

**County of Washington,  
Pennsylvania**

Financial Statements and Required  
Supplementary and Supplementary Information

Year Ended December 31, 2022  
with Independent Auditor's Report

**MaherDuessel**

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# COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2022

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## Independent Auditor's Report

**Board of County Commissioners  
County Controller  
County of Washington, Pennsylvania**

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Washington, Pennsylvania (County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison schedule for the General Fund and Human Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Change in Accounting Principle

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases," which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Our opinion is not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
October 27, 2023

## Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the County of Washington's (County) financial statements provides an overview of the financial performance for the year ended December 31, 2022. It is recommended that it be read in conjunction with the basic financial statements and the accompanying notes to those statements.

The MD&A is designed to focus on the current year's activities and resulting changes in the County's financial position.

### **Financial Highlights**

The General Fund reported an ending fund balance of \$19,024,865, a decrease of \$1,318,214 from 2021. The major components of the fund balance are: \$1,399,221 in nonspendable fund balance; \$1,345,124 restricted for opioid settlement, and \$16,141,192 which is unassigned and represents all other spendable monies not classified elsewhere.

The County had \$17,083,351 of general obligation bonded debt as of December 31, 2022. This represents a net decrease of \$19,569,902 from 2021, which resulted mainly from the issuance of General Obligation Note Series of 2022 to refund the Series B of 2012 bonds.

The County had a \$34.3 million unrestricted net position for its governmental activities as of December 31, 2022, a decrease of \$2.9 million from the previous year. Total assets increased by \$56 million; total liabilities increased by \$80 million from 2021.

In 2004, the County ceased providing other post-employment benefits to all employees hired on or after April 1, 2004. In 2012, the County established an OPEB Trust Fund to provide future funding for OPEB liabilities. As of December 31, 2022, the Trust had restricted net position of \$22,499,928 which positively affected the unfunded net OPEB liability recorded on the government-wide financial statements.

The County received \$8,001,662 in Act 13 funds in 2022. This was the eleventh-year funds were received from this impact fee levied on unconventional gas wells.

The County adopted GASB 87 during 2022 resulting in right of use assets, net of amortization of \$1.7 million and lease liability of \$1.8 million at December 31, 2022. In addition, the County has a lease receivable of \$5 million at December 31, 2022.

The County has an Aa2 bond rating from Moody's Investors Services.

The County's real estate millage remained unchanged at 2.43 mills.



## **Overview of the Financial Statements**

The MD&A is intended to serve as an introduction to the County's basic financial statements, which consist of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

The basic financial statements present two different views of the County and will be explained in more detail later in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

## **Government-wide Financial Statements**

Government-wide financial statements provide information on governmental activities in a manner similar to the private sector. The two government-wide financial statements are the Statement of Net Position and the Statement of Activities. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The Statement of Net Position presents all of the County's assets, deferred outflows, liabilities, and deferred inflows recording the difference as net position. Over time, increases or decreases in net position measure whether the County's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during 2022. Because it separates program revenue from general revenue, it shows to what extent each program relies on real estate taxes, charges for services, and intergovernmental revenues for funding.

All changes in net position are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses when goods and services are received.

Both statements report the following activities:

**Governmental Activities** - Most of the County's basic services are in this category, including General Government, Judicial, Public Safety, and Human Services. Real estate taxes, charges for services, and intergovernmental revenue primarily fund these programs.

## **Fund Financial Statements**

Fund financial statements provide more detailed information about the County's funds with an emphasis on major funds, not the County as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities.

The County has two types of funds:

**Governmental Funds:** These 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 statements focus on expendable resources available at the end of the year.

Governmental fund statements provide a detailed short-term view of financial resources available in the near future to finance County programs. The County maintains a multitude of individual governmental funds. The following are listed as major funds:

General Fund  
Human Services Fund  
Capital Expenditures Fund

These have been identified as major funds based on criteria set forth in GASB Statement No. 34. Financial data for remaining governmental funds are combined into a single presentation labeled Other Governmental Funds.

**Fiduciary Funds:** The County is the trustee, or fiduciary, for its employees' pension plan and other post-employment benefits trust. In addition, the County is also responsible for custodial funds, which represent clearing accounts for assets held by the County in its role as custodian until funds are allocated to private parties, organizations, or government agencies to which they belong. Fiduciary activities are reported in a similar manner to proprietary funds in a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. All fiduciary activities are excluded from the County's government-wide financial statements because the assets of these funds are not available to support County programs.

**Notes to the Financial Statements:** Notes to the basic financial statements provide additional information essential to a full understanding of the details provided in the government-wide and fund financial statements. The notes begin on page 11 of this report.

**Required Supplementary Information:** Following the basic financial statements is additional Required Supplementary Information (RSI) that further explains and supports information in the financial statements.

## Government-wide Statement of Net Position

The following table summarizes the Statement of Net Position as of December 31, 2022 and compares it to 2021.

### Summary of Net Position

	<u>Governmental Activities</u>	
	2022	2021
<b>Assets:</b>		
Current and other assets	\$ 209,926,528	\$ 154,100,498
Capital assets and right to use leased assets	101,380,359	101,384,183
<b>Total Assets</b>	<b>311,306,887</b>	<b>255,484,681</b>
<b>Deferred Outflows of Resources:</b>		
Related to pensions	20,512,351	8,721,189
Related to OPEB	6,735,894	871,128
Deferred charge on refunding	478,577	546,946
<b>Total Deferred Outflows of Resources</b>	<b>27,726,822</b>	<b>10,139,263</b>
<b>Liabilities:</b>		
Current liabilities	120,202,687	80,645,070
Other liabilities	98,405,082	57,431,878
<b>Total Liabilities</b>	<b>218,607,769</b>	<b>138,076,948</b>
<b>Deferred Inflows of Resources:</b>		
Related to pension	-	14,412,876
Related to leases	4,631,711	-
Related to OPEB	718,649	4,996,373
<b>Total Deferred Inflows of Resources</b>	<b>5,350,360</b>	<b>19,409,249</b>
<b>Net Position:</b>		
Net investment in capital assets	65,815,672	65,352,316
Restricted	14,954,055	5,591,429
Unrestricted	34,305,853	37,194,002
<b>Total Net Position</b>	<b>\$ 115,075,580</b>	<b>\$ 108,137,747</b>

## Net Position

For 2022, net position of governmental activities increased by \$6,937,833 to \$115,075,580. Governmental activities unrestricted net position, funds available for operations, decreased by \$3,094,361.

### Summary of Changes in Net Position For the Years Ended December 31, 2022 and 2021

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 21,347,483	\$ 10,528,652
Operating grants and contributions	70,965,124	59,969,752
Capital grants and contributions	3,159,347	5,771,225
General revenues:		
Property and hotel taxes	46,033,137	45,724,168
Interest	1,989,848	92,060
Other	19,248,262	13,788,847
Total revenues	<u>162,743,201</u>	<u>135,874,704</u>
Program expenses:		
General government	40,753,207	33,746,315
Judicial	23,107,127	17,306,178
Public safety	30,286,549	21,524,909
Public works	2,295,801	5,880,485
Human services	56,695,738	44,983,597
Culture and recreation	681,939	812,139
Conservation and development	331,265	331,522
Interest	1,653,742	1,356,490
Total program expenses	<u>155,805,368</u>	<u>125,941,635</u>
<b>Change in Net Position</b>	<u>\$ 6,937,833</u>	<u>\$ 9,933,069</u>

Total government-wide revenues of \$163 million were derived primarily from program-based operating grants, representing 43% of the total. Real estate taxes made up the second largest source of revenue at 28%.

## **Net Cost of Government Activities**

The following table presents a summary of expenses, program revenues and the net cost of services before taxes, investment earnings, and other income. Total expenses were \$156 million with a net cost of services of \$60 million.

### **Net Cost of Washington County's Governmental Activities For the Years Ended December 31, 2022 and 2021**

	Expenses		Program Revenues		Net Cost of Services	
	2022	2021	2022	2021	2022	2021
General government	\$ 40,753,207	\$ 33,746,315	\$ 12,162,303	\$ 4,551,518	\$ 28,590,904	\$ 29,194,797
Judicial	23,107,127	17,306,178	6,660,568	6,998,873	16,446,559	10,307,305
Public safety	30,286,549	21,524,909	6,979,648	6,675,706	23,306,901	14,849,203
Public works	2,295,801	5,880,485	2,956,853	5,772,319	(661,052)	108,166
Human services	56,695,738	44,983,597	66,136,571	51,962,180	(9,440,833)	(6,978,583)
Culture and recreation	681,939	812,139	548,192	308,973	133,747	503,166
Conservation and development	331,265	331,522	27,819	60	303,446	331,462
Debt service	1,653,742	1,356,490	-	-	1,653,742	1,356,490
Totals	<u>\$ 155,805,368</u>	<u>\$ 125,941,635</u>	<u>\$ 95,471,954</u>	<u>\$ 76,269,629</u>	<u>\$ 60,333,414</u>	<u>\$ 49,672,006</u>

## **Financial Analysis of County's Funds**

The County uses fund accounting to ensure compliance with finance-related legal requirements.

### **Governmental Funds**

For the year ended December 31, 2022, the County had combined ending fund balances of \$72,297,295, an increase of \$4,536,602 from 2021.

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement, or policy, all County revenues and expenditures are recorded in the General Fund. At the end of 2022, the total General Fund balance was \$19,024,865, a decrease of \$1,318,214 from 2021.

General Fund revenues increased during 2022, from \$92,484,841 to \$103,854,764 and expenditures in the fund increased from \$92,220,447 to \$106,298,763.

The Human Services Fund accounts for the provision of various social services to eligible County residents. These services are funded by various federal and state grants. Revenues and expenditures were \$14.8 million.

The Capital Expenditures Fund provides for the acquisition or construction of major capital facilities. The year-end fund balance increased by \$5,448,793 mainly due to a transfer from the General Fund.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

### **General Fund Changes in Budget**

This section summarizes the major factors involved in the variances in revenue and expenditure budgets. Variances are between the original and final amended budget and the final amended budget and actual General Fund amounts.

The annual budget is adopted in accordance with the County Code of the Commonwealth of Pennsylvania. Budgets are adopted on a departmental basis. During the course of the year, circumstances may occur that require a departmental budget to be increased. The Board of Commissioners, at a public meeting, must approve any adjustment that changes a department's total budget.

### **Expenditures and Other Financing Uses Variances**

Variances between actual expenditures and budgeted expenditures for the year reflected a positive variance in the amount of \$36,807,420, with the bulk being less than anticipated expenditures under public safety and other (mostly ARPA funding).

### **Revenue Variances**

Variances between actual revenue and budgeted revenue for the year reflected a negative variance in the amount of \$36,876,304 due to underspending ARPA funds.

### **Capital Assets and Debt Administration**

The County's net investment in capital assets amounted to \$101,380,359, as of December 31, 2022.

## Summary of Capital Assets

	2022	2021
Capital Assets, net of accumulated depreciation/amortization:		
Land and improvements	\$ 14,306,711	\$ 15,231,415
Buildings and improvements	37,832,697	36,700,642
Infrastructure	28,197,143	28,970,711
Furniture, fixture, and equipment	7,784,032	9,102,599
Right to use leased assets	1,729,238	-
Construction in progress	11,530,538	11,378,816
Total	\$ 101,380,359	\$ 101,384,183

Highlights of amounts expended in 2022 for major capital assets include:

- \$1.4 million for development at the County Airport.
- \$1.1 million for improvements to County Bridges.
- \$1.2 million for improvements to County Buildings.

Further details found in Note 5 of the County’s financial statements.

### **Long-Term Debt**

As of December 31, 2022, the County had outstanding bonded debt of \$17,083,351. This was a decrease of \$19,569,902 from the previous year. The County has an outstanding general obligation note of \$17,162,000 at December 31, 2022.

Further details found in Note 9 to the County’s financial statements.

### **Economic Factors and the 2022 Budget**

The real estate tax rate for 2023 remained at 2.43 mills.

The County’s 2023 actuarially determined contribution to the Retirement Fund is \$6,582,140, an increase of \$2,151,694 from 2022.

The County has been awarded \$98.9 million in Local Coronavirus Relief Funds under the American Rescue Plan Act. The County currently has several eligible projects in process and in planning. Some of the projects are: space needs assessment at the County Correctional Facility to increase the congregate setting, scanning of public documents for electronic retrieval, court related software designed to allow for electronic filing of court documents, creation of an

additional courtroom at the County Courthouse with proper room for a juror box and the ability to socially distance, expansion of broadband internet to underserved areas of the County, and improvements to the County's emergency 9-1-1 radio coverage.

The \$227.5 million consolidated budget for 2023 represents an increase of \$22.6 million in expenditures and other financing uses from 2022. Revenues and other financing sources increased \$14.9 million from 2022. This is mainly a result of American Rescue Plan Act monies.

