

COMPLIANCE AUDIT

Doylestown Township Non-Uniformed Defined Contribution Pension Plan Bucks County, Pennsylvania

June 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Board of Township Supervisors
Doylestown Township
Bucks County
Doylestown, PA 18901

We have conducted a compliance audit of the Doylestown Township Non-Uniformed Defined Contribution Pension Plan pursuant to authority derived from the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984, as amended, 53 P.S. § 895.402(j)), which requires the Auditor General, as deemed necessary, to audit every municipality which receives general municipal pension system state aid and every municipal pension plan and fund in which general municipal pension system state aid is deposited. The audit was not conducted, nor was it required to be, in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We planned and performed the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

The objectives of the audit were:

1. To determine if municipal officials took appropriate corrective action to address the finding contained in our prior 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. To determine if municipal officials took appropriate corrective action to address the finding contained in our prior report, we inquired of plan officials and evaluated supporting documentation provided by officials evidencing that the suggested corrective action has been appropriately taken. To determine whether the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, our methodology included the following:

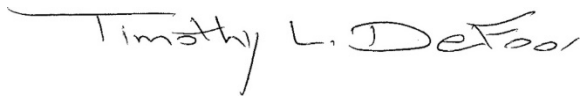
- For the period January 1, 2023 to December 31, 2024, we determined whether state aid was properly determined and deposited in accordance with Act 205 requirements by verifying the annual deposit date of state aid and determining whether deposits were made within 30 days of receipt.
- For the period January 1, 2022 to December 31, 2024, we determined whether annual employer contributions were calculated and deposited in accordance with the plan's governing document and applicable laws and regulations by examining the municipality's calculation of the plan's annual financial requirements and minimum municipal obligation (MMO) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plan as evidenced by supporting documentation. Employer contributions that were deposited into the pension plan for the years ended December 31, 2019 to December 31, 2024, are presented on the Summary of Deposited State Aid and Employer Contributions.
- For the period January 1, 2022 to December 31, 2024, we determined whether annual employee contributions were calculated, deducted, and deposited into the pension plan in accordance with the plan's governing document and applicable laws and regulations by testing total members' contributions on an annual basis using the rates obtained from the plan's governing document in effect for the years in the period noted and examining documents evidencing the deposit of these employee contributions into the pension plan. We also tested individual employee contributions for all active employees employed during the period noted amounting to \$59,303, \$67,968, and \$83,258, for the years 2022, 2023, and 2024, respectively.
- For the period January 1, 2023 to December 31, 2024, we determined that there were no benefit calculations prepared.
- We determined whether the January 1, 2023 actuarial valuation report was prepared and submitted by March 31, 2024 in accordance with Act 205 and whether selected information provided on this report is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.

Township officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Doylestown Township Non-Uniformed Defined Contribution Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. As previously described, we tested transactions, interviewed selected officials, and performed procedures to the extent necessary 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 objectives.

The results of our procedures indicated that, in all significant respects, the Doylestown Township Non-Uniformed Defined Contribution Pension Plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies for the periods noted above, except as noted in the following finding further discussed later in this report:

Finding – Ordinance Improperly Amended By Resolution

The contents of this report were discussed with officials of Doylestown Township and, where appropriate, their responses have been included in the report. We would like to thank township officials for the cooperation extended to us during the conduct of the audit.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first name.

Timothy L. DeFoor
Auditor General
April 4, 2025

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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.

Annual state aid allocations are provided from a two 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 Doylestown Township Non-Uniformed Defined Contribution Pension Plan is also governed by implementing regulations published at Title 16, Part IV of the Pennsylvania Code and applicable provisions of various other state statutes.

The Doylestown Township Non-Uniformed Defined Contribution Pension Plan is a single-employer defined contribution pension plan locally controlled by the provisions of Resolution No. 2347, effective January 1, 2021, and separately executed plan agreements with the plan's custodian (*refer to Finding*). Prior to January 1, 2021, the plan was locally controlled by the provisions of Ordinance No. 368, as amended for non-uniformed employees hired on or after January 1, 2012. Non-uniformed employees hired prior to January 1, 2012, are members of the township's defined benefit non-uniformed pension plan (*separately audited*). The plan was established January 1, 2012. Active members are required to contribute 5 percent of compensation to the plan. The municipality is required to contribute 5 percent of compensation. As of December 31, 2024, the plan had 23 active members, and 7 terminated members eligible for vested benefits in the future.

DOYLESTOWN TOWNSHIP
NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN
STATUS OF PRIOR FINDING

Compliance With Prior Recommendation

Doylestown Township has complied with the prior recommendation concerning the following:

- Failure To Properly Fund Member Accounts

On October 19, 2020, the township determined the amount of contributions due to the member's accounts and deposited \$1,462 into the individual member accounts, which included interest.

DOYLESTOWN TOWNSHIP
NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN
FINDING AND RECOMMENDATION

Finding – Ordinance Improperly Amended By Resolution

Condition: The pension plan governing document, Ordinance No. 368, was restated in its entirety by Resolution No. 2347 dated November 6, 2021, which adopted a plan agreement effective January 1, 2021.

Criteria: In Wynne v. Lower Merion Township, 181 Pa. Super. 524, 529, 124, A.2d 487, 490 (1956), the Pennsylvania Superior Court held that an ordinance may be amended only by another ordinance and not by a resolution.

Cause: Municipal officials were not aware that a resolution cannot amend an ordinance.

Effect: The failure to properly adopt the restated plan document could result in inconsistent or improper benefit calculations and incorrect benefit payments from the pension plan.

Recommendation: We recommend that the township amend the plan's governing document with a properly executed ordinance.

Management's Response: Municipal officials agreed with the finding without exception.

Auditor's Conclusion: Compliance will be evaluated during our next audit of the plan.

DOYLESTOWN TOWNSHIP
NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS
(UNAUDITED)

Year Ended December 31	State Aid	Employer Contributions
2019	None	\$ 39,126
2020	None	7,380
2021	None	46,012
2022	None	51,924
2023	None	51,886
2024	None	71,604

Note: In 2020, the township met the plan's \$42,309 funding requirement through the deposit of \$7,380 in employer contributions and the allocation of \$34,929 in terminated employee forfeitures.

In 2021, the township met the plan's \$49,862 funding requirement through the deposit of \$46,012 in employer contributions and the allocation of \$3,850 in terminated employee forfeitures.

In 2022, the township met the plan's \$56,088 funding requirement through the deposit of \$51,924 in employer contributions and the allocation of \$4,164 in terminated employee forfeitures.

In 2023, the township met the plan's \$61,733 funding requirement through the deposit of \$51,886 in employer contributions and the allocation of \$9,847 in terminated employee forfeitures.

In 2024, the township met the plan's \$80,340 funding requirement through the deposit of \$71,604 in employer contributions and the allocation of \$8,736 in terminated employee forfeitures.

DOYLESTOWN TOWNSHIP
NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Ms. Jennifer Herring
Chairman, Board of Township Supervisors

Ms. Barbara N. Lyons
Vice Chairman, Board of Township Supervisors

Ms. Stephanie J. Mason
Township Manager

Mr. Kenneth Wallace
Finance Director

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.