

# COMPLIANCE AUDIT

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## West Vincent Township Police Pension Plan Chester County, Pennsylvania

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April 2026



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  
West Vincent Township  
Chester County  
Chester Springs, PA 19425

We have conducted a compliance audit of the West Vincent Township 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, 2022 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 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.
- For the period January 1, 2023 to December 31, 2024, we determined whether retirement benefits calculated for the plan member who retired during the period noted represent payments to all (and only) those entitled to receive them and were properly determined and disbursed in accordance with the plan's governing document, applicable laws, and regulations by recalculating the amount of the monthly pension benefits due to the retired individual and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipient.
- 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.
- For the period January 1, 2023 to December 31, 2024, we determined whether provisions of the Deferred Retirement Option Plan (DROP) were in accordance with the provisions of Act 205 by examining provisions stated in the plan's governing documents.

The West Vincent Township 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.

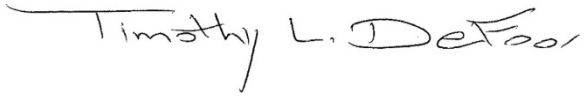
Township officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the West Vincent Township Police Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances 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 Nos. 1, 2, and 3 listed below and discussed later in this report, the West Vincent Township 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, West Vincent Township may be subject to the potential withholding of its state aid, as discussed in the Potential Withhold of State Aid section of this report. The audit findings are as follows:

- Finding No. 1 – Failure To Pay The Minimum Municipal Obligation Of The Plan
- Finding No. 2 – Failure To Properly Determine And Fully Pay The Minimum Municipal Obligation Of The Plan
- Finding No. 3 – Failure To Deposit The Full Amount of State Aid Into An Eligible Pension Plan
- Finding No. 4 – Failure To Allocate The Full Amount Of Members' Contributions Into Members' Accounts
- Finding No. 5 – Pension Benefit Not Authorized By The Plan's Governing Document
- Finding No. 6 – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid

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 West Vincent 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 long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General  
March 10, 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 West Vincent Township 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 West Vincent Township Police Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 187-2020, and a separately executed plan agreement with the plan's custodian effective January 1, 2020, adopted pursuant to Act 15. The plan is also affected by the provisions of collective bargaining agreements between the township and its police officers. The plan was established October 1, 1998. Active members are required to contribute five percent of their compensation to the plan. As of December 31, 2024, the plan had eight active members, no terminated members eligible for vested benefits in the future, and one retiree receiving pension benefits.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
STATUS OF PRIOR FINDINGS

Compliance With Prior Recommendations

West Vincent Township has complied with the prior recommendations concerning the following:

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

For the period subject to audit, the township provided annual financial statements of transactions of the custodial account of the pension plan.

- Failure To Implement Mandatory Act 205 Provisions For The Procurement Of Professional Services

The township adopted Resolution No. 21-2020, which established formal written procedures for the procurement of professional service contracts pursuant to Act 205 provisions.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Failure To Pay The Minimum Municipal Obligation Of The Plan**

Condition: The township did not pay the minimum municipal obligation (MMO) that was due to the police pension plan for the year 2022, as required by Act 205. The township had an unpaid MMO of \$68,279 for the year 2022.

Criteria: Section 302(d) of Act 205 states:

Annually, the municipality shall provide for the full amount of the minimum obligation of the municipality in the budget of the municipality. The minimum obligation of the municipality shall be payable to the pension plan from the revenue of the municipality.

Furthermore, Section 302(e) of Act 205 states:

Any amount of the minimum obligation of the municipality which remains unpaid as of December 31 of the year in which the minimum obligation is due shall be added to the minimum obligation of the municipality for the following year, with interest from January 1 of the year in which the minimum obligation was first due until the date the payment is paid at a rate equal to the interest assumption used for the actuarial valuation report or the discount rate applicable to treasury bills issued by the Department of Treasury of the United States with a six-month maturity as of the last business day in December of the plan year in which the obligation was due, whichever is greater, expressed as a monthly rate and compounded monthly.

Cause: The township lacked adequate internal control procedures to ensure that the budgeted MMO was actually paid.

Effect: The failure to pay the MMO could result in the plan not having adequate resources to meet current and future benefit obligations to its members.

Due to the municipality's failure to pay the 2022 MMO by the December 31, 2022, deadline, the municipality must add the 2022 MMO to the current year's MMO and include interest, as required by Act 205.

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

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Recommendation: We recommend that the municipality pay the MMO due to the police pension plan for the year 2022, with interest, in accordance with Section 302(e) of Act 205. A copy of the interest calculation must be maintained by the township for examination during our next audit of the plan. Furthermore, we recommend that municipal officials implement internal control procedures to ensure the plan’s budgeted MMO is paid.

