

COMPLIANCE AUDIT

West Chester Borough Non-Uniformed Pension Plan Chester County, Pennsylvania For the Period January 1, 2015 to December 31, 2018

October 2019



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

The Honorable Mayor and Borough Council
West Chester Borough
Chester County
West Chester, PA 19380

We have conducted a compliance audit of the West Chester Borough Non-Uniformed Pension Plan for the period January 1, 2015 to December 31, 2018. 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 report; and
2. To determine if the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

Our audit was limited to the areas related to the objectives identified above. To determine if municipal officials took appropriate corrective action to address the findings contained in our prior audit report, we inquired of plan officials and evaluated supporting documentation provided by officials evidencing that the suggested corrective action has been appropriately taken. To determine whether the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, our methodology included the following:

- We determined whether state aid was properly determined and deposited in accordance with Act 205 requirements by verifying the annual deposit date of state aid and determining whether deposits were made within 30 days of receipt for all years within the period under audit.

- We determined whether annual employer contributions were calculated and deposited in accordance with the plan's governing document and applicable laws and regulations by examining the municipality's calculation of the plan's annual financial requirements and minimum municipal obligation (MMO) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plan as evidenced by supporting documentation.
- We determined whether annual employee contributions were calculated, deducted, and deposited into the pension plan in accordance with the plan's governing document and applicable laws and regulations by testing total members' contributions on an annual basis using the rates obtained from the plan's governing document in effect for all years within the period under audit and examining documents evidencing the deposit of these employee contributions into the pension plan.
- We determined whether retirement benefits calculated for all 11 of the plan members who retired during the current audit 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. We also determined whether retirement benefits calculated for all 4 of the plan members who elected to vest during the current audit period represent payments to all (and only) those entitled to receive them and were properly determined in accordance with the plan's governing document, applicable laws and regulations by recalculating the amount of the pension benefit due to retired individuals and comparing these amounts to supporting documentation evidencing amounts determined.
- We determined whether the January 1, 2015 and January 1, 2017 actuarial valuation reports were prepared and submitted by March 31, 2016 and 2018, respectively, in accordance with Act 205 and whether selected information provided on these reports is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.

West Chester Borough contracted with an independent certified public accounting firm for annual audits of its basic financial statements for the years ended December 31, 2015, 2016, and 2017, which are available at the borough's offices. Those financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

Borough officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the West Chester Borough Non-Uniformed Pension Plan 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 borough's internal controls as they relate to the borough'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 West Chester Borough Non-Uniformed Pension Plan 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 A Net Underpayment Of State Aid

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Vested Pension Benefit Calculations

Findings Nos. 1 and 2 contained in this audit report repeat conditions that were cited in our previous audit report that have not been corrected by borough officials. We are concerned by the borough's failure to correct these previously reported audit findings and strongly encourage timely implementation of the recommendations noted in this audit report.

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 West Chester Borough and, where appropriate, their responses have been included in the report. We would like to thank borough officials for the cooperation extended to us during the conduct of the audit.

September 25, 2019



EUGENE A. DEPASQUALE
Auditor General

CONTENTS

	<u>Page</u>
Background.....	1
Status Of Prior Findings.....	3
Findings And Recommendations:	
Finding No. 1 – Partial Compliance With Prior Audit Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid.....	4
Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Vested Pension Benefit Calculations.....	6
Supplementary Information	8
Report Distribution List	14

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 West Chester Borough Non-Uniformed Pension Plan 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.

The West Chester Borough Non-Uniformed Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 15-2017 for non-uniformed employees hired before January 1, 2013. The plan is also affected by the provisions of collective bargaining agreements between the borough and its non-uniformed employees. The plan was established January 1, 1964. Active members were required to contribute 2.2 percent of wages to the plan for the year 2015, 2.5 percent of wages for the year 2016, 2.75 percent of wages for the year 2017, and 3.0 percent of wages for the year 2018. As of December 31, 2018, the plan had 60 active members, 34 terminated members eligible for vested benefits in the future, and 56 retirees receiving pension benefits from the plan.

