COMPLIANCE AUDIT

City of Warren
Police Pension Plan
Warren County, Pennsylvania
For the Period
January 1, 2020 to December 31, 2022

September 2023

TIMOTHY L. DeFOOR
AUDITOR GENERAL

Commonwealth of Pennsylvania
Department of the Auditor General

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TIMOTHY L. DEFOOR
AUDITOR GENERAL

The Honorable Mayor and City Council
City of Warren
Warren County
Warren, PA 16365

We have conducted a compliance audit of the City of Warren Police Pension Plan for the period January 1, 2020 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 finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding 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 finding 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 finding 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.

- 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.

- 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 all years within the period under audit and examining documents evidencing the deposit of these employee contributions into the pension plan.

- We determined whether retirement benefits calculated for plan members who retired during the current audit period, and subsequent to the current audit period, 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 individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to the recipients.

- We determined whether the January 1, 2021 actuarial valuation report was prepared and submitted by March 31, 2022 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.

The City of Warren contracted with an independent certified public accounting firm for audits of its basic financial statements for the years ended December 31, 2020 and 2021, which are available at the city's offices. Those financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

City officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the City of Warren 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.

The results of our procedures indicated that, in all significant respects, the City of Warren Police 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 finding further discussed later in this report:

Finding – Noncompliance With Prior Recommendation – Failure To Provide A Killed In Service Benefit

The finding contained in this audit report repeats a condition that was cited in our previous report that has not been corrected by city officials. We are concerned by the city's failure to correct this previously reported finding and strongly encourage timely implementation of the recommendation noted in this audit report.

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information or conclude on it and, accordingly, express no form of assurance on it.

The contents of this report were discussed with officials of the City of Warren and, where appropriate, their responses have been included in the report. We would like to thank city officials for the cooperation extended to us during the conduct of the audit.

Timothy L. DeFoor

Timothy L. DeFoor
Auditor General
August 31, 2023

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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 (2) 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 City of Warren 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 67	-	The Third Class City Code, Act of November 24, 2015 (P.L. 242, No. 67), as amended, 11 Pa. C.S. § 10101 et seq.
Act 177	-	General Local Government Code, Act of December 19, 1996 (P.L. 1158, No. 177), as amended, 53 Pa.C.S. § 101 et seq.

The City of Warren Police Pension Plan is a single-employer defined benefit pension plan locally controlled by the provisions of Ordinance No. 1669, as amended. The plan is also affected by the provisions of collective bargaining agreements between the city and its police officers. The plan was established May 7, 1945. Active members are required to contribute two (2) percent of compensation to the plan. As of December 31, 2022, the plan had 16 active members, no terminated members eligible for vested benefits in the future, and 26 retirees receiving pension benefits from the plan.

CITY OF WARREN POLICE PENSION PLAN
STATUS OF PRIOR FINDING

Noncompliance With Prior Recommendation

The City of Warren has not complied with the prior recommendation concerning the following as further discussed in the Finding and Recommendation section of this report:

- Failure To Provide A Killed In Service Benefit

Finding – Noncompliance With Prior Recommendation – Failure To Provide A Killed In Service Benefit

Condition: As disclosed in prior audit reports, the city repealed the killed in service benefit for its police officers *(by enacting Ordinance No. 1822 of 2013)* previously provided for in Section 4.01 of Ordinance No. 1669 in accordance with the Third Class City Code. It was previously recommended that the city take appropriate action to reinstate a killed in service benefit provision for its police officers in the plan's governing document to ensure compliance with the Third Class City Code. However, as of the date of this report, the city has not reinstated such provision.