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

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

**Finding No. 2 – Failure To Properly Determine And Fully Pay The Minimum Municipal Obligation Of The Plan**

Condition: Plan officials did not properly determine or fully pay the minimum municipal obligation (MMO) of the police pension plan for the year 2023 and did not properly determine the MMO for the year 2025, as required by Act 205. The 2023 MMO determined by the municipality understated payroll by \$633,358, and the 2025 MMO understated payroll by \$173,321. Based upon an estimate prepared by this department, the township plan had an unpaid MMO balance of \$57,255 for the year 2023. In December 2025, the township deposited additional funds to the plan to fully pay the corrected 2025 MMO.

Criteria: With regard to the MMO, Section 302(c) of Act 205 states, in part:

Annually, the chief administrative officer of the pension plan shall determine the minimum obligation of the municipality with respect to the pension plan for the following plan year.

With regard to the payroll estimate used in the preparation of the MMO, the Pennsylvania Code, Title 16, Section 204.1(c)(1) states, in part:

The payroll used in determining the minimum municipal obligation of a pension plan under section 302(c) of the act shall be based on the payroll to be reported on the Internal Revenue Service Form W-2 and shall be calculated as the total payroll for active members of the plan as of the date of the determination, plus the payroll for the same active members of the plan projected to the year’s end using the payroll rates in effect as of the date of the determination.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Section 302(d) of Act 205 states, in part:

The minimum obligation of the municipality shall be payable to the pension plan from the revenue of the municipality.

Furthermore, Section 302(e) of Act 205 states:

Any amount of the minimum obligation of the municipality which remains unpaid as of December 31 of the year in which the minimum obligation is due shall be added to the minimum obligation of the municipality for the following year, with interest from January 1 of the year in which the minimum obligation was first due until the date the payment is paid at a rate equal to the interest assumption used for the actuarial valuation report or the discount rate applicable to treasury bills issued by the Department of Treasury of the United States with a six-month maturity as of the last business day in December of the plan year in which the obligation was due, whichever is greater, expressed as a monthly rate and compounded monthly.

Cause: The township lacked adequate internal control procedures to verify the accuracy of data used for the MMO preparation.

Effect: The proper determination of the plan's MMO ensures plan officials can properly allocate the necessary resources to the pension plan for the upcoming year. The failure to fully pay the MMO could result in the plan not having adequate resources to meet current and future benefit obligations to its members.

Due to the municipality's failure to fully pay the 2023 MMO by the December 31, 2023, deadline, the municipality must add the 2023 MMO balance to the current year's MMO and include interest, as required by Act 205.

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

Recommendation: We recommend that the municipality pay the MMO due to the police pension plan for the year 2023, with interest, in accordance with Section 302(e) of Act 205. A copy of the interest calculation must be maintained by the township for examination during our next audit of the plan.

Furthermore, we recommend that, in the future, plan officials properly determine the payroll amount for covered members to be used in the MMO calculation.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

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

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

**Finding No. 3 – Failure To Deposit The Full Amount Of State Aid Into An Eligible Pension Plan**

Condition: The township did not deposit the full amount of its 2020, 2021, 2022, and 2023 state aid allocations into the pension plans, as illustrated below:

<u>Year</u>	<u>State Aid Allocation</u>	<u>State Aid Deposited Into Police Pension Plan</u>	<u>State Aid Deposited Into Non-Uniformed Pension Plan</u>	<u>State Aid Not Deposited Into An Eligible Pension Plan</u>
2020	\$ 86,777	\$ (51,411)	\$ (30,107)	\$ 5,259
2021	91,233	(71,247)	None	19,986
2022	118,043	None	(35,351)	82,692
2023	150,163	(45,811)	(35,745)	68,607

As reported in Finding No. 1, the township did not pay the MMO of the police pension plan for the year 2022 in the amount of \$68,279, which contributed to the undeposited 2022 state aid. In addition, as reported in Finding No. 2, the township underpaid the 2023 MMO in the amount of \$57,255, which contributed to the undeposited 2023 state aid.

Moreover, in the non-uniformed pension plan report, Finding No. 2 (*Failure to Properly Fund Members’ Accounts*) highlights that for five consecutive years, 2020 through 2024, there were either contribution shortfalls (Contributions Due) or excess contributions made to member accounts. These discrepancies indicate that contributions were not in accordance with the amounts due under the plan provisions.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Correcting or satisfying these contribution variances, as outlined in Finding No. 2 of the non-uniformed pension plan report, directly affects the allocation of state aid into the police pension plan. Specifically, any adjustments to funding the non-uniformed member accounts alter the amount of state aid that remains in the township’s general fund and needs to be allocated to the police 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 mechanisms applicable to the respective pension plans.

