

COMPLIANCE AUDIT

Hopewell Township Non-Uniformed Pension Plan Bedford County, Pennsylvania For the Period January 1, 2018 to December 31, 2022

March 2024



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
Hopewell Township
Bedford County
Hopewell, PA 16650

We have conducted a compliance audit of the Hopewell Township Non-Uniformed Pension Plan for the period January 1, 2018 to December 31, 2022. We also evaluated 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. 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:

- 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 all years within the period under audit. State aid allocations that were deposited into the pension plan for the years ended December 31, 2017 to December 31, 2022, are presented on the Summary of Deposited State Aid and Employer Contributions.
- We determined whether annual employer contributions were calculated and deposited in accordance with the plan's governing document and applicable laws and regulations by examining the municipality's calculation of the plan's annual financial requirements and minimum municipal obligation (MMO) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plan as evidenced by supporting documentation. Employer contributions that were deposited into the pension plan for the years ended December 31, 2017 to December 31, 2022, are presented on the Summary of Deposited State Aid and Employer Contributions.
- We determined that there were no employee contributions required by the plan's governing document and applicable laws and regulations for the years covered by our audit period.
- We determined whether retirement benefits calculated for plan members who separated employment and received a lump-sum distribution during the current audit period, and through the completion of our fieldwork procedures, 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 pension benefits due to the retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients.
- We determined whether the January 1, 2019 and January 1, 2021 actuarial valuation reports were prepared and submitted by March 31, 2020 and 2022, 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.

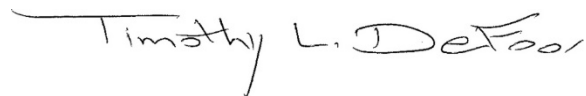
Township officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Hopewell Township Non-Uniformed Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. As previously described, we tested transactions, interviewed selected officials, and performed procedures to the extent necessary to provide reasonable assurance of detecting instances of noncompliance with legal and regulatory requirements or noncompliance with provisions of contracts, administrative procedures, and local ordinances and policies that are significant within the context of the audit objectives.

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

- Finding No. 1 – Partial Compliance With Prior Recommendation – Receipt Of State Aid In Excess Of Entitlement
- Finding No. 2 – Noncompliance With Prior Recommendation – Failure To Fully Fund Members’ Accounts
- Finding No. 3 – Partial Compliance With Prior Recommendation – Incorrect Data On Certification Form AG 385 Resulting In An Underpayment of State Aid
- Finding No. 4 – Noncompliance With Prior Recommendation – Municipal Contributions Made In Excess Of Contributions Required To Fund The Plan
- Finding No. 5 – Awarding Of Professional Services Contract Inconsistent With Provisions Of Act 205

Finding Nos. 1, 2, 3, and 4 contained in this audit report repeat conditions that were cited in our previous report that have not been corrected by township officials. We are concerned by the township’s failure to correct those previously reported findings and strongly encourage timely implementation of the recommendations noted in this audit report.

The contents of this report were discussed with officials of Hopewell 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.



Timothy L. DeFoor
Auditor General
January 25, 2024

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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 Hopewell Township Non-Uniformed 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 69 - The Second Class Township Code, Act of May 1, 1933 (P.L. 103, No. 69), as reenacted and amended, 53 P.S. § 65101 et seq.

The Hopewell Township Non-Uniformed Pension Plan is a single employer defined contribution pension plan locally controlled by the provisions of a Profit Sharing Plan Agreement adopted by a Resolution dated June 14, 2021. Prior to June 14, 2021, the plan was controlled by a Resolution effective November 10, 2014. The plan was established January 1, 1977. Active members are not required to contribute to the plan. The municipality is required to contribute ten (10.0) percent of compensation. As of December 31, 2022, the plan had two active members and one terminated member eligible for vested benefits in the future.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
STATUS OF PRIOR FINDINGS

Partial Compliance With Prior Recommendations

Hopewell Township has partially complied with the prior recommendations concerning the following:

- Receipt Of State Aid In Excess Of Entitlement

On August 19, 2019, the township returned \$2,923 to the Commonwealth for the excess state aid received in 2016; however, the township again failed to reconcile the township's annual state aid allocation with the plan's annual defined contribution pension costs during the current audit period and reimburse any excess state aid received to the Commonwealth, as further discussed in Finding No. 1 of this report; and

- Incorrect Data On Certification Form AG 385 Resulting In An Overpayment Of State Aid

Also on August 19, 2019, the township reimbursed \$998 to the Commonwealth for the overpayment of state aid received in 2017; however, the township again failed to comply with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data in the years 2020 and 2022, as further discussed in Finding No. 3 of this report.

