

COMPLIANCE AUDIT

Duboisstown Borough Police Pension Plan Lycoming County, Pennsylvania

March 2026



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Mayor and Borough Council
Duboistown Borough
Lycoming County
Duboistown, PA 17702

We have conducted a compliance audit of the Duboistown Borough Police 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings 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 findings 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 findings 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, 2020 to December 31, 2024, and through the completion of our fieldwork procedures, 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, 2023 to December 31, 2024, and through the completion of our fieldwork procedures, 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.
- For the period January 1, 2023 to December 31, 2024, we determined that there were no employee contributions required by the plan's governing document and applicable laws and regulations.
- 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, 2021 and January 1, 2023 actuarial valuation reports were prepared and submitted by March 31, 2022 and 2024, respectively, in accordance with Act 205 and whether 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 by comparing selected information to supporting source documentation.

The Duboistown Borough Police Pension Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report, copies of which are available from the PMRS accounting office. PMRS's financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

Borough officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Duboistown Borough Police 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.

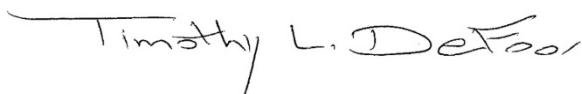
Because of the significance of the matters described in Finding No. 1 below and discussed later in this report, the Duboistown Borough Police Pension Plan was not, in all significant respects, administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies for the periods noted above. Therefore, Duboistown Borough may be subject to the potential withholding of its state aid, as discussed in the Potential Withhold of State Aid section of this report.

- Finding No. 1 – Noncompliance With Prior Recommendation – Failure To Deposit The Full Amount Of State Aid Into An Eligible Pension Plan
- Finding No. 2 – Partial Compliance With Prior Recommendation – Late Filing Of Actuarial Valuation Report
- Finding No. 3 – Partial Compliance With Prior Recommendation – Failure To Maintain An Adequate Record-Keeping System

The findings contained in this audit report repeat conditions that were cited in our previous report that have not been corrected by borough officials. We are concerned by the borough's failure to correct these previously reported findings and strongly encourage timely implementation of the recommendations noted in this audit report.

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 Duboistown Borough and, where appropriate, their responses have been included in the report. We would like to thank borough officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor
Auditor General
January 21, 2026

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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 Duboistown Borough Police 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 including, but not limited to, the following:

Act 15 - Pennsylvania Municipal Retirement Law, Act of February 1, 1974
(P.L. 34, No. 15), as amended, 53 P.S. § 881.101 et seq.

The Duboistown Borough Police Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 20202, as amended, and a separately executed plan agreement with the plan custodian effective September 1, 2020, adopted pursuant to Act 15. Prior to September 1, 2020, the plan was locally controlled by the provisions of Ordinance No. 2002-2 and a separately executed plan agreement with the plan custodian effective July 1, 2002, adopted pursuant to Act 15. The plan was established April 25, 1974. Active members are not required to contribute to the plan. As of December 31, 2024, the plan had no active members, no terminated members eligible for vested benefits in the future, and two retirees receiving pension benefits.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
STATUS OF PRIOR FINDINGS

Partial Compliance With Prior Recommendations

Duboistown Borough has partially complied with the prior recommendations concerning the following:

- Failure To File Actuarial Valuation Report

The borough submitted the January 1, 2019 Act 205 actuarial valuation report for the police pension plan to the Municipal Pension Reporting Program on July 29, 2021; however, plan officials again failed to comply with the Act 205 actuarial valuation report filing deadline requirements during the period subject to audit, as further discussed in the Findings and Recommendations section of this report.

- Failure To Maintain An Adequate Record-Keeping System To Effectively Monitor Activity Of The Pension Plan

For the period subject to audit, we were able to obtain statements and records from a third-party source in order to complete our audit procedures, however, the borough's record-keeping system for the pension plan was inadequate, as further discussed in the Findings and Recommendations section of this report.

Noncompliance With Prior Recommendation

Duboistown Borough has not complied with the prior recommendation concerning the following as further discussed in the Findings and Recommendations section of this report:

- Failure To Deposit The Full Amount Of State Aid Into An Eligible Pension Plan

DUBOISTOWN BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Recommendation - Failure To Deposit The Full Amount Of State Aid Into An Eligible Pension Plan

Condition: The borough failed to comply with the prior audit recommendation to deposit the borough's remaining 2018 state aid allocation of \$10,695, plus interest earned during the period beyond the 30 day grace period allowed by Act 205, compounded annually, into its pension plans.

In addition, the borough did not deposit the full amount of its 2020 state aid allocation into an eligible pension plan. The municipality received its 2020 state aid allocation in the amount of \$8,745 on November 2, 2021, but, as of the date of this report, only state aid totaling \$3,513 was deposited into an eligible pension plan, leaving \$5,232 undeposited.

