COMPLIANCE AUDIT

City of Wilkes-Barre
Aggregated Pension Trust Fund
Luzerne County, Pennsylvania
For the Period
January 1, 2014 to December 31, 2015

January 2017

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 Wilkes-Barre
Luzerne County
Wilkes-Barre, PA 18702

We have conducted a compliance audit of the City of Wilkes-Barre Aggregated Pension Trust Fund for the period January 1, 2014 to December 31, 2015. We also evaluated compliance with some requirements subsequent to that period when 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 reports of the individual pension plans; and

2. To determine if the individual pension plans that comprise the aggregated pension trust fund were 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 reports, we inquired of fund officials and evaluated supporting documentation provided by officials evidencing that the suggested corrective action has been appropriately taken. To determine whether the individual pension plans were 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 plans' governing documents and applicable laws and regulations by examining the municipality's calculation of the plans' annual financial requirements and minimum municipal obligations (MMOs) 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 plans' governing documents and applicable laws and regulations by testing members' contributions on an annual basis using the rates obtained from the plans' governing documents 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 6 of 10 non-uniformed employees, 7 of 15 policemen's relief plan members, and the 5 firemen's relief 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 plans' governing documents, applicable laws and regulations by recalculating the amount of the monthly pension benefit due to the retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients.

- We determined whether the January 1, 2011, January 1, 2013, and January 1, 2015 actuarial valuation reports were prepared and submitted to the former Public Employee Retirement Commission (PERC) by March 31, 2012, 2014, and 2016, 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 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 during the current audit period and through the completion of our fieldwork procedures.

The City of Wilkes-Barre contracted with an independent certified public accounting firm for annual audits of the City of Wilkes-Barre Aggregated Pension Trust Fund's 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 Wilkes-Barre Aggregated 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 procedures indicated that, in all significant respects, the City of Wilkes-Barre Aggregated 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:

Policemen's Relief Pension Plan:

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Plan Provision Inconsistent With The Third Class City Code

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unauthorized Service Buyback Provision

Firemen's Relief Pension Plan:

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Plan Provisions Inconsistent With The Third Class City Code

Non-Uniformed Pension Plan:

Finding No. 4 – Noncompliance With Prior Audit Recommendation – Unauthorized Service Buyback Provision

The findings contained in this audit report repeat conditions that were cited in our previous audit reports that have not been corrected by city officials. We are concerned by the city's failure to correct these 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 Wilkes-Barre Aggregated 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:

Level	Indication	Funding Criteria
I	Minimal distress	70-89%
II	Moderate distress	50-69%
III	Severe distress	Less than 50%

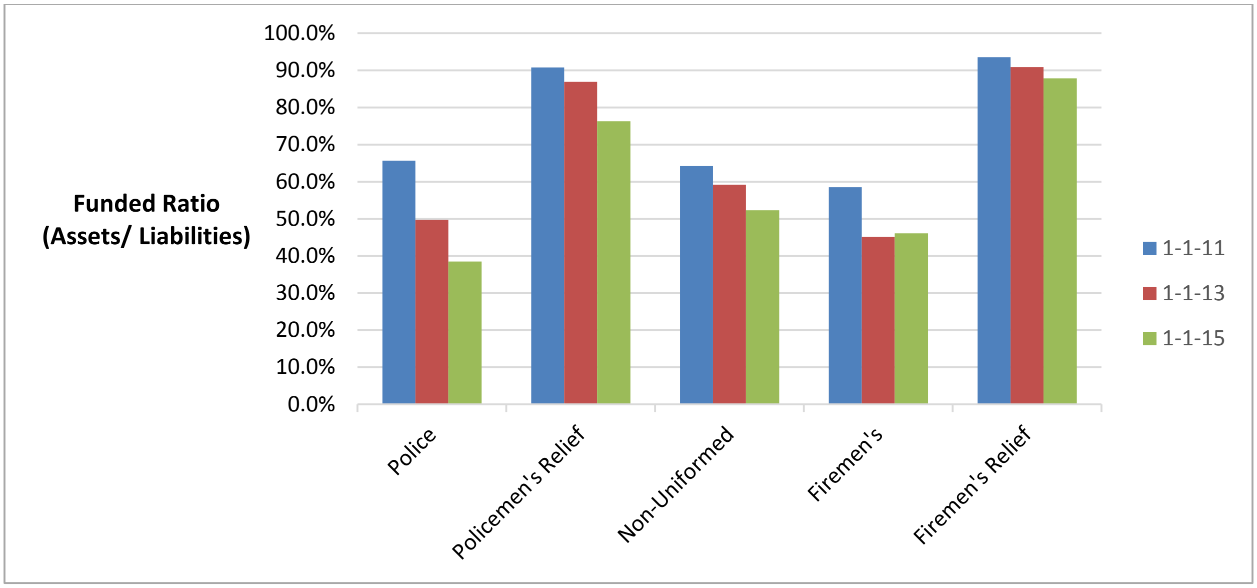
The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information or conclude on it and, accordingly, express no form of assurance on it.