Noncompliance With Prior Recommendations

Hopewell Township has not complied with the prior recommendations concerning the following as further discussed in the Findings and Recommendations section of this report:

- Failure To Fully Fund Member's Account; and

- Municipal Contributions Made In Excess Of Contributions Required To Fund The Plan

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Partial Compliance With Prior Recommendation – Receipt Of State Aid In Excess Of Entitlement

Condition: As disclosed in the Status of Prior Findings section of this report, the township partially complied with the prior recommendation by returning excess state aid received in 2016 to the Commonwealth; however, a similar condition occurred during the current audit period. The township again received state aid in excess of the non-uniformed pension plan’s defined contribution pension costs in the years 2018, 2021, and 2022, as illustrated below:

	<u>2018</u>	<u>2021</u>	<u>2022</u>
Actual municipal pension costs	\$ 11,036	\$ 12,649	\$ 10,322
Forfeitures available	<u>(490)</u>	<u>(3,089)</u>	<u>(688)</u>
Adjusted municipal pension costs	10,546	9,560	9,634
State aid allocated	<u>(11,036)</u>	<u>(13,775)</u>	<u>(13,221)</u>
Excess state aid received	<u>\$ 490</u>	<u>\$ 4,215</u>	<u>\$ 3,587</u>

Criteria: As previously cited, Section 402(f)(2) of Act 205 states:

No municipality shall be entitled to receive an allocation of general municipal pension system State aid in an amount which exceeds the aggregate actual financial requirements of any municipal pension plans for police officers, paid firefighters or employees other than police officers or paid firefighters maintained by the municipality, less the amount of any aggregate annual member or employee contributions during the next succeeding plan year, as reported in the most recent complete actuarial report filed with the commission.

In addition, the township selected the following options under Section D Vesting of the Profit Sharing Agreement dated June 14, 2021:

- Vesting: 100% after 3 years.
- Vesting Forfeitures: Upon termination, nonvested account balances shall be forfeited as soon as administratively feasible.
- Use of Forfeitures: Any permissible method described in Section 6.03(d).

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

It is noted that this specific section of the profit sharing plan agreement, Section 6.03(d), was not made available to the auditor, however, prior to a January 1, 2021 amendment, the plan was governed by a profit sharing agreement effective January 1, 2015. Section E6 of that agreement stated that forfeitures were to be used to reduce employer contributions at the discretion of the plan administrator.

Cause: The township again failed to establish adequate internal control procedures to reconcile the township's state aid allocation and employee forfeitures available with the plan's actual defined contribution pension costs.

Effect: It is this department's opinion that because the entire proceeds of the insurance premium tax on foreign casualty insurance companies are distributed annually to each eligible recipient municipality, it is inappropriate to use state aid in one year to offset pension costs in other years. Consequently, the overpayment of state aid in the years 2018, 2021, and 2022 must be returned to the Commonwealth for redistribution.

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

Recommendation: We recommend that the municipality return \$7,367 (\$8,292 of excess state aid received in the years 2018, 2021, and 2022 less the 2020 underpayment of state aid of \$925 discussed in Finding No. 3) 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 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. A copy of the interest calculation must be submitted along with evidence of payment.

Furthermore, we recommend that, in the future, plan officials reconcile the township's annual state aid allocation, municipal contributions made to the pension plan, and any available employee forfeitures with the plan's annual defined contribution pension costs and reimburse any excess state aid received to the Commonwealth.

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 plan.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Noncompliance With Prior Recommendation – Failure To Fully Fund Members’ Accounts

Condition: As previously disclosed in the prior report, the township failed to properly fund two members’ accounts for the 2nd quarter contribution for 2016 in the amounts of \$973 and \$668, respectively. Although the management response in the prior finding disclosed that the township agreed with the finding, no action was taken during the current audit period to comply with the prior recommendation to deposit the outstanding contributions due to the plan members.

Criteria: The municipal contribution rate is set at ten (10.0) percent of compensation per employee, as adopted by a motion in the minutes of a February 9, 2009, board of township supervisor’s meeting.

Cause: Township officials failed to ensure compliance with the prior recommendation.

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

Due to the township’s failure to properly fund the referenced members’ accounts, the township must now pay interest on the delinquent contributions.

Recommendation: We again recommend that the township deposit the outstanding contributions due to the two plan members for the year 2016, with interest, from the date the quarterly deposit of the municipal contributions was due to be made to the date of deposit of the amount in arrears. A copy of the interest calculation must be maintained by the township for examination during our next audit of the plan.