Furthermore, the borough did not deposit its 2022 state aid allocation into an eligible pension plan. The municipality received its 2022 state aid allocation in the amount of \$5,009 on September 28, 2022, but, as of the date of this report, none of the state aid allocation was deposited into an eligible pension plan. Since the police pension plan's actuarial value of assets exceeded the actuarial present value of future benefits on its actuarial valuation report filed as of January 1, 2021 and used, in part, to determine the state aid allocation, the police pension plan did not have costs, therefore, the borough is only permitted to deposit 2022 state aid into the non-uniformed pension plan.

Criteria: Section 402(g) of Act 205 states, in part:

. . . the total amount of the general municipal pension system State aid received by the municipality shall, within 30 days of receipt by the treasurer of the municipality, be deposited in the pension funds or the alternate funding mechanism applicable to the respective pension plans.

Cause: The deficiencies are partly attributable to the borough's failure to formally appoint a chief administrative officer (CAO) for the pension plan upon the retirement of the prior CAO in 2019 (*addressed via verbal observation to municipal officials at the audit exit conference*), and internal control procedures were not in effect to ensure the deposit of state aid and to ensure compliance with this department's prior audit recommendation.

Effect: When state aid is not deposited into a pension plan account, the funds are not available to pay operating expenses or for investment and the risk of misapplication is increased.

Furthermore, the borough's future state aid allocations may be withheld until the finding recommendation is complied with.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Recommendation: We recommend that the municipality deposit the borough's state aid allocations of \$10,695 for 2018, \$5,232 for 2020, and \$5,009 for 2022, plus interest earned during the period beyond the 30 day grace period allowed by Act 205, compounded annually, into an eligible pension plan. *(The borough cannot deposit its 2022 state aid allocation into the police pension plan since it has no pension costs for the year 2022.)* A copy of the interest calculation must be maintained by the borough for examination during our next audit of the plan.

We also recommend that plan officials develop and implement procedures to ensure that future state aid is deposited into an eligible pension plan within 30 days of receipt by the municipal treasurer.

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

Auditor's Conclusion: Due to the potential withhold of state aid, the borough's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the plan.

Finding No. 2 – Partial Compliance With Prior Recommendation - Late Filing Of Actuarial Valuation Report

Condition: As disclosed in the Status of Prior Findings section of this report, the borough partially complied with the prior recommendation by filing the January 1, 2019 actuarial valuation report on July 29, 2021. However, a similar condition occurred during the current period subject to audit. Plan officials again failed to file the actuarial valuation report for the police pension plan with a valuation date of January 1, 2021, to the Municipal Pension Reporting Program (MPRP), by the March 31, 2022, deadline, as required by Act 205. The actuarial valuation report was not received by the MPRP until August 14, 2023.

In addition, the actuarial valuation report for the police pension plan with a valuation date of January 1, 2023, was not prepared and submitted to the MPRP by the March 31, 2024, deadline, as required by Act 205. The actuarial valuation report was prepared and submitted after the borough was notified of the upcoming police pension plan audit. The actuarial valuation report was received by the MPRP on September 17, 2025.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Criteria: Section 201(a) of Act 205 states, in part:

Each municipality which has established or maintains a pension plan for its employees, including any municipality which participates in the Pennsylvania Municipal Retirement System, shall cause to be made actuarial valuation reports. Actuarial valuation reports shall be made biennially, unless the applicable municipality is applying or has previously applied for supplemental State assistance pursuant to Section 603, whereupon actuarial valuation reports shall be made annually.

Furthermore, Section 201(b) of Act 205 states, in part:

The biennial actuarial valuation report required pursuant to subsection (a) shall be made as of the beginning of each plan year occurring in an odd-numbered calendar year and shall be filed with the executive director of the commission no later than the last business day of March occurring in the following calendar year.

Section 204 of Act 205 provides:

If a complete actuarial valuation report or experience investigation is not filed in a timely fashion, any and all financing which is provided to the municipality by the Commonwealth and is dedicated for pension plan purposes shall be withheld until the report or investigation is filed.

Finally, Section 402(e)(7) of Act 205 states, in part:

Any municipality which has not filed with the commission on a timely basis, pursuant to the applicable municipal pension plan actuarial reporting law, an actuarial report for each of the municipal pension plans which it has established or maintains shall be entitled to receive as general municipal pension system State aid, at such time as compliance with the actuarial reporting requirement occurs, the adjusted amount of general municipal pension system State aid per unit

Cause: The deficiencies are partly attributable to the borough's failure to formally appoint a CAO for the pension plan upon the retirement of the prior CAO in 2019 (*addressed via verbal observation to municipal officials at the audit exit conference*), and internal control procedures were not in effect to ensure the timely filing of the reports and to ensure compliance with this department's prior audit recommendation.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Effect: Due to the late filing of the actuarial valuation reports for the police and non-uniformed pension plans (*as disclosed in the non-uniformed pension plan audit report*), the municipality's 2020, 2024, and 2025 state aid allocations were withheld until the necessary reports were filed. Consequently, the municipality did not have its state aid available to use for operating expenses and investment opportunities.

