

# LIMITED PROCEDURES ENGAGEMENT

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## Monroe County Control Center Non-Uniformed Pension Plan Monroe County, Pennsylvania For the Period January 1, 2014 to December 31, 2017

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October 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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

EUGENE A. DePASQUALE  
AUDITOR GENERAL

Board of Directors  
Monroe County Control Center  
Monroe County  
Stroudsburg, PA 18360

We conducted a Limited Procedures Engagement (LPE) of the Monroe County Control Center Non-Uniformed Pension Plan for the period January 1, 2014 to December 31, 2017 to determine its compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. We also evaluated compliance with some requirements subsequent to that period when possible. The LPE was conducted pursuant to authority derived from Section 402(j) of the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.) but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The act established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state aid to Pennsylvania's public pension plans. We believe that the evidence obtained provides a reasonable basis to support our LPE results.

Our LPE was limited to determining the following:

- Whether state aid was properly determined and deposited in accordance with Act 205 requirements by verifying the annual deposit date of state aid and determining whether deposits were made within 30 days of receipt for all years within the engagement period. State aid allocations that were deposited into the pension plan for the years ended December 31, 2012 to December 31, 2017, are presented on the Summary of Deposited State Aid and Employer Contributions.
- Whether annual employer contributions were calculated and deposited in accordance with the plan's governing document and applicable laws and regulations by examining the municipality's calculation of the plan's annual financial requirements and minimum municipal obligation (MMO) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plan as evidenced by supporting documentation. Employer contributions that were deposited into the pension plan for the years ended December 31, 2012 to December 31, 2017, are presented on the Summary of Deposited State Aid and Employer Contributions.

- Whether annual employee contributions were required during the engagement period and, if so, 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 engagement period and examining documents evidencing the deposit of these employee contributions into the pension plan.
- Whether retirement benefits calculated for plan members who retired during the engagement period represent payments to all (and only) those entitled to receive them and were properly determined and disbursed in accordance with the plan's governing document, applicable laws and regulations by recalculating the amount of the monthly pension benefit due to retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to recipients.
- Whether the January 1, 2013, January 1, 2015, and January 1, 2017 actuarial valuation reports were prepared and submitted by March 31, 2014, 2016, and 2018, respectively, in accordance with Act 205 and whether selected information provided on these reports is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.

Based on the results of our procedures performed during our LPE, nothing came to our attention indicating that the Monroe County Control Center Non-Uniformed Pension Plan was not being administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

Our determination to perform a LPE for this engagement period does not preclude the Department from conducting an audit in accordance with *Government Auditing Standards* of the pension plan in subsequent periods. The control center should continue to maintain documentation related to this pension plan.

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

The contents of this report were discussed with officials of the Monroe County Control Center and, where appropriate, their responses have been included in this report. We would like to thank control center officials for the cooperation extended to us during the conduct of this LPE.

