

COMPLIANCE AUDIT

Ford City Borough Non-Uniformed Pension Plan Armstrong County, Pennsylvania For the Period January 1, 2017 to December 31, 2020

September 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Mayor and Borough Council
Ford City Borough
Armstrong County
Ford City, PA 16226

We have conducted a compliance audit of the Ford City Borough Non-Uniformed Pension Plan for the period January 1, 2017 to December 31, 2020. We also evaluated compliance with some requirements subsequent to that period when possible. The audit was conducted pursuant to authority derived from the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984, as amended, 53 P.S. § 895.402(j)), which requires the Auditor General, as deemed necessary, to audit every municipality which receives general municipal pension system state aid and every municipal pension plan and fund in which general municipal pension system state aid is deposited. The audit was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We planned and performed the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of the audit was 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 objective identified above. 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 that there were no employee contributions required by the plan's governing document and applicable laws and regulations for the years covered by our audit period.
- We determined whether retirement benefits calculated for 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 benefits due to the retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients.
- We determined whether the January 1, 2017, and January 1, 2019 actuarial valuation reports were prepared and submitted by March 31, 2018, and 2020, respectively, in accordance with Act 205 and whether selected information provided on these reports is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.

Ford City Borough contracted with an independent certified public accounting firm for an annual audit of its financial statements for the year ended December 31, 2020, prepared in conformity with the accounting practices prescribed or permitted by the Department of Community and Economic Development of the Commonwealth of Pennsylvania, which is 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.

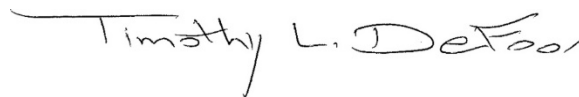
Borough officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Ford City Borough Non-Uniformed Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. As previously described, we tested transactions, interviewed selected officials, and performed procedures to the extent necessary to provide reasonable assurance of detecting instances of noncompliance with legal and regulatory requirements or noncompliance with provisions of contracts, administrative procedures, and local ordinances and policies that are significant within the context of the audit objective.

The results of our procedures indicated that, in all significant respects, the Ford City 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 – Incorrect Data On Certification Form AG 385 Resulting In An Overpayment Of State Aid
- Finding No. 2 – Failure To Properly Establish And Fund Pension Plan For Employees Hired On Or After January 1, 2018
- Finding No. 3 – Failure To Implement Mandatory Act 44 Procedures For The Procurement Of Professional Services
- Finding No. 4 – Inconsistent Pension Benefits

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 Ford City 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.



August 23, 2021

Timothy L. DeFoor
Auditor General

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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.

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 Ford City Borough Non-Uniformed Pension Plan is also governed by implementing regulations published at Title 16, Part IV of the Pennsylvania Code and applicable provisions of various other state statutes.

The Ford City Borough Non-Uniformed Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance 736, as amended, for borough employees hired prior to January 1, 2018. The plan is also affected by the provisions of collective bargaining agreements between the borough and its non-uniformed employees. The plan was established March 3, 1952. Active members are not required to contribute to the plan. As of December 31, 2020, the plan had 5 active members, 1 terminated member eligible for vested benefits in the future, and 9 retirees receiving pension benefits.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Incorrect Data On Certification Form AG 385 Resulting In An Overpayment Of State Aid

Condition: The borough certified 2 ineligible non-uniformed employees (2 units) and overstated payroll by \$49,655 on the Certification Form AG 385 filed in 2019 and 4 ineligible non-uniformed employee (4 units) and overstated payroll by \$83,606 on the Certification Form AG 385 filed in 2020. The borough certified these 6 newly hired employees even though these individuals were not yet participants of an eligible pension plan maintained by the borough according to the plan document (*refer to Finding No. 2*). The data contained on these certification forms is based on prior calendar year information.

