



**CITY OF JOHNSTOWN COMPREHENSIVE  
MUNICIPAL PENSION TRUST FUND**

**CAMBRIA COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2011 TO DECEMBER 31, 2012**

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE AUDITOR GENERAL**



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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

The Honorable Mayor and City Council  
City of Johnstown  
Cambria County  
Johnstown, PA 15901

We have conducted a compliance audit of the City of Johnstown Comprehensive Municipal Pension Trust Fund for the period January 1, 2011 to December 31, 2012. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings 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. Our methodology addressed determinations about the following:

- Whether state aid was properly determined and deposited in accordance with Act 205 requirements.
- Whether employer contributions are determined and deposited in accordance with the plan's governing document and applicable laws and regulations.
- Whether employee contributions are required and, if so, are determined, deducted and deposited into the pension plan and are in accordance with the plan provisions and applicable laws and regulations.

- Whether benefit payments, if any, represent payments to all (and only) those entitled to receive them and are properly determined in accordance with applicable laws and regulations.
- Whether obligations for plan benefits are accurately determined in accordance with plan provisions and based on complete and accurate participant data; and whether actuarial valuation reports are prepared and submitted to the Public Employee Retirement Commission (PERC) in accordance with state law and 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.
- Whether the special ad hoc postretirement adjustment granted to eligible pensioners is in accordance with applicable laws and regulations and whether the ad hoc reimbursement received by the municipality was treated in accordance with applicable laws and regulations.
- Whether refunds are made to eligible members in accordance with the plan provisions and applicable laws and regulations.
- Whether the pension trust fund is in compliance with state regulations for distressed municipalities.

The City of Johnstown 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 Johnstown Comprehensive Municipal 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, 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 tests indicated that, in all significant respects, the City of Johnstown Comprehensive Municipal 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 findings further discussed later in this report:

Police Pension Plan

Finding No. 1 – Noncompliance With Prior Audit Recommendation -  
Provision Of Benefits In Excess Of The Third Class Code

Firemen's Pension Plan

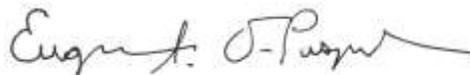
Finding No. 2 – Noncompliance With Prior Audit Recommendation -  
Provision Of Benefits In Excess Of The Third Class Code

As previously noted, one of the objectives of our audit of the City of Johnstown Comprehensive Municipal 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. However, we are extremely concerned about the funded status of the individual plans contained in the respective schedules of funding progress included in this report which indicates **the police pension plan's funded ratio is 52.1%, the non-uniformed pension plan's funded ratio is 56.9%, the firemen's pension plan's funded ratio is 33.7%, and the sewage pension plan's funded ratio is 57.6% as of January 1, 2011, which is the most recent date available. Based on this information, the Public Employee Retirement Commission issued a notification that the city is currently in Level III severe distress status.** We encourage city officials to monitor the funding of the individual pension plans to ensure their long-term financial stability.

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



EUGENE A. DEPASQUALE  
Auditor General

March 5, 2014

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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 Johnstown Comprehensive Municipal Pension Trust Fund is also governed by implementing regulations adopted by the 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 177 - General Local Government Code, Act of December 19, 1996 (P.L. 1158, No. 177), as amended, 53 Pa.C.S. § 101 et seq.

Act 317 - The Third Class City Code, Act of June 23, 1931 (P.L. 932, No. 317), as amended, 53 P.S. § 35101 et seq.

The City of Johnstown Comprehensive Municipal Pension Trust Fund is the aggregation of the city's municipal pension plans pursuant to Section 607(b) of Act 205. The police pension plan, non-uniformed pension plan, fireman's pension plan, and Bureau of Sewage pension plan are locally controlled by the provisions of Ordinance Nos. 3785 (police), 4440 (non-uniformed), 2752 (firemen) and 4443 (sewage), as amended. The plans are also affected by the provisions of collective bargaining agreements between the city and its police officers, non-uniformed employees, firefighters, and Bureau of Sewage employees. The police pension plan was established December 29, 1959, the non-uniformed pension plan was established January 1, 1971, the firemen's pension plan was established June 17, 1948, and Bureau of Sewage pension plan was established January 1, 1971. As of December 31, 2012, the police pension plan had 38 active members, 4 terminated members eligible for vested benefits in the future and 87 retirees receiving pension benefits from the plan. The non-uniformed pension plan had 51 active members, 2 terminated members eligible for vested benefits in the future and 70 retirees receiving pension benefits from the plan.

