

**County of Washington,
Pennsylvania**

Single Audit

December 31, 2023

MaherDuessel

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COUNTY OF WASHINGTON, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2023

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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, 2023, 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, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the schedule of Pennsylvania Department of Human Services expenditures required by the Commonwealth of Pennsylvania Department of Human Services are presented for purposes of additional analysis and are 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
September 23, 2024

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, 2023. 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 \$17,374,801, a decrease of \$1,650,064 from 2022. The components of the fund balance are: \$1,239,091 in nonspendable fund balance; \$1,755,952 restricted for opioid settlement, \$53,712 assigned for encumbrances and \$14,326,046 which is unassigned and represents all other spendable monies not classified elsewhere.

The County had \$31,546,849 of general obligation bonded debt and notes as of December 31, 2023. This represents a net decrease of \$2,698,502 from 2022, as a result of 2023 principal payments.

The County had a \$33.5 million unrestricted net position for its governmental activities as of December 31, 2023, a decrease of \$0.8 million from the previous year. Total assets decreased by \$14.8 million as a result of a decrease in cash due to spending down unearned revenue; total liabilities decreased by \$46.4 million from 2022 due to spending down of unearned revenue and decrease in the net pension and OPEB liabilities.

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, 2023, the Trust had restricted net position of \$25,294,365 which positively affected the net OPEB liability recorded on the government-wide financial statements.

The County received \$9.1 million in Act 13 funds in 2023. This was the twelfth-year funds were received from this impact fee levied on unconventional gas wells.

The County has right of use assets, net of amortization of \$1.3 million and lease liability of \$1.4 million at December 31, 2023. In addition, the County has a lease receivable of \$5.1 million at December 31, 2023.

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 2023. 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 recognized when they are earned and expenses be recognized 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, 2023 and compares it to 2022.

Summary of Net Position

	Governmental Activities	
	2023	2022
Assets:		
Current and other assets	\$ 190,329,628	\$ 209,926,528
Capital assets and right to use leased assets	106,176,509	101,380,359
Total Assets	296,506,137	311,306,887
Deferred Outflows of Resources:		
Related to pensions	10,195,404	20,512,351
Related to OPEB	908,251	6,735,894
Deferred charge on refunding	410,208	478,577
Total Deferred Outflows of Resources	11,513,863	27,726,822
Liabilities:		
Current liabilities	94,972,650	120,202,687
Other liabilities	77,242,162	98,405,082
Total Liabilities	172,214,812	218,607,769
Deferred Inflows of Resources:		
Related to pension	-	-
Related to leases	4,698,046	4,631,711
Related to OPEB	-	718,649
Total Deferred Inflows of Resources	4,698,046	5,350,360
Net Position:		
Net investment in capital assets	73,620,082	65,815,672
Restricted	23,939,427	14,954,055
Unrestricted	33,547,633	34,305,853
Total Net Position	\$ 131,107,142	\$ 115,075,580

Net Position

For 2023, net position of governmental activities increased by \$16,031,562 to \$131,107,142. Governmental activities unrestricted net position, funds available for operations, decreased by \$758,220.

Summary of Changes in Net Position For the Years Ended December 31, 2023 and 2022

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 19,641,422	\$ 21,347,483
Operating grants and contributions	84,284,507	70,965,124
Capital grants and contributions	5,896,504	3,159,347
General revenues:		
Property and hotel taxes	46,459,627	46,033,137
Interest	7,079,829	1,989,848
Other	15,006,237	19,248,262
Total revenues	<u>178,368,126</u>	<u>162,743,201</u>
Program expenses:		
General government	50,092,145	40,753,207
Judicial	21,017,250	23,107,127
Public safety	28,388,314	30,286,549
Public works	5,932,422	2,295,801
Human services	54,726,038	56,695,738
Culture and recreation	731,167	681,939
Conservation and development	349,868	331,265
Interest	1,099,360	1,653,742
Total program expenses	<u>162,336,564</u>	<u>155,805,368</u>
Change in Net Position	<u>\$ 16,031,562</u>	<u>\$ 6,937,833</u>

Total government-wide revenues of \$178 million were derived primarily from program-based operating grants, representing 47% of the total. Real estate taxes made up the second largest source of revenue at 25%.

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 \$162 million with a net cost of services of \$52 million.

Net Cost of Washington County's Governmental Activities For the Years Ended December 31, 2023 and 2022

	Expenses		Program Revenues		Net Cost of Services	
	2023	2022	2023	2022	2023	2022
General government	\$ 50,092,145	\$ 40,753,207	\$ 24,185,077	\$ 12,162,303	\$ 25,907,068	\$ 28,590,904
Judicial	21,017,250	23,107,127	6,791,403	6,660,568	14,225,847	16,446,559
Public safety	28,388,314	30,286,549	7,033,783	6,979,648	21,354,531	23,306,901
Public works	5,932,422	2,295,801	5,789,115	2,956,853	143,307	(661,052)
Human services	54,726,038	56,695,738	65,735,328	66,136,571	(11,009,290)	(9,440,833)
Culture and recreation	731,167	681,939	262,077	548,192	469,090	133,747
Conservation and development	349,868	331,265	25,650	27,819	324,218	303,446
Interest and amortization	1,099,360	1,653,742	-	-	1,099,360	1,653,742
Totals	<u>\$ 162,336,564</u>	<u>\$ 155,805,368</u>	<u>\$ 109,822,433</u>	<u>\$ 95,471,954</u>	<u>\$ 52,514,131</u>	<u>\$ 60,333,414</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, 2023, the County had combined ending fund balances of \$69,081,594, a decrease of \$3,215,701 from 2022.

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 2023, the total General Fund balance was \$17,374,801, a decrease of \$1,650,064 from 2022.

General Fund revenues increased during 2023, from \$103,854,764 to \$120,147,864 due to recognition of ARPA revenues and expenditures in the fund increased from \$106,298,763 to \$121,361,948 consistent with revenue increase expending ARPA funds.

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 \$11.8 million.

The Capital Expenditures Fund provides for the acquisition or construction of major capital facilities. The year-end fund balance decreased by \$603,472 mainly due to expenditures exceeding revenues and transfers in during 2023.

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 \$36,521,068, with the bulk being less than anticipated expenditures under ARPA funding.

Revenue Variances

Variances between actual revenue and budgeted revenue for the year reflected a positive variance in the amount of \$24,862,677 due to recognition of ARPA funds.

Capital Assets and Debt Administration

The County's net investment in capital assets amounted to \$106,176,509, as of December 31, 2023.

Summary of Capital Assets

	2023	2022
Capital Assets, net of accumulated depreciation/amortization:		
Land and improvements	\$ 16,165,157	\$ 14,306,711
Buildings and improvements	36,579,558	37,832,697
Infrastructure	29,421,843	28,197,143
Furniture, fixture, and equipment	7,095,887	7,784,032
Right to use leased assets	1,338,619	1,729,238
Construction in progress	15,575,445	11,530,538
Total	\$ 106,176,509	\$ 101,380,359

Highlights of amounts expended in 2023 for major capital assets include:

- \$4.5 million for improvements to County Bridges.
- \$2.6 million for improvements to County Buildings.

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

Long-Term Debt

As of December 31, 2023, the County had outstanding bonded debt of \$17,018,849 and an outstanding general obligation note of \$14,528,000 at December 31, 2023.

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

Economic Factors and the 2024 Budget

The real estate tax rate for 2024 remained at 2.43 mills.

The County’s 2024 actuarially determined contribution to the Retirement Fund is \$4,624,392, a decrease of \$1,957,748 from 2023.

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 \$226 million consolidated budget for 2024 represents an decrease of \$1.5 million in expenditures and other financing uses from 2023. Revenues and other financing sources decreased \$30.7 million from 2023 to \$299 million.

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 430
Washington, PA 15301

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2023

Assets	Governmental Activities
Cash and cash equivalents	\$ 144,787,253
Receivables:	
Taxes receivable, net of allowance	2,575,366
Due from other governments	14,200,526
Interest and other	3,048,067
Opioid settlement	19,292,506
Leases receivable	5,126,208
Loans receivable	1,899
Prepaid assets and other	1,297,803
Capital assets not being depreciated	16,055,445
Capital assets, net of accumulated depreciation	90,121,064
Total Assets	296,506,137
Deferred Outflows of Resources	
Related to pensions	10,195,404
Related to OPEB	908,251
Deferred charge on refunding	410,208
Total Deferred Outflows of Resources	11,513,863
Liabilities	
Accounts payable	18,299,759
Accrued payroll and other expenses	2,947,860
Accrued interest payable	244,441
Unearned revenue	72,926,720
Escrow liability	553,870
Net OPEB liability	26,350,168
Net pension liability	17,925,359
Long-term debt:	
Amount due within one year	3,337,152
Amount due in more than one year	29,629,483
Total long-term debt	32,966,635
Total Liabilities	172,214,812
Deferred Inflows of Resources	
Related to leases	4,698,046
Net Position	
Net investment in capital assets	73,620,082
Restricted for:	
Debt service	127,011
Liquid fuels	1,735,931
Emergency communication	1,028,026
Opioid settlement	21,048,459
Unrestricted	33,547,633
Total Net Position	\$ 131,107,142

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

COUNTY OF WASHINGTON, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

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
Primary Government:					
Governmental activities:					
General government - administration	\$ 50,092,145	\$ 3,486,668	\$ 20,591,020	\$ 107,389	\$ (25,907,068)
General government - judicial	21,017,250	4,187,776	2,603,627	-	(14,225,847)
Public safety	28,388,314	784,771	6,249,012	-	(21,354,531)
Public works and enterprises	5,932,422	-	-	5,789,115	(143,307)
Human services	54,726,038	11,070,910	54,664,418	-	11,009,290
Culture and recreation	731,167	85,647	176,430	-	(469,090)
Conservation and development	349,868	25,650	-	-	(324,218)
Interest and amortization	1,099,360	-	-	-	(1,099,360)
Total governmental activities	162,336,564	19,641,422	84,284,507	5,896,504	(52,514,131)
General revenues:					
Taxes:					
Property taxes, levied for general purposes, net of uncollectibles					44,110,580
Hotel tax					2,349,047
Interest					7,079,829
Rents and royalties					3,988,809
ACT 13 Impact Fee					9,079,199
Payments in lieu of taxes					93,258
Sale of assets					14,245
Miscellaneous					1,830,726
Total general revenues					68,545,693
					16,031,562
					115,075,580
					\$ 131,107,142

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

COUNTY OF WASHINGTON, PENNSYLVANIA

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 84,474,752	\$ 1,063,120	\$ 50,393,950	\$ 8,855,431	\$ 144,787,253
Receivables:					
Taxes receivable, net of allowance	2,575,366	-	-	-	2,575,366
Due from other governments	10,933,777	550,280	-	2,716,469	14,200,526
Interest and other	1,941,380	142,680	878,452	85,555	3,048,067
Opioid settlement	19,292,506	-	-	-	19,292,506
Leases	5,126,208	-	-	-	5,126,208
Loans receivable	-	-	-	1,899	1,899
Total receivables	<u>39,869,237</u>	<u>692,960</u>	<u>878,452</u>	<u>2,803,923</u>	<u>44,244,572</u>
Due from other funds	2,832,907	-	-	235,674	3,068,581
Prepays and other	1,239,091	5,000	25,806	27,906	1,297,803
Total Assets	<u>\$ 128,415,987</u>	<u>\$ 1,761,080</u>	<u>\$ 51,298,208</u>	<u>\$ 11,922,934</u>	<u>\$ 193,398,209</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ 10,486,571	\$ 1,379,723	\$ 2,404,073	\$ 4,029,392	\$ 18,299,759
Accrued payroll and other expenditures	2,544,884	-	-	402,976	2,947,860
Unearned revenue	70,702,261	381,357	418,450	1,424,652	72,926,720
Due to other funds	235,674	-	10,253	2,822,654	3,068,581
Escrow liability	553,870	-	-	-	553,870
Total Liabilities	<u>84,523,260</u>	<u>1,761,080</u>	<u>2,832,776</u>	<u>8,679,674</u>	<u>97,796,790</u>
Deferred Inflows of Resources:					
Unavailable revenue - loan repayment	-	-	-	1,899	1,899
Unavailable revenue - opioid settlement	19,292,506	-	-	-	19,292,506
Unavailable revenue - leases	4,698,046	-	-	-	4,698,046
Unavailable revenue - real estate taxes	2,527,374	-	-	-	2,527,374
Total Deferred Inflows of Resources	<u>26,517,926</u>	<u>-</u>	<u>-</u>	<u>1,899</u>	<u>26,519,825</u>
Fund Balance:					
Nonspendable:					
Prepays and other	1,239,091	-	25,806	26,120	1,291,017
Restricted for:					
Debt service	-	-	-	127,011	127,011
Domestic relations	-	-	-	-	-
Liquid fuels	-	-	-	1,735,931	1,735,931
Emergency communication	-	-	-	1,028,026	1,028,026
Opioid settlement	1,755,952	-	-	-	1,755,952
Committed for:					
Capital projects	-	-	47,931,236	-	47,931,236
Hazardous materials	-	-	-	342,698	342,698
Airport operations	-	-	-	109,412	109,412
Assigned for:					
Encumbrances	53,712	-	508,390	20,625	582,727
Unassigned	14,326,046	-	-	(148,462)	14,177,584
Total Fund Balance	<u>17,374,801</u>	<u>-</u>	<u>48,465,432</u>	<u>3,241,361</u>	<u>69,081,594</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 128,415,987</u>	<u>\$ 1,761,080</u>	<u>\$ 51,298,208</u>	<u>\$ 11,922,934</u>	<u>\$ 193,398,209</u>