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. Additionally, the instructions accompanying Certification Form AG 385 prescribes the following criteria for certification purposes:

Each Non-Uniformed Employee MUST meet each of these conditions anytime between January 1st and December 31st of the prior calendar year:

- a. Be an active, full-time non-uniformed employee employed by the municipality.
- b. Be employed for any six (6) consecutive months during the prior calendar year.
- c. Work not less than 35 hours per week.
- d. Be a member of a non-uniformed employee pension plan and meet all of its requirements.

Cause: Plan officials failed to timely establish and implement a Cash Balance Pension Plan with the Pennsylvania Municipal Retirement System (PMRS) for employees hired after January 1, 2018, in accordance with provisions of the collective bargaining agreement effective January 1, 2018 (*refer to Finding No. 2*) and/or follow the existing plan document which was revised October 12, 2018, via Ordinance No. 737, to specifically exclude individuals hired by the borough after January 1, 2018. Additionally, the borough lacked adequate internal control procedures to properly exclude these ineligible individuals on the Certification Form AG-385s submitted during the years 2019 and 2020.

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 2019 and 2020 state aid allocations were based on unit value, the incorrect certification of pension data affected the borough's state aid allocations, as identified below:

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Year	Units Overstated	Unit Value	State Aid Overpayment
2019	2	\$ 5,120	\$ 10,240
2020	4	\$ 4,924	19,696
Total Overpayment of State Aid			\$ 29,936

In addition, the borough used the overpayments of state aid to pay the minimum municipal obligations (MMOs) due to the non-uniformed pension plan; therefore, if the reimbursement to the Commonwealth is made from the pension plan, the plan’s MMOs will not be fully paid. Furthermore, the borough’s future state aid allocations may be withheld until the finding recommendation is complied with.

Moreover, although the borough recently filed a revised 2021 Certification Form AG-385 to correct an additional filing error noted as a result of the current audit, the revised AG 385 form again included 3 individuals who did not satisfy the eligibility criteria for certification. Due to the timing of this audit, since the 2021 state aid data was not yet available, the impact of the inclusion of these ineligible individuals will be evaluated during the next audit.

Recommendation: We recommend that the total excess state aid, in the amount of \$29,936, plus interest, 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, 321 Finance Building, Harrisburg, PA 17120. A copy of the interest calculation must be submitted along with the check.

We also recommend that in the future, plan officials establish adequate internal control procedures, such as having at least 2 people review the data certified, to ensure compliance with the instructions that accompany Certification Form AG 385 and the plan’s governing document to assist them in accurately reporting the required pension data.

In addition, if the reimbursement to the Commonwealth is made from non-uniformed pension plan funds, we recommend that any resulting MMO deficiencies be paid to the pension plan with interest, at a rate earned by the pension plan.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Management Response: Municipal officials provided the following written response:

Ford City made one correction to move two participants to the correct Defined Contributions plan information. To the best of our knowledge, each candidate listed in both Defined Contributions and Defined Benefit Plans meets the criteria of the AG 385 regulations, specifically:

Each Non-Uniformed Employee MUST meet each of these conditions anytime between January 1st and December 31st of the prior calendar year:

- a. Be an ACTIVE, FULL-TIME NON-UNIFORMED employee employed by the municipality.
- b. Be EMPLOYED FOR ANY SIX (6) CONSECUTIVE MONTHS during the prior calendar year.
- c. WORK NOT LESS THAN 35 HOURS PER WEEK.
- d. Be a MEMBER OF A NON-UNIFORMED EMPLOYEE PENSION PLAN and meet all of its requirements.

If we have not met these requirements, we will be happy to receive instruction to submit correct information.

