



**CITY OF YORK PENSION TRUST FUND  
YORK COUNTY  
COMPLIANCE AUDIT REPORT  
FOR THE PERIOD  
JANUARY 1, 2010, TO DECEMBER 31, 2011**

**RELEASED APRIL 2013**

**COMMONWEALTH OF PENNSYLVANIA**  
**EUGENE A. DEPASQUALE - AUDITOR GENERAL**  
**DEPARTMENT OF THE AUDITOR GENERAL**





**CITY OF YORK PENSION TRUST FUND**

**YORK COUNTY**

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## BACKGROUND

On December 18, 1984, the Pennsylvania Legislature adopted the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.). The act established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state aid to Pennsylvania's public pension plans. Section 402(j) of Act 205 specifically requires the Auditor General, as deemed necessary, to make an audit of every municipality which receives general municipal pension system State aid and of every municipal pension plan and fund in which general municipal pension system State aid is deposited.

Pension plan aid is provided from a 2 percent foreign casualty insurance premium tax, a portion of the foreign fire insurance tax designated for paid firefighters and any investment income earned on the collection of these taxes. Generally, municipal pension plans established prior to December 18, 1984, are eligible for state aid. For municipal pension plans established after that date, the sponsoring municipality must fund the plan for three plan years before it becomes eligible for state aid. In accordance with Act 205, a municipality's annual state aid allocation cannot exceed its actual pension costs.

In addition to Act 205, the City of York Pension Trust Fund is also governed by implementing regulations adopted by the Public Employee Retirement Commission published at Title 16, Part IV of the Pennsylvania Code and applicable provisions of various other state statutes including, but not limited to, the following:

Act 399 - Optional Third Class City Charter Law, Act of July 15, 1957 (P.L. 901, No. 399), as amended, 53 P.S. § 41101 et seq.

The City of York Pension Trust Fund serves as a common administrative and investment agent for the city's police, firefighter's, and officers and employees pension plans. The police, firefighter's, and officers and employees pension plans are single-employer defined benefit pension plans locally controlled by the provisions of Articles 169, 171 and 167, respectively, of the city's codified ordinances adopted pursuant to Act 399. The fund is also affected by the provisions of collective bargaining agreements between the city and its police officers, firefighters and nonuniformed employees.







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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

The Honorable Mayor and City Council  
City of York  
York County  
York, PA 17405

We have conducted a compliance audit of the City of York Pension Trust Fund for the period January 1, 2010, to December 31, 2011. 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 finding contained in our prior audit report; and
2. To determine if the pension trust fund was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

Our audit was limited to the areas related to the objectives identified above. Our methodology addressed determinations about the following:

- Whether state aid was properly determined and deposited in accordance with Act 205 requirements.
- Whether employer contributions are determined and deposited in accordance with the plans' governing documents and applicable laws and regulations.

- Whether employee contributions are required and, if so, are determined, deducted and deposited into the pension plans and are in accordance with the plans' provisions and applicable laws and regulations.
- Whether benefit payments, if any, represent payments to all (and only) those entitled to receive them and are properly determined in accordance with applicable laws and regulations.
- Whether obligations for plan benefits are accurately determined in accordance with plan provisions and based on complete and accurate participant data; and whether actuarial valuation reports are prepared and submitted to the Public Employee Retirement Commission (PERC) in accordance with state law and 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.
- Whether benefit payments have only been made to living recipients, based on the Social Security numbers found in the pension records for retirees and beneficiaries.
- Whether refunds are made to eligible members in accordance with the plan provisions and applicable laws and regulations.
- Whether the pension trust fund is in compliance with state regulations for distressed municipalities.
- Whether the terms and methodologies of the issuance of bonds by the municipality, and any restrictions are in compliance with plan provisions and state regulations.
- Whether Deferred Retirement Option Plan (DROP) participants' benefit payments are properly determined in accordance with the provisions of the DROP and any other applicable laws and regulations.

City officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the City of York Pension Trust Fund is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. In conducting our audit, we obtained an understanding of the city's internal controls as they relate to the city's compliance with those requirements and that we considered to be significant within the context of our audit objectives, and assessed whether those significant controls were properly designed and implemented. Additionally, we tested transactions, assessed official actions, performed analytical procedures and interviewed selected officials to provide reasonable assurance of detecting instances of noncompliance with legal and regulatory requirements or noncompliance with provisions of contracts, administrative procedures, and local ordinances and policies that are significant within the context of the audit objectives.

The results of our tests indicated that, in all significant respects, the City of York Pension Trust Fund was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, except as noted in the following findings further discussed later in this report:

- Finding No. 1 – Partial Compliance With Prior Audit Recommendation -  
Incorrect Data On Certification Form AG 385 Resulting In  
An Overpayment Of State Aid
  
- Finding No. 2 – Failure To Fully Pay The Minimum Municipal Obligation Of  
The Plans

As previously noted, one of the objectives of our audit of the City of York Pension Trust Fund was to determine compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. Act 205 was amended on September 18, 2009, through the adoption of Act 44 of 2009. Among several provisions relating to municipal pension plans, the bill provides for the implementation of a distress recovery program. Three levels of distress have been established:

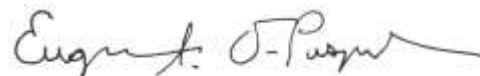
| <u>Level</u> | <u>Indication</u> | <u>Funding Criteria</u> |
|--------------|-------------------|-------------------------|
| I            | Minimal distress  | 70-89%                  |
| II           | Moderate distress | 50-69%                  |
| III          | Severe distress   | Less than 50%           |

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information or conclude on it and, accordingly, express no form of assurance on it. The data contained in the schedules of funding progress and from the January 1, 2011, actuarial valuation reports filed with the Public Employee Retirement Commission (PERC) for the city's police, firefighter's, and officers and employees pension plans contained the following aggregated funding data:

| <u>Actuarial Valuation of Assets</u> | <u>Actuarial Accrued Liability</u> | <u>Funding Ratio</u> |
|--------------------------------------|------------------------------------|----------------------|
| \$ 89,598,862                        | \$ 144,561,249                     | 62%                  |

Based on this information, PERC issued a notification that the City of York is currently in Level II moderate distress status. **We are extremely concerned about the funded status of the city's police and firefighter's pension plans which are 54.9% and 60.3% funded, respectively, as of January 1, 2011,** which is the most recent date available and we encourage city officials to monitor the funding of its pension plans to ensure their long-term financial stability.

The contents of this report were discussed with officials of the City of York and, where appropriate, their responses have been included in the report.



EUGENE A. DEPASQUALE  
Auditor General

November 21, 2012

CITY OF YORK PENSION TRUST FUND  
STATUS OF PRIOR FINDING

Partial Compliance With Prior Audit Recommendation

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

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

During the current audit period, the city reimbursed \$3,128 to the Commonwealth for the overpayment of state aid received in 2009; however, plan officials failed to comply with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data in the years 2011 and 2012 as further discussed in the Findings and Recommendations section of this report.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Partial Compliance With Prior Audit Recommendation - Incorrect Data On Certification Form AG 385 Resulting In An Overpayment Of State Aid

Condition: As disclosed in the prior audit report, the city certified 1 ineligible nonuniformed employee (1 unit) in 2009 on Certification Form AG 385. During the current audit period, the city reimbursed \$3,128 to the Commonwealth for the overpayment of state aid received; however, plan officials failed to comply with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data in the years 2011 and 2012.

The city certified 2 ineligible police officers (4 units) and 2 ineligible nonuniformed employees (2 units) on the Certification Form AG 385 filed in 2011. The city also certified the same 2 ineligible police officers (4 units) and 3 ineligible nonuniformed employees (3 units) on the Certification Form AG 385 filed in 2012. The data on these certification forms is based on prior calendar year information. The ineligible police officers retired effective September 1, 2009, and entered the city's Deferred Retirement Option Program (DROP).

Criteria: Pursuant to Act 205, at Section 402(e)(2), in order to be eligible for certification, an employee must have been employed on a full-time basis for at least six consecutive months and must have been participating in a pension plan during the certification year.

Furthermore, Act 205 at Section 402(e)(2) states, in part:

For the purpose of computing and reporting the applicable number of units, a DROP participant shall not be reported to the Auditor General as an active employee.