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, 2023

Total Fund Balance - Governmental Funds \$ 69,081,594

Amounts reported for governmental activities in the statement of net position are different because:

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. 106,176,509

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. 21,819,880

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. 1,899

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. 410,208

The actuarially accrued net OPEB liability and deferred outflows and inflows of resources for OPEB are not recorded on the fund financial statements. (25,441,917)

The actuarially accrued net pension liability/(asset) and deferred outflows and inflows of resources for pensions are not recorded on the fund financial statements. (7,729,955)

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:

Bonds payable	\$ (17,018,849)	
Notes payable	(14,528,000)	
Leases payable	(1,419,786)	
Accrued interest on bonds	(244,441)	<u>(33,211,076)</u>

Total Net Position - Governmental Activities \$ 131,107,142

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, 2023

	General	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 44,406,096	\$ -	\$ -	\$ -	\$ 44,406,096
Intergovernmental	55,239,181	11,722,655	9,217,699	23,453,541	99,633,076
Charges for services	11,854,166	-	1,915,100	1,035,041	14,804,307
Fines and forfeits	128,654	-	-	-	128,654
Interest, rents and royalties	4,837,415	155,464	2,723,778	303,918	8,020,575
Other	3,682,352	1,025	14,623	101,475	3,799,475
Total revenues	120,147,864	11,879,144	13,871,200	24,893,975	170,792,183
Expenditures:					
Current:					
General government - administration	16,702,974	-	-	-	16,702,974
General government - judicial	17,544,230	-	-	3,768,488	21,312,718
Public safety	23,002,733	-	-	5,237,533	28,240,266
Public works and enterprises	-	-	-	4,649,436	4,649,436
Human services	32,070,825	11,879,144	-	12,445,944	56,395,913
Culture and recreation	407,018	-	-	-	407,018
Conservation and development	350,644	-	-	-	350,644
Other	31,283,524	-	-	-	31,283,524
Debt service:					
Principal	-	-	-	2,899,000	2,899,000
Interest and fiscal charges	-	-	-	811,659	811,659
Capital projects	-	-	9,474,672	1,377,131	10,851,803
Total expenditures	121,361,948	11,879,144	9,474,672	31,189,191	173,904,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,214,084)	-	4,396,528	(6,295,216)	(3,112,772)
Other Financing Sources (Uses):					
Sale of capital assets	14,245	-	-	-	14,245
Real estate refunds	(121,851)	-	-	-	(121,851)
Loan repayment	-	-	-	4,677	4,677
Transfers in	5,000,000	-	-	5,328,374	10,328,374
Transfers out	(5,328,374)	-	(5,000,000)	-	(10,328,374)
Total other financing sources (uses)	(435,980)	-	(5,000,000)	5,333,051	(102,929)
Net Change in Fund Balance	(1,650,064)	-	(603,472)	(962,165)	(3,215,701)
Fund Balance:					
Beginning of year	19,024,865	-	49,068,904	4,203,526	72,297,295
End of year	<u>\$ 17,374,801</u>	<u>\$ -</u>	<u>\$ 48,465,432</u>	<u>\$ 3,241,361</u>	<u>\$ 69,081,594</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, 2023

Net Change in Fund Balance - Governmental Funds \$ (3,215,701)

Amounts reported for governmental activities in the statement of activities are different because:

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.

	Capital outlays (net of deletions)	\$ 10,512,824	
	Less: Depreciation/amortization expense	<u>(5,716,674)</u>	4,796,150

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.

8,756,591

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.

3,008,260

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.

1,879,993

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.

780,357

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.

25,912

Change in Net Position of Governmental Activities

\$ 16,031,562

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, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 43,701,185	\$ 44,406,096	\$ 704,911
Intergovernmental	33,108,903	55,239,181	22,130,278
Charges for services	11,904,118	11,854,166	(49,952)
Fines and forfeits	200,000	128,654	(71,346)
Interest, rents and royalties	1,626,981	4,837,415	3,210,434
Other, including ARPA	4,744,000	3,682,352	(1,061,648)
Total revenues	<u>95,285,187</u>	<u>120,147,864</u>	<u>24,862,677</u>
Expenditures:			
Current:			
General government - administration	17,625,448	16,702,974	922,474
General government - judicial	18,908,126	17,544,230	1,363,896
Public safety	24,829,008	23,002,733	1,826,275
Human services	31,239,687	32,070,825	(831,138)
Culture and recreation	407,018	407,018	-
Conservation and development	333,144	350,644	(17,500)
Other	64,540,585	31,283,524	33,257,061
Total expenditures	<u>157,883,016</u>	<u>121,361,948</u>	<u>36,521,068</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(62,597,829)</u>	<u>(1,214,084)</u>	<u>61,383,745</u>
Other Financing Sources (Uses):			
Sale of capital assets	10,000	14,245	4,245
Real estate refunds	(200,000)	(121,851)	78,149
Transfers in	5,005,000	5,000,000	(5,000)
Transfers out	(5,565,059)	(5,328,374)	236,685
Total other financing sources (uses)	<u>(750,059)</u>	<u>(435,980)</u>	<u>314,079</u>
Net Change in Fund Balance	<u>\$ (63,347,888)</u>	<u>\$ (1,650,064)</u>	<u>\$ 61,697,824</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, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	\$ 11,566,162	\$ 11,722,655	\$ 156,493
Interest	4,150	155,464	151,314
Other	9,990	1,025	(8,965)
Total revenues	11,580,302	11,879,144	298,842
Expenditures:			
Human services	11,580,302	11,879,144	(298,842)
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -

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, 2023

	Employees' Retirement Plan	OPEB Trust Fund	Custodial Funds
Assets			
Cash and cash equivalents	\$ 3,133,953	\$ 224,662	\$ 8,725,180
Investments:			
Fixed income - debt securities	26,792,746	-	-
Fixed income - mutual funds	23,147,615	5,031,982	-
U.S. equities	47,551,080	7,320,109	-
Global equities	31,092,917	3,845,776	-
International equities	18,358,001	4,369,704	-
Alternatives (defensive equity)	28,731,649	1,220,712	-
Real estate funds	27,539,640	3,281,420	-
Receivables:			
Accounts receivable	-	-	292,520
Interest	307,933	-	-
Due from General Fund	322,015	-	-
Total Assets	206,977,549	25,294,365	9,017,700
Liabilities			
Accounts payable	89,235	-	595,050
Due to other funds	-	-	270,923
Due to other governments	-	-	1,690,251
Escrow liability	-	-	6,461,476
Total Liabilities	89,235	-	\$ 9,017,700
Net Position			
Net Position Restricted for:			
Pension benefits	206,888,314	-	
OPEB	-	25,294,365	
Total Net Position	\$ 206,888,314	\$ 25,294,365	

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, 2023

	Employees' Retirement Plan	OPEB Trust Fund	Custodial Funds
Additions:			
<hr/>			
Contributions:			
Employer	\$ 6,582,140	\$ -	\$ -
Employee	3,628,858	-	-
Total contributions	10,210,998	-	-
Investment earnings (loss):			
Net increase (decrease) in fair value of investments	20,083,913	2,234,929	-
Interest and dividends	2,718,134	559,508	334,109
Total investment earnings (loss)	22,802,047	2,794,437	334,109
Investment expense	(290,115)	-	-
Net investment earnings (loss)	22,511,932	2,794,437	334,109
Receipts:			
Treasurer	-	-	129,548
Recorder of Deeds	-	-	27,799,697
Register of Wills	-	-	27,468,929
Prothonotary	-	-	1,363,351
Clerk of Courts	-	-	267,684
Sheriff's Office	-	-	2,136,812
Tax Claim	-	-	11,093,029
Prison Commissary	-	-	1,051,298
Total receipts	-	-	71,310,348
Total additions	32,722,930	2,794,437	71,644,457
Deductions:			
<hr/>			
Benefits	12,255,156	-	-
Refunds of contributions	1,731,689	-	-
Administrative expense	114,757	-	-
Payments to other governments	-	-	59,906,719
Payments to other funds	-	-	6,094,012
Other custodial disbursements	-	-	5,643,726
Total deductions	14,101,602	-	71,644,457
Change in Net Position	18,621,328	2,794,437	-
Net Position:			
<hr/>			
Beginning of year	188,266,986	22,499,928	-
End of year	\$ 206,888,314	\$ 25,294,365	\$ -

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, 2023

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, 2023

- 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, 2023

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.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including leases, 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.

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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.

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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.

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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.

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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 Lease Liability 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.

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Property, plant, equipment, and the right to use leased buildings 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 buildings and equipment	Lease Term

Inventories, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2023 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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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 three 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, opioid settlement funds, 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.

Certain amounts determined in connection with lease accounting are reported as deferred inflows of resources on both the government-wide statement of net position and the governmental funds balance sheet. This amount will be recognized as an inflow of resources on the straight-line basis over the life of the lease.

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.

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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 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.

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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.
- 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, domestic relations, liquid fuels expenditures, 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, and airport operations.
- Assigned – This category represents the 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 Airport Capital Projects Fund, a non-major governmental fund, has a deficit fund balance at December 31, 2023. This is the result of expenditures exceeding revenues and prior fund balance during the year ended December 31, 2023.

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

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Q. Net Position

The government-wide financial statements 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.
- 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.

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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.

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 can make supplementary budgetary appropriations throughout the year. These budget changes, when applicable, are reflected in the applicable budget to actual statements in the final budget amounts.

For the year ended December 31, 2023, General Fund expenditures exceeded appropriations in the human services and conservation and development departments. This overage was funded by greater than anticipated revenues.

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.

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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

The following GASB Statements were adopted for the year ended December 31, 2023: Statement Nos. 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements) and 96 (Subscription-Based Information Technology Arrangements). These statements had no significant impact on the County's financial statements for the year ended December 31, 2023.

V. Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), 102 (Certain Risk Disclosures), and 103 (Financial Reporting Model Improvements). 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

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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, 2023, \$912,801 of the County's \$87,717,469 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance of \$86,804,668 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 have carrying amounts of \$85,820,046 as of December 31, 2023 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, 2023, the bank and book balances of the investments in PLGIT, INVEST, and BlackRock are \$58,171,523, \$227,482, and \$427,351, respectively. These are considered to be cash equivalents for presentation on the statement of net position and governmental funds balance sheet.

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In addition, included in cash and cash equivalents, the County has money market investments with a bank balance and carrying amount of \$140,851, 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, 2023, the County's investments in PLGIT, INVEST, and BlackRock have received an AAAM, AAAM and AA- rating, respectively from Standard & Poor's.

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, 2023. The carrying amount of deposits for the row offices and other County offices was \$5,460,978 and the bank balance was \$5,720,080. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance of \$5,470,080 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

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limitations or fees. As of December 31, 2023, the bank and book balances of the investments in PLGIT and INVEST are \$3,262,781 and \$1,421, 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.

As of December 31, 2023, the County had the following cash equivalents and investments in its Plan:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2023			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fixed income - Debt securities:					
U.S. government and related obligations	\$ 15,102,610	\$ 898,744	\$ 5,988,023	\$ 6,554,997	\$ 1,660,846
Corporate debt	9,372,628	168,362	5,192,411	3,386,076	625,779
Mortgage and other asset-backed securities	2,317,508	-	443,401	448,616	1,425,491
Total fixed income-debt securities	26,792,746	1,067,106	11,623,835	10,389,689	3,712,116
Fixed income - mutual funds	23,147,615	-	12,613,648	10,533,967	-
Total fixed income	49,940,361	\$ 1,067,106	\$ 24,237,483	\$ 20,923,656	\$ 3,712,116
Cash and cash equivalents	3,133,953				
U.S. equities	47,551,080				
Global equities	31,092,917				
International equities	18,358,001				
Alternatives (defensive equity)	28,731,649				
Real estate funds	27,539,640				
Total cash, cash equivalents, and investments reported on statement of plan net position	\$ 206,347,601				

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The Plan had the following recurring fair value measurements at December 31, 2023:

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	\$ 15,102,610	\$ 15,102,610	\$ -	\$ -
Corporate debt	9,372,628	-	9,372,628	-
Mortgage and other asset-backed securities	2,317,508	-	2,317,508	-
Total fixed income - debt securities	26,792,746	15,102,610	11,690,136	-
Fixed income - mutual funds	23,147,615	23,147,615	-	-
Equities:				
Consumer discretionary	9,689,591	9,689,591	-	-
Consumer staples	5,384,602	5,384,602	-	-
Energy	3,734,942	3,734,942	-	-
Financial	16,000,332	16,000,332	-	-
Health care	14,164,688	14,164,688	-	-
Industrials	11,140,893	11,140,893	-	-
Information technology	20,399,322	20,399,322	-	-
Materials	4,202,674	4,202,674	-	-
Real estate	2,083,062	2,083,062	-	-
Telecommunication services	7,549,914	7,549,914	-	-
Utilities	2,651,978	2,651,978	-	-
Total equities	97,001,998	97,001,998	-	-
Total Investments by Fair Value Level	146,942,359	\$ 135,252,223	\$ 11,690,136	\$ -
Investments measured at NAV:				
Alternatives (defensive equity)	28,731,649			
Real estate funds	27,539,640			
Total Investments measured at NAV	56,271,289			
Total investments	\$ 203,213,648			

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).

