

August 26, 2016

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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 York 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 399 - Optional Third Class City Charter Law, Act of July 15, 1957 (P.L. 901, No. 399), as amended, 53 P.S. § 41101 et seq.

The City of York Pension Trust Fund serves as a common administrative and investment agent for the city's police, firefighter's, and officers and employees pension plans. The police, firefighter's, and officers and employees pension plans are single-employer defined benefit pension plans locally controlled by the provisions of Articles 169, 171, and 167, as amended, respectively, of the city's codified ordinances adopted pursuant to Act 399. These plans are also affected by the provisions of separately executed collective bargaining agreements between the city and its police officers, firefighters, and non-uniformed employees.



## **BACKGROUND – (Continued)**

The police plan was established March 21, 1930. Active members are required to contribute 5 percent of base salary to the plan. As of December 31, 2015, the plan had 87 active members, 11 terminated members eligible for vested benefits in the future, and 122 retirees receiving pension benefits from the plan.

The firefighter's plan was established April 1, 1947. Active members hired prior to January 1, 2007 are required to contribute 5 percent of base salary plus \$1 per month to the plan. Active members hired on or after January 1, 2007 are required to contribute 6 percent of base salary to the plan. As of December 31, 2015, the plan had 56 active members, no terminated members eligible for vested benefits in the future, and 86 retirees receiving pension benefits from the plan.

The officers and employees plan was established May 23, 1945. Active members are required to contribute 2 percent of base salary to the plan. If service increments are provided, an additional ½ (.5) percent is contributed. As of December 31, 2015, the plan had 170 active members, 27 terminated members eligible for vested benefits in the future, and 125 retirees receiving pension benefits from the plan.

**BACKGROUND – (Continued)**

POLICE PENSION PLAN

As of December 31, 2015, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Hired before 1/1/2015: Age 50 and 20.5 years of service. Hired after 1/1/2015: Age 55 and 20.5 years of service. (See Comments)
Early Retirement	None
Vesting	A member is 100% vested after 12 years of service.

Retirement Benefit:

Benefit equals 50% of the yearly salary paid to officers of the same rank plus 1.25% of pay per year of service in excess of 20 years (maximum of \$1,200 per year).

Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions plus interest.
After Retirement Eligibility	A monthly benefit equal to 100% of the benefit the member was receiving or was entitled to receive on the day of the member's death.

Service Related Disability Benefit:

Based upon the normal retirement formula, less Worker's Compensation benefits.

Non-Service Related Disability Benefit:

After 10 years of service - 30% of current salary at the time of disability plus 2% of salary for each year of service in excess of 10, up to a maximum of 50% of salary, less Worker's Compensation benefits.

**BACKGROUND – (Continued)**

**FIREFIGHTER’S PENSION PLAN**

As of December 31, 2015, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Hired before 1/1/1988: Age 50 and 20 years of service. Hired after 1/1/1988: Age 50 and 20.5 years of service.
Early Retirement	None
Vesting	A member is 100% vested after 10 years of service.

Retirement Benefit:

Hired before 1/1/1988: 50% of the final salary or highest 5 years’ average salary, plus 1.25% of pay per year of service in excess of 20 years (not going beyond 65 years of age) up to a maximum of \$100 per month.

Hired after 1/1/1988: 52% of the final salary or highest 5 years’ average salary.

Survivor Benefit:

Before Retirement Eligibility	Payable to surviving spouse, or to dependent children under the age of 18 equal to 30% of salary plus 2% of salary for each year in excess of 10 years, up to maximum pension of 50% of salary.
After Retirement Eligibility	A monthly benefit equal to 100% of the benefit the member was receiving or was entitled to receive on the day of the member’s death.

Service Related Disability Benefit:

After 10 years of service, 30% of salary at the time of permanent disability plus 2% of salary for each year of service in excess of 10 years, up to a maximum of 50% of salary.

Non-Service Related Disability Benefit:

Same as service related disability; however, the pension is reduced by the amount of Worker’s Compensation benefit being received by the member.

**BACKGROUND – (Continued)**

OFFICERS AND EMPLOYEES PENSION PLAN

As of December 31, 2015, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Hired before 1/1/1978: Age 60 and 20 years of service, or 40 years. Hired after 1/1/1978: Age 60 and 5 years of service, or 40 years.
Early Retirement	Hired before 1/1/1978: None. Hired after 1/1/1978: Age 55 and 5 years of service
Vesting	Hired before 1/1/1978: 100% after 12 years of service. Hired after 1/1/1978: 100% after 5 years of service.

Retirement Benefit:

Hired before 1/1/1978: 50% of final compensation plus (if elected) 1.25% of compensation per year of service over 20 years.

Hired after 1/1/1978: 2% of highest 5 years average out of the last 10 years per year of service up to 40 years.

Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions plus interest.
After Retirement Eligibility	Hired before 1/1/1978: if married for one year and is eligible for normal retirement, 50% of Joint & 50% Survivor benefit. Hired after 1/1/1978: if retired or married for one year and is eligible for early retirement, 50% of benefit.

Disability Benefit:

Hired before 1/1/1978: Before age 55 and after 15 years of service – 50% of pay less Worker’s Compensation.

Hired after 1/1/1978: After 10 years of service – Larger of accrued benefit or 50% of pay, reduced by the amount that the city financed benefits exceed 80% of pay.

CITY OF YORK PENSION TRUST FUND  
STATUS OF PRIOR FINDINGS

Compliance With Prior Audit Recommendation

The City of York has complied with the prior audit recommendation concerning the following:

- Failure To Fully Pay The Minimum Municipal Obligation Of The Plans

The city paid the outstanding minimum municipal obligation (MMO) balances due to the police and firefighter's pension plans for the years 2013 and 2014, with interest, in accordance with Act 205 provisions. The city also timely paid the 2015 MMOs due to the plans in accordance with Act 205 provisions.

Noncompliance With Prior Audit Recommendation

The City of York has not complied with the prior audit recommendation concerning the following as further discussed in the Finding and Recommendation section of this report:

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

CITY OF YORK PENSION TRUST FUND  
FINDING AND RECOMMENDATION

**Finding – Noncompliance With Prior Audit Recommendation – Incorrect Data On Certification Form AG 385 Resulting In An Underpayment Of State Aid**

Condition: Our prior audit report disclosed that the city failed to certify 1 eligible police officer (2 units), 6 eligible non-uniformed employees (6 units) as well as certifying 1 ineligible firefighter (2 units) on the Certification Form AG 385 filed in 2013, resulting in an underpayment of 2013 state aid in the amount of \$23,304. This amount was subsequently reimbursed to the city in April 2015.

Subsequent to the current audit period, the city failed to certify 1 eligible non-uniformed employee on the Certification Form AG 385 filed in 2016. The data contained on this certification form 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: Plan officials failed to establish adequate internal control procedures to ensure the accuracy of the data certified and to ensure full compliance with the prior audit recommendation.

Effect: The data submitted on this certification form is used, in part, to calculate the state aid due to the municipality for distribution to its pension plans. Because the city’s state aid allocation was based on unit value, the city received an underpayment of state aid of \$4,375 as identified below:

<u>Year</u>	<u>Units Understated</u>	<u>Unit Value</u>	<u>State Aid Underpayment</u>
2016	1	\$ 4,375	\$ 4,375

Although the city will be reimbursed for the underpayment of state aid due to the city’s certification error, the full amount of the 2016 state aid allocation was not available to be deposited timely and therefore was not available to pay operating expenses or for investment.

Recommendation: We again recommend that, in the future, plan officials establish adequate internal control procedures, such as having at least 2 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.

CITY OF YORK PENSION TRUST FUND  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

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

Auditor's Conclusion: We are concerned that the city has not complied with the prior audit recommendation and encourage compliance at the earliest opportunity to do so.

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

The supplementary information contained on Pages 9 through 12 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.