Cause: Plan officials failed to establish adequate internal control procedures to ensure the accuracy of the data certified and to ensure full compliance with the prior audit recommendation. In addition, plan officials were unaware that DROP participants and their compensation are not eligible for certification.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - (Continued)

Effect: The data submitted on these certification forms is used, in part, to calculate the state aid due to the municipality for distribution to its pension plans. Because the city's state aid allocations were based on unit value, the incorrect certification of pension data affected the city's state aid allocations, as identified below:

| Year                           | Type<br>Of Plan        | Units<br>Overstated | Unit<br>Value | State Aid<br>Overpayment |
|--------------------------------|------------------------|---------------------|---------------|--------------------------|
| 2011                           | Police                 | 4                   | \$ 5,596      | \$ 22,384                |
|                                | Officers and Employees | 2                   | \$ 5,596      | 11,192                   |
|                                | Total                  |                     |               | <u>33,576</u>            |
| 2012                           | Police                 | 4                   | \$ 3,576      | \$ 14,304                |
|                                | Officers and Employees | 3                   | \$ 3,576      | 10,728                   |
|                                | Total                  |                     |               | <u>25,032</u>            |
| Total Overpayment of State Aid |                        |                     |               | <u>\$ 58,608</u>         |

Recommendation: We recommend that the total overpayment of state aid, in the amount of \$58,608 be returned to the Commonwealth. A check in this amount, with interest compounded annually from date of receipt to date of repayment, at a rate earned by the pension plan, should be made payable to: Commonwealth of Pennsylvania and mailed to: Department of the Auditor General, Municipal Pension & Fire Relief Programs Unit, 11 Stanwix Street, Suite 1450, Pittsburgh, PA 15222. A copy of the interest calculation must be submitted along with the check.

Furthermore, we again recommend that plan officials comply with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data.

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

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - Failure To Fully Pay The Minimum Municipal Obligation Of The Plans

Condition: Plan officials did not fully pay the minimum municipal obligation (MMO) that was due to the police, firefighters', and officers' and employees' pension plans for the year 2011, as required by Act 205. Based upon the records provided by city officials, the city had a total unpaid MMO balance of \$3,575,288 for the year 2011, as illustrated below:

| Plan                   | MMO<br>Due   | MMO<br>Paid           | MMO<br>Outstanding |
|------------------------|--------------|-----------------------|--------------------|
| Police                 | \$ 3,842,987 | \$ 1,758,900          | \$ 2,084,087       |
| Firefighters'          | 1,972,854    | 896,100               | 1,076,754          |
| Officers and Employees | 759,447      | 345,000               | 414,447            |
|                        |              | Total MMO Outstanding | \$ 3,575,288       |

Criteria: With regard to the MMO, Section 302(d) of Act 205 states, in part:

The minimum obligation of the municipality shall be payable to the pension plan from the revenue of the municipality.

Furthermore, Section 302(e) of Act 205 states:

Any amount of the minimum obligation of the municipality which remains unpaid as of December 31 of the year in which the minimum obligation is due shall be added to the minimum obligation of the municipality for the following year, with interest from January 1 of the year in which the minimum obligation was first due until the date the payment is paid at a rate equal to the interest assumption used for the actuarial valuation report or the discount rate applicable to treasury bills issued by the Department of Treasury of the United States with a six-month maturity as of the last business day in December of the plan year in which the obligation was due, whichever is greater, expressed as a monthly rate and compounded monthly.



CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - (Continued)

Cause: The city did not have the financial resources available to fully pay the 2011 MMOs due to the plans.

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

Due to the city's failure to fully pay the 2011 MMOs by the December 31, 2011, deadline, the city must add the unpaid MMO balances to the current year's MMOs and include interest, as required by Act 205.

Recommendation: We recommend that the city pay the MMOs due to the police, firefighters', and officers' and employees' pension plans for the year 2011, with interest, in accordance with Section 302(e) of Act 205. A copy of the interest calculation must be submitted to this Department along with the evidence of payment.