Auditor Conclusion: As mentioned above and more fully discussed in Finding No. 2, the borough failed to timely establish a cash balance pension plan for employees hired after January 1, 2018 in accordance with the plan’s governing document and provisions of the collective bargaining agreement. Although the employees hired after January 1, 2018 may have met the criteria outlined in items a, b and c noted in the Criteria and Management Response sections above, these individuals were not members of a pension plan (*item d above*) according to the plan document (*Ordinance No. 737 effective October 12, 2018, specifically prohibits employees hired after January 1, 2018 from participating in the defined benefit plan and the cash balance pension plan was not established until January 12, 2021 via Ordinance No. 751*) at the time of certification. Moreover, the borough did not enroll the participants or make any contributions on behalf of these newly hired individuals and therefore did not experience any pension costs for which state aid is intended under Act 205. Therefore, the finding and recommendation remain as stated above.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Failure To Properly Establish And Fund Pension Plan For Employees Hired On Or After January 1, 2018

Condition: The borough failed to formally establish and properly fund a pension plan for employees hired after January 1, 2018 in accordance with provisions of a collective bargaining agreement (CBA) covering the period January 1, 2018 to December 31, 2020. The CBA required the borough to adopt and implement a cash balance plan administered through the PMRS for employees hired after January 1, 2018. Subsequently, on January 11, 2021 the borough enacted Ordinance No. 751, which established a cash balance pension plan with PMRS for such employees; however, between January 1, 2018 and January 11, 2021, the borough hired 6 employees who were unable to become active plan participants or have accounts funded because a plan was not formally established until 2021.

Criteria: Section 1 of Article XXII of the collective bargaining agreement covering the period January 1, 2018 to December 31, 2020, effective January 1, 2018, states, in part:

For employees hired after January 1, 2018, the Borough will adopt and implement the Pennsylvania Municipal Retirement System Cash Balance Plan, and contribute 3% of W-2 compensation to said Plan on behalf of each participating eligible employee...

Employees hired on or after January 1, 2018 will not be eligible to participate in the Borough of Ford City's General Employee's Pension Plan.

In addition, Section 3.01 of Article III of Ordinance No. 751, *Municipality Contribution Amount* states, in part:

Required Municipal Contribution is an amount equal to 3% of each Member's Compensation.

Furthermore, Section 4.02 of Article III of Ordinance No. 751, *Member Contributions* requires members to contribute 1.5% of Compensation.

Cause: Borough officials were waiting on a properly signed and executed plan agreement from PMRS as noted in the management response below.

Effect: The failure to properly establish the plan, enroll participants and fund the plan, accordingly, resulted in individuals being included on the AG 385 prior to eligibility (*refer to Finding No. 1*) and/or being denied benefits to which entitled under the plan's governing document and the CBA. In addition, since the cash balance plan was not formally established prior to 2021, the borough will not be eligible for state aid for its cash balance plan until after submission of a properly filed actuarial valuation report (AVR) for the newly established plan.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We recommend that the borough properly enroll all eligible participants and calculate and deposit any outstanding municipal contributions due to members' accounts in accordance with the CBA and the plan's governing document for the years 2018, 2019, and 2020, with interest. A copy of the interest calculation must be maintained by the borough for examination during our next audit of the plan.

We also recommend that, in the future, borough officials properly fund the accounts of all eligible plan members in accordance with plan documents and file an appropriate AVR for its newly established cash balance plan in accordance with Act 205.

Management Response: Municipal officials provided the following written response:

The implementation of the Borough's PMRS Plan was the subject of collective bargaining, which caused significant delays. Upon successful completion of union negotiations, Ford City Borough immediately began working with PMRS to retroactively initiate the plan and bring all eligible participant accounts up-to-date funding-wise. The Borough is actively working, and will continue to work, with PMRS on this issue and anticipates all retroactive funding activities will be completed by the end of calendar year 2021.

Auditor 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.

Finding No. 3 – Failure To Implement Mandatory Act 44 Procedures For The Procurement Of Professional Services

Condition: As disclosed as a verbal observation during the prior engagement, the borough failed to adopt the mandatory provisions of Act 205 regarding professional services contracts.