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The Plan has the following investments measured using the net asset value per share practical expedient at December 31, 2023:

December 31, 2023	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternatives (defensive equity):				
Parametric Defensive Equity	\$ 5,186,341	n/a	Monthly	7 days
Partners Group Private Equity II, LLC	11,777,573	n/a	Quarterly	1 year
Partners Group Private Credit Strategy B, LLC	7,117,456	n/a	Quarterly	90 days
Neuberger Berman US Equity Index PutWrite	4,650,279	n/a	Monthly	7 days
Total alternatives (defensive equity)	<u>\$ 28,731,649</u>			
Real Estate Funds:				
Hancock Timberland and Farmland Fund L.P.	\$ 5,315,181	n/a	Quarterly	n/a
J.P. Morgan IIF, LP	6,060,766	n/a	March 31 or September 30	90 days
Clarion Lion Properties Fund	6,456,317	n/a	Quarterly	90 days
TA Realty Core Property Fund	3,631,707	n/a	Quarterly	45 days
IFM Global Infrastructure	6,075,669	n/a	Quarterly	3 year lock on commitments; none once capital is called
	<u>\$ 27,539,640</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, 2023, the County's bank balance of \$88,455 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 \$830 as of December 31, 2023. Money market investments include short-term U.S. Treasury and agency obligations. As of December 31, 2023, the County's money markets balance of \$3,133,123 included in cash and cash equivalents (bank and book

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balance) was exposed to custodial credit risk. As of December 31, 2023, the Plan investment balance, excluding mutual funds of \$23,147,615 (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, 2023, 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	\$ 14,725,063	55.0%
Aa1	-	0.0%
Aa2	141,648	0.5%
Aa3	148,781	0.6%
A1	1,727,758	6.4%
A2	1,276,106	4.8%
A3	1,041,314	3.9%
Baa1	1,133,966	4.2%
Baa2	1,940,507	7.2%
Baa3	755,746	2.8%
Ba1	163,001	0.6%
Ba3	23,589	0.1%
Other/unrated	3,715,267	13.9%
	<u>\$ 26,792,746</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, 2023, 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, 2023.

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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, 2023, 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, 2023			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fixed income - mutual funds	\$ 5,031,982	\$ 404,189	\$ 2,927,179	\$ 1,700,614	\$ -
Cash and cash equivalents	224,662				
U.S. equities	7,320,109				
Global equities	3,845,776				
International equities	4,369,704				
Alternatives (defensive equity)	1,220,712				
Real estate funds	3,281,420				
Total cash, cash equivalents, and investments reported on statement of plan net position	\$ 25,294,365				

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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, 2023:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Fixed income - mutual funds	\$ 5,031,982	\$ 1,889,728	\$ 3,142,254	\$ -
Equities:				
Consumer discretionary	1,534,651	1,534,651	-	-
Consumer staples	918,979	918,979	-	-
Energy	607,345	607,345	-	-
Financial	2,599,184	2,599,184	-	-
Health care	2,038,126	2,038,126	-	-
Industrials	1,889,832	1,889,832	-	-
Information technology	3,276,729	3,276,729	-	-
Materials	700,117	700,117	-	-
Real estate	356,486	356,486	-	-
Telecommunication services	1,219,038	1,219,038	-	-
Utilities	395,102	395,102	-	-
Total equities	15,535,589	15,535,589	-	-
Total Investments by Fair Value Level	20,567,571	17,425,317	3,142,254	-
Investments measured at NAV:				
Alternatives (defensive equity)	1,220,712			
Real estate funds	3,281,420			
Total Investments measured at NAV	4,502,132			
Total investments	\$ 25,069,703			

Fixed income and equities classified in Level 1 are valued using quoted prices in active markets for those securities. Fixed income classified 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).

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As of December 31, 2023, 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	\$ 401,919	8.0%
AA	127,522	2.5%
A	1,039,039	20.6%
BBB	1,310,816	26.0%
BB	-	0.0%
<BBB	150,167	3.0%
Other/unrated	43,827	0.9%
U.S. Government Obligations	1,958,692	39.0%
	<u>\$ 5,031,982</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, 2023, the OPEB Fund cash and investment balance of \$224,662 (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.

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The Plan has the following investments measured using the net asset value per share practical expedient at December 31, 2023:

<u>December 31, 2023</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	<u>\$ 1,220,712</u>	n/a	Monthly	7 days
Total alternatives (defensive equity)	<u><u>\$ 1,220,712</u></u>			
Real Estate Funds:				
Cohen & Steers Global Infrastructure	\$ 1,276,889	n/a	2 per 60 calendar days	n/a
RREEF America REIT II, Inc.	<u>2,004,531</u>	n/a	Quarterly	n/a
Total real estate funds	<u><u>\$ 3,281,420</u></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 \$88,000. The County recognized \$847,844 in lease revenue and \$148,473 in interest revenue during 2023 related to these leases. As of December 31, 2023, the County's receivable for lease payments was \$5,126,208. In addition, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of December 31, 2023, the balance of the deferred inflow or resources was \$4,698,046.

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.

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Individual funds receivable and payable balances at year-end and transfers at December 31, 2023 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 2,832,907	\$ 235,674
Capital Expenditures	-	10,253
Other governmental funds	235,674	2,822,654
	\$ 3,068,581	\$ 3,068,581

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 5,000,000	\$ 5,328,374
Capital Expenditures	-	5,000,000
Other governmental funds	5,328,374	-
	\$ 10,328,374	\$ 10,328,374

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5. Capital Assets

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

	Balance at January 1, 2023	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 480,000	\$ -	\$ -	\$ 480,000
Construction in progress	11,530,538	9,459,371	(5,414,464)	15,575,445
Total capital assets, not being depreciated	<u>12,010,538</u>	<u>9,459,371</u>	<u>(5,414,464)</u>	<u>16,055,445</u>
Capital assets, being depreciated/amortized:				
Land improvements	29,164,493	3,166,313	-	32,330,806
Buildings and improvements	75,172,782	613,615	-	75,786,397
Infrastructure	41,374,198	2,001,106	-	43,375,304
Right to use leased assets	2,038,373	-	-	2,038,373
Furniture and equipment	37,762,874	686,883	(152,368)	38,297,389
Total capital assets, being depreciated/amortized	<u>185,512,720</u>	<u>6,467,917</u>	<u>(152,368)</u>	<u>191,828,269</u>
Less accumulated depreciation/amortization for:				
Land improvements	(15,337,782)	(1,307,867)	-	(16,645,649)
Buildings and improvements	(37,340,085)	(1,866,755)	-	(39,206,840)
Infrastructure	(13,177,055)	(776,406)	-	(13,953,461)
Right to use leased assets	(309,135)	(390,619)	-	(699,754)
Furniture and equipment	(29,978,842)	(1,375,027)	152,368	(31,201,501)
Total accumulated depreciation/amortization	<u>(96,142,899)</u>	<u>(5,716,674)</u>	<u>152,368</u>	<u>(101,707,205)</u>
Capital assets being depreciated/amortized, net	<u>89,369,821</u>	<u>751,243</u>	<u>-</u>	<u>90,121,064</u>
Governmental activities capital assets, net	<u>\$ 101,380,359</u>	<u>\$ 10,210,614</u>	<u>\$ (5,414,464)</u>	<u>\$ 106,176,509</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

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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	\$ 2,292,012
General government - judicial	586,677
Public safety	970,894
Public works and enterprises	1,307,461
Human services	235,481
Culture and recreation	<u>324,149</u>
Total depreciation expense - governmental activities	<u>\$ 5,716,674</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.

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As of the January 1, 2023 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	181
Active plan members	<u>717</u>
Total plan members	<u><u>1,775</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 – Retirement benefits for Plan members are calculated as a percent of the member’s highest three-year average salary times the member’s years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire.

Disability Benefit - All Plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of highest average salary at time of retirement.

Death Benefit - Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member’s retirement paid in a lump sum.

A Plan member who leaves County service with less than five years of service may withdraw his or her contributions, plus any accumulated interest.

Cost-of-Living Adjustments – On an ad hoc basis, cost-of-living adjustments to each member’s retirement allowance shall be reviewed at least once in every three years

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subsequent to the member's retirement date. The adjustment, should the County elect to give one, is the Consumer Price Index for All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware, and Maryland area for the 12-month period ending August 31.

Contributions and Funding Policy

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance an unfunded accrued liability. As a condition of participation, employees contribute between 7% to 17% (currently 7%) of their salary as stipulated in the Act. For the 2023 measurement period, the active member contribution rate was 7.0 percent of annual pay, and the County average contribution rate was 16.93 percent of annual payroll.

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 recognized the required contribution to the Plan of \$6,582,140. Included on the statement of plan net position is \$322,015 due from the General Fund as of December 31, 2023.

Administrative expenses are paid from the Plan from year to year, unless it is determined from the actuary that such payment will impair the actuarial soundness of the Plan.

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Changes in the Net Pension Liability/Asset)

The changes in the net pension liability/(asset) of the County for the year ended December 31, 2023 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2022	\$ 217,289,649	\$ 188,266,986	\$ 29,022,663
Changes for the year:			
Service cost	4,331,168	-	4,331,168
Interest	14,154,570	-	14,154,570
Differences between expected and actual	3,025,131	-	3,025,131
Contributions - employer	-	6,582,140	(6,582,140)
Contributions - employee	-	3,628,858	(3,628,858)
Net investment income (loss)	-	22,511,932	(22,511,932)
Benefit payments, including refunds	(13,986,845)	(13,986,845)	-
Administrative expense	-	(112,689)	112,689
Other changes	-	(2,068)	2,068
Net changes	7,524,024	18,621,328	(11,097,304)
Balances at December 31, 2023	\$ 224,813,673	\$ 206,888,314	\$ 17,925,359
Plan fiduciary net position as a percentage of the total pension liability			92.03%

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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2023, and rolled forward to December 31, 2023, 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 2023 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 2023 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.

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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, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27-37%	5.4-6.4%
International equity	10-20%	5.5-6.5%
Fixed income	21-31%	1.3-3.3%
Real estate / Alternative	21-31%	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, 2023, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 12.10%.

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, 2023. The Plan had no other investments in any one issuer that exceeded 5% of the Plan’s fiduciary net position at December 31, 2023.

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.

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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)	\$ 44,628,654	\$ 17,925,359	\$ (1,781,234)

Pension Expense and Deferred Outflow of Resources Related to Pensions

For the year ended December 31, 2023, the County recognized pension expense of \$6,334,914. At December 31, 2023, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 7,241,777	\$ -
Differences between expected and actual experience	2,953,627	-
Total deferred outflows of resources	\$ 10,195,404	\$ -

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

<u>Year ending December 31,</u>	
2024	\$ 3,202,470
2025	3,446,238
2026	5,519,876
2027	<u>(1,973,180)</u>
Total	<u>\$ 10,195,404</u>

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7. Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described in Note 6, 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, 2023 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	819
Inactive employees entitled to but not yet receiving benefits	53
Active employees	<u>104</u>
Total membership	<u><u>976</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 \$4,007,181 during 2023.

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Net OPEB Liability

The changes in the net OPEB liability at December 31, 2023 were as follows:

	Increases / Decreases		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2022	\$ 55,839,083	\$ 22,499,928	\$ 33,339,155
Changes for the year:			
Service cost	132,637	-	132,637
Interest	3,780,141	-	3,780,141
Differences between expected and actual	(4,122,983)	-	(4,122,983)
Changes of assumptions	22,836	-	22,836
Contributions - employer	-	4,007,181	(4,007,181)
Net investment income (loss)	-	2,796,710	(2,796,710)
Benefit payments	(4,007,181)	(4,007,181)	-
Administrative expense	-	(2,273)	2,273
Net changes	(4,194,550)	2,794,437	(6,988,987)
Balances at December 31, 2023	\$ 51,644,533	\$ 25,294,365	\$ 26,350,168
Plan fiduciary net position as a percentage of the total OPEB liability			48.98%

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Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023 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 2075
Mortality Table	Pub-2010 General Employees/Retirees Headcount- Weighted Mortality Table projected fully generationally using MP-2021 improvement scale

Changes in assumptions - For 2023, the health care trend assumption has been updated based on the 2023 SOA Long-Run Medical Cost Trend Model with an initial rate of 6.75% from 2023 to 2024, decreasing to an ultimate rate of 4.14% in 2075. The prior valuation used an initial rate of 6.75% decreasing to an ultimate rate of 4.14% in 2076. This change caused a slight increase in liability.