### **Contacting the County's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors, customers, and creditors with a general overview of the County's finances and to demonstrate accountability for the funds it receives. Questions concerning the report or requests for additional information should be directed to:

Washington County Controller's Office  
100 West Beau Street, Suite 403  
Washington, PA 15301

or

Washington County Finance Department  
95 West Beau Street, Suite 403  
Washington, PA 15301



# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF NET POSITION

DECEMBER 31, 2022

<b>Assets</b>	<b>Governmental Activities</b>
Cash and cash equivalents	\$ 169,906,018
Receivables:	
Taxes receivable, net of allowance	2,823,241
Due from other governments	14,631,488
Interest and other	5,728,249
Opioid settlement	10,236,498
Leases receivable	5,010,956
Loans receivable	5,800
Prepaid assets and other	1,584,278
Capital assets not being depreciated	12,010,538
Capital assets, net of accumulated depreciation	89,369,821
<b>Total Assets</b>	<b>311,306,887</b>
<b>Deferred Outflows of Resources</b>	
Related to pensions	20,512,351
Related to OPEB	6,735,894
Deferred charge on refunding	478,577
<b>Total Deferred Outflows of Resources</b>	<b>27,726,822</b>
<b>Liabilities</b>	
Accounts payable	18,070,637
Accrued payroll and other expenses	2,841,975
Accrued interest payable	270,353
Unearned revenue	98,057,451
Escrow liability	962,271
Net OPEB liability	33,339,155
Net pension liability	29,022,663
Long-term debt:	
Amount due within one year	3,278,085
Amount due in more than one year	32,765,179
Total long-term debt	36,043,264
<b>Total Liabilities</b>	<b>218,607,769</b>
<b>Deferred Inflows of Resources</b>	
Related to leases	4,631,711
Related to pensions	-
Related to OPEB	718,649
<b>Total Deferred Inflows of Resources</b>	<b>5,350,360</b>
<b>Net Position</b>	
Net investment in capital assets	65,815,672
Restricted for:	
Debt service	115,781
Domestic relations	251,528
Liquid fuels	1,498,091
Emergency communication	1,507,033
Opioid settlement	11,581,622
Unrestricted	34,305,853
<b>Total Net Position</b>	<b>\$ 115,075,580</b>

The notes to the financial statements are an integral part of this statement.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>					
Governmental activities:					
General government - administration	\$ 40,753,207	\$ 3,535,882	\$ 8,626,421	\$ -	\$ (28,590,904)
General government - judicial	23,107,127	4,038,497	2,622,071	-	(16,446,559)
Public safety	30,286,549	890,844	6,088,804	-	(23,306,901)
Public works and enterprises	2,295,801	618	-	2,956,235	661,052
Human services	56,695,738	12,766,863	53,369,708	-	9,440,833
Culture and recreation	681,939	87,020	258,120	203,052	(133,747)
Conservation and development	331,265	27,759	-	60	(303,446)
Interest and amortization	1,653,742	-	-	-	(1,653,742)
Total governmental activities	155,805,368	21,347,483	70,965,124	3,159,347	(60,333,414)
General revenues:					
Taxes:					
Property taxes, levied for general purposes, net of uncollectibles					43,848,069
Hotel tax					2,185,068
Interest					1,989,848
Rents and royalties					9,426,521
ACT 13 Impact Fee					8,001,662
Payments in lieu of taxes					97,443
Sale of assets					157,090
Miscellaneous					1,565,546
Total general revenues					67,271,247
<b>Change in Net Position</b>					6,937,833
<b>Net Position:</b>					
Beginning of year					108,137,747
End of year					\$ 115,075,580

The notes to the financial statements are an integral part of this statement.

**COUNTY OF WASHINGTON, PENNSYLVANIA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

DECEMBER 31, 2022

	General	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 106,329,735	\$ 7,212,341	\$ 49,307,812	\$ 7,056,130	\$ 169,906,018
Receivables:					
Taxes receivable, net of allowance	2,823,241	-	-	-	2,823,241
Due from other governments	8,645,105	1,848,980	-	4,137,403	14,631,488
Interest and other	3,771,722	400	1,710,492	245,635	5,728,249
Opioid settlement	10,236,498	-	-	-	10,236,498
Leases	5,010,956	-	-	-	5,010,956
Loans receivable	-	-	-	5,800	5,800
Total receivables	<u>30,487,522</u>	<u>1,849,380</u>	<u>1,710,492</u>	<u>4,388,838</u>	<u>38,436,232</u>
Due from other funds	668,007	1,144	17,365	71,843	758,359
Prepays and other	1,399,221	5,000	27,468	152,589	1,584,278
<b>Total Assets</b>	<b><u>\$ 138,884,485</u></b>	<b><u>\$ 9,067,865</u></b>	<b><u>\$ 51,063,137</u></b>	<b><u>\$ 11,669,400</u></b>	<b><u>\$ 210,684,887</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 7,997,990	\$ 3,311,115	\$ 1,994,233	\$ 4,767,299	\$ 18,070,637
Accrued payroll and other expenditures	2,432,030	-	-	409,945	2,841,975
Unearned revenue	90,694,434	5,756,750	-	1,606,267	98,057,451
Due to other funds	81,796	-	-	676,563	758,359
Escrow liability	962,271	-	-	-	962,271
Total Liabilities	<u>102,168,521</u>	<u>9,067,865</u>	<u>1,994,233</u>	<u>7,460,074</u>	<u>120,690,693</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - loan repayment	-	-	-	5,800	5,800
Unavailable revenue - opioid settlement	10,236,498	-	-	-	10,236,498
Unavailable revenue - leases	4,631,711	-	-	-	4,631,711
Unavailable revenue - real estate taxes and other	2,822,890	-	-	-	2,822,890
Total Deferred Inflows of Resources	<u>17,691,099</u>	<u>-</u>	<u>-</u>	<u>5,800</u>	<u>17,696,899</u>
<b>Fund Balance:</b>					
Nonspendable:					
Prepays and other	1,399,221	-	27,468	152,102	1,578,791
Restricted for:					
Debt service	-	-	-	115,781	115,781
Domestic relations	-	-	-	251,528	251,528
Liquid fuels	-	-	-	1,498,091	1,498,091
Emergency communication	-	-	-	1,507,033	1,507,033
Opioid settlement	1,345,124	-	-	-	1,345,124
Committed for:					
Capital projects	-	-	48,204,880	160,013	48,364,893
Hazardous materials	-	-	-	250,080	250,080
Airport operations	-	-	-	115,536	115,536
Assigned for:					
Encumbrances	139,328	-	836,556	153,362	1,129,246
Unassigned	16,141,192	-	-	-	16,141,192
Total Fund Balance	<u>19,024,865</u>	<u>-</u>	<u>49,068,904</u>	<u>4,203,526</u>	<u>72,297,295</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 138,884,485</u></b>	<b><u>\$ 9,067,865</u></b>	<b><u>\$ 51,063,137</u></b>	<b><u>\$ 11,669,400</u></b>	<b><u>\$ 210,684,887</u></b>

The notes to the financial statements are an integral part of this statement.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2022

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 72,297,295</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets and right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>	101,380,359
<p>Property taxes and opioid settlement receivable will be collected next year but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.</p>	13,059,388
<p>Amounts loaned that will be collected in future years but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.</p>	5,800
<p>Governmental funds report the effect of premiums, discounts, and deferred charges on refunding when debt is first issued, whereas these amounts are capitalized and amortized in the statement of net position.</p>	478,577
<p>The actuarially accrued net OPEB liability and deferred outflows and inflows of resources for OPEB are not recorded on the fund financial statements.</p>	(27,321,910)
<p>The actuarially accrued net pension liability/(asset) and deferred outflows and inflows of resources for pensions are not recorded on the fund financial statements.</p>	(8,510,312)
<p>Long-term liabilities, including bonds payable, notes payable, leases payable and accrued interest are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
Bonds payable	\$ (17,083,351)
Notes payable	(17,162,000)
Leases payable	(1,797,913)
Accrued interest on bonds	(270,353)
	(36,313,617)
<b>Total Net Position - Governmental Activities</b>	<b><u><u>\$ 115,075,580</u></u></b>

The notes to the financial statements are an integral part of this statement.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2022

	General	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 44,206,896	\$ -	\$ -	\$ -	\$ 44,206,896
Intergovernmental	39,308,948	14,684,927	8,001,662	20,658,314	82,653,851
Charges for services	12,158,483	-	4,760,966	1,026,445	17,945,894
Fines and forfeits	191,333	-	-	-	191,333
Interest, rents and royalties	2,107,872	157,069	876,864	83,193	3,224,998
Other	5,881,232	1,100	5,553	107,220	5,995,105
<b>Total revenues</b>	<b>103,854,764</b>	<b>14,843,096</b>	<b>13,645,045</b>	<b>21,875,172</b>	<b>154,218,077</b>
<b>Expenditures:</b>					
Current:					
General government - administration	16,324,853	-	-	-	16,324,853
General government - judicial	18,333,868	-	-	3,539,307	21,873,175
Public safety	21,542,471	-	-	5,072,603	26,615,074
Public works and enterprises	-	-	-	1,003,567	1,003,567
Human services	29,517,123	14,895,115	-	12,256,820	56,669,058
Culture and recreation	365,507	-	-	-	365,507
Conservation and development	333,144	-	-	-	333,144
Other	19,881,797	-	-	-	19,881,797
Debt service:					
Principal	-	-	-	2,940,000	2,940,000
Interest and fiscal charges	-	-	-	831,416	831,416
Bond issue costs	-	-	-	78,281	78,281
Capital projects	-	-	3,196,252	1,675,138	4,871,390
<b>Total expenditures</b>	<b>106,298,763</b>	<b>14,895,115</b>	<b>3,196,252</b>	<b>27,397,132</b>	<b>151,787,262</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,443,999)</b>	<b>(52,019)</b>	<b>10,448,793</b>	<b>(5,521,960)</b>	<b>2,430,815</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from notes issued	-	-	-	17,657,000	17,657,000
Payments to refunded bonds escrow agent	-	-	-	(17,578,719)	(17,578,719)
Lease proceeds	1,986,354	52,019	-	-	2,038,373
Sale of capital assets	71,644	-	-	111,500	183,144
Real estate refunds	(258,166)	-	-	-	(258,166)
Loan repayment	-	-	-	20,807	20,807
Transfers in	5,043,348	-	-	5,717,395	10,760,743
Transfers out	(5,717,395)	-	(5,000,000)	-	(10,717,395)
<b>Total other financing sources (uses)</b>	<b>1,125,785</b>	<b>52,019</b>	<b>(5,000,000)</b>	<b>5,927,983</b>	<b>2,105,787</b>
<b>Net Change in Fund Balance</b>	<b>(1,318,214)</b>	<b>-</b>	<b>5,448,793</b>	<b>406,023</b>	<b>4,536,602</b>
<b>Fund Balance:</b>					
Beginning of year	20,343,079	-	43,620,111	3,797,503	67,760,693
End of year	<u>\$ 19,024,865</u>	<u>\$ -</u>	<u>\$ 49,068,904</u>	<u>\$ 4,203,526</u>	<u>\$ 72,297,295</u>

The notes to the financial statements are an integral part of this statement.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

<b>Net Change in Fund Balance - Governmental Funds</b>		\$	4,536,602
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>			
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>			
Capital outlays (net of deletions)	\$	3,808,991	
Right to use assets		2,044,399	
Less: Depreciation/amortization expense		<u>(5,851,790)</u>	1,600
<p>Some taxes and other revenues (opioid settlement) will not be collected for several months after the County of Washington's year-end; they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues changed by this amount during the year.</p>			
			9,877,671
<p>The issuance of long-term obligations (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.</p>			
			272,687
<p>Changes in the net OPEB liability and related deferred outflows and inflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.</p>			
			(2,173,459)
<p>Changes in the net pension liability/(asset) and related deferred outflows and inflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.</p>			
			(5,643,157)
<p>Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in accrued interest is shown here.</p>			
			<u>65,889</u>
<b>Change in Net Position of Governmental Activities</b>		<b>\$</b>	<b><u>6,937,833</u></b>

The notes to the financial statements are an integral part of this statement.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 42,891,010	\$ 42,891,010	\$ 44,206,896	\$ 1,315,886
Intergovernmental	79,471,894	80,221,894	39,308,948	(40,912,946)
Charges for services	11,822,760	11,822,760	12,158,483	335,723
Fines and forfeits	200,000	200,000	191,333	(8,667)
Interest, rents and royalties	50,000	50,000	2,107,872	2,057,872
Other	5,476,520	5,476,520	5,881,232	404,712
Total revenues	<u>139,912,184</u>	<u>140,662,184</u>	<u>103,854,764</u>	<u>(36,807,420)</u>
<b>Expenditures:</b>				
Current:				
General government - administration	17,161,895	17,281,895	16,324,853	957,042
General government - judicial	17,825,758	17,895,758	18,333,868	(438,110)
Public safety	23,847,612	24,407,612	21,542,471	2,865,141
Human services	30,322,651	30,347,651	29,517,123	830,528
Culture and recreation	365,507	365,507	365,507	-
Conservation and development	333,144	333,144	333,144	-
Other	52,648,500	52,543,500	19,881,797	32,661,703
Total expenditures	<u>142,505,067</u>	<u>143,175,067</u>	<u>106,298,763</u>	<u>36,876,304</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,592,883)</u>	<u>(2,512,883)</u>	<u>(2,443,999)</u>	<u>68,884</u>
<b>Other Financing Sources (Uses):</b>				
Lease proceeds	-	-	1,986,354	1,986,354
Sale of capital assets	50,000	50,000	71,644	21,644
Real estate refunds	(180,000)	(260,000)	(258,166)	1,834
Transfers in	5,502,200	5,502,200	5,043,348	(458,852)
Transfers out	(5,548,726)	(5,548,726)	(5,717,395)	(168,669)
Total other financing sources (uses)	<u>(176,526)</u>	<u>(256,526)</u>	<u>1,125,785</u>	<u>1,382,311</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,769,409)</u>	<u>\$ (2,769,409)</u>	<u>\$ (1,318,214)</u>	<u>\$ 1,451,195</u>

The notes to the financial statements are an integral part of this statement.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HUMAN SERVICES SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 10,744,638	\$ 13,724,638	\$ 14,684,927	\$ 960,289
Interest	7,488	7,488	157,069	149,581
Other	10,275	10,275	1,100	(9,175)
Total revenues	10,762,401	13,742,401	14,843,096	1,100,695
<b>Expenditures:</b>				
Human services	10,762,401	13,742,401	14,895,115	(1,152,714)
<b>Other Financing Sources (Uses):</b>				
Lease proceeds	-	-	52,019	52,019
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.



# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2022

	Employees' Retirement Plan	OPEB Trust Fund	Custodial Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 735,559	\$ 49,628	\$ 7,313,690
Investments:			
Fixed income - debt securities	25,035,051	2,994,026	-
Fixed income - mutual funds	10,909,671	-	-
U.S. equities	47,254,956	7,473,851	-
Global equities	28,186,330	3,391,187	-
International equities	20,413,105	3,651,084	-
Alternatives (defensive equity)	26,618,050	1,111,620	-
Real estate funds	29,072,466	3,828,532	-
Receivables:			
Accounts receivable	-	-	52,756
Interest	190,239	-	-
Due from other funds	-	-	-
	<b>Total Assets</b>	<b>22,499,928</b>	<b>7,366,446</b>
<b>Liabilities</b>			
Accounts payable	148,441	-	267,453
Due to other funds	-	-	210,044
Due to other governments	-	-	2,012,264
Escrow liability	-	-	4,876,685
	<b>Total Liabilities</b>	<b>-</b>	<b>\$ 7,366,446</b>
<b>Net Position</b>			
Net Position Restricted for:			
Pension benefits	188,266,986	-	
OPEB	-	22,499,928	
	<b>Total Net Position</b>	<b>\$ 22,499,928</b>	

The notes to the financial statements are an integral part of this statement.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2022

	Employees' Retirement Plan	OPEB Trust Fund	Custodial Funds
<b>Additions:</b>			
<hr/>			
Contributions:			
Employer	\$ 4,430,446	\$ -	\$ -
Employee	3,505,018	-	-
Total contributions	7,935,464	-	-
Investment earnings (loss):			
Net increase (decrease) in fair value of investments	(23,302,436)	(3,380,965)	-
Interest and dividends	2,742,368	526,366	87,289
Total investment earnings (loss)	(20,560,068)	(2,854,599)	87,289
Investment expense	(281,414)	-	-
Net investment earnings (loss)	(20,841,482)	(2,854,599)	87,289
Receipts:			
Treasurer	-	-	330,677
Recorder of Deeds	-	-	34,169,816
Register of Wills	-	-	24,747,900
Prothonotary	-	-	902,728
Clerk of Courts	-	-	289,585
Sheriff's Office	-	-	929,347
Tax Claim	-	-	14,688,606
Prison Commissary	-	-	1,316,104
Total receipts	-	-	77,374,763
Total additions	(12,906,018)	(2,854,599)	77,462,052
<b>Deductions:</b>			
<hr/>			
Benefits	11,494,115	-	-
Refunds of contributions	1,483,198	-	-
Administrative expense	112,295	-	-
Disbursements:			
Payments to other governments	-	-	66,620,666
Payments to other funds	-	-	6,444,318
Other custodial disbursements	-	-	4,397,068
Total disbursements	-	-	77,462,052
Total deductions	13,089,608	-	77,462,052
<b>Change in Net Position</b>	(25,995,626)	(2,854,599)	-
<b>Net Position:</b>			
<hr/>			
Beginning of year	214,262,612	25,354,527	-
End of year	\$ 188,266,986	\$ 22,499,928	\$ -

The notes to the financial statements are an integral part of this statement.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 1. Summary of Significant Accounting Policies

The County of Washington, Pennsylvania (County), a fourth class County, originally founded in 1781, is located in western Pennsylvania, to the south of the City of Pittsburgh. The County, operating under an elected three-member Board of Commissioners (Commissioners), provides services in many areas to its residents, including various general government, public safety, and health and welfare services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

#### A. Reporting Entity

The reporting entity for the County includes the accounts of all County operations, including administrative and judicial government, corrections, and health and welfare.

Management has evaluated all potential component units and has determined the County has no component units that are required to be included. Consistent with applicable guidance, the criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the County reviews the applicability of the following criteria:

1. Organizations that make up the legal County entity.
2. Legally separate organizations if the Commissioners appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
  - a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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- b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.
4. In management's judgment, exclusion of the component unit would render the financial statements misleading.

### Related Organizations:

Following are organizations that have much of their governing board appointed by the County Commissioners, without the County being financially accountable for the organization:

#### Washington County Authority

The Washington County Authority (Authority) was created, pursuant to the Municipality Authorities Act of 1945, primarily as a financing vehicle for County projects. The Authority's officers are appointed by the Commissioners. Debt issued by the Authority on behalf of the County is subject to guarantee by the County. Payments equal to related debt service are made by the County under the terms of a lease agreement. Separately issued audited financial statements of the Authority are available through the Authority's administrative offices. The County does not feel the exclusion of the Authority as a component unit would render the financial statements misleading and therefore, has chosen not to include as a component unit.

#### Washington County Tourist Promotion Agency

The Washington County Tourist Promotion Agency (Agency) was designed to stimulate and increase the volume of tourism within the County. The Agency's Board is appointed by the Commissioners. The Agency operates autonomously from the County and is responsible for the designation of management. Debt issued by the Agency on behalf of the County is subject to guarantee by the County. Separately issued financial statements are available through the Agency's administrative offices. The County does not feel the exclusion of the

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Authority as a component unit would render the financial statements misleading and therefore, has chosen not to include as a component unit.

### Washington County Housing Authority

The Washington County Housing Authority (Housing County) administers HUD's Section 8 housing program for the County and is funded through federal grants. The Housing Authority's Board is appointed by the County Commissioners and operates independently of any ongoing involvement of the County. The County must approve the concept of any major capital expansion project but is not financially accountable for the Housing Authority.

### Washington County Industrial Development Authority

The Washington County Industrial Development Authority (IDA) issues low interest, tax-exempt bonds and uses the proceeds to finance projects intended to stimulate economic growth in the County. The IDA's Board is appointed by the County Commissioners and the IDA operates independently of any ongoing involvement of the County. The County must approve the concept of any major bond issue of the IDA. The County has no legal responsibility for IDA debt.

### Washington County Redevelopment Authority

The Washington County Redevelopment Authority (RDA) administers state and federal grant programs intended to stimulate urban revitalization and growth in the County. The RDA's Board is appointed by the County Commissioners and the RDA operates independently of any ongoing involvement of the County except that the County is a contractual recipient of federal financial assistance under agreements with the U.S. Department of Housing and Urban Development (HUD). The County has authorized HUD to transmit funds under these programs directly to the RDA. HUD recognizes RDA as the representative agency with program oversight responsibility. During 2011, the RDA took over operations for the Washington County Airport, while the assets continue to be owned by the County. The RDA does not meet the criteria for inclusion in the County's financial statements.

### Washington County Hospital Authority

The Washington County Hospital Authority (Hospital Authority) issues low interest, tax-exempt bonds to enable capital financing for hospitals and nursing homes. The five members of the Hospital Authority's Board are appointed by the County Commissioners.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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The Hospital Authority operates independently of any ongoing involvement of the County. The County must approve the concept of any major project of the Hospital Authority but are not financially accountable for the Hospital Authority. The County has no legal responsibility for Hospital Authority debt.

### Washington County Conservation District

The Washington County Conservation District (Conservation District), whose Board is appointed by the County Commissioners, provides services and programs intended to address the conservation of the County's natural resources. The Conservation District operates independently of any ongoing involvement of the County.

### Washington County Drug and Alcohol Program - Single County

The Washington County Drug and Alcohol Program - Single County (D&A Program) was established to provide treatment services through federal and state funded programs to eligible residents of the County. The County does not exercise significant control over the D&A Program, and the D&A Program is independent of the County regarding fiscal accountability, scope of public service, and financial assistance program relationships.

### Washington/Greene County Job Training Agency

The Washington/Greene County Job Training Agency (Training Agency) was established as a separate non-profit entity as of September 1, 1995 to provide job-training services through federal and state funded programs to eligible residents of Washington and Greene Counties. The Training Agency's Board of Directors is comprised of seventeen members, all of whom are subject to final approval prior to appointment, by the Commissioners of the participating counties. No one County exercises significant control over the Training Agency and the Training Agency is independent of the counties regarding fiscal accountability, scope of public service, and financial assistance program relationships. The Training Agency remains independent of the County.

### Washington County Fair Board

The Washington County Fair Board (Fair Board) is an eleven-member Board elected from the general membership of the Washington County Agriculture Fair, Inc. The Fair Board manages the annual agriculture fair as well as the maintenance and upkeep of the grounds and facilities under a lease agreement with the County.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Southwest Behavioral Health Management, Inc.

Southwest Behavioral Health Management, Inc. (SBHM) is a private, non-profit corporation incorporated for the purpose of monitoring the behavioral health services of the Health Choices program. SBHM operates primarily under funding administered through six counties, one of which is the County, which jointly formed the corporation.

### Washington County Transportation Authority

The Washington County Transportation Authority (Transportation Authority) was created in November 2001, pursuant to the Municipality Authorities Act of 1945, to oversee County transportation operations. The Authority assumed responsibility for services previously provided by the Human Services Authority and the County. The Transportation Authority's Board is appointed by the Commissioners and one commissioner serves as an advisory member of the Board. Effective July 1, 2015, the Transportation Authority consolidated the Washington City Transit System. The Transportation Authority's Board operates autonomously from the County and is responsible for the designation of management.

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The County does not currently have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. Expenses reported for functional activities include allocated indirect expenses.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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The County allocates indirect expenses, primarily comprised of central governmental services, to operating functions and programs benefiting from those services. Central services include overall County management, centralized budgetary formulation and oversight, accounting, financial reporting, personnel, purchasing, cash management, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These charges are included in direct expenses in the statement of activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied to the extent collectible. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Property taxes are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met. All other revenue items are considered to be measurable and available only when cash is received by the County.

Unearned revenues arise when resources are received by the County before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the County has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.



# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to pensions, other post-employment benefits, compensated absences, and claims and judgments are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the County are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

The County reports the following major governmental funds:

- The *General Fund* is the principal operating fund of the County, which is used to account for all financial transactions except those required to be accounted for in other funds.
- The *Human Services Special Revenue Fund* accounts for the provision of various social services to eligible County residents. These services are funded by various federal and state grants.
- The *Capital Expenditures Fund* accounts for capital projects funded by the County's General Fund, Act 13 impact fee funds, and bond proceeds.

The County also reports the following other governmental funds:

### Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds utilized to account for those financial activities include:

- The *Airport Operating Fund* accounts for the County contribution of \$100,000 per year to the RDA to assist in operating the airport. The County operates under a cooperation agreement with the RDA to manage the day to day financial and operational affairs of the Washington County Airport.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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- The *Behavioral Health and Developmental Services Fund* accounts for expenditures and reimbursement of revenue related to providing treatment services to individuals who suffer from health, intellectual or developmental disabilities.
- The *Liquid Fuels Fund* accounts for state aid revenues used for building and improving roads and bridges.
- The *Hazardous Materials Emergency Response Fund* accounts for funds earmarked for the handling of emergency situations involving hazardous materials.
- The *Domestic Relations Fund* accounts for expenditures and reimbursement of revenue related to the operation of the County's child support enforcement program, which is funded by federal and County funds.
- The *Emergency Communication 911 Fund*, accounts for the operations of the County's emergency communication system, which is funded by the Pennsylvania Emergency Management Agency (PEMA) and County contributions.

### Capital Projects Funds

The *Airport Capital Projects Fund* accounts for construction and renovation projects to the County Airport.

### Debt Service Fund

The *Debt Service Fund* accounts for the servicing of general long-term debt.

Additionally, the County reports the following fund types:

### Fiduciary and Custodial Funds

The *Employees' Retirement Plan* is used to account for the pension plan for County employees. The plan is accounted for in essentially the same manner as a proprietary fund, since capital maintenance is critical.

The *OPEB Trust Fund* is used to account for the funding of the County's other post-employment benefit obligations. The fund is an OPEB trust fund and is accounted for in essentially the same manner as a proprietary fund, since capital maintenance is critical.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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*Custodial Funds* do not involve measurement of results of operations. Custodial Funds are used to account for cash collected by elected row officers (Treasurer's Office, Recorder of Deeds, Register of Wills, Prothonotary, Clerk of Courts, Inmate and Sheriff) and other County offices that are subsequently disbursed to the County General Fund, other governments, or individuals for whom it was collected.

### D. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

### E. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

### F. Investments Measured Using the Net Asset Value per Share Practical Expedient

The County reports alternative investment funds using the net asset value per share as determined by investment managers under the so-called "practical expedient." Valuations are generally based on the compilation of prices from each fund's underlying company or fund administrator. Upon completion of the fund valuations, the County's individual investor valuations are based upon their ownership share of each pool.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Pension Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### G. Risks and Uncertainties

Financial instruments, which potentially expose the County to concentrations of credit risk, include investments in marketable securities. As a matter of policy, the County maintains investment balances only with institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate risk and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such a change could materially affect the amount reported on the statement of net position.

### H. Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

### I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### J. Leases Receivable

The County is a lessor for noncancellable leases of a building. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow or resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow or resources is recognized as revenue over the life of the lease term.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for the intangible right-to-use lease assets, the measurement of which is discussed under Leases below). Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. These costs are charged to operations when incurred.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Property, plant, equipment, and the right to use leased building and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	5 - 50 years
Buildings and improvements	10 - 40 years
Infrastructure (bridges)	60 years
Infrastructure (other)	50 years
Furniture and equipment	5 - 20 years
Right to use leased building and equipment	Lease Term

Inventories, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2022 is not significant.

### L. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets and/or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category:

In conjunction with pension and OPEB accounting requirements, the effect of the change in assumptions, differences between expected and actual experience, and the net difference between projected and actual earnings on pension and OPEB plan investments are recorded as deferred outflows of resources related to pensions and OPEB on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Notes 6 and 7 present additional information about the pension and OPEB plans.

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statements of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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assets and/or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category:

In conjunction with pension and OPEB accounting requirements, the effect of the change in assumptions, differences between expected and actual experience, and the net difference between projected and actual earnings on pension and OPEB plan investments are recorded as deferred inflows of resources related to pensions and OPEB on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Notes 6 and 7 present additional information about the pension and OPEB plans.

Unavailable revenue is reported only on the balance sheet and represents property taxes and loan repayments which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

### M. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issuance costs during the current period. The face amount of debt proceeds issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### N. Lease Liability

The County is a lessee for a noncancellable leases of office space and vehicles. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease liabilities are reported with long-term debt on the statement of net position.

### O. Compensated Absences

Accumulated unpaid vacation pay is generally earned in the year prior to use. The amount of accumulated vacation expected to be paid within twelve months is recorded as a fund liability. The County converts unpaid accumulated sick leave to a termination benefit provided certain restrictive criteria are met. The ultimate amounts to be paid have not been determined; however, such payments have been, and are expected to continue to be, immaterial. Accordingly, no liability for accumulated sick leave has been recorded.

### P. Fund Equity

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. The levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid expenditures, and inventory.



# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

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- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are restricted for debt service, ARPA, liquid fuels expenditures, domestic relations, emergency communication and opioid settlement.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by elected Commissioners. Such a commitment is made via formal action of the County Board of Commissioners and must be made prior to the end of the fiscal year. Removal of this commitment also requires the same formal action that imposed the constraint. Committed funds include funds for capital projects, hazardous materials, airport operations.
- Assigned – This category represents intentions of the County to use the funds for specific purposes. The County Board of Commissioners has delegated the authority to make assignments to the County’s Finance Director. This category includes encumbrances.
- Unassigned – This category represents all other funds not otherwise defined.