Criteria: Section 701-A of Act 205, as amended by Act 44 of 2009, defines a "Professional Services Contract", as follows:

"Professional services contract." A contract to which the municipal pension system is a party that is:

- (1) for the purchase or provision of professional services, including investment services, legal services, real estate services and other consulting services; and
- (2) not subject to a requirement that the lowest bid be accepted.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

In addition, Section 702-A (a) of Act 205 states in part:

Each municipal pension system ... shall develop procedures to select the most qualified person to enter into a professional services contract. The procedures shall ensure that the availability of a professional services contract is advertised to potential participants in a timely and efficient manner. Procedures shall include applications and disclosure forms to be used to submit a proposal for review and to receive the award of a professional services contract.

Additionally, Section 702-A (c), (e), (f) and (h) state, in part:

Review. Procedures to select the most qualified person shall include a review of the person's qualifications, experience and expertise and the compensation to be charged.

Conflict of interest. The municipal pension system shall adopt policies relating to potential conflicts of interest in the review of a proposal or the negotiation of a contract.

Public information. Following the award of a professional services contract, all applications and disclosure forms shall be public except for proprietary information or other information protected by law.

Notice and summary. The relevant factors that resulted in the award of the professional services contract must be summarized in a written statement to be included in or attached to the documents awarding the contract. Within ten days of the award of the professional services contract, the original application, a summary of the basis for the award and all required disclosure forms must be transmitted to all unsuccessful applications and posted on the municipal pension system's Internet website, if an Internet website is maintained, at least seven days prior to the execution of the professional services contract.

Cause: Plan officials failed to establish adequate internal controls procedures to ensure compliance with provisions of Act 205 as previously recommended.

Effect: The borough's failure to comply in all respects with the previous recommendation and the provisions stipulated in Act 205 regarding the procurement of professional investment and advisory services for the borough's pension plan could result in a general lack of overall transparency of the actions taken by plan officials relative to the awarding of the investment and advisory services contract for the borough's pension plan.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Recommendation: We recommend that municipal officials obtain a comprehensive understanding of Act 205 provisions for the procurement of professional services and develop and implement formal written procedures to ensure compliance with these provisions which includes maintaining appropriate and sufficient supporting documentation evidencing every phase of the process in the awarding of future professional services contracts for the pension plan, including authorizations/approvals of borough officials in the official minutes of formal board meetings and the required notifications and disclosure responsibilities to ensure the transparency of the actions taken by plan officials relative to the awarding of such professional services contracts.

Management Response: Municipal officials indicated that Ford City Borough is currently working with their solicitor to rectify this finding. Borough Council will adopt the required procedures by no later than its September 13, 2021 public meeting.

Auditor 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.

Finding No. 4 – Inconsistent Pension Benefits

Condition: The pension plan’s governing document, Ordinance No. 736, as amended, contains a benefit provision that conflicts with the collective bargaining agreement between the non-uniformed participants and the borough as follows:

<u>Benefit Provision</u>	<u>Governing Document</u>	<u>Collective Bargaining Agreement</u>
Normal Retirement Benefit	Section 4.02 of Article IV, states, in part, All full-time Union Participants shall be entitled to receive a benefit, expressed in the Normal Form, in an amount equal to \$22 multiplied by Years of Service. Effective January 1, 2017, the amount will be \$23 multiplied by Years of Service.	Section 1 of Article XXII of the Collective Bargaining Agreement effective for the period January 1, 2018 to December 31, 2011, states, in part, All full-time employees hired before January 1, 2018 with at least ten (10) years of service credited under the Borough of Ford City General Employee’s Pension Plan who retire during this agreement will be eligible for a monthly pension benefit equal to \$24 per month per year of service...

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

In addition, the actuarial valuation report form for the non-uniformed pension plan, with a valuation date of January 1, 2019, submitted to the Municipal Pension Reporting Program, reported the benefit provisions included in the collective bargaining agreement.

Criteria: A governing document which contains clearly defined and updated benefit provisions is a prerequisite for the consistent, sound administration of retirement benefits. The plan's governing document and the collective bargaining agreement should contain consistent benefit provisions to ensure the sound administration of retirement benefits.