Criteria: Section 14301 of the Third Class City Code states, in part:

> Section 14301. Police Pension Fund.
> (a) Establishment. By ordinance, a city shall establish a police pension fund.
> (b) Requirements. The following shall apply to a police pension fund established under this section:
> (1) The fund shall be maintained by an equal and proportionate monthly charge against each member of the police force that may not exceed annually 4% of the pay of the member and an additional amount not to exceed 1% of the pay of the member.
> (2) The charges under paragraph (1) shall be paid by the member or the municipal corporation to provide sufficient funds for payments required by section 14303(f) (relating to allowances and service increments).
> (3) The payments under paragraph (2) shall be made to a surviving spouse even if the spouse remarries or, if no spouse survives or if the individual survives and subsequently dies, to the children under 18 years of age of:
> (i) a member of the police force;
> (ii) a member retired on pension; or
> (iii) a member who died in service. (Emphasis added)

Furthermore, Section 14303(b) of the Third Class City Code states, in part:

> The basis of the apportionment of the pension:
>
> (1) Shall be determined by the rate of the monthly pay of the member at the date of injury, death, honorable discharge, vesting under section 14302.1 (relating to limited vested benefit) or retirement, or the highest average annual salary that the member received during any five years of service preceding injury, death, honorable discharge, vesting under section 14302.1 or retirement, whichever is higher.
> (2) Except as to service increments provided for in subsection (d), may not exceed in a year one-half the annual pay of the member computed at the monthly or average annual rate, whichever is higher. (Emphasis added)

Finding – (Continued)

In addition, Section 14303(e) of the Third Class City Code states, in part:

> The spouse of a member of the police force or a member who retires on pension who dies or, if no spouse survives or if the spouse survives and subsequently dies or remarries, the child or children under 18 years of age of a member of the police force or a member who retires on pension who dies on or after August 1, 1963, shall, during the lifetime of the surviving spouse, even if the surviving spouse remarries, or until reaching 18 years of age in the case of a child or children, be entitled to receive a pension calculated at the rate of 50% of the pension the member was receiving or would have been receiving if the member was retired at the time of the member's death and may receive the pension the member was receiving or would have been receiving had the member been retired at the time of the member's death.

Finally, Section 14308(c) of the Third Class City Code states:

> If a member of the police force dies not in the line of service before the member becomes entitled to a pension and if the member is not survived by a spouse or family entitled to payments as provided in this subchapter, the total amount of contributions paid into the pension fund by the member shall be paid over to the member's estate. (Emphasis added)

Based on these sections of the Third Class City Code taken as a whole, the Department has concluded that the Code mandates the provision of a benefit for survivors of police officers killed in service.

With regard to the amount of killed in service benefit payable, Section 1(d) of Act 51 of 2009, states, in part:

> Upon receipt of such certification, the Commonwealth shall, from moneys payable out of the General Fund, pay…the sum of $100,000…and an amount equal to the monthly salary, adjusted in accordance with subsection (f) of this section, of the deceased paid firefighter, ambulance service or rescue squad member or law enforcement officer, <u>less any workers' compensation or pension or retirement benefits paid to such survivors</u>, and shall continue such monthly payments until there is no eligible beneficiary to receive them. For the purpose of this subsection, the term "eligible beneficiary" means the surviving spouse or the child or children under the age of eighteen year or, if attending college, under the age of twenty-three years, of the firefighter, ambulance service or rescue squad member or law enforcement officer who died as a result of the performance of his duty. When no spouse or minor children survive, a single sum of $100,000, adjusted in accordance with subsection (f) of this section, shall be paid to the parent or parents of such firefighter, ambulance service member, rescue squad member or law enforcement officer. (Emphasis added.)

Finding – (Continued)

Although the General Assembly specifically repealed sections of Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act) and Act 600 (Municipal Police Pension Law) containing language which had formerly referenced killed in service survivor benefit issues, the killed in service provisions of the Third Class City Code were not addressed in Act 51. Therefore, the city's police pension plan would have an obligation to pay a portion of any killed in service benefit based on the provisions of the Third Class City Code.

The Department has also concluded that with respect to the issue of whether a city of the third class can repeal an ordinance conferring survivor benefits for a plan member who is killed in service, because the Third Class City Code already mandates that such a benefit be provided, the repealing of an ordinance has no effect on the requirement to pay such a benefit.

