

**CITY OF WASHINGTON**  
**WASHINGTON COUNTY, PENNSYLVANIA**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**CITY OF WASHINGTON  
WASHINGTON COUNTY, PENNSYLVANIA  
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To the Mayor and City Council  
of the City of Washington  
Washington County, Pennsylvania

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the City of Washington, Washington County, Pennsylvania, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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 Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis 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, 2019, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1-C.

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

### **Basis of Accounting**

We draw attention to Note 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 that matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii – ix, budget versus actual information on page 39 and pension information on pages 40 - 48 be presented to supplement the basic financial statements. Such information, 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 28, 2020

**CITY OF WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019. 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, 2019 by \$23,829,957 (Net Position) on a modified cash basis.
- During the year ended December 31, 2019, the City of Washington's net position increased by \$743,647. For the year ended December 31, 2019, the City's unrestricted net position increased by approximately \$576,905. During the year ended December 31, 2018, the City refinanced a portion of the General Obligation Bonds, Series 2012B, Series 2014A, and Series 2018. As a result of the refinancing, approximately \$1.3 million of the amount originally due during the year ended December 31, 2019 was paid during 2018.
- As of the year ended December 31, 2019, the City of Washington's governmental funds reported combined ending fund balances of \$4,474,321.
- The City of Washington's fiduciary funds reported an ending fund balance of \$62,083,445.
- Total long-term debt decreased by \$155,000 during the year. The outstanding long-term debt at December 31, 2019 was \$11,205,000.

**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, 2019**

**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, 2019**

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 \$23,829,957 as of December 31, 2019. 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, 2019 with comparative totals for the year ended December 31, 2018.

**City of Washington's Net Position**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Current Assets	\$ 4,537,397	\$ 3,045,563
Capital Assets	30,560,636	31,471,030
Total Assets	<u>\$ 35,098,033</u>	<u>\$ 34,516,593</u>
Current Liabilities	\$ 1,423,076	\$ 280,283
Long-Term Liabilities	9,845,000	11,150,000
Total Liabilities	<u>\$ 11,268,076</u>	<u>\$ 11,430,283</u>
Net Position		
Restricted for:		
Road Projects	\$ 220,422	\$ 289,248
Capital Projects	1,528,661	1,289,617
Transit Operations	76,074	74,455
Public Safety	47,994	49,905
Pension Obligations	82,031	85,215
Unrestricted:		
Invested in Capital Assets, net of related debt	23,390,636	24,206,030
Undesignated (deficit)	<u>( 1,515,861)</u>	<u>( 2,908,160)</u>
Total Net Position	<u>\$ 23,829,957</u>	<u>\$ 23,086,310</u>

**CITY OF WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

The governmental activities' current assets increased by \$1,491,834. During the year ended December 31, 2018, the City refinanced a portion of the General Obligation Bonds, Series 2012B, Series 2014A, and Series 2018. As a result of the refinancing, approximately \$1.3 million of the amount originally due during the year ended December 31, 2019 was paid during 2018. The governmental activities' current liabilities increased by \$1,142,792 to reflect the current portion of long-term debt due during the year ended December 31, 2020. Overall, the City's governmental activities had an increase in net position of \$743,647.

The following table provides a summary of the City's operations for the year ended December 31, 2019 with comparative totals for the year ended December 31, 2018.

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>		
Program Revenues		
Fees, Fines and Charges for Services	\$ 2,639,264	\$ 2,323,064
Operating Grants and Contributions	2,040,023	1,895,337
Capital Grants and Contributions	1,069,106	640,489
General Revenues:		
Taxes	11,892,795	11,272,962
Special Assessments	21,808	37,763
Licenses and Permits	332,288	315,226
Payments in Lieu of Taxes	101,273	98,861
Investment Earnings	100,481	78,798
Miscellaneous	<u>123,224</u>	<u>53,314</u>
Total Revenues	<u>18,320,262</u>	<u>16,715,814</u>
 <b>Program Expenses:</b>		
General Government and Administration	1,582,233	1,071,241
Public Safety	4,743,419	4,349,967
Public Works-Sanitation	848,552	849,559
Public Works-Highways/Roads/Streets	1,209,812	1,111,288
Public Works-Other	288,608	1,176,123
Culture-Recreation	386,901	456,956
Community Development	1,079,728	130,293
Debt Service	306,005	453,622
Employee Benefits	5,789,817	6,967,387
Depreciation	1,339,446	1,370,918
Miscellaneous	<u>2,094</u>	<u>98,189</u>
Total Expenses	<u>17,576,615</u>	<u>18,035,543</u>
Increase (decrease) in Net Position	<u>\$ 743,647</u>	<u>\$ (1,319,729)</u>

**CITY OF WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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, 2019, the City's combined governmental funds ending fund balance totaled \$4,474,321. The total combined fund balance increased \$1,499,041.

**Fiduciary Funds** – Fiduciary funds consist of assets held in a trustee capacity by the City of Washington for pension benefits. As of December 31, 2019, the fund balance of the fiduciary funds was \$62,083,445. The fund balance increased by \$9,935,243 during 2019, of which \$7,023,949 was attributed to the appreciation in the market.

**General Fund Budgetary Highlights**

The actual charges to appropriations were \$2,187,311 below the final budgeted amounts, primarily due to projects funded by grants, but neither the grant revenue nor expenses were budgeted. Pension contributions were higher than budgeted due to the collection of tax revenue collected during 2019, restricted specifically for pension contributions. Resources available for appropriation were \$1,183,947 below budgeted amounts, primarily due to grants budgeted but not received during the year ended December 31, 2019. As a result, the City reported a favorable variance of \$1,003,364 under budget. Please see the statement of revenues, expenditures and changes in fund balance budget versus actual on page 39 for further detail.

**CAPITAL ASSETS**

The City's investment in capital assets, for its governmental activities as of December 31, 2019 amounts to \$29,661,766, net of accumulated depreciation. Depreciation amounted to \$1,339,446 for the year ended December 31, 2019. As a result, the City's total capital assets decreased by approximately four percent (4%) from December 31, 2019.

**CITY OF WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**CAPITAL ASSETS - *Continued***

Capital Assets at Year End

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Infrastructure	\$ 7,414,122	\$ 7,414,122
Buildings and improvement	27,820,862	27,820,862
Vehicles and equipment	<u>16,024,472</u>	<u>15,982,782</u>
 Total	 51,259,456	 51,217,766
 Accumulated depreciation	 <u>(21,597,690)</u>	 <u>(20,258,244)</u>
 Total capital assets, net of accumulated depreciation	 <u>\$ 29,661,766</u>	 <u>\$ 30,959,522</u>

During December 31, 2018, the City began several stormwater infrastructure construction projects. At December 31, 2019, the City recognized \$898,870 in construction in progress related to these projects.

**DEBT ADMINISTRATION**

The City's long-term debt at December 31, 2019 totaled \$11,205,000. During the year ended December 31, 2019, the City also paid approximately \$155,000 toward the retirement of long-term debt. Total interest expense paid on long-term debt in 2019 was \$272,616.

**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, 2019, the Parking Authority had debt outstanding on the Series 2019, Refunding Note of \$1,966,000.

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, 2019, the City was required to pay \$25,000 towards this debt.