Cause: Municipal officials failed to update the plan's governing document to adopt and adequately reflect the benefit provision agreed to in the most recently negotiated collective bargaining agreement.

Effect: The inconsistent benefit provision between the plan's various documents resulted in an inconsistent benefit determination and an inaccurate benefit payment to a retiree from the pension plan. The plan is paying benefits to a retiree in an amount less than that authorized by the collective bargaining agreement. As of the date of this report, based on an estimate prepared by this department, the retiree was underpaid in total approximately \$1,394 according to borough records.

Recommendation: We recommend that municipal officials take appropriate action to ensure the plan's governing document and the collective bargaining agreement contain consistent benefit provisions at their earliest opportunity to do so.

We also recommend that municipal officials reimburse the retiree for the total prior underpayments \$1,394, and adjust the retiree's pension benefit, prospectively, in accordance with the provisions contained in the plan's collective bargaining agreement.

Management Response: Municipal officials provided the following written response.

Ford City reached out to our NUPP Administrator and is in the process of remedying these situations. The pension plan custodian wrote the following:

Regarding the pension benefit for the plan member who retired on February 25, 2018:

- The original Accrued Benefit Calculation was set based on the \$23 calculation that the borough supplied on the retiree's pension set-up form from the plan's actuary.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

- The monthly pension benefit that began on April 1, 2018 was set at \$782 as instructed on the original signed paperwork supplied by the borough.
- Our understanding from your e-mail is that the borough was informed that the correct benefit calculation should have been \$24. The correct monthly amount should have been \$816.
- During our confirmation and research of this error, we discovered that the benefit payment should have been cut in half to \$408 beginning March 1, 2021.
- The attached spreadsheet supplied indicates what has been paid to date to the retiree at incorrect amounts through August 1, 2021. The lower portion of the spreadsheet is a comparison of what the correct monthly payments should have been since inception.
- Our calculations indicate that the recipient was overpaid from the pension account in the amount of \$1,054.

Auditor Conclusion: Based on the management response, it appears municipal officials intend to comply with the finding recommendation. We recommend however, that municipal officials corroborate the information provided by the plan custodian and determine whether all relevant information provided to the auditor during the engagement is consistent with the documentation provided to the custodian to ensure the accuracy of any recalculations and/or additional distributions from the plan. Based on the information provided to this department, the recommendation remains as stated. Compliance will be evaluated during our next audit of the plan.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
POTENTIAL WITHHOLD OF STATE AID

Finding No. 1 contained in this audit report cites an overpayment of state aid to the borough in the amount of \$29,936, plus interest. A condition of this nature may lead to a total withholding of state aid in the future unless that 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, 321 Finance Building, Harrisburg, PA 17120.

FORD CITY 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, 2015, 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)
01-01-15	\$ 603,620	\$ 583,615	\$ (20,005)	103.4%
01-01-17	703,107	694,622	(8,485)	101.2%
01-01-19	735,353	649,187	(86,166)	113.3%

Note: The market values of the plan’s assets at 01-01-15, 01-01-17, and 01-01-19 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period. This method will lower contributions in years of less than expected returns and increase contributions in years of greater than expected returns. The net effect over long periods of time is to have less variance in contribution levels from year to year.

FORD CITY 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.

FORD CITY BOROUGH NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2015	\$ 25,021	118.4%
2016	24,103	155.2%
2017	12,995	100.0%
2018	12,202	100.0%
2019	17,548	100.0%
2020	14,479	100.0%

FORD CITY 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, 2019
Actuarial cost method	Entry age normal
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return *	7.25%
Projected salary increases	None assumed
Cost-of-living adjustments	None assumed

* Includes inflation at 2.75%

FORD CITY 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 Jeff Cogley
Mayor

Ms. Carol Fenyes
Council President

Mr. Tyson Klukan
Vice President of Council

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