Recommendation: To ensure that future actuarial filing deadlines are met and to improve pension plan administration, we recommend that plan officials develop and implement internal control procedures, such as a calendar listing the various reporting and filing deadlines required by Act 205, including the actuarial valuation report filing date.

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.

Finding No. 3 – Partial Compliance With Prior Recommendation - Failure To Maintain An Adequate Record-Keeping System

Condition: The borough's record-keeping system for the pension plan did not provide effective control over assets, revenues and expenses and does not meet the minimum requirements of financial records required by this department. The deficiencies are as follows:

- PMRS Plan Financial Activity Reports were not maintained;
- Copies of MMOs were not maintained;
- Plan documents including amendments and restatements were not maintained; and
- Completed and signed copies of ordinances related to the pension plan were not maintained.

Criteria: An adequate system of accounting and record keeping is a prerequisite for sound administration of pension plans.

Cause: Plan officials neglected to maintain documentation and ignored emails coming from PMRS with important pension plan information. The deficiencies are partly attributable to the borough's failure to formally appoint a CAO for the pension plan upon the retirement of the prior CAO in 2019 (*addressed via verbal observation to municipal officials at the audit exit conference*), and internal control procedures were not in effect to ensure proper documentation was being kept.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Effect: Although we were able to obtain copies from a third-party source in order to complete our audit procedures, the failure of plan officials to maintain adequate records prohibits municipal officials from effectively monitoring the plan’s financial operations.

Recommendation: We recommend that plan officials establish accounting procedures, including record-keeping procedures, necessary to allow the municipality to maintain effective awareness of and control over the activity of the plan. Plan officials should refer to the Auditor General’s Bulletin No. 2-88 entitled “Preparation, Maintenance and Auditability of Financial Records,” for further guidance in establishing adequate accounting and record-keeping procedures.

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.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding such as that reported by Finding No. 1 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action will not be considered if sufficient written documentation is provided to verify compliance with this department's recommendation. Such documentation should be submitted to: Department of the Auditor General, Bureau of Municipal Pension & Liquor Control Audits, 314 Finance Building, Harrisburg, PA 17120.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Historical trend information about the plan is presented herewith as supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially. The historical information, beginning as of January 1, 2019, is as follows:

	(1)	(2)	(3)	(4)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)
01-01-19	\$ 454,701	\$ 437,189	\$ (17,512)	104.0%
01-01-21	490,688	438,975	(51,713)	111.8%
01-01-23	497,369	435,338	(62,031)	114.2%

DUBOISTOWN BOROUGH POLICE PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (Column 4) provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 7,325	\$ 7,345	\$ (20)	\$ 18,507	39.69%
2016	14,979	14,979	-	37,779	39.65%
2017	-	-	-	38,501	0.00%
2018	-	-	-	39,367	0.00%
2019	11,729	11,729	-	41,995	27.93%
2020	-	-	-	-	N/A
2021	-	-	-	-	N/A
2022	-	-	-	-	N/A
2023	-	-	-	-	N/A
2024	-	-	-	-	N/A

N/A – Not applicable

DUBOISTOWN BOROUGH POLICE PENSION PLAN
 SUPPLEMENTARY INFORMATION
 NOTES TO SUPPLEMENTARY SCHEDULES
 (UNAUDITED)

The information presented in the supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation date follows:

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Not applicable
Remaining amortization period	None
Asset valuation method	The Actuarial Value of Assets is the sum of all audited reserve accounts as of the valuation date, including Members', Municipal, Retired Members', Disability, and DROP Participants' Reserves, as provided in the December 31, 2022 ACFR, and a one-year administration expense reserve, plus any additional adjustments as made during the year by the Board of Trustees without reflecting any Excess Interest. This asset valuation is based on the unique legislative structure of PMRS and the administrative rules adopted by the PMRS Board in conjunction with Pennsylvania Municipal Retirement Law. ¹

Actuarial assumptions:

Investment rate of return *	5.25%, compounded annually, net of investment and administration expenses.
Projected salary increases *	2.2%-6.22% based on age and service
* Includes inflation at	2.2%
Cost-of-living adjustments	2.2% per year up to plan maximum

¹ The administrative rules adopted by the PMRS Board in conjunction with Pennsylvania Municipal Retirement Law, which are not required to comply with Actuarial Standards of Practice (ASOP) when defining the Actuarial Value of Assets (AVA), do not necessarily meet the requirement of ASOP 44 Selection and Use of Asset Valuation Methods for Pension Valuations. The AVA provided within this report follow the Pennsylvania Municipal Retirement Law and the PMRS policy statement.

DUBOISTOWN BOROUGH POLICE PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Honorable Richard Knecht
Mayor

Mr. Harry J. Rogers
Council President

Ms. Dori A. Rankinen
Council Vice President

Mr. Richard Cardamone, CPA, CGMA
Pennsylvania Municipal Retirement System

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