COMPLIANCE AUDIT

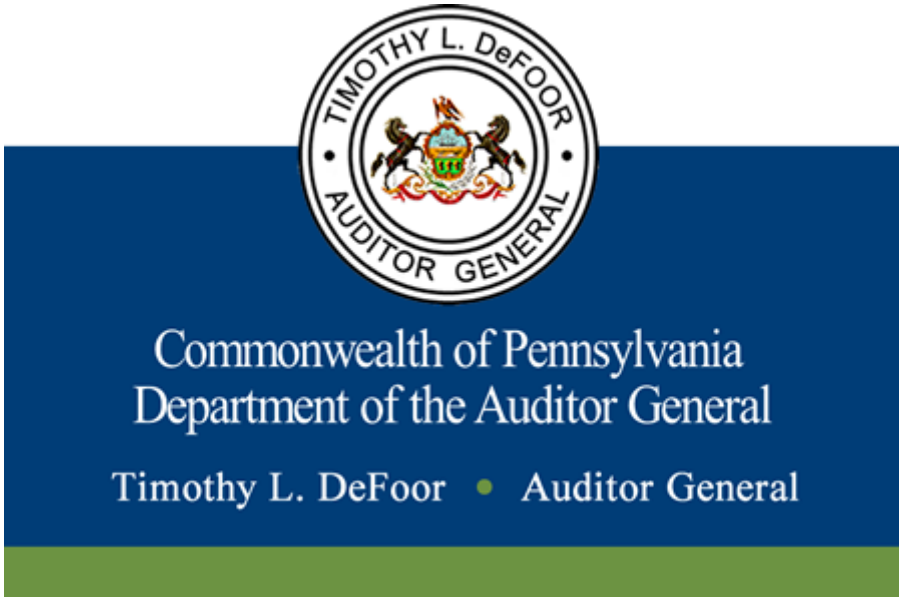
City of Williamsport Firemen's Pension Plan

Lycoming County, Pennsylvania

For the Period

January 1, 2023 to December 31, 2024

November 2025



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
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TIMOTHY L. DEFOOR
AUDITOR GENERAL

The Honorable Mayor and City Council
City of Williamsport
Lycoming County
Williamsport, PA 17701

We have conducted a compliance audit of the City of Williamsport Firemen's Pension Plan for the period January 1, 2023 to December 31, 2024. 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 finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding 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 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 finding contained in our prior 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 plan members who retired and the plan member who elected to vest during the current audit period, and through the completion of our fieldwork procedures, represent payments to all (and only) those entitled to receive them and were properly determined and disbursed in accordance with the 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, 2023 actuarial valuation report was prepared and submitted by March 31, 2024 in accordance with Act 205 and whether selected information provided on this report is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.

- We determined whether all annual special ad hoc postretirement reimbursements received by the municipality were authorized and appropriately deposited in accordance with Act 147 by tracing information to supporting documentation maintained by plan officials.

- We determined whether provisions of the Deferred Retirement Option Plan (DROP) were in accordance with the provisions of Act 205 by examining provisions stated in the plan's governing documents.

City officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the City of Williamsport Firemen's 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 objectives.

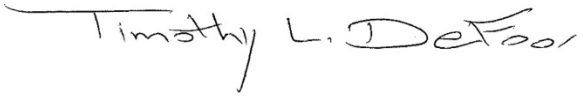
The results of our procedures indicated that, in all significant respects, the City of Williamsport Firemen's Pension Plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, except as noted in the following finding further discussed later in this report:

Finding – Noncompliance With Prior Recommendation – Inconsistent Pension Benefits

The finding contained in this audit report repeats a condition that was cited in our 12 previous audit reports that has not been corrected by city officials. We are concerned by the city's failure to correct this previously reported finding and strongly encourage timely implementation of the recommendation 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 the City of Williamsport and, where appropriate, their responses have been included in the report. We would like to thank city officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor
Auditor General
November 5, 2025

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

In addition to Act 205, the City of Williamsport Firemen's 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 including, but not limited to, the following:

Act 147 - Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, Act of December 14, 1988 (P.L. 1192, No. 147), as amended, 53 P.S. § 896.101 et seq.

Act 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 Williamsport Firemen's Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Article 155 of the city's codified ordinances and regulations of the Board of Managers. The plan is also affected by the provisions of collective bargaining agreements between the city and its firefighters. The plan was established May 3, 1945. Active members are required to contribute 5 percent of compensation to the plan. As of December 31, 2024, the plan had 33 active members, no terminated members eligible for vested benefits in the future, and 76 retirees receiving pension benefits from the plan.