**CITY OF WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**CONTINGENCIES – *Continued***

During 2017, an apartment building partially collapsed requiring the City of Washington to obtain an "Emergency Motion for Demolition" Court Order. The Court Order imposes a lien on the property for the costs of the demolition. A third-party was contracted to perform the demolition services. Costs associated with the demolition totaling approximately \$800,000 were paid by the property owner's insurance company. The additional costs billed by the third-party is currently in litigation to determine the amount, if any, the City of Washington will have to pay the third-party contractor.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget, including the economy and inflation. The City anticipates revenues for 2019 to remain relatively consistent with 2020. Increases in salaries and wages, pension contributions, debt service, and stormwater improvement projects are the largest expected increased expenses.

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 as a result 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, 2019**

		<u>Governmental Activities</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents		\$ 4,537,397
Capital assets, net of depreciation		29,661,766
Other assets:		
Construction in progress		<u>898,870</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 35,098,033</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Long-term debt - portion due within one year		\$ 1,360,000
Other current liabilities		<u>63,076</u>
Total current liabilities		1,423,076
Long-term liabilities:		
Long-term debt - less portion due within one year		<u>9,845,000</u>
<b>TOTAL LIABILITIES</b>		<u>11,268,076</u>
<b>NET POSITION</b>		
Restricted for:		
Road projects		220,422
Capital projects		1,528,661
Transit operations		76,074
Public safety		47,994
Pension obligations		82,031
Unrestricted:		
Invested in capital assets, net of related debt	\$ 23,390,636	
Undesignated (deficit)	<u>(1,515,861)</u>	<u>21,874,775</u>
<b>TOTAL NET POSITION</b>		<u>23,829,957</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>		<u><u>\$ 35,098,033</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, 2019

Total Combined Governmental Fund Balances (Page 5)	\$ 4,474,321
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	30,560,636
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	(1,360,000)
Due in more than one year	<u>(9,845,000)</u>
Total Net Position- Governmental Activities (Page 1)	<u>\$ 23,829,957</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, 2019**

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	\$ 1,582,233	\$ 95,902	\$ 256,692	\$ -	\$ 352,594	\$ (1,229,639)
Public Safety	4,743,419	882,293	20,442	-	902,735	(3,840,684)
Public Works-Sanitation	848,552	1,091,107	-	-	1,091,107	242,555
Public Works-Highways/Roads/Streets	1,209,812	-	896,590	-	896,590	(313,222)
Public Works-Other	288,608	451,171	-	-	451,171	162,563
Culture/Recreation	386,901	118,791	-	-	118,791	(268,110)
Community development	1,079,728	-	-	1,069,106	1,069,106	(10,622)
Debt service	306,005	-	205,300	-	205,300	(100,705)
Municipal pension contributions	3,414,887	-	660,999	-	660,999	(2,753,888)
Other employee benefits	2,374,930	-	-	-	-	(2,374,930)
Depreciation	1,339,446	-	-	-	-	(1,339,446)
Miscellaneous	2,094	-	-	-	-	(2,094)
<b>Total Governmental Activities</b>	<b>17,576,615</b>	<b>2,639,264</b>	<b>2,040,023</b>	<b>1,069,106</b>	<b>5,748,393</b>	<b>(11,828,222)</b>
General Revenues:						
Taxes						11,892,795
Special Assessments						21,808
Licenses and permits						332,288
Payments in lieu of taxes						101,273
Investment earnings						100,481
Miscellaneous						123,224
<b>Total General Revenues</b>						<b>12,571,869</b>
<b>CHANGE IN NET POSITION</b>						<b>743,647</b>
<b>NET POSITION - beginning of the year</b>						<b>23,086,310</b>
<b>NET POSITION - end of the year</b>						<b>\$ 23,829,957</b>

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, 2019

Net change in fund balances-total governmental funds (Page 6)	\$ 1,499,041
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.	
	429,052
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.	
	(1,339,446)
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	<u>155,000</u>
Change in fund balance of governmental activities (Page 3)	<u><u>\$ 743,647</u></u>

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, 2019

	GENERAL FUND	GENERAL RESERVE FUND	ACT 205 DISTRESSED PENSION FUND	STORMWATER IMPROVEMENT FUND	CAPITAL IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>							
Cash & cash equivalents	\$1,099,525	\$480,637	\$82,031	\$974,954	\$336,934	\$1,563,316	\$4,537,397
<b>TOTAL ASSETS</b>	<u>\$1,099,525</u>	<u>\$480,637</u>	<u>\$82,031</u>	<u>\$974,954</u>	<u>\$336,934</u>	<u>\$1,563,316</u>	<u>\$4,537,397</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Payroll withholdings	\$-	\$-	\$-	\$-	\$-	\$21,116	\$21,116
Other liabilities	2,296	-	-	-	-	39,664	41,960
<b>TOTAL LIABILITIES</b>	<u>2,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,780</u>	<u>63,076</u>
<b>FUND BALANCES:</b>							
Fund balance	1,097,229	480,637	82,031	974,954	336,934	1,502,536	4,474,321
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$1,099,525</u>	<u>\$480,637</u>	<u>\$82,031</u>	<u>\$974,954</u>	<u>\$336,934</u>	<u>\$1,563,316</u>	<u>\$4,537,397</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, 2019

	ACT 205						
	GENERAL FUND	GENERAL RESERVE FUND	DISTRESSED PENSION FUND	STORMWATER IMPROVEMENT FUND	CAPITAL IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>							
Taxes	\$ 9,425,391	\$ -	\$ 2,419,843	\$ -	\$ -	\$ 47,561	\$ 11,892,795
Special assessments	-	-	-	-	-	21,808	21,808
Licenses and permits	332,288	-	-	-	-	-	332,288
Fines and forfeits	123,886	-	-	-	-	-	123,886
Interest, rents & royalties	28,595	7,357	18,406	14,797	4,001	27,325	100,481
Grants	1,282,782	-	-	-	-	1,801,784	3,084,566
Intergovernmental revenues	119,216	-	-	-	-	-	119,216
Contributions and donations	1,000	-	-	-	-	5,620	6,620
Charges for services	2,503,784	-	-	-	-	11,594	2,515,378
Miscellaneous revenues	32,902	-	-	-	-	90,322	123,224
Proceeds from short term debt	1,000,000	-	-	-	-	-	1,000,000
<b>TOTAL REVENUES</b>	14,849,844	7,357	2,438,249	14,797	4,001	2,006,014	19,320,262
<b>EXPENDITURES</b>							
General government	1,211,239	-	-	-	28,297	342,697	1,582,233
Public safety	4,695,929	-	-	-	37,105	10,385	4,743,419
Public works-sanitation	837,032	-	-	-	-	11,520	848,552
Public works-highways/roads/streets	605,764	-	-	386,862	43,488	602,750	1,638,864
Public works-other	190,530	-	-	-	-	98,078	288,608
Culture/recreation	306,572	-	-	-	4,076	76,253	386,901
Community development	1,069,106	-	-	-	-	10,622	1,079,728
Debt service - principal	155,000	-	-	-	-	-	155,000
Debt service - interest and fiscal agent fees	306,005	-	-	-	-	-	306,005
Debt service - short term debt repayment	1,000,000	-	-	-	-	-	1,000,000
Municipal pension contributions	973,454	-	2,441,433	-	-	-	3,414,887
Other employee benefits	2,374,930	-	-	-	-	-	2,374,930
Miscellaneous	-	-	-	500	-	1,594	2,094
<b>TOTAL EXPENDITURES</b>	13,725,561	-	2,441,433	387,362	112,966	1,153,899	17,821,221
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	1,124,283	7,357	(3,184)	(372,565)	(108,965)	852,115	1,499,041
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund transfers in	714,535	261,349	-	600,000	-	249,974	1,825,858
Interfund transfers out	(1,075,007)	(25,500)	-	-	-	(725,351)	(1,825,858)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(360,472)	235,849	-	600,000	-	(475,377)	-
<b>NET CHANGE IN FUND BALANCE</b>	763,811	243,206	(3,184)	227,435	(108,965)	376,738	1,499,041
<b>FUND EQUITY - beginning of the year</b>	333,418	237,431	85,215	747,519	445,899	1,125,798	2,975,280
<b>FUND EQUITY - end of the year</b>	\$ 1,097,229	\$ 480,637	\$ 82,031	\$ 974,954	\$ 336,934	\$ 1,502,536	\$ 4,474,321