The County’s policy is to use funds in the order of the most restricted to the least restricted.

### Q. Net Position

The government-wide are required to report three components of net position:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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- Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

### R. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all governmental funds of the County. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During August and September, the department/agency management uses current financial status reports to develop financial projections for their programs for the ensuing year, which are then reviewed with the budget staff.
2. The Commissioners then review the submitted budgets with management.
3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable financing method.
4. Subsequently, the finance department assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned Commissioners' review.
5. By early December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
6. After the 20-day inspection period, but no later than December 31, the Commissioners adopt the final budget by enacting an appropriate resolution.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The legal level of required Commissioner approval for budget amendments is the individual fund level. The Commissioners made several supplementary budgetary appropriations throughout the year. These budget changes are reflected in the applicable budget to actual statements in the final budget amounts.

### S. Encumbrance Accounting

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### T. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ than those estimates.

### U. Adopted Pronouncements

GASB Statement No. 87, "*Leases*," requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effects of this adoption were not material to beginning net position balances and fund balances and were adjusted through the respective statements.

The following GASB Statements were also adopted for the year ended December 31, 2022: Statement Nos. 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraphs 26 through 32). These

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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statements had no significant impact on the Organization's financial statements for the year ended December 31, 2022.

### V. Pending Pronouncements

GASB has issued statements that will become effective in future years including 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

## 2. **Deposits and Investments**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

The deposit and investment policy of the County adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits, savings accounts, and/or certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the County.

The following is a description of the County's deposit and investment risk:

*Custodial Credit Risk* – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2022, \$787,807 of the County's \$113,210,707 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$112,422,900 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$113,926,269 as of December 31, 2022 and are classified as cash and cash equivalents in the statement of net position.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The County does not have a formal investment policy for custodial credit risk.

The County uses external investment pools to ensure safety and maximize efficiency, liquidity, and yield for County funds. These funds are invested in the Pennsylvania Local Government Investment Trust (PLGIT), INVEST, and BlackRock which issue separately audited financial statements that are available to the public. The fair value of the County's position in the external investment pools is equivalent to the value of the pool shares and is reported at amortized cost, which approximates market. All investments in an external investment pool that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. PLGIT, INVEST, and BlackRock annual reports are available on their respective websites. The County can withdraw funds from PLGIT with certain restrictions. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/Reserve-Class and PLGIT/Prime accounts, there is a one-day holding period and redemptions or exchanges are limited to two per calendar month. The County can withdraw funds from INVEST and BlackRock without limitations or fees. As of December 31, 2022, the bank and book balances of the investments in PLGIT, INVEST, and BlackRock are \$54,050,868, \$216,711, and \$1,582,550, respectively. These are considered to be cash equivalents for presentation on the statement of net position and governmental funds balance sheet.

In addition, included in cash and cash equivalents, the County has money market investments with a bank balance and carrying amount of \$129,620, which is not exposed to custodial credit risk.

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2022, the County's investments in PLGIT, INVEST, and BlackRock have received an AAAM, AAAM and AA- rating, respectively from Standard & Poor's.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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*Interest Rate Risk* - The County has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments in PLGIT, INVEST, and BlackRock have an average maturity of less than one year.

### Custodial Funds

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net position, respectively, for the year December 31, 2022. The carrying amount of deposits for the row offices and other County offices was \$5,655,792 and the bank balance was \$5,812,076. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance of \$5,562,076 was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

The County uses external investment pools to ensure safety and maximize efficiency, liquidity, and yield for County funds. These funds are invested in PLGIT and INVEST, which issue separately audited financial statements that are available to the public. The fair value of the County's position in the external investment pool is equivalent to the value of the pool shares and is reported at amortized cost, which approximates market. All investments in an external investment pool that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. PLGIT and INVEST annual reports are available on their respective websites. The County can withdraw funds from PLGIT with certain restrictions. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/Prime accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month. The County can withdraw funds from INVEST without limitations or fees. As of December 31, 2022, the bank and book balances of the investments in PLGIT and INVEST are \$1,656,544 and \$1,354, respectively. These are considered to be cash equivalents for presentation on the statement of fiduciary net position for the custodial funds.

### Employees' Pension Plan

The Employees' Pension Plan (Plan) investments are held separately from those of other County Funds. Investments were consistent with those authorized.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

As of December 31, 2022, the County had the following cash equivalents and investments in its Plan:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2022			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fixed income - Debt securities:					
U.S. government and related obligations	\$ 15,104,351	\$ 939,795	\$ 8,376,791	\$ 4,936,622	\$ 851,143
Corporate debt	8,320,378	150,219	4,286,240	3,480,155	403,764
Mortgage and other asset-backed securities	1,610,322	108,737	712,496	105,339	683,750
Total fixed income-debt securities	25,035,051	1,198,751	13,375,527	8,522,116	1,938,657
Fixed income - mutual funds	10,909,671	-	5,513,711	5,395,960	-
Total fixed income	35,944,722	1,198,751	18,889,238	13,918,076	1,938,657
Cash and cash equivalents	735,559				
U.S. equities	47,254,956				
Global equities	28,186,330				
International equities	20,413,105				
Alternatives (defensive equity)	26,618,050				
Real estate funds	29,072,466				
<b>Total cash, cash equivalents, and investments reported on statement of plan net position</b>	<b>\$ 188,225,188</b>				

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The Plan had the following recurring fair value measurements at December 31, 2022:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Fixed income - debt securities:				
U.S. government and related obligations	\$ 15,104,351	\$ 15,104,351	\$ -	\$ -
Corporate debt	8,320,378	-	8,320,378	-
Mortgage and other asset-backed securities	1,610,322	-	1,610,322	-
Total fixed income - debt securities	<u>25,035,051</u>	<u>15,104,351</u>	<u>9,930,700</u>	<u>-</u>
Fixed income - mutual funds	10,909,671	10,909,671	-	-
Equities:				
Consumer discretionary	10,468,426	10,468,426	-	-
Consumer staples	6,933,035	6,933,035	-	-
Energy	3,810,912	3,810,912	-	-
Financial	16,119,644	16,119,644	-	-
Health care	14,006,276	14,006,276	-	-
Industrials	9,425,289	9,425,289	-	-
Information technology	18,276,238	18,276,238	-	-
Materials	4,201,650	4,201,650	-	-
Real estate	2,040,015	2,040,015	-	-
Telecommunication services	7,603,739	7,603,739	-	-
Utilities	2,969,167	2,969,167	-	-
Total equities	<u>95,854,391</u>	<u>95,854,391</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>131,799,113</u>	<u>121,868,413</u>	<u>9,930,700</u>	<u>-</u>
Investments measured at NAV:				
Alternatives (defensive equity)	26,618,050			
Real estate funds	29,072,466			
Total Investments measured at NAV	<u>55,690,516</u>			
Total investments	<u>\$ 187,489,629</u>			

Fixed income - debt securities, equities and fixed income - mutual funds classified in Level 1 are valued using quoted prices in active markets for those securities. Fixed income – debt securities in Level 2 are valued using various techniques, which may consider the reported sales of similar securities, market price quotations, and data (such as broker quotes, yields, bids, and reference data).



# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The Plan has the following investments measured using the net asset value per share practical expedient at December 31, 2022:

December 31, 2022	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternatives (defensive equity):				
Parametric Defensive Equity	\$ 5,670,224	n/a	Monthly	7 days
Partners Group Private Equity II, LLC	10,752,157	n/a	Quarterly	1 year
Partners Group Private Credit Strategy B, LLC	6,156,294	n/a	Quarterly	90 days
Neuberger Berman US Equity Index PutWrite	4,039,375	n/a	Monthly	7 days
Total alternatives (defensive equity)	<u>\$ 26,618,050</u>			
Real Estate Funds:				
Hancock Timberland and Farmland Fund L.P.	\$ 5,198,711	n/a	Quarterly	n/a
J.P. Morgan IIF, LP	5,487,827	n/a	March 31 or Sept. 30	90 days
Clarion Lion Properties Fund	8,729,239	n/a	Quarterly	90 days
TA Realty Core Property Fund	4,064,437	n/a	Quarterly	45 days
IFM Global Infrastructure	5,592,252	n/a	Quarterly	3 year lock on commitments; none once capital is called
	<u>\$ 29,072,466</u>			

The following is a description of the Plan deposit and investment risks:

*Custodial Credit Risk* - For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the pension trust funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The pension trust fund does not have a formal deposit or investment policy for custodial credit risk. The County's investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. As of December 31, 2022, the County's bank balance of \$125,962 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits, included in cash and cash equivalents, have carrying amounts of \$659 as of December 31, 2022. Money market investments include short-term U.S. Treasury and agency obligations. As of December 31, 2022, the County's money markets balance of \$734,900 included in cash and cash equivalents (bank and book balance) was exposed to custodial credit risk. As of December 31, 2022, the Plan investment

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

balance, excluding mutual funds of \$10,909,671 (bank and book balance), was exposed to custodial credit risk.

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Plan's formal investment policy states the average quality of fixed income securities purchased by any deposit administrator shall equal or exceed A2, the third broad investment grade as determined by Moody's. Fixed income securities below Baa are permissible but may not exceed 15% of the fixed income portfolio.

As of December 31, 2022, the Plan investments in fixed income – debt securities have received the following ratings from Moody's:

### Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Pension Trust Fund Debt Securities

Moody's Rating	Fair Value	Percentage of Total Pension Trust Fund Debt Securities
Aaa	\$ 15,537,621	62.1%
Aa1	88,255	0.4%
Aa2	192,637	0.8%
Aa3	101,025	0.4%
A1	1,502,815	6.0%
A2	1,063,799	4.2%
A3	842,400	3.4%
Baa1	1,313,683	5.2%
Baa2	1,524,397	6.1%
Baa3	813,279	3.2%
Ba1	210,627	0.8%
Ba3	22,240	0.1%
Other/unrated	1,822,273	7.3%
	<u>\$ 25,035,051</u>	<u>100%</u>

*Concentration of Credit Risk* - The County places no limit on the amount the Plan may invest in any one issuer. At December 31, 2022, the Plan had one investment in Partners Group Private Equity II, LLC that exceeded 5% of the Plan's fiduciary net position. The Plan had no other investments in any one issuer that exceeded 5% of the Plan's fiduciary net position at December 31, 2022.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

*Interest Rate Risk* - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Plan's investment policy is to invest funds to achieve a positive rate of return over the long-term, sufficient to meet the fund's actuarial interest rate and provide for the payment of benefit obligations and expenses in perpetuity in a secure and prudent fashion.

### Other Post-Employment Benefits (OPEB)

The OPEB investments are held separately from those of other County Funds. Investments were consistent with those authorized.

As of December 31, 2022, the County had the following cash, cash equivalents, and investments in its OPEB Funds:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2022			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fixed income - Debt securities	\$ 2,994,026	\$ 256,164	\$ 1,434,518	\$ 1,303,344	\$ -
Cash and cash equivalents	49,628				
U.S. equities	7,473,851				
Global equities	3,391,187				
International equities	3,651,084				
Alternatives (defensive equity)	1,111,620				
Real estate funds	3,828,532				
<b>Total cash, cash equivalents, and investments reported on statement of plan net position</b>	<b>\$ 22,499,928</b>				

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The OPEB Funds categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The OPEB Funds had the following recurring fair value measurements at December 31, 2022:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Fixed income - debt securities	\$ 2,994,026	\$ 1,266,152	\$ 1,727,874	\$ -
Equities:				
Consumer discretionary	1,557,938	1,557,938	-	-
Consumer staples	945,197	945,197	-	-
Energy	622,729	622,729	-	-
Financial	2,413,492	2,413,492	-	-
Health care	1,959,568	1,959,568	-	-
Industrials	1,656,693	1,656,693	-	-
Information technology	2,688,958	2,688,958	-	-
Materials	740,148	740,148	-	-
Real estate	361,972	361,972	-	-
Telecommunication services	1,113,622	1,113,622	-	-
Utilities	455,805	455,805	-	-
Total equities	14,516,122	14,516,122	-	-
Total Investments by Fair Value Level	17,510,148	15,782,274	1,727,874	-
Investments measured at NAV:				
Alternatives (defensive equity)	1,111,620			
Real estate funds	3,828,532			
Total Investments measured at NAV	4,940,152			
Total investments	\$ 22,450,300			

Fixed income classified in Level 1 are valued using quoted prices in active markets for those securities. Fixed income – debt securities in Level 2 are valued using various techniques, which may consider the reported sales of similar securities, market price quotations, and data (such as broker quotes, yields, bids, and reference data).

The following is a description of the OPEB Funds’ deposit and investment risks:

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The OPEB Funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations (NRSRO).

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

As of December 31, 2022, the OPEB fund investments in fixed income – debt securities have received the following ratings from NRSO's:

### Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total OPEB Plan Fixed Income - Debt Securities

Rating	Fair Value	Percentage of Total OPEB Plan Fixed Income - Debt Securities
AAA	\$ 280,936	9.4%
AA	78,050	2.6%
A	539,518	18.0%
BBB	660,395	22.1%
BB	46,371	1.5%
<BBB	61,262	2.0%
Other/unrated	23,687	0.8%
U.S. Government Obligations	1,303,807	43.4%
	<u>\$ 2,994,026</u>	<u>100%</u>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the OPEB funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The OPEB Funds do not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2022, the OPEB Fund cash and investment balance of \$49,628 (bank and book balance), was exposed to custodial credit risk. OPEB fund investments in mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

*Concentration of Credit Risk* - The County places no limit on the amount the County may invest in any one issuer.

