

SPRING GARDEN TOWNSHIP FIREMEN'S PENSION PLAN

YORK COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2007, TO DECEMBER 31, 2008



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CONTENTS

	<u>Page</u>
Background.....	1
Letter from the Auditor General	3
Supplementary Information	5
Comment.....	6
Report Distribution List	7

BACKGROUND

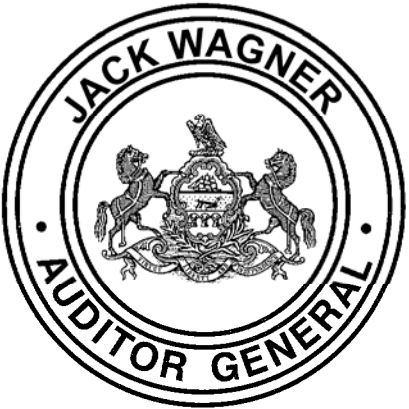
On December 18, 1984, the Pennsylvania Legislature adopted the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.). The act established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state 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 Spring Garden Township Firemen's 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 147 - Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, Act of December 14, 1988 (P.L. 1192, No. 147), as amended, 53 P.S. § 896.101 et seq.

The Spring Garden Township Firemen's Pension Plan is a single-employer defined contribution pension plan locally controlled by the provisions of Resolution No. 18-63, as amended. The plan is also affected by the provisions of collective bargaining agreements between the township and its firefighters. Active members are not required to contribute to the plan. The municipality is required to contribute 10 percent of each participant's earnings per year.



Board of Township Commissioners
Spring Garden Township
York County
York, PA 17403

We have conducted a compliance audit of the Spring Garden Township Firemen's Pension Plan for the period January 1, 2007, to December 31, 2008. 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 the objective identified above. Spring Garden Township contracted with an independent certified public accounting firm for annual audits of its financial statements prepared in conformity with the accounting practices prescribed or permitted by the Department of Community and Economic Development of the Commonwealth of Pennsylvania, which are available at the township's offices. Those financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

Township officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Spring Garden Township Firemen's 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 township's internal controls as they relate to the township'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 Spring Garden Township Firemen's 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 Spring Garden Township and, where appropriate, their responses have been included in the report.

September 10, 2009

JACK WAGNER
Auditor General

SPRING GARDEN TOWNSHIP FIREMEN'S PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF STATE AID
AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid Deposited	Employer Contributions
2003	\$ 63,075	\$ 7,281
2004	73,325	None
2005	76,393	None
2006	79,266	None
2007	81,782	None
2008	78,833	4,240

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COMMENT

As disclosed in the prior audit report, prior to 2003, the township's firefighters participated in the Central PA Teamster's Pension Fund (Fund). However, on August 23, 2003, the township effected a complete withdrawal from the Fund within the meaning of Section 4203(a) of the multi-employer Pension Plan Amendments Act, 29 U.S.C § 1383(a). As a result, the township was assessed a withdrawal penalty of \$153,968. The township elected to begin paying \$7,843 per quarter over 24 quarters beginning in March of 2004 to satisfy the liability and complete the withdrawal. The last payment is scheduled for December of 2009.

SPRING GARDEN TOWNSHIP FIREMEN'S PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania

Spring Garden Township Firemen's Pension Plan
York County
558 South Ogontz Street
York, PA 17403

Mr. John Fuller	President, Board of Township Commissioners
Mr. Gregory Maust	Township Manager
Ms. Linda Keller	Administrative Assistant

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.