Changes in benefits – For 2023, the County increased the retiree contributions for pre-65 coverage from 12.5% to 13.5%. This resulted in a small decrease in the 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 2023 measurement period are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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-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, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 12.1%. 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	\$ 31,785,368	\$ 26,350,168	\$ 21,766,654
	Healthcare cost trend rates		
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 21,312,533	\$ 26,350,168	\$ 32,296,173

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

The OPEB expense recognized in 2023 was \$2,127,188. At December 31, 2023, 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>
Net difference between projected and actual earnings on OPEB plan investments	<u>\$ 908,251</u>	<u>\$ -</u>

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

<u>Year Ending December 31,</u>		
2024	\$	157,171
2025		314,185
2026		681,252
2027		<u>(244,357)</u>
Total	\$	<u>908,251</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 2023 was \$18,649,009,695.

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 General Government Services for the year ended December 31, 2023 was 24.3 mills per \$1,000.

Taxes for 2023 were billed in January 2023 and were due on the following schedule: at two percent discount if paid by April 30, 2023; at face value if paid between May 1, 2023 and

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

June 30, 2023; and at 10 percent penalty if paid between July 1, 2023 and January 15, 2024. The County placed liens on all property for which the 2023 tax was not paid by January 15, 2024.

Taxes receivable are reflected on the statement of net position of \$2,575,366, which is net of an allowance for doubtful accounts of \$858,455.

9. Long-Term Debt

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions and Accretion	Payments and Refundings	Balance at December 31, 2023	Due within one year
Governmental Activities:					
General Obligation Bonds:					
Series of 2007A	\$ 4,458,351	\$ 200,498	\$ -	\$ 4,658,849	\$ -
Series of 2016	7,795,000	-	180,000	7,615,000	170,000
Series of 2017	4,830,000	-	85,000	4,745,000	95,000
Direct Borrowing:					
General Obligation Note,					
Series of 2022	17,162,000	-	2,634,000	14,528,000	2,712,000
Lease liability	1,797,913	-	378,127	1,419,786	360,152
Total Long-Term Debt	<u>\$ 36,043,264</u>	<u>\$ 200,498</u>	<u>\$ 3,277,127</u>	<u>\$ 32,966,635</u>	<u>\$ 3,337,152</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 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

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

at December 31, 2023 totaled \$140,850 and is reported as cash and cash equivalents on the balance sheet.

General Obligation Bonds, Series A of 2007

On May 17, 2007, the County issued \$14,532,220 in General Obligation Bonds, Series of A of 2007 to advance refund portions of the 1992 and 2002A bond issuances, to currently refund a portion of the 1998 bond issuance, to fund a capitalized interest deposit 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 A of 2007 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 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 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.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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.

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

Years	Governmental Activities	
	Principal	Interest
2024	\$ 265,000	\$ 333,805
2025	280,000	328,291
2026	280,000	322,110
2027	1,490,000	315,573
2028	3,260,000	278,322
2029-2033	13,685,000	281,800
	19,260,000	1,859,901
Accreted interest	(2,241,151)	2,241,151
	<u>\$ 17,018,849</u>	<u>\$ 4,101,052</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

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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.

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

Years	Governmental Activities	
	Principal	Interest
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	122,000	121,605
2029-2033	4,300,000	549,231
	<u>\$ 14,528,000</u>	<u>\$ 1,813,956</u>

Lease Liability

The County has entered into various lease agreements for building space. As of December 31, 2023, the value of the lease liability was \$737,209. 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 \$1,060,557 and had accumulated amortization of \$390,112.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

The future principal and interest lease payments as of December 31, 2023, were as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2024	\$ 166,960	\$ 18,156	\$ 185,116
2025	163,264	13,637	176,901
2026	140,909	9,430	150,339
2027	107,918	6,016	113,934
2028	105,175	2,992	108,167
2026-2031	52,983	1,369	54,352
Totals	<u>\$ 737,209</u>	<u>\$ 51,600</u>	<u>\$ 788,809</u>

The County has entered into a lease agreement for vehicles. As of December 31, 2023, the value of the lease liability was \$682,577. 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 \$309,642.

The future principal and interest lease payments as of December 31, 2023, were as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2024	\$ 193,192	\$ 16,348	\$ 209,540
2025	198,572	10,968	209,540
2026	204,102	5,438	209,540
2027	86,711	597	87,308
Totals	<u>\$ 682,577</u>	<u>\$ 33,351</u>	<u>\$ 715,928</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, 2023.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

The County has an outstanding claim with a balance of \$650,725 included in accounts payable on the statement of net position at December 31, 2023.

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.

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, 2023.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 in receivables on the statement of net position and balance sheet is \$19,292,506 in opioid settlement funds. The proceeds of the opioid revenue received is from the settlements entered into between 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 4,331,168	\$ 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	14,154,570	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	3,025,131	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	(13,986,845)	(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)	-	-
Net Changes in Total Pension Liability	7,524,024	5,851,569	6,302,931	21,459,569	5,115,095	5,966,093	4,398,308	8,132,776	14,874,390	8,875,476
Total Pension Liability - Beginning	217,289,649	211,438,080	205,135,149	183,675,580	178,560,485	172,594,392	168,196,084	160,063,308	145,188,918	136,313,442
Total Pension Liability - Ending (a)	\$ 224,813,673	\$ 217,289,649	\$ 211,438,080	\$ 205,135,149	\$ 183,675,580	\$ 178,560,485	\$ 172,594,392	\$ 168,196,084	\$ 160,063,308	\$ 145,188,918
Plan Fiduciary Net Position:										
Contributions - employer	\$ 6,582,140	\$ 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	3,628,858	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	22,511,932	(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	(13,986,845)	(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	(112,689)	(102,296)	(75,961)	(86,911)	(83,791)	(79,808)	(80,949)	(87,797)	(79,148)	(97,514)
Other	(2,068)	(10,000)	1,240,933	2,852,559	1,660,922	187,027	(97,063)	(27,131)	279,905	-
Net Change in Plan Fiduciary Net Position	18,621,328	(25,995,626)	22,068,350	13,862,622	22,552,393	(11,902,194)	16,724,336	9,010,661	(1,086,153)	8,463,696
Plan Fiduciary Net Position - Beginning	188,266,986	214,262,612	192,194,262	178,331,640	155,779,247	167,681,441	150,957,105	141,946,444	143,032,597	134,568,901
Plan Fiduciary Net Position - Ending (b)	\$ 206,888,314	\$ 188,266,986	\$ 214,262,612	\$ 192,194,262	\$ 178,331,640	\$ 155,779,247	\$ 167,681,441	\$ 150,957,105	\$ 141,946,444	\$ 143,032,597
Net Pension Liability (Asset) - Ending (a-b)	\$ 17,925,359	\$ 29,022,663	\$ (2,824,532)	\$ 12,940,887	\$ 5,343,940	\$ 22,781,238	\$ 4,912,951	\$ 17,238,979	\$ 18,116,864	\$ 2,156,321
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.03%	86.64%	101.34%	93.69%	97.09%	87.24%	97.15%	89.75%	88.68%	98.51%
Covered Payroll	\$ 41,716,781	\$ 39,504,526	\$ 39,210,795	\$ 38,843,267	\$ 35,867,544	\$ 36,453,702	\$ 49,393,202	\$ 49,478,948	\$ 46,821,026	\$ 45,478,161
Net Pension Liability (Asset) as a Percentage of Covered Payroll	42.97%	73.47%	-7.20%	33.32%	14.90%	62.49%	9.95%	34.84%	38.69%	4.74%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of Contributions										
Actuarially determined contribution	\$ 6,582,140	\$ 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	6,582,140	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	\$ 41,716,781	\$ 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	15.78%	11.22%	11.85%	12.77%	10.90%	9.55%	8.94%	9.32%	9.25%	8.11%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	12.10%	-9.80%	14.09%	9.85%	18.90%	-4.36%	14.59%	7.70%	-0.30%	7.16%

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 132,637	\$ 270,005	\$ 266,119	\$ 293,954	\$ 341,229	\$ 382,458	\$ 367,971
Interest	3,780,141	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	(4,122,983)	8,494,944	(1,105,812)	(3,490,797)	(3,701,242)	(15,743,662)	-
Changes of assumptions	22,836	1,244,025	(1,050,133)	2,613,386	120,110	1,134,680	-
Benefit payments	<u>(4,007,181)</u>	<u>(3,686,133)</u>	<u>(5,336,534)</u>	<u>(4,849,274)</u>	<u>(3,006,613)</u>	<u>(3,248,737)</u>	<u>(3,629,343)</u>
Net change in total OPEB liability	(4,194,550)	9,461,350	(3,879,552)	(1,947,736)	(2,646,552)	(13,094,924)	1,278,370
Total OPEB liability - beginning	<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>	<u>66,668,127</u>
Total OPEB liability - ending	<u>\$ 51,644,533</u>	<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>
Plan Fiduciary Net Position							
Contributions - employer	\$ 4,007,181	\$ 3,686,133	\$ 5,336,534	\$ 4,849,274	\$ 3,006,613	\$ 8,248,737	\$ 3,629,343
Net investment income	2,796,710	(2,853,283)	3,373,974	2,171,694	3,262,272	(884,948)	1,691,802
Benefit payments	(4,007,181)	(3,686,133)	(5,336,534)	(4,849,274)	(3,006,613)	(3,248,737)	(3,629,343)
Administrative expense	<u>(2,273)</u>	<u>(1,316)</u>	-	-	-	-	<u>(3,930)</u>
Net change in plan fiduciary net position	2,794,437	(2,854,599)	3,373,974	2,171,694	3,262,272	4,115,052	1,687,872
Plan fiduciary net position - beginning	<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>	<u>10,743,663</u>
Plan fiduciary net position - ending	<u>\$ 25,294,365</u>	<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>
Net OPEB liability	<u>\$ 26,350,168</u>	<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>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>48.98%</u>	<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>2023</u>	<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>
Schedule of Contributions										
Actuarially determined contribution	\$ 2,646,510	\$ 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
Contributions in relation to the actuarially determined contribution	<u>4,007,181</u>	<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>
Contribution deficiency (excess)	<u>\$ (1,360,671)</u>	<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>
Investment Returns										
Annual money-weighted rate of return, net of investment expense	12.10%	-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, 2023

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	1/1/2023
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 Mortality Table for males and females with generational mortality improvement using MP-19.

Change in Actuarial Assumptions

No changes noted for the January 1, 2023, 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.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2023

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, 2023

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:	1/1/2023
Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar
Amortization period:	25 years
Asset valuation method	Market Value
Healthcare cost trend rates	6.75% from 2023 to 2024 decreasing gradually to an ultimate rate of 4.14% by 2075
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

The health care trend assumption has been updated based on the 2023 SOA Long-Run Medical Cost Trend Model with an initial rate of 6.75% from 2023 to 2024, decreasing to an ultimate rate of 4.14% in 2075. The prior valuation used an initial rate of 6.75% decreasing to an ultimate rate of 4.14% in 2076. This change caused a slight increase in liability.

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

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2023

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 trend 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 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 2023, the County increased the retiree contribution for pre-65 coverage from 12.5% to 13.5%. This resulted in a small decrease in liability.

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, 2023

	Special Revenue Funds						Capital Projects Fund	Debt Service Fund	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
Assets										
Cash and cash equivalents	\$ 116,224	\$ 4,457,104	\$ 1,912,038	\$ 519,788	\$ 157,547	\$ 517,028	\$ 7,679,729	\$ 1,034,852	\$ 140,850	\$ 8,855,431
Due from other governments	-	131,228	389,064	-	868,087	1,097,936	2,486,315	230,154	-	2,716,469
Interest and other	-	-	-	-	82,500	-	82,500	3,055	-	85,555
Loan receivable	-	-	-	-	-	-	-	-	1,899	1,899
Due from other funds	-	217,715	-	-	17,408	551	235,674	-	-	235,674
Prepays and other	-	1,786	-	20	7,843	18,257	27,906	-	-	27,906
Total Assets	\$ 116,224	\$ 4,807,833	\$ 2,301,102	\$ 519,808	\$ 1,133,385	\$ 1,633,772	\$ 10,512,124	\$ 1,268,061	\$ 142,749	\$ 11,922,934
Liabilities, Deferred Inflows of Resources, and Fund Balance										
Liabilities:										
Accounts payable	\$ 1,415	\$ 3,201,114	\$ 530,537	\$ 149,184	\$ 53,860	\$ 33,876	\$ 3,969,986	\$ 45,567	\$ 13,839	\$ 4,029,392
Accrued payroll and other expenses	-	40,819	25,361	1,053	150,268	185,475	402,976	-	-	402,976
Unearned revenue	-	1,411,650	-	13,002	-	-	1,424,652	-	-	1,424,652
Due to other funds	5,397	154,250	4,578	7,849	929,257	358,210	1,459,541	1,363,113	-	2,822,654
Total Liabilities	6,812	4,807,833	560,476	171,088	1,133,385	577,561	7,257,155	1,408,680	13,839	8,679,674
Deferred Inflows of Resources:										
Unavailable revenue - loan repayment	-	-	-	-	-	-	-	-	1,899	1,899
Fund Balance:										
Nonspendable:										
Inventories and prepaids	-	-	-	20	7,843	18,257	26,120	-	-	26,120
Restricted for:										
Debt service	-	-	-	-	-	-	-	-	127,011	127,011
Domestic relations	-	-	-	-	-	-	-	-	-	-
Liquid fuels	-	-	1,735,931	-	-	-	1,735,931	-	-	1,735,931
Emergency communication	-	-	-	-	-	1,028,026	1,028,026	-	-	1,028,026
Committed for:										
Hazardous materials	-	-	-	342,698	-	-	342,698	-	-	342,698
Airport operations	109,412	-	-	-	-	-	109,412	-	-	109,412
Assigned for:										
Encumbrances	-	-	4,695	6,002	-	9,928	20,625	-	-	20,625
Unassigned	-	-	-	-	(7,843)	-	(7,843)	(140,619)	-	(148,462)
Total Fund Balance	109,412	-	1,740,626	348,720	-	1,056,211	3,254,969	(140,619)	127,011	3,241,361
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 116,224	\$ 4,807,833	\$ 2,301,102	\$ 519,808	\$ 1,133,385	\$ 1,633,772	\$ 10,512,124	\$ 1,268,061	\$ 142,749	\$ 11,922,934