Furthermore, we again recommend that, in the future, township officials establish adequate internal control procedures to ensure that all plan members’ accounts are properly funded.

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

Auditor’s Conclusion: We are concerned that the municipality has not complied with the prior recommendation and encourage compliance at the earliest opportunity to do so.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Partial Compliance With Prior Recommendation – Incorrect Data On Certification Form AG 385 Resulting In An Underpayment Of State Aid

Condition: As discussed in the Status of Prior Findings section of this report, the township partially complied with the prior recommendation by reimbursing the Commonwealth for the overpayment of state aid received in 2017; however, the township again failed to comply with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data in the years 2020 and 2022.

The township understated payroll by \$9,252 on the Certification Form AG 385 filed in 2020. In addition, the township certified an ineligible non-uniformed employee and overstated payroll by \$12,375 on the Certification Form AG 385 filed in 2022. 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 township's separately executed plan agreement, effective January 1, 2015, as amended by Resolution No. 06-14-21, effective January 1, 2021, defines an employee's eligibility for participation in the pension plan, as follows:

Section B (6) (e) Service Requirement for Plan Participation states, in part:

Completion of six months of service.

In addition, Section B (7) (e) Entry Date states, in part:

First day of the first month and seventh month of the Plan Year.

Cause: In the management response of the prior finding, municipal officials opined that their pension plan agreement was hard to understand as written for this particular finding and stated they would address it in the near future and rewrite the agreement with more clarity. Although the profit sharing agreement was updated effective January 1, 2021, the eligibility provisions remained unchanged, and the township again failed to establish adequate internal control procedures to ensure the accuracy of the data certified in accordance with its own governing document.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

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 plan. Because the township’s state aid allocations were based on pension costs, the incorrect certification of pension data affected the township’s state aid allocations, as identified below:

<u>Year</u>	<u>Normal Cost</u>	<u>Payroll Overstated (Understated)</u>	<u>State Aid Overpayment (Underpayment)</u>
2020	10.0%	\$ (9,252)	\$ (925)
2022	10.0%	\$ 12,375	\$ 1,237

Regarding the \$925 underpayment of 2020 state aid noted above, although the township was entitled to an additional allocation of state aid due to the certification error (*the underpayment was used to reduce the amount of excess state aid required to be returned to the Commonwealth noted in Finding No. 1 of this report*), the full amount of the 2020 state aid allocation was not available to be deposited timely and therefore resulted in the township having to make additional municipal contributions in order to meet the plan’s funding obligation.

The \$1,237 overpayment of state aid received in 2022 noted above is already included in the excess state aid amount for 2022 previously disclosed in Finding No. 1 of this report, therefore, no additional reimbursement to the Commonwealth is required for 2022.

Recommendation: We again recommend that in the future, 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: We are concerned that the municipality has not fully complied with the prior recommendation and encourage compliance at the earliest opportunity to do so.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Noncompliance With Prior Recommendation – Municipal Contributions Made In Excess Of Contributions Required To Fund The Plan

Condition: As disclosed in the prior report, the township made contributions to the non-uniformed pension plan in excess of contributions required to fund the pension plan, as illustrated below:

	<u>2015</u>	<u>2017</u>
Actual municipal pension costs	\$ 9,796	\$ 11,037
Forfeitures available	<u>(1,983)</u>	<u>(2,086)</u>
Adjusted actual municipal pension costs	7,813	8,951
State aid allocated	<u>(7,013)</u>	<u>(7,132)</u>
Municipal contributions required to fund plan	<u>\$ 800</u>	<u>\$ 1,819</u>
Actual municipal contributions made	\$ 2,783	\$ 3,905
Municipal contributions required to fund plan	<u>-</u>	<u>-</u>
Excess municipal contributions	<u>\$ 1,983</u>	<u>\$ 2,086</u>

Criteria: Part II, Section E1, E5, and E6(d) of the township’s separately executed plan agreement, effective January 1, 2015, states, in part:

- Vesting Schedule: 100% vesting after 3 years of service.
- Forfeitures: When a participant terminates, the nonvested portion of his account is treated as a Forfeiture, as indicated below.

The forfeiture is determined as of the last day of the Plan Year in which the distribution occurs.

- Application of Forfeitures: Reduce Employer Contributions, at the discretion of the Plan Administrator.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

As previously disclosed in Finding No. 1, the township selected the following options under Section D Vesting of the Profit Sharing Agreement dated June 14, 2021:

- Vesting: 100% after 3 years.
- Vesting Forfeitures: Upon termination, nonvested account balances shall be forfeited as soon as administratively feasible.
- Use of Forfeitures: Any permissible method described in Section 6.03(d).

