

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

**CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
of the City of Washington
Washington County, Pennsylvania

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Washington, Washington County, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Washington, Washington County, Pennsylvania, as of December 31, 2023, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the basis of accounting as described in Note 1-C.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Washington, Washington County, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1-C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1-C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Washington, Washington County, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Washington, Washington County, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Palermo/Kissinger & Assoc., P.C.

Palermo/Kissinger & Associates, P.C.
Washington, Pennsylvania

September 25, 2024

**CITY OF WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Our discussion and analysis of the City of Washington's (City) financial performance provides an overview of the City's financial activities for the year ended December 31, 2023. Please read in conjunction with the financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The assets of the City of Washington exceeded its liabilities at the close of the fiscal year ended December 31, 2023 by \$25,894,542 (Net Position) on a modified cash basis.
- During the year ended December 31, 2023, the City of Washington's net position increased by \$64,793. For the year ended December 31, 2023, the City's unrestricted, undesignated net position decreased by \$136,601.
- As of the year ended December 31, 2023, the City of Washington's governmental funds reported combined ending fund balances of \$4,297,409.
- The City of Washington's fiduciary funds reported an ending fund balance of \$74,494,777.
- Total long-term debt decreased by \$1,645,000 during the year. The outstanding long-term debt at December 31, 2023 was \$4,850,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 5. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than government-wide statements by providing information about the City's most significant funds. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**CITY OF WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the City's activities as a whole. These statements include all assets and liabilities using the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

Net position may serve as a useful indicator of financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads and other development projects, to assess the overall health of the City.

Governmental activities of the City are reported in the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis. Governmental Activities include the police, fire, public works, cultural and recreation activities, community development, and general administration. Property taxes, earned income taxes, franchise fees, and state and federal grants finance most of these activities.

- **Business-Type Activities** – Business-type activities are those activities in which the City charges a fee to customers to help cover all or most of the costs of certain services it provides. The City does not have any business-type activities.
- **Reporting the City's Most Significant Funds** – Fund financial statements provide detailed information about the most significant funds. Non-major funds are grouped together. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. A fund is used to maintain control over resources that have been segregated for specific activities or objectives. The various funds of the City report information regarding governmental activities.
- **Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.
- **Fiduciary Funds** – Fiduciary funds are used to account for assets held by the City in a trustee capacity for the policemen, firemen, officers, and administrative employees for pension benefits.

**CITY OF WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The funds of the City are categorized as follows: General, Major Fund Types and Other Governmental Funds. Information is presented separately in the Governmental Fund Combined Balance Sheet – Cash Basis and in the Governmental Fund Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis for these fund types. The Other Governmental Funds are combined into a single, aggregated presentation in the governmental funds' financial statements.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceed liabilities by \$25,894,542 as of December 31, 2023. The City's combined net position reflects its investment in capital assets, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. The following focuses in the net position of the City's governmental activities for the year ended December 31, 2023 with comparative totals for the year ended December 31, 2022.

City of Washington's Net Position

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Current Assets	\$ 4,370,980	\$ 4,967,900
Capital Assets	26,454,021	27,443,056
Other Assets	<u>244,876</u>	<u>252,110</u>
Total Assets	<u>\$ 31,069,877</u>	<u>\$ 32,663,066</u>
Current Liabilities	\$ 1,813,909	\$ 1,778,602
Long-Term Liabilities	<u>3,361,426</u>	<u>5,054,715</u>
Total Liabilities	<u>\$ 5,175,335</u>	<u>\$ 6,833,317</u>
Net Position		
Restricted for:		
Road Projects	\$ 383,752	\$ 216,137
Capital Projects	830,628	1,088,450
Transit Operations	19,032	77,737
Public Safety	142,730	84,068
Pension Obligations	73,235	67,556
Unrestricted:		
Invested in Capital Assets, net of related debt	21,604,021	21,318,056
Undesignated	<u>2,841,144</u>	<u>2,977,745</u>
Total Net Position	<u>\$ 25,894,542</u>	<u>\$ 25,829,749</u>

**CITY OF WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The governmental activities' current assets decreased by \$596,920 primarily as a result of using restricted funds for capital purchases. The governmental activities' current liabilities increased by \$35,307 to reflect the current portion of long-term debt due during the year ended December 31, 2023. Overall, the City's governmental activities had an increase in net position of \$64,793.

The following table provides a summary of the City's operations for the year ended December 31, 2023 with comparative totals for the year ended December 31, 2022.

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues		
Fees, Fines and Charges for Services	\$ 2,407,158	\$ 2,396,120
Operating Grants and Contributions	2,362,901	2,455,045
Capital Grants and Contributions	-	644,334
General Revenues:		
Taxes	11,501,430	11,050,980
Licenses and Permits	431,057	281,124
Payments in Lieu of Taxes	124,172	117,350
Investment Earnings	323,358	70,880
Miscellaneous	<u>22,445</u>	<u>61,682</u>
Total Revenues	<u>17,172,521</u>	<u>17,077,515</u>
 Program Expenses:		
General Government and Administration	1,367,502	1,206,177
Public Safety	5,235,128	4,922,645
Public Works-Sanitation	812,458	808,858
Public Works-Highways/Roads/Streets	1,487,989	1,224,713
Public Works-Other	295,577	267,301
Culture-Recreation	745,824	618,629
Debt Service	200,238	219,772
Employee Benefits	5,656,559	5,188,069
Depreciation	1,245,485	1,314,839
Miscellaneous	<u>60,968</u>	<u>48,956</u>
Total Expenses	<u>17,107,728</u>	<u>15,819,959</u>
Increase in Net Position	<u>\$ 64,793</u>	<u>\$ 1,257,556</u>

**CITY OF WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds - The focus of the City's governmental funds is to provide information on short term inflows, outflows, and balances of spendable resources. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Such information is useful in assessing the City's financing requirements.

For the year ended December 31, 2023, the City's combined governmental funds ending fund balance totaled \$4,297,409. The total combined fund balance decreased \$586,732.

Fiduciary Funds – Fiduciary funds consist of assets held in a trustee capacity by the City of Washington for pension benefits. As of December 31, 2023, the fund balance of the fiduciary funds was \$74,494,777. The fund balance increased by \$7,808,571 during 2023, of which \$7,026,237 was attributed to the appreciation in investment fair market value.

General Fund Budgetary Highlights

The actual charges to appropriations were \$854,564 above the final budgeted amounts, primarily due to additional pension contributions made during 2023 as well as increases in employees benefits not budgeted. Resources available for appropriation were \$2,073,067 above budgeted amounts, primarily due to tax revenue restricted for pension contributions not budgeted. In addition, grants related to providing public safety and park equipment were not budgeted. As a result, the City reported a favorable variance of \$1,218,503 over the ending budgetary fund balance at December 31, 2023. Please see the statement of revenues, expenditures and changes in fund balance budget versus actual on page 44 for further detail.

CAPITAL ASSETS

The City's investment in capital assets, for its governmental activities as of December 31, 2023 amounts to \$26,454,021, net of accumulated depreciation. Depreciation amounted to \$1,245,485 for the year ended December 31, 2023. As a result, the City's total capital assets decreased by approximately four percent (4%) from December 31, 2022.

**CITY OF WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CAPITAL ASSETS - *Continued*

Capital Assets at Year End

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Infrastructure	\$ 8,312,992	\$ 8,312,992
Buildings and improvement	27,820,862	27,820,862
Vehicles and equipment	<u>17,143,760</u>	<u>16,887,310</u>
 Total	 53,277,614	 53,021,164
 Accumulated depreciation	 <u>(26,823,593)</u>	 <u>(25,578,108)</u>
 Total capital assets, net of accumulated depreciation	 <u>\$ 26,454,021</u>	 <u>\$ 27,443,056</u>

DEBT ADMINISTRATION

The City's long-term debt at December 31, 2023 totaled \$4,850,000. During the year ended December 31, 2023, the City paid \$1,645,000 toward the retirement of long-term debt. Total interest expense paid on long-term debt in 2023 was \$176,152.

CONTINGENCIES

During 2006, the City became a guarantor on a loan acquired by the Washington Parking Authority (Parking Authority) for construction of a parking garage in the amount of \$3,535,000. The Parking Authority is responsible for the repayment of this debt from parking revenue. However, in the event the Parking Authority defaults on the loan, the City assumes this debt. On December 10, 2019, the Parking Authority refinanced this debt at a lower interest rate. At December 31, 2023, the Parking Authority had debt outstanding on the Series 2019, Refunding Note of \$1,233,000.

The amount the City may potentially need to provide for this debt in future periods is unable to be estimated. During the year ended December 31, 2023, the City was required to pay \$12,000 towards this debt. The City was required to pay \$16,000 towards the debt during the year ended December 31, 2022.

**CITY OF WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2024 budget, including the economy and inflation. For 2024, the City anticipates the interest revenue to increase given the increase in overall interest rates. Increases in salaries and wages, pension contributions, debt service, and road projects are the largest expected increased expenses. The City anticipates all other revenues and expenses for 2023 to remain relatively consistent with 2023.

During 2018, the City decided to participate in an Early Intervention Program (EIP). This program is designed to evaluate the City's current financial position and develop a sound five-year financial plan. Currently, City Council is in the process of implementing recommendations of the EIP study.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, contact the Department of Finance at 55 West Maiden Street, Washington, Pennsylvania.

**CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023**

		<u>Governmental Activities</u>
ASSETS		
Current assets:		
Cash and cash equivalents		\$ 4,370,980
Capital assets, net of depreciation		<u>26,454,021</u>
Other assets:		
Right-of-Use Assets		<u>244,876</u>
TOTAL ASSETS		<u><u>\$ 31,069,877</u></u>
LIABILITIES		
Current liabilities:		
Long-term debt - portion due within one year		\$ 1,680,000
Current portion of lease liabilities		60,338
Other current liabilities		<u>73,571</u>
Total current liabilities		<u>1,813,909</u>
Long-term liabilities:		
Long-term debt - less portion due within one year		3,170,000
Operating lease liability		<u>191,426</u>
Total long-term liabilities		<u>3,361,426</u>
TOTAL LIABILITIES		<u><u>5,175,335</u></u>
NET POSITION		
Restricted for:		
Road projects		383,752
Capital projects		830,628
Transit operations		19,032
Public safety		142,730
Pension obligations		73,235
Unrestricted:		
Invested in capital assets, net of related debt	\$ 21,604,021	
Undesignated	<u>2,841,144</u>	<u>24,445,165</u>
TOTAL NET POSITION		<u><u>25,894,542</u></u>
TOTAL LIABILITIES AND NET POSITION		<u><u>\$ 31,069,877</u></u>

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

DECEMBER 31, 2023

Total Combined Governmental Fund Balances (Page 5)	\$ 4,297,409
Differences in amounts reported for governmental activities in the statement of net assets:	
Fixed assets used in governmental activities are not current resources and are not reported on the governmental funds balance sheet	26,454,021
Right-of-Use Assets are not current resources and are not reported on the governmental funds balance sheet	244,876
Operating lease liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet	
Due within one year	(60,338)
Due in more than one year	(191,426)
Debt principal payments are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet	
Due within one year	(1,680,000)
Due in more than one year	<u>(3,170,000)</u>
Total Net Position- Governmental Activities (Page 1)	<u>\$ 25,894,542</u>