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, 2019

	<u>PENSION FUNDS</u>
<b><u>ASSETS</u></b>	
Investments	<u>62,083,445</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 62,083,445</u></u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>LIABILITIES:</b>	
Payroll withholdings	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>
<b>FUND BALANCES:</b>	
Restricted for pension benefits	62,083,445
Unrestricted	<u>-</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u><u>\$ 62,083,445</u></u></b>

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, 2019**

		<u><b>PENSION FUNDS</b></u>
<b><u>ADDITIONS</u></b>		
Contributions:		
Employee members	\$ 386,047	
Employer	<u>3,414,887</u>	\$ 3,800,934
Investment income:		
Interest and dividends	\$ 1,923,505	
Net appreciation in investment fair market value	<u>7,023,949</u>	<u>8,947,454</u>
<b>TOTAL ADDITIONS</b>		<u><b>12,748,388</b></u>
<b><u>DEDUCTIONS</u></b>		
Pension benefits paid		2,590,447
Administrative expenses		<u>222,698</u>
<b>TOTAL DEDUCTIONS</b>		<u><b>2,813,145</b></u>
<b>INCREASE IN NET ASSETS</b>		9,935,243
<b>NET ASSETS - beginning of the year</b>		<u>52,148,202</u>
<b>NET ASSETS - end of the year</b>		<u><u><b>\$ 62,083,445</b></u></u>

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

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019**

**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, 2019**

**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) Stormwater Improvement Fund
- D) Capital Improvements Fund
- E) Other Governmental Funds
  - Liquid Fuels Fund
  - Marcellus Shale Impact Fund
  - Fire Damage Escrow Fund
  - Police Evidence Fund
  - Purchase of Buses and Equipment Fund
  - Payroll Fund
  - U.S. Justice Capital Equipment Fund
  - Park Development Fund
  - TIF Revenue Fund
  - Fire Capital Purchase Fund
  - Municipal Pension State Aid Fund
  - Elm Street Grant Fund
  - Insurance Claims Fund
  - Forfeited Property Fund
  - State Forfeited Property Fund
  - Rental Registration Fund
  - DNCR Multi-Municipal Recreation Plan Fund
  - Catfish Creek Project Fund
  - Contingency Holding Fund
  - DCED Multi-Municipal Zoning Fund
  - North Central Highway Safety Fund
  - Recycling Performance Grant Fund
  - Police Department Purchase Fund
  - Mass Transit Fund
  - Park Renovations Fund
  - PEMA Fire Fund
  - Growing Greener Fund
  - Recycling Drop Off Grant Fund
  - Downtown Revitalization Fund
  - Local Shares Assessment Fund
  - Citizens Library HVAC Fund
  - Park Pavilion Fund
  - EIP Financial Upgrade Fund
  - RCAP – W&J Fund

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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 Administration Pension Fund – The Officers and Administration 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, 2019 was \$1,339,446. 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, 2019**

**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 28, 2020, 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, 2019, the carrying amount of the City's governmental fund deposits was \$4,537,397. The bank balance was \$4,552,111. 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>Bank Value</u>	<u>Carrying Value</u>	<u>Market Value</u>
General Fund	\$ 250,000	\$ -	\$ 849,525	\$1,096,640	\$1,099,525	\$1,099,525
Special Revenue Funds	-	-	2,882,315	2,894,099	2,882,315	2,882,315
Capital Projects Funds	-	-	<u>555,557</u>	<u>561,372</u>	<u>555,557</u>	<u>555,557</u>
Total Deposits	<u>\$250,000</u>	<u>\$ -</u>	<u>\$4,287,397</u>	<u>\$4,552,111</u>	<u>\$4,537,397</u>	<u>\$4,537,397</u>

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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 2019 was \$546,704,111. The City's tax rate for 2019 was 38.71 mills on land and 4.03 mills on buildings for a total levy of \$6,997,864 and was payable as follows:

- At discount of 2% until March 31, 2019
- At face until May 31, 2019
- At penalty of 10% after May 31, 2019
- Unpaid property taxes for 2019 were liened on January 15, 2020.

**NOTE 4 – GRANT REVENUE**

The City of Washington received the following grants during the year ended December 31, 2019:

A) State Grants:

The following amounts represent grants provided by the Commonwealth of Pennsylvania during the year ended December 31, 2019.

Pennsylvania Ad Hoc Retirement	\$ 5,575	
General Municipal Pension System State Aid	655,424	
Municipal Liquid Fuels	442,106	
Local Share Assessments	161,630	
Marcellus Shale Impact	290,053	
Pennsylvania Multi-Municipal Zoning	125,000	
Pennsylvania EIP Financial Upgrade	113,749	
Law Enforcement	2,801	
PEMA Fire	13,822	
Economic Development Pass-Through Grant	<u>1,069,106</u>	
 Total state grants received during the year ended December 31, 2019		 2,879,266

A) County Grants:

Debt Service payments made by the Redevelopment Authority of Washington County	<u>\$ 205,300</u>
 Total grant revenue received during the year ended December 31, 2019	 <u>\$3,084,566</u>

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019 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	\$ 1,656,599
B. U.S. Government and Agency Securities	14,905,734
C. Corporate Debt	6,129,319
D. Corporate Stock - Common	11,215,049
E. Registered Investment Companies	25,716,963
F. Multi-Employer Property Trust	<u>2,459,781</u>
Total	<u>\$62,083,445</u>

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS – (Continued)**

The activity of each plan is presented in the fund financial statements under the Fiduciary Fund. 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, 2019. 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, 2019.

*Plan Membership:* The plan provides pensions for full-time police officers of the City. As of December 31, 2018, pension plan membership consists of:

• Active employees	31
• Retirees and beneficiaries currently receiving benefits	36
• Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
<b>Total</b>	<b><u>67</u></b>

**2. Benefit Provisions**

Pension plan benefit provisions are as follows:

**Eligibility Requirements**

**Normal Retirement:** For participants hired before January 1, 1994, age 50 and 20 years of continuous service. For participants hired after December 31, 1993, 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 final monthly average salary plus service increment, if any. For participants hired after January 1, 2019, the pension benefit will be capped at 65 percent of base pay.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019**

**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. Changes in Net Pension Liability**

Information regarding the net pension liability of the police pension plan was not available as of December 31, 2019. The table below shows the changes in the total pension liability, the plan fiduciary net position, and the net pension liability for the two-year period ended December 31, 2018.