SCHEDULES OF CHANGES IN THE NET PENSION  
LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED DECEMBER 31, 2014

POLICE PENSION PLAN

Total Pension Liability	
Service cost	\$ 1,322,853
Interest	6,178,659
Benefit payments, including refunds of member contributions	(3,525,466)
Net Change in Total Pension Liability	3,976,046
Total Pension Liability – Beginning	74,803,022
Total Pension Liability - Ending (a)	\$ 78,779,068
Plan Fiduciary Net Position	
Contributions – employer	\$ 3,491,221
Contribution – member	350,605
Net investment income	1,375,276
Benefit payments, including refunds of member contributions	(3,525,466)
Net Change in Plan Fiduciary Net Position	1,691,636
Plan Fiduciary Net Position – Beginning	50,336,310
Plan Fiduciary Net Position - Ending (b)	\$ 52,027,946
Net Pension Liability - Ending (a-b)	\$ 26,751,122
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.04%
Estimated Covered Employee Payroll	\$ 7,164,627
Net Pension Liability as a Percentage of Covered Employee Payroll	373.38%



CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

FIREFIGHTER’S PENSION PLAN

Total Pension Liability		
Service cost	\$	511,278
Interest		3,604,349
Benefit payments, including refunds of member contributions		(3,590,234)
Net Change in Total Pension Liability		525,393
Total Pension Liability – Beginning		46,338,201
Total Pension Liability - Ending (a)	\$	46,863,594
Plan Fiduciary Net Position		
Contributions – employer	\$	1,537,319
Contribution – member		226,812
Net investment income		514,571
Benefit payments, including refunds of member contributions		(3,590,234)
Net Change in Plan Fiduciary Net Position		(1,311,532)
Plan Fiduciary Net Position - Beginning		28,836,154
Plan Fiduciary Net Position - Ending (b)	\$	27,524,622
Net Pension Liability - Ending (a-b)	\$	19,338,972
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		58.73%
Estimated Covered Employee Payroll	\$	3,705,295
Net Pension Liability as a Percentage of Covered Employee Payroll		521.93%

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

OFFICERS AND EMPLOYEES PENSION PLAN

Total Pension Liability	
Service cost	\$ 616,541
Interest	2,308,475
Benefit payments, including refunds of member contributions	(1,419,365)
Net Change in Total Pension Liability	<u>1,505,651</u>
Total Pension Liability – Beginning	28,949,076
Total Pension Liability - Ending (a)	<u><u>\$ 30,454,727</u></u>
Plan Fiduciary Net Position	
Contributions – employer	\$ 724,531
Contribution – member	159,718
Net investment income	477,956
Benefit payments, including refunds of member contributions	(1,419,365)
Net Change in Plan Fiduciary Net Position	<u>(57,160)</u>
Plan Fiduciary Net Position – Beginning	23,662,202
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 23,605,042</u></u>
Net Pension Liability - Ending (a-b)	<u><u>\$ 6,849,685</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%
Estimated Covered Employee Payroll	\$ 7,283,412
Net Pension Liability as a Percentage of Covered Employee Payroll	94.05%

CITY OF YORK PENSION TRUST 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 city as of December 31, 2014, calculated using the discount rate of 8.0%, 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:

<u>Net Pension Liability</u>	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Police Pension Plan	\$ 36,617,862	\$ 26,751,122	\$ 18,570,561
Firefighter's Pension Plan	\$ 24,306,151	\$ 19,338,972	\$ 15,118,011
Officers and Employees Pension Plan	<u>\$ 10,092,166</u>	<u>\$ 6,849,685</u>	<u>\$ 4,103,349</u>
Total	<u>\$ 71,016,179</u>	<u>\$ 52,939,779</u>	<u>\$ 37,791,921</u>

SCHEDULE OF INVESTMENT RETURNS

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

For ALL Plans (Aggregate Pension Trust Fund)

2014	1.73%
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CITY OF YORK PENSION TRUST 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 205 biennially. The historical information, beginning as of January 1, 2011, is as follows:

POLICE PENSION PLAN

	(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)
01-01-11	\$ 42,073,130	\$ 76,631,555	\$ 34,558,425	54.9%
01-01-13	44,072,678	71,200,977	27,128,299	61.9%
01-01-15	53,378,033	76,406,010	23,027,977	69.9%

The actuarial accrued liability presented is based on the revised January 1, 2013 valuation report submitted by the city (see Comments). The actuarial accrued liability contained in the original January 1, 2013 valuation report was \$83,525,884.

The market values of the plan’s assets at 01-01-11, 01-01-13 and 01-01-15 have been adjusted to reflect the smoothing of gains and/or losses over a 5-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.