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAM	Expenses	Program Revenues			Total Program Revenue	Net (Expenses) and Revenues - Total Governmental Activities
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
General government and administration	\$ 1,367,502	\$ 133,847	\$ 670,329	\$ -	\$ 804,176	\$ (563,326)
Public Safety	5,235,128	693,835	125,088	-	818,923	(4,416,205)
Public Works-Sanitation	812,458	1,047,257	-	-	1,047,257	234,799
Public Works-Highways/Roads/Streets	1,487,989	-	392,935	-	392,935	(1,095,054)
Public Works-Other	295,577	299,322	-	-	299,322	3,745
Culture/Recreation	745,824	232,897	186,062	-	418,959	(326,865)
Debt service	200,238	-	205,300	-	205,300	5,062
Municipal pension contributions	2,841,393	-	783,187	-	783,187	(2,058,206)
Other employee benefits	2,815,166	-	-	-	-	(2,815,166)
Depreciation	1,245,485	-	-	-	-	(1,245,485)
Miscellaneous	60,968	-	-	-	-	(60,968)
Total Governmental Activities	17,107,728	2,407,158	2,362,901	-	4,770,059	(12,337,669)
General Revenues:						
Taxes						11,501,430
Licenses and permits						431,057
Payments in lieu of taxes						124,172
Investment earnings						323,358
Miscellaneous						22,445
Total General Revenues						12,402,462
CHANGE IN NET POSITION						64,793
NET POSITION - beginning of the year						25,829,749
NET POSITION - end of the year						\$ 25,894,542

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

DECEMBER 31, 2023

Net change in fund balances-total governmental funds (Page 6) \$ (586,732)

Differences in amounts reported for governmental activities
on the statement of activities:

Governmental funds report capital outlays as expenditures.
However, in the government-wide statement of activities and
changes in net assets, the cost of those assets is allocated over
their estimated useful lives as depreciation expense. This is
the amount of capital assets recorded in the current period. 256,450

Government funds report lease payments as expenditures.
However, in the government-wide statement of activities and changes
activities, the Right-of-Use Asset and operating lease liabilities
are adjusted by the change in net present value of the lease. The
net effect of which transactions decrease fund balance. (4,440)

Depreciation expense on capital assets is reported in the
government-wide statement of activities and changes in fund
balance, but does not require the use of current funds.
Therefore, depreciation expense is not reported as an
expenditure in the governmental funds. (1,245,485)

The issuance of long-term debt provides current resources of
governmental funds, while the repayment of debt consumes
the current financial resources of governmental funds.

Repayment of long-term debt 1,645,000

Change in fund balance of governmental activities (Page 3) \$ 64,793

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS

DECEMBER 31, 2023

	GENERAL FUND	GENERAL RESERVE FUND	ACT 205 DISTRESSED PENSION FUND	MARCELLUS SHALE IMPACT FUND	LOCAL SHARES ASSESSMENT FUND	LIQUID FUELS FUND	CAPITAL IMPROVEMENTS FUND	CORONAVIRUS AID & RELIEF FUND	OTHER GOVERNMENTAL FUNDS	TOTAL (MEMORANDUM ONLY)
ASSETS										
Cash & cash equivalents	\$ 356,202	\$ 843,612	\$ 73,235	\$ 399,524	\$ 464,343	\$ 383,752	\$ 469,228	\$ 607,860	\$ 773,224	\$ 4,370,980
TOTAL ASSETS	<u>\$ 356,202</u>	<u>\$ 843,612</u>	<u>\$ 73,235</u>	<u>\$ 399,524</u>	<u>\$ 464,343</u>	<u>\$ 383,752</u>	<u>\$ 469,228</u>	<u>\$ 607,860</u>	<u>\$ 773,224</u>	<u>\$ 4,370,980</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Payroll withholdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,051	\$ 22,051
Other liabilities	1,121	-	-	-	-	-	-	-	50,399	51,520
TOTAL LIABILITIES	<u>1,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,450</u>	<u>73,571</u>
FUND BALANCES:										
Fund balance	355,081	843,612	73,235	399,524	464,343	383,752	469,228	607,860	700,774	4,297,409
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 356,202</u>	<u>\$ 843,612</u>	<u>\$ 73,235</u>	<u>\$ 399,524</u>	<u>\$ 464,343</u>	<u>\$ 383,752</u>	<u>\$ 469,228</u>	<u>\$ 607,860</u>	<u>\$ 773,224</u>	<u>\$ 4,370,980</u>

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	GENERAL FUND	GENERAL RESERVE FUND	ACT 205 DISTRESSED PENSION FUND	MARCELLUS SHALE IMPACT FUND	LOCAL SHARES ASSESSMENT FUND	LIQUID FUELS FUND	CAPITAL IMPROVEMENTS FUND	CORONAVIRUS AID & RELIEF FUND	OTHER GOVERNMENTAL FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES										
Taxes	\$ 9,888,864	\$ -	\$ 1,612,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,501,430
Licenses and permits	385,385	-	-	-	-	-	-	-	45,672	431,057
Fines and forfeits	55,955	-	-	-	-	-	-	-	-	55,955
Interest, rents & royalties	116,875	33,429	18,715	23,361	19,084	16,462	21,898	27,292	46,242	323,358
Grants	207,550	-	-	301,674	222,043	392,935	10,944	130,000	1,053,728	2,318,874
Intergovernmental revenues	140,785	-	-	-	-	-	-	-	15,414	156,199
Contributions and donations	-	-	-	-	-	-	-	-	12,000	12,000
Charges for services	2,300,122	-	-	-	-	-	-	-	51,081	2,351,203
Miscellaneous revenues	16,827	-	-	4,509	-	-	-	-	22,445	39,272
Proceeds from short term debt	1,000,000	-	-	-	-	-	-	-	1,109	1,001,109
TOTAL REVENUES	14,112,363	33,429	1,631,281	329,544	241,127	409,397	32,842	157,292	1,225,246	18,172,521
EXPENDITURES										
General government	1,219,605	10,004	-	94,168	1,195	-	35,529	-	7,001	1,367,502
Public safety	4,938,682	-	-	38,751	-	-	283,103	-	39,796	5,300,332
Public works-sanitation	808,858	-	-	-	-	-	-	-	3,600	812,458
Public works-highways/roads/streets	584,540	25,646	-	233,685	-	262,757	101,065	-	302,296	1,509,989
Public works-other	138,690	-	-	-	107,500	-	2,167	-	47,220	295,577
Culture/recreation	497,626	-	-	-	-	-	33,094	-	379,910	910,630
Debt service - principal	1,645,000	-	-	-	-	-	-	-	-	1,645,000
Debt service - interest and fiscal agent fees	200,238	-	-	-	-	-	-	-	-	200,238
Debt service - short term debt repayment	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Municipal pension contributions	1,215,791	-	1,625,602	-	-	-	-	-	-	2,841,393
Other employee benefits	2,811,012	-	-	-	-	-	-	-	-	2,811,012
Miscellaneous	53,740	-	-	-	-	-	-	-	4,154	57,894
TOTAL EXPENDITURES	15,113,782	35,650	1,625,602	366,604	108,695	262,757	454,958	-	791,205	18,759,253
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(1,001,419)	(2,221)	5,679	(37,060)	132,432	146,640	(422,116)	157,292	434,041	(586,732)
OTHER FINANCING SOURCES (USES)										
Interfund transfers in	1,150,704	-	-	-	-	20,975	-	-	-	1,171,679
Interfund transfers out	-	(47,000)	-	-	-	-	(14,464)	(250,000)	(860,215)	(1,171,679)
TOTAL OTHER FINANCING SOURCES (USES)	1,150,704	(47,000)	-	-	-	20,975	(14,464)	(250,000)	(860,215)	-
NET CHANGE IN FUND BALANCE	149,285	(49,221)	5,679	(37,060)	132,432	167,615	(436,580)	(92,708)	(426,174)	(586,732)
FUND EQUITY - beginning of the year	205,796	892,833	67,556	436,584	331,911	216,137	905,808	700,568	1,126,948	4,884,141
FUND EQUITY - end of the year	\$ 355,081	\$ 843,612	\$ 73,235	\$ 399,524	\$ 464,343	\$ 383,752	\$ 469,228	\$ 607,860	\$ 700,774	\$ 4,297,409

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2023

	PENSION FUNDS
<u>ASSETS</u>	
Investments	74,494,777
TOTAL ASSETS	\$ 74,494,777
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES:	
TOTAL LIABILITIES	\$ -
FUND BALANCES:	
Restricted for pension benefits	74,494,777
Unrestricted	-
TOTAL LIABILITIES & FUND BALANCES	\$ 74,494,777

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
STATEMENT OF CHANGES IN NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

		<u>PENSION FUNDS</u>
<u>ADDITIONS</u>		
Contributions:		
Employee members	\$ 392,915	
Employer	<u>2,841,393</u>	\$ 3,234,308
Investment income:		
Interest and dividends	\$ 1,712,496	
Net appreciation in investment fair market value	<u>7,026,237</u>	<u>8,738,733</u>
TOTAL ADDITIONS		<u>11,973,041</u>
<u>DEDUCTIONS</u>		
Pension benefits paid		3,861,723
Administrative expenses		<u>302,747</u>
TOTAL DEDUCTIONS		<u>4,164,470</u>
INCREASE IN NET ASSETS		7,808,571
NET ASSETS - beginning of the year		<u>66,686,206</u>
NET ASSETS - end of the year		<u><u>\$ 74,494,777</u></u>

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Washington (City) is a Third-Class City organized and operated under the laws of the Commonwealth of Pennsylvania and Washington County. The City is governed by a mayor and a four-member Council elected by the residents of the City of Washington. The City provides such services as are authorized by its charter to advance the welfare, comfort, safety, and convenience of the City and its inhabitants.

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units with the exception of the Basis of Presentation as described in "C" below. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. There are no component units as defined in the Governmental Accounting Standards Board (GASB) Statement No. 14 which are included in the City's reporting entity. Furthermore, the City is not includable as a component unit in any other primary government.

