

# COMPLIANCE AUDIT

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## Munhall Borough Non-Uniformed Money Purchase Pension Plan

Allegheny County, Pennsylvania

For the Period

January 1, 2019 to December 31, 2023

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August 2025



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  
Munhall Borough  
Allegheny County  
Munhall, PA 15120

We were engaged to conduct a compliance audit of the Munhall Borough Non-Uniformed Money Purchase Pension Plan for the period January 1, 2019 to December 31, 2023 and to evaluate compliance with some requirements subsequent to that period when possible. The audit was conducted 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.

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.

Borough officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Munhall Borough Non-Uniformed Money Purchase Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

### *Results for Objective No. 1*

For the portion of our audit related to determining if municipal officials took appropriate corrective action to address the findings contained in our prior report, it is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, which included tests of transactions, examination of plan documents, and interviews with selected officials, we were able to determine that borough officials did not take appropriate corrective action to address the findings contained in our prior report. Finding Nos. 5 and 6 contained in this 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 those previously reported findings and strongly encourage timely implementation of the recommendations noted in this report.

### *Results for Objective No. 2*

For the portion of the audit related to determining if the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, borough officials were unable to provide documentation that we requested in order to perform our audit, as detailed in the following finding:

#### Finding No. 1 – Failure To Maintain And Monitor An Adequate Record-Keeping System

Because of the limitations described in Finding No. 1, the scope of our work was not sufficient to enable us to conclude, and we do not express a conclusion, on whether the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

However, we were able to perform certain limited audit procedures as described below.

- We examined the limited available supporting documentation to determine whether plan members' accounts were properly funded in accordance with the plan's governing document.
- We examined the limited available supporting documentation to determine whether forfeitures resulting from employee terminations were handled in accordance with the plan's governing document.
- We examined plan benefit provisions in the various plan documents (i.e., collective bargaining agreements, governing plan document) for consistency across documents.

- We inquired of municipal officials regarding the existence of any ordinances or resolutions adopting the plan custodian or other documentation to support that the contracting for professional services was conducted and awarded in accordance with applicable legislation and the borough's own procurement procedures.
- We examined the limited available demographic data and payroll for active members in an effort to determine AG 385 certification eligibility.

Based on the limited audit procedures we were able to perform, we have included the findings listed below in this report.

Finding No. 2 – Failure To Properly Fund Members' Accounts

Finding No. 3 – Failure To Properly Allocate Forfeitures

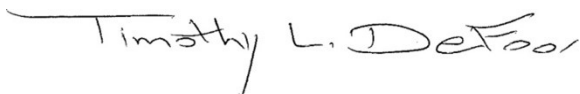
Finding No. 4 – Inconsistent Pension Benefit

Finding No. 5 – Noncompliance With Prior Recommendation – Awarding Of Professional Services Contract Inconsistent With Provisions Of Act 205

Finding No. 6 – Noncompliance With Prior Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Overpayment Of State Aid

Furthermore, if the scope of our work had been sufficient to enable us to conclude on the pension plan's compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, additional instances of noncompliance or other matters may have been identified and reported herein.

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



Timothy L. DeFoor  
Auditor General  
June 18, 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 Munhall Borough Non-Uniformed Money Purchase 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 Munhall Borough Non-Uniformed Money Purchase Pension Plan is a single-employer defined contribution pension plan locally controlled by the provisions of Ordinance No. 1564, 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 borough's defined benefit non-uniformed pension plan (*separately audited*). Certain plan members are also affected by the provisions of collective bargaining agreements between the borough and its non-uniformed employees. The plan was established January 1, 2012. Active members subject to the collective bargaining agreement are required to contribute two percent of compensation to the plan and the borough is required to contribute ten percent of each participant's compensation to the plan. Active members not subject to the collective bargaining agreement are not required to contribute to the plan and the borough will match fifty cents on each dollar up to three percent. As of December 31, 2023, the plan had nine active members.

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
STATUS OF PRIOR FINDINGS

Noncompliance With Prior Recommendations

Munhall Borough has not complied with the prior audit recommendations concerning the following as further discussed in the Findings and Recommendations sections of this report:

- Awarding of Professional Services Contract Inconsistent With Provisions Of Act 205
- Incorrect Data On Certification Form AG 385 Resulting In An Underpayment Of State Aid

Although the municipality received reimbursement for the prior state aid underpayment, the borough again failed to comply with the instructions that accompany Certification Form AG 385 in accurately reporting the required pension data, as further discussed in Finding No. 6 in the Findings and Recommendations section of this report.

