

COMPLIANCE AUDIT

City of York Pension Trust Fund York County, Pennsylvania For the Period January 1, 2012 to December 31, 2013

March 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

The Honorable C. Kim Bracey
Mayor, City Of York
The Honorable York City Council
P.O. Box 509
York, PA 17405

Dear Mayor Bracey and City Council:

We have conducted a compliance audit of the City of York Pension Trust Fund for the period January 1, 2012 to December 31, 2013. We also evaluated compliance with some requirements for the year 2014 where 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 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. To determine if municipal officials took appropriate corrective action to address the findings contained in our prior audit report, we inquired of plan officials and evaluated supporting documentation provided by officials evidencing that the suggested corrective action has been appropriately taken. To determine whether the pension 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 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 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 plan's governing document and applicable laws and regulations by testing 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 plans.
- We determined whether retirement benefits calculated for all 30 of the plan members who retired and all 19 employees 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 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 determined whether the January 1, 2011 and January 1, 2013 actuarial valuation reports were prepared and submitted to the Public Employee Retirement Commission (PERC) by March 31, 2012 and 2014, 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.

The City of York 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 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 tests 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 findings further discussed later in this report:

Finding No. 1 – Partial Compliance With Prior Audit Recommendation – Failure To Fully Pay The Minimum Municipal Obligation Of The Plans

Finding No. 2 – Partial Compliance With Prior Audit Recommendation - Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

The findings contained in this audit report repeat conditions that were cited in our previous audit report that have been partially corrected by city officials. We are concerned by the city’s failure to fully correct those previously reported audit findings and strongly encourage timely implementation of the recommendations 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 bill 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, 2013, actuarial valuation reports filed with the 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>Actual Accrued Liability</u>	<u>Funding Ratio</u>
\$ 91,053,194	\$ 155,728,842	58.5%

Based on this information, PERC issued a notification that the City of York is currently in Level II moderate distress status. **We are extremely concerned about the funded status of the city's pension plans, particularly the police and firefighter's pension plans which are 52.8% and 58.2% funded, respectively,** and we strongly encourage city officials to monitor the funding of its pension plans to ensure their long-term financial stability.

City officials in their fiduciary capacity must ensure that fiscally responsible decisions are made 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 municipal employees. As noted in Finding No. 1 contained in this audit report, it is clear that the City of York continues to face serious financial difficulties that city officials must address.

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.



Eugene A. DePasquale
Auditor General

March 18, 2015

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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 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, firefighters and officers and employees' pension plans. The police, firefighters and officers and employees' pension plans are single-employer defined benefit pension plans locally controlled by the provisions of Article 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.

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, 2013, the plan had 103 active members, 10 terminated members eligible for vested benefits in the future, and 111 retirees receiving pension benefits from the plan.

BACKGROUND – (Continued)

The firefighter's plan was established April 1, 1947. Active members are required to contribute 5 percent of base salary plus \$1 per month to the plan. As of December 31, 2013, the plan had 59 active members, 4 terminated members eligible for vested benefits in the future and 88 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, 2013, the plan had 176 active members, 33 terminated members eligible for vested benefits in the future and 109 retirees receiving pension benefits from the plan.

BACKGROUND – (Continued)

POLICE PENSION PLAN

As of December 31, 2013, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Age 50 and 20.5 years of service.
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 \$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 time of disability plus 2% of salary for each year of service in excess of 10, up to a maximum of 50% salary, less workers compensation benefits.

BACKGROUND – (Continued)

FIREFIGHTER’S PENSION PLAN

As of December 31, 2013, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Hired pre 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	None

Retirement Benefit:

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

Hired after 1-1-1988: 52% of final salary or the 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 pension 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 per 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, 2013, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Hired pre 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 pre 1-1-1978: None Hired after 1-1-1978: Age 55 and 5 years of service.
Vesting	Hired pre 1-1-1978: 100% after 12 years of service. Hired after 1-1-1978: 100% after 5 years of service.

Retirement Benefit:

Hired pre 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 year 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 Available for a member who has been married for at least 1 year and is eligible for early retirement, if no spouse, then to a dependent under the age of 18 equal to 50% of the pension the member would have been receiving had they been retired.

Disability Benefit:

Hired pre 1-1-1978: Before age 55 and after 15 years of service – 50% of pay less worker's compensation.