The data contained in the schedules of funding progress and from the January 1, 2011, January 1, 2013, and January 1, 2015 actuarial valuation reports filed with the former Public Employee Retirement Commission (PERC) for the city's police, policemen's relief, non-uniformed, firemen's, and firemen's relief pension plans contained the following aggregated funding data:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funding Ratio
01-01-11	$ 83,704,642	$ 115,389,957	72.5%
01-01-13	$ 80,682,402	$ 120,995,524	66.7%
01-01-15	$ 80,985,791	$ 130,436,535	62.1%

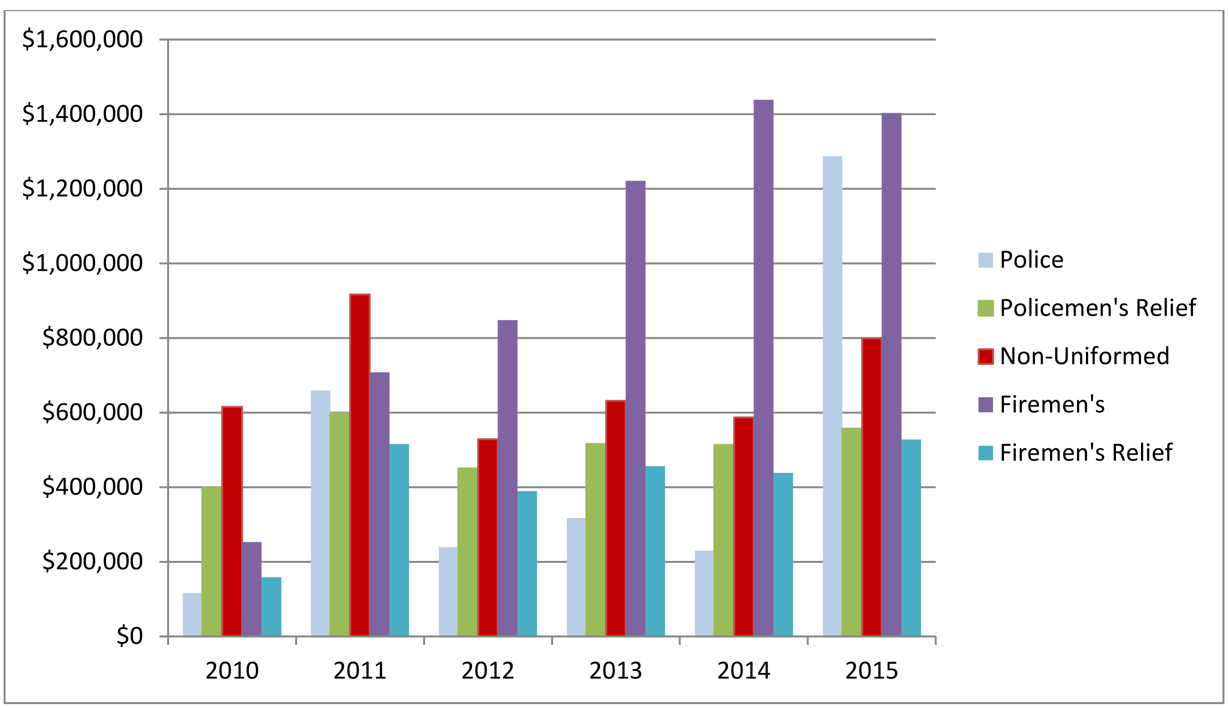
Based on this information, the City of Wilkes-Barre is currently in Level II moderate distress status.

A graphic illustration of the changes in the plans' funding status since 2011 is presented below:



We are extremely concerned about the historical trend information contained in the respective schedules of funding progress included in this report which indicate a continued decline of assets available to satisfy the long-term liabilities of the plans. This condition has required increased municipal contributions to fund the plans in accordance with Act 205 funding standards.

A graphic illustration of the increase in the city's annual required contributions to its pension plans since 2010 is presented below. The city's total employer contributions for 2010-2015 are included on Page 24.



We encourage city officials to develop a long-term strategic plan and make fiscally responsible decisions as plan fiduciaries that will benefit the City of Wilkes Barre and its taxpayers to ensure that 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 that will ensure the plans' long-term financial stability.

The contents of this report were discussed with officials of the City of Wilkes-Barre 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 16, 2016

EUGENE A. DEPASQUALE
Auditor General

CONTENTS

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 Wilkes-Barre Aggregated Pension Trust Fund is also governed by implementing regulations adopted by the former 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 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 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 November 24, 2015 (P.L. 242, No. 67), as amended, 11 Pa. C.S. § 10101 et seq.

The City of Wilkes-Barre Aggregated Pension Trust Fund serves as a common investment and administrative agent for the city's two police, non-uniformed and two firemen's pension plans. The fund is comprised of the City's single-employer defined benefit pension plans, locally controlled by the provisions of the City's Ordinance No. 57 of 1998. The plans are also affected by the provisions of collective bargaining agreements between the city and its police officers, non-uniformed employees, and firefighters.

Police Pension Plan

The police pension plan was established July 8, 1976, for police officers hired prior to that date. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2015, the plan had no active members, no terminated members eligible for vested benefits in the future, and 84 retirees receiving benefits from the plan.

As of December 31, 2015, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Eligible with 20 years of service.
Early Retirement	None
Vesting	A member is 100% vested after 12 years of service.