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Failure To Maintain And Monitor An Adequate Record-Keeping System**

Condition: The borough did not maintain adequate records for examination during the course of the audit to indicate sufficient monitoring of the activity of the pension plan. The following records were not maintained or provided by the borough:

- Payroll records for data years ending December 31, 2019, 2020, and 2021 to support wages used on Certification Forms AG 385 filed in 2020, 2021, and 2022.
- Payroll records for the years ending December 31, 2019, 2020, 2021, and 2022 used to determine employee and employer contributions for those years (*refer to Finding No. 2*).
- Individual member contribution and reconciliation records for the years ending December 31, 2019, 2020, and 2021 (*refer to Finding Nos. 2 and 3*).
- Demographic data for the active and terminated members of the pension plan to determine AG 385 certification eligibility and benefit eligibility and to properly determine vesting status and forfeiture allocations (*refer to Finding No. 3*).
- An ordinance or resolution adopting the plans' custodian (*refer to Finding No. 5*).
- Individual member custodial account statements for the years ending December 31, 2019 and 2020 to determine whether contributions, including forfeitures, were deposited and allocated properly and timely to each member's account in accordance with the applicable plan document (*refer to Finding Nos. 2 and 3*).
- The collective bargaining agreement for the period January 1, 2018 to December 31, 2021 to reconcile negotiated benefits to governing plan provisions.
- Documentation to support the deposit of 2024 state aid into an eligible pension plan to determine if deposited within 30 days of receipt.

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

In addition, assets held in a pension plan account for the purpose of plan management are to be governed by the terms and provisions of the governing plan document and account contract, provided that the terms and provisions of the contract are within the parameters of all prevailing pension legislation. Although the municipality may contract with a trustee to administer the financial management of the plan, the fiduciary responsibility for the plan remains with the municipality.

Cause: Effective January 1, 2009, the borough adopted Ordinance No. 1536 which outlined the duties, responsibilities and functions of the borough manager which included the responsibility to borough council as the chief administrative officer for the administration of all borough affairs. During the audit period, the borough experienced a high rate of turnover in the borough manager position with three different managers. Accordingly, current plan officials were unaware of their various record keeping and fiduciary responsibilities of pension plan administration.



MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Effect: The failure of borough officials to maintain adequate records prohibits municipal officials from effectively monitoring the plan’s financial operations. Inadequate records and monitoring of the non-uniformed money purchase pension plan account could lead to undetected errors or improprieties in account transactions as well as deficiencies in authorizing and implementing pension plan policies and procedures.

Recommendation: We recommend that borough officials establish accounting procedures, including record-keeping procedures, necessary to allow management to maintain effective awareness of and control over the activity of the plan. Borough 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 procedures. We also recommend that plan officials examine all financial transactions of the pension plans to ensure the accuracy, timeliness, and propriety of the transactions.

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

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

**Finding No. 2 – Failure To Properly Fund Members’ Accounts**

Condition: The township did not fully fund the accounts of nine plan members in 2023, as illustrated below:

<u>2023 Employees</u>	<u>Required Contributions</u>	<u>Actual Contributions</u>	<u>Contributions Due</u>
1	\$ 5,487	\$ 5,279	\$ 208
2	6,028	5,810	218
3	5,976	5,713	263
4	5,486	5,258	228
5	5,400	5,191	209
6	5,494	5,266	228
7	5,564	5,337	227
8	695	-	695
9	5,432	5,225	207
		Total	<u>\$ 2,483</u>

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Furthermore, the members' accounts appear to be overfunded for the year 2022. However, due to lack of payroll records, we are unable to properly verify the contribution requirements for the years ending December 31, 2019, 2020, 2021, and 2022 (*refer to Finding No. 1*).

Criteria: Section A-3.01 (b) of Ordinance No. 1594, states:

For Participants who are in a job classification that is represented by a union for the purpose of collective bargaining with the Employer, the Employer shall contribute an amount equal to 10 percent of each Participant's Compensation.

For Participants who are not in a job classification that is represented by a union for the purpose of collective bargaining with the Employer, the Employer shall contribute an amount equal to 3 percent of each Participant's Compensation.