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 Recommendations

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

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

The city paid the outstanding 2011 minimum municipal obligation (MMO) balances due to the pension plans in accordance with Act 205 requirements. However, the city did not fully pay the 2013 MMO of the police pension plan and the 2014 MMO of the firefighter's pension plan and did not pay the 2014 MMO of the police pension plan as disclosed in Finding No. 1 of this report.

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

During the current audit period, the city reimbursed \$64,262 to the Commonwealth for overpayments of state aid received in 2011 and 2012. However, plan officials failed to comply with instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data in the year 2013 as disclosed in Finding No. 2 of this report.

CITY OF YORK PENSION TRUST FUND
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Partial Compliance With Prior Audit Recommendation – Failure To Fully Pay The Minimum Municipal Obligation Of The Plans

Condition: As disclosed in the Status of Prior Findings section of this report, the city paid the outstanding MMO balances due to the pension plans for the year 2011 in accordance with Act 205 requirements. However, based upon the records provided by the city, the city did not fully pay the 2013 MMO of the police pension plan and the 2014 MMO of the firefighter’s pension plan and did not pay the 2014 MMO of the police pension plan. Consequently, the city has unpaid MMO balances of \$437,901 and \$3,689,168 for the years 2013 and 2014 respectively, as illustrated below:

<u>2013</u>			
<u>Plan</u>	<u>MMO Due</u>	<u>MMO Paid</u>	<u>MMO Outstanding</u>
Police	\$ 3,428,955	\$ 2,991,054	\$ 437,901
<u>2014</u>			
<u>Plan</u>	<u>MMO Due</u>	<u>MMO Paid</u>	<u>MMO Outstanding</u>
Police	\$ 3,491,221	-	\$ 3,491,221
Firefighter’s	1,537,319	1,339,372	<u>197,947</u>
Total 2014 MMO outstanding			<u>\$ 3,689,168</u>

In addition, pursuant to Act 205 requirements, interest continues to accumulate on any unpaid MMO balances until they are fully paid.

CITY OF YORK PENSION TRUST FUND
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

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: The city does not have adequate financial resources to timely pay their Act 205 MMO financial requirements.

Effect: The failure to fully pay the MMOs could result in the plans not having adequate funds to meet current and future benefit obligations to their members.

In addition, due to the city's failure to fully pay the 2013 and 2014 MMOs by the respective December 31 deadline, the city must add the unpaid MMO balances to the current year's MMOs and include interest based on the 8 percent actuarial assumptions used by the city, as required by Act 205. Furthermore, the city's future state aid allocations may be withheld until the finding recommendation is complied with.

CITY OF YORK PENSION TRUST FUND
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - (Continued)

Recommendation: We recommend that the city pay the outstanding MMOs due to the police and firefighters' pension plans for the years 2013 and 2014, with interest, in accordance with Section 302(e) of Act 205. A copy of the interest calculation must be submitted to this Department along with the evidence of payment.

Furthermore, we again recommend that in the future, plan officials timely pay the full MMOs due to the plans in accordance with Act 205 requirements.

Management's Response: Management is aware that the MMO payments are not current. This is due to the City not having the funds to make the timely payments. The City is currently funding the retirees' pension payroll each month, which is considered payment towards the MMO. Payments are funded on the 15th and 30th of the month for the Officer's and Employee's Pension Plan and the Police Pension Plan; and the 19th of the month for the Firefighter's Pension Plan. Officials indicated that continued efforts are being made to be able to make the necessary MMO payments within the year the payments are due and the city is making progress with the goal to be current with the MMO payments for the 3 pension funds at year end 2015.

Auditor's Conclusion: Compliance will be evaluated subsequent to the release of the audit report and during our next audit of the plan.

Finding No. 2 - Partial Compliance With Prior Audit Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

Condition: As disclosed in the Status of Prior Findings section of this report, the city reimbursed \$64,262 to the Commonwealth for overpayments of state aid received in 2011 and 2012 due to Certification Form AG 385 errors. However, plan officials failed to comply with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data in the year 2013.

The city failed to certify 1 eligible police employee (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.

CITY OF YORK PENSION TRUST FUND
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - (continued)

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.