CITY OF WILLIAMSPORT FIREMEN'S PENSION PLAN
STATUS OF PRIOR FINDING

Noncompliance With Prior Recommendation

The City of Williamsport has not complied with the prior recommendation concerning the following as further discussed in the Finding and Recommendation section of this report:

- Inconsistent Pension Benefits

CITY OF WILLIAMSPORT FIREMEN'S PENSION PLAN
FINDING AND RECOMMENDATION

Finding – Noncompliance With Prior Recommendation – Inconsistent Pension Benefits

Condition: As first disclosed in our prior audit report for the period January 1, 1998 to December 31, 1999, and repeated in each subsequent audit report, the pension plan's governing document, codified at Article 155 of the city's codified ordinances, contains benefit provisions that conflict with the collective bargaining agreement between the firefighters and the city, as illustrated below:

Benefit Provision	Governing Document	Collective Bargaining Agreement
Pension benefit	Based on the highest average annual salary during any five years or the monthly salary at the date of retirement.	Based on the average compensation over the last twelve months or the highest average annual compensation, which was received in any five years, whichever is the highest.
Cost-of-living allowance (COLA)	For any member retiring on or after December 31, 1998, COLA based on increases in the CPI-W for the year prior to the request. Adjustments based on prior year, October to October, if available, or nearest available month, subject to an annual cap of 3.5% and a lifetime cap of 35%. The pension shall not exceed 50% of the highest paid member of the Department.	Beginning January 1 of the calendar year immediately following the determination that the plan is fully funded or five (5) years after January 1, 1999, whichever first occurs, all retirees who retired on or after December 31, 1998, shall receive a COLA, which shall be subject to an annual cap of 3.5% and a lifetime cap of 35%. Until the above occurs, retirees' benefit will increase by 5% on the sixth anniversary of their retirement and 1% on each anniversary.

In addition, the plan's actuarial valuation reports, including the most recent reports with valuation dates of January 1, 2021 and January 1, 2023, reported the benefit provisions included in the collective bargaining agreement.

Finding – (Continued)

It was previously recommended that municipal officials ensure that the plan's governing document and the collective bargaining agreement contain consistent benefit provisions at the earliest opportunity to do so. However, these provisions remain inconsistent.

Criteria: The plan's governing document and collective bargaining agreement should contain consistent benefit provisions to ensure retirees and beneficiaries receive the correct benefit payments and to ensure the sound administration of the pension plan.

Cause: Municipal officials indicated, again, that due to staffing constraints and recent turnover of key personnel, they were unable to update the plan's governing documents and ensure compliance with the prior audit recommendation.

Effect: Inconsistent plan documents could result in inconsistent or improper benefit calculations and incorrect benefit payments from the pension plan.

Recommendation: We again recommend that municipal officials ensure that the plan's governing document and the collective bargaining agreement contain consistent benefit provisions.

Management's Response: Municipal officials provided the following response:

> The current Fire CBA is in the approval stages. Once that updated CBA is updated, the Finance Director will take an amended ordinance to City Council to update Article 155 to match the new Fire CBA.

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

CITY OF WILLIAMSPORT FIREMEN'S 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, 2019, 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)
01-01-19	$ 31,019,630	$ 38,149,372	$ 7,129,742	81.3%
01-01-21	33,801,197	41,617,128	7,815,931	81.2%
01-01-23	37,268,978	43,113,539	5,844,561	86.4%

Note: The market values of the plan's assets at 01-01-19, 01-01-21, and 01-01-23 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period, which will be limited to a maximum of 120 percent and a minimum of 80 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 WILLIAMSPORT FIREMEN'S 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.

CITY OF WILLIAMSPORT FIREMEN'S 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
2015	$ 1,401,653	$ 1,401,653	$ -	$1,749,416	80.1%
2016	1,366,533	1,366,533	-	1,577,483	86.6%
2017	1,404,788	1,404,788	-	1,595,743	88.0%
2018	1,420,193	1,420,193	-	1,664,260	85.3%
2019	1,557,705	1,557,705	-	1,899,635	82.0%
2020	1,320,895	1,320,895	-	1,951,517	67.7%
2021	1,882,756	1,882,756	-	2,052,380	91.7%
2022	1,180,775	1,180,775	-	2,294,971	51.5%
2023	1,628,353	1,628,353	-	2,381,296	68.4%
2024	1,592,785	1,592,785	-	*	

* Due to the timing of this audit, covered-employee payroll for 2024 was not provided in this schedule.

CITY OF WILLIAMSPORT FIREMEN'S 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, 2023
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	9 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	6.75%
Projected salary increases	4.75%
Cost-of-living adjustments	Annual increases up to 3.5% on the CPI-W with a lifetime cap of 35%.

CITY OF WILLIAMSPORT FIREMEN'S PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Honorable Derek Slaughter
Mayor

Mr. Adam Yoder
Council President

Ms. Jamie Livermore
Finance Director

Ms. Janice Frank
City Clerk

Ms. Margaret Woodring
City Controller

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