B. Summary of Significant Accounting Policies

As discussed further below, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

C. Basis of Presentation

The City's basic modified cash basis financial statements include both government-wide (reporting the City as a whole) and fund (reporting the City's major funds) financial statements. All activities of the City are classified as governmental in both the government-wide and fund financial statements.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis by column and are reported on a modified cash basis, which recognizes capital assets as well as long-term debt. The modified cash basis of accounting does not recognize the recording of amounts owed to and by the City, deferred expenses and revenues, and other assets and liabilities normally recorded using the accrual basis of accounting as required by generally accepted accounting principles. The City's net assets are reported in three parts, a) invested in capital assets, net of related debt; b) restricted net assets; and c) unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants. The net costs (by function) are normally covered by general revenue (property taxes, earned income taxes, intergovernmental revenues, interest income, etc). This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The City presently has fiduciary-type funds which are presented separately on the modified cash basis of accounting. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- (a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- (b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The various funds are grouped, in the financial report, into two generic fund types and categories as follows:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Other Major Funds – Funds are maintained to account for revenues derived from special sources. Such revenues are restricted to expenditures for specified purposes. The Other Major Funds presented are made up of the following self-balancing funds maintained by the City:

- A) General Reserve Fund
- B) Act 205 Distressed Pension Fund
- C) Marcellus Shale Impact Fund
- D) Local Shares Assessment Fund
- E) Liquid Fuels Fund
- F) Capital Improvements Fund
- G) Coronavirus Aid & Relief Fund
- H) Other Governmental Funds
 - SAM Grant Fund
 - Mass Transit Fund
 - Municipal Pension State Aid Fund
 - Fire Damage Escrow Fund
 - U.S. Justice Capital Equipment Fund
 - Park Development Fund
 - Payroll Fund
 - TIF Revenue Fund
 - Fire Capital Purchase Fund
 - Elm Street Grant Fund
 - Insurance Claims Fund
 - Forfeited Property Fund
 - State Forfeited Property Fund
 - Rental Registration Fund
 - Stormwater Improvement Fund
 - DNCR Multi-Municipal Recreation Plan Fund
 - Recycling Performance Grant Fund
 - Police Department Purchase Fund
 - Park Renovations Fund
 - PEMA Fire Fund
 - Growing Greener Fund
 - DCED Multi-Municipal Zoning Fund
 - Citizens Library HVAC Fund
 - Recycling Drop Off Grant Fund
 - Police Evidence Fund
 - Park Pavilion Fund
 - Catfish Creek Project Fund
 - Downtown Revitalization Fund
 - Community Pavilion Fund
 - Health Insurance Deductible Fund

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

The fiduciary fund is comprised of the following pension funds:

Police Pension Fund – The Police Pension Fund is used to account for assets held by the City in a trustee capacity for the policemen of the City.

Firemen Pension Fund–The Firemen Pension Fund is used to account for assets held by the City in a trustee capacity for the firemen of the City.

Officers and Employees Pension Fund – The Officers and Employees Pension Fund is used to account for assets held by the City in a trustee capacity for the officer and administrative employees of the City.

D. Budget and Budgetary Accounting

Formal budgetary integration is employed as a management control device for all governmental fund types. Once the budget is approved, it can be amended at the function and fund level only by a vote of the majority of members of Council and the Mayor. A formal budget was adopted for the General Fund, each of the Special Revenue Funds, and each of the Capital Projects Funds.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

F. Capital Assets

Capital assets purchased or acquired are reported at historical costs or estimated historical costs. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred. Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more. Infrastructure assets capitalized have an original cost of \$100,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Depreciation expense for the year ended December 31, 2023 was \$1,245,485. Estimated useful lives are as follows:

Buildings	20-50 years
Infrastructure	20-50 years
Improvements	10-20 years
Vehicles and Equipment	5-10 years

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Subsequent Events

In accordance with Accounting Standards Codification (ASC) 855-10, *Subsequent Events*, the Township has evaluated subsequent events through September 25, 2024, the date financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

The City of Washington considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

At December 31, 2023, the carrying amount of the City's governmental fund deposits was \$4,370,980. The bank balance was \$4,472,761. The City maintains checking and money market accounts with Washington Financial Bank.

Deposits with financial institutions are insured by FDIC insurance for the first \$250,000 of deposits.

The City's governmental fund deposits are categorized to give an indication of the level of risk assumed by the City at year end. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the City or its agent in the City's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 - Uncollateralized or which are collateralized with securities held by the pledging financial institution or by its trust department but not in the City's name.

Governmental fund deposits, categorized by level of risk, are:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Bank Value</u>
General Fund	\$ 250,000	\$ -	\$ 106,202	\$ 356,202	\$ 356,202	\$ 353,434
Special Revenue Funds	-	-	2,890,325	2,890,325	2,890,325	2,982,577
Capital Projects Funds	-	-	1,124,453	1,124,453	1,124,453	1,136,750
Total Deposits	<u>\$250,000</u>	<u>\$ -</u>	<u>\$4,120,980</u>	<u>\$4,370,980</u>	<u>\$4,370,980</u>	<u>\$4,472,761</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 – PROPERTY TAXES

The City's property tax is levied on March 1 on the assessed value of all real property located in the City. The assessed value of the roll for 2023 was \$534,529,973. The City's tax rate for 2023 was 38.71 mills on land and 4.03 mills on buildings for a total levy of \$6,940,317 and was payable as follows:

- At discount of 2% until March 31, 2023
- At face until May 31, 2023
- At penalty of 10% after May 31, 2023
- Unpaid property taxes for 2023 were liened on January 15, 2024

NOTE 4 – GRANT REVENUE

The City of Washington received the following grants during the year ended December 31, 2023:

A) Federal Grants:

Department of Justice – Body-Worn Camera Program	\$11,935	
Commission on Crime and Delinquency	<u>69,795</u>	
Total state grants received during the year ended December 31, 2023		\$ 81,730

B) State Grants:

The following amounts represent grants provided by the Commonwealth of Pennsylvania during the year ended December 31, 2023.

Pennsylvania Ad Hoc Retirement	\$ 2,250	
General Municipal Pension System State Aid	780,937	
Municipal Liquid Fuels	392,935	
Local Share Assessments	222,043	
Marcellus Shale Impact	301,674	
Department of Community and Economic Development	123,249	
Department of Conservation and Natural Resources	130,000	
Pennsylvania Safety Initiative Program	10,944	
PEMA Fire	<u>15,000</u>	
Total state grants received during the year ended December 31, 2023		1,979,032

C) County Grants:

Washington County Conservation District	\$ 52,812	
Debt Service payments made by the Redevelopment Authority of Washington County	<u>205,300</u>	
Total county grants received during the year ended December 31, 2023		<u>258,112</u>
Total grant revenue received during the year ended December 31, 2023		<u>\$2,318,874</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS

The City of Washington maintains the following pension plans for its employees:

- A) Police Pension Plan
- B) Firemen Pension Plan
- C) Officers and Employees Retirement System

Plan Administration: The City of Washington Comprehensive Municipal Pension Trust Fund (the Trust) was established by Ordinance No. 1371, effective April 9, 1987, as a result of the City’s eligibility for, and election to participate in, the supplemental state assistance program provision of Act 205 of 1984 for distressed municipalities. This provision required the City to aggregate the municipal pension assets into a single pension trust fund pursuant to Section 607(b) of Act 205. The City of Washington entered at that time under Level II of the recovery program.

The Trust retains the assets and acts as a common investment and administrative agent of the City’s police, firemen’s and non-uniformed pension plans. The Trust is governed by the City of Washington Comprehensive Municipal Pension Trust Fund Board of Trustees, which has delegated the authority to management certain fund assets to PNC Institutional Investments.

Act 205 Section 607(b), requires that each pension plan subject to the aggregation shall have an undivided participation in the assets of the Trust. For accounting purposes, the value of the participation by each plan shall be calculated annually. The value for each plan and its share of the investment earnings are shown in the statement of the undivided participation in the assets of the comprehensive municipal pension trust fund, which appear in the separately issued City of Washington Police, Firemen’s and Officers and Employees Pension Plan audit reports.

Investments: The Plan’s is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plan’s investments are uninsured and unregistered investments for which the securities are held by a counterparty or by its trust department or agent but not in the Plan’s name. The assets of the three pension plans are consolidated by PNC Institutional Investments. Asset information as of December 31, 2023 was furnished by PNC Institutional Investments.

The Market Value of assets is summarized below by type:

	<u>Market Value</u>
A. Cash and Cash Equivalents	\$ 1,955,848
B. U.S. Government and Agency Securities	15,600,477
C. Asset backed securities	82,092
D. Exchange Traded Funds – Fixed	3,573,807
E. Corporate Debt	6,416,192
F. Real Estate	2,863,283
G. Exchange Traded Funds - Equity	280,715
H. Mutual Funds – Equity	28,524,418
I. Multi-Employer Property Trust	<u>15,197,945</u>
Total	<u>\$74,494,777</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

The activity of each plan is presented in the fund financial statements under the Fiduciary Fund. The statement of net position – fiduciary funds and statement of changes in net position – fiduciary funds reflect information as of and for the year ended December 31, 2023.

The details and activity of each pension fund is as follows:

A. Police Pension Plan

1. Plan Description

Plan Administration: The City of Washington’s Police Pension Plan is a single-employer defined benefit pension plan. The Plan was established by Ordinance No. 324, effective February 19, 1936 and was most recently amended and restated effective January 1, 2016. The Plan is governed by the City Council of the City of Washington which may amend plan provisions, and which is responsible for the management of Plan assets. The City Council has delegated the authority to manage certain Plan assets to Morrison Fiduciary Advisors, Inc. The Plan is required to file Form PC-201C biennially with the Pennsylvania Department of the Auditor General’s Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2023.

Plan Membership: The plan provides pensions for full-time police officers of the City. As of December 31, 2023, pension plan membership consists of:

• Active employees	31
• Retirees and beneficiaries currently receiving benefits	44
• Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
Total	<u>75</u>

2. Benefit Provisions

Pension plan benefit provisions are as follows:

Eligibility Requirements

Normal Retirement: Age 50 and 20 years of service.

Normal Benefit

A monthly benefit equal to the greater of 50 percent of monthly salary or final monthly average salary averaged over the 5 highest years of employment plus a service increment of 1/40 of the benefit for each full year of continuous service in excess of 20 years, but not including service after age 65. For participants hired after January 1, 2020, the pension will be capped by 65% of base pay plus service increment.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

2. Benefit Provisions – Continued

Death Benefit

Before Retirement Eligibility: Refund of contributions without interest.

After Retirement Eligibility, disability, or if killed in service: A monthly benefit equal to 100 percent of the pension the participant was receiving or entitled to receive on the day of the participant's death payable to participant's spouse.

Payment of Survivor Benefits: Monthly survivor benefits are payable to the participant's spouse for life, or if the spouse later dies, the benefit will be paid to the participant's dependent children, if any, until age 18.

Disability Benefit

Service Related: Total and permanent disablement which occurs while performing the duties of a police officer for the City.

Non-Service Related: Total and permanent disablement following the completion of 10 years of continuous service.

Amount of Benefit: A monthly benefit equal to 50 percent of the participant's base salary at disablement/retirement. If the non-service related disability occurs prior to the completion of 10 years of service, the benefit is equal to 25 percent of the base salary at disablement.

Member Contributions

Amount or Rate: 7.5 percent of compensation, plus \$4 per month. Employees who have reached age 65 will not be required to contribute the \$4 per month.

Refund: Accumulated contributions without interest.

3. Summary of Significant Accounting Policies

Basis of Accounting: These statements have been prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period that they are due.