## **BACKGROUND – (Continued)**

The fireman's pension plan had 34 active members, 1 terminated member eligible for a vested benefit in the future and 76 retirees receiving pension benefits from the plan. The Bureau of Sewage pension plan had 16 active members, 2 terminated members eligible for vested benefits in the future and 12 retirees receiving pension benefits from the plan.

### POLICE PENSION PLAN

As of December 31, 2012, selected plan benefit provisions are as follows:

#### Eligibility Requirements:

Normal Retirement	Age 50 plus 1 day, and 20 years of service. If hired prior to January 1, 1989, 20 years of service.
Early Retirement	None
Vesting	100% after 12 years of service (See Finding No. 1).

#### Retirement Benefit:

A monthly benefit equal to 50% of the greater of final monthly pay or monthly average of highest 5 years of pay, plus a service increment of 1/40 of pension for each year of service completed in excess of 20 years, excluding service beyond age 65. Maximum service increment is \$500. Minimum total benefit is \$400.

#### Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions, without interest.
After Retirement Eligibility	A monthly benefit equal to 100% of the pension the member was receiving or was entitled to receive until death or remarriage, at which time the benefit will be divided equally among the participant's children under age 18.

#### Service Related Disability Benefit:

Upon total and permanent disablement after 10 years of service the participant will receive the pension entitlement.

#### Non-Service Related Disability Benefit:

Upon total and permanent disablement after 15 years of service the participant will receive the pension entitlement.

## **BACKGROUND – (Continued)**

### NON-UNIFORMED PENSION PLAN

As of December 31, 2012, selected plan benefit provisions are as follows:

#### Eligibility Requirements:

Normal Retirement	Age 55 and 20 years of service.
Early Retirement	None
Vesting	100% after 12 years of service.

#### Retirement Benefit:

50% of the greater of final 24 months average total salary or highest 60-month average of total salary, less 40% of primary Social Security benefit for employees hired before January 1, 1988; or 50% of primary Social Security benefit for employees hired on or after January 1, 1988. Employees who retire after age 55 will receive an additional 1% of average salary for each year of service in excess of 20 years, up to a maximum increment of 20% of salary.

#### Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions, without interest.
After Retirement Eligibility	The retirement benefits payable as a life annuity.

#### Service Related Disability Benefit:

Upon total and permanent disablement after the completion of 10 years of service a participant will receive the retirement benefit with no offset for Social Security benefits.

#### Non-Service Related Disability Benefit:

Same as service related.

## **BACKGROUND – (Continued)**

### FIREMEN'S PENSION PLAN

As of December 31, 2012, selected plan benefit provisions are as follows:

#### Eligibility Requirements:

Normal Retirement	Completion of 20 years of service.
Early Retirement	None
Vesting	100% after 12 years of service (See Finding No. 2).

#### Retirement Benefit:

A monthly benefit equal to 50% of the greater of final monthly base and longevity pay or monthly base and longevity pay averaged over the of highest 5 years, plus a service increment of 1/40 of pension for each year of service completed in excess of 20 years, excluding service beyond age 65. Maximum service increment is \$500.

#### Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions, without interest.
After Retirement Eligibility	A monthly benefit equal to 100% of the pension the member was receiving or was entitled to receive. If surviving spouse dies, the benefit will be paid to the participant's children under age 18, if any.

#### Service Related Disability Benefit:

Normal retirement benefit is payable.

#### Non-Service Related Disability Benefit:

If a participant is totally and permanently disabled after 15 years of service the normal retirement benefit is payable.

## **BACKGROUND – (Continued)**

### SEWAGE PENSION PLAN

As of December 31, 2012, selected plan benefit provisions are as follows:

#### Eligibility Requirements:

Normal Retirement	Age 65
Early Retirement	Age 60 and 15 years of service.
Vesting	Participants hired prior to January 1, 1988 - 50% after 5 years of service, 75% after 10 years of service and 100% after 15 years of service. Participants hired on or after January 1, 1988 - 100% after 15 years of service.

#### Retirement Benefit:

For participants hired before January 1, 1988; a monthly benefit of 1% average compensation plus 1/2 of 1% of average compensation in excess of \$1,000, multiplied by years and completed months of service to a maximum of 40 years. For participants hired on or after January 1, 1988; a monthly benefit equal to 1% of average compensation multiplied by years of service to a maximum of 40 years.

#### Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions, without interest.
After Retirement Eligibility	Life annuity or participant may select at retirement an actuarial equivalent of the normal form.

#### Service Related Disability Benefit:

Side fund accumulated reserves are payable upon permanent incapacity to perform duties of employment.

#### Non-Service Related Disability Benefit:

Same as service related.