COUNTY OF WASHINGTON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds						Capital Projects Fund	Debt Service Fund	Total Other Governmental Funds	
	Airport Operating	Behavioral Health and Developmental Services	Liquid Fuels	Hazardous Materials Emergency Response	Domestic Relations	Emergency Communication 911	Airport Capital Projects	Debt Service		
Revenues:										
Intergovernmental	\$ -	\$ 11,081,162	\$ 4,681,505	\$ 17,613	\$ 2,188,684	\$ 4,408,078	\$ 22,377,042	\$ 1,076,499	\$ -	\$ 23,453,541
Charges for services	-	925,395	-	107,573	-	2,073	1,035,041	-	-	1,035,041
Interest	-	193,583	67,972	19,845	-	15,965	297,365	-	6,553	303,918
Other	-	28,089	15,303	8,197	13,350	36,536	101,475	-	-	101,475
Total revenues	-	12,228,229	4,764,780	153,228	2,202,034	4,462,652	23,810,923	1,076,499	6,553	24,893,975
Expenditures:										
Current:										
General government - judicial	-	-	-	-	3,768,488	-	3,768,488	-	-	3,768,488
Public safety	-	-	-	178,503	-	5,059,030	5,237,533	-	-	5,237,533
Public works and enterprises	127,049	-	4,522,387	-	-	-	4,649,436	-	-	4,649,436
Human services	-	12,445,944	-	-	-	-	12,445,944	-	-	12,445,944
Debt service:										
Principal	-	-	-	-	-	-	-	-	2,899,000	2,899,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	811,659	811,659
Issuance costs	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	1,377,131	-	1,377,131
Total expenditures	127,049	12,445,944	4,522,387	178,503	3,768,488	5,059,030	26,101,401	1,377,131	3,710,659	31,189,191
Excess (Deficiency) of Revenues Over Expenditures	(127,049)	(217,715)	242,393	(25,275)	(1,566,454)	(596,378)	(2,290,478)	(300,632)	(3,704,106)	(6,295,216)
Other Financing Sources (Uses):										
Proceeds from notes issued	-	-	-	-	-	-	-	-	-	-
Payments to refunded bonds escrow agent	-	-	-	-	-	-	-	-	-	-
Bond discount	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	4,677	4,677
Transfers in	100,000	217,715	-	-	1,300,000	-	1,617,715	-	3,710,659	5,328,374
Transfers out	-	-	-	-	-	-	-	-	-	-
Total financing sources (uses)	100,000	217,715	-	-	1,300,000	-	1,617,715	-	3,715,336	5,333,051
Net Change in Fund Balance	(27,049)	-	242,393	(25,275)	(266,454)	(596,378)	(672,763)	(300,632)	11,230	(962,165)
Fund Balance:										
Beginning of year	136,461	-	1,498,233	373,995	266,454	1,652,589	3,927,732	160,013	115,781	4,203,526
End of year	\$ 109,412	\$ -	\$ 1,740,626	\$ 348,720	\$ -	\$ 1,056,211	\$ 3,254,969	\$ (140,619)	\$ 127,011	\$ 3,241,361

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, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Charges for services	\$ -	\$ -	\$ -
Expenditures:			
Public works and enterprises	100,000	127,049	(27,049)
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(127,049)	(27,049)
Other Financing Sources (Uses):			
Transfer in	100,000	100,000	-
Net Change in Fund Balance	\$ -	\$ (27,049)	\$ (27,049)

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, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	\$ 10,825,923	\$ 11,081,162	\$ 255,239
Charges for services	1,033,244	925,395	(107,849)
Interest	3,000	193,583	190,583
Other	67,397	28,089	(39,308)
Total revenues	11,929,564	12,228,229	298,665
Expenditures:			
Human services	12,286,205	12,445,944	(159,739)
Excess (Deficiency) of Revenues Over Expenditures	(356,641)	(217,715)	138,926
Other Financing Sources (Uses):			
Transfer in	450,000	217,715	(232,285)
Net Change in Fund Balance	<u>\$ 93,359</u>	<u>\$ -</u>	<u>\$ (93,359)</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, 2023

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Intergovernmental	\$ 5,214,330	\$ 4,681,505	\$ (532,825)
Interest	1,000	67,972	66,972
Other	-	15,303	15,303
Total revenues	<u>5,215,330</u>	<u>4,764,780</u>	<u>(450,550)</u>
Expenditures:			
Public works and enterprises: Highways and bridges	<u>5,268,047</u>	<u>4,522,387</u>	<u>745,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (52,717)</u>	<u>\$ 242,393</u>	<u>\$ 295,110</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, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	\$ 40,000	\$ 17,613	\$ (22,387)
Charges for services	100,000	107,573	7,573
Interest	1,000	19,845	18,845
Other	-	8,197	8,197
Total revenues	<u>141,000</u>	<u>153,228</u>	<u>12,228</u>
Expenditures:			
Public safety	<u>217,592</u>	<u>178,503</u>	<u>39,089</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (76,592)</u>	<u>\$ (25,275)</u>	<u>\$ 51,317</u>

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, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance
Revenues:			
Intergovernmental	\$ 2,380,000	\$ 2,188,684	\$ (191,316)
Charges for services	200,000	-	(200,000)
Other	51,000	13,350	(37,650)
Total revenues	<u>2,631,000</u>	<u>2,202,034</u>	<u>(428,966)</u>
Expenditures:			
General government - judicial	<u>4,128,116</u>	<u>3,768,488</u>	<u>359,628</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,497,116)	(1,566,454)	(69,338)
Other Financing Sources (Uses):			
Transfer in	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (197,116)</u>	<u>\$ (266,454)</u>	<u>\$ (69,338)</u>

COUNTY OF WASHINGTON, PENNSYLVANIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

ALL CUSTODIAL FUNDS

DECEMBER 31, 2023

Assets	Treasurer	Recorder of Deeds	Register of Wills	Prothonotary	Clerk of Courts	Sheriff's Office	Tax Claim	Prison Commissary	Total
Cash and cash equivalents	\$ 30,370	\$ 1,427,758	\$ 164,186	\$ 966,328	\$ 434,587	\$ 536,142	\$ 3,470,268	\$ 1,695,541	\$ 8,725,180
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	-	-	288,100	292,520
Interest	-	-	-	-	-	-	-	-	-
Total Assets	30,370	1,427,758	164,186	966,328	439,007	536,142	3,470,268	1,983,641	9,017,700
Liabilities									
Accounts payable	-	-	-	-	203,682	-	-	391,368	595,050
Due to other funds	-	151,721	51,538	-	35,303	26	-	32,335	270,923
Due to other governments	30,370	1,276,037	112,648	-	-	16,892	254,304	-	1,690,251
Escrow liability	-	-	-	966,328	200,022	519,224	3,215,964	1,559,938	6,461,476
Total Liabilities	30,370	1,427,758	164,186	966,328	439,007	536,142	3,470,268	1,983,641	9,017,700
Net Position									
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

COUNTY OF WASHINGTON, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL CUSTODIAL FUNDS

YEAR ENDED DECEMBER 31, 2023

	Treasurer	Recorder of Deeds	Register of Wills	Prothonotary	Clerk of Courts	Sheriff's Office	Tax Claim	Prison Commissary	Total
Additions:									
Contributions:									
Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee	-	-	-	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-	-	-	-
Investment income (loss):									
Net increase (decrease) in fair value of investments	-	-	-	-	-	-	-	-	-
Interest and dividends	-	41,345	1,811	31,453	21,649	377	164,561	72,913	334,109
Total investment earnings (loss)	-	41,345	1,811	31,453	21,649	377	164,561	72,913	334,109
Investment expense									
Net investment income (loss)	-	41,345	1,811	31,453	21,649	377	164,561	72,913	334,109
Collections for Other Individuals and Governments:									
Treasurer	129,548	-	-	-	-	-	-	-	129,548
Recorder of Deeds	-	27,799,697	-	-	-	-	-	-	27,799,697
Register of Wills	-	-	27,468,929	-	-	-	-	-	27,468,929
Prothonotary	-	-	-	1,363,351	-	-	-	-	1,363,351
Clerk of Courts	-	-	-	-	267,684	-	-	-	267,684
Sheriff's Office	-	-	-	-	-	2,136,812	-	-	2,136,812
Tax Claim	-	-	-	-	-	-	11,093,029	-	11,093,029
Prison Commissary	-	-	-	-	-	-	-	1,051,298	1,051,298
Total receipts	129,548	27,799,697	27,468,929	1,363,351	267,684	2,136,812	11,093,029	1,051,298	71,310,348
Total additions	129,548	27,841,042	27,470,740	1,394,804	289,333	2,137,189	11,257,590	1,124,211	71,644,457
Deductions:									
Disbursements:									
Payments to other governments	129,548	25,535,581	26,794,697	125,056	36,704	68,058	7,217,075	-	59,906,719
Payments to other funds	-	2,305,461	676,043	664,924	82,345	349,127	1,857,981	158,131	6,094,012
Other custodial disbursements	-	-	-	604,824	170,284	1,720,004	2,182,534	966,080	5,643,726
Total deductions	129,548	27,841,042	27,470,740	1,394,804	289,333	2,137,189	11,257,590	1,124,211	71,644,457
Change in Net Position	-	-	-	-	-	-	-	-	-
Net Position:									
Beginning of year	-	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Payments Received</u>	<u>Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Health and Human Services					
Passed Through the Pennsylvania Department of Human Services:					
Guardianship Assistance	93.090		\$ 145,086	\$ 145,086	\$ -
COVID-19 Guardianship Assistance	93.090		16,086	16,086	-
Total ALN 93.090			<u>161,172</u>	<u>161,172</u>	<u>-</u>
Promoting Safe and Stable Families	93.556		104,335	104,335	-
Temporary Assistance for Needy Families (TANF)	93.558		791,538	635,155	635,155
Child Support Enforcement	93.563	4100087393	2,216,163	1,923,880	-
Stephanie Tubbs Jones Child Welfare Services Program - Title IV (B) - Children and Youth	93.645		46,754	46,754	-
Foster Care - Title IV-E:					
Foster Care - Title IV-E	93.658		2,846,554	2,846,554	2,846,554
COVID-19 Foster Care - Title IV-E	93.658		63,657	63,657	-
Total ALN 93.658			<u>2,910,211</u>	<u>2,910,211</u>	<u>2,846,554</u>
Adoption Assistance:					
Adoption Assistance	93.659		2,151,790	2,863,550	-
COVID-19 Adoption Assistance	93.659		231,584	231,584	-
Total ALN 93.659			<u>2,383,374</u>	<u>3,095,134</u>	<u>-</u>
Social Services Block Grant	93.667		327,385	327,385	327,385
Chafee Foster Care Independence Program	93.674		141,548	204,450	204,450
COVID-19 Chafee Foster Care Independence Program	93.674		236,792	-	-
Total ALN 93.674			<u>378,340</u>	<u>204,450</u>	<u>204,450</u>
Medicaid Cluster:					
Medical Assistance Program	93.778		1,568,903	1,553,323	1,553,323
Block Grants for Community Mental Health Services	93.958		578,466	569,799	569,799
COVID-19 Block Grants for Community Mental Health Services	93.958		567,000	567,000	567,000
Total ALN 93.958			<u>1,145,466</u>	<u>1,136,799</u>	<u>1,136,799</u>
Total U.S. Department of Health and Human Services			<u>12,033,641</u>	<u>12,098,598</u>	<u>6,703,666</u>
U.S. Department of Housing and Urban Development					
Emergency Solutions Grant Program	14.231	E-21-UC-42-0101, E-22-UC-42-0101, E-23-UC-42-0101	270,916	321,069	279,432
Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-42-0101, B-18-UC-42-0101, B-19-UC-42-0101, B-20-UC-42-0101, B-21-UC-42-0101, B-22-UC-42-0101, B-23-UC-42-0101	3,855,420	3,855,420	3,855,420
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-UW-42-0101	1,451,312	1,451,312	1,451,312
Total CDBG - Entitlement Grants Cluster - ALN 14.218			<u>5,306,732</u>	<u>5,306,732</u>	<u>5,306,732</u>
HOME Investment Partnerships Program	14.239	M-19-UC-42-0505, M-20-UC-42-0505, M-21-UC-42-0505, M-22-UC-42-0505	820,686	820,686	820,686
COVID-19 HOME Investment Partnerships Program	14.239	M-21-UW-42-0505	20,749	20,749	20,749
Total ALN 14.239			<u>841,435</u>	<u>841,435</u>	<u>841,435</u>
Continuum of Care Program	14.267	PA1048T3E012100, PA0900L3E012104, PA1049L3E012100, PA0291L3E012114, PA0296L3E012114, PA1048T3E012201, PA0291L3E012215, PA0296L3E012215	1,704,674	1,688,250	1,629,869
Total U.S. Department of Housing and Urban Development			<u>8,123,757</u>	<u>8,157,486</u>	<u>8,057,468</u>