Valuation of Investments: Plan investments are listed at fair value as reported by PNC Institutional Asset Management and are allocated to the Police Pension Plan based on the conventions of the Aggregate Trust. The Aggregate Trust was established as a requirement of Act 205 of 1984 for Level II Distressed Plans.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

3. Summary of Significant Accounting Policies—Continued

Contributions: Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the plan's most recent biennial actuarial valuation. The MMO includes the normal costs, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to ten percent (10%) of the excess, if any, of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Contributions (continued): Employees are required to contribute seven and one-half percent (7.5%) of covered payroll to the Plan plus \$4 per month. This contribution is governed by the Plan's governing ordinances.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings.

4. Net Pension Liability

The components of the net position liability as of December 31, 2023 are as follows:

Total Pension Liability of the Plan	\$37,970,407
Plan Fiduciary Net Position	<u>(38,667,946)</u>
Net Pension Liability of the Plan	<u>\$ (697,539)</u>

Plan fiduciary net position as a percentage of the total pension liability 101.84%

The total pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to December 31, 2023, using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions:

Inflation	2.5%
Salary Increases	5.0%, including inflation
Expected Long-Term Rate of Return	6.25%, applied to all periods

Mortality rates were based on the Public Safety Mortality Table (PubS-2010) and PubS-2010 disabled table for disabled members. Mortality improvement was based on the long-range demographic assumptions for the 2018 SSA's Trustee Report.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

4. Net Pension Liability—Continued

The following shows the effect of a 1% change in the discount rate on the net pension liability:

	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Net Pension Liability	\$4,651,053	\$(697,539)	\$(5,028,456)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation as of December 31, 2023 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Large Cap Equity	35%
Domestic Small Cap Equity	10%
International Equity	10%
Fixed Income	40%
Real Estate	5%

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan will continue to be funded based on the Minimum Municipal Obligation as determined in accordance with Act 205. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

4. Net Pension Liability—Continued

<i>Changes in Net Pension Liability:</i>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)- (b)
Balance at December 31, 2022	\$36,715,424	\$34,063,681	\$2,651,743
Changes for the Year 2023:			
Service Cost	1,096,853	-	1,096,853
Interest	2,284,171	-	2,284,171
Difference between expected and actual experience	(248,588)	-	(248,588)
Contributions – Employer	-	1,860,041	(1,860,041)
Contributions – Employee	-	212,888	(212,888)
Net Investment Income	-	4,423,007	(4,423,007)
Benefit Payments and Refunds of Employee Contributions	(1,877,453)	(1,877,453)	-
Administrative Expense	-	(14,218)	14,218
Net Changes	<u>1,386,843</u>	<u>(5,578,593)</u>	<u>(3,349,358)</u>
Balance at December 31, 2023	<u>\$37,970,407</u>	<u>\$38,667,946</u>	<u>\$(697,539)</u>

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Components of Pension Expense for the Year Ended December 31, 2023:

Service Cost	\$1,096,853
Interest on the total pension liability	2,284,171
Recognition of differences between expected and actual experience	219,835
Changes in assumptions	69,119
Employee contributions	(212,888)
Projected earnings on pension plan investments	(2,129,750)
Recognition of differences between projected and actual earnings in plan investments	(379,192)
Pension plan administrative expense	<u>14,218</u>
Total Pension Expense	<u>\$ 962,366</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—Continued

At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 497,108	\$ 192,091
Net difference between projected and actual earnings on pension plan investments	<u>4,832,380</u>	<u>3,326,115</u>
Total	<u>\$5,329,488</u>	<u>\$3,518,206</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	<u>Total</u>
2024	\$ 413,648
2025	783,271
2026	1,095,628
2027	(481,265)
2028 and thereafter	-

6. Actuarial Methods and Assumptions

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age
Asset valuation method	4 year smoothing
Amortization method	Level dollar
Aggregate remaining amortization period (years)	9
Actuarial assumptions:	
Investment rate of return	6.25%
Projected salary increases	5.00%
Underlying inflation rate	2.50%

7. Source of Asset Information

Asset information was furnished by PNC Institutional Investments and reported as an aggregate total for the City's pension plans in the statement of net position. The Market Value of assets at December 31, 2023 for the police pension plan was \$38,510,549.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

B. Firemen Pension Plan

1. Plan Description

Plan Administration: The City of Washington’s Firemen Pension Plan is a single-employer defined benefit pension plan. The Plan was established, effective March 1, 1930 and was most recently amended and restated effective January 1, 2016. The Plan is governed by the City Council of the City of Washington which may amend plan provisions, and which is responsible for the management of Plan assets. The City Council has delegated the authority to manage certain Plan assets to Morrison Fiduciary Advisors, Inc. The plan is required to file Form PC-202C biennially with the Pennsylvania Department of the Auditor General’s Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2023.

1. Plan Description (Continued)

Plan Membership: The Plan provides pensions for full-time firefighters of the City. As of December 31, 2023, pension plan membership consists of:

• Active employees	23
• Retirees and beneficiaries currently receiving benefits	31
• Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
Total	<u>54</u>

2. Benefit Provisions

Pension plan benefit provisions are as follows:

Eligibility Requirements

Normal Retirement: Age 50 and 20 years of continuous service.

Normal Benefit

A monthly benefit equal to the greater of 50 percent of the monthly salary or 50 percent of the average monthly average salary averaged over the 5 highest years of employment plus a service increment of 1/40 of the benefit for each full year of continuous service in excess of 20 years, but not including service after age 65. For participants hired after January 1, 2020, the pension will be capped by 65% of base pay plus service increment.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

2. Benefit Provisions (Continued)

Death Benefit

Before Retirement Eligibility: Refund of contributions without interest.

After Retirement Eligibility or if killed in service: A monthly benefit equal to 100 percent of the pension the participant was receiving or entitled to receive on the day of the participant's death payable to participant's spouse.

Payment of Survivor Benefits: Monthly survivor benefits are payable to the participant's spouse for life, or if the spouse later dies, the benefit will be paid to the participant's dependent children, if any, until age 18.

Disability Benefit

Service Related: Total and permanent disablement which occurs while performing the duties of a firemen for the City.

Non-Service Related: None.

Amount of Benefit: The normal retirement benefit as calculated at date of disablement, including any service increments.

Member Contributions

Amount or Rate: 5 percent of compensation plus \$5 per month for participant hired prior to January 1, 2003, 6.5 percent plus \$5 per month for participants hired on or after January 1, 2003.

Refund: Accumulated contributions without interest.

3. Summary of Significant Accounting Policies

Basis of Accounting: These statements have been prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period that they are due.

Valuation of Investments: Plan investments are listed at fair value as reported by PNC Institutional Asset Management and are allocated to the Firemen's Pension Plan based on the conventions of the Aggregate Trust. The Aggregate Trust was established as a requirement of Act 205 of 1984 for Level II Distressed Plans.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

3. Summary of Significant Accounting Policies (Continued)

Contributions: The employer follows the funding policy prescribed by Act 205 of 1984 (as amended), which requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the plan's most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to ten percent (10%) of the excess, if any, of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer. Employees are required to contribute five percent (5%) of covered payroll to the Plan plus \$5 per month if hired before January 1, 2003 and six and one-half percent (6.5%) of covered payroll plus \$5 per month if hired on or after January 1, 2003. This contribution is governed by the Plan's governing ordinances and collective bargaining.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings.

4. Net Pension Liability

The components of the net position liability as of December 31, 2023 are as follows:

Total Pension Liability of the Plan	\$26,911,244
Plan Fiduciary Net Position	<u>(28,813,963)</u>
Net Pension Liability of the Plan	<u>\$(1,902,719)</u>

Plan fiduciary net position as a percentage of the total pension liability 107.07%

The total pension liability was determined by an actuarial valuation as of January 1, 2021 and rolled forward to December 31, 2023, using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions:

Inflation	2.5%
Salary Increases	4.75%, including inflation
Expected Long-Term Rate of Return	6.25%, applied to all periods

Mortality rates were based on the Public Safety Mortality Table (PubS-2010) and PubS-2010 disabled table for disabled members. Mortality improvement was based on the long-range demographic assumptions for the 2018 SSA's Trustee Report.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

4. Net Pension Liability (Continued)

The following shows the effect of a 1% change in the discount rate on the net pension liability:

	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Net Pension Liability	\$1,800,116	\$(1,902,719)	\$(4,930,628)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation as of December 31, 2023 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Large Cap Equity	35%
Domestic Small Cap Equity	10%
International Equity	10%
Fixed Income	40%
Real Estate	5%

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan will continue to be funded based on the Minimum Municipal Obligation as determined in accordance with Act 205. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

<i>Changes in Net Pension Liability:</i>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)- (b)
Balance at December 31, 2022	\$28,777,805	\$26,347,211	\$2,430,594
Changes for the Year 2023:			
Service Cost	615,448	-	615,448
Interest	1,624,194	-	1,624,194
Differences between expected and actual experience	(2,578,827)	-	(2,578,827)
Contributions - Employer	-	520,916	(520,916)
Contributions – Employee	-	111,714	(111,714)
Net Investment Income	-	3,377,652	(3,377,652)
Benefit Payments and Refunds of Employee Contributions	(1,527,376)	(1,527,376)	-
Administrative Expense	-	(16,154)	16,154
Net Changes	<u>(1,866,561)</u>	<u>2,466,752</u>	<u>(4,333,313)</u>
Balance at December 31, 2023	<u>\$26,911,244</u>	<u>\$28,813,963</u>	<u>\$(1,902,719)</u>

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Components of Pension Expense for the Year Ended December 31, 2023:

Service Cost	\$ 615,448
Interest on the total pension liability	1,624,194
Recognition of differences between expected and actual experience	(113,645)
Amortization of changes in assumptions	201,464
Employee contributions	(111,714)
Projected earnings on pension plan investments	(1,619,119)
Recognition of differences between projected and actual earnings in plan investments	(322,570)
Pension plan administrative expense	<u>16,154</u>
Total Pension Expense	<u>\$ 290,212</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 427,293	\$2,118,322
Changes of assumptions	80,587	-
Net difference between projected and actual earnings on pension plan investments	<u>3,770,569</u>	<u>2,522,871</u>
Total	<u>\$4,278,449</u>	<u>\$4,641,193</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	<u>Total</u>
2024	\$ 78,311
2025	171,704
2026	460,200
2027	(796,657)
2028 and Thereafter	(276,302)

6. Actuarial Methods and Assumptions

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age
Asset valuation method	4 year smoothing
Amortization method	Level dollar
Aggregate remaining amortization period (years)	15
Actuarial assumptions:	
Investment rate of return	6.25%
Projected salary increases	4.75%
Underlying inflation rate	2.50%

7. Source of Asset Information

Asset information was furnished by PNC Institutional Investments and reported as an aggregate total for the City's pension plans in the statement of net position. The Market Value of assets at December 31, 2023 for the firemen pension plan was \$28,730,829.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

C. Officers and Employees Retirement System

1. Plan Description

Plan Administration: The City of Washington’s Officers and Employees Pension Plan is a single-employer defined benefit pension plan. The Plan was established by Ordinance No. 566, effective February 1, 1950 and was most recently amended and restated effective January 1, 2016. The Plan is governed by the City Council of the City of Washington which may amend plan provisions, and which is responsible for the management of Plan assets. The City Council has delegated the authority to manage certain Plan assets to Morrison Fiduciary Advisors, Inc. The Plan is required to file Form PC-201C biennially with the Pennsylvania Department of the Auditor General’s Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2023.

