

COMPLIANCE AUDIT

City of New Castle Comprehensive Municipal Pension Trust Fund Lawrence County, Pennsylvania For the Period January 1, 2018 to December 31, 2019

January 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

The Honorable Mayor and City Council
City of New Castle
Lawrence County
New Castle, PA 16101

We have conducted a compliance audit of the City of New Castle Comprehensive Municipal Pension Trust Fund for the period January 1, 2018 to December 31, 2019. We also evaluated compliance with some requirements subsequent to that period when possible. The audit was conducted pursuant to authority derived from the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984, as amended, 53 P.S. § 895.402(j)), which requires the Auditor General, as deemed necessary, to audit every municipality which receives general municipal pension system state aid and every municipal pension plan and fund in which general municipal pension system state aid is deposited. The audit was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We planned and performed the 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 finding contained in our prior report; and
2. To determine if the pension plan 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 finding contained in our prior 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 plan 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 plan as evidenced by supporting documentation.
- We determined whether annual employee contributions were calculated, deducted, and deposited into the pension plan in accordance with the plan's governing document and applicable laws and regulations by testing total 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 plan.
- We determined whether retirement benefits calculated for plan members who retired during the current audit period, and through the completion of our fieldwork procedures, represent payments to all (and only) those entitled to receive them and were properly determined and disbursed in accordance with the plan's governing document, applicable laws, and regulations by recalculating the amount of the monthly pension benefits due to the retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients.
- We determined whether the January 1, 2017, and January 1, 2019 actuarial valuation reports were prepared and submitted by March 31, 2018, and 2020, 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 all annual special ad hoc postretirement reimbursements received by the municipality were authorized and appropriately deposited in accordance with Act 147 by tracing information to supporting documentation maintained by plan officials.
- We determined whether the pension plan 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.
- We determined whether the terms and methodologies of the issuance of pension obligation bonds by the municipality, and any restrictions, were in compliance with plan provisions and Act 205 through inquiry of plan officials and examination of supporting documentation for pension obligation bonds issued.

The City of New Castle 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 New Castle Comprehensive Municipal Pension Trust Fund is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. As previously described, we tested transactions, interviewed selected officials, and performed procedures to the extent necessary to provide reasonable assurance of detecting instances of noncompliance with legal and regulatory requirements or noncompliance with provisions of contracts, administrative procedures, and local ordinances and policies that are significant within the context of the audit objectives.

The results of our procedures indicated that, in all significant respects, the City of New Castle 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:

Finding No. 1 – Pension Benefit Not Specifically Authorized By The Plan Document

Finding No. 2 – Pension Benefit Payments Made To Deceased Beneficiary

As previously noted, the objective of our audit of the City of New Castle Comprehensive Municipal Pension Trust Fund was to determine compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. Among several provisions relating to municipal pension plans, Act 205, which was amended on September 18, 2009, through the adoption of Act 44 of 2009, 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 plan contained in the schedules of funding progress included in this report which indicates the Police Pension plan’s funded ratio is 67.7%, and the Firemen’s Pension Plan funded ratio is 69.8% as of January 1, 2019**, which is the most recent data available. Based on this information, the Municipal Pensions Reporting Program issued a notification that the city is currently in Level II moderate distress status. We encourage city officials to monitor the funding of the pension plans to ensure their long-term financial stability.

While it was previously acknowledged in the prior audit report that the City has implemented an Act 205 earned income pension funding tax to help fund its pension liabilities and reduced the discount rate to 7.25% as of its valuation January 1, 2017, and latest valuation January 1, 2019, reflecting the adoption of a more conservative investment return assumption, and implemented reduced benefit modifications, we continue to encourage city officials to make fiscally responsible decisions as plan fiduciaries that will benefit the City of New Castle and its taxpayers to ensure the city's pension plans have adequate resources to meet current and future benefit obligations to the city's hard working police officers, firefighters and non-uniformed employees.

The contents of this report were discussed with officials of City of New Castle 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.

December 30, 2020



EUGENE A. DEPASQUALE
Auditor General

CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Finding.....	3
Findings and Recommendations:	
Finding No. 1 – Pension Benefit Not Specifically Authorized By The Plan Document.....	4
Finding No. 2 – Pension Benefit Payments Made To Deceased Beneficiary	6
Supplementary Information	7
Summary of Deposited State Aid and Employer Contributions.....	16
Report Distribution List	17

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.