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
STATUS OF PRIOR FINDINGS

Noncompliance With Prior Audit Recommendations

The City of Johnstown has not complied with the prior audit recommendations concerning the following as further discussed in the Findings and Recommendations section of this report:

Police Pension Plan

- Provision Of Benefits In Excess Of The Third Class City Code

Firemen's Pension Plan

- Provision Of Benefits In Excess Of The Third Class City Code

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

Police Pension Plan

**Finding No.1 – Noncompliance With Prior Audit Recommendation – Provision Of Benefits  
In Excess Of The Third Class City Code**

Condition: As disclosed in the prior audit report, the city adopted a home rule charter pursuant to the Home Rule Charter and Optional Plans Law, 53 Pa. C.S. § 2901 et seq. (previously 53 P.S. § 1-101 et seq.). Our audit of the police pension plan has determined that the city continues to provide benefits to its police officers in excess of the restrictions found in the Third Class City Code. The specific inconsistency is as follows:

Benefit	Governing Document	Third Class City Code
Vesting	Ordinance No. 4460 provides that any member who shall have served for twelve (12) years, or more, but less than twenty (20) years, and shall not have attained the age of fifty (50) years, and whose tenure of office or employment shall be terminated with, or without his voluntary action before the expiration of twenty (20) years of service, shall, in such event, during the remainder of his life, after attaining the age of fifty (50) years, be entitled to receive such portion of full pension benefits as the period of his service up to date of his termination bears to the full twenty (20) year period of service.	Section 4302.1 provides that should a member of the police pension fund, before completing the minimum age and minimum period of continuous service requirements but after having completed twelve years of full-time service, the member shall be entitled to vest his or her retirement benefits. The benefits due the member shall be determined by applying to the base amount the percentage that his or her years of service actually rendered bears to the years of service which would have been rendered <u>had the member continued to be employed by the department until his or her minimum retirement date.</u> (Emphasis added)

Therefore, the Third Class City Code dictates that a vested benefit must be determined based on the number of years required for a superannuation retirement, which would be age 50 and 20 years of service. The vesting provision contained in the plan’s governing document could result in the payment of a vested pension benefit greater than what is authorized by the Third Class City Code.

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Police Pension Plan – (Continued)**

**Finding No. 1 – (Continued)**

Criteria: On January 24, 2001, the Commonwealth Court of Pennsylvania issued its opinion in *Municipality of Monroeville v. Monroeville Police Department Wage Policy Committee*. Therein, the court held that Section 2962(c)(5) of the Home Rule Charter and Optional Plans Law, 53 Pa. C.S. § 2962(c)(5), “clearly precludes home rule municipalities from providing pension benefits different from those prescribed in general law including Act 600.” The court’s holding was in accord with the position taken by this department since at least January 1995.

Cause: City officials failed to establish adequate internal controls to ensure compliance with the prior audit recommendation.

Effect: The provision of excess benefits increases the plan’s pension costs and reduces the amount of funds available for investment purposes or the payment of authorized benefits or administrative expenses. Although the city did not receive any excess state aid allocations during current audit period attributable to the excess benefits provided, the provision of excess benefits could result in the receipt of excess state aid in the future and could increase required municipal contributions to the plan.

Recommendation: We again recommend that the city restrict pension benefits to those authorized by the Third Class City Code for all employees who began full-time employment on or after January 24, 2001 (the date *Monroeville* was issued) upon the renewal, extension, or renegotiation of the collective bargaining agreement. To the extent that the city is not in compliance with the Third Class City Code and/or is contractually obligated to provide benefits in excess of those authorized by the Third Class City Code to employees who began employment on or after January 24, 2001, the excess benefits must be reflected in the Act 205 actuarial valuation reports for the plan and funded in accordance with Act 205 funding standards. Furthermore, such benefits will be deemed ineligible for funding with state pension aid. In such case, the plan’s actuary may be required to determine the impact, if any, of the unauthorized benefits on the city’s future state aid allocations and submit this information to the Department.

Management’s Response: City officials agreed with the finding without exception. In a letter dated November 13, 2013, city officials stated they are working with the collective bargaining units to initiate new retirement plans that comply with the Third Class City Code. The police bargaining unit has been provided with an alternative new hire plan and the city is awaiting confirmation of acceptance.

Auditor’s Conclusion: Compliance will be subject to verification through our next audit.