Retirement Benefit:

Benefit equals 50% of the member's final salary average plus a monthly service increment equal to 1.25% of final salary for each year of service in excess of 20 years (additional monthly pension cannot exceed $100).

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 on the day of the member's death.

Service Related Disability Benefit:

Benefit equals 50% of the member's salary at the time the disability was incurred plus a monthly service increment equal to 1.25% of final salary for each year of service in excess of 20 years.

<u>Policemen's Relief Pension Plan</u>

The policemen's relief pension plan was established for police officers hired after July 8, 1976. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2015, the plan had 81 active members, 3 terminated members eligible for vested benefits in the future, and 41 retirees receiving benefits from the plan.

As of December 31, 2015, selected plan benefit provisions are as follows:

<u>Eligibility Requirements</u>:

Normal Retirement	Age 50 and 20 years of service.
Early Retirement	None
Vesting	10 year vesting for police officers hired before January 24, 2001. None, if hired after January 24, 2001.

<u>Retirement Benefit</u>:

Benefit equals 2.5% for each year up to 20 years plus a monthly service increment equal to 1.25% of final salary for each year of service in excess of 20 years, if hired after January 24, 2001, the monthly service increment shall not exceed $100 per month.

<u>Survivor Benefit</u>:

Before Retirement Eligibility	Refund of member contributions plus interest.
After Retirement Eligibility	2.5% for each year of service up to 20 years plus a monthly service increment equal to 1.25% of final salary for each year of service in excess of 20 years.

<u>Service Related Disability Benefit</u>:

Benefit equals 50% of the member's final average salary plus a monthly service increment equal to 1.25% of final salary for each year of service in excess of 20 years.

Non-Uniformed Pension Plan

The non-uniformed pension plan was established July 19, 1927. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2015, the plan had 124 active members, 3 terminated members eligible for vested benefits in the future, and 155 retirees receiving benefits from the plan.

As of December 31, 2015, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Age 50 and 20 years of service; Age 62 and 10 years of service. If hired after January 24, 2001, age 60 and the completion of 20 years of service.
Early Retirement	None
Vesting	20 years of service before age 50; 10 years of service before age 62.

Retirement Benefit:

If hired before January 24, 2001, 50% of final average salary with at least 20 years of service, otherwise, 2.5% per year multiplied by the member's final average salary. If hired after January 24, 2001, 50% of the member's average monthly salary for the 5 years of employment which produces the highest such average. For members hired before January 24, 2001, for each year of service in excess of 20 years a member will receive an additional monthly benefit equal to 1.25% of final average salary provided that such additional pension shall not, in total, exceed 10% of final average salary.

Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions plus interest.
After Retirement Eligibility	Hired before January 24, 2001 and completed 28 years of service will automatically receive 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 but before age 62; 50% of the member's salary, with no offset for Social Security benefits.

Firemen's Pension Plan

The firemen's pension plan covers firefighters who were hired prior to July 8, 1976. The plan was established January 2, 1969. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2015, the plan had no active members, no terminated members eligible for vested benefits in the future, and 72 retirees receiving benefits from the plan.

As of December 31, 2015, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Age 50 and 20 years of service.
Early Retirement	Eligible with 10 years of service.
Vesting	Not provided prior to early or normal retirement.

Retirement Benefit:

Benefit equals 50% of the member's final salary average plus a service increment equal to 1.25% of final salary for each year of service in excess of 20 years provided that the service increment shall be limited to 25% (effective January 1, 1977) and 20% (effective June 29, 1999) of final salary.

Survivor Benefit:

Before Retirement Eligibility	Refund of member contributions without interest.
After Retirement Eligibility	A percentage of the member's final salary; if death is job-related the percentage is equal to 50%, plus a service increment percentage equal to 1.25% for each year in excess of 20 years. If not job-related the percentage is 2.5% for each year up to 20 years, plus a service increment percentage equal to 1.25% for each year of service in excess of 20 years.

Service Related Disability Benefit:

Benefit equals 50% of the member's final salary.

Firemen's Relief Pension Plan

The firemen's relief pension plan covers firefighters who were hired after July 8, 1976. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2015, the plan had 70 active members, no terminated members eligible for vested benefits in the future, and 36 retirees receiving benefits from the plan.

As of December 31, 2015, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Hired before January 24, 2001 at attainment of age 50, and hired after January 23, 2001 age 50 and 20 years of service.
Early Retirement	Participants with 20 years of service may retire before the age of 50 with a pension reduced by 4% for each year such participant's age is short of age 50.
Vesting	10 years of service.

Retirement Benefit:

Member's final average salary with the percentage equal to 2.5% for each year of service up to 20 years plus a monthly service increment equal to 1.25% (2.25% if hired after January 23, 2001) for each year of service in excess of 20 years. If hired before January 24, 2001, the service increment percentage shall be limited to 25% effective January 1, 1997 and 20% effective June 29, 1999. If hired after December 31, 2001, the service increment shall not exceed $100 per month.

Survivor Benefit:

No age or service requirements if member's death is job-related; if death is not job-related, member must have been hired before January 24, 2001 and 10 years of service is required. A percentage of the member's final salary; if death is job-related the percentage is equal to 50%, plus a service increment calculated in same manner as for normal retirement. If death is not job-related the percentage is equal to 2.5% for each year of service up to 20 years. The service increment in the same manner as for normal retirement.

