
PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL



Pennsylvania Auditor General



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News for Immediate Release

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Auditor General DeFoor Warns Municipalities Against Using Federal COVID Relief Funds to Catch Up on Missed Pension Plan Payments

HARRISBURG – Auditor General Timothy L. DeFoor today said audits show municipalities in 11 counties failed to make required employer contributions to their employee pension plans, prompting him to again warn local governments that they cannot use federal COVID relief funds to catch up on missed payments.

DeFoor said Bristol Borough in Bucks County tops the list of recent audits with such findings. The borough owes more than \$757,836 in required contributions, including interest, to its police and employee pension plans for 2019 and 2020.

“My audit team is seeing a troubling rise in the number of municipalities that are failing to fully fund their employee retirement plans as state law requires,” DeFoor said. “I’m again warning municipalities that they cannot use federal COVID relief funds provided under the American Rescue Plan to catch up on past pension debts.”

On June 14, Auditor General DeFoor [released audits](#) showing the City of Chester in Delaware County owes more than \$34 million in back employer contributions to its three employee pension plans. He shared these audits with the court-appointed receiver that is overseeing the city’s financial recovery.

DeFoor added that municipalities that do not make the employer contributions required by law run the risk of having future state pension aid withheld.

The Department of the Auditor General audits municipal pension plans that receive state aid to ensure the plans are being administered in accordance with state law.

In 2020, the Department of the Auditor General distributed a total of \$324.74 million in state pension aid to 1,483 municipalities and regional departments to support pension plans covering police officers, paid firefighters and non-uniformed employees. The funds are generated by a 2 percent tax on fire and casualty insurance policies sold in Pennsylvania by out-of-state companies.

The required employer contributions to municipal pension plans are known as Minimum Municipal Obligations (MMOs). Recent audits with findings involving missed MMO payments, plus interest owed, are listed below:

Allegheny County

[Verona Borough Police Pension Plan](#) – Finding: Plan is owed \$86,174.

Armstrong County

[Parks Township Police Pension Plan](#) – Finding: Plan is owed \$8,007.

Beaver County

[Midland Borough Police Pension Plan](#) & [Midland Borough Non-Uniformed Pension Plan](#) – Findings: Police plan is owed \$70,015; non-uniformed plan is owed \$21,538.

Bucks County

[Bristol Borough Police Pension Plan](#) & [Bristol Borough Employee's Pension Plan](#) – Findings: Police plan is owed \$375,727; employee plan is owed \$382,108.

Delaware County

[Sharon Hill Borough Police Pension Plan](#) – Finding: Plan is owed \$229,588.

Lehigh County

[Lynn Township Non-Uniformed Pension Plan](#) – Finding: Plan is owed \$35,811.

[South Whitehall Township Non-Uniformed Public Works Plan](#) – Finding: Plan is owed \$164,237.

Luzerne County

[City of Pittston Police Pension Plan](#) – Finding: Plan is owed \$218,102.

Mercer County

[Shenango Township Police Pension Plan](#) & [Shenango Township Non-Uniformed Pension Plan](#) – Findings: Police plan is owed \$145,155; non-uniformed plan is owed \$10,264.

Perry County

[Penn Township Police Pension Plan](#) – Finding: Plan is owed \$2,762.

Schuylkill County

[Norwegian Township Police Pension Plan](#) – Finding: Plan is owed \$170,419.

Westmoreland County

[City of Arnold Aggregate Pension Trust Fund](#) – Finding: Plan is owed \$4,685.

Learn more about the Department of the Auditor General, review past audits and [sign up](#) to receive notice of new audits at www.PaAuditor.gov.

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