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Firemen’s Pension Plan**

**Finding No.2 – Noncompliance With Prior Audit Recommendation – Provision Of Benefits In Excess Of The Third Class City Code**

Condition: As disclosed in the prior audit report, the city adopted a home rule charter pursuant to the Home Rule Charter and Optional Plans Law, 53 Pa. C.S. § 2901 et seq. (previously 53 P.S. § 1-101 et seq.). Our audit of the firemen’s pension plan has determined that the city continues to provide benefits to its firefighters in excess of the restrictions found in the Third Class City Code. The specific inconsistency is as follows:

Benefit	Governing Document/Collective Bargaining Agreement (CBA)	Third Class City Code
Survivor’s Benefit	Ordinance No. 4928 states when a member who is active or who is eligible to receive or is receiving pension benefits dies, the spouse of the deceased member, or, if no spouse survives or if the spouse survives and subsequently dies or remarries, then the children, under age eighteen of the deceased member, shall, during the spouse’s lifetime or so long as the spouse does not remarry, in the case of the spouse, or until reaching age eighteen, in the case of children, receive a monthly pension equal to fifty percent of the amount which the member was receiving or would have received prior to his or her death.	Upon the death of a member who retires on pension or is killed in the service on or after January 1, 1960, or who dies in the service on or after January 1, 1968, payments as hereinafter provided shall be made to the member’s surviving spouse <u>during the life of the spouse.</u> (Emphasis added)

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Firemen’s Pension Plan – (Continued)**

**Finding No. 2 – (Continued)**

<u>Benefit</u>	<u>Governing Document/Collective Bargaining Agreement (CBA)</u>	<u>Third Class City Code</u>
Vesting Benefit	The collective bargaining agreement provides for a benefit after 12 years of service, but before reaching 20 years of service, a benefit upon reaching age 50 will be determined utilizing a fraction with the years of service as the numerator and 20 as the denominator.	The portion of the base retirement benefits due to the member shall be determined by applying to the base amount the percentage that his or her years of service actually rendered bears to the years of service which would have been rendered <u>had the member continued to be employed by the department until his or her minimum retirement date.</u> (Emphasis added)

Therefore, the Third Class City Code does not authorize survivor benefits for minors under 18 years of age and provides for a lifetime benefit to be paid to a surviving spouse, even if remarried. Furthermore, the Third Class City Code dictates that a vested benefit must be determined based on the number of years required for a superannuation retirement, which would be age 50 and 20 years of service. The vesting provision contained in the plan’s governing document and CBA could result in the payment of a vested pension benefit greater than what is authorized by the Third Class City Code.

Criteria: On January 24, 2001, the Commonwealth Court of Pennsylvania issued its opinion in *Municipality of Monroeville v. Monroeville Police Department Wage Policy Committee*. Therein, the court held that Section 2962(c)(5) of the Home Rule Charter and Optional Plans Law, 53 Pa. C.S. § 2962(c)(5), “clearly precludes home rule municipalities from providing pension benefits different from those prescribed in general law including Act 600.” The court’s holding was in accord with the position taken by this department since at least January 1995.

Cause: City officials failed to establish adequate internal controls to ensure compliance with the prior audit recommendation.

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

**Firemen's Pension Plan**

**Finding No. 2 – (Continued)**

Effect: The provision of excess benefits increases the plan's pension costs and reduces the amount of funds available for investment purposes or the payment of authorized benefits or administrative expenses. Although the city did not receive any excess state aid allocations during the current audit period attributable to the excess benefits provided, the provision of excess benefits could result in the receipt of excess state aid in the future and could increase required municipal contributions to the plan.

Recommendation: We again recommend that the city restrict pension benefits to those authorized by the Third Class City Code for all employees who began full-time employment on or after January 24, 2001 (the date *Monroeville* was issued) upon the renewal, extension, or renegotiation of the collective bargaining agreement. To the extent that the city is not in compliance with the Third Class City Code and/or is contractually obligated to provide benefits in excess of those authorized by the Third Class City Code to employees who began employment on or after January 24, 2001, the excess benefits must be reflected in the Act 205 actuarial valuation reports for the plan and funded in accordance with Act 205 funding standards. Furthermore, such benefits will be deemed ineligible for funding with state pension aid. In such case, the plan's actuary may be required to determine the impact, if any, of the unauthorized benefits on the city's future state aid allocations and submit this information to the Department.