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 New Castle Comprehensive Municipal Pension Trust Fund is also governed by implementing regulations 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 147 - Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, Act of December 14, 1988 (P.L. 1192, No. 147), as amended, 53 P.S. § 896.101 et seq.
- 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 New Castle Comprehensive Municipal Pension Trust Fund is a single-employer defined benefit pension trust fund locally controlled by the provisions of the city's Codified Ordinances, Articles 169, 167, and 171, as amended, for its police officers, non-uniformed employees, and firefighter's, respectively. The fund is also affected by the provisions of collective bargaining agreements between the city and its police officers, non-uniformed employees, and firefighters.

BACKGROUND

POLICE PENSION PLAN

The plan was established December 12, 1922. Active members hired prior to January 1, 2013, are required to contribute 4.5 percent of compensation plus \$1 per month for the service increment to the plan. Active members hired on or after January 1, 2013, are required to contribute 5.0 percent of compensation plus \$1 per month for the service increment benefit to the plan. As of December 31, 2019, the plan had 37 active members, 1 terminated member eligible for vested benefits in the future, and 47 retirees receiving pension benefits from the plan.

CITY EMPLOYEES PENSION PLAN

The plan was established December 15, 1947. Active members are required to contribute 5.0 percent of compensation plus 1.0 percent for the surviving spouse benefit to the defined benefit portion of the plan. Effective February 9, 2017, the city enacted defined contribution benefits for all eligible full-time employees hired on or after January 1, 2017 who are not eligible to participate in the city's defined benefit plan. Active members of this plan are required to contribute 5.0 percent of base salary into the plan and may voluntarily contribute up to 10.0 percent of base salary. The city is required to contribute 5.0 percent of base salary that was paid since the previous allocation date. As of December 31, 2019, the plan had 45 active members, 3 terminated members eligible for vested benefits in the future, and 57 retirees receiving pension benefits from the plan.

FIREMEN'S PENSION PLAN

The plan was established December 22, 1922. Active members are required to contribute 7.0 percent of compensation, plus \$1 per month for the service increment benefit to the plan. As of December 31, 2019, the plan had 21 active members and 45 retirees receiving pension benefits.

CITY OF NEW CASTLE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
STATUS OF PRIOR FINDING

Compliance With Prior Recommendation

The City of New Castle has complied with the prior recommendation concerning the following:

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

During the current audit period, municipal officials complied with instructions accompanying Certification Form 385 and accurately reported the required pension data.

CITY OF NEW CASTLE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Pension Benefit Not Specifically Authorized By The Plan Document

Condition: The City of New Castle is an Optional Charter City, which does not fall under the classification of a City of the Third Class for which specific legislation exists in the Third Class City Code. As such, the police pension plan is governed by the terms and conditions of the pension plan’s governing document adopted by the city, which establishes the benefit structure of the city’s police pension plan. The city provided a survivor’s benefit to the widow of a police officer who died during April 2018, which does not appear to be specifically authorized under the provisions of the governing document of the city’s police pension plan. And as such, we were unable to verify the propriety of the pension benefits paid to the recipient from the plan from the date of death of the plan member through the date of this report.

Criteria: Section 169.06 of Article 169 of the city’s Codified Ordinances governing the police pension plan, states the following:

- (a) Death of Participant. Upon the occurrence of the death of a Participant, there shall be benefits payable in accord with the following provisions of this Section 169.06 (Ordinance 632 adopted 08-21-2003).
- (b) Survivor Benefits. If a Participant here under who is receiving a benefit under Subsections (b) or (c) of Section 169.04 or Subsection (b) of Section 169.05 or Subsection (c) of Section 169.08, or is eligible to receive a benefit under Subsections (b) or (c) of Section 169.04 or Subsection (c) of Section 169.08 shall die, or if a Participant shall be killed in the line of duty of Employment, and survived by a spouse or any children under the age of eighteen (18), there shall be a Survivor Benefit payable hereunder...
- (c) Death Before Retirement. If a Participant shall die prior to the commencement of the payment of any retirement or other benefits under this Plan, and without eligibility for payment of a Survivor Benefit under Subsection (b) of Section 169.06, the Beneficiary shall be entitled to receive a distribution of the Participant’s Accumulated Contributions determined as of the date of death of the Participant.