October 2, 2018



EUGENE A. DEPASQUALE  
Auditor General

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MONROE COUNTY CONTROL CENTER NON-UNIFORMED PENSION PLAN  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 423,477	\$ 415,622	\$ 414,665
Interest	278,325	307,595	345,212
Change of benefit terms	-	-	-
Difference between expected and actual experience	(148,727)	43,989	(24,023)
Changes of assumptions	-	4,203	8,000
Benefit payments, including refunds of member contributions	<u>(140,522)</u>	<u>(64,392)</u>	<u>(80,957)</u>
Net Change in Total Pension Liability	412,553	707,017	662,897
Total Pension Liability - Beginning	<u>5,071,864</u>	<u>5,484,417</u>	<u>6,191,434</u>
Total Pension Liability - Ending (a)	<u>\$ 5,484,417</u>	<u>\$ 6,191,434</u>	<u>\$ 6,854,331</u>
 Plan Fiduciary Net Position			
Contributions – employer*	\$ 150,748	\$ 141,722	\$ 149,103
Contributions – PMRS assessment	-	860	860
Contributions – member	212,200	227,294	232,599
PMRS investment income	281,284	309,862	347,033
Market value investment income	(82,638)	(306,694)	131,095
Benefit payments, including refunds of member contributions	(140,522)	(64,392)	(80,957)
PMRS administrative expense	(880)	(900)	(780)
Additional administrative expense	<u>(10,787)</u>	<u>(12,917)</u>	<u>(17,002)</u>
Net Change in Plan Fiduciary Net Position	409,405	294,835	761,951
Plan Fiduciary Net Position - Beginning	<u>5,030,674</u>	<u>5,440,079</u>	<u>5,734,914</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,440,079</u>	<u>\$ 5,734,914</u>	<u>\$ 6,496,865</u>
 Net Pension Liability - Ending (a-b)	<u>\$ 44,338</u>	<u>\$ 456,520</u>	<u>\$ 357,466</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.19%	92.63%	94.78%
Estimated Covered Employee Payroll	\$ 1,651,696	\$ 1,717,102	\$ 1,796,358
Net Pension Liability as a Percentage of Covered Employee Payroll	2.68%	26.59%	19.90%

\* 2014 employer contributions does not include transfer of \$1,881 from municipal reserve for municipal for members. 2015 employer contributions does not include transfer of \$5,388 from municipal reserve for municipal for members.

MONROE COUNTY CONTROL CENTER NON-UNIFORMED PENSION PLAN  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

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

The following presents the net pension liability of the Control center as of December 31, 2014 and 2015, calculated using the discount rate of 5.50%, as well as what the Control center'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:

	<u>1% Decrease 4.50%</u>	<u>Current Discount Rate 5.50%</u>	<u>1% Increase 6.50%</u>
Net Pension Liability - 12/31/14	\$ 1,095,947	\$ 44,338	\$ (1,002,333)
Net Pension Liability - 12/31/15	\$ 1,646,685	\$ 456,520	\$ (728,948)

The following presents the net pension liability of the Control center as of December 31, 2016, calculated using the discount rate of 5.25%, as well as what the Control center'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:

	<u>1% Decrease 4.25%</u>	<u>Current Discount Rate 5.25%</u>	<u>1% Increase 6.25%</u>
Net Pension Liability - 12/31/16	\$ 1,680,184	\$ 357,466	\$ (960,652)

MONROE COUNTY CONTROL CENTER NON-UNIFORMED PENSION PLAN  
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid	Employer Contributions
2012	\$ 143,044	\$ 943
2013	147,606	2,791
2014	147,162	5,467
2015	141,144	6,826
2016	144,194	5,769
2017	150,940	None

In 2012, the control center met the plan's \$149,745 funding requirement through the deposit of \$143,044 in state aid, \$5,758 in terminated employee forfeitures and \$943 in employer contributions.

In 2013, the control center met the plan's \$162,541 funding requirement through the deposit of \$147,606 in state aid, \$12,144 in terminated employee forfeitures and \$2,791 in employer contributions.

In 2014, the control center met the plan's \$211,888 funding requirement through the deposit of \$147,162 in state aid, \$59,259 in terminated employee forfeitures and \$5,467 in employer contributions.

In 2015, the control center met the plan's \$189,227 funding requirement through the deposit of \$141,144 in state aid, \$41,257 in terminated employee forfeitures and \$6,826 in employer contributions.

In 2016, the control center met the plan's \$183,078 funding requirement through the deposit of \$144,194 in state aid, \$33,115 in terminated employee forfeitures and \$5,769 in employer contributions.

In 2017, the control center met the plan's \$217,501 funding requirement through the deposit of \$150,940 in state aid and \$66,561 in terminated employee forfeitures.

MONROE COUNTY CONTROL CENTER NON-UNIFORMED PENSION PLAN  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

**Mr. Roger L. DeLarco**  
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**Mr. Gary A. Hoffman**  
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