*Interest Rate Risk* - The OPEB Funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The Plan has the following investments measured using the net asset value per share practical expedient at December 31, 2022:

<u>December 31, 2022</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Alternatives (defensive equity):				
Parametric Defensive Equity	\$ 562,464	n/a	Monthly	7 days
Neuberger Berman US Equity Index PutWrite	549,156	n/a	Monthly	7 days
Total alternatives (defensive equity)	<u>\$ 1,111,620</u>			
Real Estate Funds:				
Cohen & Steers Global Infrastructure	\$ 1,132,533	n/a	2 per 60 calendar days	n/a
RREEF America REIT II, Inc.	2,695,999	n/a	Quarterly	n/a
	<u>\$ 3,828,532</u>			

### 3. Leases Receivable

The County leases office space in one of its buildings to third parties. The leases are for various terms through 2030. The County will receive monthly payments of approximately \$64,000. The County recognized \$657,121 in lease revenue and \$137,735 in interest revenue during 2022 related to these leases. As of December 31, 2022, the County's receivable for lease payments was \$5,010,956. In addition, the County has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow or resources was \$4,631,711.

### 4. Interfund Receivables, Payables, and Transfers

The General Fund is reimbursed by other funds for expenses paid on behalf of the other funds by the General Fund. The due from/to balances at year-end represent payments not yet made. All balances are expected to be paid within one year.

Transfers into the General Fund are for reimbursements of costs incurred. Transfers out of the General Fund represent local share of costs paid to other funds in addition to transfers for debt service and domestic relations services.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Individual funds receivable and payable balances at year-end and transfers at December 31, 2022 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 668,007	\$ 81,796
Human Services	1,144	-
Capital Expenditures	17,365	-
Other governmental funds	71,843	676,563
	\$ 758,359	\$ 758,359

  

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 5,043,348	\$ 5,717,395
Capital Expenditures	-	5,000,000
Other governmental funds	5,717,395	-
Custodial funds	-	43,348
	\$ 10,760,743	\$ 10,760,743

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### 5. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Balance at</u> <u>January 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>December 31, 2022</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 480,000	\$ -	\$ -	\$ 480,000
Construction in progress	<u>11,378,816</u>	<u>3,700,267</u>	<u>(3,548,545)</u>	<u>11,530,538</u>
Total capital assets, not being depreciated	<u>11,858,816</u>	<u>3,700,267</u>	<u>(3,548,545)</u>	<u>12,010,538</u>
Capital assets, being depreciated/amortized:				
Land improvements	28,882,934	281,559	-	29,164,493
Buildings and improvements	72,186,533	2,986,249	-	75,172,782
Infrastructure	41,374,198	-	-	41,374,198
Right to use leased assets	-	2,038,373	-	2,038,373
Furniture and equipment	<u>37,430,013</u>	<u>415,515</u>	<u>(82,654)</u>	<u>37,762,874</u>
Total capital assets, being depreciated/amortized	<u>179,873,678</u>	<u>5,721,696</u>	<u>(82,654)</u>	<u>185,512,720</u>
Less accumulated depreciation/amortization for:				
Land improvements	(14,131,519)	(1,206,263)	-	(15,337,782)
Buildings and improvements	(35,485,891)	(1,854,194)	-	(37,340,085)
Infrastructure	(12,403,487)	(773,568)	-	(13,177,055)
Right to use leased assets	-	(309,135)	-	(309,135)
Furniture and equipment	<u>(28,327,414)</u>	<u>(1,708,028)</u>	<u>56,600</u>	<u>(29,978,842)</u>
Total accumulated depreciation/amortization	<u>(90,348,311)</u>	<u>(5,851,188)</u>	<u>56,600</u>	<u>(96,142,899)</u>
Capital assets being depreciated/amortized, net	<u>89,525,367</u>	<u>(129,492)</u>	<u>(26,054)</u>	<u>89,369,821</u>
Governmental activities capital assets, net	<u><u>\$ 101,384,183</u></u>	<u><u>\$ 3,570,775</u></u>	<u><u>\$ (3,574,599)</u></u>	<u><u>\$ 101,380,359</u></u>



# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Depreciation/Amortization expense was charged to functions/programs of the governmental activities as follows:

<u>Governmental Activities:</u>	
General government - administration	\$ 2,461,391
General government - judicial	419,989
Public safety	1,231,909
Public works and enterprises	1,202,343
Human services	219,726
Culture and recreation	<u>316,432</u>
Total depreciation expense - governmental activities	<u><u>\$ 5,851,790</u></u>

### 6. Washington County Employees' Retirement Plan

#### Plan Description

The Washington County Retirement Plan (Plan) is a single employer defined benefit pension plan governed by the County Pension Law Act 96 of 1971 (Act), as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. The Plan is administered by the Washington County Employees' Retirement Board (Retirement Board). In accordance with the Act, the Retirement Board consists of five members, including the three elected County Commissioners, the County Controller, and the County Treasurer. All County employees become eligible to become Plan participants immediately upon becoming an employee. Membership in the Plan is optional for elected officials. The Plan requires each member to contribute a percentage of their salary to the Plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Washington County Employees' Retirement Board. Separate stand-alone financial statements are issued for the Plan and may be obtained from the County Controller's Office.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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As of the January 1, 2022 measurement date, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	877
Inactive plan members entitled to but not yet receiving benefits	167
Active plan members	<u>736</u>
Total plan members	<u><u>1,780</u></u>

### Summary of Significant Accounting Policies

Financial information of the Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by the Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The net pension liability is recorded as a governmental activity expected to be paid from the General Fund and special revenue funds.

### Benefits Provided

Participants in the Plan are 100% vested after five years of service. The Plan provides the following benefits:

*Retirement Benefit* - A participant is entitled to begin receiving retirement benefits at age 60 or after completing 20 years of service and attaining age 55. A participant is eligible for voluntary early retirement upon completion of 20 years of service and involuntary retirement upon completion of eight years of service. The scheduled monthly retirement benefit is 1/12 of the participant's final average salary multiplied by years of credited service on the 1/80 Class plus a monthly annuity based on the actuarial equivalent of the member's accumulated contribution with credited interest. A member may elect to receive the actuarial equivalent of his retirement benefit as a full cash refund annuity (Option One) or a reduced joint and survivor pension payable for the remainder of his life with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive, in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the County.

*Disability Benefit* - If a participant becomes totally and permanently disabled prior to normal retirement age and after completion of five years of credited service, the participant is entitled to receive a monthly disability benefit. The scheduled benefit is a total monthly pension commencing on the last day of the month following disability retirement equal to

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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25% of the 1/12th of Final Average Salary at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.

*Death Benefit* - If a participant's death occurs after having attained age 60 or having completed ten years of credited service, the beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated above based on the member's Final Average Salary and credited service at time of death plus the member's accumulated contributions with interest at time of death. If a participant's death occurs after retirement the beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must at least equal the member's accumulated contributions with interest.

*Cost-of-Living Adjustments* – Cost-of-living adjustments shall be reviewed at least once every three years by the Retirement Board. The last cost-of-living adjustment was on January 1, 1998.

### Contributions and Funding Policy

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates is determined using the entry age actuarial funding method and the same actuarial assumptions used to calculate the pension benefit calculation.

As a condition of participation, employees are to contribute between 7% and 17% (currently 7%) of their salary as stipulated in the Act.

The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the participants and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania.

During the year, the County made the actuarially determined contribution to the Plan of \$4,430,446.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### Changes in the Net Pension Liability/Asset)

The changes in the net pension liability/(asset) of the County for the year ended December 31, 2022 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2021	\$ 211,438,080	\$ 214,262,612	\$ (2,824,532)
Changes for the year:			
Service cost	4,045,724	-	4,045,724
Interest	13,664,064	-	13,664,064
Changes of benefit terms	-	-	-
Differences between expected and actual	1,119,094	-	1,119,094
Changes of assumptions	-	-	-
Contributions - employer	-	4,430,446	(4,430,446)
Contributions - employee	-	3,505,018	(3,505,018)
Net investment income (loss)	-	(20,841,481)	20,841,481
Benefit payments, including refunds	(12,977,313)	(12,977,313)	-
Administrative expense	-	(102,296)	102,296
Other changes	-	(10,000)	10,000
Net changes	5,851,569	(25,995,626)	31,847,195
Balances at December 31, 2022	\$ 217,289,649	\$ 188,266,986	\$ 29,022,663
Plan fiduciary net position as a percentage of the total pension liability			86.64%

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation performed on January 1, 2022, and rolled forward to December 31, 2022, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	6.50%
Salary increases	3.50%
Inflation	3.00%

Mortality rates were based on the PubG-2010 Mortality Table for males and females with generational mortality improvement using MP-19.

The actuarial assumptions used in the valuation for the 2022 measurement period were based on past experience under the plan and reasonable future expectations which represent the best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

No ad hoc postemployment benefit changes were included in the future liability.

*Changes in Actuarial Assumptions* – None for the 2022 measurement period.

*Investment Policy* – The Plan’s policies in regard to the allocation of invested assets are established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

*Long-Term Expected Rate of Return* – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan target asset allocation as of December 31, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	30-40%	5.4-6.4%
International equity	12-22%	5.5-6.5%
Fixed income	17-27%	1.3-3.3%
Real estate / Alternative	0-36%	4.5-5.5%
Cash	0-5%	0-1.0%

*Rate of Return* – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested. For the year ended December 31, 2022, the annual money-weighted rate of return on the Plan investments, net of investment expense, was (9.80%).

*Concentrations* – The Plan had one investment in Partners Group Private Equity II, LLC that exceeded 5% of the Plan’s fiduciary net position at December 31, 2022. The Plan had no other investments in any one issuer that exceeded 5% of the Plan’s fiduciary net position at December 31, 2022.

*Discount Rate* – The discount rate used to measure the total pension liability for the Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the County’s contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

*Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate* – The following presents the net pension liability/(asset) of the Plan calculated using the discount rate described above, as well as what the Plan’s net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability (Asset)	\$ 53,016,579	\$ 29,022,663	\$ 8,113,054

### Pension Expense and Deferred Outflow of Resources Related to Pensions

For the year ended December 31, 2022, the County recognized pension expense of approximately \$10,073,604. At December 31, 2022, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 3,052,961	\$ -
Net difference between projected and actual earnings on pension plan investments	15,756,486	-
Differences between expected and actual experience	1,702,904	-
Total deferred outflows of resources	\$ 20,512,351	\$ -

Amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2023	\$ 4,631,755
2024	4,358,047
2025	4,601,815
2026	6,920,734
Total	\$ 20,512,351

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 7. Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described in Note 5, the County provides post-retirement health care benefits to certain retired employees, in accordance with the various union contracts and other employment agreements. The benefit limits, funding policy, and employee and employer contributions are established and amended through union contracts or the County's Board of Commissioners. The post-employment benefit plan (plan) is accounted for as a trust fund and an irrevocable trust has been established; however, the plan does not issue a separate report.

#### Plan Description

The County's plan is a single-employer defined benefit healthcare plan that covers all employees of the County whose employment commenced before April 1, 2004. The plan provides healthcare coverage until age 65 to plan members and their dependents. Employees hired on or after April 1, 2004 are not eligible to participate in the Plan.

At January 1, 2022 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	814
Inactive employees entitled to but not yet receiving benefits	55
Active employees	<u>132</u>
Total membership	<u><u>1,001</u></u>

#### Contributions

OPEB plan contribution rates are established through the budget process, may be changed by budget amendments, and are approved by the County's Board of Commissioners. Retirees are required to contribute a percentage of premiums that vary by employee groups prior to Medicare eligibility. The County contributions are paid out of the General Fund on a pay-as-you-go basis. The County contributed \$3,686,133 during 2022.



# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### Net OPEB Liability

The changes in the net OPEB liability at December 31, 2022 were as follows:

	Increases / Decreases		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2021	\$ 46,377,733	\$ 25,354,527	\$ 21,023,206
Changes for the year:			
Service cost	270,005	-	270,005
Interest	3,138,509	-	3,138,509
Changes of benefit terms	-	-	-
Differences between expected and actual	8,494,944	-	8,494,944
Changes of assumptions	1,244,025	-	1,244,025
Contributions - employer	-	3,686,133	(3,686,133)
Contributions - employee	-	-	-
Net investment income (loss)	-	(2,853,283)	2,853,283
Benefit payments	(3,686,133)	(3,686,133)	-
Administrative expense	-	(1,316)	1,316
Other changes	-	-	-
Net changes	9,461,350	(2,854,599)	12,315,949
Balances at December 31, 2022	\$ 55,839,083	\$ 22,499,928	\$ 33,339,155
Plan fiduciary net position as a percentage of the total OPEB liability			40.29%

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

*Actuarial assumptions* - The total OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial assumptions:

Investment rate of return	7.00%
Salary increases	3.50%
Inflation	2.70%
Health care cost trends	6.75% decreasing to an ultimate rate of 4.14% by 2076
Mortality Table	Pub-2010 General Employees/Retirees Headcount-Weighted Mortality Table projected fully generationally using MP-2021 improvement scale

*Changes in assumptions* - For 2022, the health care trend rates were updated based on the 2022 SOA Long-Run Medical Cost Trend Model with an initial rate of 6.75% decreasing to an ultimate rate of 4.14% in 2076. This change caused an increase in the County's liability.

*Long-Term Expected Rate of Return* - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns before inflation, net of investment expense) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The expected inflation is 2.70%. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation for the 2022 measurement period are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	40%	5.1%
International equity	25%	5.5%
Defensive equity	5%	3.9%
Core real estate	10%	4.7%
Infrastructure	5%	5.0%
Fixed income	15%	1.6%

*Discount Rate* - The discount rate used to measure the net OPEB liability was 7.0% percent. The discount rate, at which future benefit cashflows are discounted, is set as (a) the long-

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

term expected rate of return on OPEB Plan investments to the extent that the OPEB plan assets are projected to be sufficient to make projected benefit payments and expected to be invested using a strategy to achieve that return or (b) the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) if the conditions in (a) are not met. The discount rate assumes the County will continue to contribute the full benefit payments plus discretionary amounts in the future. Under this funding scenario, the OPEB Plan investments are expected to be able to pay for all future benefit payments (no depletion date).