Cause: Effective January 1, 2009, the borough adopted Ordinance No. 1536 which outlined the duties, responsibilities and functions of the borough manager which included the responsibility to borough council as the chief administrative officer for the administration of all borough affairs. During the audit period, the borough experienced a high rate of turnover in the borough manager position with three different managers. Accordingly, current plan officials failed to establish adequate internal control procedures to ensure that only eligible plan members' accounts were properly funded in accordance with the provisions contained in the plan's governing documents.

Effect: The failure to properly fund the members' accounts could result in plan members being denied benefits to which they are entitled in accordance with the plan's governing document.

Recommendation: We recommend that the township review the applicable members' accounts and make the adjustments deemed necessary to ensure they are funded in accordance with the provisions contained in the plan's governing document.

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

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

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – Failure To Properly Allocate Forfeitures**

Condition: The borough has not properly applied plan forfeitures resulting from the non-vested, terminated employees' accounts in accordance with the provisions of the plan's governing document. Furthermore, we were not able to determine the required plan forfeitures for terminated members in 2019, 2020, 2021, and 2022 due to insufficient record keeping (*refer to Finding No. 1*).

Criteria: Ordinance No. 1564 at Section A-8.03 of Article A-VIII states, in part:

Forfeiture of Non-Vested Accounts. Accounts of non-vested participants shall be forfeited upon termination of employment and shall not be subject to reinstatement.

In addition, Section A-8.04 states, in part:

Allocation of Forfeitures. Forfeitures arising under the plan shall be used to reduce employer contributions as required to be made pursuant to Sec. A-3.01.

Furthermore, Section A-8.02 of Ordinance No. 1594 provides for Deferred Vested Interests as follows:

Less than 5 years of service	0% vested
5 years of service or more	100% vested

Cause: Effective January 1, 2009, the borough adopted Ordinance No. 1536 which outlined the duties, responsibilities and functions of the borough manager which included the responsibility to borough council as the chief administrative officer for the administration of all borough affairs. During the audit period, the borough experienced a high rate of turnover in the borough manager position with three different managers. Accordingly, current plan officials were not aware of the existence of the unallocated account which holds the previously forfeited amounts nor the procedure for disposing of the assets in the account.

Effect: As a result of not properly applying forfeitures in accordance with the governing document, the borough was required to contribute additional funds from the general fund. As of December 31, 2023, funds amounting to \$2,607 were available for use in the unallocated forfeiture account. Furthermore, additional funds appear to remain in terminated, non-vested participant accounts which should be transferred to the forfeiture account so that it can be applied to reduce employer contributions in accordance with the applicable provisions of the governing document.

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Recommendation: We recommend that the borough contact the plan administrator to arrange for the unallocated account balance to be applied against the borough’s future obligations to the plan. We also recommend that the municipality review the forfeiture policy with the plan administrator to ensure that all available unused assets are properly forfeited and used to meet plan obligations in accordance with the governing document.

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

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

**Finding No. 4 – Inconsistent Pension Benefit**

Condition: The pension plan’s governing document, Ordinance No. 1564, as amended by Ordinance No. 1594, contains a benefit provision that conflicts with the collective bargaining agreement between the non-uniformed money purchase pension plan employees and the borough, as follows:

Benefit Provision	Governing Document Ordinance No. 1594	Collective Bargaining Agreement January 1, 2022 to December 31, 2026
Member Contribution Rate	Section A-3.01. Participants who are in a job classification that is represented by a union for the purpose of collective bargaining with the employer are required to contribute an amount equal to three percent (3.0%) of Participant’s Compensation into their account.	Article No. XV (F). The parties agree that each bargaining unit member shall contribute two percent (2%) of his or her gross pay to be deducted by the Borough from the employee’s paycheck and deposited into the defined contribution plan.

Criteria: A governing document which contains clearly defined and updated benefit provisions is a prerequisite for the consistent, sound administration of retirement benefits. The plan’s governing document and the collective bargaining agreement should contain consistent benefit provisions to ensure the sound administration of retirement benefits. Prudent business practices dictate that the governing document be reviewed and updated with the approval of new collective bargaining agreements.

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

Cause: Borough officials failed to update the plan’s governing document. In addition, plan officials failed to establish adequate internal control procedures to ensure the plan’s governing document and the collective bargaining agreement contained consistent benefit provisions.

Effect: Inconsistent plan documents could result in inconsistent or improper benefit calculations and incorrect benefit payments from the pension plan.

Recommendation: We recommend that borough officials take appropriate action to ensure the plan’s governing document and the collective bargaining agreement contain consistent benefit provisions at their earliest opportunity to do so.