Plan Membership: The plan provides pensions for elected officials or full-time non-uniformed employees of the City. As of December 31, 2023, pension plan membership consists of:

• Active employees	33
• Retirees and beneficiaries currently receiving benefits	25
• Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
Total	<u>58</u>

2. Benefit Provisions

Pension benefits are as follows:

Eligibility Requirements

Normal Retirement: For participants hired before January 1, 1993, age 55 and 20 years of continuous service. For participants hired after December 31, 1992, age 60 and 20 years of continuous service.

Normal Benefit

A monthly benefit equal to the greater of 50 percent of the monthly salary or 50 percent of the final monthly average salary plus service increment, if any, less 40 percent of the Social Security Benefit for participants hired before January 1, 1993.

Social Security Benefit

The Social Security old-age insurance benefit calculated under the provisions of the Federal Social Security Act in effect on the date of termination, using only the compensation earned in employment with the City.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

2. Benefit Provisions (Continued)

Death Benefit

Before Retirement Eligibility: Refund of contributions without interest.

After Retirement Eligibility or if killed in service: A monthly benefit equal to 50 percent of the pension the participant was receiving or entitled to receive on the day of the participant's death payable to participant's spouse until death or remarriage.

Payment of Survivor Benefits: Monthly survivor benefits are payable to the participant's spouse until death or remarriage.

Disability Benefit

Service Related: Total and permanent disablement which occurs following the completion of 15 years of continuous service.

Non-Service Related: None.

Amount of Benefit: A monthly benefit equal to the greater of 50 percent of the monthly salary or 50 percent of the final monthly average salary plus service increment, if any, calculated at date of disablement.

Termination Benefits

Eligibility: Occurs after 12 years of continuous service and before the completion of 20 years of service.

Amount of Benefit: A monthly benefit commencing at age 60 equal to the normal benefit multiplied by the ratio of years of continuous service at termination to 20 years.

Member Contributions

Amount or Rate: 5 percent of compensation for participant hired prior to January 1, 1993. 6 percent for participants hired on or after January 1, 1993.

Refund: Accumulated contributions without interest.

3. Summary of Significant Accounting Policies

Basis of Accounting: These statements have been prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period that they are due.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

3. Summary of Significant Accounting Policies (Continued)

Valuation of Investments: Plan investments are listed at fair value as reported by PNC Institutional Asset Management and are allocated to the Officers and Employees Pension Plan based on the conventions of the Aggregate Trust. The Aggregate Trust was established as a requirement of Act 205 of 1984 for Level II Distressed Plans.

Contributions: Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the plan's most recent biennial actuarial valuation. The MMO includes the normal costs, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to ten percent (10%) of the excess, if any, of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Contributions (continued): Employees are required to contribute three and one-half percent (3.5%) of covered payroll subject to social security taxation and five percent (5%) of pay in excess of the taxable wage base. Participants may contribute five percent (5%) to eliminate the social security offset and an extra one percent (1%) for the survivor benefit. Participants hired after December 31, 1992, contribute six percent (6%) of pay. This contribution is governed by the Plan's governing ordinances.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings.

4. Net Pension Liability

The components of the net position liability as of December 31, 2023 are as follows:

Total Pension Liability of the Plan	\$ 6,706,418
Plan Fiduciary Net Position	<u>(7,280,654)</u>
Net Pension Liability of the Plan	<u>\$ (574,236)</u>

Plan fiduciary net position as a percentage of the total pension liability 108.56%

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

4. Net Pension Liability (Continued)

The total pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to December 31, 2023, using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions:

Inflation	2.5%
Salary Increases	4.5%, including inflation
Expected Long-Term Rate of Return	6.25%, applied to all periods

Mortality rates were based on the Public Safety Mortality Table (PubS-2010) and PubS-2010 disabled table for disabled members. Mortality improvement was based on the long-range demographic assumptions for the 2018 SSA's Trustee Report.

The following shows the effect of a 1% change in the discount rate on the net pension liability:

	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Net Pension Liability	\$167,297	\$(574,236)	\$(1,202,308)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation as of December 31, 2023 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Large Cap Equity	35%
Domestic Small Cap Equity	10%
International Equity	10%
Fixed Income	40%
Real Estate	5%

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan will continue to be funded based on the Minimum Municipal Obligation as determined in accordance with Act 205. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

4. Net Pension Liability (Continued)

Changes in Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)- (b)
Balance at December 31, 2022	\$7,007,577	\$6,374,233	\$ 633,344
Changes for the Year 2023:			
Service Cost	165,783	-	165,783
Interest	407,255	-	407,255
Differences between expected and actual experience	(400,916)	-	(400,916)
Contributions - Employer	-	466,114	(466,114)
Contributions – Employee	-	68,423	(68,423)
Net Investment Income	-	855,200	(855,200)
Benefit Payments and Refunds of Employee Contributions	(473,281)	(473,281)	-
Administrative Expense	-	(10,035)	10,035
Net Changes	<u>(301,159)</u>	<u>906,421</u>	<u>(1,207,580)</u>
Balance at December 31, 2023	<u>\$6,706,418</u>	<u>\$7,280,654</u>	<u>\$ (574,236)</u>

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Components of Pension Expense for the Year Ended December 31, 2023:

Service Cost	\$165,783
Interest on the total pension liability	407,255
Recognition of differences between expected and actual experience	(96,297)
Changes in assumptions	32,515
Employee contributions	(68,423)
Projected earnings on pension plan investments	(400,136)
Recognition of differences between projected and actual earnings in plan investments	(83,904)
Pension plan administrative expense	<u>10,035</u>
Total Pension Expense	<u>\$ (33,172)</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 – PENSION PLANS (Continued)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 24,403	\$404,603
Changes of assumptions	39,017	-
Net difference between projected and actual earnings on pension plan investments	<u>910,834</u>	<u>629,900</u>
Total	<u>\$974,254</u>	<u>\$1,034,503</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	<u>Total</u>
2024	\$(32,940)
2025	68,463
2026	168,934
2027	(134,680)
2028 and Thereafter	(130,026)

6. Actuarial Methods and Assumptions

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age
Asset valuation method	4 year smoothing
Amortization method	Level dollar
Aggregate remaining amortization period (years)	12
Actuarial assumptions:	
Investment rate of return	6.25%
Projected salary increases	4.5%
Underlying inflation rate	2.5%

7. Source of Asset Information

Asset information was furnished by PNC Institutional Investments and reported as an aggregate total for the City's pension plans in the statement of net position. The Market Value of assets at December 31, 2023 for the officers and employees pension plan was \$7,253,399.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 – Postemployment Benefits other than Pension (OPEB)

Plan Description: The City's defined benefit Plan provides certain postemployment health, dental and life insurance benefits for all eligible police officer and firefighter retirees of the City. There are no OPEB benefits offered to the Officers and Employees retirees. The OPEB Plan is a single-employer defined benefit Plan administered by the City. No assets are accumulated in a trust that meet the criteria in paragraph 4, of GASB 75.

Benefits Provisions: The Plan provides 75% of the premiums for healthcare and dental insurance for eligible police officer and firefighter retirees through the City's insurance plan which covers both active and retired members up to Medicare eligibility. Street Department employees who completed at least 10 years of service prior to retirement and who retire prior to Medicare eligibility will receive \$4,000 upon the City's receipt of proof that the retiree has purchased medical coverage. In addition, the Plan provides for \$3,000 of life insurance upon normal retirement for the police officers and firefighters. For the year ended December 31, 2023, there were no contributions to the plan.

Employees Covered by Benefit Terms. The plan provides benefits for full-time employees of the City retiring with a normal or disability pension.

Membership in the plan consisted of the following at December 31, 2023:

Active plan members	54
Retirees with health coverage	18
Retirees with life insurance only	<u>40</u>
Total	<u>112</u>

Actuarial Assumptions: In accordance with GASB 75, the City is permitted to perform an actuarial valuation of its total OPEB liability on a triennial basis. In the interim years, the amounts calculated based on the actuarial valuation may be rolled forward and updated as needed. An actuarial valuation was performed for the fiscal year ended December 31, 2023.

The total OPEB Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount rate: 3.77%

Mortality: Mortality rates were based on the Public Safety Mortality Table (PubS-2010) and PubS-2010 disabled table for disabled members. Mortality improvement was based on the long-range demographic assumptions for the 2018 SSA's Trustee Report.

Lapse and opt-in: Those currently on healthcare coverage are assumed to remain until Medicare eligibility. Those not currently on healthcare coverage are assumed to not participate in the future.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 – Postemployment Benefits other than Pension (OPEB) (Continued)

Funding method: Entry Age Normal (level percent of pay)

Assumed retirement age: Police officers: age 50 and 20 years of service
 Firefighters: age 53 and 20 years of service
 Officers and employees: If hired before January 1, 1993, age 55 and 20 years of service. If hired on or after January 1, 1993, age 60 and 20 years of service

Healthcare cost trend rate: The expected rate of increase in healthcare insurance premiums was 6.75% for 2023 and earlier, stepping down 25-50 basis points then ultimate trend of 4% in 2073. The expected rate of increase in dental insurance premiums is 3% annually.

Salary increase: 5.0% for police and 4.75% for firefighters

Percent electing coverage: 75% electing medical and prescription coverage; 100% electing dental and life insurance.

Assumption change: Assumed discount rate decreased from 4.00% to 3.77%.

Change in Net OPEB Liability

	<u>2023</u>	<u>2022</u>
Balance at January 1,	\$ 4,646,276	\$ 5,498,576
Service cost	276,719	401,775
Interest	192,003	104,129
Changes in assumptions	110,246	(1,127,463)
Benefit payments	<u>(245,868)</u>	<u>(230,741)</u>
 Net change in OPEB liability	 <u>333,100</u>	 <u>(852,300)</u>
 Balance at December 31,	 <u>\$4,979,376</u>	 <u>\$4,646,276</u>

Sensitivity of the Net OPEB liability to Changes in the Discount Rate. The following shows the effect of a 1% change in the discount rate on the net OPEB liability:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$5,495,243	\$4,979,376	\$4,521,341

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 – Postemployment Benefits other than Pension (OPEB) (Continued)

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trends. The following shows the effect of a 1% change in the medical trend rate on the net OPEB liability:

		Current	
	1% Decrease	Valuation Rate	1% Increase
Net OPEB Liability	\$4,447,203	\$4,979,376	\$5,601,702

At December 31, 2023, the City reported deferred inflows of resources related to the OPEB from the following sources:

	Total
Changes of assumptions	\$303,579

At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	<u>90,559</u>	<u>757,803</u>
Total	<u>\$90,559</u>	<u>\$757,803</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows (-) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	<u>Total</u>
2024	\$165,143
2025	165,143
2026	165,143
2027	165,143
2028	6,672
Thereafter	-

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance <u>January 1</u>	<u>Additions</u>	<u>Disposals</u>	Ending Balance <u>December 31</u>
Infrastructure	\$ 8,312,992	\$ -	\$ -	\$ 8,312,992
Buildings & Improvements	27,820,862	-	-	27,820,862
Equipment	<u>16,887,310</u>	<u>256,450</u>	-	<u>17,143,760</u>
	53,021,164	256,450	-	53,277,614
Accumulated Depreciation	<u>(25,578,108)</u>	<u>(1,245,485)</u>	-	<u>(26,823,593)</u>
Net Capital Assets	<u>\$ 27,443,056</u>	<u>\$ (989,035)</u>	<u>\$ -</u>	<u>\$ 26,454,021</u>

Depreciation expense for the year was \$1,245,485.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 – TAX ANTICIPATION LOAN

In January 2023 the City received a short-term tax anticipation loan of \$1,000,000. The full \$1,000,000 was repaid in June 2023 along with interest of \$19,587.