	<u>2017</u>	<u>2018</u>	<u>Total</u>
<u>Total Pension Liability:</u>			
Normal cost	\$ 690,455	\$ 648,870	\$1,339,325
Assumed administrative expense	84,752	88,990	173,742
Interest at valuation rate	-	-	652,860
Contributions – employer	(2,052,419)	(1,922,382)	(3,974,801)
Contributions – employee	(163,728)	(173,461)	(337,189)
Differences between expected and actual experience			832
Changes of assumptions			1,451,495
Benefit modifications			<u>1,142,311</u>
Change in pension liability			448,575
Total pension liability – beginning			<u>3,731,397</u>
Total pension liability – ending			<u>\$4,179,972</u>

This report does not reflect changes in benefits or assumptions after December 31, 2018. Because the beginning and end of year total pension liability are based upon the same actuarial valuation dates, there is no difference between expected and actual results reported this year, per GASB 68 paragraph 22.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

**4. Changes in Net Pension Liability—Continued**

The beginning balance at December 31, 2016 is based upon the January 1, 2017 actuarial valuation, with liabilities measured at December 31, 2016. The end of the year total pension liability is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2018 reflecting the impact of the assumption changes.

**5. Reconciliation of Funded Status**

Information regarding the funded status of the police pension was not available as of December 31, 2019. The following table details the funded status of the police pension plan as of January 1, 2019, the most recent valuation date:

Actuarial value of assets at January 1, 2019		\$ 25,254,866
Actuarial accrued liability:		
Retirement benefits	\$32,757,931	
Disability benefits	1,644,405	
Survivor benefits	1,524,068	
Death benefits	61,256	
Vested benefits	<u>149,601</u>	
	36,137,261	
Present value of future Normal costs	<u>(6,702,423)</u>	<u>(29,434,838)</u>
Excess of assets over liability		<u>(\$4,179,972)</u>
Funded ratio		85.8%

Changes in the investment rate of return affect the measurement of the actuarial accrued liability. Because the investment rate of return does not affect the measurement of assets, the percentage change in the net pension liability can be very significant for a relatively small change in the investment rate of return. The sensitivity of the net pension liability to the investment rate of return with two additional measures, plus and minus one percent from the actuarial assumption is shown below:

<u>Sensitivity Analysis</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Interest rate	5.25%	6.25%	7.25%
Normal cost	\$ 1,020,295	\$ 800,689	\$ 635,143
Actuarial accrued liability	33,524,998	29,434,838	26,107,969
Actuarial value of assets	<u>(25,254,866)</u>	<u>(25,254,866)</u>	<u>(25,254,866)</u>
Net pension liability	<u>\$ 8,270,132</u>	<u>\$ 4,179,972</u>	<u>\$ 853,103</u>

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

**5. Reconciliation of Funded Status (continued)**

The Minimum Municipal Obligation (MMO) of the firemen pension plan is based on the normal cost percentage and other components shown below. The normal cost percentage is applied to the estimated payroll of the members for the applicable budget year.

Normal Cost for the year ended December 31, 2018	\$ 800,689
Total annualized 2018 payroll	2,262,366
Normal costs percentage	35.392%
Administrative expense (as a percent of payroll)	<u>4.200%</u>
Gross normal costs	39.592%

**6. Actuarial Methods and Assumptions**

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age
Asset valuation method	4 year smoothing
Amortization method	Level dollar
Aggregate remaining amortization period (years)	7
Actuarial assumptions:	
Investment rate of return	6.25%
Projected salary increases	4.75%
Underlying inflation rate	3.00%

**7. Source of Asset Information**

Asset information was furnished by PNC Institutional Investments. The Market Value of assets at December 31, 2018 for the police pension plan was \$23,978,938.

**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, 2012. 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, 2019.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

1. Plan Description—Continued

*Plan Membership:* The Plan provides pensions for full-time firefighters of the City. As of December 31, 2018, pension plan membership consists of:

• Active employees	22
• Retirees and beneficiaries currently receiving benefits	31
• Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
<b>Total</b>	<b><u>53</u></b>

2. Benefit Provisions

Pension plan benefit provisions are as follows:

Eligibility Requirements

**Normal Retirement:** For participants hired before January 1, 1980, 20 years of continuous service. For participants hired after December 31, 1979 and before January 1, 1994, age 50 and 20 years of continuous service. For participants hired after December 31, 1993, age 53 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.

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.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

**2. Benefit Provisions (Continued)**

**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: 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.

**Member Contributions**

Amount or Rate: 5 percent of compensation plus \$4 per month for participant hired prior to January 1, 2003. 6.5 percent plus \$4 per month for participants hired on or after January 1, 2003. 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 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.

*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 contributed five percent (5%) of covered payroll to the Plan plus \$4 per month if hired before January 1, 2003 and six and one-half percent (6.5%) of covered payroll plus \$4 per month if hired on or after January 1, 2003. This contribution is governed by the Plan's governing ordinances and collective bargaining.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

3. Summary of Significant Accounting Policies (Continued)

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. Changes in Net Pension Liability

Information regarding the net pension liability of the firemen pension plan was not available as of December 31, 2019. The table below shows the changes in the total pension liability, the plan fiduciary net position, and the net pension liability for the two-year period ended December 31, 2018.

	<u>2017</u>	<u>2018</u>	<u>Total</u>
<u>Total Pension Liability:</u>			
Normal cost	\$ 386,585	\$ 404,949	\$791,533
Assumed administrative expense	75,623	79,215	154,838
Interest at valuation rate	-	-	147,136
Contributions – employer	(2,361,194)	(1,793,143)	(4,154,337)
Contributions – employee	(87,998)	(89,995)	(177,993)
Differences between expected and actual experience			592,912
Changes of assumptions			<u>1,087,907</u>
Change in pension liability			(1,558,004)
Total pension liability – beginning			<u>399,522</u>
Total pension liability – ending			<u><u>\$(1,158,482)</u></u>

This report does not reflect changes in benefits or assumptions after December 31, 2018. Because the beginning and end of year total pension liability are based upon the same actuarial valuation dates, there is no difference between expected and actual results reported this year, per GASB 68 paragraph 22. The beginning balance at December 31, 2016 is based upon the January 1, 2017 actuarial valuation, with liabilities measured at December 31, 2016. The end of the year total pension liability is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2018 reflecting the impact of the assumption changes.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

**5. Reconciliation of Funded Status**

Information regarding the funded status of the police pension was not available as of December 31, 2019. The following table details the funded status of the police pension plan as of January 1, 2019, the most recent valuation date:

Actuarial value of assets at January 1, 2019		\$ 23,961,903
Actuarial accrued liability:		
Retirement benefits	\$26,141,326	
Disability benefits	307,278	
Survivor benefits	1,377,039	
Death benefits	19,788	
Vested benefits	<u>38,139</u>	
	27,883,570	
Present value of future		
Normal costs	<u>(5,080,149)</u>	<u>(22,803,421)</u>
Excess of assets over liability		<u>\$ 1,158,482</u>
Funded ratio		105.1%

Changes in the investment rate of return affect the measurement of the actuarial accrued liability. Because the investment rate of return does not affect the measurement of assets, the percentage change in the net pension liability can be very significant for a relatively small change in the investment rate of return. The sensitivity of the net pension liability to the investment rate of return with two additional measures, plus and minus one percent from the actuarial assumption is shown below:

<u>Sensitivity Analysis</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Interest rate	5.25%	6.25%	7.25%
Normal cost	\$ 644,422	\$ 498,976	\$ 389,618
Actuarial accrued liability	25,894,115	22,803,421	20,270,609
Actuarial value of assets	<u>(23,961,903)</u>	<u>(23,961,903)</u>	<u>(23,961,903)</u>
Net pension liability	<u>\$ 1,932,212</u>	<u>(\$ 1,158,482)</u>	<u>(\$ 3,691,294)</u>

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

**5. Reconciliation of Funded Status (continued)**

The Minimum Municipal Obligation (MMO) of the firemen pension plan is based on the normal cost percentage and other components shown below. The normal cost percentage is applied to the estimated payroll of the members for the applicable budget year.