BACKGROUND – (Continued)

Service Related Disability Benefit:

Service Related:

No age or service required. A percentage of the member's final average salary equal to 50%, plus a service increment calculated in the same manner as for normal retirement.

Non-Service Related:

Member must have been hired before January 24, 2001 and 5 years (6 years for members hired after October 4, 1998) of service required. A percentage of the member's final average salary with a percentage equal to 2.5% for each year of service up to 20 years, plus a service increment percentage calculated in the same manner as for normal retirement. There is no reduction for commencement of benefits before normal retirement.

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
STATUS OF PRIOR FINDINGS

Note: The prior audit reports of the city's pension plans for the period January 1, 2012 to December 31, 2013 were issued as separate audit reports.

Compliance With Prior Audit Recommendation

Firemen's Relief Pension Plan

The City of Wilkes Barre has complied with the prior audit recommendation concerning the following:

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

  The city reimbursed $8,551 to the Commonwealth for the overpayment of state aid received in 2013.

Noncompliance With Prior Audit Recommendations

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

Policemen's Relief Pension Plan

- Plan Provision Inconsistent With The Third Class City Code

- Unauthorized Service Buyback Provision

Firemen's Relief Pension Plan

- Plan Provisions Inconsistent With The Third Class City Code

Non-Uniformed Pension Plan

- Unauthorized Service Buyback Provision

Policemen's Relief Pension Plan

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Plan Provision Inconsistent With The Third Class City Code

Condition: 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 prior audit reports of the policemen's relief pension plan contained a finding which noted the city provided benefits to its police officers in excess of the Third Class City Code. The city did partially comply with the prior audit recommendation through the passage of File of Council No. 11 of 2001, dated December 12, 2001, and through an arbitration award dated December 21, 2001. However, our audit has determined that the city continues to provide benefits to its police officers inconsistent with the Third Class City Code, as follows:

Benefit	Plan Governing Document	Third Class City Code
Basis of pension	The basis of the apportionment of pension shall be determined by the rate of the monthly pay of the member at the date of injury, death, honorable discharge, or retirement, whichever is the higher, and except as to service increments provided for in section V (b) of File Council No. 11 of 2001, shall not exceed in any year one-half the annual pay of such member computed at such monthly or average annual rate, whichever is the higher.	The basis of the apportionment of the pension shall be determined by the rate of the monthly pay of the member at the date of injury, death, honorable discharge, vesting under section 4302.1 or retirement, or the highest average annual salary which the member received during any 5 years of service preceding injury, death, honorable discharge, vesting under section 4302.1 or retirement, whichever is the higher, and, except as to service increments provided for in subsection (d), shall not in any case exceed in any year one-half the annual pay of the member computed at the monthly or average annual rate, whichever is the higher. (§4303(b))

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. Section 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: Municipal officials are unable to amend the plan's governing ordinance to comply with the Third Class City Code due to the fact that pension benefits are a mandatory subject of collective bargaining. The city attempted to amend these benefits through collective bargaining; however, it was unsuccessful in doing so and had been ordered by the Pennsylvania Labor Relations Board to have the benefits continue as they are currently prescribed in the city's governing ordinances.

Effect: The provision of unauthorized benefits could increase the plan's pension costs and reduces the amount of funds available for investment purposes or the payment of authorized benefits or administrative expenses. Since the city received its state aid allocations based on unit value during the current audit period, it did not receive any excess state aid due to the inconsistent pension benefits provided; however, the provision of benefits inconsistent with the Third Class City Code could result in the receipt of state aid in excess of the city's entitlement in the future, or 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. If it is determined the unauthorized 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. Plan officials would then be required to reimburse the overpayment to the Commonwealth.

Finding No. 1 – (Continued)

Management's Response: City officials agreed with the finding without exception. The City is currently in contract negotiations with three out of its four unions (Fire, 1310, and Teamsters). Those contracts expire on December 31, 2016. It is the City's goal through negotiations to ensure that all unions become compliant with the Third Class City Code, with respect to all active employees. The City will also look to achieve the same goal through negotiations with the Police Union when its contract expires after 2019.

Auditor's Conclusion: It appears city officials are striving to comply with the finding recommendation. Compliance will be evaluated during the next audit of the plan.

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unauthorized Service Buyback Provision

Condition: As previously disclosed in our prior audit report, the city enacted an unauthorized service buyback provision. File of Council No. 11 of 2001, Section I, states:

> Effective January 1, 2002, City employees are permitted to buy back all of the time which represents time served as a City of Wilkes-Barre employee and a participant in another City Pension Fund into the City Pension Fund in which they currently participate.
>
> The buyback amount shall be calculated by the City and shall include an amount equal to the employee's contributions, plus interest at a rate established by the City at the time of the buyback.
>
> The buyback must be initiated at the time of hire into another City job classification or after the effective date of this ordinance, whichever is later.

Criteria: The Third Class City Code does not authorize buybacks of prior service credits from another pension fund.

Cause: The city has been unable to comply with the prior audit recommendation through the collective bargaining process.