NOTE 9 - LONG TERM DEBT

Long-term debt consisted of the following as of December 31, 2023:

A) Title of Issue: City of Washington - General Obligation Bonds - Series of 2014B

On December 22, 2014, the City of Washington refinanced \$1,944,713 of the General Obligation Bonds, Series of 2009 to take advantage of lower interest rates. The old interest rate was 5.180 percent, while the interest rate on the new issuance is between 2.250 and 2.750 percent. The proceeds from the refinanced bonds totaled \$2,340,000. The refinanced debt has a maturity date of September 1, 2024.

Original Date of Issue:	December 22, 2014
Maturity Date of Issue:	September 1, 2024
Annual Interest Rate:	2.250% - 2.750%
Amount of Original Issue:	\$ 2,340,000
Principal Amount Retired During Year:	\$ 725,000
Principal Amount Outstanding at December 31, 2023:	\$ 900,000
Total interest paid during year	\$ 43,781

B) Title of Issue: City of Washington - General Obligation Bonds - Series of 2017

In June 2017, the City of Washington refinanced a portion of the General Obligation Bonds, Series 2012B as well as securing \$2,000,000 in additional proceeds to provide for capital improvements projects. The proceeds from the new bond issuance totaled \$4,865,000. The refinanced debt has a maturity date of September 1, 2025. During 2018, \$25,000 of this debt was refinanced as part of the General Obligation Notes, Series 2018.

Original Date of Issue:	June 8, 2017
Maturity Date of Issue:	September 1, 2025
Annual Interest Rate:	1.600% - 2.125%
Amount of Original Issue:	\$ 4,865,000
Principal Amount Retired During Year:	\$ 915,000
Principal Amount Outstanding at December 31, 2023:	\$ 2,300,000
Total interest paid during year	\$ 66,206

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 - LONG TERM DEBT (Continued)

C) Title of Issue: City of Washington - General Obligation Notes - Series of 2018

In December 2018, the City of Washington refinanced a portion of the General Obligation Bonds, Series 2012B, General Obligation Bonds, Series 2014A, and General Obligation Bonds, Series 2017 as well as securing \$200,000 in additional proceeds to provide for capital improvements projects. The proceeds from the new bond issuance totaled \$1,670,000. The refinanced debt has a maturity date of September 1, 2026.

Original Date of Issue:	December 27, 2018
Maturity Date of Issue:	September 1, 2026
Annual Interest Rate:	3.65% - 4.00%
Amount of Original Issue:	\$ 1,670,000
Principal Amount Retired During Year:	\$ 5,000
Principal Amount Outstanding at December 31, 2023:	\$ 1,650,000
Total interest paid during year	\$ 66,165

Debt Maturities of the City of Washington's debt is as follows:

	General Obligation Bond Series 2014B		General Obligation Bond Series 2017	
Year Ended December 31,	Principal	Interest	Principal	Interest
2024	\$ 900,000	\$ 24,405	\$ 775,000	\$45,700
2025	<u>-</u>	<u>-</u>	<u>1,525,000</u>	<u>32,406</u>
Total	<u>\$ 900,000</u>	<u>\$24,405</u>	<u>\$2,300,000</u>	<u>\$78,106</u>

	General Obligation Bond Series 2018	
Year Ended December 31,	Principal	Interest
2024	\$ 5,000	\$ 65,983
2025	200,000	65,800
2026	<u>1,445,000</u>	<u>57,800</u>
Total	<u>\$1,650,000</u>	<u>\$189,583</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 - LONG TERM DEBT (Continued)

Total of all Long-Term Debt

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>
2024	\$1,680,000	\$136,088
2025	1,725,000	98,206
2026	<u>1,445,000</u>	<u>57,800</u>
	<u>\$ 4,850,000</u>	<u>\$292,094</u>

Recap of 2023 Long-Term Debt Activity

Outstanding Long-Term Debt 1/1/23	\$ 6,495,000
(-) Repayment of Principal in 2023	<u>(1,645,000)</u>
 Outstanding Long-Term Debt 12/31/23	 <u>\$ 4,850,000</u>
 Total Interest paid on long-term debt during 2023 was	 <u>\$ 176,152</u>

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is insured with Selective Insurance through EMC Insurance. General liability for public officials carries a \$10,000 deductible. There is a general aggregate coverage limit of \$2,000,000 with a \$1,000,000 limit for each occurrence.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

In addition, the following commitments and contingencies of the City existed as of December 31, 2023:

During the year ended December 31, 2006, the City became a guarantor on a loan acquired by the Parking Authority in the amount of \$3,535,000 for construction of a new parking garage. The Parking Authority is responsible for the repayment of this debt from parking revenue. However, in the event the Parking Authority defaults on the loan, the City assumes the debt. On December 10, 2019, the Parking Authority refinanced this debt at a lower interest rate. The City was required to contribute \$12,000 toward the Parking Authority debt during 2023. At December 31, 2023, the Parking Authority had debt outstanding on the Series 2019, Refunding Note of \$1,233,000.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

The City of Washington is also involved in other litigation concerning inverse condemnation, demolition contracts, slip and fall injuries, and employee matters. The insurance carrier has been notified of these litigations and each matter is being handled accordingly. The City believes the liability from these litigations, if any, will not be material.

NOTE 12 – PARKING AUTHORITY OF THE CITY OF WASHINGTON

The Parking Authority of the City of Washington (Parking Authority) was incorporated in 2005 under the Nonprofit Corporation Law of 1988 and was created pursuant to Parking Authority Law, 53 Pa.C.S.5505 et seq. The governing body consists of five members who are each appointed for three-year terms by the City.

The activity of the Parking Authority is not presented in the financial statements of the City. However, the following is a summary of the financial information for the Parking Authority as of and for the year ended December 31, 2023 from its most recent audited financial statements.

Total Assets		
Current assets	\$ 366,406	
Fixed assets, net	<u>7,890,163</u>	<u>\$ 8,256,569</u>
Total Liabilities		
Current liabilities	\$ 197,199	
Noncurrent liabilities	<u>1,042,000</u>	\$ 1,239,199
Total Net Position		<u>7,017,370</u>
Total Liabilities and Net Position		<u>\$ 8,256,569</u>
Operating revenue		\$ 316,063
Operating expenses		<u>487,175</u>
Operating income (Loss)		(171,112)
Other non-operating income		<u>20,315</u>
Decrease in Net Assets		<u>\$ (150,797)</u>
Cash provided by operating activities		\$ 171,575
Cash used for capital and related financing Activities		(178,380)
Cash provided by investing activities		<u>6,695</u>
Net Change in cash		(110)
Cash balance, beginning of year		<u>343,754</u>
Cash balance, end of year		<u>\$ 343,644</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 – CITY OF WASHINGTON BUSINESS DISTRICT AUTHORITY

The City of Washington Business District Authority was created in 1999 pursuant to the laws of the Commonwealth of Pennsylvania, and the Municipal Authorities Act of 1945, as amended. The Washington Business District Authority was created for the purpose of making business improvements and providing administrative service to the central business district of the City of Washington. The governing body consists of 9 members who are appointed by the City.

The activity of the Washington Business District Authority is not presented in the financial statements of the City. The following is a summary of the financial information for the Washington Business District Authority as of and for the year ended December 31, 2022 from its most recent audited financial statements.

Total Assets		
Current assets	\$ 174,417	
Fixed assets, net	<u>-</u>	<u>\$ 174,417</u>
Total Liabilities		
Current liabilities		\$ 3,084
Total Net Position		<u>171,333</u>
Total Liabilities and Net Position		<u>\$ 174,417</u>
Operating Revenue		\$ 353,931
Operating Expenses		<u>327,030</u>
Increase in Net Assets		<u>\$ 26,901</u>
Cash provided by operating activities		<u>\$ 27,833</u>
Net increase in cash		27,833
Cash balance, beginning of year		<u>146,584</u>
Cash balance, end of year		<u>\$ 174,417</u>

NOTE 14 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures to include an overview of certain information concerning individual funds including:

- A. Summary disclosures of changes in general long-term debt. This requirement is met by Note 8.
- B. Deficit fund balances of individual funds. There are no deficit fund balances of any individual funds as of December 31, 2023.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

- C. Individual Fund interfund receivable (Due From) and payable (Due To) balances. There are no individual fund interfund receivables or payables as of December 31, 2023.
- D. The following transfers were made between funds for the governmental activities for the year ended December 31, 2023:
 - 1) The General Fund received a total of \$1,150,704 transferred from other funds as follows:
 - a. The Municipal Pension System Fund transferred \$780,937 to the General Fund to provide for pension contributions.
 - b. The Park Development Fund transferred \$23,000 to the General Fund for expenses related to park operations.
 - c. The Coronavirus Aid & Relief Fund transferred \$250,000 to the General Fund to provide for employee benefits related to healthcare costs.
 - d. The Rental Registration Fund transferred \$75,000 to the General Fund to provide for safety and street services.
 - e. The General Fund also received \$14,464 from the Capital Projects Fund as well as \$7,303 from various non-major funds for capital projects.
 - 2) The Stormwater Improvement Fund transferred \$37,000 to the Capital Improvements Fund to provide for stormwater projects.
 - 3) The Insurance Claims Fund transferred \$20,975 to the Liquid Fuels Fund for insurance proceeds received to replace damaged equipment.
 - 4) The General Reserve Fund transferred \$10,000 to establish a new Health Insurance Deductible Fund which will provide for the health insurance deductible expenses of the City's employees.

NOTE 15 – RIGHT-OF-USE ASSETS AND OPERATING LEASE LIABILITY

They City adopted GASB issued Statement No.87, *Leases* as of January 1, 2023. GASB No. 87 establishes principles that require a lessee to create a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. The new lease assets and liabilities are called Right-of-Use Assets and Operating Lease Liabilities within the government-wide financial statements.