*Rate of Return* - For the year ended December 31, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (10.96%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate* - The following presents the net OPEB liability of the County, as well as what County's net OPEB liability would be if it were calculated using a discount rate and healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 39,471,120	\$ 33,339,155	\$ 28,184,739
Healthcare cost trend rates			
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 27,668,768	\$ 33,339,155	\$ 40,062,802

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### OPEB Expenses and Deferred Outflows and Inflows of Resources Related to OPEB

The OPEB expense recognized in 2022 was \$5,859,592. At December 31, 2022, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumption	\$ 622,012	\$ 350,045
Net difference between projected and actual earnings on pension plan investments	1,866,410	-
Differences between expected and actual experience	<u>4,247,472</u>	<u>368,604</u>
Total deferred outflows of resources	<u>\$ 6,735,894</u>	<u>\$ 718,649</u>

The deferred outflows/inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2023	\$ 4,131,560
2024	401,530
2025	558,544
2026	<u>925,611</u>
Total	<u>\$ 6,017,245</u>

## 8. Real Estate Taxes

The County's property tax is levied each January 1 on the assessed values as of the prior November 15 for all real property located in the County. The assessed value for 2022 was \$18,012,775,332.

The County is limited by the laws of the Commonwealth of Pennsylvania to levy taxes up to \$25.00 per \$1,000 of assessed valuation for General Government Services and limited to \$10.00 per \$1,000 of valuation for payment of rentals to any municipality and is unlimited for the payment of principal and interest on long-term debt. The tax rate to finance

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

General Government Services for the year ended December 31, 2022 was 24.3 mills per \$1,000.

Taxes for 2022 were billed in January 2022 and were due on the following schedule: at two percent discount if paid by April 30, 2022; at face value if paid between May 1, 2022 and June 30, 2022; and at 10 percent penalty if paid between July 1, 2022 and January 15, 2023. The County placed liens on all property for which the 2022 tax was not paid by January 15, 2023.

Taxes receivable are reflected on the statement of net position of \$2,823,241, which is net of an allowance for doubtful accounts of \$941,080.

### 9. Long-Term Debt

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions and Accretion	Payments and Refundings	Balance at December 31, 2022	Due within one year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
Series of 2007A	\$ 4,257,853	\$ 200,498	\$ -	\$ 4,458,351	\$ -
Series of 2012B	17,325,000	-	17,325,000	-	-
Series of 2013	2,185,000	-	2,185,000	-	-
Series of 2016	7,980,000	-	185,000	7,795,000	180,000
Series of 2017	4,905,000	-	75,000	4,830,000	85,000
Direct Borrowing:					
General Obligation Note,					
Series of 2022	-	17,657,000	495,000	17,162,000	2,634,000
Lease liability	-	2,085,266	287,353	1,797,913	379,085
Total Long-Term Debt	<u>\$ 36,652,853</u>	<u>\$ 19,942,764</u>	<u>\$ 20,552,353</u>	<u>\$ 36,043,264</u>	<u>\$ 3,278,085</u>

#### Washington County Note Payable

The County borrowed \$6 million from the Authority out of the proceeds of the Authority's Series 1999 Capital Funding Revenue Bonds (Authority Bonds) for the purpose of creating a pool of funds for various local municipalities' infrastructure projects within the County. A

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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portion of the note was repaid with proceeds from the General Obligation Bonds, Series 2007B, and the remaining balance was paid in full during 2008.

During 2007, a sinking fund was established by the County related to loans previously reported in the County loan pool. Monthly principal and interest payments made by the local municipalities are deposited into the County's sinking fund. The sinking fund balance at December 31, 2022 totaled \$129,620 and is reported as cash and cash equivalents on the balance sheet.

### General Obligation Bonds, Series of 2007A and B

On May 17, 2007, the County issued \$18,630,219 in General Obligation Bonds and \$1,080,000 in General Obligation Taxable Bonds to advance refund portions of the 1992, 2002A, and 2003 bond issuances, to current refund a portion of the 1998 bond issuance, to fund a capitalized interest deposit, to pay off a portion of the loan pool discussed above, and to fund various capital projects. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 4.00% to 5.29% until maturity.

A portion of the Series 2007A Bonds consists of Capital Appreciation Bonds with an aggregate original issuance amount of \$2,215,220 with maturity values of \$3,475,000 and \$3,425,000, which mature in 2031 and 2032, respectively, issued to yield rates of 4.65% and 4.66%, respectively. The Capital Appreciation Bonds accrue and compound interest on a semi-annual basis and are carried at cost plus accrued interest.

During 2016, \$4,850,000 of General Obligation Bonds, Series A of 2007 and the outstanding balance of Series B of 2007 was advance refunded with the General Obligation Bonds, Series of 2016.

During 2017, \$6,710,000 of General Obligation Bonds, Series A of 2007 was advance refunded with the General Obligation Bonds, Series of 2017.

### General Obligation Bonds, Series of 2016

On April 19, 2016, the County issued \$8,290,000 in General Obligation Bonds to (1) advance refund a portion of the County's General Obligation Bonds, Series A of 2007; and (2) advance refund all of the County's General Obligation Bonds, Series B of 2007. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 2.000 % to 2.750% until maturity. The Bonds slated to mature on or after September 1, 2022 shall be subject to redemption, prior to maturity, at the option of the County, in whole

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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or in part, in any order of maturities as the County shall select, at any date of dates on or after September 1, 2022. The Bonds slated to mature on September 1, 2030 are subject to mandatory redemption prior to maturity in part, by lot, on September 1 of 2028, 2029, and 2030 at the redemption price of 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts of \$1,930,000, \$2,530,000, and \$1,415,000, respectively. The 2016 Bonds have a final maturity date of September 1, 2030.

### General Obligation Bonds, Series of 2017

On May 16, 2017, the County issued \$5,600,000 in General Obligation Bonds to (1) currently refund a portion of the County's outstanding General Obligation Bonds, Series A of 2007; and (2) pay the costs and expenses of issuing the Bonds. Interest payments are payable semi-annually on March 1 and September 1 with rates ranging from 1.20 % to 2.80% until maturity. The Bonds stated to mature on or after September 1, 2023, shall be subject to redemption, prior to maturity, at the option of the County, in whole or in part, in any order of maturities as the County shall select, at any date of dates on or after September 1, 2023 at a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for redemption. The Bonds slated to mature on September 1, 2030 are subject to mandatory redemption prior to maturity in part, by lot, on September 1 of 2028, 2029, and 2030 at the redemption price of 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the date fixed for redemption, in the principal amounts of \$1,330,000, \$800,000, and \$1,960,000, respectively. The 2017 Bonds have a final maturity date on September 1, 2030.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Annual debt service requirements for general obligation bonds are as follows:

Years	Governmental Activities	
	Principal	Interest
2023	\$ 265,000	\$ 339,105
2024	265,000	333,805
2025	280,000	328,291
2026	280,000	322,110
2027	1,490,000	315,573
2028 - 2032	16,945,000	560,122
	19,525,000	2,199,006
Accreted interest	(2,441,649)	2,441,649
	<u>\$ 17,083,351</u>	<u>\$ 4,640,655</u>

### Direct Borrowing - General Obligation Note, Series of 2022

On June 9, 2022, the County issued General Obligation Note Series of 2022 in the amount of \$17,657,000 to (1) currently refund the County's outstanding General Obligation Bonds, Series B of 2012; and (2) pay the costs and expenses of issuing the Note. Interest payments are payable semi-annually on March 1 and September 1 at an interest rate of 2.75%. The Series of 2022 Note has a final maturity date on September 1, 2033. The Note is secured by the taxing power of the County. If the County fails or neglects to pay principal or interest for 30 days past due date, the owner of the Note has the right to recover the amount due in an action in the County of Common Pleas of the County. The judgement recovered shall have a priority on the funds next coming into the treasury of the County. The note issuance resulted in an economic gain of \$477,000 and cash flow savings of \$537,000.



# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Annual debt service requirements for the general obligation note are as follows:

Years	Governmental Activities	
	Principal	Interest
2023	\$ 2,634,000	\$ 471,955
2024	2,712,000	399,520
2025	2,776,000	324,940
2026	2,856,000	248,600
2027	1,762,000	170,060
2028 - 2032	848,000	572,550
2033	3,574,000	98,286
	\$ 17,162,000	\$ 2,285,911

### Lease Liability

The County has entered into various lease agreements for building space. An initial lease liability was recorded in the amount of \$1,113,476 during 2022. As of December 31, 2022, the value of the lease liability was \$932,408. The County is required to make monthly payments of approximately \$17,000 and one annual payment of \$4,800. The leases interest rate of 2.75% is based on the estimated incremental borrowing rate for the County. The value of the right-to-use assets as of the end of the current fiscal year was \$1,066,583 and had accumulated amortization of \$195,658.

The future principal and interest lease payments as of December 31, 2022, were as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2023	\$ 191,128	\$ 22,206	\$ 213,334
2024	167,826	17,290	185,116
2025	164,035	12,867	176,902
2026	141,583	8,757	150,340
2027	108,491	5,443	113,934
2028-2031	159,345	3,172	162,517
Totals	\$ 932,408	\$ 69,735	\$ 1,002,143

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The County has entered into a lease agreement for vehicles. An initial lease liability was recorded in the amount of \$977,816 during 2022. As of December 31, 2022, the value of the lease liability was \$870,535. The County is required to make monthly payments of approximately \$17,000. The lease interest rate of 2.75% is based on the estimated incremental borrowing rate for the County. The value of the right-to-use assets as of the end of the current fiscal year was \$977,816 and had accumulated amortization of \$114,079.

The future principal and interest lease payments as of December 31, 2022, were as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2023	\$ 187,957	\$ 21,582	\$ 209,539
2024	193,192	16,348	209,540
2025	198,572	10,968	209,540
2026	204,102	5,438	209,540
2027	86,712	597	87,309
Totals	<u>\$ 870,535</u>	<u>\$ 54,933</u>	<u>\$ 925,468</u>

### 10. Contingencies

At year-end, various claims have been paid and closed where others are outstanding relating to workers' compensation injuries under existing insurance policies. Provisions are recorded in the General Fund for benefit claims incurred but unpaid at December 31, 2022. The County has an outstanding claim with a balance of \$639,930 included in accounts payable on the statement of net position at December 31, 2022.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

There are various other matters of pending litigation in which the County is involved. The County believes it has meritorious defenses and intends to contest these matters. The amount of liability, if any, related to these matters is not subject to determination. Accordingly, the financial statements do not include any adjustment for possible effects.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### **11. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There have been no significant changes in insurance coverage in any of the past three years.

### **12. Agreement with Conservation District**

The Conservation District entered into a lease agreement with the County for office space in Washington, Pennsylvania. The term of the lease is 20 years, with an option to renew the lease for two additional terms of 20 years under the same terms of the original agreement. The Conservation District agrees to pay the County, as rent, 50% of the total amount received from third-party tenants, payable in monthly installments. The Conservation District paid the County approximately \$28,000 in rent for the year ended December 31, 2022.

### **13. Opioid Settlement**

During 2022 a settlement agreement was reached with various pharmaceutical companies related to the improper distribution and misuse of opioid drugs. As part of the settlement agreement, a trust was established to distribute the funds to the Commonwealth, Counties, and other County Subdivisions. Included on the statement of net position and balance sheet is \$10,236,498 in opioid settlement funds. The proceeds of the opioid revenue received is from the settlements entered into the Attorney General of Pennsylvania and various opioid manufactures, distributors, and pharmacy chains. The Pennsylvania Opioid Misuse and Addiction Abatement Trust will distribute the settlement funds over as many as eighteen years.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**COUNTY OF WASHINGTON, PENNSYLVANIA**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -  
EMPLOYEES' RETIREMENT PLAN

SCHEDULES OF CHANGES IN THE PLAN'S NET  
PENSION LIABILITY (ASSET) AND RELATED RATIOS

YEARS ENDED DECEMBER 31  
(Dollar Amounts in Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>									
Service cost	\$ 4,045,724	\$ 4,001,448	\$ 3,959,963	\$ 4,207,118	\$ 4,139,603	\$ 5,633,217	\$ 5,731,291	\$ 1,887,140	\$ 1,647,078
Interest	13,664,064	13,283,064	12,873,660	12,010,056	11,629,427	11,598,318	11,189,569	10,740,724	10,073,103
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,119,094	1,225,863	1,534,400	1,219,170	(2,873,355)	42,389	1,278,427	4,021,278	3,086,442
Changes of assumptions	-	-	14,501,567	-	3,611,843	-	-	6,100,414	1,508,303
Benefit payments, including refunds of member contributions	(12,977,313)	(12,207,444)	(11,410,021)	(12,321,249)	(10,541,425)	(12,875,616)	(9,296,214)	(7,875,166)	(7,439,450)
Other	-	-	-	-	-	-	(770,297)	-	-
<b>Net Changes in Total Pension Liability</b>	<b>5,851,569</b>	<b>6,302,931</b>	<b>21,459,569</b>	<b>5,115,095</b>	<b>5,966,093</b>	<b>4,398,308</b>	<b>8,132,776</b>	<b>14,874,390</b>	<b>8,875,476</b>
<b>Total Pension Liability - Beginning</b>	<b>211,438,080</b>	<b>205,135,149</b>	<b>183,675,580</b>	<b>178,560,485</b>	<b>172,594,392</b>	<b>168,196,084</b>	<b>160,063,308</b>	<b>145,188,918</b>	<b>136,313,442</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 217,289,649</b>	<b>\$ 211,438,080</b>	<b>\$ 205,135,149</b>	<b>\$ 183,675,580</b>	<b>\$ 178,560,485</b>	<b>\$ 172,594,392</b>	<b>\$ 168,196,084</b>	<b>\$ 160,063,308</b>	<b>\$ 145,188,918</b>
<b>Plan Fiduciary Net Position:</b>									
Contributions - employer	\$ 4,430,446	\$ 4,648,159	\$ 4,962,184	\$ 3,909,029	\$ 3,480,100	\$ 4,414,689	\$ 4,610,598	\$ 4,330,962	\$ 3,799,410
Contributions - member	3,505,018	3,412,228	3,226,933	3,044,942	2,934,702	3,643,400	3,701,893	3,637,788	3,440,897
Net investment income	(20,841,481)	25,050,435	14,317,878	26,342,540	(7,882,790)	21,719,875	10,109,312	(1,380,494)	8,760,353
Benefit payments, including refunds of member contributions	(12,977,313)	(12,207,444)	(11,410,021)	(12,321,249)	(10,541,425)	(12,875,616)	(9,296,214)	(7,875,166)	(7,439,450)
Administrative expense	(102,296)	(75,961)	(86,911)	(83,791)	(79,808)	(80,949)	(87,797)	(79,148)	(97,514)
Other	(10,000)	1,240,933	2,852,559	1,660,922	187,027	(97,063)	(27,131)	279,905	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(25,995,626)</b>	<b>22,068,350</b>	<b>13,862,622</b>	<b>22,552,393</b>	<b>(11,902,194)</b>	<b>16,724,336</b>	<b>9,010,661</b>	<b>(1,086,153)</b>	<b>8,463,696</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>214,262,612</b>	<b>192,194,262</b>	<b>178,331,640</b>	<b>155,779,247</b>	<b>167,681,441</b>	<b>150,957,105</b>	<b>141,946,444</b>	<b>143,032,597</b>	<b>134,568,901</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 188,266,986</b>	<b>\$ 214,262,612</b>	<b>\$ 192,194,262</b>	<b>\$ 178,331,640</b>	<b>\$ 155,779,247</b>	<b>\$ 167,681,441</b>	<b>\$ 150,957,105</b>	<b>\$ 141,946,444</b>	<b>\$ 143,032,597</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ 29,022,663</b>	<b>\$ (2,824,532)</b>	<b>\$ 12,940,887</b>	<b>\$ 5,343,940</b>	<b>\$ 22,781,238</b>	<b>\$ 4,912,951</b>	<b>\$ 17,238,979</b>	<b>\$ 18,116,864</b>	<b>\$ 2,156,321</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>86.64%</b>	<b>101.34%</b>	<b>93.69%</b>	<b>97.09%</b>	<b>87.24%</b>	<b>97.15%</b>	<b>89.75%</b>	<b>88.68%</b>	<b>98.51%</b>
<b>Covered Payroll</b>	<b>\$ 39,504,526</b>	<b>\$ 39,210,795</b>	<b>\$ 38,843,267</b>	<b>\$ 35,867,544</b>	<b>\$ 36,453,702</b>	<b>\$ 49,393,202</b>	<b>\$ 49,478,948</b>	<b>\$ 46,821,026</b>	<b>\$ 45,478,161</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>73.47%</b>	<b>-7.20%</b>	<b>33.32%</b>	<b>14.90%</b>	<b>62.49%</b>	<b>9.95%</b>	<b>34.84%</b>	<b>38.69%</b>	<b>4.74%</b>

