

# LIMITED PROCEDURES ENGAGEMENT

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## Plymouth Borough Firemen's Pension Plan Luzerne County, Pennsylvania For the Period January 1, 2013 to December 31, 2015

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November 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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AUDITOR GENERAL

The Honorable Mayor and Borough Council  
Plymouth Borough  
Luzerne County  
Plymouth, PA 18651

We conducted a Limited Procedures Engagement (LPE) of the Plymouth Borough Firemen's Pension Plan for the period January 1, 2013 to December 31, 2015 to determine its compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. We also evaluated compliance with some requirements subsequent to that period when possible. The LPE was conducted pursuant to authority derived from Section 402(j) of the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.) but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. 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. We believe that the evidence obtained provides a reasonable basis to support our LPE results.

Our LPE was limited to determining the following:

- Whether municipal officials took appropriate corrective action to address the finding contained in our prior audit report, by inquiring of plan officials and evaluating supporting documentation provided by officials evidencing that the suggested corrective action has been appropriately taken.
- 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 engagement period.
- 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.

- Whether annual employee contributions were required during the engagement period and, if so, were calculated, deducted, and deposited into the pension plan in accordance with the plan's governing document and applicable laws and regulations by testing members' contributions on an annual basis using the rates obtained from the plan's governing document in effect for all years within the engagement period and examining documents evidencing the deposit of these employee contributions into the pension plan.
- Whether the January 1, 2013 and January 1, 2015 actuarial valuation reports were prepared and submitted to the former Public Employee Retirement Commission (PERC) by March 31, 2014 and 2016, respectively, in accordance with Act 205 and whether selected information provided on these reports are 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.

Based on the results of our procedures performed during our LPE, nothing came to our attention indicating that the Plymouth Borough Firemen's Pension Plan was not being 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 Audit Recommendation – Failure  
To Hold Pension Board Meetings

The finding contained in this report repeats a condition that was cited in our previous audit report that has not been corrected by borough officials. We are concerned by the borough's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this report.

Our determination to perform a LPE for this engagement period does not preclude the Department from conducting an audit in accordance with *Government Auditing Standards* of the pension plan in subsequent periods. The borough should continue to maintain documentation related to this pension plan.

The contents of this report were discussed with officials of Plymouth Borough and, where appropriate, their responses have been included in this report. We would like to thank borough officials for the cooperation extended to us during the conduct of this LPE.

October 31, 2016



EUGENE A. DEPASQUALE  
Auditor General

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PLYMOUTH BOROUGH FIREMEN'S PENSION PLAN  
STATUS OF PRIOR FINDING

Noncompliance With Prior Audit Recommendation

Plymouth Borough has not complied with the prior audit recommendation concerning the following as further discussed in the Finding and Recommendation section of this report:

- Failure To Hold Pension Board Meetings

PLYMOUTH BOROUGH FIREMEN'S PENSION PLAN  
FINDING AND RECOMMENDATION

**Finding – Noncompliance With Prior Audit Recommendation – Failure To Hold Pension Board Meetings**

Condition: As disclosed in the prior four audit reports, the municipality failed to hold a minimum of three pension board meetings per year as required by the plan's governing document.

Criteria: The borough's ordinance dated May 10, 1988, at Section 15, states:

The Firemen's Pension Board shall hold a minimum of three (3) meetings per year during the months of April, July and October, on the second Wednesday of each month. If said meeting is continued or postponed for any reason, the meeting shall be held on the next day.

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

Effect: The failure to hold pension board meetings could lead to undetected errors or improprieties in plan transactions as well as deficiencies in authorizing and implementing pension plan policies.

Recommendation: We again recommend that plan officials hold pension board meetings as required by the borough's ordinance dated May 10, 1988. In addition, the borough should implement adequate internal control procedures to ensure that minutes of the pension board meetings are recorded and maintained by the municipality.

Management's Response: The borough intends to hold an annual meeting relative to all three of its retirement plans. Consequently, the firemen's pension plan ordinance will be amended to reflect same in order to comply and/or resolve the audit finding.

Auditor's Conclusion: The borough's compliance with the finding recommendation will be evaluated during our next engagement of the plan.

PLYMOUTH BOROUGH FIREMEN'S PENSION PLAN  
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid	Employer Contributions
2010	None	None
2011	None	None
2012	None	None
2013	None	None
2014	None	None
2015	None	None

PLYMOUTH BOROUGH FIREMEN'S PENSION PLAN  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

**The Honorable Dorothy Petroski**  
Mayor

**Mr. Gary Kochinski**  
Council President

**Mr. Frank Coughlin**  
Chief Administrative Officer

**Ms. Holly Spece**  
Secretary/Treasurer

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