In the instant case, the deceased police officer did not appear to qualify under any of the cited subsections of the plan document above, because the police officer died from circumstances not directly related to duties performed by a police officer in the traditional sense. Although the city requires certain physical fitness training hours (*8 recorded hours per month (minimum) per a memorandum between the city and its police officers*) as an additional condition of employment as a city police officer, it is unclear from the language in the plan’s governing document as to what specifically constitutes “killed in the line of duty of employment” as the governing document lacks a true definition of the parameters pertaining to such written provision. Moreover, the issue pertains to whether the manner of the deceased’s death constitutes “killed in the line of duty of Employment” as intended under provisions of the city’s governing document.

CITY OF NEW CASTLE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

It should also be noted that under Act 205, all pension benefits, whether statutorily authorized or not, must be paid from the appropriate pension fund, reflected in the plan's actuarial valuation reports, and funded in accordance with the act's standards.

Cause: The City, with assistance from its solicitor, believes that the payment of the aforementioned pension benefit to the survivor is authorized under the plan's governing document.

Effect: The city is paying pension benefits to a widower, which are not specifically authorized by the plan's governing document. Beginning May 2018, the surviving spouse of the deceased police pension plan member received monthly pension benefits totaling \$2,946 per month, and totaled approximately \$94,272 through the date of this audit report. In addition, paying benefits not specifically authorized by the plan's governing document places an additional undue burden on the financial resources of an already distressed pension plan as aforementioned earlier in this report. Considering the city received its state aid based on unit value during the current audit period, the city did not receive any state aid attributable to the excess benefits provided.

Recommendation: We recommend that the city consult with its solicitor to determine whether the city's governing pension plan document requires amending based on its interpretation and application of pension benefits under the current terms and conditions. In addition, the city should contact the Municipal Pension Reporting Program (MPRP) to determine the proper reporting of these benefits on future actuarial valuation reports. To the extent that the city is not in compliance with the pension plan document and/or is contractually obligated to pay benefits to the existing survivor in excess of those authorized by the plan document, 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 excess benefits on the city's future state aid allocations and submit this information to the department. If it is determined, the excess benefits had an impact on the city's future state aid allocations after the submission of this information, the plan's actuary would then be required to contact the department to verify the overpayment of state aid received and the city would be required to reimburse any overpayment to the Commonwealth.

Management's Response: Municipal officials disagreed with the recommendation indicating that the City requested a legal opinion pension [*sic*] to determine the eligibility of monthly pension payments to the surviving spouse and were advised that the survivor pension was required to be paid under the terms of the plan.

Auditor's Conclusion: Based on the criteria cited above, the finding remains as stated. Compliance will be evaluated during our next audit of the plan.

CITY OF NEW CASTLE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Pension Benefit Payments Made To Deceased Beneficiary

Condition: The city made monthly pension benefit payments from the firemen’s pension plan to a surviving spouse who died on March 28, 2019 during the period April 2019 through June 2019. The monthly benefit checks were directly deposited to a bank account owned by the deceased.

Criteria: Article 171.06(b) of the City’s codified ordinances states, in part:

...If a participant here under who is receiving a benefit ...shall die ... and be survived by a spouse there shall be a survivor benefit payable hereunder. The survivor benefit shall be paid to the surviving spouse until the date of death of the surviving spouse.

In addition, assets held in a trust account for the purpose of plan management are to be governed by the terms and provisions of the account contract, provided that the terms and provisions of the contract are within the parameters of all prevailing pension legislation. Although the municipality may contract with a trustee to administer the financial management of the plan, the fiduciary responsibility for the plan remains with the municipality.

Cause: Plan officials indicated that the city relies on a third party vendor to monitor the dates of death of pension plan benefit recipients. The city lacks adequate internal controls to ensure the continued eligibility of its benefit recipients.

Effect: The city made improper pension benefit payments totaling \$4,050, from the firemen’s pension plan to the account of the deceased recipient.

Recommendation: We recommend that pension plan officials implement adequate internal control procedures to timely detect and stop payments to deceased benefit recipients and safeguard pension plan assets.

Management’s Response: Municipal officials disagreed with the recommendation and indicated that it is the opinion of the City that this was an isolated event, and the City stopped the benefit for the survivor immediately upon notification of her death. City officials also made every effort to have the funds returned, and were unsuccessful. The city completes death checks twice a year, as required.

Auditor’s Conclusion: Based on the management response, since the fiduciary responsibility for administration of the plan remains with the municipality, the finding remains as stated. Compliance will be evaluated during our next audit of the plan.