CITY OF YORK PENSION TRUST 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 205 biennially. The historical information, beginning as of January 1, 2011, is as follows:

FIREFIGHTER'S PENSION PLAN

	(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)
01-01-11	\$ 26,159,700	\$ 43,362,544	\$ 17,202,844	60.3%
01-01-13	25,983,937	44,675,326	18,691,389	58.2%
01-01-15	28,193,075	53,944,991	25,751,916	52.3%

Note: The market values of the plan's assets at 01-01-11, 01-01-13 and 01-01-15 have been adjusted to reflect the smoothing of gains and/or losses over a 5-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.

CITY OF YORK PENSION TRUST 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 205 biennially. The historical information, beginning as of January 1, 2011, is as follows:

OFFICERS AND EMPLOYEES PENSION PLAN

	(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)
01-01-11	\$ 21,366,032	\$ 24,567,150	\$ 3,201,118	87.0%
01-01-13	20,996,579	27,527,632	6,531,053	76.3%
01-01-15	24,015,037	30,853,331	6,838,294	77.8%

Note: The market values of the plan's assets at 01-01-11, 01-01-13 and 01-01-15 have been adjusted to reflect the smoothing of gains and/or losses over a 5-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.

CITY OF YORK PENSION TRUST 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.

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

POLICE PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	\$ 3,244,829	100.0%
2011	3,842,987	100.0%
2012	3,509,807	100.0%
2013	3,428,955	100.0%
2014	3,491,221	100.0%
2015	None*	N/A

\* See Comments



CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

FIREFIGHTER'S PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	\$ 1,805,385	100.0%
2011	1,972,854	100.0%
2012	1,756,473	100.0%
2013	1,521,930	100.0%
2014	1,537,319	100.0%
2015	2,217,425	100.0%

CITY OF YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

OFFICERS AND EMPLOYEES PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	\$ 376,684	100.0%
2011	759,447	100.0%
2012	762,020	100.0%
2013	757,667	100.0%
2014	724,531	100.0%
2015	1,204,572	100.0%

CITY OF YORK PENSION TRUST 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:

POLICE PENSION PLAN

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	N/A
Asset valuation method	5-year smoothing, plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	2.5% per year postretirement (see Comments). For certain members who retired between 1-1-03 and 1-15-03, 4.0% per year postretirement.

CITY OF YORK PENSION TRUST 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:

FIREFIGHTER'S PENSION PLAN

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	21 years
Asset valuation method	5-year smoothing, plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	Hired pre 1-1-1988 - 5.0% per year postretirement. For certain members who retired between 1-1-03 and 1-15-03, 4.0% per year postretirement.

CITY OF YORK PENSION TRUST 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:

OFFICERS AND EMPLOYEES PENSION PLAN

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	16 years
Asset valuation method	5-year smoothing, plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	None assumed

CITY OF YORK PENSION TRUST FUND  
COMMENTS

COLLECTIVE BARGAINING AGREEMENT PROVISIONS

On December 15, 2014, the City of York entered into a collective bargaining agreement (CBA) with the Fraternal Order of Police for the period January 1, 2015 to December 31, 2018. Among other provisions contained in the agreement, the police pension plan's annual cost of living adjustment (COLA) provision was reduced to 2.5 percent annually, and this provision was made retroactive to January 1, 2013. The previous COLA provision (except for members who retired between January 1 and January 15, 2003) was based on 50 percent of the dollar increase granted to active police officers of the highest pay grade and the assumption used in actuarial valuation reports for COLAs was 5 percent. In addition, the CBA established a normal retirement provision for all police officers hired on or after January 1, 2015, of age 55 with 20 years and 6 months of service. The normal retirement provision for the city's police officers hired prior to January 1, 2015, is age 50 with 20 years and 6 months of service.

The retroactive implementation of the amended COLA provision enabled the City to submit a revised January 1, 2013 actuarial valuation report, and the corresponding actuarial adjustments resulted in the elimination of the police pension plan's MMO payment for the year 2015.

EARNED INCOME TAX

On September 16, 2014, the City of York adopted Ordinance No. 26-2014, which amended the City's codified ordinances at Article 341.04. The ordinance provided for the implementation of a 0.25 percent Act 205 earned income tax on both residents and certain non-city residents who work in the city. The purpose of the tax is to raise revenue to defray costs related to the City's pension plans.

CITY OF YORK PENSION TRUST FUND  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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