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

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

**Finding No. 5 – Noncompliance With Prior Recommendation – Awarding Of Professional Services Contract Inconsistent With Provisions Of Act 205**

Condition: As stated in our prior audit finding, the borough adopted the mandatory provisions of Act 205 regarding the procurement of professional services contracts relative to its pension plans via Resolution No. 2013-2. In 2016, the borough entered into an agreement with a provider for investment and advisory services for its non-uniformed money purchase pension plan and in 2021 the borough changed providers. However, there was, again, no evidence, including an ordinance or resolution adopting the plan custodian, provided to support that the contracting for these professional services was conducted and awarded in accordance with provisions of Act 205 and Resolution No. 2013-2 (*refer to Finding No. 1*).

Criteria: Section 701-A of Act 205 defines a “Professional Services Contract”, as follows:

“Professional services contract.” A contract to which the municipal pension system is a party that is:

- (1) for the purchase or provision of professional services, including investment services, legal services, real estate services and other consulting services; and
- (2) not subject to a requirement that the lowest bid be accepted.

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – (Continued)**

In addition, Section 702-A (a) of Act 205 states, in part:

Each municipal pension system ... shall develop procedures to select the most qualified person to enter into a professional services contract. The procedures shall ensure that the availability of a professional services contract is advertised to potential participants in a timely and efficient manner. Procedures shall include applications and disclosure forms to be used to submit a proposal for review and to receive the award of a professional services contract.

Additionally, Section 702-A (c), (e), (f) and (h) state, in part:

**Review.** Procedures to select the most qualified person shall include a review of the person's qualifications, experience and expertise and the compensation to be charged.

**Conflict of interest.** The municipal pension system shall adopt policies relating to potential conflicts of interest in the review of a proposal or the negotiation of a contract.

**Public information.** Following the award of a professional services contract, all applications and disclosure forms shall be public except for proprietary information or other information protected by law.

**Notice and summary.** The relevant factors that resulted in the award of the professional services contract must be summarized in a written statement to be included in or attached to the documents awarding the contract. Within ten days of the award of the professional services contract, the original application, a summary of the basis for the award and all required disclosure forms must be transmitted to all unsuccessful applications and posted on the municipal pension system's Internet website, if an Internet website is maintained, at least seven days prior to the execution of the professional services contract.

Section 703-A (c) states, in part:

Upon the advertisement for a professional services contract by the municipal pension system, the contractor may not cause or agree to allow a third party to communicate with officials or employees of the municipal pension system except for requests for technical clarification.

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – (Continued)**

Furthermore, Resolution No. 2013-2, enacted by the borough on April 17, 2023, contains similar provisions as aforementioned.

Cause: Effective January 1, 2009, the borough adopted Ordinance No. 1536 which outlined the duties, responsibilities and functions of the borough manager which included the responsibility to borough council as the chief administrative officer for the administration of all borough affairs. During the period subject to audit, the borough experienced a high rate of turnover in the borough manager position with three different managers. Accordingly, borough officials again failed to establish adequate internal controls procedures to evidence compliance with provisions of Resolution No. 2013-2 and Act 205 relative to professional services contracts for its pension plans.

Effect: We were unable to determine whether the borough complied in all respects with the provisions stipulated in Act 205 and its own governing policies and procedures for the procuring of professional investment and advisory services for the borough's non-uniformed money purchase pension plan. Also, by failing to maintain appropriate substantive supporting documentation evidencing adherence with Act 205 and the borough's procedures for the professional services contract, a general lack of transparency exists.

Recommendation: We recommend the borough follow procedures developed and implemented by the borough in Resolution No. 2013-2 for the procurement of professional services for the borough's pension plans and ensure compliance with Act 205 provisions while maintaining appropriate and sufficient supporting documentation. This documentation should evidence every phase of the process in accordance with Act 205 and the borough's policies and procedures in the awarding of future professional services contracts for the borough's pension plans.

In addition, since we were unable to conclude whether the borough complied in all respects with the provisions stipulated in Act 205 and its own governing policies and procedures relative to the procurement of the investment and advisory services for the non-uniformed money purchase pension plan, we recommend that borough officials collectively review the process and familiarize themselves with the procedures enacted by the borough while closely examining and identifying ways to improve the process as a whole.