Normal Cost for the year ended December 31, 2018	\$ 498,976
Total annualized 2018 payroll	1,486,424
Normal costs percentage	33.569%
Administrative expense (as a percent of payroll)	<u>6.200%</u>
Gross normal costs	39.769%
Funding Adjustment	(115,848)

**6. Actuarial Methods and Assumptions**

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age
Asset valuation method	4 year smoothing
Amortization method	Level dollar
Aggregate remaining amortization period (years)	7
Actuarial assumptions:	
Investment rate of return	6.25%
Projected salary increases	4.75%
Underlying inflation rate	3.00%

**7. Source of Asset Information**

Asset information was furnished by PNC Institutional Investments. The Market Value of assets at December 31, 2018 for the firemen pension plan was \$22,759,432.

**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, 1993. 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, 2019.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

1. Plan Description – Continued

*Plan Membership:* The plan provides pensions for elected officials or full-time non-uniformed employees of the City. As of December 31, 2018, pension plan membership consists of:

• Active employees	31
• Retirees and beneficiaries currently receiving benefits	20
• Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
<b>Total</b>	<b><u>51</u></b>

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.

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.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

2. Benefit Provisions – Continued

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.

*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.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

3. Summary of Significant Accounting Policies – Continued

*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. Changes in Net Pension Liability

Information regarding the net pension liability of the firemen pension plan was not available as of December 31, 2019. The table below shows the changes in the total pension liability, the plan fiduciary net position, and the net pension liability for the two-year period ended December 31, 2018.

	<u>2017</u>	<u>2018</u>	<u>Total</u>
<u>Total Pension Liability:</u>			
Normal cost	\$ 133,953	\$ 139,981	\$273,934
Assumed administrative expense	29,735	31,073	60,808
Interest at valuation rate	-	-	45,990
Contributions – employer	(62,073)	(113,937)	(176,010)
Contributions – employee	(56,369)	(59,452)	(115,821)
Differences between expected and actual experience			(111,377)
Changes of assumptions			<u>201,592</u>
Change in pension liability			179,116
Total pension liability – beginning			<u>96,109</u>
Total pension liability – ending			<u>\$275,225</u>

This report does not reflect changes in benefits or assumptions after December 31, 2018. Because the beginning and end of year total pension liability are based upon the same actuarial valuation dates, there is no difference between expected and actual results reported this year, per GASB 68 paragraph 22. The beginning balance at December 31, 2016 is based upon the January 1, 2017 actuarial valuation, with liabilities measured at December 31, 2016. The end of the year total pension liability is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2018 reflecting the impact of the assumption changes.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

**5. Reconciliation of Funded Status**

Information regarding the funded status of the police pension was not available as of December 31, 2019. The following table details the funded status of the police pension plan as of January 1, 2019, the most recent valuation date:

Actuarial value of assets at January 1, 2019		\$ 5,976,444
Actuarial accrued liability:		
Retirement benefits	\$7,416,207	
Disability benefits	174,049	
Survivor benefits	281,832	
Vested benefits	<u>61,249</u>	
	7,933,337	
Present value of future		
Normal costs	<u>(1,681,668)</u>	( 6,251,669)
Excess (deficit) of assets over liability		<u>(\$1,158,482)</u>
Funded ratio		95.6%

Changes in the investment rate of return affect the measurement of the actuarial accrued liability. Because the investment rate of return does not affect the measurement of assets, the percentage change in the net pension liability can be very significant for a relatively small change in the investment rate of return. The sensitivity of the net pension liability to the investment rate of return with two additional measures, plus and minus one percent from the actuarial assumption is shown below:

<u>Sensitivity Analysis</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Interest rate	5.25%	6.25%	7.25%
Normal cost	\$ 199,547	\$ 161,176	\$ 131,027
Actuarial accrued liability	6,935,967	6,251,669	5,673,456
Actuarial value of assets	<u>(5,976,444)</u>	<u>(5,976,444)</u>	<u>(5,976,444)</u>
Net pension liability	<u>\$ 959,523</u>	<u>\$ 275,225</u>	<u>(\$ 302,988)</u>

The Minimum Municipal Obligation (MMO) of the firemen pension plan is based on the normal cost percentage and other components shown below. The normal cost percentage is applied to the estimated payroll of the members for the applicable budget year.

Normal Cost for the year ended December 31, 2018	\$ 161,176
Total annualized 2018 payroll	1,069,100
Normal costs percentage	15.076%
Administrative expense (as a percent of payroll)	<u>2.700%</u>
Gross normal costs	17.776%

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 – PENSION PLANS (Continued)**

6. Actuarial Methods and Assumptions

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age
Asset valuation method	4 year smoothing
Amortization method	Level dollar
Aggregate remaining amortization period (years)	7
Actuarial assumptions:	
Investment rate of return	6.25%
Projected salary increases	4.75%
Underlying inflation rate	3.00%

7. Source of Asset Information

Asset information was furnished by PNC Institutional Investments. The Market Value of assets at December 31, 2018 for the officers and employees pension plan was \$5,662,993.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance <u>January 1</u>	<u>Additions</u>	<u>Disposals</u>	Ending Balance <u>December 31</u>
Infrastructure	\$ 7,414,122	\$ -	\$ -	\$ 7,414,122
Buildings & Improvements	27,820,862	-	-	27,820,862
Equipment	<u>15,982,782</u>	<u>41,690</u>	-	<u>16,024,472</u>
	51,217,766	-	-	51,259,456
Accumulated Depreciation	<u>(20,258,244)</u>	<u>(1,339,446)</u>	-	<u>(21,597,690)</u>
	30,959,522	(1,339,446)	-	29,661,766
Construction in Progress	<u>511,508</u>	<u>387,362</u>	-	<u>898,870</u>
Net Capital Assets	<u>\$31,471,030</u>	<u>\$ ( 952,084)</u>	<u>\$ -</u>	<u>\$ 30,560,636</u>

Depreciation expense for the year was \$1,339,446.

Construction in progress of \$898,870 as of December 31, 2019 represents the costs associated with the stormwater infrastructure construction projects within the City.