(Continued)

See notes to schedule of expenditures of federal awards.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023
(Continued)

<u>Federal Grantor/Program Title (continued)</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Payments Received</u>	<u>Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Agriculture					
Passed Through the Pennsylvania Department of Agriculture:					
Food Distribution Cluster:					
Emergency Food Assistance Program (Administrative Costs)	10.568	8-04-63-131	38,067	38,711	38,711
Emergency Food Assistance Program (Food Commodities)	10.569	8-04-63-131	-	208,170	208,170
Total Food Distribution Cluster			38,067	246,881	246,881
Total U.S. Department of Agriculture			38,067	246,881	246,881
U.S. Department of the Treasury					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	19,994,568	-
COVID-19 - Emergency Rental Assistance Program	21.023		-	1,471,613	1,470,677
Passed Through the Pennsylvania Department of Human Services:					
COVID-19 - Emergency Rental Assistance Program	21.023		-	5,194,892	5,170,724
Total ALN 21.023			-	6,666,505	6,641,401
Total U.S. Department of the Treasury			-	26,661,073	6,641,401
U.S. Department of Transportation					
Passed Through the Pennsylvania Department of Transportation:					
Airport Improvement Program	20.106		319,042	261,445	-
COVID-19 - Airport Improvement Program	20.106		30,453	30,453	-
Total ALN 20.106			349,495	291,898	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205		3,629,655	3,880,429	-
Highway Safety Cluster:					
State and Community Highway Safety	20.600		134,327	146,461	-
Total U.S. Department of Transportation			4,113,477	4,318,788	-
U.S. Department of Justice					
Passed Through the Pennsylvania Commission on Crime and Delinquency:					
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	32861	830	70,873	-
Crime Victim Assistance	16.575	33114	120,191	89,297	-
Crime Victim Assistance	16.575	40363	-	27,142	-
Total ALN 16.575			120,191	116,439	-
Violence Against Women Formula Grants	16.588		87,236	75,671	-
Total U.S. Department of Justice			208,257	262,983	-
U.S. Department of Education					
Passed Through the Pennsylvania Department of Human Services					
Special Education - Grants for Infants and Families	84.181		84,741	84,741	84,741
Total U.S. Department of Education			84,741	84,741	84,741
U.S. Department of Homeland Security					
Passed through Pennsylvania Emergency Management Agency:					
Emergency Management Performance Grants	97.042		131,645	138,929	-
Total U.S. Department of Homeland Security			131,645	138,929	-
Executive Office of the President					
High Intensity Drug Trafficking Areas Program	95.001		-	3,254	-
Total Executive Office of the President			-	3,254	-
Total Expenditures of Federal Awards				\$ 51,972,733	\$ 21,734,157

(Concluded)

See notes to schedule of expenditures of federal awards.

COUNTY OF WASHINGTON, PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the County of Washington, Pennsylvania (County) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position of the County.

Cash receipts are shown on the Schedule on the cash basis of accounting as required by the Pennsylvania Department of Human Services, the Pennsylvania Department of Community and Economic Development, the Pennsylvania Department of Agriculture, the Pennsylvania Department of Transportation, the Pennsylvania Commission on Crime and Delinquency and the Pennsylvania Emergency Management Agency (PEMA).

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County has elected not to use the 10 percent de minimis indirect cost rate.

3. U.S. Department of Housing and Urban Development

The County is a contractual recipient of federal financial awards under agreements with the U.S. Department of Housing and Urban Development (HUD). The County has authorized HUD to transmit funds under these agreements directly to the Washington County Redevelopment Authority (RDA), which is the representative agency with program oversight responsibility. This information is included in the County's Schedule. The RDA has submitted, for their fiscal year ended June 30, 2023, a Single Audit Report to the County covering \$3,015,017 of the expenditures shown on the previous pages. The remaining \$3,097,150 of expenditures, representing the period July 1, 2023 through December 31, 2023, will be covered in the RDA's Single Audit Report of June 30, 2024.

**County of Washington,
Pennsylvania**

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2023

**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2023, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated September 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weaknesses and certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described

Board of County Commissioners
County Controller
County of Washington, Pennsylvania
Independent Auditor’s Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County’s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County’s responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maker Duessel

Pittsburgh, Pennsylvania
September 23, 2024

Independent Auditor’s Report on Compliance for Each Major Federal and Pennsylvania Department of Human Services (DHS) Program and on Internal Control over Compliance Required by the Uniform Guidance and the DHS *Single Audit Supplement*

Board of County Commissioners
County Controller
County of Washington, Pennsylvania

Report on Compliance for Each Major Federal and DHS Program

Opinion on Each Major Federal and DHS Program

We have audited the County of Washington, Pennsylvania (County)’s compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement and the Pennsylvania Department of Human Services (DHS) *Single Audit Supplement* that could have a direct and material effect on each of the County’s major federal and DHS programs for the year ended December 31, 2023. The County’s major federal and DHS programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and DHS programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal and DHS Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *DHS Single Audit Supplement*. Our responsibilities under those standards, the Uniform Guidance and the *DHS Single Audit Supplement* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Board of County Commissioners
County Controller
County of Washington, Pennsylvania
Independent Auditor's Report on Compliance for Each Major Federal
and Pennsylvania Department of Human Services (DHS) Program and on Internal Control
over Compliance Required by the Uniform Guidance and the DHS Single Audit Supplement

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal and DHS programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance and the DHS *Single Audit Supplement* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal and DHS program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the DHS *Single Audit Supplement* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of County Commissioners
County Controller
County of Washington, Pennsylvania
Independent Auditor's Report on Compliance for Each Major Federal
and Pennsylvania Department of Human Services (DHS) Program and on Internal Control
over Compliance Required by the Uniform Guidance and the DHS Single Audit Supplement

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maher Duessel
Pittsburgh, Pennsylvania
September 23, 2024

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified opinion, prepared in accordance with Generally Accepted Accounting Principles.
2. Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported
3. Noncompliance material to financial statements noted? yes no
4. Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no
7. Major Programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.023	COVID-19 Emergency Rental Assistance Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
93.658	Foster Care Title IV-E
8. Dollar threshold used to distinguish between type A and type B programs: \$1,559,182
9. Auditee qualified as low-risk auditee? yes no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

FINDING: 2023-001 Financial Reporting System

Statement of Condition: The County of Washington's (County) internal controls over financial reporting did not identify adjustments necessary to prepare the financial statements in

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

accordance accounting principles generally accepted in the United States of America (GAAP). Several material audit adjustments in the aggregate were made to the County records related to year-end closing. Adjustments were required to: 1.) recognize federal revenue; 2.) adjust accounts receivable and related revenues; 3.) balance interfunds and transfers; 4.) record opioid settlement receivable and related deferred inflow; 5.) adjust lease receivable activity on the fund statements; 6.) adjust accounts payable and 7.) assist with entries to convert financial statements to full accrual.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

Criteria: The County should have procedures in place to identify any significant adjustments necessary to their external financial statements, including the posting of all adjustments necessary to present financial statements in accordance with GAAP.

Effect: Audit adjustments were required to be recorded to ensure that the financial statements were prepared and presented in accordance with GAAP.

Cause: The County's internal controls did not identify the necessity for these entries.

Recommendation: We recommend that the County consider the most efficient and effective method to address the above issues.

Governmental accounting standards and the financial reporting process continue to become more complex each year. The County should undertake an evaluation as to what measures can be taken by management to reduce the number of year-end closing adjustments made as part of the audit process. This decision should be made in conjunction with the evaluation of potential internal control improvements (both over day-to-day processes, and the year-end financial reporting process) within the County.

Views of responsible officials and planned corrective action: Management agrees with the finding. See attached corrective action plan.

FINDING: 2023-002 Cost Allocation

Statement of Condition: The internal control system to ensure that the information submitted to the third-party provider timely was not operating effectively. Per discussion with management there were delays in providing information to the third-party and therefore delays in receiving the reports. The County estimated the indirect allocations for 2023 based on prior year information. The allocations are consistent from year to year based on annual activity.

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

Criteria: The County should have procedures in place to ensure information required for the cost allocation preparation is provided timely to the third-party provider.

Effect: 2023 indirect cost allocations were estimated based on prior years allocations.

Cause: The County's internal controls did not ensure the information required for the cost allocation plan preparation was provided timely.

Recommendation: We recommend the County provide the required information to the third-party provider in a timely manner in order for the County to allocate indirect costs consistently year to year.

Views of responsible officials and planned corrective action: Management agrees with the finding. See attached corrective action plan.

III. Findings and questioned costs for federal awards.

FINDING 2023-003 – Activities Allowed or Unallowed

U.S. Department of Human Services
Passed through Pennsylvania Department of Human Services
Foster Care Title IV-E – ALN 93.658

Statement of Condition: The internal control system to ensure all providers are eligible for payment was not followed by the County for determining eligibility of providers. During our testing of eligibility of forty Foster Care children, we noted one instance where a Foster Care provider was paid for November and December after their certification was denied. Per discussion with management and review of supporting documentation, we noted the child was placed with a new provider in January 2024.

Criteria: Management is responsible for establishing internal controls to ensure that at the time of payments for foster care services, providers have received the required certifications in accordance with 42 U.S. Code § 672 - Foster care maintenance payments program.

Cause: The County did not follow their established internal controls in place to ensure all foster care providers receiving payments had the required certifications.

Effect: A foster care provider received payments for 2 months of services for which they were not certified.

Questioned Costs: Unknown

COUNTY OF WASHINGTON, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

Repeat Finding: No.

Recommendation: The County should follow internal control procedures in place to ensure ineligible providers are not paid until the certification process is completed and the provider is approved.

Views of responsible officials and planned corrective action: Management agrees with the finding. See separate corrective action plan.

COUNTY OF WASHINGTON, PENNSYLVANIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2023

FINDING: 2022-001 Financial Reporting System

Statement of Condition: The County of Washington's (County) internal controls over financial reporting did not identify adjustments necessary to prepare the financial statements in accordance accounting principles generally accepted in the United States of America (GAAP). Several material audit adjustments in the aggregate were made to the County records related to year-end closing. Adjustments were required to: 1.) defer unspent federal revenue; 2.) adjust accounts receivable and related revenues; 3.) balance interfunds and transfers; 4.) record opioid settlement receivable; 5.) record bond refunding entry; 6.) record unrealized gains/losses in the Retirement fund and 7.) roll fund balance in certain funds.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

Status: Corrective action not yet implemented.

FINDING: 2021-001 Financial Reporting System

Statement of Condition: During the audit process, several material adjustments in the aggregate were made to the County of Washington (County) records related to year-end closing. Adjustments were required to: 1.) defer unspent federal revenue; 2.) adjust accounts receivable and related revenues; 3.) balance interfunds and transfers; and 4.) adjust construction in progress.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

Status: Corrective action not yet implemented.

**County of Washington,
Pennsylvania**

DHS—Financial Schedules and Exhibits

**Independent Accountant’s Report on Applying Agreed-Upon Procedures
to the Financial Schedules and Exhibits Required by the
Commonwealth of Pennsylvania Department of Human Services**

Board of Commissioners
County Controller
County of Washington, Pennsylvania

We have performed the procedures enumerated below on the financial schedules and exhibits of the County of Washington (County) required by the Commonwealth of Pennsylvania Department of Human Services (DHS) *Single Audit Supplement* for the fiscal years ended June 30, 2022 (Early Intervention), June 30, 2023, September 30, 2023, and December 31, 2023. The County’s management is responsible for the financial schedules and exhibits required by the DHS *Single Audit Supplement*.

The County has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting DHS in determining whether the County complied with the reporting requirements as specified by the procedures in the DHS *Single Audit Supplement*. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

The procedures and associated findings are as follows:

- a. We have verified by comparison the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for the fiscal years ended June 30, 2022 (Early Intervention), June 30, 2023, September 30, 2023, and December 31, 2023, have been accurately compiled based on the audited books and records of the County. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS *Single Audit Supplement* pertaining to this period.