It is noted that this specific section of the profit sharing plan agreement, Section 6.03(d), was not made available to the auditor, however, prior to the January 1, 2021 amendment, the plan was governed by a profit sharing agreement effective January 1, 2015, and its provision for the application of forfeitures is cited above.

Since state aid allocated to a pension plan must be expended on pension costs, it is the opinion of this department that where municipal contributions and state aid are both deposited into a pension plan, the state aid is expended first to fund pension costs.

Cause: As reported in the management response of the prior finding, municipal officials stated that they were not aware of this requirement as written in the pension plan agreements and would work with their pension representatives to correct this finding. However, during the current audit period, the township failed to comply with this department's prior recommendation.

Effect: By failing to identify and liquidate terminated employees' non-vested, forfeited accounts in accordance with the plan document and making municipal contributions in excess of plan requirements from township general funds, general municipal taxpayer funds are inappropriately expended on unnecessary excess pension costs instead of furthering other eligible general municipal obligations of the township.

It is the opinion of this department that the township's failure to withdraw excess municipal contributions made in prior years does not preclude the township from withdrawing the municipal contributions remaining in the terminated, non-vested, former members' accounts at this time.

Recommendation: We again recommend that the township, with the assistance of its pension plan consultant, liquidate the terminated, non-vested, former members' accounts in accordance with the plan document and reimburse these funds to the township accordingly.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

We also recommend that the municipality review the forfeiture policy with the plan consultant to ensure that, in the future, all available unused assets are properly used to meet plan obligations.

We further recommend that plan officials establish adequate procedures to timely identify terminated, nonvested former employees' forfeited accounts and annually reconcile the amount of state aid allocated to the pension plan, along with available plan forfeitures and municipal contributions made to the pension plan with the pension plan's annual defined contribution pension costs.

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

Auditor's Conclusion: We are concerned that the municipality has not complied with the prior recommendation and encourage compliance at the earliest opportunity to do so.

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

Condition: During the prior two audits, a verbal observation was issued to plan officials notifying them of the amendments to Act 205 regarding the procurement of professional services contracts, and recommending that the municipality adopt the mandatory provisions, accordingly. However, during the current audit period, the municipality again failed to adopt such mandatory provisions. In 2019, the township changed consultants and entered into an agreement with a third-party administrator for administrative services for the pension plan; however, there was no evidence provided to support that the contracting for these professional services was conducted and awarded in accordance with provisions of Act 205.

Criteria: Section 701-A of Act 205, as amended by Act 44, 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.

HOPEWELL TOWNSHIP NON-UNIFORMED 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 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.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

Cause: The township failed to establish adequate internal control procedures to evidence compliance with provisions of Act 205 relative to professional services contracts for the pension plan as previously recommended.

Effect: We were unable to determine whether the township complied in all respects with the provisions stipulated in Act 205 for the procuring of professional administrative services for the township's non-uniformed pension plan. Also, by failing to maintain appropriate substantive supporting documentation evidencing adherence with Act 205 for the professional services contracts, a general lack of transparency exists.

Recommendation: We recommend that municipal officials obtain a comprehensive understanding of Act 205 for the procurement of professional services. Municipal officials should develop and implement formal written procedures to ensure compliance with Act 205. Procedures should include the maintaining of appropriate and sufficient supporting documentation evidencing every phase of the process in the awarding of future professional services contract for the pension plan, including authorizations/approvals of township officials in the official minutes of formal board meetings and the required notifications and disclosure responsibilities to ensure the transparency of the actions taken by plan officials relative to the awarding of any future professional services contracts for the pension plan.

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.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
POTENTIAL WITHHOLD OF STATE AID

Finding No. 1 contained in this audit report cites an overpayment of state aid to the township in the amount of \$7,367, plus interest. A condition 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 & Fire Relief Programs Unit, 321 Finance Building, Harrisburg, PA 17120.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS

Year Ended December 31	State Aid	Employer Contributions
2017	\$ 7,132	\$ 3,905
2018	11,036	None
2019	10,221	2,692
2020	11,987	1,789
2021	13,775	None
2022	13,221	None

Note: As reported in Finding Nos. 1 and 4, the township had terminated employee forfeitures available but failed to apply them in accordance with the applicable provisions of the Profit Sharing Agreements.

HOPEWELL TOWNSHIP NON-UNIFORMED PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Mr. Damian J. Corle
Chairman, Board of Township Supervisors

Mr. Ronald G. Guyton
Township Supervisor

Ms. Melissa J. Douglas
Township Secretary

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