Finding No. 2 – (Continued)

Effect: The provision of unauthorized benefits could increase the plan's pension costs and reduces the amount of funds available for investment purposes or the payment of authorized benefits or administrative expenses. Since the city received its state aid allocations based on unit value during the audit period, it did not received excess state aid allocations attributable to the unauthorized benefits provided. However, providing unauthorized pension benefits could result in the receipt of state aid in excess of the city's entitlement in the future, or increase required municipal contributions to the plan.

Recommendation: We again recommend that the city eliminate the unauthorized service buyback provision at its earliest opportunity to do so. To the extent that the city has already obligated itself to pay benefits in excess of those authorized by the Third Class City Code, 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. If it is determined the unauthorized 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. Plan officials would then be required to reimburse the overpayment to the Commonwealth.

Management's Response: City officials agreed with the finding without exception. The city is currently in contract negotiations with three out of its four unions (Fire, 1310, and Teamsters). Those contracts expire on December 31, 2016. It is the City's goal through negotiations to ensure that all unions become compliant with the Third Class City Code, with respect to all active employees. The City will also look to achieve the same goal through negotiations with the Police Union when its contract expires after 2019.

Auditor's Conclusion: It appears city officials are striving to comply with the finding recommendation. Compliance will be evaluated during the next audit of the plan.

Firemen's Relief Pension Plan

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Plan Provisions Inconsistent With The Third Class City Code

Condition: As disclosed in our 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.) and provided benefits to its firefighters inconsistent with the Third Class City Code. The city continues to provide benefits to its firefighters inconsistent with the Third Class City Code, as follows:

Benefits	Plan Governing Document	Third Class City Code
Basis of pension	Average monthly compensation for the firefighter's final year average salary.	Monthly salary or the highest average annual salary which was received during any 5 years of service preceding retirement, whichever is the higher. (§4322)
Definitions	Monthly compensation – basic monthly compensation plus longevity payments, acting officer's pay, EMT bonuses, overtime pay, night shift differential, educational incentive payments, holiday pay and annual buyback of sick leave.	Salary - the fixed amount of compensation paid at regular, periodic intervals by the city to the member and from which pension contributions have been deducted; this is interpreted to exclude buybacks of leave earned outside of the pension computation period. (§4328)
Service increment contribution	Not provided by ordinance, although members do make contributions to fund this benefit.	A sum not to exceed $1 per month, payable only until the employee reaches age 65 (§4322(b)(2)).

Finding No. 3 - (Continued)

Benefits	Plan Governing Document	Third Class City Code
Service increment	1.25% of final year average salary multiplied by the number of years of service in excess of 20 years, not to exceed the following: Effective January 1, 1997: 75%; Effective June 29, 1999: 70%.	1/40th (2.5%) of pension benefit multiplied by the number of whole years in excess of 20 years, not to exceed $100 per month. No credit for service after the employee is 65 years old. (§4322(b)(1)) After the effective date of this clause, the city may agree to make service increment payments in excess of one hundred dollars ($100) per month as long as such payments do not exceed five hundred dollars ($500) per month, and, in computing such service increments, no employment after age sixty-five years shall be included, provided that any agreement to provide an increase in service increment payments shall include a proportionate increase in the amount each contributor shall pay into the retirement fund under clause (2), not to exceed five dollars ($5) per month. (§4322(b)(6))
Survivor's benefit for children of retirees	The guardian of any minor children of the retiree receives the pension benefit the retiree was receiving if the retiree's spouse is deceased or remarried.	Not authorized

Finding No. 3 – (Continued)

Benefits	Plan Governing Document	Third Class City Code
Type of discharge required for non-intervening military service credit	Honorable or general discharge	No requirement
Purchase of non-intervening military service credit	Does not require the member to pay interest on the equivalent of the city's contributions.	Requires the payment of the equivalent of the city's contributions, plus interest. (§4321)
Years of service required for vested benefits	10 years	12 years (§4320.1(a))
Commencement of vested benefits	At age 50. If however such participant elects to receive such benefit upon termination of employment, the monthly benefit to which he or she is entitled shall be further reduced by 4 percent times each year short of age 50.	Date which would have been the member's retirement date had he continued full-time employment with the fire department. (§4320.1(b))
Vested portion of base retirement benefits	A fraction, as follows: the number of full years of service completed divided by 20, pension commences at age 50. If however such participant elects to receive such benefit upon termination of employment, the monthly benefit to which he or she is entitled shall be further reduced by 4 percent times each year short of age 50.	The percentage that the years of service actually rendered bears to the years of service which would have been rendered had the member continued to be employed by the department until the minimum retirement date. (No provision for early payment) (§4320.1(b)(2))

Finding No. 3 – (Continued)

Benefits	Plan Governing Document	Third Class City Code
Members' contributions disposition for terminating non-vested, non-retiring members	Participant elects whether to leave contributions in the firemen's pension relief fund or to have them refunded.	Members' contributions must be refunded to the member. (§4327)
Vesting conditions	None provided	The vesting member must file a written notice of intent to vest, at least 30 days prior to termination, which includes the member's intended termination date, and the member must be in good standing on the date of notice. The board must indicate on the notice to vest the basis for calculating the vested benefit. (4320.1(a))
Basis for calculating the vested benefit	Average monthly compensation for the firefighter's final year average salary prior to retirement or termination of employment	Rate of the monthly pay of the member as of the date of the notice to vest or the highest average annual salary which the member received during any 5 years of service preceding the date, whichever is the higher. (§4320.1(a)(5))
Interest on refunds of members' contributions	5 percent	Not authorized (§4327)

