CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND

WASHINGTON COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2005, TO DECEMBER 31, 2007

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND

WASHINGTON COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2005, TO DECEMBER 31, 2007

CONTENTS

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. Section 402(j) of Act 205 specifically requires the Auditor General, as deemed necessary, to make an audit of every municipality which receives general municipal pension system State aid and of every municipal pension plan and fund in which general municipal pension system State aid is deposited.

Pension plan aid is provided from a 2 percent foreign casualty insurance premium tax, a portion of the foreign 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 Washington Comprehensive Municipal Pension Trust Fund is also governed by implementing regulations adopted by the Public Employee Retirement Commission 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 147 - Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, Act of December 14, 1988 (P.L. 1192, No. 147), as amended, 53 P.S. § 896.101 et seq.

Act 317 - The Third Class City Code, Act of June 23, 1931 (P.L. 932, No. 317), as amended, 53 P.S. § 35101 et seq.

Act 362 - The Third Class City Code, Act of May 23, 1945 (P.L. 903, No. 362), Article XLIII-A, Optional Retirement System for Officers and Employees, as amended, 53 P.S. § 39371 et seq.

The City of Washington Comprehensive Municipal Pension Trust Fund was established by Ordinance No. 1371, effective April 9, 1987. This ordinance requires the city to aggregate the assets of its police, officers and employees and firemen's pension plans into a single pension trust fund pursuant to Section 607(b) of Act 205.

The City of Washington Police Pension Plan is locally controlled by the provisions of Ordinance No. 324, as amended, adopted pursuant to Act 317. The plan is also affected by the provisions of collective bargaining agreements between the city and its police officers.

BACKGROUND

The City of Washington Officers and Employees Pension Plan is locally controlled by the provisions of Ordinance No. 556, as amended, adopted pursuant to Act 362. The plan is also affected by the provisions of collective bargaining agreements between the city and its nonuniformed employees.

The City of Washington Firemen's Pension Plan is locally controlled by the provisions of Ordinance No. 1265, as amended, adopted pursuant to Act 317. The plan is also affected by the provisions of collective bargaining agreements between the city and its firefighters.

The Honorable Mayor and City Council
City of Washington
Washington County
Washington, PA 15301

We have conducted a compliance audit of the City of Washington Comprehensive Municipal Pension Trust Fund for the period January 1, 2005, to December 31, 2007. The audit was conducted pursuant to authority derived from Section 402(j) of Act 205 and in accordance with *Government Auditing Standards* applicable to performance audits issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 audit report; and

2. To determine if the pension trust fund 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.

City officials are responsible for establishing and maintaining an internal control structure to provide reasonable assurance that the City of Washington Comprehensive Municipal Pension Trust Fund is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. To assist us in planning and performing our audit, we obtained an understanding of the city's internal control structure as it relates to the city's compliance with those requirements. Additionally, we tested transactions, assessed official actions, performed analytical procedures and interviewed selected officials to the extent necessary to satisfy the audit objectives.

The results of our tests indicated that, in all significant respects, the City of Washington Comprehensive Municipal Pension Trust Fund 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 – Incorrect Data On Certification Form AG 490 Resulting In Excess Reimbursements For Special 1989 Ad Hoc Postretirement Adjustments

Finding No. 2 – Custodial Account Transactions Not Adequately Monitored By The Municipality

Finding No. 3 – Incorrect Pension Calculations

Finding No. 4 – Improper Pension Payments

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

As described in the Comments section of this report, the City will need to address the increased unfunded liability of the firemen's pension plan attributable to the change in the normal retirement eligibility provision to the completion of 20 years of service with no minimum age requirement. This condition may require increased municipal contributions to fund the plan in accordance with Act 205 funding standards. We encourage city officials to monitor the funding of the firemen's pension plan to ensure its long-term financial stability.

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

January 29, 2009

JACK WAGNER
Auditor General

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
STATUS OF PRIOR FINDINGS

Compliance With Prior Audit Recommendations

The City of Washington has complied with the prior audit recommendations concerning the following:

Police Pension Plan

- Incorrect Data On Certification Form AG 490 Resulting In An Overpayment Of Ad Hoc Postretirement Adjustment Reimbursement

  The city reimbursed $840 to the Commonwealth for the overpayment of the 2004 ad hoc postretirement adjustment;

Firemen's Pension Plan

- Plan's Governing Ordinance Contains Provisions Inconsistent With The Third Class City Code And The Collective Bargaining Agreement

  The city adopted Ordinance No. 1758, which contains benefit provisions that comply with the Third Class City Code and are consistent with the collective bargaining agreement; and

- Improper Survivor Benefit

  The city adopted Ordinance No. 1758, which provides for survivor benefits in accordance with the Third Class City Code.

