

**HAMILTON TOWNSHIP AND ABBOTTSTOWN BOROUGH
POLICE PENSION PLAN**

ADAMS COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2005, TO AUGUST 22, 2006



**HAMILTON TOWNSHIP AND ABBOTTSTOWN BOROUGH
POLICE PENSION PLAN**

ADAMS COUNTY

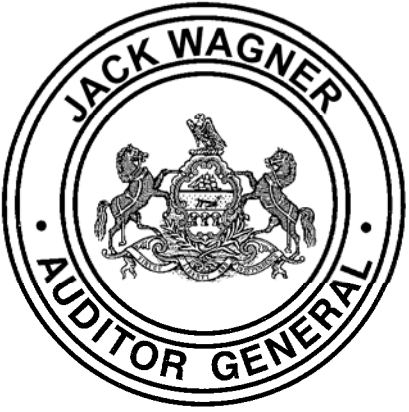
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BACKGROUND

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.

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 Hamilton Township and Abbottstown Borough Police Pension Plan was 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 581 - The Borough Code, Act of February 1, 1966 (P.L. 1656, No. 581), Article XI(f), Police Pension Fund in Boroughs Having a Police Force of Less Than Three Members, as amended, 53 P.S. § 46131 et seq.

The Hamilton Township and Abbottstown Borough Police Pension Plan was a single-employer defined contribution pension plan locally controlled by the provisions of Ordinance No. 1993-4, as amended, adopted pursuant to Act 581. Active members were not required to contribute to the plan. The municipality was required to contribute \$4,000 per member. On May 4, 2006, Abbottstown Borough entered into an agreement with the Eastern Adams Regional Police Department for police services, thereby terminating the Hamilton Township and Abbottstown Borough Joint Police Department. A distribution of the pension fund balance was made to the participating police officer and the pension plan was terminated on August 17, 2006, through the adoption of Ordinance No. 2006-05, effective August 22, 2006.



The Honorable Mayor and Borough Council
Abbottstown Borough
Adams County
Abbottstown, PA 17301

We have conducted a compliance audit of the Hamilton Township and Abbottstown Borough Police Pension Plan for the period January 1, 2005, to August 22, 2006. 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 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 this objective.

Borough officials were responsible for establishing and maintaining an internal control structure to provide reasonable assurance that the Hamilton Township and Abbottstown Borough Police Pension Plan was 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 borough's internal control structure as it relates to the borough'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 objective.

The results of our tests indicated that, in all significant respects, the Hamilton Township and Abbottstown Borough Police Pension Plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

The contents of this report were discussed with officials of Abbottstown Borough and, where appropriate, their responses have been included in the report.

September 17, 2008

JACK WAGNER
Auditor General

HAMILTON TOWNSHIP AND ABBOTTSTOWN BOROUGH POLICE PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF STATE AID
AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid Deposited	Employer Contributions
2002	\$ 4,366	\$ 204
2003	4,496	54
2004	4,306	414
2005	4,448	None
2006	4,088	None



HAMILTON TOWNSHIP AND ABBOTTSTOWN BOROUGH POLICE PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania

Hamilton Township and Abbottstown Borough Police Pension Plan
Adams County
4 West Water Street
Abbottstown, PA 17301

The Honorable David Shuff	Mayor
Ms. Faith Peterson	Council President
Ms. Betty Shoemaker	Secretary/Treasurer

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.