Effect: The data submitted on these certification forms are used, in part, to calculate the state aid due to the municipality for distribution to its pension plans. Because the city's state aid allocations were based on unit value, the city received an underpayment of state aid of \$23,304 as identified below:

<u>Year</u>	<u>Type Of Plan</u>	<u>Units Overstated (Understated)</u>	<u>Unit Value</u>	<u>State Aid Overpayment (Underpayment)</u>
2013	Police	(2)	\$ 3,884	\$ (7,768)
	Officer and Employees	(6)	3,884	(23,304)
	Firefighter's	2	3,884	7,768
Total Underpayment of State Aid				<u>\$ (23,304)</u>

Although the city will be reimbursed for the underpayment of state aid due to the city's certification errors, the full amount of the 2013 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.

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

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

CITY OF YORK PENSION TRUST FUND
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding such as that reported by Finding No. 1 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action will not be considered if sufficient written documentation is provided to verify compliance with this department's recommendation. Such documentation should be submitted to: Department of the Auditor General, Bureau of Municipal Pension & Liquor Control Audits, 316-D Finance Building, Harrisburg, PA 17120.

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, 2009, 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)]
01-01-09	\$ 36,453,921	\$ 71,734,278	\$ 35,280,357	50.8%	\$ 6,218,166	567.4%
01-01-11	42,073,130	76,631,555	34,558,425	54.9%	6,250,388	552.9%
01-01-13	44,072,678	83,525,884	39,453,206	52.8%	6,986,665	564.7%

Note: The market values of the plan's assets at 01-01-09, 01-01-11 and 01-01-13 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, 2009, is as follows:

FIREFIGHTER'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)]
01-01-09	\$ 23,246,959	\$ 42,684,783	\$ 19,437,824	54.5%	\$ 3,800,645	511.4%
01-01-11	26,159,700	43,362,544	17,202,844	60.3%	3,869,316	444.6%
01-01-13	25,983,937	44,675,326	18,691,389	58.2%	3,487,640	535.9%

Note: The market values of the plan's assets at 01-01-09, 01-01-11 and 01-01-13 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, 2009, is as follows:

OFFICERS AND EMPLOYEES 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)]
01-01-09	\$ 19,756,874	\$ 22,301,395	\$ 2,544,521	88.6%	\$ 7,387,463	34.4%
01-01-11	21,366,032	24,567,150	3,201,118	87.0%	7,600,411	42.1%
01-01-13	20,996,579	27,527,632	6,531,053	76.3%	7,459,574	87.6%

Note: The market values of the plan's assets at 01-01-09, 01-01-11 and 01-01-13 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.

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 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
2008	\$ 3,052,400	100.0%
2009	3,120,389	100.0%
2010	3,244,829	100.0%
2011	3,842,987	100.0%
2012	3,509,807	100.0%
2013	3,428,955	82.6%*

* See Finding No. 1 contained in the Findings and Recommendations section of this report.

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
2008	\$ 1,681,387	100.0%
2009	1,785,031	100.0%
2010	1,805,385	100.0%
2011	1,972,854	100.0%
2012	1,756,473	100.0%
2013	1,521,930	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
2008	\$ 335,270	100.0%
2009	344,088	100.0%
2010	376,684	100.0%
2011	759,447	100.0%
2012	762,020	100.0%
2013	757,667	100.0%

CITY OF YORK PENSION TRUST FUND
 SUPPLEMENTARY INFORMATION
 NOTES TO SUPPLEMENTARY SCHEDULES
 (UNAUDITED)

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:

POLICE PENSION PLAN

Actuarial valuation date	January 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	29 years
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	5.0% per year, for certain members who retired between 1-1-03 and 1-15-03, 4.0% per year postretirement.

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FIREFIGHTER'S PENSION PLAN

Actuarial valuation date	January 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	26 years
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%
Cost-of-living adjustments	5.0% per year hired pre 1-1-1998, for certain members who retired between 1-1-03 and 1-15-03, 4.0% per year post retirement.

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OFFICERS AND EMPLOYEES PENSION PLAN

Actuarial valuation date	January 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	19 years
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 120% of the 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
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

City of York Pension Trust Fund
York County
101 South George Street
P.O. Box 509
York, PA 17405

The Honorable C. Kim Bracey	Mayor
Ms. Carol Hill Evans	Council President
Mr. Michael Doweary	Interim Business Administrator
Ms. Cherie Alwine	Deputy Director of Finance

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