Finding No. 3 - (Continued)

Benefits	Plan Governing Document	Third Class City Code
Time limit on buyback of prior service time	Buyback must be elected in writing within 6 months of rehire and must be completed within 24 months of the written election.	No time limit provided (§4327)
Credit for periods of termination	Upon rehire, employees may buy back the time between employment periods.	Not authorized
Early Retirement	Participants with 20 years of service may retire before the age of 50 with a pension reduced by 4% for each year such participant's age is short of age 50.	Not authorized
Composition of Pension Board	5 members, as follows: the mayor, the city controller, the director of human resources, and 2 pension plan participants elected by the plan members.	7 members, as follows: 1) the mayor, 2) the director of accounts and finance, 3) the director of the department having charge of the fire department, or in cities where the mayor is also the director of the department having charge of the fire department, then the director of public safety, 4) the city controller, 5) the chief of the bureau of fire, and 2 members of the fire department chosen by the fire department members. (§4320)

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.

Finding No. 3 – (Continued)

Cause: Municipal officials are unable to amend the plan's governing ordinances to comply with the Third Class City Code due to the fact that pension benefits are a mandatory subject of collective bargaining. The city attempted to amend these benefits through the collective bargaining process; however, the city has been unsuccessful in doing so and has been ordered by the Pennsylvania Labor Relations Board to have the benefits continue as they are currently prescribed in the city's governing ordinances. The current collective bargaining agreement has been extended to December 31, 2016.

Effect: The provision of unauthorized 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. Since the city received its state aid allocations based on unit value during the audit period, it did not receive any excess state aid allocations attributable to unauthorized pension benefits provided. However, the provision of unauthorized pension benefits could result in the receipt of excess state aid in the future, or could increase required contributions to the plan.

Recommendation: The department acknowledges that its position has changed over the years and that, until *Monroeville*, there was no definitive decision as to whether home rule municipalities were obliged to comply with applicable pension law. The department seeks, therefore, to implement the decision in as equitable a fashion as possible, while paying necessary deference to the court's ruling. Accordingly, the department will not penalize a home rule municipality for granting benefits not authorized by the Third Class City Code to existing retirees or to individuals who began full-time employment before January 24, 2001 (the date *Monroeville* was issued). However, the department expects the city to restrict pension benefits to those authorized by the Third Class City Code for all employees who began full-time employment on or after that date.

Management's Response: City officials agreed with the finding without exception. On August 22, 2012, a settlement agreement between the city and its firefighters amended the collective bargaining agreement to state that all firefighters hired after January 1, 2013 shall be entitled to pension benefits not in excess of the Third Class City Code. The City is currently in contract negotiations with three out of its four unions (Fire, 1310, and Teamsters). Those contracts expire on December 31, 2016. It is the City's goal through negotiations to ensure that all unions become compliant with the Third Class City Code, with respect to all active employees. The City will also look to achieve the same goal through negotiations with the Police Union when its contract expires after 2019.

Auditor's Conclusion: It appears city officials are striving to comply with the finding recommendation. Compliance will be evaluated during the next audit of the plan.

Non-Uniformed Pension Plan

Finding No. 4 – Noncompliance With Prior Audit Recommendation – Unauthorized Service Buyback Provision

Condition: As disclosed in our prior audit report, the city enacted an unauthorized service buyback provision. File of Council No. 13 of 2001, Section I, states:

> Effective January 1, 2002, City employees are permitted to buy back all of the time which represents time served as a City of Wilkes-Barre employee and a participant in another City Pension Fund into the City Pension Fund in which they currently participate.
>
> The buyback amount shall be calculated by the City and shall include an amount equal to the employee’s contributions, plus interest at a rate established by the City at the time of the buyback.
>
> The buyback must be initiated at the time of hire into another City job classification or after the effective date of this ordinance, whichever is later.

Criteria: The Third Class City Code does not authorize buybacks of prior service credits from another pension fund.

Cause: The city has been unable to comply with the prior audit recommendation through the collective bargaining process.

Effect: The provision of unauthorized benefits could increase the plan’s pension costs and reduces the amount of funds available for investment purposes or the payment of authorized benefits or administrative expenses. Since the city received its state aid allocations based on unit value during the audit period, it did not received excess state aid allocations attributable to the unauthorized benefits provided. However, providing unauthorized pension benefits could result in the receipt of state aid in excess of the city’s entitlement in the future, or increase required municipal contributions to the plan.

Finding No. 4 – (Continued)

Recommendation: We again recommend that the city eliminate the unauthorized service buyback provision at its earliest opportunity to do so. To the extent that the city has already obligated itself to pay benefits to existing retirees in excess of those authorized by the Third Class City Code, 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. If it is determined the unauthorized 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. Plan officials would then be required to reimburse the overpayment to the Commonwealth.

