

**MERCER COUNTY REGIONAL COUNCIL OF GOVERNMENTS  
NONUNIFORMED PENSION PLAN**

**MERCER COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2007, TO DECEMBER 31, 2009**





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ABBREVIATION

PSABMRT - Pennsylvania State Association of Boroughs Municipal Retirement Trust



## 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 Mercer County Regional Council of Governments 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.

The Mercer County Regional Council of Governments Nonuniformed Pension Plan is a single-employer defined contribution pension plan locally controlled by the provisions of a resolution adopted February 18, 2009, which adopts a joinder agreement with PSABMRT, effective January 1, 2009. Prior to January 1, 2009, the pension plan was controlled by a joinder agreement with PSABMRT, effective January 1, 2005. The plan is also affected by the provisions of collective bargaining agreements between the regional council of governments and its nonuniformed employees. Active members are required to contribute 1 percent of compensation to the plan. The regional council of governments is required to annually contribute \$2,800 per employee, prorated quarterly.





Executive Board  
Mercer County Regional Council of Governments  
Mercer County  
Hermitage, PA 16148

We have conducted a compliance audit of the Mercer County Regional Council of Governments Nonuniformed Pension Plan for the period January 1, 2007, 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 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.

Executive board officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Mercer County Regional Council of Governments Nonuniformed 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 council's internal controls as they relate to the council'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 Mercer County Regional Council of Governments Nonuniformed 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 the Mercer County Regional Council of Governments and, where appropriate, their responses have been included in the report.

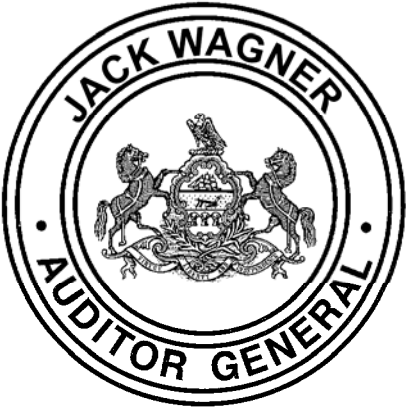
May 12, 2010

JACK WAGNER  
Auditor General

MERCER COUNTY REGIONAL COUNCIL OF GOVERNMENTS NONUNIFORMED  
PENSION PLAN  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)

SCHEDULE OF STATE AID  
AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid Deposited	Employer Contributions
2004	None	\$ 5,603
2005	None	74,566
2006	\$ 72,002	None
2007	80,160	282
2008	77,856	None
2009	78,918	None



MERCER COUNTY REGIONAL COUNCIL OF GOVERNMENTS NONUNIFORMED  
PENSION PLAN  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania

Mercer County Regional Council of Governments Nonuniformed Pension Plan  
Mercer County  
2495 Highland Road  
Hermitage, PA 16148

Mr. Thomas R. Tulip      Executive Director

Ms. Kim A. DiCintio      Finance Director

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).