Program Name

Child Support Enforcement
Medical Assistance Transportation
Early Intervention Services
Block Grant Counties
Non-Block Grant

Board of Commissioners
County Controller
County of Washington, Pennsylvania
Independent Accountant's Report on Applying
Agreed-Upon Procedures

- b. We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DHS for the period in question.
- c. The processes detailed in paragraphs (a) through (b) above disclosed no adjustments and/or findings.
- c. In regard to the reconciliation schedule included as Exhibit XX, we have performed the following procedures:
 - 1. Agreed the expenditure amounts listed on the Reconciliation Schedule under the Federal Expenditures per the SEFA Column to the audited Schedule of Expenditures of Federal Awards (SEFA).
 - 2. Agreed the receipt amounts listed on the reconciliation schedule under the Federal Awards Received per the Audit Confirmation Reply from Pennsylvania Column to the subrecipient Federal amounts that were reflected in the audit confirmation reply from the Commonwealth of Pennsylvania Office of Budget, Comptroller Operations.
 - 3. Recalculated the amounts listed under the Difference Column and the % Difference Column.
 - 4. Agreed the amounts listed under the Difference Column to the audited books and records of the County.
 - 5. Agreed the Detailed Explanation of the Differences to the audited books and records of the County.
 - 6. Based on the procedures detailed in paragraphs (1) through (5) above, disclose any adjustments and/or findings which have not been reflected on the corresponding schedules (list each separately).
- e. In regard to the Children and Youth Agency Child Protective Services Law (CPSL) Monitoring of In-House Purchased Services Provider Schedule included as Exhibit XXI, we have performed the following procedures:
 - 1. Reconciled the list of providers under Provider Name Column A to the providers who were paid for In-Home Purchased Services during the year according to the County's general ledger, cash disbursements journal, or similar record.
 - 2. Agreed the response in Column B to the appropriate Provider contract.
 - 3. Agreed the information in Columns C through I to the County's monitoring records for In-Home Purchased Service Providers.

Board of Commissioners
County Controller
County of Washington, Pennsylvania
Independent Accountant's Report on Applying
Agreed-Upon Procedures

4. Based on the procedures detailed in paragraphs (1) through (3) above, disclose any exceptions or findings which have not been reflected on the corresponding schedule (list each separately).

We were engaged by the County to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial schedules and exhibits required by the DHS *Single Audit Supplement*. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Commonwealth of Pennsylvania DHS and the County's management and is not intended to be, and should not be, used by anyone other than these specified parties.

Mahe Duessel

Pittsburgh, Pennsylvania
September 23, 2024

COUNTY OF WASHINGTON, PENNSYLVANIA

CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH THE REPORTED EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Exhibit A-1 (a)

	Single Audit Expenditures					Report Expenditures					Single Audit Over (Under) Reported				
	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A-B-C)	Amt Paid
Quarter Ending: 9/30/22															
1. Salary & Overhead	\$ 871,280	\$ 52,938	\$ 56,942	\$ 761,400	\$ 502,525	\$ 871,280	\$ 52,938	\$ 56,942	\$ 761,400	\$ 502,525	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	716	44	-	672	444	716	44	-	672	444	-	-	-	-	-
4. Genetic Testing Fees	264	-	-	264	174	264	-	-	264	174	-	-	-	-	-
5. Subtotal (1-2-3-4)	870,300	52,894	56,942	760,464	501,907	870,300	52,894	56,942	760,464	501,907	-	-	-	-	-
6. Genetic Testing Costs	269	-	-	269	178	269	-	-	269	178	-	-	-	-	-
7. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (5+6+7)	\$ 870,569	\$ 52,894	\$ 56,942	\$ 760,733	\$ 502,085	\$ 870,569	\$ 52,894	\$ 56,942	\$ 760,733	\$ 502,085	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 12/31/22															
1. Salary & Overhead	\$ 830,390	\$ 50,441	\$ 58,778	\$ 721,171	\$ 475,972	\$ 830,390	\$ 50,441	\$ 58,778	\$ 721,171	\$ 475,972	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	402	24	-	378	249	402	24	-	378	249	-	-	-	-	-
4. Genetic Testing Fees	358	-	-	358	236	358	-	-	358	236	-	-	-	-	-
5. Subtotal (1-2-3-4)	829,630	50,417	58,778	720,435	475,487	829,630	50,417	58,778	720,435	475,487	-	-	-	-	-
6. Genetic Testing Costs	685	-	-	685	451	685	-	-	685	451	-	-	-	-	-
7. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (5+6+7)	\$ 830,315	\$ 50,417	\$ 58,778	\$ 721,120	\$ 475,938	\$ 830,315	\$ 50,417	\$ 58,778	\$ 721,120	\$ 475,938	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 3/31/23															
1. Salary & Overhead	\$ 792,247	\$ 45,481	\$ 58,376	\$ 688,390	\$ 454,337	\$ 792,247	\$ 45,481	\$ 58,376	\$ 688,390	\$ 454,337	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	319	18	-	301	199	319	18	-	301	199	-	-	-	-	-
4. Genetic Testing Fees	69	-	-	69	46	69	-	-	69	46	-	-	-	-	-
5. Subtotal (1-2-3-4)	791,859	45,463	58,376	688,020	454,093	791,859	45,463	58,376	688,020	454,093	-	-	-	-	-
6. Genetic Testing Costs	239	-	-	239	157	239	-	-	239	157	-	-	-	-	-
7. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (5+6+7)	\$ 792,098	\$ 45,463	\$ 58,376	\$ 688,259	\$ 454,250	\$ 792,098	\$ 45,463	\$ 58,376	\$ 688,259	\$ 454,250	\$ -	\$ -	\$ -	\$ -	\$ -
Quarter Ending: 6/30/23															
1. Salary & Overhead	\$ 1,146,373	\$ 67,855	\$ 133,719	\$ 944,799	\$ 623,568	\$ 1,146,373	\$ 67,855	\$ 133,719	\$ 944,799	\$ 623,568	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees & Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest & Program Income	1,651	96	-	1,555	1,026	1,651	96	-	1,555	1,026	-	-	-	-	-
4. Genetic Testing Fees	267	-	-	267	176	267	-	-	267	176	-	-	-	-	-
5. Subtotal (1-2-3-4)	1,144,455	67,759	133,719	942,977	622,366	1,144,455	67,759	133,719	942,977	622,366	-	-	-	-	-
6. Genetic Testing Costs	187	-	-	187	123	187	-	-	187	123	-	-	-	-	-
7. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (5+6+7)	\$ 1,144,642	\$ 67,759	\$ 133,719	\$ 943,164	\$ 622,489	\$ 1,144,642	\$ 67,759	\$ 133,719	\$ 943,164	\$ 622,489	\$ -	\$ -	\$ -	\$ -	\$ -

COUNTY OF WASHINGTON, PENNSYLVANIA

CHILD SUPPORT ENFORCEMENT PACSES OCSE 157 DATA RELIABILITY VALIDATION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Exhibit A-1 (b)

County: Washington

Year Ended: 9/30/23

OCSE 157 Report Line Number	Number of Cases Reviewed	Case Problems Found
Line #1 IV-D cases open at the end of the fiscal year (9/30/23).	*	*
Line #2 IV-D cases open at the end of the fiscal year with support orders established. (Financial or Medical)	*	*
Line #5 Children in IV-D cases open at the end of the fiscal year that were born out of wedlock.	*	*
Line #6 Children in IV-D cases open during or at the end of the fiscal year with paternity established or acknowledged	*	*
Line #24 Total amount of current support due for the fiscal year (for IV-D cases, excluding emancipated children)	*	*
Line #25 Total amount of support disbursed as current support during the fiscal year (for IV-D cases, excluding emancipated children.)	*	*
Line #28 Cases with arrears due during the fiscal year (10/01/22 - 9/30/23)	*	*
Line #29 Cases paying toward arrears during the fiscal year (10/01/22 - 9/30/23)	*	*

* Domestic Relations was not audited as major during fiscal year ended 2023.

COUNTY OF WASHINGTON, PENNSYLVANIA

MEDICAL ASSISTANCE TRANSPORTATION PROGRAM SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE TWELVE-MONTH PERIOD ENDED JUNE 30, 2023

Exhibit III

	Reported	Actual
<u>Service Data</u>		
Expenditures:		
Group I Clients	\$ 1,892,538	\$ 1,892,538
Group II Clients	246,328	246,328
	\$ 2,138,866	\$ 2,138,866
<u>Allocation Data</u>		
Revenues:		
Department of Human Services	\$ 2,132,135	\$ 2,132,135
Interest income	6,731	6,731
	2,138,866	2,138,866
Funds Expended:		
Operating costs	2,138,866	2,138,866
Administrative costs	-	-
	2,138,866	2,138,866
Excess of Revenues Over Expenditures	\$ -	\$ -
<u>Indirect Cost Rate</u>	10.00% *	

* - The County did not have any indirect costs charged.

COUNTY OF WASHINGTON, PENNSYLVANIA

EARLY INTERVENTION SERVICES

FOR THE TWELVE-MONTH PERIOD ENDED JUNE 30, 2022

Exhibit V (a) EI

Sources of DHS Funding	Appropriation	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6)	Total Fund Balance (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A Early Intervention Services								
1. Early Intervention Services	10235	\$ 596,323	\$ 1,002,492	\$ 1,598,815	\$ 1,327,772	\$ 271,043	\$ -	\$ 271,043
2. Early Intervention Training	10235	741	5,542	6,283	5,598	685	-	685
3. Early Intervention Administration	10235	-	76,273	76,273	76,273	-	-	-
4. Infants & Toddlers w/ Disabilities (Part C)	70170	-	77,955	77,955	77,955	-	-	-
5. Medicaid Administration - State	10235	2,498	62,980	65,478	65,478	-	-	-
6. Reserved	00001	-	-	-	-	-	-	-
TOTAL EARLY INTERVENTION SERVICES		\$ 599,562	\$ 1,225,242	\$ 1,824,804	\$ 1,553,076	\$ 271,728	\$ -	\$ 271,728

* 6-30-23 final reports not available prior to AUP issuance

COUNTY OF WASHINGTON, PENNSYLVANIA

EARLY INTERVENTION SERVICES

FOR THE TWELVE-MONTH PERIOD ENDED JUNE 30, 2022

Exhibit V (b) EI

	Admin Office	Early Intervention	Service Coordination	Total
I. TOTAL ALLOCATION				\$ 1,824,804
II. TOTAL EXPENDITURES	\$ 215,704	\$ 1,324,077	\$ 244,062	1,783,843
III. Costs Over Allocation				
A. County Funded Eligible	-	-	-	-
B. County Funded Ineligible	-	-	-	-
C. Other Eligible	-	-	-	-
D. Other Ineligible	-	-	-	-
Subtotal Costs Over Allocation	-	-	-	-
IV. REVENUES				
A. Program Service Fees	-	-	-	-
B. Private Insurance	-	-	-	-
C. Medical Assistance	-	-	-	-
D. Medical Assistance Admin Claims - EI Waiver	1,348	-	-	1,348
E. Medical Assistance Admin Claims - EI Other	64,130	-	-	64,130
F. Earned Interest	-	-	-	-
G. Other	-	-	-	-
Subtotal Revenues	65,478	-	-	65,478
V. DHS REIMBURSEMENT				
C. DHS Categorical Funding 90%	76,273	1,191,669	219,656	1,487,598
D. DHS Categorical Funding 100%	65,478	-	-	65,478
Subtotal DHS Reimbursement	141,751	1,191,669	219,656	1,553,076
VI. 10% County Match	8,475	132,408	24,406	165,289
VII. TOTAL DHS REIMBURSEMENT AND COUNTY MATCH	150,226	1,324,077	244,062	1,718,365
VIII. TOTAL CARRYOVER				\$ 271,728

* 6-30-23 final reports not available prior to AUP issuance

COUNTY OF WASHINGTON, PENNSYLVANIA

BLOCK GRANT COUNTIES
 COUNTY REPORT OF INCOME AND EXPENDITURES
 COUNTY HUMAN SERVICES BLOCK GRANT
 SCHEDULE OF FUND BALANCES - SUMMARY REPORT

FOR THE TWELVE-MONTH PERIOD ENDED JUNE 30, 2023

Exhibit VI (a) BG-S

County Match	2.91%
Actual County Match (\$)	\$ 256,438
Actual County Match (%)	2.91%

Block Grant Reporting	Appropriation	Costs Eligible for DHS Participation							Balance of Funds	Adjustments	Total Fund Balance
		DHS Allocation	Mental Health	Intellectual Disabilities	Homeless Assistance	HSS	D & A	Total			
Sources of Funding:											
1. State Human Services Block Grant	Multiple	\$ 8,978,245	\$ 6,693,070	\$ 763,346	\$ 159,891	\$ 158,144	\$ 754,882	\$ 8,529,333	\$ 448,912	\$ -	\$ 448,912
2. SSBG	Multiple	160,630	62,162	98,468	-			160,630			-
3. Reserved		-			-			-			-
4. CMHSBG	70167	568,466	568,466					568,466			-
5. Reserved		-						-			-
Total for Block Grant		\$ 9,707,341	\$ 7,323,698	\$ 861,814	\$ 159,891	\$ 158,144	\$ 754,882	\$ 9,258,429	\$ 448,912	\$ -	\$ 448,912

Retained Earnings	
I. Unexpended Allocation	\$ 448,912
II. Maximum Retained Earnings (3%)	448,912
III. Amount to be returned to DHS	-
IV. Total Requested Retained Earnings	\$ 448,912

Prior Year Retained Earnings	
I. FY 21-22 Retained Earnings	\$ 269,617
II. Total Expended Retained Earnings (3%)	269,617
III. Amount to be Returned to DHS	\$ -