Note - Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules.

**COUNTY OF WASHINGTON, PENNSYLVANIA**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -  
EMPLOYEES' RETIREMENT PLAN

SCHEDULES OF PENSION PLAN CONTRIBUTIONS  
AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Schedule of Contributions</b>									
Actuarially determined contribution	\$ 4,430,446	\$ 4,648,159	\$ 4,962,184	\$ 3,909,029	\$ 3,480,100	\$ 4,414,689	\$ 4,610,598	\$ 4,330,962	\$ 3,799,410
Contributions in relation to the actuarially determined contribution	4,430,446	4,648,159	4,962,184	3,909,029	3,480,100	4,414,689	4,610,598	4,330,962	3,799,410
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 39,504,526	\$ 39,210,795	\$ 38,843,267	\$ 35,867,544	\$ 36,453,702	\$ 49,393,202	\$ 49,478,948	\$ 46,821,026	\$ 46,821,026
Contributions as a percentage of covered payroll	11.22%	11.85%	12.77%	10.90%	9.55%	8.94%	9.32%	9.25%	8.11%
<b>Investment Returns</b>									
Annual money-weighted rate of return, net of investment expense	-9.80%	14.09%	9.85%	18.90%	-4.36%	14.59%	7.70%	-0.30%	7.16%

Note - Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules.

## COUNTY OF WASHINGTON, PENNSYLVANIA

### SCHEDULE OF CHANGES IN THE PLAN'S NET OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 270,005	\$ 266,119	\$ 293,954	\$ 341,229	\$ 382,458	\$ 367,971
Interest	3,138,509	3,353,019	3,508,074	3,760,044	4,671,245	4,539,742
Change of benefit terms	-	(6,211)	(23,079)	(160,080)	(290,908)	-
Differences between expected and actual	8,494,944	(1,105,812)	(3,490,797)	(3,701,242)	(15,743,662)	-
Changes of assumptions	1,244,025	(1,050,133)	2,613,386	120,110	1,134,680	-
Benefit payments	(3,686,133)	(5,336,534)	(4,849,274)	(3,006,613)	(3,248,737)	(3,629,343)
<b>Net change in total OPEB liability</b>	<u>9,461,350</u>	<u>(3,879,552)</u>	<u>(1,947,736)</u>	<u>(2,646,552)</u>	<u>(13,094,924)</u>	<u>1,278,370</u>
<b>Total OPEB liability - beginning</b>	<u>46,377,733</u>	<u>50,257,285</u>	<u>52,205,021</u>	<u>54,851,573</u>	<u>67,946,497</u>	<u>66,668,127</u>
<b>Total OPEB liability - ending</b>	<u>\$ 55,839,083</u>	<u>\$ 46,377,733</u>	<u>\$ 50,257,285</u>	<u>\$ 52,205,021</u>	<u>\$ 54,851,573</u>	<u>\$ 67,946,497</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 3,686,133	\$ 5,336,534	\$ 4,849,274	\$ 3,006,613	\$ 8,248,737	\$ 3,629,343
Net investment income	(2,853,283)	3,373,974	2,171,694	3,262,272	(884,948)	1,691,802
Benefit payments	(3,686,133)	(5,336,534)	(4,849,274)	(3,006,613)	(3,248,737)	(3,629,343)
Administrative expense	(1,316)	-	-	-	-	(3,930)
<b>Net change in plan fiduciary net position</b>	<u>(2,854,599)</u>	<u>3,373,974</u>	<u>2,171,694</u>	<u>3,262,272</u>	<u>4,115,052</u>	<u>1,687,872</u>
<b>Plan fiduciary net position - beginning</b>	<u>25,354,527</u>	<u>21,980,553</u>	<u>19,808,859</u>	<u>16,546,587</u>	<u>12,431,535</u>	<u>10,743,663</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 22,499,928</u>	<u>\$ 25,354,527</u>	<u>\$ 21,980,553</u>	<u>\$ 19,808,859</u>	<u>\$ 16,546,587</u>	<u>\$ 12,431,535</u>
<b>Net OPEB liability (asset)</b>	<u>\$ 33,339,155</u>	<u>\$ 21,023,206</u>	<u>\$ 28,276,732</u>	<u>\$ 32,396,162</u>	<u>\$ 38,304,986</u>	<u>\$ 55,514,962</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>40.29%</u>	<u>54.67%</u>	<u>43.74%</u>	<u>37.94%</u>	<u>30.17%</u>	<u>18.30%</u>

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, The County is presenting information for those years only for which information is available.

See accompanying notes to required supplementary schedules.

**COUNTY OF WASHINGTON, PENNSYLVANIA**

SCHEDULE OF OPEB PLAN CONTRIBUTIONS AND INVESTMENT RETURNS

Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Schedule of Contributions</b>										
Actuarially determined contribution	\$ 2,736,926	\$ 2,372,950	\$ 2,822,424	\$ 3,226,797	\$ 3,707,528	\$ 5,160,327	\$ 4,827,806	\$ 3,812,275	\$ 5,769,742	\$ 5,406,704
Contributions in relation to the actuarially determined contribution	<u>3,686,133</u>	<u>5,336,534</u>	<u>4,849,274</u>	<u>3,006,613</u>	<u>8,248,737</u>	<u>3,629,343</u>	<u>3,117,321</u>	<u>4,970,644</u>	<u>5,150,821</u>	<u>2,875,381</u>
Contribution deficiency (excess)	<u>\$ (949,207)</u>	<u>\$ (2,963,584)</u>	<u>\$ (2,026,850)</u>	<u>\$ 220,184</u>	<u>\$ (4,541,209)</u>	<u>\$ 1,530,984</u>	<u>\$ 1,710,485</u>	<u>\$ (1,158,369)</u>	<u>\$ 618,921</u>	<u>\$ 2,531,323</u>
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	-10.96%	15.80%	11.21%	20.18%	-5.12%	16.08%	*	*	*	*

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the County is presenting information for those years only for which information is available.

See accompanying notes to required supplementary schedules.



# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022

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### 1. Pension Information

#### Actuarial Methods and Assumptions

The information presented in the “Required Supplementary Information – Employees’ Retirement Plan” was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine the actuarially determined contribution rate are as follows:

	<u>Employees Plan</u>
Actuarial valuation date	1/1/2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	15 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior year
Actuarial assumptions:	
Investment rate of return	6.50%
Projected salary increases	3.50%
Underlying inflation rate	3.00%
Retirement age	Age 60 or 55 with 20 years
Mortality	PubG-2010 for general employees with generational projection using Scale MP-2019.

#### Change in Actuarial Assumptions

No changes noted for the January 1, 2022 or 2021 valuations.

In 2020, the accumulated deduction valuation method was changed. The investment return assumption was changed from 6.75% to 6.50%. The Pub-2010 for general employees mortality table was adopted. The cost effect of these changes is an increase in the unfunded actuarial accrued liability of \$11,558,785 and an increase in the actuarially determined contribution of \$894,593.

No changes noted for the January 1, 2019 valuation.

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# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022

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In 2018, the County lowered the valuation interest rate from 7.0% to 6.75%. The effect of the change in the valuation interest rate is an increase in the actuarial accrued liability of \$3,611,843. The change in the actuarially determined contribution is an increase of \$390,322.

No changes noted for the January 1, 2017 or 2016 valuations.

Based upon the actuarial valuation performed as of January 1, 2015, the investment rate of return was lowered from 7.50% to 7.00% to add a degree of conservatism to the assumptions. The effect of this change is an increase in the actuarial accrued liability of \$6,100,414 and a corresponding increase in the actuarially determined contribution of \$669,793.

In 2014, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2013 Annuitant and Non-Annuitant Mortality Tables for purposes of developing mortality rates. In prior years, those assumptions were based on the 1983 Group Annuity Mortality Table.

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022

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### 2. OPEB Information

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

Valuation date:	1/1/2022
Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar
Amortization period:	26 years
Asset valuation method	Market Value
Healthcare cost trend rates	6.75% from 2022 to 2023 decreasing gradually to an ultimate rate of 4.14% by 2076
Investment rate of return	7.00%
Mortality	Pub-2010 General Employees/Retirees Headcount-Weighted Mortality Table projected fully generationally using MP-2021 improvement scale

#### Changes in Assumptions

For 2022, the health care tend rates were updated based on the 2022 SOA Long-Run Medical Cost Trend Model with an initial rate of 6.75% decreasing to an ultimate rate of 4.14% in 2076. This change caused an increase in the County's liability.

For 2021, the mortality improvement scale has been updated from MP-2020 to MP-2021, which causes an increase in the County's liability. The health care tend rates were adjusted from an initial rate of 5.4% decreasing to an ultimate rate of 4.04% in 2075, to an initial rate of 6.00% decreasing to an ultimate rate of 4.04% in 2075. This change caused an increase in the County's liability. Percentage of active employees assumed to elect spousal coverage at retirement has been updated from 80% of employees to 50% of employees. The net impact of these changes is a decrease in the County's liability.

For 2020, the health care tend rates were adjusted from an initial rate of 5.40% decreasing to an ultimate rate of 3.94% in 2075, to an initial rate of 5.70% decreasing to an ultimate

# COUNTY OF WASHINGTON, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022

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rate of 4.04% in 2075. This change caused an increase in the County's liability. The mortality assumption has been updated from RP-2000 Mortality Table with projected improvement through 2020 for retirees and through 2028 for active participants with no future projected improvements to Pub-2010 General Employees/Retirees Headcount-Weighted Mortality Table projected fully-generationally using MP-2020 improvement scale. This change caused an increase in the County's liability.

For 2019, the health care trend rates were adjusted from an initial rate of 5.50% decreasing to an ultimate rate of 3.84% in 2075, to an initial rate of 5.40% decreasing to an ultimate rate of 3.94% in 2075. This change caused a decrease in the County's liability.

For 2018, the health care trend rates were adjusted from an initial rate of 5.60% decreasing to an ultimate rate of 3.94% in 2075, to an initial rate of 5.50% decreasing to an ultimate rate of 3.84% in 2075. This change caused a decrease in the County's liability.

### Changes in Benefit Terms

For 2021, the retiree contribution requirement for employees in the Sheriffs (DPSA) and Jail (TEAM) bargaining units increased from 12.0% to 12.5%. This change caused a slight decrease in the County's liability.

For 2019, the retiree contribution requirement for employees in the salaried, PSSU and SEIU bargaining units increased from 11.5% to 12.5%. This change caused a decrease in the County's liability.

