



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANT'S REPORT

Ohio Police and Fire Pension Fund
RSM US, LLP
1001 Lakeside Ave. E
Suite 200
Cleveland, Ohio 44114

We have examined the City of Portsmouth's management's assertion that the census data and pensionable wages reported to the Ohio Police and Fire Pension Fund as of December 31, 2014, and for the year then ended was accurate and complete.

Management asserts that:

- The census data provided to the Ohio Police and Fire Pension Fund as of December 31, 2014 is accurate and complete. Census data includes
 - First and Last Name;
 - Last four digits of the social security number;
 - Contributions remitted to the plan;
 - Pensionable Compensation;
- The census data provided to the Ohio Police and Fire Pension Fund as of December 31, 2014 included all enrolled employees.
- Census data changes occurring during the year ended December 31, 2014 to an enrolled employee's eligible compensation, were properly updated with Ohio Police and Fire Pension Fund.
- All employees required to be enrolled in the Ohio Police and Fire Pension Fund were properly enrolled.
- The total pensionable wages and employee contributions information reported to Ohio Police and Fire Pension Fund agrees with the payroll records of the employer.

City of Portsmouth's management is responsible for the assertions. Our responsibility is to opine on the assertions based on our examination.

Our examination followed attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements included in the Comptroller General of the United States' *Government Auditing Standards* and, accordingly, included examining, on a test basis, evidence supporting management's assertions and performing other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertions related to the accuracy and completeness of the census data and pensionable wages as described above provided to the Ohio Police and Fire Fund Pension as of and for the year ending December 31, 2014 are fairly stated in all material respects.

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the accuracy and completeness of the census data and pensionable wages; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether management's assertion regarding the accuracy and completeness of the census data reported to the retirement system is fairly stated, and not for the purpose of expressing an opinion on the internal control over the accuracy and completeness of the census data provided to the pension system, or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a finding that is required to be reported under Government Auditing Standards and that finding, along with the views of responsible officials, is described in the attached Schedule of Findings.

This report is intended solely for the information and use of City of Portsmouth's management, those charged with governance, and Ohio Police and Fire Pension Fund management, and RSM US, LLP and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

April 15, 2016

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014**

FINDING NUMBER 2014-001

Material Weakness

Ohio Police and Fire Pension Fund requires employers to submit employee and employer contributions in accordance with Ohio Rev. Code Section 742. These contributions are based on a percentage of pensionable wages. During the engagement, we obtained a copy of a notice from Ohio Police and Fire Pension Fund written to the City of Portsmouth informing them they were inaccurately computing pensionable wages on which contributions are determined. According to the Ohio Police and Fire Pension Fund, the City was omitting pensionable wages related to the fire department employees compensation of 120 hours of paid holiday leave which was received each year by each employee in the fire department.

During our testing, we selected three fire department employees, and found each to have had approximately 3.5% of their pensionable wages omitted due to the 120 hours being removed from their wages that were reported to the Ohio Police and Fire Pension Fund. This error was a result of how the City defined "holiday hours". It was their understanding that this pay was not pensionable; however, Ohio Police and Fire Pension Fund determined this pay was pensionable and the City was to repay the Pension system for these omitted funds.

We recommend the City review the requirements of pensionable wages and work with the Ohio Police and Fire Pension Fund to resolve this issue and ensure appropriate reporting in the future.

Management's Response:

It has been the City's opinion that "holiday hours" that are already paid as pensionable wages would not be pensionable when paid again as additional "holiday hours". The City Auditor and City Solicitor have been in communication with representatives from Ohio Police & Fire for several months in an attempt to resolve this disagreement as to the determination of whether these additional hours are considered pensionable wages. At this time, this matter has not been fully determined and resolved.

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CITY OF PORTSMOUTH – OP&F

SCIOTO COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 26, 2016**