



**YORK AREA UNITED FIRE AND RESCUE UNION  
DEFINED CONTRIBUTION PENSION PLAN**

**YORK COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2011 TO DECEMBER 31, 2012**

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DePASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE 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, 2011 to December 31, 2012. 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 the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding 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. Our methodology addressed determinations about the following:

- Whether state aid was properly determined and deposited in accordance with Act 205 requirements. State aid allocations that were deposited into the pension plan for the years ended December 31, 2011 and 2012, are presented on the Summary of Deposited State Aid and Employer Contributions.
- Whether employer contributions are determined and deposited in accordance with the plan's governing document and applicable laws and regulations. Employer contributions that were deposited into the pension plan for the years ended December 31, 2011 and 2012, are presented on the Summary of Deposited State Aid and Employer Contributions.
- Whether employee contributions are required and, if so, are determined, deducted and deposited into the pension plan and are in accordance with the plan provisions and applicable laws and regulations.
- Whether benefit payments, if any, represent payments to all (and only) those entitled to receive them and are properly determined in accordance with applicable laws and regulations.

- Whether obligations for plan benefits are accurately determined in accordance with plan provisions and based on complete and accurate participant data; and whether actuarial valuation reports are prepared and submitted to the Public Employee Retirement Commission (PERC) in accordance with state law and 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.

The York Area United Fire and Rescue Commission contracted with an independent certified public accounting firm for an audit of its basic financial statements for the year ended December 31, 2011 which is 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.

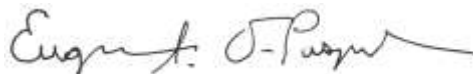
Commission officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the York Area United Fire and Rescue Union Defined Contribution Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative 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 objective, and assessed whether those significant controls were properly designed and implemented. Additionally, 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 objective.

The results of our tests 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, except as noted in the following finding further discussed later in this report:

Finding – Incorrect Data On Certification Form AG 385 Resulting In An Overpayment Of State Aid

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.

April 15, 2014



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, 2012, the plan had 14 active members, 1 terminated member eligible for vested benefits in the future and no retirees receiving pension benefits.

YORK AREA UNITED FIRE AND RESCUE  
 UNION DEFINED CONTRIBUTION PENSION PLAN  
 FINDING AND RECOMMENDATION

**Finding - Incorrect Data On Certification Form AG 385 Resulting In An Overpayment Of State Aid**

Condition: The commission certified 1 member of the union defined contribution pension plan twice on the Certification Form AG 385 filed in 2012, resulting in an overstatement of 2 units. In addition, an administrative employee who is a member of the administrative defined contribution pension plan was not clearly designated as a non-uniformed employee on the Certification Form AG 385 filed in 2013, resulting in the allocation of 2 units instead of 1 unit for this employee. 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. Section 402(e)(2) also states, in part:

The applicable number of units attributable to each eligible recipient city, borough, incorporated town and township shall be as follows:

- (i) Police officer - two units.
- (ii) Firefighter - two units.
- (iii) Employee other than police officer or firefighter - one unit.

Cause: Plan officials failed to establish adequate internal control procedures to ensure the accuracy of the data certified.

Effect: The data submitted on this certification form is used, in part, to calculate the state aid due to the commission for distribution to its pension plans. Because the commission's state aid allocations were based on unit value, the incorrect certification of pension data affected the commission's state aid allocations, as identified below:

Year	Type Of Plan	Units Overstated	Unit Value	State Aid Overpayment
2012	Union Defined Contribution Pension Plan	2	\$ 3,576	\$ 7,152
2013	Administrative Defined Contribution Pension Plan	1	\$ 3,884	\$ 3,884
Total Overpayment of State Aid				\$ 11,036

YORK AREA UNITED FIRE AND RESCUE  
UNION DEFINED CONTRIBUTION PENSION PLAN  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Recommendation: We recommend that the overpayment of state aid, in the amount of \$11,036, 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, 320 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 to assist them in accurately reporting the required pension data.

Management's Response: Commission officials agreed with the finding without exception. On March 21, 2014, the commission reimbursed \$11,036 to the Commonwealth.

Auditor's Conclusion: Commission officials have partially complied with the finding recommendation. The reimbursement did not include interest. The commission's full compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the plan.

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

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

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Mr. William Schenck     Chairman, York Area United Fire and Rescue Commission  
Mr. Austin Hunt         Vice Chairman, York Area United Fire and Rescue Commission  
Mr. Robert McCoy       Fire Chief

This report is a matter of public record and is available online at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).