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

Management's Response: City officials agreed with the finding without exception. The city's failure to pay the full MMO by December 31, 2011 is the direct result of the structural deficits suffered by York and all other 3<sup>rd</sup> class cities in Pennsylvania and a massive unfunded liability created by an arbitration award in an Act 111 Arbitration in 1994.

The city has paid the MMO late since 2008 for cash flow reasons to assure that the city is able to meet other financial obligations including debt service and payroll.

The city's MMO for police and fire consumes 30% of the real estate tax revenue generated by the city's current tax base and tax rate. The city has paid a part of the MMO late since 2008. The city has paid 8% of the late amount from January 1 of the year due for all late payments made in all years. Although the city has paid part of the MMO late, it has complied with Act 205 by paying the appropriate interest rate due on late payments for every year except 2011. By the end of 2012 the city will have paid all of the 2011 MMO plus interest that is due.

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - (Continued)

During the period of time from 2008 to 2012 the city real estate tax rate has been increased by a total of 35.64%. Other revenue enhancing measures have been taken such as implementation of a parking tax, increases in rates for sewer and refuse and all other services for which the city charges a fee, the fees have been increased. The city has implemented more aggressive efforts to collect delinquent fees owed to the city. Where the city is empowered to increase fines for violations the city has increased those fines, in some cases by over 100%. The city is anticipating collecting the admissions tax in 2012, something that has not been done in twenty years at least.

Expenses have been reduced by the reduction of workforce, including reducing firefighters from 68 to 57 and taking a piece of apparatus out of service and closing a station, and by reducing pay and benefits of current employees and by a greater extent for future employees. The city is actively exploring opportunities for regionalization, regional cooperation and public private partnerships as ways to reduce the cost of delivering public services especially public safety which consumes almost 70 cents of every general fund dollar.

The late portion of the 2011 MMO will be paid by December 31, 2012 along with appropriate interest. The city will continue to comply with Act 205 by paying the MMO by December 31 of the year in which it is due and/or by paying the appropriate interest rate on the proportion of the MMO paid after December 31 of the year that the MMO is due. Until the State Legislature addresses the inadequacies of the 3<sup>rd</sup> class city revenue generating capacity it will be a struggle to comply but we will do all possible to do so.

Subsequent to the initial management response, the city provided additional documentation which provided an update to the outstanding 2011 MMOs due to the respective plans, as noted below:

| Plan                   | MMO<br>Due   | MMO<br>Paid           | MMO<br>Outstanding |
|------------------------|--------------|-----------------------|--------------------|
| Police                 | \$ 3,842,987 | \$ 3,384,038          | \$ 458,949         |
| Firefighters'          | 1,972,854    | 1,715,777             | 257,077            |
| Officers and Employees | 759,447      | 759,447               | -                  |
|                        |              | Total MMO Outstanding | <u>\$ 716,026</u>  |

CITY OF YORK PENSION TRUST FUND  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - (Continued)

Auditor's Conclusion: Based on the documentation provided by the city, while the city has paid the principal amount of the 2011 MMO due to its officers' and employees' pension plan, the city still has unpaid 2011 MMO balances due to its police and firefighters' pension plans in the amounts of \$458,949 and \$257,077, respectively. In addition, the city needs to determine the interest due to all of the plans since the city failed to fully pay the 2011 MMOs by the December 31, 2011, deadline. The city's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the fund.

CITY OF YORK PENSION TRUST FUND  
POTENTIAL WITHHOLD OF STATE AID

Finding No. 1 contained in this audit report cites an overpayment of state aid to the city in the amount of \$58,608. A condition of this nature may lead to a total withholding of state aid in the future unless the finding is corrected. A check in this amount with interest, at a rate earned by the pension plan, should be made payable to: Commonwealth of Pennsylvania, and mailed to: Department of the Auditor General, Municipal Pension & Fire Relief Programs Unit, 11 Stanwix Street, Suite 1450, Pittsburgh, PA 15222.

