LIMITED PROCEDURES ENGAGEMENT

Allegheny County District Attorney Detectives Retirement Fund

Allegheny County, Pennsylvania

For the Period

January 1, 2012 to December 31, 2014

May 2016

Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

COUNCIL 90 AFSCME UNION LABEL

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EUGENE A. DEPASQUALE
AUDITOR GENERAL

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

We conducted a Limited Procedures Engagement (LPE) of the Allegheny County District Attorney Detectives Retirement Fund for the period January 1, 2012 to December 31, 2014 to determine its compliance with applicable provisions of Act 205 of 1984, regulations, contracts, administrative procedures, and local ordinances and policies. We also evaluated compliance with some requirements subsequent to that period when possible. The LPE was conducted pursuant to authority derived from Section 402(j) of the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.) but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The act established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state aid to Pennsylvania's public pension plans. We believe that the evidence obtained provides a reasonable basis to support our LPE results.

Our LPE was limited to determining the following:

- × Whether state aid was properly determined and deposited in accordance with Act 205 requirements by verifying the annual deposit date of state aid and determining whether deposits were made within 30 days of receipt for all years within the engagement period. State aid allocations that were deposited into the pension plan for the years ended December 31, 2009 to December 31, 2014, are presented on the Summary of Deposited State Aid and Employer Contributions.

- × Whether retirement benefits calculated pursuant to the supplemental District Attorney Detectives pension plan for plan members who retired during the engagement period represent payments to all (and only) those entitled to receive them and were properly determined and disbursed in accordance with the plan's governing document, applicable laws and regulations by recalculating the amount of the monthly pension benefit due to the retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients.

Based on the results of our procedures performed during our LPE, nothing came to our attention indicating that the Allegheny County District Attorney Detectives Retirement Fund was not being administered in compliance with applicable provisions of Act 205 of 1984, regulations, contracts, administrative procedures, and local ordinances and policies.

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

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

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

April 20, 2016

EUGENE A. DEPASQUALE
Auditor General

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BACKGROUND

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

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

The supplementary information contained on Pages 2 through 3 reflect 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 YEAR ENDED DECEMBER 31, 2014

Total Pension Liability		
Service cost	$	70,769
Interest		193,610
Difference between expected and actual experience		(23,451)
Benefit payments		(95,546)
Net Change in Total Pension Liability		145,382
Total Pension Liability - Beginning		2,593,855
Total Pension Liability - Ending (a)	$	2,739,237
Plan Fiduciary Net Position		
Contributions – employer	$	216,870
Net investment income		130,065
Benefit payments		(95,546)
Actuarial costs		(7,965)
Other		(20)
Net Change in Plan Fiduciary Net Position		243,404
Plan Fiduciary Net Position - Beginning		2,481,428
Plan Fiduciary Net Position - Ending (b)	$	2,724,832
Net Pension Liability - Ending (a-b)	$	14,405
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		99.47%
Estimated Covered Employee Payroll	$	2,084,970
Net Pension Liability as a Percentage of Covered Employee Payroll		0.69%

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

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

The following presents the net pension liability of the Allegheny County District Attorney Detectives Retirement Fund, calculated using the discount rate of 7.5%, as well as what the Allegheny County District Attorney Detectives Retirement Fund's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	$ 279,646	$ 14,405	$ (212,680)

SCHEDULE OF INVESTMENT RETURNS

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

2014	5.26%

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

SCHEDULE OF FUNDING PROGRESS

Historical trend information about the plan is presented herewith as supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 293 biennially. The historical information, beginning as of January 1, 2010, 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)
01-01-10	$ 1,374,796	$ 1,958,892	$ 584,096	70.2%
01-01-12	1,792,640	2,224,201	431,561	80.6%
01-01-14	2,481,428	2,593,855	112,427	95.7%

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

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

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

SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid	Employer Contributions
2009	$ 150,145	None
2010	168,212	None
2011	291,014	None
2012	193,110	None
2013	217,524	None
2014	216,870	None

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

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

Actuarial valuation date	January 1, 2014
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	2 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	Not disclosed

ALLEGHENY COUNTY DISTRICT ATTORNEY DETECTIVES RETIREMENT FUND
DISTRIBUTION LIST

This letter was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Ms. Jackelyn Weibel
President, Board of Trustees

Mr. Kevin Flanigan
Vice President, Board of Trustees

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