Cause: The city disagrees with the department's position that the benefit is mandated and therefore, did not take appropriate corrective action to ensure compliance with the prior recommendation.

Effect: The continued failure to reinstate a killed in service benefit could result in a potential unrecognized liability to the plan or deny plan members benefits to which they are statutorily entitled.

Recommendation: We again recommend that city officials review the plan's governing document and take appropriate action to ensure compliance with the Third Class City Code.

Management's Response: The city's position remains the same as originally provided in the written response dated May 5, 2016, which states in its entirety, the following:

> The Department of the Auditor General (Department) is now taking the position that the language of Act 317, passed in 1931, implies an obligation that Third Class Cities provide a killed in service benefit for police officers. While the Department has acknowledged that Act 51 applies to all municipalities, it contends that the General Assembly failed to repeal the implied killed in service provision. The City disagrees with the Department's analysis and objects to the disparate treatment of Third Class cities with respect to Act 51.
>
> Fundamentally, the Department's position is premised upon a strained interpretation of the Third Class City Code. Despite taking a contrary position, even after the passage of Act 51, the Department now concludes that Act 317 mandates the provision of a benefit for survivors of police officers killed in service. Killed in service benefits are prescribed simply and clearly in Act 600 (as they are in 53 P.S. § 891). Act 317 contains no such references. Instead, 53 P.S. 39301(b)(3) states: "The fund shall be applied, under such

Finding – (Continued)

regulations as council may, by ordinance, prescribe, for the benefit of such members of the police force as shall receive honorable discharge therefrom by reason of age or disability, surviving spouses even if they remarry, or if no spouse survives or if such person survives and subsequently dies, then to the child or children under the age of eighteen years, of members of the police force or of members retired on pension."

Despite the General Assembly's clear prescription of a killed in-service benefit in other instances, the Third Class City Code makes no reference to a "killed in service" benefit. "It is a principle of statutory construction that when the legislature adopts a status it must be presumed that it does so with full knowledge of existing statutes relating to the same subject." Seliga v. SERS, 682 A.2d 77, 79 (Pa. Cmwlth. Ct. 1996) (citations omitted); see also Gault v. PSERS, 720 A.2d 1090, 1094 (PA. Cmwlth. Ct. 1998) (interpreting Seliga to mean: "where a statute contains a particular provision, the omission of that provision in the enactment of a similar section is significant to show a different intention.")

The provisions of the Third Class City Code identified by the Department as mandating a KIS benefit are more easily understood and accurately interpreted to mean that an officer who otherwise has a sufficient pension right will not have that benefit extinguished by reason of death. Indeed, the most applicable provision (prescribing the survivor benefit) says that the survivor(s) "shall . . . be entitled to receive a pension calculated at the rate of fifty per centum of the pension the member was receiving or would have been receiving **had he been retired at the time of his death** and may receive the pension the member was receiving or would have been receiving **had he been retired at the time of his death**." 53 P.S. § 39303(c) (emphasis supplied).

The General Assembly's failure to identify and specifically provide a killed in service benefit in the Third Class City Code is critical on two levels. First, it points decidedly away from the Department's most recent interpretation of the Third Class City Code. Second, it explains the General Assembly's lack of explicit repeal of any provision in the Third Class City Code. It is the case that Act 51 specifically repealed the killed in service benefit (53 P.S. § 771(e)(2)) provided through Act 600. The Department espouses the view that there should have been an explicit repeal applicable to Act 317. Why is there no such repeal of a killed in service benefit under the Third Class City Code? There is only one answer that makes sense – Act 317 does not contain a killed in service benefit in the first instance. This answer fits with the plain language and clear intent of the General Assembly. Certainly, Act 51 is aimed at ensuring a full and uniform killed in service benefit to survivors. There is no indication, and it is difficult to imagine any, that the General Assembly intended to establish differential treatment depending upon whether an officer

<u>Finding – (Continued)</u>

was employed in a borough or township as compared to a third class city. Unfortunately, the Department's interpretation would result in just that type of effect. The City, therefore, requests that the Department reconsider its initial analysis and an interpretation that would have the payment of benefits (and the financial viability of a police pension plan in a third class city) hinge upon the time that it took to repeal a benefit not provided for in the first place. The General Assembly neither provided nor intended such a result through legislative enactments.