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
FINDINGS AND RECOMMENDATIONS

Aggregate Pension Plan

Finding No. 1 – Incorrect Data On Certification Form AG 490 Resulting In Excess Reimbursements For Special 1989 Ad Hoc Postretirement Adjustments

Condition: The Certification Forms AG 490 for the years 2005, 2006, 2007 and 2008, submitted by the city to the department of the Auditor General contained incorrect data. The data submitted on the certification forms is used to determine the amount of reimbursement due to the city for ad hoc postretirement adjustment payments paid during the prior year. The incorrect certification errors are noted below:

- In 2005, the city certified a police officer who died in 2002 and a surviving spouse who was not eligible for ad hoc adjustments, and failed to certify the full amount for an eligible police retiree;

- In 2006, the city certified a police officer who died in 2002, overstated the reimbursable amount for one surviving spouse who died on October 11, 2005, and failed to certify one eligible surviving spouse;

- In 2007, the city certified a surviving spouse who died in 2005, overstated the reimbursable amounts for surviving spouses, and failed to certify one eligible police retiree; and

- In 2008, the city certified a surviving spouse who died in 2005, overstated the reimbursable amount for a surviving spouse, and failed to certify the eligible amount for a police officer who died on February 8, 2007.

Criteria: Pursuant to Act 147, Certification Form AG 490 should report only the amount of special ad hoc postretirement adjustments paid in the previous year to eligible retirees and/or their surviving spouses.

Cause: Plan officials failed to establish adequate internal control procedures to ensure the accuracy of the data certified.

Aggregate Pension Plan – (Continued)

Finding No. 1 – (Continued)

Effect: Since the city's reimbursements are determined based on amounts reported on Certification Form AG 490, the city received excess reimbursements in 2005, 2006, 2007 and 2008 totaling $6,212, as illustrated below:

Year	Reimbursement Certified	Reimbursement Due	Excess Reimbursement
2005	$ 18,900	$ 17,250	$ 1,650
2006	18,600	16,725	1,875
2007	16,500	15,113	1,387
2008	15,600	14,300	1,300
		Total	$ 6,212

Recommendation: We recommend that the excess reimbursement, in the amount of $6,212, 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 & Fire Relief Programs Unit 1205 Pittsburgh State Office Building, 300 Liberty Avenue Pittsburgh, Pa 15222. A copy of the interest calculation must be submitted along with the check.

We also recommend that, in the future, plan officials comply with the instructions that accompany Certification Form AG 490 to assist them in accurately reporting the required pension data.

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

Aggregate Pension Plan – (Continued)

Finding No. 2 – Custodial Account Transactions Not Adequately Monitored By The Municipality

Condition: City officials did not effectively monitor the activity of the custodial trust account as evidenced by the following discrepancies:

- Most of the envelopes containing the monthly custodial account transaction statements were found to be unopened;
- No evidence was available to verify any review of custodial account statements by the pension board prior to May of 2008;
- A beneficiary of a deceased police officer received improper monthly pension benefits from September 2006, through September 2008, totaling $24,178 (See Finding No. 4); and
- A retiree who died in September, 2007, received 1 extra monthly payment in the amount of $1,115.

Criteria: Assets held in a custodial account for the purpose of plan management are to be governed by the terms and provisions of the contract agreement provided that they are within the parameters of all prevailing pension legislation. Although a city may contract with a trustee to administer the financial management of the plan, the fiduciary responsibility for the plan remains with the city.

Cause: Plan officials were not aware of their fiduciary responsibility to monitor the custodial trust account.

Effect: Inadequate monitoring of the custodial trust 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 the city establish and implement adequate internal control procedures to ensure that the custodial trust account statements are monitored timely to ensure the accuracy and propriety of the transactions.