Cause: Township officials did not adequately reconcile the 2020, 2021, 2022, and 2023 state aid allocations with the township’s funding obligations for its pension plans. Furthermore, the township lacked effective internal control procedures to ensure the full amount of state aid was deposited into the pension funds.

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 township’s future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that after utilizing each year’s undeposited state aid towards satisfying that year’s outstanding MMO to the police pension plan or contributions due to the non-uniformed pension plan, the municipality deposit the township’s remaining state aid allocations, plus interest earned during the period beyond the 30 day grace period allowed by Act 205, compounded annually, into the police pension plan. A copy of the interest calculation must be maintained by the township for examination during our next audit of the plan.

We again recommend that plan officials develop and implement procedures to ensure that future state aid is deposited into the eligible pension plans within 30 days of receipt.

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

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

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – Failure To Allocate The Full Amount Of Members’ Contributions Into Members’ Accounts**

Condition: The municipality did not allocate the full amount of deducted members’ contributions into the members’ accounts. During 2023 and 2024, the township deposited the member pre-tax contributions in the amount of \$45,757 and \$47,279, respectively, into the plan, but as of the date of this report, only \$18,768 and \$27,860, respectively, were allocated to members’ accounts.

Criteria: Under Article IV, Member Contributions, of the plan’s governing document, adopted by Ordinance No. 187-2020, Section 4.02 sets the required member after-tax contributions at five percent of compensation.

Section 4.08, Repayment Of Member Account, sets the minimum repayment amount at 100 percent of the previously refunded amount including interest.

Therefore, from the date a member is hired to the day he terminates, the member has one hundred percent vesting in his member contributions, plus interest.

Cause: The township failed to reconcile the member contribution amounts that the township paid into the plan with the amounts allocated to the members’ accounts. In addition, plan officials lack internal control procedures to ensure the full amount of member contributions is allocated to member accounts.

Effect: When the full amount of deducted member contributions is not allocated into the members’ accounts, it could result in plan members being denied benefits to which they are entitled in accordance with the plan’s governing document. Additionally, the risk of misapplication is increased.

Recommendation: We recommend that the municipality review the member accounts for the years 2023 and 2024 to make the necessary adjustments. A copy of the reconciliation and any resulting allocations must be maintained by the township for examination during our next audit of the plan.

We also recommend that plan officials develop and implement procedures to ensure that future member contributions are allocated into member accounts in a timely manner.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

Management’s Response: Municipal officials agreed with the finding without exception and indicated they would rectify member accounts upon receiving the report.

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

**Finding No. 5 – Pension Benefit Not Authorized By The Plan’s Governing Document**

Condition: Municipal officials provided pension benefits in excess of those authorized by the pension plan’s governing document, Ordinance No. 187-2020, and the Collective Bargaining Agreement (CBA) for the period January 1, 2022 to December 31, 2025, to a plan member who retired effective January 1, 2024, and entered the township’s Deferred Retirement Option Program (DROP).

Based upon an estimate prepared by this Department, the average compensation used in the DROP member’s benefit calculation exceeded the average compensation allowable under the plan’s governing document by \$23,064.

Criteria: Section 1.23, Compensation, of the pension plan’s governing document, adopted by Ordinance No. 187-2020, states, in part:

The total amount of all payments, direct or indirect, made by the Municipality to a Member for services rendered to the Municipality, for a calendar year which ends within a Plan year.... The term Compensation shall **exclude** the following:

Overtime; Bonus Payments (Regular); Bonus Payment (Special); Unused Accrued Leave Payments; Unused Sick Leave Payments; Payments under the “The Pennsylvania Workmen’s Compensation Act”; Incentive Payments; Education Incentive Payments; Longevity Payments; Payments in Lieu of Offered Benefits; Allowance for Meals; Allowance for Clothing and/or Equipment; All other Compensation except regular salary not otherwise enumerated in the Base Plan Document or in this Adoption Agreement.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – (Continued)**

In addition, Section VIII, Compensation, of the CBA states, in part:

It is understood and agreed that the annual base wage or salary scale established herein for the Police Officers for each year represent a basic annual wage computed on a yearly total of two-thousand one hundred eighty-four (2,184) basic work hours. The “regular hourly rate” is determined by dividing the base annual wage by two-thousand one hundred eighty-four hours (2,184).

**Additional Compensation Increases:**

Each Police Officer who has completed at least five (5) years of continuous service with the Township as a Police Officer shall receive a lump sum payment of One Thousand Five Hundred Dollars (\$1,500.00) each year. ... The lump sum payment for Sergeant shall be \$3,500. Said payment shall occur in the first payroll of each calendar year following the completion of five (5) years of continuous service.

