

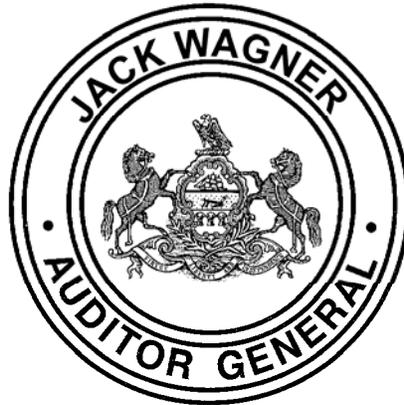
**SOUTHERN YORK COUNTY REGIONAL NONUNIFORMED
PENSION PLAN**

YORK COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2003, TO DECEMBER 31, 2005



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ABBREVIATION

PMRS - Pennsylvania Municipal Retirement System

BACKGROUND

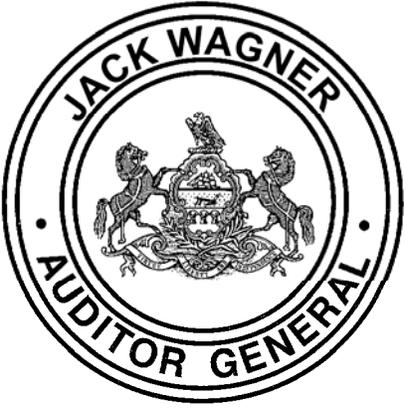
On December 18, 1984, the Pennsylvania Legislature adopted the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, 53 P.S. §895.101, et seq.). The act established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state aid to 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.

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. 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 Southern York County Regional Nonuniformed 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 including, but not limited to, the following:

Act 15 - Pennsylvania Municipal Retirement Law, Act of February 1, 1974,
(P.L. 34, No. 15), 53 P.S. § 881.101, as amended, et seq.

During the current audit period, the Southern York County Regional Nonuniformed Pension Plan was a single-employer defined contribution pension plan locally controlled by the provisions of Resolution No. 96-4, as amended, adopted pursuant to Act 15. Effective July 1, 2006, the plan's governing provisions were amended by Resolution No. 2006-02, which adopted a defined benefit plan structure pursuant to Act 15.



Southern York County Regional Police Commission
York County
New Freedom, PA 17349

We have conducted a compliance audit of the Southern York County Regional Nonuniformed Pension Plan for the period January 1, 2003, to December 31, 2005. The audit was conducted pursuant to authority derived from Section 402(j) of Act 205 of 1984 and in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

The objectives of the audit were:

1. To determine if plan officials took appropriate corrective action to address the findings 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. The Southern York County Regional Nonuniformed Pension Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report, copies of which are available from the PMRS accounting office. PMRS's financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

The Department of the Auditor General (Department) is mandated by state statute to calculate state aid provided to municipal pension funds and to audit municipal pension funds having received such aid. State aid is calculated by an administrative unit that is not involved in the audit process. The Department's Comptroller Office then pre-audits the calculation and submits requests to the Commonwealth's Treasury Department for the disbursement of state aid to the municipality. The Department has implemented procedures to ensure that Department audit personnel are not directly involved in the calculation and disbursement processes. The Department's mandatory responsibilities are being disclosed in accordance with *Government Auditing Standards*.

Regional police commission officials are responsible for establishing and maintaining an internal control structure to provide reasonable assurance that the Southern York County Regional Nonuniformed Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. To assist us in planning and performing our audit, we obtained an understanding of the regional police commission's internal control structure as it relates to the regional police commission's compliance with those requirements. Additionally, we tested transactions, assessed official actions, performed analytical procedures and interviewed selected officials to the extent necessary to satisfy the audit objectives.

The results of our tests indicated that, in all significant respects, the Southern York County Regional Nonuniformed 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 Southern York County Regional Police Commission and, where appropriate, their responses have been included in the report.

January 18, 2007

JACK WAGNER
Auditor General

SOUTHERN YORK COUNTY REGIONAL NONUNIFORMED PENSION PLAN
STATUS OF PRIOR FINDINGS

Compliance With Prior Audit Recommendation

The Southern York County Regional Police 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

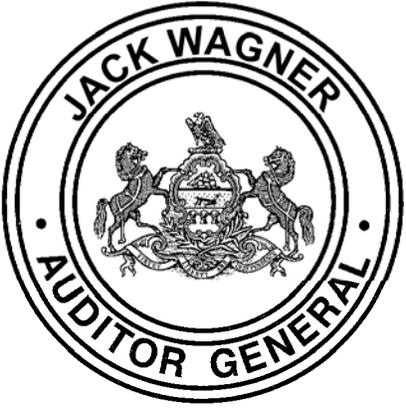
The commission reimbursed \$5,020 to the Commonwealth for the overpayments of state aid received in 2002 and 2003.

Rescission Of Prior Audit Recommendation

The following prior audit recommendation has been rescinded:

- Municipal Contributions Made In Excess Of Contributions Required To Fund The Plan

Effective July 1, 2006, through the adoption of Resolution 2006-02, the pension plan became a defined benefit pension plan. Therefore, previously unallocated funds became assets of the newly established plan.



SOUTHERN YORK COUNTY REGIONAL NONUNIFORMED PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania

Southern York County Regional Nonuniformed Pension Plan
York County
47 East High Street
New Freedom, PA 17349

Mr. Richard Buchanan Chairman, Regional Police Commission

Ms. Pat Miller Chief Administrative Officer

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.