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Historical trend information about the plans is presented herewith as supplementary information. It is intended to help users assess the plans' 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, 2007, is as follows:

POLICE PENSION PLAN

|                                | (1)                                    | (2)  | (3)  | (4)                        | (5)                       | (6)   |
|--------------------------------|--|--|--|----------------------------|---------------------------|---|
| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>(Assets in<br>Excess of)<br>Actuarial<br>Accrued<br>Liability<br>(b) - (a) | Funded<br>Ratio<br>(a)/(b) | Covered<br>Payroll<br>(c) | Unfunded<br>(Assets in<br>Excess of)<br>Actuarial<br>Accrued<br>Liability as a %<br>of Payroll<br>[(b-a)/(c)] |
| 01-01-07                       | \$ 36,900,720                          | \$ 64,763,758  | \$ 27,863,038  | 57.0%                      | \$ 5,324,403              | 523.3%  |
| 01-01-09                       | 36,453,921                             | 71,734,278   | 35,280,357   | 50.8%                      | 6,218,166                 | 567.4%  |
| 01-01-11                       | 42,073,130                             | 76,631,555   | 34,558,425   | 54.9%                      | 6,250,388                 | 552.9%  |

Note: The market values of the plan's assets at 01-01-09 and 01-01-11 have been adjusted to reflect the smoothing of gains and/or losses which will be limited to a maximum of 130 percent and a minimum of 70 percent of the fair 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 YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS – (Continued)

FIREFIGHTER’S PENSION PLAN

|                                | (1)                                    | (2)  | (3)  | (4)                        | (5)                       | (6)   |
|--------------------------------|--|--|--|----------------------------|---------------------------|---|
| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>(Assets in<br>Excess of)<br>Actuarial<br>Accrued<br>Liability<br>(b) - (a) | Funded<br>Ratio<br>(a)/(b) | Covered<br>Payroll<br>(c) | Unfunded<br>(Assets in<br>Excess of)<br>Actuarial<br>Accrued<br>Liability as a<br>% of Payroll<br>[(b-a)/(c)] |
| 01-01-07                       | \$ 24,114,327                          | \$ 40,781,209  | \$ 16,666,882  | 59.1%                      | \$ 3,634,509              | 458.6%  |
| 01-01-09                       | 23,246,959                             | 42,684,783   | 19,437,824   | 54.5%                      | 3,800,645                 | 511.4%  |
| 01-01-11                       | 26,159,700                             | 43,362,544   | 17,202,844   | 60.3%                      | 3,869,316                 | 444.6%  |

Note: The market values of the plan’s assets at 01-01-09 and 01-01-11 have been adjusted to reflect the smoothing of gains and/or losses which will be limited to a maximum of 130 percent and a minimum of 70 percent of the fair 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 YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS – (Continued)

OFFICERS AND EMPLOYEES PENSION PLAN

|                                | (1)                                    | (2)  | (3)  | (4)                        | (5)                       | (6)   |
|--------------------------------|--|--|--|----------------------------|---------------------------|---|
| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>(Assets in<br>Excess of)<br>Actuarial<br>Accrued<br>Liability<br>(b) - (a) | Funded<br>Ratio<br>(a)/(b) | Covered<br>Payroll<br>(c) | Unfunded<br>(Assets in<br>Excess of)<br>Actuarial<br>Accrued<br>Liability as a<br>% of Payroll<br>[(b-a)/(c)] |
| 01-01-07                       | \$ 21,302,613                          | \$ 19,688,657  | \$ (1,613,956)   | 108.2%                     | \$ 6,238,323              | (25.9%)   |
| 01-01-09                       | 19,756,874                             | 22,301,395   | 2,544,521  | 88.6%                      | 7,387,463                 | 34.4%   |
| 01-01-11                       | 21,366,032                             | 24,567,150   | 3,201,118  | 87.0%                      | 7,600,411                 | 42.1%   |

Note: The market values of the plan's assets at 01-01-09 and 01-01-11 have been adjusted to reflect the smoothing of gains and/or losses which will be limited to a maximum of 130 percent and a minimum of 70 percent of the fair 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 YORK PENSION TRUST FUND  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

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

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

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll (Column 6) approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. However, when assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.



CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES

POLICE PENSION PLAN

| Year Ended December 31 | Annual Required Contribution | Percentage Contributed |
|------------------------|------------------------------|------------------------|
| 2006                   | \$ 2,949,964                 | 100.0%                 |
| 2007                   | 2,988,309                    | 100.0%                 |
| 2008                   | 3,052,400                    | 100.0%                 |
| 2009                   | 3,120,389                    | 100.0%                 |
| 2010                   | 3,244,829                    | 100.0%                 |
| 2011                   | 3,842,987                    | 88.1%*                 |

\* The percentage contributed in 2011 is based on additional documentation submitted by the city in response to Finding No. 2.

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES

FIREFIGHTER'S PENSION PLAN

| Year Ended December 31 | Annual Required Contribution | Percentage Contributed |
|------------------------|------------------------------|------------------------|
| 2006                   | \$ 1,621,527                 | 100.0%                 |
| 2007                   | 1,641,164                    | 100.0%                 |
| 2008                   | 1,681,387                    | 100.0%                 |
| 2009                   | 1,785,031                    | 100.0%                 |
| 2010                   | 1,805,385                    | 100.0%                 |
| 2011                   | 1,972,854                    | 87.0%*                 |

\* The percentage contributed in 2011 is based on additional documentation submitted by the city in response to Finding No. 2.

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES

OFFICERS AND EMPLOYEES PENSION PLAN

| Year Ended December 31 | Annual Required Contribution | Percentage Contributed |
|------------------------|------------------------------|------------------------|
| 2006                   | \$ 291,572                   | 100.0%                 |
| 2007                   | 331,360                      | 100.0%                 |
| 2008                   | 335,270                      | 100.0%                 |
| 2009                   | 344,088                      | 100.0%                 |
| 2010                   | 376,684                      | 100.0%                 |
| 2011                   | 759,447                      | 100.0%*                |

\* The percentage contributed in 2011 is based on additional documentation submitted by the city in response to Finding No. 2.

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

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

POLICE PENSION PLAN

|                               |  |
|-------------------------------|--|
| Actuarial valuation date      | January 1, 2011  |
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar   |
| Remaining amortization period | 41 years   |
| Asset valuation method        | Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 130% of the market value of assets. |
| Actuarial assumptions:        |  |
| Investment rate of return *   | 8.0%   |
| Projected salary increases *  | 5.0%   |
| * Includes inflation at       | Not disclosed  |
| Cost-of-living adjustments    | 5.0% per year, for certain members who retired between 1/1/03 and 1/15/03, 4.0% per year postretirement.   |

CITY OF YORK PENSION TRUST FUND  
 SUPPLEMENTARY INFORMATION  
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 (UNAUDITED)

FIREFIGHTER'S PENSION PLAN

|                               |  |
|-------------------------------|--|
| Actuarial valuation date      | January 1, 2011  |
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar   |
| Remaining amortization period | 35 years   |
| Asset valuation method        | Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 130% of the market value of assets. |
| Actuarial assumptions:        |  |
| Investment rate of return *   | 8.0%   |
| Projected salary increases *  | 5.0%   |
| * Includes inflation at       | Not disclosed  |
| Cost-of-living adjustments    | 5.0% per year, for certain members who retired between 1/1/03 and 1/15/03, 4.0% per year postretirement.   |

CITY OF YORK PENSION TRUST FUND  
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(UNAUDITED)

OFFICERS AND EMPLOYEES PENSION PLAN

|                               |  |
|-------------------------------|--|
| Actuarial valuation date      | January 1, 2011  |
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar   |
| Remaining amortization period | 19 years   |
| Asset valuation method        | Plan assets are valued using the method described in Section 210 of Act 205, as amended, subject to a ceiling of 130% of the market value of assets. |
| Actuarial assumptions:        |  |
| Investment rate of return *   | 8.0%   |
| Projected salary increases *  | 5.0%   |
| * Includes inflation at       | Not disclosed  |
| Cost-of-living adjustments    | None assumed   |

CITY OF YORK PENSION TRUST FUND  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett  
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Commonwealth of Pennsylvania

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| Mr. Michael J. O'Rourke     | Chief Administrative Officer      |
| Ms. Cherie Alwine           | Deputy Director of Finance        |
| Ms. Alexandria Quinn        | Business Administrative Assistant |

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