Management's Response: City officials agreed with the finding without exception. The City is currently in contract negotiations with three out of its four unions (Fire, 1310, and Teamsters). Those contracts expire on December 31, 2016. It is the City's goal through negotiations to ensure that all unions become compliant with the Third Class City Code, with respect to all active employees. The City will also look to achieve the same goal through negotiations with the Police Union when its contract expires after 2019.

Auditor's Conclusion: It appears city officials are striving to comply with the finding recommendation. Compliance will be evaluated during the next audit of the plan.

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

The supplementary information contained on Pages 21 through 24 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 AND 2015

	2014	2015
Total Pension Liability		
Service cost	$ 1,536,325	$ 1,536,325
Interest	9,658,640	9,681,594
Difference between expected and actual experience	-	2,213,297
Changes in assumptions	-	(1,518,019)
Benefit payments, including refunds of member contributions	(9,309,194)	(9,904,085)
Net Change in Total Pension Liability	1,885,771	2,009,112
Total Pension Liability - Beginning	162,817,725	164,703,496
Total Pension Liability - Ending (a)	$ 164,703,496	$ 166,712,608
Plan Fiduciary Net Position		
Contributions – employer	$ 3,207,426	$ 4,575,102
Contribution – member	874,843	881,716
Net investment income	4,292,231	409,051
Benefit payments, including refunds of member contributions	(9,309,194)	(9,904,085)
Administrative expense	(160,401)	(161,629)
Net Change in Plan Fiduciary Net Position	(1,095,095)	(4,199,845)
Plan Fiduciary Net Position – Beginning	74,150,061	73,054,966
Plan Fiduciary Net Position - Ending (b)	$ 73,054,966	$ 68,855,121
Net Pension Liability - Ending (a-b)	$ 91,648,530	$ 97,857,487
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44.36%	41.30%
Estimated Covered Employee Payroll	$ 16,638,379	$ 17,219,631
Net Pension Liability as a Percentage of Covered Employee Payroll	550.83%	568.29%

Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2015 and 2014 was 6.1% and 6.0%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates.

The rate of 6.1% as of December 31, 2015 is the single-effective discount rate using 8.00% on projected assets sufficient to cover expected cash flows and 3.76% on remaining cash flows expected to be paid from the Trust, not already funded for by current assets, on a projected basis. As the January 1, 2015 discount rate of 8.00% resulted in a projected depletion of Trust net position by year 2045, a rate of 3.76% was used beginning in the cross-over depletion year of 2046, which is the 20-year tax-free municipal bond, rated AA. The rate of 3.76% was the 2015 average rate per the federalreserve.gov website.

The rate of 6.0% as of December 31, 2014 is the single-effective discount rate using 8.00% on projected assets sufficient to cover expected cash flows and 4.25% on remaining cash flows expected to be paid from the Trust, not already funded for by current assets, on a projected basis. As the January 1, 2013 discount rate of 8.00% resulted in a projected depletion of Trust net position by year 2037, a rate of 4.25% was used beginning in the cross-over depletion year of 2038, which is the 20-year tax-free municipal bond, rated AA. The rate of 4.25% was the 2014 average rate per the federalreserve.gov website.

In using the discount rates of 6.1% and 6.0% as of December 31, 2015 and 2014, respectively, the Trust's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

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

The following presents the net pension liability of the city for the aggregated pension trust fund as of December 31, 2015, calculated using the discount rate of 6.1%, as well as what the city'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 (5.1%)	Current Discount Rate (6.1%)	1% Increase (7.1%)
Net Pension Liability	$ 125,032,321	$ 97,857,487	$ 76,017,676

The following presents the net pension liability of the city for the aggregated pension trust fund as of December 31, 2014, calculated using the discount rate of 6.0%, as well as what the city'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 (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
Net Pension Liability	$ 116,490,960	$ 91,648,530	$ 69,832,463

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	*Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2006	$ 1,008,781	$ 1,008,781	$ -		
2007	1,398,888	1,398,888	-		
2008	1,337,851	1,337,851	-		
2009	1,468,488	1,468,488	-		
2010	1,541,861	1,541,861	-		
2011	3,397,835	3,397,835	-		
2012	2,455,295	2,455,295	-		
2013	3,142,155	3,142,155	-		
2014	3,207,426	3,207,426	-	$16,638,379	19.28%
2015	4,575,102	4,575,102	-	17,219,631	26.57%

* Due to GASB Statement No. 67, *Financial Reporting for Pension Plans,* being implemented only recently, the amount of Covered-Employee Payroll was not provided for years prior to 2014.