Aggregate Pension Plan – (Continued)

Finding No. 2 – (Continued)

The minimum steps that should be applied by the city to adequately monitor the custodial trust account are:

- Verify the mathematical accuracy of the account statements;
- Reconcile the Commonwealth, municipal and members' contributions shown on the account statements to the municipality's records;
- Review investment income for accuracy and reasonableness;
- Reconcile any large or material receipt, other than contributions, shown on the account statements to the municipality's records;
- Determine if investments are in accordance with applicable laws, regulations and policies. Reconcile investment income to the related investments;
- Review custodial trust account statements at pension board meetings;
- Reconcile pension payments shown on the account statements to the municipality's records; and
- Reconcile any large or material disbursement, shown on the account statements to the municipality's records.

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

Firemen's Pension Plan

Finding No. 3 – Incorrect Pension Calculations

Condition: Two firefighters who retired on May 13, 2006, had their pension benefits calculated using earnings that were less than their final monthly salary.

Criteria: Section 4322(a) of the Third Class City Code provides, in part:

> The basis of the pension of a member shall be determined by the monthly salary of the member at the date of vesting under Section 4320.1 or retirement, or the highest average annual salary which he received during any five years of service preceding retirement, whichever is the higher….

Ordinance No. 1758 at Article I, Section 1.07, states:

> "Average compensation" shall mean the average of the monthly compensation of the participant during the five (5) years of continuous service prior to termination of employment which provides the highest average, or the monthly rate of compensation at the time of termination from employment whichever produces the higher monthly amount of compensation.

Cause: Municipal officials failed to establish adequate internal control procedures to ensure that all pension benefits were determined accurately and in accordance with the applicable provisions contained in the plan's governing document and the Third Class City Code.

Effect: The incorrect pension calculations have resulted in one retiree receiving $459 less per month than he is entitled to and the other retiree receiving $171 less per month less than he is entitled to.

Recommendation: We recommend that city officials recalculate the pension benefits currently being paid to the two retirees and adjust their monthly pension benefits to the correct amounts due and pay the retirees retroactively the benefits due from the dates of their respective retirements.

Management's Response: Municipal officials agreed with the finding without exception. Subsequent to the audit period, the city recalculated the pension benefits for the two retired firefighters using their final monthly salary.

Auditor Conclusion: Based on the management response, it appears city officials intend to comply with the finding recommendation. Compliance will be evaluated during our next audit of the plan.

Police Pension Plan

Finding No. 4 – Improper Pension Payments

Condition: A dependent child receiving a survivor benefit of a deceased police retiree should have had his benefits terminated upon reaching the age of 18, on September 22, 2006. However, he continued to receive monthly survivor pension benefit payments until September of 2008 when the city discontinued benefit payments.

Criteria: Section 4303 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 such person survives and subsequently dies or remarries, then the child or children under the age of eighteen years of a member of the police force or a member who retires on pension who dies on or after the effective date of this amendment, shall, during the lifetime of the surviving spouse, even if the surviving spouse remarries, or until reaching the age of eighteen years in the case of a child or children, 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.

Cause: City officials failed to adopt adequate internal control procedures to ensure the continued eligibility of those receiving pension benefits.

Effect: Unauthorized survivor benefits totaling $24,178 were paid from the pension fund.

Recommendation: We recommend that the pension plan be reimbursed $24,178 for the improper benefit payments.

We also recommend that the city implement adequate internal control procedures to monitor the continued eligibility of those receiving pension benefits so that similar situations do not occur in the future.

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

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES 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, except for distressed pension plans, for which annual reporting was required through January 1, 2003. The historical information, beginning as of January 1, 2003 is as follows:

POLICE PENSION PLAN

	(1)	(2)	(3)	(4)	(5)	(6)
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)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)]
01-01-03*	$ 9,586,026	$ 9,731,793	$ 145,767	98.5%	$ 1,150,198	12.7%
01-01-05	9,218,069	10,876,151	1,658,082	84.8%	1,286,358	128.9%
01-01-07	9,772,555	11,581,107	1,808,552	84.4%	1,479,398	122.2%

* Data presented includes revised assumptions due to experience review.