BACKGROUND – (Continued)

As of December 31, 2018, selected plan benefit provisions are as follows:

Eligibility Requirements:

Normal Retirement	Age 65 and 5 years of service.
Early Retirement	Age 55 and 10 years of service.
Vesting	A member is 100% vested after 5 years of service.

Retirement Benefit:

Benefit equals 2% of final monthly average salary, over the highest consecutive 60 months during the final 10 years, multiplied by the years of credited service.

Survivor Benefit:

Before Retirement Eligibility	Before 10 years of service, refund of member contributions plus interest. After 10 years of service, 50% of the accrued benefit at the time of death.
After Retirement Eligibility	The form of benefit payment in force for the participant at the time of death.

Service Related Disability Benefit:

After the completion of 15 years of service, the accrued benefit at the time of disability.

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
STATUS OF PRIOR FINDINGS

Partial Compliance With Prior Audit Recommendation

West Chester Borough 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 borough returned the overpayment of state aid received in 2012 plus interest to the Commonwealth; however, plan officials again 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 2016, 2018, and 2019, as further discussed in the Findings and Recommendations section of this report.

Noncompliance With Prior Audit Recommendation

West Chester Borough has not complied with the prior audit recommendation concerning the following as further discussed in the Findings and Recommendations section of this report:

- Failure To Maintain Vested Pension Benefit Calculations

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Partial Compliance With Prior Audit Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

Condition: As disclosed in the Status of Prior Findings section of this report, although the borough partially complied with the prior audit recommendation by returning the overpayment of state aid received in 2012 to the Commonwealth, a similar condition occurred during the current audit period. Plan officials again failed to comply with the instructions that accompany Certification Forma AG 385 to assist them in accurately reporting the required pension data in the years 2016, 2018, and 2019.

During the current audit period, the borough certified 1 ineligible non-uniformed employee (1 unit) and understated payroll by \$33,591 on the Certification Form AG 385 filed in 2016. In addition, the borough failed to certify 5 eligible non-uniformed employees (5 units) and understated payroll by \$171,212, and failed to certify 1 eligible police officer (2 units) and understated payroll by \$131,686 on the Certification Form AG 385 filed in 2018. Subsequent to the audit period, the borough certified 1 ineligible non-uniformed employee (1 unit) and overstated payroll by \$15,599 on the Certification Form AG 385 filed in 2019. The data contained on these certification forms is based on prior calendar year information.

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

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.

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
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 borough’s state aid allocations were based on unit value, the borough received a net underpayment of state aid of \$23,293 as identified below:

<u>Year</u>	<u>Type of Plan</u>	<u>Units Overstated (Understated)</u>	<u>Unit Value</u>	<u>State Aid Overpayment (Underpayment)</u>
2016	Non-Uniformed	1	\$4,375	\$ 4,375
2018	Police	(2)	\$4,684	(9,368)
	Non-Uniformed	(5)	\$4,684	(23,420)
			Subtotal	\$ (32,788)
2019	Non-Uniformed	1	\$5,120	5,120
			Net Underpayment of State Aid	\$ (23,293)

Although the additional state aid will be allocated to the borough, the full amount of the 2018 state aid allocation was not available to be deposited timely and therefore were not available to pay operating expenses or for investment.

Recommendation: We again recommend that in the future, plan officials establish adequate internal control procedures, such as having at least two people review the data certified, to ensure compliance with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data.

Management’s Response: Municipal officials agreed with the finding without exception.

Auditor’s Conclusion: Compliance will be evaluated during our next audit of the plan.

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Vested Pension Benefit Calculations

Condition: As disclosed in our three prior audit reports, the borough failed to maintain vested calculations for 9 plan members who terminated employment with the borough from July 1, 1991 through June 29, 1996. Three of these former plan members are eligible to receive a vested benefit during the current audit period. In addition, it appears that one of the former plan members who terminated employment on February 1, 1993 did not have the 5 years of service required for a vested benefit.

Criteria: The municipality should maintain adequate supporting documentation to substantiate the accuracy of all pension benefit determinations.

