

# LIMITED PROCEDURES ENGAGEMENT

---

## Burnside Township Non-Uniformed Pension Plan Clearfield County, Pennsylvania For the Period January 1, 2015 to December 31, 2017

---

December 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen  
www.PaAuditor.gov

EUGENE A. DePASQUALE  
AUDITOR GENERAL

Board of Township Supervisors  
Burnside Township  
Clearfield County  
Westover, PA 16692

We conducted a Limited Procedures Engagement (LPE) of the Burnside Township Non-Uniformed Pension Plan for the period January 1, 2015 to December 31, 2017 to determine its compliance with applicable state laws, 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. During the period January 1, 2015 to December 31, 2017, the township did not receive an allocation of state aid as presented on the Summary of Deposited State Aid and Employer Contributions.
- Whether annual employer contributions were calculated and deposited in accordance with the plan's governing document and applicable laws and regulations by examining the municipality's calculation of the plan's annual financial requirements and minimum municipal obligation (MMO) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plan as evidenced by supporting documentation. Employer contributions that were deposited into the pension plan for the years ended December 31, 2012 to December 31, 2017, are presented on the Summary of Deposited State Aid and Employer Contributions.

- Whether the January 1, 2015 and January 1, 2017 actuarial valuation reports were prepared and submitted by March 31, 2016 and 2018, respectively, in accordance with Act 205 and whether selected information provided on these reports is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.
- We determined whether refunds made to plan members were authorized in accordance with plan provisions and applicable laws and regulations.


Based on the results of our procedures performed during our LPE, nothing came to our attention indicating that the Burnside Township Non-Uniformed Pension Plan was not being administered in compliance with applicable state laws, 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 township 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 report were discussed with officials of Burnside Township and, where appropriate, their responses have been included in this report. We would like to thank township officials for the cooperation extended to us during the conduct of this LPE.

December 17, 2018

  
EUGENE A. DEPASQUALE  
Auditor General

## CONTENTS

	<u>Page</u>
Supplementary Information .....	1
Summary of Deposited State Aid and Employer Contributions .....	3
Report Distribution List .....	4

BURNSIDE TOWNSHIP NON-UNIFORMED PENSION PLAN  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

The supplementary information contained on Pages 1 and 2 reflects the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans*. The objective of this statement is to improve financial reporting by state and local governmental pension plans.

SCHEDULE OF CHANGES IN THE NET PENSION  
LIABILITY AND RELATED RATIOS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015, AND 2016

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 384	\$ 870	\$ 300
Interest (includes interest on service cost)	368	95	91
Difference between expected and actual experience	-	-	(124)
Benefit payments, including refunds of member contributions	(6,975)	-	(618)
Net Change in Total Pension Liability	<u>(6,223)</u>	<u>965</u>	<u>(351)</u>
Total Pension Liability - Beginning	7,448	1,225	2,190
Total Pension Liability - Ending (a)	<u>\$ 1,225</u>	<u>\$ 2,190</u>	<u>\$ 1,839</u>
 Plan Fiduciary Net Position			
Contributions- employer*	\$ 40	\$ -	\$ -
Contributions - PMRS assessment	-	40	40
Contributions-employee	-	545	51
PMRS Investment income	568	283	282
Market value investment income	65	(326)	154
Benefit payments, including refunds of member contributions	(6,975)	-	(618)
PMRS Administrative expense	(40)	(60)	(40)
Additional Administrative expense	(22)	(12)	(14)
Net Change in Plan Fiduciary Net Position	<u>(6,364)</u>	<u>470</u>	<u>(145)</u>
Plan Fiduciary Net Position - Beginning	11,149	4,785	5,255
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,785</u>	<u>\$ 5,255</u>	<u>\$ 5,110</u>
 Net Pension Liability - Ending (a-b)	<u>\$ (3,560)</u>	<u>\$ (3,065)</u>	<u>\$ (3,271)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	390.61%	239.95%	277.87%
 Estimated Covered Employee Payroll	\$ 10,650	\$ 16,250	\$ 12,413
 Net Pension Liability as a Percentage of Covered Employee Payroll	(33.43%)	(18.86%)	(26.35%)

\* Employer contributions do not include terminated employee forfeitures.

BURNSIDE TOWNSHIP NON-UNIFORMED PENSION PLAN  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

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

The following presents the net pension liability of the township as of December 31, 2014 and 2015, calculated using the discount rate of 5.5%, as well as what the township'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 (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net Pension Liability - 12/31/14	\$ (3,315)	\$ (3,560)	\$ (3,805)
Net Pension Liability - 12/31/15	\$ (2,627)	\$ (3,065)	\$ (3,503)

In addition, the following presents the net pension liability of the township as of December 31, 2016, calculated using the discount rate of 5.25%, as well as what the township'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 (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension Liability	\$ (2,903)	\$ (3,271)	\$ (3,639)

BURNSIDE TOWNSHIP NON-UNIFORMED PENSION PLAN  
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid	Employer Contributions
2012	None	\$ 428
2013	None	None
2014	None	None
2015	None	None
2016	None	None
2017	None	None

Note: In 2013, the township met the plan's \$455 funding requirement through the deposit of \$455 in terminated employee forfeitures.

In 2014, the township met the plan's \$424 funding requirement through the deposit of \$424 in terminated employee forfeitures.

In 2015, the township met the plan's \$365 funding requirement through the deposit of \$365 in terminated employee forfeitures.

In 2016 the township met the plan's \$288 funding requirement through the deposit of \$288 in terminated employee forfeitures.

In 2017 the township met the plan's \$260 funding requirement through the deposit of \$260 in terminated employee forfeitures.

BURNSIDE TOWNSHIP NON-UNIFORMED PENSION PLAN  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania

**Mr. Santo Adamo**  
Chairman, Board of Township Supervisors

**Ms. Diana L. Rorabaugh**  
Chief Administrative Officer

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report 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](mailto:news@PaAuditor.gov).