**NOTE 7 – TAX ANTICIPATION LOAN**

In January 2019 the City received a short-term tax anticipation loan of \$1,000,000. The full \$1,000,000 was repaid in December 2019 along with interest of \$29,003.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 - LONG TERM DEBT**

Long-term debt consisted of the following as of December 31, 2019:

**A) Title of Issue: City of Washington - General Obligation Bonds - Series of 2012B**

On June 7, 2012, the City of Washington refinanced \$4,417,716 of the 2002 General Obligation Bonds and \$727,211 of the PennVest General Obligation Note to take advantage of lower interest rates. The old interest rate was between 1.601 and 5.860 percent, while the interest rate on the new issuance is between 2.000 and 2.700 percent. The proceeds from the refinanced bonds totaled \$5,315,000. The refinanced debt has a maturity date of September 1, 2023. During 2017, \$2,120,000 of this debt was refinanced as part of the General Obligation Bonds, Series 2017. During 2018, \$210,000 of this debt was refinanced as part of the General Obligation Notes, Series 2018. In addition, the Redevelopment Authority provided \$77,906 towards this debt, which is treated by the City as a contribution from other governmental entities.

Original Date of Issue:	June 7, 2012
Maturity Date of Issue:	September 1, 2020
Annual Interest Rate:	2.0% - 2.7%
Amount of Original Issue:	\$ 5,315,000
Principal Amount Retired During Year:	\$ 95,000
Principal Amount Outstanding at December 31, 2019:	\$ 315,000
Total interest paid during year	\$ 5,326

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

On December 22, 2014, the City of Washington refinanced \$2,875,000 of the General Obligation Pension Bonds, Series of 2005A and \$3,220,000 of the General Obligation Bonds, Series of 2005B to take advantage of lower interest rates. The old interest rate was between 3.000 and 5.100 percent, while the interest rate on the new issuance is between 1.188 and 3.325 percent. The proceeds from the refinanced bonds totaled \$6,475,000. The refinanced debt has a maturity date of September 1, 2021. During 2018, \$1,095,000 of this debt was refinanced as part of the General Obligation Notes, Series 2018. During 2019, the Redevelopment Authority provided \$127,394 towards this debt, which is treated by the City as a contribution from other governmental entities.

Original Date of Issue:	December 22, 2014
Maturity Date of Issue:	September 1, 2021
Annual Interest Rate:	1.188% - 3.325%
Amount of Original Issue:	\$ 6,475,000
Principal Amount Retired During Year:	\$ 60,000
Principal Amount Outstanding at December 31, 2019:	\$ 2,085,000
Total interest paid during year	\$ 67,394

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 - LONG TERM DEBT - (Continued)**

**C) 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:	\$ -0-
Principal Amount Outstanding at December 31, 2019:	\$ 2,340,000
Total interest paid during year	\$ 61,194

**D) 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:	\$ -0-
Principal Amount Outstanding at December 31, 2019:	\$ 4,795,000
Total interest paid during year	\$ 93,486

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 - LONG TERM DEBT - (Continued)**

**E) 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:	\$ -0-
Principal Amount Outstanding at December 31, 2019:	\$ 1,670,000
Total interest paid during year	\$ 45,216

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

	<b>General Obligation Bond Series 2012B</b>		<b>General Obligation Bond Series 2014A</b>	
Year Ended December 31,	Principal	Interest	Principal	Interest
2020	\$150,000	\$ 6,694	\$1,175,000	\$65,801
2021	<u>165,000</u>	<u>4,794</u>	<u>910,000</u>	<u>30,258</u>
Total	<u>\$315,000</u>	<u>\$11,488</u>	<u>\$2,085,000</u>	<u>\$96,059</u>

  

	<b>General Obligation Bond Series 2014B</b>		<b>General Obligation Bond Series 2017</b>	
Year Ended December 31,	Principal	Interest	Principal	Interest
2020	\$ -	\$ 61,194	\$ 30,000	\$ 96,300
2021	185,000	61,194	470,000	95,300
2022	530,000	58,500	1,080,000	68,720
2023	725,000	42,656	915,000	64,600
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>\$2,340,000</u>	<u>\$247,949</u>	<u>\$4,795,000</u>	<u>\$403,026</u>

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 - LONG TERM DEBT - (Continued)**

**General Obligation Bond  
Series 2018**

Year Ended December 31,	Principal	Interest
2020	\$ 5,000	\$ 66,713
2021	5,000	66,530
2022	5,000	66,348
2023	5,000	66,165
2024	5,000	65,983
2025-2026	<u>1,645,000</u>	<u>123,599</u>
<b>Total</b>	<b><u>\$1,670,000</u></b>	<b><u>\$455,338</u></b>

**Total of all Long-Term Debt**

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>
2020	1,360,000	296,702
2021	1,735,000	258,076
2022	1,615,000	193,568
2023	1,645,000	173,421
2024	1,680,000	136,088
2025-2026	<u>3,170,000</u>	<u>156,005</u>
	<b><u>\$ 11,205,000</u></b>	<b><u>\$1,213,860</u></b>

**Recap of 2019 Long-Term Debt Activity**

Outstanding Long-Term Debt 1/1/19	\$11,360,000
(-) Repayment of Principal in 2019	<u>(155,000)</u>
Outstanding Long-Term Debt 12/31/19	<b><u>\$11,205,000</u></b>
Total Interest paid on long-term debt during 2019 was	<b><u>\$ 272,616</u></b>

**NOTE 9 – 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.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 10 - 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, 2019:

- A) 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 \$25,000 toward the Parking Authority debt during 2019. At December 31, 2019, the Parking Authority had debt outstanding on the Series 2019, Refunding Note of \$1,966,000.
  
- B) On July 12, 2017, an apartment building partially collapsed requiring rescue workers to be onsite for more than nine hours. The City of Washington received an "Emergency Motion for Demolition" Court Order to begin the demolition of the building. The Court Order imposes a lien on the property for the costs of the demolition. A third-party was contracted to perform the demolition services. Costs associated with the demolition totaling approximately \$800,000 were paid by the property owner's insurance company. The third-party has billed additional costs of \$600,000 to the City for work performed but not paid by the property owner or his insurance company. The City maintains the property owner is responsible for these additional costs and has not agreed to pay the amount invoiced.

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 11 – SUBSEQUENT EVENTS**

During March 2020, the City was impacted by the worldwide coronavirus pandemic (COVID-19). Management is monitoring the City's operations, liquidity, and capital resources as it begins to assess the magnitude of COVID-19 and minimize the effect on its operations. As of September 28, 2020, the impact of COVID-19 on the City's operations and financial position is not known.

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019 from its most recent audited financial statements.

Total Assets		
Current assets	\$ 387,068	
Other assets	520	
Fixed assets, net	<u>9,454,279</u>	<u>\$ 9,841,867</u>
Total Liabilities		
Current liabilities	\$ 187,705	
Noncurrent liabilities	<u>1,790,000</u>	<u>\$ 1,977,705</u>
Total Net Position		<u>7,864,162</u>
Total Liabilities and Net Position		<u>\$ 9,841,867</u>
Operating revenue	\$ 332,908	
Operating expenses	<u>637,718</u>	
Operating income (Loss)	(304,810)	
Other non-operating income	<u>31,524</u>	
Decrease in Net Assets		<u>\$ (273,286)</u>
Cash provided by operating activities	\$ 132,555	
Cash used for capital and related financing Activities	(383,231)	
Cash provided by investing activities	<u>251,226</u>	
Net Change in cash		550
Cash balance, beginning of year		<u>376,879</u>
Cash balance, end of year		<u>\$ 377,429</u>

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019 from its most recent audited financial statements.