It appears that the Department recognized as much until recently. In an Exit Conference Memorandum dated December 28, 2012, the Department issued the following:

"**REPEAT OBSERVATION: Ordinance 1669, sect. 4.01, provides 100% killed in service benefits. This liability is now paid by the Commonwealth and the City should look into repealing this benefit."**

Although the Department held this view even *subsequent* to the passage of Act 51, it is puzzling that the Department now says the General Assembly should have expressly repealed an implied provision that the Department itself did not see. Despite the deficiencies in the Department's analysis, it insists that the surviving spouses and pension plans of police officers in Third Class cities should be treated differently than those of other Pennsylvania municipalities. Such disparate treatment, however, is not only inequitable but is also not supported by fundamental principles of statutory construction.

<u>Auditor's Conclusion</u>: As previously cited, it remains the position of the Department that the Third Class City Code mandates a benefit for survivors of police officers killed in service. It should be noted that the position of the Department is based on the language in the Third Class City Code, and it cannot overlook or ignore the language because the municipality believes it is not to their advantage in a parallel reading of Act 51. To the extent the city disagrees with the Third Class City Code, the city should seek to change it, but the Department must enforce its language until such time. Therefore, based on the criteria cited above, the city should ensure the plan's killed in service benefit provision is in compliance with the Third Class City Code which will be subject to verification in our next audit report.

CITY OF WARREN 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, 2017, 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)
01-01-17	$ 7,928,591	$ 7,681,147	$ (247,444)	103.2%
01-01-19	8,001,853	7,947,837	(54,016)	100.7%
01-01-21	8,939,453	8,658,605	(280,848)	103.2%

Note: The market values of the plan's assets at 01-01-17, 01-01-19, and 01-01-21 have been adjusted to reflect the smoothing of gains and/or losses over a 4-year averaging period, which will be limited to a maximum of 120 percent and a minimum of 80 percent of the fair market value of assets. This method will lower contributions in years of less than expected returns and increase contributions in years of greater than expected returns. The net effect over long periods of time is to have less variance in contribution levels from year to year.

CITY OF WARREN 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.

CITY OF WARREN POLICE PENSION PLAN
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll*	Contributions as a Percentage of Covered-Employee Payroll
2013	$ 181,370	$ 181,370	$ -		
2014	221,701	221,701	-	$ 782,344	28.3%
2015	188,168	188,168	-	937,229	20.1%
2016	133,197	133,197	-	784,113	17.0%
2017	145,471	145,471	-	931,319	15.6%
2018	183,505	183,505	-	881,638	20.8%
2019	192,439	192,439	-	1,024,003	18.8%
2020	205,345	205,345	-	977,503	21.0%
2021	229,924	229,924	-	1,141,448	20.1%
2022	236,595	236,595	-	1,173,066	20.2%

* This schedule is presented pursuant to the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans* by reporting entities responsible for administering the pension plan to improve financial reporting by state and local governmental pension plans. Due to the statement being implemented only recently, the amount of Covered-Employee Payroll was not provided for years prior to 2014.

CITY OF WARREN 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, 2021
Actuarial cost method	Entry age normal
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Fair value, 4-year smoothing – the actuarial value of assets will be limited to a maximum of 120% and a minimum of 80% of the fair market value of assets
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases *	4.5%
Cost-of-living adjustments	None assumed