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**NOTE 15 – RIGHT-OF-USE ASSETS AND OPERATING LEASE LIABILITY
(Continued)**

The City entered into agreements giving rise to the following Right-of-Use Assets and Operating Lease Liabilities:

- A. On August 16, 2022, the City leased a new 2022 Ford Explorer to be used by the fire department. The lease has a term of 5 years at a monthly rate of \$712. The outstanding lease liability as of December 31, 2023 was \$28,425.
- B. On December 23, 2022, the City leased a new 2023 Chevrolet Silverado to be used by the fire department. The lease has a term of 5 years at a monthly rate of \$1,007. The outstanding lease liability as of December 31, 2023 was \$42,536.
- C. On August 15, 2022, the City leased two new 2022 Chevrolet Traverse vehicles to be used by the police department. The leases have terms of 5 years at a monthly rate of \$583 for each lease. The total outstanding lease liability for these two leases as of December 31, 2023 was \$42,877.
- D. On May 16, 2022, the City leased a new 2022 Ford Police Interceptor Utility vehicle to be used by the police department. The lease has a term of 5 years at a monthly rate of \$891. The outstanding lease liability as of December 31, 2023 was \$33,304.
- E. On October 25, 2022, the City leased a new 2022 Ford Police Interceptor Utility vehicle to be used by the police department. The lease has a term of 5 years at a monthly rate of \$891. The outstanding lease liability as of December 31, 2023 was \$34,487.
- F. On August 21, 2023, the City leased a new 2023 Chevrolet Silverado to be used by the public works department. The lease has a term of 5 years at a monthly rate of \$1,361. The outstanding lease liability as of December 31, 2023 was \$70,135.

The following schedule represents the outstanding lease liability for Passages:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 60,338
2025	63,555
2026	66,952
2027	50,175
2028	<u>10,744</u>
Total operating lease liability	<u>\$251,764</u>

**CITY OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 16 – SUBSEQUENT EVENTS

In August 2024, the City of Washington secured a General Obligation Note (Federally Taxable), Series of 2024, in the amount of \$1,738,000. The interest rate on the new issuance is 5.89 percent. The new debt has a maturity date of September 1, 2027. Proceeds from this note were used to pay the debt service requirements due in September 2024 for the General Obligation Bonds, Series 2014B and 2017.

Following is a summary of note principal maturities and interest requirements:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 4,550	\$ 4,550
2025	-	102,368	102,368
2026	100,000	102,368	202,368
2027	<u>1,638,000</u>	<u>96,478</u>	<u>1,734,478</u>
Total	<u>\$1,738,000</u>	<u>\$305,764</u>	<u>\$2,043,764</u>

**CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET VERSUS ACTUAL - COMBINED GOVERNMENTAL FUNDS - CASH BASIS**

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
BUDGETARY FUND BALANCE, JANUARY 1, 2023	\$ 4,884,141	\$ 4,884,141	\$ 4,884,141	\$ -
<u>RESOURCES (inflows):</u>				
Taxes	\$ 10,766,476	\$ 10,766,476	\$ 11,501,430	\$ 734,954
Licenses and permits	326,500	326,500	431,057	104,557
Fines and forfeits	79,000	79,000	55,955	(23,045)
Interest, rents & royalties	17,075	17,075	323,358	306,283
Grants	1,601,803	1,601,803	2,318,874	717,071
Intergovernmental revenues	116,000	116,000	156,199	40,199
Contributions and donations	500	500	12,000	11,500
Charges for services	2,167,100	2,167,100	2,351,203	184,103
Miscellaneous revenues	25,000	25,000	22,445	(2,555)
Proceeds from short term debt	1,000,000	1,000,000	1,000,000	-
TOTAL RESOURCES (inflows)	<u>16,099,454</u>	<u>16,099,454</u>	<u>18,172,521</u>	<u>2,073,067</u>
AMOUNT AVAILABLE FOR APPROPRIATION	<u>20,983,595</u>	<u>20,983,595</u>	<u>23,056,662</u>	<u>2,073,067</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>				
General government	1,647,406	1,647,406	1,367,502	279,904
Public safety	4,781,977	4,781,977	5,300,332	(518,355)
Public works-sanitation	817,459	817,459	812,458	5,001
Public works-highways/roads/streets	2,034,105	2,034,105	1,509,989	524,116
Public works-other	503,033	503,033	295,577	207,456
Culture/recreation	560,200	560,200	910,630	(350,430)
Debt service - principal	1,645,000	1,645,000	1,645,000	-
Debt service - interest and fiscal agent fees	190,653	190,653	200,238	(9,585)
Debt service - short term debt repayment	1,000,000	1,000,000	1,000,000	-
Municipal pension contributions	2,203,709	2,203,709	2,841,393	(637,684)
Other employee benefits	2,421,835	2,421,835	2,815,166	(393,331)
Miscellaneous	99,312	99,312	60,968	38,344
TOTAL CHARGES TO APPROPRIATIONS (outflows)	<u>17,904,689</u>	<u>17,904,689</u>	<u>18,759,253</u>	<u>(854,564)</u>
BUDGETARY FUND BALANCE, DECEMBER 31, 2023	<u>\$ 3,078,906</u>	<u>\$ 3,078,906</u>	<u>\$ 4,297,409</u>	<u>\$ 1,218,503</u>

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - POLICE PENSION PLAN
December 31, 2023

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability										
Service cost (beginning of year)	\$ 1,096,853	\$ 961,537	\$ 882,229	\$ 790,272	\$ 800,689	\$ 648,870	\$ 690,455	\$ 535,062	\$ 509,583	\$ 462,121
Interest (includes interest on service cost)	2,284,171	2,207,788	2,124,139	1,951,523	1,862,796	1,691,213	1,610,328	1,543,447	1,470,814	1,357,627
Changes of benefit terms	-	-	-	-	1,260,766	-	-	-	-	-
Differences between expected and actual experience	(248,586)	-	1,374,356	-	(337,748)	-	(285,208)	-	(398,358)	-
Changes of assumptions	-	-	-	-	1,451,495	-	3,235,227	-	1,113,538	-
Benefit payments, including refunds of employee contributions	(1,877,453)	(1,782,482)	(1,540,227)	(1,355,078)	(1,115,411)	(1,045,754)	(984,813)	(990,647)	(1,082,566)	(1,064,207)
Net Change in Total Pension Liability	1,254,983	1,386,843	2,840,497	1,386,717	3,922,587	1,294,329	4,265,989	1,087,862	1,613,011	755,541
Total Pension Liability - beginning	36,715,424	35,328,581	32,488,084	31,101,367	27,178,780	25,884,451	21,618,462	20,530,600	18,917,589	18,162,048
Total Pension Liability - ending	37,970,407	36,715,424	35,328,581	32,488,084	31,101,367	27,178,780	25,884,451	21,618,462	20,530,600	18,917,589
Plan Fiduciary Net Position										
Contributions - employer	1,860,041	1,731,275	1,814,601	1,908,701	2,659,904	1,922,382	2,052,419	1,958,948	1,826,222	1,901,201
Contributions - employee	212,888	156,891	172,550	179,332	171,805	173,461	163,728	180,078	150,853	150,481
Net investment income	4,423,007	(5,527,607)	4,728,897	4,142,434	4,289,040	(1,042,558)	2,641,496	1,480,756	110,052	826,512
Benefit payments, including refunds of employee contributions	(1,877,453)	(1,782,482)	(1,540,227)	(1,355,078)	(1,115,411)	(1,045,754)	(984,813)	(990,647)	(1,082,566)	(1,064,207)
Administrative expense	(14,218)	(156,670)	(155,773)	(125,514)	(111,925)	(97,553)	(90,849)	(76,600)	(95,597)	(5,490)
Net Change in Plan Fiduciary Net Position	4,604,265	(5,578,593)	5,020,048	4,749,875	5,893,413	(90,022)	3,781,981	2,552,535	908,964	1,808,497
Total Plan Fiduciary Net Position - beginning	34,063,681	39,642,274	34,622,226	29,872,351	23,978,938	24,068,960	20,286,979	17,734,444	16,825,480	15,016,983
Total Plan Fiduciary Net Position - ending	38,667,946	34,063,681	39,642,274	34,622,226	29,872,351	23,978,938	24,068,960	20,286,979	17,734,444	16,825,480
Net Pension Liability - ending	\$ (697,539)	\$ 2,651,743	\$ (4,313,693)	\$ (2,134,142)	\$ 1,229,016	\$ 3,199,842	\$ 1,815,491	\$ 1,331,483	\$ 2,796,156	\$ 2,092,109

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY - POLICE PENSION PLAN (Continued)

December 31, 2023

	Measurement Year Ending									
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.8%	92.8%	106.6%	106.6%	96.0%	88.2%	93.0%	86.4%	86.4%	88.9%
Covered Employee Payroll	\$ 2,333,811	\$ 2,379,277	\$ 2,264,481	\$ 2,355,636	\$ 2,237,555	\$ 2,262,366	\$ 2,163,159	\$ 2,118,794	\$ 1,935,541	\$ 2,004,917
Net Pension Liability as a Percentage of Covered Employee Payroll	-29.9%	111.5%	-190.5%	-90.6%	54.9%	141.4%	83.9%	62.8%	144.5%	104.3%

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS - POLICE PENSION PLAN

December 31, 2023

An Actuarially Determined Contribution is a contribution amount determined in accordance with Actuarial Standards of Practice. The Actuarially Determined Contribution provided is based upon the Minimum Municipal Obligation as defined in Act 205 which conforms to these standards.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of Employer Pension Contributions										
Last 10 Measurement Years (if available)										
Annual required Contribution (ARC)	\$ 1,105,548	\$ 1,193,619	\$ 1,231,738	\$ 1,024,571	\$ 1,155,204	\$ 1,150,715	\$ 920,631	\$ 866,916	\$ 949,015	\$ 959,859
Contributions in Relation to the ADC*	1,860,041	1,771,412	1,814,601	1,908,701	2,659,904	1,922,382	2,052,419	1,958,948	1,826,222	1,901,201
Contributions Deficiency (Excess)	<u>\$ (754,493)</u>	<u>\$ (577,793)</u>	<u>\$ (582,863)</u>	<u>\$ (884,130)</u>	<u>\$ (1,504,700)</u>	<u>\$ (771,667)</u>	<u>\$ (1,131,788)</u>	<u>\$ (1,092,032)</u>	<u>\$ (877,207)</u>	<u>\$ (941,342)</u>
Covered Employee Payroll	<u>\$ 2,333,811</u>	<u>\$ 2,379,277</u>	<u>\$ 2,264,481</u>	<u>\$ 2,355,636</u>	<u>\$ 2,237,555</u>	<u>\$ 2,262,366</u>	<u>\$ 2,163,159</u>	<u>\$ 2,118,794</u>	<u>\$ 1,935,541</u>	<u>\$ 2,004,917</u>
Contributions as a Percentage of Covered Employee Payroll	79.7%	74.5%	80.1%	81.0%	118.9%	85.0%	94.9%	92.5%	94.4%	94.8%