Total Assets		
Current assets	\$ 102,903	
Fixed assets, net	<u>1,020</u>	<u>\$ 103,923</u>
Total Liabilities		
Current liabilities		\$ 1,934
Total Net Assets		<u>101,989</u>
Total Liabilities and Net Assets		<u>\$ 103,923</u>
Operating Revenue		\$ 195,305
Operating Expenses		<u>166,447</u>
Increase in Net Assets		<u>\$ 28,858</u>
Cash provided by operating activities		\$ 30,606
Cash used for capital and related financing Activities		-
Cash provided by investing activities		<u>-</u>
Net Change in cash		30,606
Cash balance, beginning of year		<u>72,297</u>
Cash balance, end of year		<u>\$ 102,903</u>

**CITY OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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 7.
- B. Deficit fund balances of individual funds. There are no deficit fund balances of any individual funds as of December 31, 2019.
- 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, 2019.
- D. The following transfers were made between funds for the governmental activities for the year ended December 31, 2019:
  - 1) The General Fund received a transfer from the Municipal Pension System Fund of \$655,424 to provide for pension contributions. The General Fund also received \$47,561 from the TIF fund for the collection of real estate taxes. Additionally, the General Fund received a transfer of \$11,550 from the Liquid Fuels Fund to provide for road projects that were paid from the General Fund but should have been paid from the Liquid Fuels Fund.
  - 2) The General Fund transferred \$600,000 to the Stormwater Improvement Fund for construction costs associated with the stormwater projects. The General Fund also transferred \$261,349 to the General Reserve Fund and \$208,658 to the Payroll Fund to provide for future projects and payroll costs, respectively.

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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>BUDGETARY FUND BALANCE, JANUARY 1, 2019</b>	\$ 2,975,280	\$ 2,975,280	\$ 2,975,280	\$ -
<b>RESOURCES (inflows):</b>				
Taxes	\$ 11,373,490	\$ 11,406,490	\$ 11,892,795	\$ 486,305
Special assessments	35,000	35,000	21,808	(13,192)
Licenses and permits	326,200	326,200	332,288	6,088
Fines and forfeits	110,000	110,000	123,886	13,886
Interest, rents & royalties	7,150	7,150	100,481	93,331
Grants	3,470,777	4,990,177	3,084,566	(1,905,611)
Intergovernmental revenues	68,400	98,855	119,216	20,361
Contributions and donations	-	-	6,620	6,620
Charges for services	2,276,192	2,480,337	2,515,378	35,041
Miscellaneous revenues	27,000	50,000	123,224	73,224
Proceeds from short term debt	1,000,000	1,000,000	1,000,000	-
<b>TOTAL RESOURCES (inflows)</b>	<b>18,694,209</b>	<b>20,504,209</b>	<b>19,320,262</b>	<b>(1,183,947)</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>21,669,489</b>	<b>23,479,489</b>	<b>22,295,542</b>	<b>(1,183,947)</b>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
General government	1,446,096	1,307,496	1,582,233	(274,737)
Public safety	4,372,220	4,759,220	4,743,419	15,801
Public works-sanitation	828,859	828,859	848,552	(19,693)
Public works-highways/roads/streets	2,239,828	2,404,555	1,638,864	765,691
Public works-other	508,260	369,152	288,608	80,544
Culture/recreation	2,062,914	1,841,914	386,901	1,455,013
Community development	-	1,500,000	1,079,728	420,272
Debt service - principal	155,000	155,000	155,000	-
Debt service - interest and fiscal agent fees	311,386	266,169	306,005	(39,836)
Debt service - short term debt repayment	1,000,000	1,000,000	1,000,000	-
Municipal pension contributions	3,200,295	3,200,295	3,414,887	(214,592)
Other employee benefits	2,310,000	2,310,000	2,374,930	(64,930)
Miscellaneous	112,617	65,872	2,094	63,778
<b>TOTAL CHARGES TO APPROPRIATIONS (outflows)</b>	<b>18,547,475</b>	<b>20,008,532</b>	<b>17,821,221</b>	<b>2,187,311</b>
<b>BUDGETARY FUND BALANCE, DECEMBER 31, 2019</b>	<b>\$ 3,122,014</b>	<b>\$ 3,470,957</b>	<b>\$ 4,474,321</b>	<b>\$ 1,003,364</b>

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, 2019**

	Measurement Year Ending				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Total Pension Liability</b>					
Service cost (beginning of year)	\$ 648,870	\$ 690,455	\$ 535,062	\$ 509,583	\$ 462,121
Interest (includes interest on service cost)	1,691,213	1,610,328	1,543,447	1,470,814	1,357,627
Differences between expected and actual experience		(285,208)	-	(398,358)	-
Changes of assumptions		3,235,227	-	1,113,538	
Benefit payments, including refunds of employee contributions	<u>(1,045,754)</u>	<u>(984,813)</u>	<u>(990,647)</u>	<u>(1,082,566)</u>	<u>(1,064,207)</u>
<b>Net Change in Total Pension Liability</b>	1,294,329	4,265,989	1,087,862	1,613,011	755,541
<b>Total Pension Liability - beginning</b>	<u>25,884,451</u>	<u>21,618,462</u>	<u>20,530,600</u>	<u>18,917,589</u>	<u>18,162,048</u>
<b>Total Pension Liability - ending</b>	<u>27,178,780</u>	<u>25,884,451</u>	<u>21,618,462</u>	<u>20,530,600</u>	<u>18,917,589</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	1,922,382	2,052,419	1,958,948	1,826,222	1,901,201
Contributions - employee	173,461	163,728	180,078	150,853	150,481
Net investment income	(1,042,558)	2,641,496	1,480,756	110,052	826,512
Market value investment income					
Benefit payments, including refunds of employee contributions	(1,045,754)	(984,813)	(990,647)	(1,082,566)	(1,064,207)
Administrative expense	<u>(97,553)</u>	<u>(90,849)</u>	<u>(76,600)</u>	<u>(95,597)</u>	<u>(5,490)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	(90,022)	3,781,981	2,552,535	908,964	1,808,497
<b>Total Plan Fiduciary Net Position - beginning</b>	<u>24,068,960</u>	<u>20,286,979</u>	<u>17,734,444</u>	<u>16,825,480</u>	<u>15,016,983</u>
<b>Total Plan Fiduciary Net Position - ending</b>	<u>23,978,938</u>	<u>24,068,960</u>	<u>20,286,979</u>	<u>17,734,444</u>	<u>16,825,480</u>
<b>Net Pension Liability - ending</b>	<u>\$ 3,199,842</u>	<u>\$ 1,815,491</u>	<u>\$ 1,331,483</u>	<u>\$ 2,796,156</u>	<u>\$ 2,092,109</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 (Continued)**

**December 31, 2019**

	Measurement Year Ending				
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>88.2%</u>	<u>93.0%</u>	<u>86.4%</u>	<u>86.4%</u>	<u>88.9%</u>
<b>Covered Employee Payroll</b>	<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>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	141.4%	83.9%	62.8%	144.5%	104.3%

The schedules of Required Supplementary Information will eventually build up to 10 years of information. The schedule above shows the changes in NPL and related ratios required by GASB.

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, 2019**

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.

