

# COMPLIANCE AUDIT

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## York Area United Fire and Rescue Union Defined Contribution Pension Plan

York County, Pennsylvania  
For the Period  
January 1, 2013 to December 31, 2014

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December 2015



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

York Area United Fire and Rescue Commission  
York County  
York, PA 17402

We have conducted a compliance audit of the York Area United Fire and Rescue Union Defined Contribution Pension Plan for the period January 1, 2013 to December 31, 2014. 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 conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

The objectives of the audit were:

1. To determine if commission officials took appropriate corrective action to address the finding 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 commission officials took appropriate corrective action to address the finding 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. State aid allocations that were deposited into the pension plan for the years ended December 31, 2011 to December 31, 2014, are presented on the Summary of Deposited State Aid and Employer Contributions.

- × 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. Employer contributions that were deposited into the pension plan for the years ended December 31, 2011 to December 31, 2014, are presented on the Summary of Deposited State Aid and Employer Contributions.
- × 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 the 1 plan member who terminated employment and elected a lump-sum form of pension benefit 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 comparing the distributed amounts to supporting documentation evidencing amounts determined and actually paid to the recipient.
- × We determined whether the January 1, 2011 and January 1, 2013 actuarial valuation reports were prepared and submitted to the Public Employee Retirement Commission (PERC) by March 31, 2012 and 2014, 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.

The York Area United Fire and Rescue Commission contracted with an independent certified public accounting firm for annual audits of its basic financial statements which are available at the commission's offices. Those financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

Commission officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the York Area United Fire and Rescue Union Defined Contribution 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 commission's internal controls as they relate to the commission'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 York Area United Fire and Rescue Union Defined Contribution Pension Plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

The contents of this report were discussed with officials of the York Area United Fire and Rescue Commission and, where appropriate, their responses have been included in the report. We would like to thank commission officials for the cooperation extended to us during the conduct of the audit.

December 1, 2015

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

EUGENE A. DEPASQUALE  
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. 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 York Area United Fire and Rescue Union Defined Contribution Pension Plan 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.

The York Area United Fire and Rescue (YAUFR) was formed from the consolidation of the Spring Garden Township and Springettsbury Township fire departments. The York Area United Fire and Rescue Union Defined Contribution Pension Plan covers all former Spring Garden Township firefighters and all YAUFR firefighters hired after April 29, 2010. The plan was transferred from Spring Garden Township effective January 1, 2011.

The York Area United Fire and Rescue Union Defined Contribution Pension Plan is a single-employer defined contribution pension plan locally controlled by the provisions of Resolution No. 2010-01. The plan is also affected by the provisions of collective bargaining agreements between the commission and its firefighters. The plan was established July 20, 2010. Active members are not required to contribute to the plan. The commission is required to contribute 10 percent of each participant's yearly earnings. As of December 31, 2014, the plan had 15 active members, 1 terminated member eligible for vested benefits in the future, and no retirees receiving monthly pension benefits.

YORK AREA UNITED FIRE AND RESCUE  
UNION DEFINED CONTRIBUTION PENSION PLAN  
STATUS OF PRIOR FINDING

Compliance With Prior Audit Recommendation

The York Area United Fire and Rescue Commission has 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 commission reimbursed the overpayment of state aid received to the Commonwealth.

YORK AREA UNITED FIRE AND RESCUE  
 UNION DEFINED CONTRIBUTION PENSION PLAN  
 SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

| Year Ended December 31 | State Aid | Employer Contributions |
|------------------------|-----------|------------------------|
| 2011                   | \$ 41,054 | \$ 33,785              |
| 2012                   | 30,057    | 43,097                 |
| 2013                   | 65,046    | 16,225                 |
| 2014                   | 74,749    | 15,779                 |

Note: In 2012, the commission met the plan's \$74,776 funding requirement through the deposit of \$30,057 of state aid, \$1,622 of terminated employee forfeitures and \$43,097 of employer contributions.

YORK AREA UNITED FIRE AND RESCUE  
UNION DEFINED CONTRIBUTION PENSION PLAN  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania

York Area United Fire and Rescue Union Defined Contribution Pension Plan  
York County  
50 Commons Drive  
York, PA 17402

|                              |  |
|------------------------------|--|
| <b>Mr. William Schenck</b>   | Chairman, York Area United Fire and Rescue Commission      |
| <b>Mr. Austin Hunt</b>       | Vice-Chairman, York Area United Fire and Rescue Commission |
| <b>Mr. Robert McCoy</b>      | Fire Chief   |
| <b>Mr. John Fullmer</b>      | Commissioner   |
| <b>Ms. Kathleen Phan</b>     | Commissioner   |
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| <b>Mr. Eric Lehmayr</b>      | Alternate  |
| <b>Ms. Sandra Ratcliffe</b>  | Deputy Finance Director                                    |

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