Note: The market values of the plan's assets at 01-01-03, 01-01-05 and 01-01-07, have been adjusted to reflect the smoothing of gains and or losses over a 4-year averaging period. 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 WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES OF FUNDING PROGRESS – (Continued)

OFFICERS AND EMPLOYEES PENSION PLAN

	(1)	(2)	(3)	(4)	(5)	(6)
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)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)]
01-01-03*	$ 4,034,829	$ 3,514,958	$ (519,871)	114.8%	$ 915,242	(56.8%)
01-01-05	4,048,459	3,579,582	(468,877)	113.1%	876,467	(53.5%)
01-01-07	4,520,168	3,880,102	(640,066)	116.5%	1,025,252	(62.4%)

* Data presented includes revised assumptions due to experience review.

Note: The market values of the plan's assets at 01-01-03, 01-01-05 and 01-01-07, have been adjusted to reflect the smoothing of gains and or losses over a 4-year averaging period. 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 WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES OF FUNDING PROGRESS – (Continued)

FIREMEN'S PENSION PLAN

	(1)	(2)	(3)	(4)	(5)	(6)
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)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)]
01-01-03*	$ 8,208,240	$ 8,128,734	$ (79,506)	101.0%	$ 981,038	(8.1%)
01-01-05	7,973,543	8,786,724	813,181	90.7%	1,033,912	78.7%
01-01-07	8,424,205	10,906,947	2,482,742	77.2%	986,185	251.8%

* Data presented includes revised assumptions due to experience review.

Note: The market values of the plan's assets at 01-01-03, 01-01-05 and 01-01-07, have been adjusted to reflect the smoothing of gains and or losses over a 4-year averaging period. 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 WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
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.

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll (Column 6) approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. However, when assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

POLICE PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2002	None	N/A
2003	$ 2,240	100.0%
2004	81,598	100.0%
2005	139,673	100.0%
2006	146,180	100.0%
2007	326,747	100.0%

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

OFFICERS AND EMPLOYEES PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2002	$ 5,500	100.0%
2003	17,306	100.0%
2004	27,602	100.0%
2005	20,771	100.0%
2006	23,832	100.0%
2007	34,862	100.0%

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

FIREMEN'S PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2002	None	N/A
2003	$ 38,572	100.0%
2004	92,184	100.0%
2005	128,527	100.0%
2006	130,211	100.0%
2007	209,548	100.0%

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
NOTES TO SUPPLEMENTARY SCHEDULES
(UNAUDITED)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation date follows:

POLICE PENSION PLAN

Actuarial valuation date	January 1, 2007
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	13 years (aggregate)
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases *	5.0%
* Includes inflation at	3.0%

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
NOTES TO SUPPLEMENTARY SCHEDULES
(UNAUDITED)

OFFICERS AND EMPLOYEES PENSION PLAN

Actuarial valuation date	January 1, 2007
Actuarial cost method	Entry age normal
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases *	5.0%
* Includes inflation at	3.0%

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
SUPPLEMENTARY INFORMATION
NOTES TO SUPPLEMENTARY SCHEDULES
(UNAUDITED)

FIREMEN'S PENSION PLAN

Actuarial valuation date	January 1, 2007
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	17 years (aggregate)
Asset valuation method	Fair value, 4-year smoothing
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases *	5.0%
* Includes inflation at	3.0%

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
COMMENTS

Firemen's Pension Plan – Unfunded Liability

On December 23, 2005, the city obtained a cost study analyzing the cost of changing the normal retirement eligibility to be the completion of 20 years of service, with no minimum age requirement. The cost study disclosed that adoption of the benefit change would increase the pension plan's unfunded liability by approximately $549,000, a 59.6% increase. Effective January 1, 2006, the current labor agreement between the city and its firefighters contained the benefit change provision for members who retire during the term of the agreement, which was due to expire on December 31, 2008. We note that 8 members have retired under the 20 and out benefit provision as of the date of this audit report. We also note that on June 2, 2008, the city adopted an addendum to the collective bargaining agreement, extending the agreement until December 31, 2012.

CITY OF WASHINGTON COMPREHENSIVE MUNICIPAL PENSION TRUST FUND
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania

City of Washington Comprehensive Municipal Pension Trust Fund
Washington County
55 West Maiden Street
Washington, PA 15301

The Honorable L. Anthony Spossey	Mayor
Mr. Nicholas Dubina, Sr.	City Controller
Mr. Kevin Wilson	Secretary, Firemen's Pension Plan
Ms. Susan Fabian	Secretary, Officers and Employees Pension Plan
Mr. David Bradley	Secretary, Police Pension Plan

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, Room 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.