ROSSLYN FARMS BOROUGH POLICE
PENSION PLAN

ALLEGHENY COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2009, TO DECEMBER 31, 2012

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL

EUGENE A. DePASQUALE
AUDITOR GENERAL

The Honorable Mayor and Borough Council
Rosslyn Farms Borough
Allegheny County
Carnegie, PA 15106

We have conducted a compliance audit of the Rosslyn Farms Borough Police Pension Plan for the period January 1, 2009, 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 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 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.

· Whether employer contributions are determined and deposited in accordance with the plan's governing document and applicable laws and regulations.

· 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.
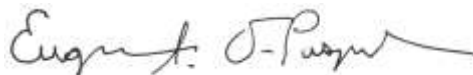
Borough officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Rosslyn Farms Borough Police Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. In conducting our audit, we obtained an understanding of the borough's internal controls as they relate to the borough'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 Rosslyn Farms 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 or conclude on it and, accordingly, express no form of assurance on it.

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

July 29, 2012

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 Rosslyn Farms Borough Police 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 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 Rosslyn Farms Borough Police Pension Plan is a single-employer defined contribution pension plan locally controlled by the provisions of a Money Purchase Adoption Agreement, adopted by Ordinance No. 352, as amended, adopted pursuant to Act 581. Active members are not required to contribute to the plan. The municipality was required to contribute 12 percent of each participant's compensation for 2009, 2010 and 2011 and 8 percent of each participant's compensation for 2012.

On July 9, 2012, the borough adopted Ordinance No. 381 which disbanded the Rosslyn Farms Borough Police Department and terminated the borough's active police officers effective August 1, 2012. On December 28, 2012, the terminated police officers received their pension distributions in accordance with the plan's governing document.

ROSSLYN FARMS BOROUGH POLICE PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF STATE AID
AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid Deposited	Employer Contributions
2007	$ 13,337	None
2008	12,490	None
2009	12,576	$ 41
2010	12,287	None
2011	12,303	None
2012	6,648	None

ROSSLYN FARMS BOROUGH POLICE PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

Rosslyn Farms Borough Police Pension Plan
Allegheny County
421 Kings Highway
Carnegie, PA 15106

The Honorable James G. Stover   Mayor

Ms. Patrick McNamara   Council President

Mr. Samuel Maccarone   Secretary

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