Cause: Municipal officials failed to incorporate the plan’s governing document with the CBA when determining the compensation provided to the plan’s custodian for the DROP member’s benefit computation, and included overtime, bonus payments, unused accrued leave payments, unused sick leave payments, longevity payments, and payments for compensatory time. In addition, the township lacked adequate internal control procedures, such as requiring a secondary review of benefit calculation data, which contributed to the error.

Effect: The plan is paying pension benefits to a DROP member in excess of those authorized by the plan’s governing document and collective bargaining agreement. Based on an estimate prepared by this department, as of the date of this report, the DROP member is receiving excess benefits of \$923 per month, which totaled approximately \$24,921 from retirement until the date of this report.

Recommendation: We recommend that the township recalculate the DROP benefit calculation in accordance with the plan’s governing document and CBA and adjust the DROP member’s benefit accordingly.

We further recommend that future pension benefits be calculated and paid in accordance with the applicable provisions contained in the plan’s governing document in effect at the time of a plan member’s retirement under DROP provisions or retirement, and procedures should be implemented to prevent recurrence.

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.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 6 – Incorrect Data On Certification Form AG 385 Resulting In A Net Underpayment Of State Aid**

Condition: The township certified two ineligible non-uniformed employees and overstated payroll by \$106,521 on the Certification Form AG 385 filed in 2024 and also failed to certify two eligible police officers and understated payroll by \$221,503 on the Certification Form AG 385 filed in 2025. The data contained on these certification forms are based on prior calendar year information.

The two ineligible non-uniformed employees included one part-time employee working fewer than 20 hours per week who also was not eligible for plan membership, and one employee who did not meet the requirement of six consecutive months of full-time employment during 2023 prior to retirement.

The two police officers who were omitted from the 2025 form included one on temporary disability leave, and one on administrative leave who was reinstated in May 2024 and treated as a full-time employee for the entire year.

Criteria: Under Act 205, Section 402(e)(2), an employee is eligible for certification if they were employed on a full-time basis for at least six consecutive months prior to December 31 of the certification year and participated in a pension plan during that year.

Cause: The township failed to follow the instructions of the AG 385 certification form, and lacked adequate internal control procedures, such as having another individual review the data certified to ensure the accuracy of data certified prior to submission.

Effect: The data submitted on this certification form is used, in part, to calculate the state aid due to the municipality for distribution to its pension plans. Because the township’s state aid allocations for 2024 and 2025 were based on unit value, the incorrect certification of pension data resulted in a net underpayment of state aid, as identified below:

<u>Year</u>	<u>Type of Plan</u>	<u>Units Overstated (Understated)</u>	<u>Unit Value</u>	<u>State Aid Overpayment (Underpayment)</u>
2024	Non-Uniformed	2	\$ 6,292	\$ 12,584
2025	Police	(4)	\$ 6,666	<u>(26,664)</u>
Net Underpayment of State Aid				<u>\$ (14,080)</u>

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 6 – (Continued)**

Although the additional state aid will be allocated to the township, the full amount of the 2025 state aid allocation was not available to be deposited timely and therefore was not available to fund benefits or pay operating expenses, or for investment.

Recommendation: We recommend that plan officials establish adequate internal control procedures, such as having at least two people review the data certified, to ensure compliance with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data.

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.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
POTENTIAL WITHHOLD OF STATE AID

Conditions such as those reported by Finding Nos. 1, 2, and 3 contained in this audit report may lead to a total withholding of state aid in the future unless those findings are 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.

WEST VINCENT TOWNSHIP 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	\$ 1,263,853	\$ 1,370,532	\$ 106,679	92.2%
01-01-21	1,581,946	1,841,753	259,807	85.9%
01-01-23	1,971,135	2,397,354	426,219	82.2%

WEST VINCENT TOWNSHIP 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.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
 SUPPLEMENTARY INFORMATION  
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2015	\$ 59,799	\$ 59,819	\$ (20)	\$ 474,923	12.60%
2016	60,340	60,360	(20)	487,938	12.37%
2017	71,374	71,374	-	511,671	13.95%
2018	73,422	73,422	-	588,992	12.47%
2019	49,635	49,635	-	572,748	8.67%
2020	49,734	63,196	(13,462)	715,764	8.83%
2021	67,261	67,261	-	852,103	7.89%
2022	68,278	73,921	(5,643)	689,936	10.71%
2023	45,811	45,831	(20)	451,207	10.16%
2024	140,638	140,658	(20)	557,194	25.24%

WEST VINCENT TOWNSHIP 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	Level dollar for plan bases and an average for Aggregate Gain/Loss, 10% of surplus is credited against aggregate cost where applicable.
Remaining amortization period	12 years
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. <sup>1</sup>

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

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<sup>1</sup> 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.

WEST VINCENT TOWNSHIP POLICE PENSION PLAN  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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Pennsylvania Municipal Retirement System

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