* Includes inflation at 2.5%

CITY OF WARREN POLICE PENSION PLAN
COMMENT

The city adopted a home rule charter pursuant to the Home Rule Charter and Optional Plans Law, 53 Pa. C.S. §2901 et seq. (previously 53 P.S. §1-101 et seq.). The prior audits for the city's police pension plan covering the years 1994 through 2007, disclosed that the pension plan's governing document included provisions which were not in compliance with the Third Class City Code. It was noted that certain provisions were in excess, while other provisions provided for lesser benefits than mandated by the Third Class City Code. It was previously recommended the city restrict pension benefits to those authorized by the Third Class City Code for all employees who began full-time employment on or after January 24, 2001 (the date *Municipality of Monroeville v. Monroeville Police Department Wage Policy Committee* was issued *as disclosed in the January 1, 2006 to December 31, 2007 audit report*) upon the renewal, extension, or renegotiation of the collective bargaining agreement. To the extent that the city is not in compliance with the Third Class City Code and/or is contractually obligated to provide benefits in excess of those authorized by the Third Class City Code to employees who began employment on or after January 24, 2001, the excess benefits must be reflected in the Act 205 actuarial valuation reports for the plan and funded in accordance with Act 205 funding standards. Conversely, to the extent that the city failed to provide benefits mandated by the Third Class City Code, it was recommended that the city increase those benefits for all active plan members to the levels prescribed by the code at the earliest opportunity to do so.

The City of Warren has maintained that pension benefits are subject to collective bargaining and interest arbitration processes. In addition, the city has argued that these matters have been the subject of litigation, which included an appeal and Memorandum Opinion issued by the Commonwealth Court. In particular, certain retired firefighters and the International Association of Firefighters appealed the fact that retired firefighters were receiving benefits below the levels established by the Third Class City Code. In concluding that the pension benefits below those required by the Third Class City Code were not void as against public policy, the Court concluded that the retirees and the Union, "through collective bargaining, bargained away their pension rights." This is particularly true, according to the Court when the parties, as here, negotiated the issue of compliance with the Third Class City Code and, ultimately agreed to lesser benefits which cost less than if the plan were entirely Third Class City Code compliant. Furthermore, the City of Warren had an actuarial cost study performed of its plan provisions and the cost to bring them into compliance with the Third Class City Code. That cost study revealed that for the police and firefighter plans it would be more expensive to comply with the Third Class City Code (*and the Department's recommendations*) than it would to leave the benefits unchanged.

CITY OF WARREN POLICE PENSION PLAN
COMMENT

The Department recognizes that the city is unable to make any unilateral changes to its pension plans due to collective bargaining agreements that have been negotiated. In addition, the Department also recognizes that all of the benefit provisions that deviate from the Third Class City Code do not result in increased pension costs and, to the extent that the city has provided pension benefits less than those mandated by the Third Class City Code, it has consequently resulted in lower annual pension costs for the city. However, it remains the Department's position that the city restrict pension benefits to those authorized by the Third Class City Code for all employees who began full-time employment on or after January 24, 2001 (the date *Monroeville* was issued) upon the renewal, extension, or renegotiation of the collective bargaining agreement and to the extent that the city has failed to provide benefits mandated by the Third Class City Code, we again recommend that the city increase those benefits for all active plan members to the levels prescribed by the code at the earliest opportunity to do so.

The city's most recently negotiated collective bargaining agreement (CBA) with its police officers covering the period January 1, 2021, to December 31, 2023, amended the normal retirement eligibility and the death benefit provisions for officers hired on or after January 1, 2021. However, the plan's governing document, Ordinance No. 1669, as amended, in its current state has not been amended to properly reflect these negotiated changes, as of the date of this report. We therefore recommend that plan officials amend the plan's governing document, at its earliest opportunity to do so, to reflect the revised benefits of the plan.

Since the city received its state aid allocations based on unit value during the current audit period, the city did not receive any state aid attributable to pension benefits that deviate from the Third Class City Code. We will continue to monitor the city's efforts to comply with the department's continuing recommendations and the effect of providing pension benefits not in compliance with the Third Class City Code on the city's state aid allocations during future audits of the plan.

CITY OF WARREN POLICE PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Honorable David Wortman
Mayor

Mr. Michael A. Holtz
City Manager

Ms. Jessicca Byler
Finance Director

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