COUNTY OF WASHINGTON, PENNSYLVANIA

COUNTY REPORT OF INCOME AND EXPENDITURES

COUNTY HUMAN SERVICES BLOCK GRANT

NON-BLOCK GRANT SUMMARY REPORT

SCHEDULE OF FUND BALANCES - SUMMARY REPORT

FOR THE TWELVE-MONTH PERIOD ENDED JUNE 30, 2023

Exhibit VI (b) BG-S

Sources of Funding	Appropriation	Total Carryover	Allotment	DHS Allocation	Costs Eligible for DHS Participation	Balance of Funds	Adjustments	Total Fund Balance
Mental Health Services								
1 State - Employment	10248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 Federal - Peer Specialist	70127	-	-	-	-	-	-	-
3 Federal - PATH Homeless Grant	70154	-	-	-	-	-	-	-
4 Federal - CMHSBG - First Episode Psychosis	70167	-	-	-	-	-	-	-
5 Federal - CMHSBG - IECMH Endorsement	70167	5,428	5,000	10,428	-	10,428	-	10,428
6 Federal - CMHSBG - Housing Training Scholarships	70167	15,000	5,000	20,000	-	20,000	-	20,000
7 Federal - CMHSBG - TCM On-Line Training	70167	-	-	-	-	-	-	-
8 Federal - CMHSBG - Miscellaneous Training	70167	-	-	-	-	-	-	-
9 Federal - CMHSBG - Supported Education	70167	-	-	-	-	-	-	-
10 Federal - 988 Planning Initiative	70651	1,000	-	1,000	-	1,000	-	1,000
11 Federal - Youth Suicide Prevention	70651	-	-	-	-	-	-	-
12 Federal - PA System of Care Grant	70976	-	-	-	-	-	-	-
13 Federal - COVID-19 CMHSBG	87410	230,479	-	230,479	125,946	104,533	-	104,533
14 Federal - COVID-19 ARPA	87410	-	567,000	567,000	-	567,000	-	567,000
15 Reserved		-	-	-	-	-	-	-
Subtotal Mental Health Services		251,907	577,000	828,907	125,946	702,961	-	702,961
Intellectual Disabilities Services								
1 Elwyn	10236	-	-	-	-	-	-	-
2 ARPA Respite	10255	-	-	-	-	-	-	-
3 ARPA Base-Rate Increases	10255	81,749	-	81,749	18,041	63,708	-	63,708
4 Temporary MFP Start Model (Allegheny County only)	70175	23,342	23,342	46,684	-	46,684	-	46,684
5 Temporary-DOH	87442	-	-	-	-	-	-	-
6 ARPA Administration-State and Federal	10255/70175	103,400	-	103,400	-	103,400	-	103,400
7 Reserved		-	-	-	-	-	-	-
Subtotal Intellectual Disabilities Services		208,491	23,342	231,833	18,041	213,792	-	213,792
Total for Non-Block Grant Reporting		\$ 460,398	\$ 600,342	\$ 1,060,740	\$ 143,987	\$ 916,753	\$ -	\$ 916,753

COUNTY OF WASHINGTON, PENNSYLVANIA

CHILD SUPPORT ENFORCEMENT COMPARISON OF REPORTED INCENTIVES TO INCENTIVES ON DEPOSIT

FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2023

Exhibit A-1 (c)

Month	MSE Incentive Paid Cost Worksheet Ending Incentive Balance	Audited Title IV-D Account Incentive Balance	Type of Account Structure
January 1	\$ -	\$ -	(x) Separate Bank Account
March 31	-	-	() Restricted Fund - General Ledger
June 30	-	-	() Other:
September 30	-	-	
December 31	-	-	

Note - County spends all incentive funds upon receipt and therefore does not carry a cash balance for incentive funds. Incentive deposits were properly recorded in the general ledger and deposited in the Title IV-D bank account.

COUNTY OF WASHINGTON, PENNSYLVANIA

CHILD SUPPORT ENFORCEMENT COMPARISON OF SINGLE AUDIT TITLE IV-D ACCOUNT WITH REPORTED TITLE IV-D ACCOUNT

FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2023

Exhibit A-1 (d)

	Single Audit Title IV-D Account	Reported Title IV-D Account	Single Audit Over (Under) Reported
Balance, January 1	\$ 61,156	\$ 61,156	\$ -
Receipts:			
Transfer from General Fund	1,321,400	1,321,400	-
Reimbursements	2,279,619	2,279,619	-
Incentives	255,533	255,533	-
Title XIX incentives	3,480	3,480	-
Prior years revenues	-	-	-
Program income	-	-	-
Genetic testing costs	-	-	-
Maintenance of effort (MOE)	-	-	-
Miscellaneous	13,350	13,350	-
Total receipts	3,873,382	3,873,382	-
Intrafund Transfers - In	-	-	-
Funds Available	3,934,538	3,934,538	-
Disbursements:			
Transfers to General Fund	-	-	-
Vendor payments	259,588	259,588	-
Bank charges	-	-	-
Salaries and benefits	3,056,162	3,056,162	-
Indirect costs	461,441	461,441	-
Miscellaneous	-	-	-
Total disbursements	3,777,191	3,777,191	-
Intrafund Transfers - Out	-	-	-
Balance, December 31	\$ 157,347	\$ 157,347	\$ -

The Title IV-D account is comprised of one checking account.

COUNTY OF WASHINGTON, PENNSYLVANIA

RECONCILIATION - FEDERAL AWARDS PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES EXPENDITURES PER THE SEFA TO REVENUE RECEIVED PER THE PENNSYLVANIA AUDIT CONFIRMATION REPLY

YEAR ENDED DECEMBER 31, 2023

Exhibit XX

ALN Name	ALN	Federal Expenditures per the SEFA	Federal Awards Received per the Audit Confirmation Reply from Pennsylvania	Difference	% Difference	Detailed Explanation of the Differences
Guardianship Assistance	93.090	\$ 161,172	\$ 161,172	\$ -	0%	n/a
Promoting Safe and Stable Families	93.556	104,335	104,335	-	0%	n/a
Temporary Assistance for Needy Families	93.558	635,155	791,538	(156,383)	-20%	1
Child Support Enforcement	93.563	1,923,880	2,216,163	(292,283)	-13%	1
Stephanie Tubbs Jones Child Welfare Services Program	93.645	46,754	46,754	-	0%	n/a
Foster Care - Title IV-E	93.658	2,910,211	2,910,211	-	0%	n/a
Adoption Assistance	93.659	3,095,134	2,383,374	711,760	30%	1
Social Services Block Grants	93.667	327,385	327,385	-	0%	n/a
Chafee Foster Care Independence Program	93.674	204,450	378,340	(173,890)	-46%	1
Medical Assistance Program	93.778	1,553,323	1,568,903	(15,580)	-1%	1
Block Grants for Community Mental Health Services	93.958	1,136,799	1,145,466	(8,667)	-1%	1
Special Education - Grants for Infants and Families	84.181	84,741	84,741	-	0%	n/a

n/a - Amounts are in agreement

1. The difference is due to timing based on the audit confirmation reflecting cash payments versus the modified accrual accounting of federal expenditures on the schedule of federal expenditures. In addition certain payments were not included on the confirmation received. Management believes this calculation represents federal expenditures.

COUNTY OF WASHINGTON, PENNSYLVANIA

COUNTY CHILDREN AND YOUTH AGENCY CHILD PROTECTIVE SERVICES LAW (CPSL) MONITORING OF IN-HOME PURCHASED SERVICE PROVIDERS

YEAR ENDED DECEMBER 31, 2023

EXHIBIT XXX

County: Washington Period Ended: December 31, 2023

A Provider Name	B Does Provider Contract Include CPSL Requirements	C Most Recent Monitoring Date	D Monitored During the Current Year (Yes/No)	If Column D is Yes			H Date Follow-Up Was Done On Prior Year Monitoring	I Has Provider Implemented the CAP
				E List Any Exceptions Noted During Current Year Monitoring	F If Applicable Was CAP Submitted	G Is CAP Acceptable to CCYA		
ADELPHOI	Yes	rch 2023/February 2	Yes	None	N/A	N/A	N/A	N/A
A CHILD'S PLACE - CAC	Yes	N/A	No					
A SECOND CHANCE	Yes	N/A	No					
ADOPTION CONNECTION	Yes	March 2022	No					
ALLEGHENY FAMILY NETWORK	Yes	N/A	No					
CHILDRENS INSTITUTE	Yes	N/A	No					
BLUEPRINTS - Afterschool	Yes	N/A	No					
BLUEPRINTS - Consolidated	Yes	N/A	No					
BLUEPRINTS - FGDM	Yes	N/A	No					
BLUEPRINTS - IL	Yes	N/A	No					
BLUEPRINTS - PAT	Yes	N/A	No					
BLUEPRINTS - Team Dad	Yes	N/A	No					
BLUEPRINTS - TL	Yes	N/A	No					
BLUEPRINTS - Triple P	Yes	October 2023	Yes	None	N/A	N/A	N/A	N/A
BLUEPRINTS - Visitation	Yes	N/A	No					
INTERMEDIATE UNIT 1	Yes	N/A	No					
INTERMEDIATE UNIT 2	Yes	N/A	No					
LEADERSHIP	Yes	N/A	No					
JOB TRAINING	Yes	N/A	No					
JUSTICE WORKS - FGDM	Yes	October 2021	No					
JUSTICE WORKS - WhyTry	Yes	October 2021	No					
JUSTICE WORKS - JustCare	Yes	October 2021	No					
JUSTICE WORKS - Anger Management	Yes	October 2021	No					
JUSTICE WORKS - Nurturing Parenting	Yes	October 2021	No					
JUSTICE WORKS - STOPP	Yes	October 2021	No					
OUTSIDE IN	Yes	N/A	No					
PRESSLEY RIDGE	Yes	November 2022	No					
STO ROX HEALTH COUNCIL	Yes	N/A	No					
SUPPORTIVE LIVING SERVICES	Yes	N/A	No					
TRAC - EXTREME FAMILY FINDING	Yes	N/A	No					
UPMC - CHILD ADVOCACY CENTER	Yes	N/A	No					
WASHINGTON DRUG & ALCOHOL	Yes	N/A	No					
WASH HEALTH SYSTEMS	Yes	N/A	No					



APRIL SLOANE
CONTROLLER
HEATHER SHEATLER
DEPUTY CONTROLLER

County of Washington

Office of County Controller

COMMONWEALTH OF PENNSYLVANIA
100 WEST BEAU STREET - SUITE 403
WASHINGTON, PENNSYLVANIA 15301



PHONE: 724-228-6800
FAX: 724-228-6873

CORRECTIVE ACTION PLAN

September 23, 2024

The County of Washington respectfully submits the following corrective action plan for the year ended December 31, 2023.

Name and address of independent public accounting firm:

Maher Duessel, CPA's
503 Martindale Street, Suite 600
Pittsburgh, PA 15212

Audit period: January 1, 2023 to December 31, 2023

The findings from the December 31, 2023, schedule of findings and questioned costs is discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

FINDING: 2023-001 Financial Reporting System

Recommendation: We recommend that the County consider the most efficient and effective method to address the above issues.

Governmental accounting standards and the financial reporting process continue to become more complex each year. The County should undertake an evaluation as to what measures can be taken by management to reduce the number of year-end closing adjustments made as part of the audit process. This decision should be made in conjunction with the evaluation of potential internal control improvements (both over day-to-day processes, and the year-end financial reporting process) within the County.

Action taken: During fiscal year 2023 we had a large amount of turnover in the Finance Department. The Director and Assistant Director both resigned within 5 days of each other. Because of this I, Adam Petris, new finance director, was not aware of many adjusting entries made by my office. In corroboration with the Controller's office, we have made ourselves more aware of the entries made and plan to make them throughout the year to keep everything in line moving forward.

FINDING: 2023-002 Cost Allocation

Recommendation: We recommend the County provide the required information to the third-party provider in a timely manner in order for the County to allocate indirect costs consistently year to year.

Action taken: As mentioned above, the previous finance director left in June of 2023 before turning in any of the information needed for the cost allocation for 2021 and 2022. I accepted the director position in May of 2024 and one of the first things I did was gather the information for 2021, 2022, and 2023 then turn it over to Maximus so we will not have the issue again.

FINDINGS— FEDERAL AWARD PROGRAMS AUDIT

FINDING: 2023-003 Activities Allowed or Unallowed

U.S. Department of Human Services
Passed through Pennsylvania Department of Human Services
Foster Care Title IV-E – ALN 93.658

Recommendation: The County should follow internal control procedures in place to ensure ineligible providers are not paid until the certification process is completed and the provider is approved.

Action taken: Washington County CYS must ensure that internal controls are in place and working properly. Daily per Diems must only be paid to properly approved foster care providers / parents. In the case cited the foster family certification was denied and the child remained in their custody and payments continued to be made. Payments to the Foster – Kinship family should have stopped when the family's certification was denied and CYS received notification. Going forward, when the Fiscal Staff receives notification of denial, payments will cease, and the appropriate Casework staff will be alerted to the situation.

If the United States Department of Human Services has questions regarding this plan, please contact April Sloane at 724-228-6800.

Sincerely yours,

A handwritten signature in blue ink that reads "Heather Sheatler". The signature is written in a cursive style with a blue ink color.

Heather E. Sheatler
Deputy Controller
County of Washington