

**ALLEGHENY COUNTY EMPLOYEES RETIREMENT FUND**

**ALLEGHENY COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2008, TO DECEMBER 31, 2009**





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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.). Act 205 provides a uniform basis for the distribution of state aid to Pennsylvania's public pension plans. Eligible recipients of state aid under Act 205 specifically include any county of the second class which, prior to Act 205, received allocations for its police pension fund pursuant to the act of May 12, 1943(P.L.259, No.120).

Pension plan aid is provided from a 2 percent foreign casualty insurance premium tax, a portion of the foreign fire insurance tax designated for paid firefighters and any investment income earned on the collection of these taxes.

Article 8, Section10, of the Pennsylvania Constitution authorizes the Department of the Auditor General to audit the financial affairs of every Commonwealth-aided pension plan. Act 205, at Section 402(j), authorizes the Auditor General, as deemed necessary, to make an audit of every municipal pension plan and fund in which general municipal pension system State aid is deposited.

The Allegheny County Employees Retirement Fund is a single-employer, defined benefit, contributory retirement plan covering substantially all employees of Allegheny County. Pursuant to a Memorandum of Understanding by and among the Allegheny County Police Pension Fund, the Allegheny County Police Association and the County of Allegheny executed in 1986, as amended on October 1, 1998, the state aid received by the county for its police officers under Act 205 is now allocated exclusively to the separate and independent Allegheny County Police Pension Plan.

The Allegheny County Employees Retirement Fund is, however, responsible for providing ad hoc postretirement adjustments to eligible retired county police officers pursuant to the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment act, Act of 1988, (P.L.1192, No. 147), as amended, 53 P.S. § 896.101, et seq., and receives reimbursements from the Commonwealth for the adjustments in accordance with Act 147.



Retirement Board of Allegheny County  
Allegheny County  
Pittsburgh, PA 15219

We have conducted a compliance audit of the Allegheny County Employees Retirement Fund for the period January 1, 2008, to December 31, 2009. The audit was conducted pursuant to authority derived from Section 402(j) of Act 205 and in accordance with *Government Auditing Standards* applicable to performance audits 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 conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objective.

The objective of the audit was to determine if the annual payments, financing and reimbursement of special ad hoc postretirement adjustments complied with Act 147, as amended.

Our audit was limited to the areas related to the objective identified above. The Retirement Board of Allegheny County contracted with an independent certified public accounting firm for annual audits of the Allegheny County Employees Retirement Fund's financial statements which are available at the board's offices. Those financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

Allegheny County officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Allegheny County Employees Retirement Fund 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 county's internal controls as they relate to the county'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 the extent necessary to satisfy the audit objective.

The results of our tests indicated that, in all significant respects, the annual payment, financing and reimbursement of special ad hoc postretirement adjustments complied with Act 147, as amended.

The contents of this report were discussed with officials of the Retirement Board of Allegheny County, where appropriate, their responses have been included in the report.

October 12, 2010

JACK WAGNER  
Auditor General

ALLEGHENY COUNTY EMPLOYEES RETIREMENT FUND  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania

Allegheny County Employees Retirement Fund  
Allegheny County  
Room 106, County Office Building  
542 Forbes Avenue  
Pittsburgh, PA 15219

Ms. Cheryl A. Bateman      Executive Director, Retirement Board

Mr. John K. Weinstein      President/Treasurer, Retirement Board

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, Room 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).