Management's Response: City officials agreed with the finding without exception. In a letter dated November 13, 2013, city officials stated they are working with the collective bargaining units to initiate new retirement plans that comply with the Third Class City Code. The firefighters' bargaining unit has been provided with an alternative new hire plan and the city is awaiting confirmation of acceptance.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL 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, 2007, is as follows:

POLICE PENSION PLAN

	(1)	(2)	(3)	(4)	(5)	(6)
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)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)]
01-01-07	\$ 8,467,867	\$ 16,156,328	\$ 7,688,461	52.4%	\$ 2,206,596	348.4%
01-01-09	8,476,376	15,637,754	7,161,378	54.2%	2,286,757	313.2%
01-01-11	8,932,609	17,128,946	8,196,337	52.1%	1,932,255	424.2%

Note: The market values of the plan's assets at 01-01-07, 01-01-09 and 01-01-11, have been adjusted to reflect the smoothing of gains and/or losses over a 4-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 JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS – (Continued)

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, 2007, is as follows:

NON-UNIFORMED PENSION PLAN

	(1)	(2)	(3)	(4)	(5)	(6)
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)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)]
01-01-07	\$ 6,786,884	\$ 10,334,783	\$ 3,547,899	65.7%	\$ 2,262,820	156.8%
01-01-09	6,415,808	10,271,309	3,855,501	62.5%	1,927,105	200.1%
01-01-11	6,415,222	11,266,453	4,851,231	56.9%	1,594,905	304.2%

Note: The market values of the plan’s assets at 01-01-07, 01-01-09 and 01-01-11, have been adjusted to reflect the smoothing of gains and/or losses over a 4-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 JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS – (Continued)

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, 2007, is as follows:

FIREMEN’S PENSION PLAN

	(1)	(2)	(3)	(4)	(5)	(6)
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)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)]
01-01-07	\$ 4,989,578	\$ 12,844,481	\$ 7,854,903	38.8%	\$ 1,755,434	447.5%
01-01-09	4,804,658	13,982,728	9,178,070	34.4%	1,969,482	466.0%
01-01-11	5,283,656	15,686,268	10,402,612	33.7%	1,935,422	537.5%

Note: The market values of the plan’s assets at 01-01-07, 01-01-09 and 01-01-11, have been adjusted to reflect the smoothing of gains and/or losses over a 4-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 JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS – (Continued)

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, 2007, is as follows:

SEWAGE PENSION PLAN

	(1)	(2)	(3)	(4)	(5)	(6)
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)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)]
01-01-07	\$ 1,360,878	\$ 1,930,186	\$ 569,308	70.5%	\$ 644,518	88.3%
01-01-09	1,275,978	1,985,789	709,811	64.3%	692,720	102.5%
01-01-11	1,282,825	2,227,223	944,398	57.6%	802,316	117.7%

Note: The market value of the plan’s assets at 01-01-07, 01-01-09 and 01-01-11, have been adjusted to reflect the smoothing of gains and/or losses over a 4-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 JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
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(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.

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll (Column 6) approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. When assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL 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
2007	\$ 959,259	100.0%
2008	973,574	107.3%
2009	956,983	100.0%
2010	895,678	100.0%
2011	730,186	100.0%
2012	734,159	100.0%

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

NON-UNIFORMED PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2007	\$ 464,286	100.0%
2008	480,867	100.0%
2009	470,225	100.0%
2010	465,121	100.0%
2011	332,403	100.0%
2012	382,308	100.0%

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

FIREMEN'S PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2007	\$ 864,637	100.0%
2008	933,861	100.0%
2009	981,837	100.0%
2010	1,154,902	100.0%
2011	938,509	100.0%
2012	899,390	100.0%

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
AND OTHER CONTRIBUTING ENTITIES

SEWAGE PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2007	\$ 111,015	100.0%
2008	105,244	100.0%
2009	113,332	100.0%
2010	92,149	100.0%
2011	91,103	100.0%
2012	96,693	100.0%

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

POLICE PENSION PLAN

The information presented in the required 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, 2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years (aggregate)
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases *	5.0%

\* Includes inflation at 3.0%

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
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(UNAUDITED)

NON-UNIFORMED PENSION PLAN

The information presented in the required 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, 2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	14 years (aggregate)
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases *	5.0%

\* Includes inflation at 3.0%

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

FIREMEN'S PENSION PLAN

The information presented in the required 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, 2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	15 years (aggregate)
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases *	5.0%

\* Includes inflation at 3.0%

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
NOTES TO SUPPLEMENTARY SCHEDULES  
(UNAUDITED)

SEWAGE PENSION PLAN

The information presented in the required 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, 2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	34 years (aggregate)
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases *	5.0%

\* Includes inflation at 3.0%

CITY OF JOHNSTOWN COMPREHENSIVE MUNICIPAL PENSION TRUST FUND  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania

City of Johnstown Comprehensive Municipal Pension Trust Fund  
Cambria County  
401 Main Street  
Johnstown, PA 15901

The Honorable Thomas Trigona	Mayor
Ms. Kristen Denne	City Manager
Mr. Carlos Gunby	Finance Director

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