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - FIREMEN PENSION PLAN
December 31, 2023

	Measurement Year Ending									
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability										
Service cost (beginning of year)	\$ 615,448	\$ 531,749	\$ 521,102	\$ 488,658	\$ 498,976	\$ 404,948	\$ 386,585	\$ 297,936	\$ 283,749	\$ 309,161
Interest (includes interest on service cost)	1,624,194	1,729,745	1,679,565	1,548,160	1,424,535	1,339,858	1,298,964	1,291,173	1,257,827	1,241,072
Changes of benefit terms	-	-	-	1,209,412	45,419	-	-	-	-	-
Differences between expected and actual experience	(2,578,827)	-	1,269,628	-	314,861	-	(351,234)	-	(191,305)	-
Changes of assumptions	-	-	-	-	1,087,907	-	2,521,124	-	-	-
Benefit payments, including refunds of employee contributions	(1,527,376)	(1,369,882)	(1,312,938)	(1,162,156)	(1,127,589)	(1,087,694)	(1,062,247)	(1,093,163)	(1,128,494)	(1,092,404)
Net Change in Total Pension Liability	(1,866,561)	891,612	2,157,357	2,084,074	2,244,109	657,112	2,793,192	495,946	221,777	457,829
Total Pension Liability - beginning	28,777,805	27,886,193	25,728,836	23,644,762	21,400,653	20,743,541	17,950,349	17,454,403	17,232,626	16,774,797
Total Pension Liability - ending	26,911,244	28,777,805	27,886,193	25,728,836	23,644,762	21,400,653	20,743,541	17,950,349	17,454,403	17,232,626
Plan Fiduciary Net Position										
Contributions - employer	520,916	461,352	349,280	568,290	630,495	1,793,143	2,361,194	2,279,055	2,324,574	2,433,170
Contributions - employee	111,714	96,303	106,706	105,677	95,861	89,995	87,998	80,926	81,631	76,732
Net investment income	3,377,652	(4,391,387)	3,789,613	3,454,279	3,744,083	(989,305)	2,506,723	1,404,818	102,984	750,112
Benefit payments, including refunds of employee contributions	(1,527,376)	(1,369,882)	(1,312,938)	(1,162,156)	(1,127,589)	(1,087,694)	(1,062,247)	(1,093,163)	(1,128,494)	(1,092,404)
Administrative expense	(16,154)	(123,939)	(122,327)	(106,380)	(97,562)	(93,709)	(89,700)	(69,949)	(84,554)	(4,290)
Net Change in Plan Fiduciary Net Position	2,466,752	(5,327,553)	2,810,334	2,859,710	3,245,288	(287,570)	3,803,968	2,601,687	1,296,141	2,163,320
Total Plan Fiduciary Net Position - beginning	26,347,211	31,674,764	28,864,430	26,004,720	22,759,432	23,047,002	19,243,034	16,641,347	15,345,206	13,181,886
Total Plan Fiduciary Net Position - ending	28,813,963	26,347,211	31,674,764	28,864,430	26,004,720	22,759,432	23,047,002	19,243,034	16,641,347	15,345,206
Net Pension Liability - ending	\$ (1,902,719)	\$ 2,430,594	\$ (3,788,571)	\$ (3,135,594)	\$ (2,359,958)	\$ (1,358,779)	\$ (2,303,461)	\$ (1,292,685)	\$ 813,056	\$ 1,887,420

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY - FIREMEN PENSION PLAN (Continued)

December 31, 2023

	Measurement Year Ending									
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.1%	91.6%	113.6%	112.2%	110.0%	106.3%	111.1%	107.2%	95.3%	89.0%
Covered Employee Payroll	\$ 1,567,060	\$ 1,723,770	\$ 1,736,955	\$ 1,652,109	\$ 1,570,629	\$ 1,472,630	\$ 1,350,419	\$ 1,305,419	\$ 1,388,595	\$ 1,295,402
Net Pension Liability as a Percentage of Covered Employee Payroll	-121.4%	141.0%	-218.1%	-189.8%	-150.3%	-91.4%	-156.4%	-95.7%	58.6%	145.7%

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS - FIREMEN PENSION PLAN

December 31, 2023

An Actuarially Determined Contribution is a contribution amount determined in accordance with Actuarial Standards of Practice. The Actuarially Determined Contribution provided is based upon the Minimum Municipal Obligation as defined in Act 205 which confirms to these standards.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Schedule of Employer Pension Contributions Last 10 Measurement Years (if available)									
Annual required Contribution (ARC)	\$ 520,746	\$ 461,352	\$ 349,280	\$ 568,290	\$ 630,495	\$ 635,643	\$ 663,511	\$ 641,006	\$ 1,008,765	\$ 1,016,657
Contributions in Relation to the ADC*	520,916	463,379	349,280	568,290	630,495	1,793,143	2,361,194	2,279,055	2,324,574	2,433,170
Contributions Deficiency (Excess)	\$ (170)	\$ (2,027)	\$ -	\$ -	\$ -	\$ (1,157,500)	\$ (1,697,683)	\$ (1,638,049)	\$ (1,315,809)	\$ (1,416,513)
Covered Employee Payroll	\$ 1,567,060	\$ 1,723,770	\$ 1,736,955	\$ 1,652,109	\$ 1,570,629	\$ 1,472,630	\$ 1,350,419	\$ 1,305,419	\$ 1,388,595	\$ 1,295,402
Contributions as a Percentage of Covered Employee Payroll	33.2%	26.9%	20.1%	34.4%	40.1%	120.6%	160.3%	168.8%	167.4%	187.8%

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - OFFICERS AND EMPLOYEES PENSION PLAN
December 31, 2023

	Measurement Year Ending									
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability										
Service cost (beginning of year)	\$ 165,783	\$ 152,166	\$ 184,178	\$ 168,429	\$ 161,176	\$ 139,981	\$ 133,953	\$ 90,763	\$ 101,095	\$ 105,886
Interest (includes interest on service cost)	407,255	423,994	418,240	405,903	394,024	396,877	381,771	393,041	379,029	380,963
Changes of benefit terms	-	-	-	-	63,652	-	-	-	-	-
Differences between expected and actual experience	(400,916)	-	42,706	-	(298,965)	-	(437,924)	-	(228,342)	-
Changes of assumptions	-	-	-	-	201,592	-	817,337	-	-	-
Benefit payments, including refunds of employee contributions	(473,281)	(437,064)	(475,999)	(395,985)	(349,512)	(302,503)	(276,600)	(269,985)	(295,500)	(264,068)
Net Change in Total Pension Liability	(301,159)	139,096	169,125	178,347	171,967	234,355	618,537	213,819	(43,718)	222,781
Total Pension Liability - beginning	7,007,577	6,868,481	6,699,356	6,521,009	6,349,042	6,114,687	5,496,150	5,282,331	5,326,049	5,103,268
Total Pension Liability - ending	<u>6,706,418</u>	<u>7,007,577</u>	<u>6,868,481</u>	<u>6,699,356</u>	<u>6,521,009</u>	<u>6,349,042</u>	<u>6,114,687</u>	<u>5,496,150</u>	<u>5,282,331</u>	<u>5,326,049</u>
Plan Fiduciary Net Position										
Contributions - employer	466,114	235,427	163,234	115,939	121,304	113,937	62,073	60,410	102,991	107,424
Contributions - employee	68,423	66,347	60,995	64,887	60,346	59,452	56,369	65,452	55,475	68,125
Net investment income	855,200	(1,047,946)	911,430	834,442	920,005	(246,492)	676,692	407,151	33,315	289,812
Benefit payments, including refunds of employee contributions	(473,281)	(437,064)	(475,999)	(395,985)	(349,512)	(302,503)	(276,600)	(269,985)	(295,500)	(264,068)
Administrative expense	(10,035)	(32,517)	(38,096)	(32,632)	(33,365)	(31,522)	(26,040)	(27,750)	(33,675)	(3,895)
Net Change in Plan Fiduciary Net Position	906,421	(1,215,753)	621,564	586,651	718,778	(407,128)	492,494	235,278	(137,394)	177,398
Total Plan Fiduciary Net Position - beginning	6,374,233	7,589,986	6,988,422	6,381,771	5,662,993	6,070,121	5,577,627	5,342,349	5,479,743	5,302,348
Total Plan Fiduciary Net Position - ending	<u>7,280,654</u>	<u>6,374,233</u>	<u>7,589,986</u>	<u>6,968,422</u>	<u>6,381,771</u>	<u>5,662,993</u>	<u>6,070,121</u>	<u>5,577,627</u>	<u>5,342,349</u>	<u>5,479,746</u>
Net Pension Liability - ending	<u>\$ (574,236)</u>	<u>\$ 633,344</u>	<u>\$ (721,505)</u>	<u>\$ (269,066)</u>	<u>\$ 139,238</u>	<u>\$ 686,049</u>	<u>\$ 44,566</u>	<u>\$ (81,477)</u>	<u>\$ (60,018)</u>	<u>\$ (153,697)</u>

SEE AUDITOR'S REPORT AND THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY - OFFICERS AND EMPLOYEES PENSION PLAN (Continued)

December 31, 2023

	Measurement Year Ending									
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.6%	91.3%	110.5%	104.0%	97.9%	89.2%	99.3%	101.5%	101.1%	102.9%
Covered Employee Payroll	\$ 1,025,467	\$ 1,252,950	\$ 1,125,621	\$ 1,111,728	\$ 1,034,626	\$ 1,069,100	\$ 971,232	\$ 991,160	\$ 959,031	\$ 926,945
Net Pension Liability as a Percentage of Covered Employee Payroll	-56.0%	48.8%	-64.1%	-24.2%	13.5%	64.2%	4.6%	-8.2%	-6.3%	-16.6%

CITY OF WASHINGTON
WASHINGTON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS - OFFICER AND EMPLOYEES PENSION PLAN

December 31, 2023

An Actuarially Determined Contribution is a contribution amount determined in accordance with Actuarial Standards of Practice. The Actuarially Determined Contribution provided is based upon the Minimum Municipal Obligation as defined in Act 205 which conforms to these standards.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of Employer Pension Contributions Last 10 Measurement Years (if available)										
Annual required Contribution (ARC)	\$ 197,254	\$ 235,427	\$ 163,234	\$ 115,939	\$ 121,304	\$ 113,937	\$ 62,073	\$ 60,410	\$ 102,991	\$ 107,424
Contributions in Relation to the ADC*	466,114	260,819	163,234	115,939	121,304	113,937	62,073	60,410	102,991	107,424
Contributions Deficiency (Excess)	\$ (268,860)	\$ (25,392)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,025,467	\$ 1,252,950	\$ 1,125,621	\$ 1,111,728	\$ 1,034,626	\$ 1,069,100	\$ 971,232	\$ 991,160	\$ 959,031	\$ 926,945
Contributions as a Percentage of Covered Employee Payroll	45.5%	20.8%	14.5%	10.4%	11.7%	10.7%	6.4%	6.1%	10.7%	11.6%