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

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

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 6 – Noncompliance With Prior Recommendation – Incorrect Data On Certification Form AG 385 Resulting In A Net Overpayment Of State Aid**

Condition: As disclosed in the Status of Prior Findings section of this report, the borough again failed to comply with the instructions that accompanied Certification Form AG 385. The borough certified an ineligible police officer (2 units) on the Certification Form AG 385 filed in 2020. The ineligible member retired effective April 1, 2019, and entered the borough’s Deferred Retirement Option Program (DROP). In addition, the borough certified an ineligible police officer (2 units) on the Certification Form AG 385 filed in 2023. The ineligible member retired effective June 11, 2022, and also entered the borough’s DROP. Furthermore, the borough failed to certify an eligible non-uniformed money purchase plan participant (1 unit) on the Certification Form AG 385 filed in 2024. The data contained on these certification forms is based on prior calendar year information.

Criteria: Pursuant to Act 205, at Section 402(e)(2), in order to be eligible for certification, an employee must have been employed on a full-time basis for at least six consecutive months and must have been participating in a pension plan during the certification year. The applicable number of units attributable to each eligible recipient city, borough, incorporated town, and township shall be two units for each police officer and firefighter and one unit for each employee other than police officer or firefighter.

Furthermore, Act 205 at Section 402(e)(2) states, in part:

For the purpose of computing and reporting the applicable number of units, a DROP participant shall not be reported to the Auditor General as an active employee.

Cause: Effective January 1, 2009, the borough adopted Ordinance No. 1536 which outlined the duties, responsibilities and functions of the borough manager which included the responsibility to borough council as the chief administrative officer for the administration of all borough affairs. During the audit period, the borough experienced a high rate of turnover in the borough manager position with three different managers. Accordingly, plan officials failed to establish adequate internal control procedures to ensure the accuracy of the data certified.

Effect: The data submitted on these certification forms is used, in part, to calculate the state aid due to the municipality for distribution to its pension plans. Because the borough’s state aid allocations were based on unit value, the incorrect certification of pension data affected the borough’s state aid allocations, as identified below:



MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
FINDINGS AND RECOMMENDATIONS

**Finding No. 6 – (Continued)**

<u>Year</u>	<u>Type of Plan</u>	<u>Units Overstated (Understated)</u>	<u>Unit Value</u>	<u>State Aid Overpayment (Underpayment)</u>
2020	Police	2	\$ 4,924	\$ 9,848
2023	Police	2	\$ 5,828	\$ 11,656
2024	Non-Uniformed	(1)	\$ 6,292	<u>(6,292)</u>
Net Overpayment of State Aid				<u>\$ 15,212</u>

In addition, the borough used the overpayment of state aid to pay the minimum municipal obligations (MMOs) due to the police and non-uniformed pension plans; therefore, if the reimbursement to the Commonwealth is made from the pension plans, the plans' MMOs will not be fully paid.

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

Recommendation: We recommend that the net overpayment of state aid, in the amount of \$15,212, plus interest, be returned to the Commonwealth. A check in this amount, with interest compounded annually from date of receipt to date of repayment, at a rate earned by the pension plan, should be made payable to: Commonwealth of Pennsylvania and mailed to: Department of the Auditor General, Municipal Pension & Liquor Control Audits, 320 Finance Building, Harrisburg, PA 17120. A copy of the interest calculation must be submitted along with the check.

We also again 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.

In addition, if the reimbursement to the Commonwealth is made from police or non-uniformed pension plan funds, we recommend that any resulting MMO deficiencies be paid to the pension plan with interest, at a rate earned by the pension plan.

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

Auditor 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.

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
POTENTIAL WITHHOLD OF STATE AID

Finding No. 6 contained in this audit report cites an overpayment of state aid to the borough in the amount of \$15,212, plus interest. A condition of a repeat finding of this nature may lead to a total withholding of state aid in the future unless that finding is corrected. A check in this amount with interest, at a rate earned by the pension plan, should be made payable to: Commonwealth of Pennsylvania, and mailed to: Department of the Auditor General, Municipal Pension & Liquor Control Audits, 314 Finance Building, Harrisburg, PA 17120.

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid	Employer Contributions
2018	\$ 28,106	\$ 7,454
2019	None	*
2020	None	*
2021	None	*
2022	None	*
2023	None	43,079

*\* Refer to Finding No. 1.*

MUNHALL BOROUGH NON-UNIFORMED MONEY PURCHASE PENSION PLAN  
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This report was initially distributed to the following:

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