Cause: Plan officials have failed to adopt adequate internal control procedures to ensure compliance with this department's prior audit recommendation.

Effect: The failure of plan officials to maintain vested pension benefit calculations could result in inconsistent or improper benefit calculations and incorrect benefit payments from the pension plan.

Recommendation: We again recommend that plan officials obtain adequate supporting documentation to verify the accuracy of the vested pension benefits to be paid from the pension plan.

Furthermore, we again recommend that plan officials determine whether the former plan member who terminated employment on February 1, 1993, is entitled to a vested pension benefit pursuant to the provisions contained in the plan's governing document. If it is determined that the former member is not eligible to receive a benefit, plan officials should take appropriate action to ensure that an unauthorized pension benefit is not paid to the former plan member.

We also again recommend that plan officials establish adequate internal control procedures to ensure that all pension benefit calculations are properly determined and maintained by the borough.

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Management's Response: The borough changed actuarial firms in the early 1990s. It was municipal officials' understanding that vested benefit information on file with the former actuarial firm was turned over to the new actuarial firm. Municipal officials indicated that they reached out to the current actuarial firm during the 2015-2018 pension audit and determined that the current firm had no vested benefit information on file for the nine employees. Municipal officials stated they will contact the former actuarial firm and request access to their actuarial information on the nine vested employees. If there are vested benefit calculations on file, the borough will provide copies of the calculations to the Auditor General's office. If it is determined that there are no vested benefit calculations on file, municipal officials will research old payroll files to determine the appropriate wages to be used in the vested benefit calculations and will send that information to the current actuarial firm to prepare the vested benefit calculations.

Auditor's Conclusion: Based on the management response, it appears municipal officials intend to comply with the finding recommendation. Compliance will be evaluated during our next audit of the plan.

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

The supplementary information contained on Pages 8 through 10 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, 2016, 2017, AND 2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Pension Liability					
Service cost	\$ 366,334	\$ 305,258	\$ 303,806	\$ 302,539	\$ 310,924
Interest	1,213,215	1,252,809	1,320,111	1,389,969	1,460,427
Difference between expected and actual experience	-	(360,948)	-	(634,987)	-
Changes of assumptions	-	-	-	1,933,463	-
Benefit payments, including refunds of member contributions	<u>(597,595)</u>	<u>(662,809)</u>	<u>(655,587)</u>	<u>(675,808)</u>	<u>(713,505)</u>
Net Change in Total Pension Liability	981,954	534,310	968,330	2,315,176	1,057,846
Total Pension Liability – Beginning	<u>16,103,273</u>	<u>17,085,227</u>	<u>17,619,537</u>	<u>18,587,867</u>	<u>20,903,043</u>
Total Pension Liability – Ending (a)	<u>\$17,085,227</u>	<u>\$17,619,537</u>	<u>\$18,587,867</u>	<u>\$20,903,043</u>	<u>\$21,960,889</u>
Plan Fiduciary Net Position					
Contributions – employer *	\$ 952,607	\$ 940,085	\$ 891,062	\$ 916,611	\$ 822,974
Contributions – member	98,581	86,703	100,381	108,443	112,953
Net investment income	559,636	90,312	776,943	2,137,290	(845,375)
Benefit payments, including refunds of member contributions	(597,595)	(662,809)	(655,587)	(675,808)	(713,505)
Administrative expense	<u>(5,010)</u>	<u>(2,700)</u>	<u>(12,533)</u>	<u>(49,820)</u>	<u>(81,396)</u>
Net Change in Plan Fiduciary Net Position	1,008,219	451,591	1,100,266	2,436,716	(704,349)
Plan Fiduciary Net Position – Beginning	<u>11,500,802</u>	<u>12,509,021</u>	<u>12,960,612</u>	<u>14,060,878</u>	<u>16,497,594</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$12,509,021</u>	<u>\$12,960,612</u>	<u>\$14,060,878</u>	<u>\$16,497,594</u>	<u>\$15,793,245</u>
Net Pension Liability – Ending (a-b)	<u>\$ 4,576,206</u>	<u>\$ 4,658,925</u>	<u>\$ 4,526,989</u>	<u>\$ 4,405,449</u>	<u>\$ 6,167,644</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.2%	73.6%	75.6%	78.9%	71.9%
Estimated Covered Employee Payroll	\$ 4,210,452	\$ 3,999,805	\$ 3,952,818	\$ 3,911,268	\$ 3,504,428
Net Pension Liability as a Percentage of Covered Employee Payroll	108.7%	116.5%	114.5%	112.6%	176.0%