SCHEDULE OF INVESTMENT RETURNS

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

2015	1.10%
2014	6.40%

CITY OF WILKES-BARRE AGGREGATED 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, 2011, 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)
01-01-11	$ 12,595,415	$ 19,173,314	$ 6,577,899	65.7%
01-01-13	9,210,941	18,542,087	9,331,146	49.7%
01-01-15	6,606,283	17,145,009	10,538,726	38.5%

Note: The market values of the plan's assets at 01-01-11 and 01-01-13 have been adjusted to reflect the smoothing of gains and/or losses subject to a corridor between 70 to 130 percent of the market value of assets. The market value of the plan's assets at 01-01-15 has been adjusted to reflect the smoothing of gains and/or losses subject to a corridor between 80 to 120 percent of the market value of assets. These methods 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 WILKES-BARRE AGGREGATED 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, 2011, is as follows:

Policemen's Relief 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)
01-01-11	$ 15,896,581	$ 17,501,919	$ 1,605,338	90.8%
01-01-13	18,807,542	21,640,472	2,832,930	86.9%
01-01-15	21,189,859	27,780,930	6,591,071	76.3%

Note: The market values of the plan's assets at 01-01-11 and 01-01-13 have been adjusted to reflect the smoothing of gains and/or losses subject to a corridor between 70 to 130 percent of the market value of assets. The market value of the plan's assets at 01-01-15 has been adjusted to reflect the smoothing of gains and/or losses subject to a corridor between 80 to 120 percent of the market value of assets. These methods 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 WILKES-BARRE AGGREGATED 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, 2011, is as follows:

Non-Uniformed 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)
01-01-11	$ 25,163,729	$ 39,198,215	$ 14,034,486	64.2%
01-01-13	23,017,148	38,870,907	15,853,759	59.2%
01-01-15	21,692,262	41,456,578	19,764,316	52.3%

Note: The market values of the plan's assets at 01-01-11 and 01-01-13 have been adjusted to reflect the smoothing of gains and/or losses subject to a corridor between 70 to 130 percent of the market value of assets. The market value of the plan's assets at 01-01-15 has been adjusted to reflect the smoothing of gains and/or losses subject to a corridor between 80 to 120 percent of the market value of assets. These methods 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 WILKES-BARRE AGGREGATED 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, 2011, is as follows:

<u>**Firemen's Pension Plan**</u>

	(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)
01-01-11	$ 11,545,432	$ 19,739,660	$ 8,194,228	58.5%
01-01-13	8,351,045	18,523,418	10,172,373	45.1%
01-01-15	7,956,229	17,275,022	9,318,793	46.1%

Note: The market values of the plan's assets at 01-01-11, 01-01-13, and 01-01-15 have been adjusted to reflect the smoothing of gains and/or losses subject to a corridor between 70 to 130 percent of the market value of assets. 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 WILKES-BARRE AGGREGATED 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, 2011, is as follows:

Firemen's Relief 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)
01-01-11	$ 18,503,485	$ 19,776,849	$ 1,273,364	93.6%
01-01-13	21,295,726	23,418,640	2,122,914	90.9%
01-01-15	23,541,158	26,778,996	3,237,838	87.9%

Note: The market values of the plan's assets at 01-01-11, 01-01-13, and 01-01-15 have been adjusted to reflect the smoothing of gains and/or losses subject to a corridor between 70 to 130 percent of the market value of assets. 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.

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 WILKES-BARRE AGGREGATED PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

Police Pension Plan

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	$ 116,274	100.0%
2011	659,145	105.5%
2012	239,434	100.0%
2013	317,602	100.0%
2014	229,648	100.0%
2015	1,287,607	100.0%

Policemen's Relief Pension Plan

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	$ 398,491	100.0%
2011	598,416	100.0%
2012	450,500	100.0%
2013	515,757	100.0%
2014	513,294	100.0%
2015	557,006	100.0%

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

Non-Uniformed Pension Plan

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	$ 615,564	100.0%
2011	916,790	100.0%
2012	528,275	100.0%
2013	631,200	100.0%
2014	586,710	100.0%
2015	799,331	100.0%

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

Firemen's Pension Plan

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	$ 252,910	100.0%
2011	708,183	100.0%
2012	848,043	100.0%
2013	1,221,182	100.0%
2014	1,439,056	100.0%
2015	1,403,688	100.0%

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

Firemen's Relief Pension Plan

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	$ 158,622	100.0%
2011	515,301	100.0%
2012	389,043	100.0%
2013	456,414	100.0%
2014	438,718	100.0%
2015	527,470	100.0%

Police Pension Plan

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

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	1 year
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a corridor between 80-120% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0% compounded annually
Projected salary increases	3.5% compounded annually
Cost-of-living adjustments	None assumed

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
NOTES TO SUPPLEMENTARY SCHEDULES
(UNAUDITED)

Policemen's Relief Pension Plan

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

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	17 years
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a corridor between 80-120% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0% compounded annually
Projected salary increases	3.5% compounded annually
Cost-of-living adjustments	None assumed

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, 2015
Actuarial cost method	Entry age normal
Amortization method	Average years to assigned retirement.
Remaining amortization period	Not determinable.
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a corridor between 80-120% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0% compounded annually
Projected salary increases	3.5% compounded annually
Cost-of-living adjustments	None assumed

Firemen's Pension Plan

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

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	13 years
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a corridor between 70-130% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0% compounded annually
Projected salary increases	3.5% compounded annually
Cost-of-living adjustments	None assumed

Firemen's Relief Pension Plan

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

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a corridor between 70-130% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	8.0% compounded annually
Projected salary increases	3.5% compounded annually
Cost-of-living adjustments	None assumed

CITY OF WILKES-BARRE AGGREGATED PENSION TRUST FUND
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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Mr. Ted Wampole
City Administrator

Mr. Darren Snyder
City Controller

Mr. Brett Kittrick
Finance Director

Ms. Stacey Hoedl
Pension Coordinator

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