CITY OF NEW CASTLE 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, 2015, is as follows:

POLICE PENSION PLAN

	(1)	(2)	(3)	(4)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)
01-01-15	\$ 11,144,071	\$ 20,517,912	\$ 9,373,841	54.3%
01-01-17	13,377,845	21,474,896	8,097,051	62.3%
01-01-19	15,233,360	22,491,713	7,258,353	67.7%

Note: The market value of the plan's assets at 01-01-15, 01-01-17, and 01-01-19 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 NEW CASTLE 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, 2015, is as follows:

CITY EMPLOYEES PENSION PLAN – DEFINED BENEFIT

	(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)
01-01-15	\$ 7,778,738	\$ 11,161,841	\$ 3,383,103	69.7%
01-01-17	8,764,383	12,959,231	4,194,848	67.6%
01-01-19	9,212,499	12,943,015	3,730,516	71.2%

Note: The market value of the plan’s assets at 01-01-15, 01-01-17, and 01-01-19 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 NEW CASTLE 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, 2015, is as follows:

FIREMEN’S PENSION PLAN

	(1)	(2)	(3)	(4)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)
01-01-15	\$ 10,510,913	\$ 17,638,488	\$ 7,127,575	59.6%
01-01-17	12,157,786	18,161,281	6,003,495	66.9%
01-01-19	13,022,274	18,668,400	5,646,126	69.8%

Note: The market value of the plan’s assets at 01-01-15, 01-01-17, and 01-01-19 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 NEW CASTLE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

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

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

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

SCHEDULE OF CONTRIBUTIONS

POLICE PENSION PLAN

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2014	\$ 1,414,341	\$ 1,141,995	\$ 272,346	\$ 2,205,675	51.8%
2015	1,450,382	1,450,930	(548)	2,406,409	60.3%
2016	1,395,785	1,396,068	(283)	2,583,780	54.0%
2017	1,399,832	1,468,073	(68,241)	2,572,383	57.1%
2018	1,361,669	1,390,206	(28,537)	2,647,011	52.5%
2019	1,254,170	1,417,314	(163,144)	2,667,956	53.1%

CITY EMPLOYEES PENSION PLAN

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2014	\$ 589,950	\$ 481,025	\$ 108,925	\$ 2,142,880	22.5%
2015	595,090	595,315	(225)	2,178,786	27.3%
2016	588,959	589,078	(119)	2,163,661	27.2%
2017	595,135	595,135	-	1,855,693	32.1%
2018	688,401	702,827	(14,426)	1,798,109	39.1%
2019	678,496	766,756	(88,260)	1,701,978	45.1%

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

SCHEDULE OF CONTRIBUTIONS

FIREMEN'S PENSION PLAN

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2014	\$ 1,025,885	\$ 821,559	\$ 204,326	\$ 1,688,961	48.6%
2015	1,082,535	1,082,944	(409)	1,651,638	65.6%
2016	1,012,804	1,013,009	(205)	1,535,912	66.0%
2017	1,016,367	1,016,367	-	1,524,053	66.7%
2018	995,241	1,017,669	(22,428)	1,494,193	68.1%
2019	923,287	1,043,390	(120,103)	1,564,177	66.7%

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

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

POLICE PENSION PLAN

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	5.0%
Cost-of-living adjustments	None assumed

* Includes inflation at 2.75%

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

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

CITY EMPLOYEES PENSION PLAN

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	4.25%
Cost-of-living adjustments	None assumed

* Includes inflation at 2.75%

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

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

FIREMEN'S PENSION PLAN

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	4.75%
Cost-of-living adjustments	None assumed

* Includes inflation at 2.75%

CITY OF NEW CASTLE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

CITY EMPLOYEES PENSION PLAN – DEFINED CONTRIBUTION

Year Ended December 31	State Aid	Employer Contributions
2018	NONE	\$ 6,389
2019	NONE	12,942

The Department typically presents this data for the past six consecutive fiscal years. Since six years of data was not yet available, this will be done prospectively.

Note: In 2018, the non-uniformed pension plan met the plan’s \$8,155 funding requirement through the deposit of \$6,389 in employer contributions and the allocation of \$1,774 in terminated employee forfeitures.

CITY OF NEW CASTLE COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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Governor
Commonwealth of Pennsylvania

The Honorable Chris Frye
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Ms. Mia Monaco
Finance Assistant

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