* 2016 employer contributions exclude, and 2017 employer contributions include interest of \$7,784 deposited in 2017 for the late payment of the 2016 MMO.

WEST CHESTER BOROUGH 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 borough as of December 31, 2014, 2015, and 2016, calculated using the discount rate of 7.5%, as well as what the borough'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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability – 12/31/14	\$ 6,862,362	\$ 4,576,206	\$ 2,658,341
Net Pension Liability – 12/31/15	\$ 6,987,218	\$ 4,658,925	\$ 2,706,193
Net Pension Liability – 12/31/16	\$ 6,929,536	\$ 4,526,989	\$ 2,508,685

In addition, the following presents the net pension liability of the borough as of December 31, 2017 and 2018, calculated using the discount rate of 7.0%, as well as what the borough'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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability – 12/31/17	\$ 7,299,166	\$ 4,405,449	\$ 1,997,537
Net Pension Liability – 12/31/18	\$ 9,135,580	\$ 6,167,644	\$ 3,693,632

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
 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
2009	\$ 603,341	\$ 603,341	\$ -		
2010	611,367	616,205	(4,838)	\$4,732,212	13.0%
2011	676,178	572,510	103,668		
2012	697,043	581,210	115,833	4,659,114	12.5%
2013	880,253	733,150	147,103		
2014	952,607	952,607	-	4,210,452	22.6%
2015	913,361	940,085	(26,724)	3,999,805	23.5%
2016	**898,845	**898,845	-	3,952,818	22.7%
2017	784,660	908,827	(124,167)	3,911,268	23.2%
2018	741,719	822,974	(81,255)	3,504,428	23.5%

* 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 odd years prior to 2014.

** 2016 contribution amount includes interest on late payment.

For 2011, 2012, and 2013, the contribution deficiency reflects the 25 percent reduction to the plan's amortization contribution elected by the municipality under Act 44 for distressed municipalities, which allows for such reduction.

SCHEDULE OF INVESTMENT RETURNS

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

2018	-5.18%
2017	15.55%
2016	6.60%
2015	1.02%
2014	5.32%

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
 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, 2013, is as follows:

	(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)
01-01-13	\$ 9,642,458	\$ 15,144,856	\$ 5,502,398	63.7%
01-01-15	12,191,164	16,724,279	4,533,115	72.9%
01-01-17	14,608,972	19,886,343	5,277,371	73.5%

Note: The market values of the plan’s assets at 01-01-13, 01-01-15, and 01-01-17 have been adjusted to reflect the smoothing of gains and/or losses over a four-year averaging period subject to a corridor between 80 to 120 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.

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
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.

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
NOTES TO SUPPLEMENTARY SCHEDULES
(UNAUDITED)

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

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	10 years
Asset valuation method	4-year smoothing, the actuarial value of assets will be limited to a maximum of 120% and a minimum of 80% of the fair market value of assets
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	4.5%
Cost-of-living adjustments	None assumed

WEST CHESTER BOROUGH NON-UNIFORMED PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

The Honorable Dianne Herrin
Mayor

Ms. Diane Lebold
Council President

Mr. Michael Galey
Council Vice-President

Ms. Denise Polk
Council Member

Mr. Michael Stefano
Council Member

Mr. William Scott
Council Member

Mr. Donald Braceland
Council Member

Mr. Bernie Flynn
Council Member

Mr. Michael Perrone
Borough Manager

Ms. Barbara Lioni
Acting Finance Director

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.