	<b>Schedule of Employer Pension Contributions</b>				
	<b>Last 10 Measurement Years (if available)</b>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual required Contribution (ARC)	\$ 1,150,715	\$ 920,631	\$ 866,916	\$ 949,015	\$ 959,859
Contributions in Relation to the ADC*	<u>1,922,382</u>	<u>2,052,419</u>	<u>1,958,948</u>	<u>1,826,222</u>	<u>1,901,201</u>
Contributions Deficiency (Excess)	<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>\$ 2,262,366</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	<u>85.0%</u>	<u>94.9%</u>	<u>92.5%</u>	<u>94.4%</u>	<u>94.8%</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 - FIREMEN PENSION PLAN**

**December 31, 2019**

	Measurement Year Ending				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Total Pension Liability</b>					
Service cost (beginning of year)	\$ 404,948	\$ 386,585	\$ 297,936	\$ 283,749	\$ 309,161
Interest (includes interest on service cost)	1,339,858	1,298,964	1,291,173	1,257,827	1,241,072
Differences between expected and actual experience		(351,234)	-	(191,305)	-
Changes of assumptions		2,521,124		-	
Benefit payments, including refunds of employee contributions	(1,087,694)	(1,062,247)	(1,093,163)	(1,128,494)	(1,092,404)
<b>Net Change in Total Pension Liability</b>	657,112	2,793,192	495,946	221,777	457,829
<b>Total Pension Liability - beginning</b>	20,743,541	17,950,349	17,454,403	17,232,626	16,774,797
<b>Total Pension Liability - ending</b>	<u>21,400,653</u>	<u>20,743,541</u>	<u>17,950,349</u>	<u>17,454,403</u>	<u>17,232,626</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	1,793,143	2,361,194	2,279,055	2,324,574	2,433,170
Contributions - employee	89,995	87,998	80,926	81,631	76,732
Net investment income	(989,305)	2,506,723	1,404,818	102,984	750,112
Market value investment income					
Benefit payments, including refunds of employee contributions	(1,087,694)	(1,062,247)	(1,093,163)	(1,128,494)	(1,092,404)
Administrative expense	(93,709)	(89,700)	(69,949)	(84,554)	(4,290)
<b>Net Change in Plan Fiduciary Net Position</b>	(287,570)	3,803,968	2,601,687	1,296,141	2,163,320
<b>Total Plan Fiduciary Net Position - beginning</b>	23,047,002	19,243,034	16,641,347	15,345,206	13,181,886
<b>Total Plan Fiduciary Net Position - ending</b>	<u>22,759,432</u>	<u>23,047,002</u>	<u>19,243,034</u>	<u>16,641,347</u>	<u>15,345,206</u>
<b>Net Pension Liability - ending</b>	<u><u>\$ (1,358,779)</u></u>	<u><u>\$ (2,303,461)</u></u>	<u><u>\$ (1,292,685)</u></u>	<u><u>\$ 813,056</u></u>	<u><u>\$ 1,887,420</u></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 - FIREMEN PENSION PLAN (Continued)**

**December 31, 2019**

	Measurement Year Ending				
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>106.3%</u>	<u>111.1%</u>	<u>107.2%</u>	<u>95.3%</u>	<u>89.0%</u>
<b>Covered Employee Payroll</b>	<u>\$ 1,472,630</u>	<u>\$ 1,350,419</u>	<u>\$ 1,305,419</u>	<u>\$ 1,388,595</u>	<u>\$ 1,295,402</u>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	-91.4%	-156.4%	-95.7%	58.6%	145.7%

The schedules of Required Supplementary Information will eventually build up to 10 years of information. The schedule above shows the changes in NPL and related ratios required by GASB.

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, 2019**

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.

<b>Schedule of Employer Pension Contributions</b>					
<b>Last 10 Measurement Years (if available)</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual required Contribution (ARC)	\$ 635,643	\$ 663,511	\$ 641,006	\$ 1,008,765	\$ 1,016,657
Contributions in Relation to the ADC*	1,793,143	2,361,194	2,279,055	2,324,574	2,433,170
Contributions Deficiency (Excess)	\$(1,157,500)	\$(1,697,683)	\$(1,638,049)	\$(1,315,809)	\$(1,416,513)
Covered Employee Payroll	\$ 1,472,630	\$ 1,350,419	\$ 1,305,419	\$ 1,388,595	\$ 1,295,402
Contributions as a Percentage of Covered Employee Payroll	120.6%	160.3%	168.8%	167.4%	187.8%

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

December 31, 2019

	Measurement Year Ending				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Total Pension Liability</b>					
Service cost (beginning of year)	\$ 139,981	\$ 133,953	\$ 90,763	\$ 101,095	\$ 105,886
Interest (includes interest on service cost)	396,877	381,771	393,041	379,029	380,963
Differences between expected and actual experience	-	(437,924)	-	(228,342)	-
Changes of assumptions	-	817,337	-	-	-
Benefit payments, including refunds of employee contributions	(302,503)	(276,600)	(269,985)	(295,500)	(264,068)
<b>Net Change in Total Pension Liability</b>	234,355	618,537	213,819	(43,718)	222,781
<b>Total Pension Liability - beginning</b>	6,114,687	5,496,150	5,282,331	5,326,049	5,103,268
<b>Total Pension Liability - ending</b>	<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>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	113,937	62,073	60,410	102,991	107,424
Contributions - employee	59,452	56,369	65,452	55,475	68,125
Net investment income	(246,492)	676,692	407,151	33,315	269,812
Market value investment income					
Benefit payments, including refunds of employee contributions	(302,503)	(276,600)	(269,985)	(295,500)	(264,068)
Administrative expense	(31,522)	(26,040)	(27,750)	(33,675)	(3,895)
<b>Net Change in Plan Fiduciary Net Position</b>	(407,128)	492,494	235,278	(137,394)	177,398
<b>Total Plan Fiduciary Net Position - beginning</b>	6,070,121	5,577,627	5,342,349	5,479,743	5,302,348
<b>Total Plan Fiduciary Net Position - ending</b>	<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>
<b>Net Pension Liability - ending</b>	<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, 2019**

	Measurement Year Ending				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>89.2%</u>	<u>99.3%</u>	<u>101.5%</u>	<u>101.1%</u>	<u>102.9%</u>
<b>Covered Employee Payroll</b>	<u>\$ 1,069,100</u>	<u>\$ 971,232</u>	<u>\$ 991,160</u>	<u>\$ 959,031</u>	<u>\$ 926,945</u>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	64.2%	4.6%	-8.2%	-6.3%	-16.6%

The schedules of Required Supplementary Information will eventually build up to 10 years of information. The schedule above shows the changes in NPL and related ratios required by GASB.

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 - OFFICER AND EMPLOYEES PENSION PLAN**

**December 31, 2019**

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.

	<b>Schedule of Employer Pension Contributions Last 10 Measurement Years (if available)</b>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual required Contribution (ARC)	\$ 113,937	\$ 62,073	\$ 60,410	\$ 102,991	\$ 107,424
Contributions in Relation to the ADC*	<u>113,937</u>	<u>62,073</u>	<u>60,410</u>	<u>102,991</u>	<u>107,424</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	<u>\$ 1,069,100</u>	<u>\$ 971,232</u>	<u>\$ 991,160</u>	<u>\$ 959,031</u>	<u>\$ 926,945</u>
Contributions as a Percentage of Covered Employee Payroll	<u>10.7%</u>	<u>6.4%</u>	<u>6.1%</u>	<u>10.7%</u>	<u>11.6%</u>

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