## **SUPPLEMENTARY INFORMATION**

**COUNTY OF WASHINGTON, PENNSYLVANIA**

**OTHER GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

DECEMBER 31, 2022

	Special Revenue Funds						Capital Projects	Debt Service	Total Other Governmental Funds	
	Airport Operating	Behavioral Health and Developmental Services	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Emergency Communication 911	Total	Airport Capital Projects		Debt Service
<b>Assets</b>										
Cash and cash equivalents	\$ 132,123	\$ 3,809,893	\$ 1,517,253	\$ 509,972	\$ 61,356	\$ 663,728	\$ 6,694,325	\$ 232,185	\$ 129,620	\$ 7,056,130
Due from other governments	100,000	122,554	146,068	25,627	1,223,826	1,106,282	2,724,357	1,413,046	-	4,137,403
Interest and other	10,311	400	-	-	231,762	107	242,580	3,055	-	245,635
Loan receivable	-	-	-	-	-	-	-	-	5,800	5,800
Due from other funds	-	-	390	-	(28)	71,481	71,843	-	-	71,843
Prepays and other	-	487	142	20	8,176	143,764	152,589	-	-	152,589
<b>Total Assets</b>	<b>\$ 242,434</b>	<b>\$ 3,933,334</b>	<b>\$ 1,663,853</b>	<b>\$ 535,619</b>	<b>\$ 1,525,092</b>	<b>\$ 1,985,362</b>	<b>\$ 9,885,694</b>	<b>\$ 1,648,286</b>	<b>\$ 135,420</b>	<b>\$ 11,669,400</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 100,914	\$ 2,296,653	\$ 144,628	\$ 142,948	\$ 507,596	\$ 133,654	\$ 3,326,393	\$ 1,427,067	\$ 13,839	\$ 4,767,299
Accrued payroll and other expenses	-	40,408	20,992	3,289	148,635	196,621	409,945	-	-	409,945
Unearned revenue	-	1,593,265	-	13,002	-	-	1,606,267	-	-	1,606,267
Due to other funds	5,059	3,008	-	2,385	602,407	2,498	615,357	61,206	-	676,563
<b>Total Liabilities</b>	<b>105,973</b>	<b>3,933,334</b>	<b>165,620</b>	<b>161,624</b>	<b>1,258,638</b>	<b>332,773</b>	<b>5,957,962</b>	<b>1,488,273</b>	<b>13,839</b>	<b>7,460,074</b>
<b>Deferred Inflows of Resources:</b>										
Unavailable revenue - loan repayment	-	-	-	-	-	-	-	-	5,800	5,800
Unavailable revenue - real estate taxes	-	-	-	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>5,800</b>
<b>Fund Balance:</b>										
<b>Nonspendable:</b>										
Inventories and prepaids	-	-	142	20	8,176	143,764	152,102	-	-	152,102
<b>Restricted for:</b>										
Debt service	-	-	-	-	-	-	-	-	115,781	115,781
Domestic relations	-	-	-	-	251,528	-	251,528	-	-	251,528
Liquid fuels	-	-	1,498,091	-	-	-	1,498,091	-	-	1,498,091
Emergency communication	-	-	-	-	-	1,507,033	1,507,033	-	-	1,507,033
<b>Committed for:</b>										
Capital projects	-	-	-	-	-	-	-	160,013	-	160,013
Hazardous materials	-	-	-	250,080	-	-	250,080	-	-	250,080
Airport operations	115,536	-	-	-	-	-	115,536	-	-	115,536
<b>Assigned for:</b>										
Encumbrances	20,925	-	-	123,895	6,750	1,792	153,362	-	-	153,362
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>136,461</b>	<b>-</b>	<b>1,498,233</b>	<b>373,995</b>	<b>266,454</b>	<b>1,652,589</b>	<b>3,927,732</b>	<b>160,013</b>	<b>115,781</b>	<b>4,203,526</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 242,434</b>	<b>\$ 3,933,334</b>	<b>\$ 1,663,853</b>	<b>\$ 535,619</b>	<b>\$ 1,525,092</b>	<b>\$ 1,985,362</b>	<b>\$ 9,885,694</b>	<b>\$ 1,648,286</b>	<b>\$ 135,420</b>	<b>\$ 11,669,400</b>

**COUNTY OF WASHINGTON, PENNSYLVANIA**

OTHER GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds						Capital Projects	Debt Service	Total Other Governmental Funds	
	Airport Operating	Behavioral Health and Developmental Services	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Emergency Communication 911	Total	Airport Capital Projects		Debt Service
<b>Revenues:</b>										
Intergovernmental	\$ -	\$ 10,745,046	\$ 1,160,788	\$ 101,389	\$ 2,363,374	\$ 4,492,270	\$ 18,862,867	\$ 1,795,447	\$ -	\$ 20,658,314
Charges for services	-	927,816	-	95,157	-	3,472	1,026,445	-	-	1,026,445
Interest	-	47,468	19,212	9,238	-	5,827	81,745	-	1,448	83,193
Other	-	88,814	-	6,500	6,803	3,406	105,523	-	1,697	107,220
Total revenues	-	11,809,144	1,180,000	212,284	2,370,177	4,504,975	20,076,580	1,795,447	3,145	21,875,172
<b>Expenditures:</b>										
Current:										
General government - judicial	-	-	-	-	3,539,307	-	3,539,307	-	-	3,539,307
Public safety	-	-	-	398,609	-	4,673,994	5,072,603	-	-	5,072,603
Public works and enterprises	99,990	-	903,577	-	-	-	1,003,567	-	-	1,003,567
Human services	-	12,256,820	-	-	-	-	12,256,820	-	-	12,256,820
Debt service:										
Principal	-	-	-	-	-	-	-	-	2,940,000	2,940,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	831,416	831,416
Issuance costs	-	-	-	-	-	-	-	-	78,281	78,281
Capital projects	-	-	-	-	-	-	-	1,675,138	-	1,675,138
Total expenditures	99,990	12,256,820	903,577	398,609	3,539,307	4,673,994	21,872,297	1,675,138	3,849,697	27,397,132
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(99,990)	(447,676)	276,423	(186,325)	(1,169,130)	(169,019)	(1,795,717)	120,309	(3,846,552)	(5,521,960)
<b>Other Financing Sources (Uses):</b>										
Proceeds from notes issued	-	-	-	-	-	-	-	-	17,657,000	17,657,000
Payments to refunded bonds escrow agent	-	-	-	-	-	-	-	-	(17,578,719)	(17,578,719)
Bond discount	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	111,500	-	-	-	-	-	111,500	-	-	111,500
Loan repayments	-	-	-	-	-	-	-	-	20,807	20,807
Transfers in	100,000	447,676	-	-	1,400,000	-	1,947,676	-	3,769,719	5,717,395
Transfers out	-	-	-	-	-	-	-	-	-	-
Total financing sources (uses)	211,500	447,676	-	-	1,400,000	-	2,059,176	-	3,868,807	5,927,983
<b>Net Change in Fund Balance</b>	111,510	-	276,423	(186,325)	230,870	(169,019)	263,459	120,309	22,255	406,023
<b>Fund Balance:</b>										
Beginning of year	24,951	-	1,221,810	560,320	35,584	1,821,608	3,664,273	39,704	93,526	3,797,503
End of year	\$ 136,461	\$ -	\$ 1,498,233	\$ 373,995	\$ 266,454	\$ 1,652,589	\$ 3,927,732	\$ 160,013	\$ 115,781	\$ 4,203,526

# COUNTY OF WASHINGTON, PENNSYLVANIA

## SPECIAL REVENUE FUNDS

### AIRPORT OPERATING FUND

#### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Charges for services	\$ -	\$ -	\$ -
Other	-	-	-
Total revenues	-	-	-
<b>Expenditures:</b>			
Public works and enterprises	100,000	99,990	10
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(100,000)</b>	<b>(99,990)</b>	<b>10</b>
<b>Other Financing Sources (Uses):</b>			
Sale of capital assets		111,500	111,500
Transfer in	100,000	100,000	-
Total financing sources (uses)	100,000	211,500	111,500
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 111,510</b>	<b>\$ 111,510</b>



# COUNTY OF WASHINGTON, PENNSYLVANIA

## SPECIAL REVENUE FUND

### BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance
<b>Revenues:</b>			
Intergovernmental	\$ 10,677,158	\$ 10,745,046	\$ 67,888
Charges for services	883,870	927,816	43,946
Interest	2,000	47,468	45,468
Other	-	88,814	88,814
Total revenues	<u>11,563,028</u>	<u>11,809,144</u>	<u>246,116</u>
<b>Expenditures:</b>			
Human services	<u>11,876,804</u>	<u>12,256,820</u>	<u>(380,016)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(313,776)	(447,676)	(133,900)
<b>Other Financing Sources (Uses):</b>			
Transfer in	<u>450,000</u>	<u>447,676</u>	<u>(2,324)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 136,224</u>	<u>\$ -</u>	<u>\$ (136,224)</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## SPECIAL REVENUE FUNDS

### LIQUID FUELS FUND

#### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2022

	Original and Final Budgeted Amounts	Actual	Variance
<b>Revenues:</b>			
Intergovernmental	\$ 4,646,500	\$ 1,160,788	\$ (3,485,712)
Interest	900	19,212	18,312
Total revenues	<u>4,647,400</u>	<u>1,180,000</u>	<u>(3,467,400)</u>
<b>Expenditures:</b>			
Public works and enterprises:			
Highways and bridges	<u>4,514,268</u>	<u>903,577</u>	<u>3,610,691</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ 133,132</u>	<u>\$ 276,423</u>	<u>\$ 143,291</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## SPECIAL REVENUE FUNDS

### HAZARDOUS MATERIALS EMERGENCY RESPONSE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 101,389	\$ 61,389
Charges for services	92,000	92,000	95,157	3,157
Interest	1,000	1,000	9,238	8,238
Other	-	-	6,500	6,500
Total revenues	133,000	133,000	212,284	79,284
<b>Expenditures:</b>				
Public safety	152,672	512,672	398,609	114,063
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (19,672)</b>	<b>\$ (379,672)</b>	<b>\$ (186,325)</b>	<b>\$ 193,347</b>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## SPECIAL REVENUE FUNDS

### DOMESTIC RELATIONS FUND

#### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 2,565,000	\$ 2,365,000	\$ 2,363,374	\$ (201,626)
Charges for services	200,000	200,000	-	(200,000)
Other	2,000	2,000	6,803	4,803
Total revenues	<u>2,767,000</u>	<u>2,567,000</u>	<u>2,370,177</u>	<u>(396,823)</u>
<b>Expenditures:</b>				
General government - judicial	<u>4,072,244</u>	<u>3,872,244</u>	<u>3,539,307</u>	<u>532,937</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,305,244)	(1,305,244)	(1,169,130)	136,114
<b>Other Financing Sources (Uses):</b>				
Transfer in	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,400,000</u>	<u>200,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ (105,244)</u>	<u>\$ (105,244)</u>	<u>\$ 230,870</u>	<u>\$ 336,114</u>

# COUNTY OF WASHINGTON, PENNSYLVANIA

## COMBINING STATEMENT OF FIDUCIARY NET POSITION

### ALL CUSTODIAL FUNDS

DECEMBER 31, 2022

	Treasurer	Recorder of Deeds	Register of Wills	Prothonotary	Clerk of Courts	Sheriff's Office	Tax Claim	Prison Commissary	Total
<b>Assets</b>									
Cash and cash equivalents	\$ 33,473	\$ 1,478,872	\$ 159,045	\$ 457,246	\$ 428,339	\$ 468,497	\$ 2,701,577	\$ 1,586,641	\$ 7,313,690
Investments:	-	-	-	-	-	-	-	-	-
U.S. government and related obligations	-	-	-	-	-	-	-	-	-
Common stock	-	-	-	-	-	-	-	-	-
Mutual funds - equity	-	-	-	-	-	-	-	-	-
Corporate debt	-	-	-	-	-	-	-	-	-
Mutual funds - fixed income	-	-	-	-	-	-	-	-	-
Exchange-traded funds	-	-	-	-	-	-	-	-	-
Mortgage and other asset-backed securities	-	-	-	-	-	-	-	-	-
Real estate funds	-	-	-	-	-	-	-	-	-
Collective trust fund	-	-	-	-	-	-	-	-	-
Private equity fund	-	-	-	-	-	-	-	-	-
Receivables:	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	4,420	-	-	48,336	52,756
Interest	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>33,473</b>	<b>1,478,872</b>	<b>159,045</b>	<b>457,246</b>	<b>432,759</b>	<b>468,497</b>	<b>2,701,577</b>	<b>1,634,977</b>	<b>7,366,446</b>
<b>Liabilities</b>									
Accounts payable	-	-	-	-	242,111	-	-	25,342	267,453
Due to other funds	-	119,178	44,043	-	13,655	75	-	33,093	210,044
Due to other governments	33,473	1,359,694	115,002	-	-	16,358	487,737	-	2,012,264
Escrow liability	-	-	-	457,246	176,993	452,064	2,213,840	1,576,542	4,876,685
<b>Total Liabilities</b>	<b>33,473</b>	<b>1,478,872</b>	<b>159,045</b>	<b>457,246</b>	<b>432,759</b>	<b>468,497</b>	<b>2,701,577</b>	<b>1,634,977</b>	<b>7,366,446</b>
<b>Net Position</b>									
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

# COUNTY OF WASHINGTON, PENNSYLVANIA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### ALL CUSTODIAL FUNDS

YEAR ENDED DECEMBER 31, 2022

	Treasurer	Recorder of Deeds	Register of Wills	Prothonotary	Clerk of Courts	Sheriff's Office	Tax Claim	Prison Commissary	Total
<b>Additions:</b>									
Contributions:									
Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee	-	-	-	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-	-	-	-
Investment income (loss):									
Net increase (decrease) in fair value of investments	-	-	-	-	-	-	-	-	-
Interest and dividends	-	12,621	321	-	7,971	76	43,338	22,962	87,289
Total investment earnings (loss)	-	12,621	321	-	7,971	76	43,338	22,962	87,289
Investment expense									
Net investment income (loss)	-	12,621	321	-	7,971	76	43,338	22,962	87,289
Collections for Other Individuals and Governments:									
Treasurer	330,677	-	-	-	-	-	-	-	330,677
Recorder of Deeds	-	34,169,816	-	-	-	-	-	-	34,169,816
Register of Wills	-	-	24,747,900	-	-	-	-	-	24,747,900
Prothonotary	-	-	-	902,728	-	-	-	-	902,728
Clerk of Courts	-	-	-	-	289,585	-	-	-	289,585
Sheriff's Office	-	-	-	-	-	929,347	-	-	929,347
Tax Claim	-	-	-	-	-	-	14,688,606	-	14,688,606
Prison Commissary	-	-	-	-	-	-	-	1,316,104	1,316,104
Total receipts	330,677	34,169,816	24,747,900	902,728	289,585	929,347	14,688,606	1,316,104	77,374,763
Total additions	330,677	34,182,437	24,748,221	902,728	297,556	929,423	14,731,944	1,339,066	77,462,052
<b>Deductions:</b>									
Disbursements:									
Payments to other governments	330,677	32,105,961	23,997,036	129,583	35,098	62,316	9,959,995	-	66,620,666
Payments to other funds	-	2,076,476	751,185	625,041	42,249	352,448	2,418,380	178,539	6,444,318
Other custodial disbursements	-	-	-	148,104	220,209	514,659	2,353,569	1,160,527	4,397,068
Total deductions	330,677	34,182,437	24,748,221	902,728	297,556	929,423	14,731,944	1,339,066	77,462,052
Change in Net Position	-	-	-	-	-	-	-	-	-
<b>Net Position:</b>									
Beginning of year	-	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -