

**WASHINGTON TOWNSHIP**

**FINANCIAL REPORT**

**DECEMBER 31, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Supervisors  
Washington Township  
Waynesboro, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Washington Township, Franklin County, Pennsylvania (the Township), which comprise the governmental activities, each major fund, aggregate remaining fund information and the budgetary comparison, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of Washington Township's primary government as listed in the Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Township, Pennsylvania, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the major governmental funds for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

## **Basis of Accounting**

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

## **Emphasis of Matter**

The financial statements referred to above include only the primary government of Washington Township, Franklin County, Pennsylvania, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the Township's legal entity. The financial statements do not include financial data for the Township's legally separate component unit, which accounting principles generally accepted in the United States of America, as applied to the Township's modified cash basis of accounting, require to be reported with the financial data of the Township's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Washington Township, Franklin County, Pennsylvania as of December 31, 2020, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with the basis of accounting described in Note 1.

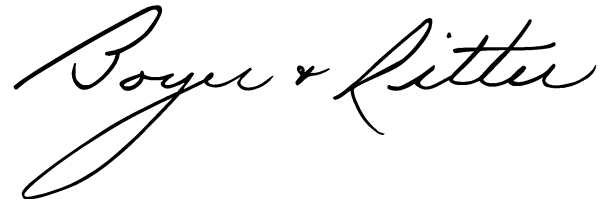
## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Washington Township's basic financial statements. The schedules and related notes listed in the Contents as other information and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining, non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The pension schedules and related notes, listed in the Contents as other information, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Chambersburg, Pennsylvania  
September 3, 2021

**WASHINGTON TOWNSHIP**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**December 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,832,754
Investments	112,753
Capital assets	
Land, historical artifacts and construction-in-progress	3,457,827
Other capital assets, net of depreciation	14,710,894
<b>Total assets</b>	<u>23,114,228</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts on pension liability	<u>259,257</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 23,373,485</u></u>
<b>LIABILITIES</b>	
Payroll tax withholdings	\$ 6,234
Due to others	5,010
Long-term liabilities:	
Due within 1 year	142,000
Due in more than 1 year	1,623,000
Net pension liability	663,982
<b>Total liabilities</b>	<u>2,440,226</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts on pension liability	<u>520,035</u>
<b>NET POSITION</b>	
Net investment in capital assets	16,403,721
Restricted for	
Capital improvements	2,283,348
Specified purposes	1,301,591
Unrestricted	424,564
<b>Total net position</b>	<u>20,413,224</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u><u>\$ 23,373,485</u></u>

See Notes to Financial Statements.

**WASHINGTON TOWNSHIP**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
Year Ended December 31, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental Activities</b>					
General government	\$ 1,720,345	\$ 173,414	\$ 191,228	\$ 325,000	\$ (1,030,703)
Public safety	1,401,665	163,890	206,899	4,101	(1,026,775)
Health and human services	17,963	-	-	-	(17,963)
Public works	2,445,203	1,057,781	579,691	549,948	(257,783)
Culture and recreation	167,977	9,793	3,450	413,397	258,663
Interest on long-term debt	45,966	-	-	-	(45,966)
<b>Total governmental activities</b>	<b>\$ 5,799,119</b>	<b>\$ 1,404,878</b>	<b>\$ 981,268</b>	<b>\$ 1,292,446</b>	<b>(2,120,527)</b>
<b>General Revenues</b>					
Property taxes					926,254
Local-enabling act taxes					2,216,256
Investment income					29,445
Miscellaneous income					10,400
Refund of prior year expenditures					142,577
Operating transfers in					18,000
<b>Total general revenues</b>					<b>3,342,932</b>
<b>Change in net position</b>					<b>1,222,405</b>
<b>Net Position:</b>					
January 1, 2020					19,190,819
December 31, 2020					<b>\$ 20,413,224</b>

See Notes to Financial Statements.



**WASHINGTON TOWNSHIP**

**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**December 31, 2020**

	General Fund	Capital Projects Fund	Highway Aid Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,330,431	\$ 2,225,792	\$ 505,084
Investments	25,127	62,566	25,060
<b>Total assets</b>	<b>\$ 1,355,558</b>	<b>\$ 2,288,358</b>	<b>\$ 530,144</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Payroll tax withholdings	\$ 6,234	\$ -	\$ -
Due to others	-	5,010	-
<b>Total liabilities</b>	<b>6,234</b>	<b>5,010</b>	<b>-</b>
Fund Balances			
Restricted for			
Capital improvements	-	2,283,348	-
Specified purposes	-	-	530,144
Unassigned	1,349,324	-	-
<b>Total fund balances</b>	<b>1,349,324</b>	<b>2,283,348</b>	<b>530,144</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,355,558</b>	<b>\$ 2,288,358</b>	<b>\$ 530,144</b>

See Notes to Financial Statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ 771,447	\$ 4,832,754
-	112,753
<u>\$ 771,447</u>	<u>\$ 4,945,507</u>

\$ -	\$ 6,234
-	5,010
<u>-</u>	<u>11,244</u>

-	2,283,348
771,447	1,301,591
-	1,349,324
<u>771,447</u>	<u>4,934,263</u>
<u>\$ 771,447</u>	<u>\$ 4,945,507</u>

**WASHINGTON TOWNSHIP**

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

**December 31, 2020**

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<b>Total fund balances - governmental funds</b>	\$ 4,934,263
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, they are not reported as assets in the governmental funds. The cost of capital assets is \$30,217,822, and the related accumulated depreciation is \$12,049,101. 18,168,721

Deferred inflows and outflows of resources related to pensions are applicable to future periods, and therefore, they are not reported within the funds. Deferred inflows and outflows related to pensions are as follows:

Deferred outflows	259,257
Deferred inflows	(520,035)

Long-term liabilities are not due and payable in the current period, and therefore, they are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Note payable	(1,765,000)
Net pension liability	(663,982)

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<b>Total net position - governmental activities</b>	<b>\$ 20,413,224</b>
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See Notes to Financial Statements.

**WASHINGTON TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Year Ended December 31, 2020**

	General Fund	Capital Projects Fund	Highway Aid Fund
<b>Revenues</b>			
Taxes	\$ 3,134,417	\$ -	\$ -
Licenses and permits	136,262	-	-
Fines	91,943	528	-
Investment income	7,801	15,633	5,051
Rents	14,746	-	-
Intergovernmental revenue	404,274	-	579,691
Charges for services	1,097,804	-	-
Assessments	-	-	-
Contributions	-	343,231	-
Miscellaneous income	899	-	9,501
<b>Total revenues</b>	<b>4,888,146</b>	<b>359,392</b>	<b>594,243</b>
<b>Expenditures</b>			
General government	466,600	33,343	-
Public safety	1,394,068	41,101	-
Health and human services	17,963	-	-
Public works - sanitation	775,732	-	-
Public works - highways and streets	241,660	-	675,700
Culture and recreation	99,344	22,436	-
Employer paid benefits and withholdings	1,282,270	-	-
Insurance	100,765	-	-
Debt service	138,966	-	-
<b>Total expenditures</b>	<b>4,517,368</b>	<b>96,880</b>	<b>675,700</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>370,778</b>	<b>262,512</b>	<b>(81,457)</b>
<b>Other Financing Sources (Uses)</b>			
Refund of prior year expenditures	142,577	-	-
Refund of prior year revenues	(5,098)	-	-
Operating transfers in	824,318	365,371	2,410
Operating transfers out	(824,881)	(824,318)	-
Proceeds from sales of assets	12,443	10,819	-
<b>Total other financing sources (uses)</b>	<b>149,359</b>	<b>(448,128)</b>	<b>2,410</b>
<b>Net changes in fund balances</b>	<b>520,137</b>	<b>(185,616)</b>	<b>(79,047)</b>
Fund Balances - January 1, 2020	829,187	2,468,964	609,191
Fund Balances - December 31, 2020	<b>\$ 1,349,324</b>	<b>\$ 2,283,348</b>	<b>\$ 530,144</b>

See Notes to Financial Statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 3,134,417
-	136,262
-	92,471
960	29,445
-	14,746
609,778	1,593,743
-	1,097,804
63,595	63,595
3,450	346,681
-	10,400
<u>677,783</u>	<u>6,519,564</u>
-	499,943
-	1,435,169
-	17,963
-	775,732
274,980	1,192,340
255,785	377,565
-	1,282,270
-	100,765
45,000	183,966
<u>575,764</u>	<u>5,865,712</u>
102,019	653,852
-	142,577
-	(5,098)
475,100	1,667,199
-	(1,649,199)
-	23,262
<u>475,100</u>	<u>178,741</u>
577,119	832,593
194,328	4,101,670
<u>\$ 771,447</u>	<u>\$ 4,934,263</u>

**WASHINGTON TOWNSHIP**

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

**Year Ended December 31, 2020**

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<b>Net changes in fund balances - governmental funds</b>	<b>\$ 832,593</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the period.

Capital outlays	991,285	
Less depreciation expense	<u>(1,197,653)</u>	(206,368)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, internal equipment rentals and payroll expenses) is to increase net assets.

304,151

The changes in net pension liability, and deferred outflows and inflows related to pensions do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds but are expenses reported in the Statement of Activities.

154,029

The issuance of long-term debt provides current, financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of long-term debt	<u>138,000</u>
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<b>Total change in net position - governmental activities</b>	<b><u><u>\$ 1,222,405</u></u></b>
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See Notes to Financial Statements.

**WASHINGTON TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Year Ended December 31, 2020**

	General Fund			Capital Projects Fund		
	Budgeted Amounts		Variance with	Budgeted Amounts		Variance with
	Original and Final	Actual	Final Budget	Original and Final	Actual	Final Budget
<b>Revenues</b>						
Taxes	\$ 2,990,000	\$ 3,134,417	\$ 144,417	\$ -	\$ -	\$ -
Licenses and permits	131,600	136,262	4,662	-	-	-
Fines	71,020	91,943	20,923	-	528	528
Investment income	17,500	7,801	(9,699)	25,000	15,633	(9,367)
Rents	35,700	14,746	(20,954)	-	-	-
Intergovernmental revenue	327,357	404,274	76,917	-	-	-
Charges for services	1,053,130	1,097,804	44,674	-	-	-
Contributions	-	-	-	3,050	343,231	340,181
Miscellaneous income	4,000	899	(3,101)	-	-	-
<b>Total revenues</b>	<b>4,630,307</b>	<b>4,888,146</b>	<b>257,839</b>	<b>28,050</b>	<b>359,392</b>	<b>331,342</b>
<b>Expenditures</b>						
General government	560,520	466,600	93,920	1,154,250	33,343	1,120,907
Public safety	1,501,811	1,394,068	107,743	93,835	41,101	52,734
Health and human services	22,500	17,963	4,537	-	-	-
Public works - sanitation	814,475	775,732	38,743	12,140	-	12,140
Public works - highway and streets	290,100	241,660	48,440	17,980	-	17,980
Culture and recreation	97,800	99,344	(1,544)	89,305	22,436	66,869
Community development	-	-	-	540	-	540
Employer-paid benefits and withholdings	1,679,663	1,282,270	397,393	-	-	-
Insurance	98,000	100,765	(2,765)	-	-	-
Debt service	183,291	138,966	44,325	-	-	-
<b>Total expenditures</b>	<b>5,248,160</b>	<b>4,517,368</b>	<b>730,792</b>	<b>1,368,050</b>	<b>96,880</b>	<b>1,271,170</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(617,853)</b>	<b>370,778</b>	<b>988,631</b>	<b>(1,340,000)</b>	<b>262,512</b>	<b>1,602,512</b>
<b>Other Financing Sources (Uses)</b>						
Refund of prior year expenditures	98,500	142,577	44,077	-	-	-
Refund of prior year revenues	-	(5,098)	(5,098)	-	-	-
Operating transfers in	-	824,318	824,318	35,000	365,371	330,371
Operating transfers out	(50,000)	(824,881)	(774,881)	-	(824,318)	(824,318)
Proceeds from sales of assets	2,000	12,443	10,443	-	10,819	10,819
<b>Total other financing sources (uses)</b>	<b>50,500</b>	<b>149,359</b>	<b>98,859</b>	<b>35,000</b>	<b>(448,128)</b>	<b>(483,128)</b>
<b>Net changes in fund balances</b>	<b>\$ (567,353)</b>	<b>520,137</b>	<b>\$ 1,087,490</b>	<b>\$ (1,305,000)</b>	<b>(185,616)</b>	<b>\$ 1,119,384</b>
Fund Balances - January 1, 2020		829,187			2,468,964	
Fund Balances - December 31, 2020		<u>\$ 1,349,324</u>			<u>\$ 2,283,348</u>	

See Notes to Financial Statements.

Highway Aid Fund

Budgeted Amounts		Variance with	
Original and Final	Actual	Final Budget	
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
8,000	5,051	(2,949)	
-	-	-	
561,306	579,691	18,385	
-	-	-	
-	-	-	
-	9,501	9,501	
<u>569,306</u>	<u>594,243</u>	<u>24,937</u>	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
679,000	675,700	3,300	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
<u>679,000</u>	<u>675,700</u>	<u>3,300</u>	
(109,694)	(81,457)	28,237	
-	-	-	
-	-	-	
-	2,410	2,410	
-	-	-	
-	-	-	
<u>-</u>	<u>2,410</u>	<u>2,410</u>	
<u>\$ (109,694)</u>	<u>(79,047)</u>	<u>\$ 30,647</u>	
	609,191		
	<u>\$ 530,144</u>		



**WASHINGTON TOWNSHIP**

**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
December 31, 2020**

	Pension Funds		Custodial Fund
	Police	Non-Uniformed	Developer Escrow
<b>ASSETS</b>			
Cash and cash equivalents	\$ 491	\$ 1,170	\$ 127,867
Investments	5,014,444	903,347	-
<b>Total assets</b>	<b>\$ 5,014,935</b>	<b>\$ 904,517</b>	<b>\$ 127,867</b>
<b>NET POSITION</b>			
Reserved for:			
Pensions	\$ 5,014,935	\$ 904,517	\$ -
Individuals and organizations	-	-	127,867
<b>Total net position</b>	<b>\$ 5,014,935</b>	<b>\$ 904,517</b>	<b>\$ 127,867</b>

See Notes to Financial Statements.

**WASHINGTON TOWNSHIP**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**Year Ended December 31, 2020**

	Pension Funds		Custodial Fund
	Police	Non-Uniformed	Developer Escrow
<b>Additions</b>			
Contributions			
Employer	\$ 61,523	\$ 75,118	\$ -
State aid	182,182	-	-
Investment gain	262,764	126,484	-
Interest	-	-	589
Escrow receipts	-	-	20,695
<b>Total additions</b>	<b>506,469</b>	<b>201,602</b>	<b>21,284</b>
<b>Deductions</b>			
Benefits and claims	547,017	186,598	-
Administrative expenses	59,388	8,046	-
Escrow payments	-	-	461
Transfers out	-	-	18,000
<b>Total deductions</b>	<b>606,405</b>	<b>194,644</b>	<b>18,461</b>
<b>Changes in net position</b>	<b>(99,936)</b>	<b>6,958</b>	<b>2,823</b>
<b>Net Position:</b>			
January 1, 2020	5,114,871	897,559	125,044
December 31, 2020	<u>\$ 5,014,935</u>	<u>\$ 904,517</u>	<u>\$ 127,867</u>

See Notes to Financial Statements.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Summary of Significant Accounting Policies**

Washington Township (Township) operates under a Board-Manager form of government and provides the following services as authorized by the Township Code: Public Safety, Public Works, Health and Human Services, Culture and Recreation, Community Development and General Government Administrative Services.

The financial statements present the primary government of Washington Township and do not include Washington Township Municipal Authority, which represents the only identifiable, component unit.

The financial statements of the Township have been prepared in conformity with the modified cash basis of accounting as applied to governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the authoritative, standard-setting body for establishing governmental accounting and financial reporting principles.

#### Reporting Entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the primary government's officials appoint a voting majority of an organization's governing body, and the primary government is either able to impose its will on that organization or potential exists for the organization to provide specific, financial benefits to, or to impose specific, financial burdens on, the primary government.

A primary government can impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Reporting Entity (Continued):

Based on the application of the above criteria, the Washington Township Municipal Authority (Authority) is a component unit of the Township, and should be, but is not, included in the Township's financial statements. Washington Township Municipal Authority was formed by Washington Township for the primary purpose of operating the Township's sewage and water systems. Washington Township Supervisors appoint the members of Washington Township Municipal Authority for five-year terms and set their salaries in accordance with Pennsylvania Law. The Township guarantees the principal and interest payments of the Authority's debt. A separate audit has been prepared for the Authority and a complete set of financial statements can be obtained at the Township's office. The Authority operates on a fiscal year ending October 31.

#### Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government, as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township reports no business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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 included among program revenues are reported as general revenues.

#### Fund Financial Statements:

Separate fund financial statements are provided in the report for all of the governmental and fiduciary funds of the Township, even though the latter are excluded from the government-wide financial statements. Major governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund-type.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

The government-wide Statement of Net Position and Statement of Activities are prepared using the “economic-resources” measurement focus, as applied to the modified cash basis of accounting. This approach differs from the focus applied to the governmental fund financial statements and, therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the government-wide and governmental fund statements.

Governmental fund financial statements are reported using the “current financial resources” measurement focus, as applied to the modified cash basis of accounting. Revenue is recognized when received. Expenditures generally are recorded when paid.

The Township’s policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. GAAP. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions and differs from U.S. GAAP in the following significant respects: certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected), and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Township utilized the U.S. GAAP, the fund financial statements for the governmental funds would be prepared using the modified accrual basis of accounting, while the fund financial statements for the fiduciary funds would be prepared using the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

The Township reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Highway Aid Fund - The Highway Aid Fund accounts for funds distributed by the state from the collection of the liquid fuels tax. These funds may only be expended on road and street work as authorized by the Department of Transportation.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

Additionally, the Township reports the following non-major governmental funds:

Drug Enforcement Fund - The Drug Enforcement Fund provides for the accountability of funds related to the on-going struggle against drugs in the community.

Train Fund - The Train Fund accounts for funds related to general expenses and maintenance of recreational facilities.

Impact Fee Fund - The Impact Fee Fund accounts for assessments collected from businesses which are expected to benefit from the Washington Township By-pass.

Traffic Light Escrow Fund - The Traffic Light Escrow Fund accounts for funds that are to be used for construction of a traffic light at the ECHO Development Intersection.

Washington Township Boulevard Fund - The Washington Township Boulevard Fund accounts for resources which are to be used for the development and construction of Washington Township Boulevard.

Recreation Fee Fund - The Recreation Fee Fund provides for the development of parks and recreation through fees charged on new lots being developed.

Storm Water Fund - The Storm Water Fund accounts for funds that are used to establish storm water basins in newly developed sections of the Township.

Happel's Meadow Fund - The Happel's Meadow Fund accounts for resources related to the preservation of the Happel's Meadow Wetlands.

Commonwealth Grant Fund - The Commonwealth Grant Fund accounts for revenues and expenditures of various grants received from the Commonwealth of Pennsylvania for general government, public works and community and recreational Projects.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

Fiduciary fund reporting focuses on net position and changes in net position and is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the Township's programs. The Township has no investment trust or private-purpose trust but reports the following pension trust funds and custodial fund:

Police Pension - The Police Pension Fund accounts for activities of the Township's single-employer, defined-benefit pension plan, which covers all full-time police employees, and accumulates resources for pension-benefit payments to qualified employees.

Non-Uniformed Employees' Pension - The Non-Uniformed Employees' Pension Fund accounts for activities of the Township's single-employer, defined-contribution pension plan, which covers the Township's full-time non-uniformed employees, and accumulates resources for pension-benefit payments to qualified employees.

Developer's Escrow Fund - The Developer's Escrow Fund is used to account for escrow deposits held by the Township for private-development projects.

Generally, interfund activity has been eliminated from the government-wide financial statements.

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

Budgets and Budgetary Accounting: The Board of Supervisors adopts annual cash basis budgets for the funds of the Township. All annual appropriations lapse at year-end and must be re-appropriated. There were no budget revisions during the year.

Cash and Cash Equivalents: The Township considers all highly-liquid investments, including restricted assets, with maturities of three (3) months or less when purchased to be cash equivalents.

Investments: Investments are recorded at fair value. Unrealized appreciation and depreciation due to changes in the fair values of such investments are recognized annually.

Capital Assets: Governmental fund capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. All purchased capital assets are valued at cost when historical records are available and at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market values on the dates donated. The costs of normal maintenance and repairs that do not add to the values of capital assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation of property, plant and equipment is computed using the straight-line method.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

Infrastructure Assets: As permitted by the provisions of GASB Statement No. 34, the Township has not capitalized and depreciated general, infrastructure assets used in its governmental activities and acquired prior to January 1, 2004.

Deferred Outflows of Resources - Pensions: The Township recognizes as deferred outflows of resources the differences between expected and actual experience, changes in assumptions, net differences between projected and actual earnings on pension plan investments, and plan contributions paid subsequent to the measurement date of December 31, 2019. These amounts are amortized over the average remaining, service lives of active and inactive members.

Deferred Inflows of Resources - Pensions: The Township recognizes as deferred inflows of resources differences between expected and actual experience, changes in assumptions, and net differences between projected and actual earnings on pension plan investments. These amounts are amortized over the average remaining service lives of active and inactive members.

Long-Term Obligations: 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 lives of the bonds using the effective-interest method. Bonds payable are adjusted for applicable bond premiums and discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as "other financing sources" while discounts on debt issuances are reported as "other financing uses." Issuance costs, either withheld or not withheld from debt proceeds received, are reported as debt-service expenditures.

Compensated Absences: Township employees are granted vacation, personal, compensatory and sick leave in varying amounts. If terminated, uniformed employees, covered by the police collective-bargaining agreement, are reimbursed in full for all accumulated vacation, personal and compensatory time. Additionally, in the event of full retirement or disability/death in the line of duty, 25% of accumulated sick time is reimbursed. Personal and compensatory time may only be accumulated to a maximum of 104 hours and 40 hours, respectively. Non-uniformed employees are not permitted to carryover personal time into the next fiscal year and forfeit all accumulated sick time at termination. Only salaried employees are permitted to carryover vacation time and are reimbursed for accumulated vacation time upon termination. As of December 31, 2020, the Township's total liability for compensated absences was \$106,988.



## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

##### Fund Balance:

The Township's fund balance classifications are defined and described as follows:

Nonspendable: Represents fund balance amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.

Restricted: Represents fund balance amounts that are constrained for a specific purpose through restrictions of external parties, through constitutional provisions, or by enabling legislation.

Committed: Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of Supervisors, the Township's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes the constraints or changes the specified purpose through the same action it used to commit the funds.

Assigned: Represents fund balance amounts that are constrained by the government's intent to use these amounts for specific purposes but are neither restricted nor committed. Through Board Policy, the Board has delegated the authority to express intent to the Township Manager.

Unassigned: Represents fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

Interfund Transactions: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts.

Pension Plans: The Township has established a single-employer, defined-benefit Police Pension Plan and a single-employer, defined-contribution Non-Uniformed Employees' Pension Plan for the benefit of substantially all full-time employees.

Use of Estimates: The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Accordingly, actual results could differ from those estimates.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

Subsequent Events: In preparing these financial statements, the Township has evaluated events and transactions for potential recognition or disclosures through September 3, 2021, the date the financial statements were available to be issued. See Note 16.

#### **Note 2. Legal Compliance - Budgets**

The Township utilizes the following procedures to establish the budgetary data reflected in the financial statements:

1. During October, the Township staff prepares preliminary budgets for all funds. The operating budgets include proposed expenditures and revenue.
2. During November, the Board of Supervisors approves the preliminary budgets and makes them available to the public. A notice that the preliminary budgets are available for inspection is published in the local newspaper and posted in the Township Office and on the Township's website for a minimum of 20 days.
3. At the regular meeting in December, the Township entertains public comments, after which the budgets are legally adopted through passage of a resolution.
4. All budget revisions require the approval of the Board of Supervisors.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 3. Deposits and Investments**

Under statutes, the Township is permitted to invest funds, consistent with sound, business practices, in the following types of investments:

- United States Treasury Bills;
- Short-term obligations of the Federal Government or its agencies or instrumentalities;
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Share Insurance Fund (NCUSIF), the Pennsylvania Deposit Insurance Corporation (PDIC), or the Pennsylvania Savings Association Insurance Corporation (PSAIC), or their successor agencies, to the extent that the accounts are so insured, and for any amounts above insured maximums, if approved collateral is pledged by the depository;
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full-faith and credit of the United States of America, of the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full-faith and credit of the Commonwealth or of any political subdivisions of the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed by the full faith and credit of the political subdivisions;
- Shares of an investment company registered under the Investment Company Act of 1940, shares of which are registered under the Securities Act of 1933, if the only investments of that company are in the authorized investments for township funds listed in the above categories;
- Certificates of Deposit purchased from institutions insured by the FDIC, the NCUSIF, the PDIC, or the PSAIC, or their successor agencies, to the extent that the accounts are so insured. However, for any amounts above the insured maximums, the Certificates of Deposit shall be secured by a pledge or assignment of assets of the institutions, and the collateral may include loans, including interest in pools of loans, secured by first mortgage liens on real property. Certificates of Deposit purchased from commercial banks shall be limited to amounts equal to 20% of a bank's total capital and surplus. Certificates of Deposit purchased from savings and loan associations or savings banks shall be limited to amounts equal to 20% of institutions' assets minus liabilities; and
- Any investment authorized by 20 Pa. C.S. Ch. 73 (relating to fiduciaries investments) and limited to investments for any pension or retirement fund.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 3. Deposits and Investments (Continued)

The deposit and investment policies of the Township adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or Township Policies.

#### Deposits: Custodial-Credit Risk

Custodial-credit risk is the risk that in the event of a bank failure, the Township's investments may not be returned to it. A summary of the Township's deposits, which include Certificates of Deposit at December 31, 2020, are as follows:

	Carrying Amount	Bank Balance	Financial Institution
FDIC Insured	\$ 114,164	\$ 114,164	BB&T
FDIC Insured	250,000	250,000	F&M Trust/ICS
Uninsured and collateralized by assets maintained in conformity with Act 72	4,610,472	4,698,263	
	<u>\$ 4,974,636</u>	<u>\$ 5,062,427</u>	

All deposits of the Township are either insured or collateralized. All deposits that exceed FDIC coverage are collateralized under the Pooling Method which is a collateral pool. Accordingly, all uninsured deposits are collateralized with securities maintained in conformity with Act 72 of 1971. Act 72 of 1971 is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis; and authorizing the appointment of custodians to act as pledgors of the assets. The Township has no policy regarding custodial-credit risk for deposits.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 3. Deposits and Investments (Continued)

#### Investments

As of December 31, 2020, the Township had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Weighted-Average Maturity</u>	<u>Carrying Value</u>
Governmental Funds			
Pennsylvania Local Government Investment Trust (PLGIT)			
PLGIT/PRIME	AAAm	77 days	<u>\$ 100,401</u>

Police and Non-Uniformed Pension Plan investments are disclosed separately in Notes 8 and 9.

#### Portfolio Assets

Certain external pool investments held by the Township meet the portfolio requirements for maturity, quality, diversification, liquidity and shadow pricing, and qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The Township measures those investments, which include PLGIT, at amortized cost.

PLGIT invests primarily in U.S. Treasury and Federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured Certificates of Deposit. The fund manager intends to comply with guidelines similar to those mandated for money market funds as contained in Rule 2a-7 of the Investment Company Act of 1940. The fund maintains a weighted-average maturity to reset of 60 days or less.

PLGIT/PRIME is a variable rate investment portfolio rated AAAM by Standard & Poor's. This web-based option requires no minimum balance and no minimum initial investment. This option limits redemptions or exchanges to two per calendar month.

The Township categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair values of assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant, other, observable inputs; and Level 3 inputs are significant, unobservable inputs. The PLGIT investments currently held by the Township are valued at amortized cost and are not subject to fair value disclosures. See Notes 8 and 9 for pension plan investments.

Weighted-Average Maturity: The weighted-average maturity (WAM) method expresses investment time horizons (the time when investments become due and payable) in years or months, weighted to reflect the dollar size of individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 3. Deposits and Investments (Continued)**

##### Portfolio Assets (Continued)

Interest Rate Risk: The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: As indicated above, Section 3204 of the Second Class Township Code, limits the composition of the Township's investments, and the Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: The Township places no limit on the amounts invested with any one organization. The Township's investments in PLGIT represent 100% of the Township's total fund investments (excluding Police and Non-Uniformed Pension Plan investments).

#### **Note 4. Property Taxes and Tax Abatements**

Property taxes are levied on March 1. Taxes are collected at discounts until April 30, at face amounts from May 1 through June 30, and include penalties thereafter. The taxes are billed by Franklin County and are collected by a local elected tax collector. After December 31, the bills are considered delinquent and are turned over to the Franklin County Tax Claim Bureau for collection. The Township's real estate tax rate for 2020, was 6.4 mills (\$6.40 per \$1,000 assessed valuation). The assessed value upon which the 2020 levy was based was \$146,772,330. Current tax collections for the year ended December 31, 2020, were 96.92% of the tax levy.

The Township is a local taxing authority, authorized by the Local Economic Revitalization Tax Assistance Act (LERTA), of December 1, 1977, to provide property-tax exemption for new construction in deteriorated areas of economically depressed communities and for improvements to certain deteriorated industrial, commercial and other business properties. Resolution No. 557, effective April 1, 2013, adopted the LERTA Program. Exhibit A of Resolution No. 557 provides a map of the eligible properties in the Township. Through the LERTA Program, eligible properties will pay no new property taxes on the improvements during the first year. Each following year, the tax will increase by 10% until reaching 100% in year 10. For the year ended December 31, 2020, the Township had three properties participating in the LERTA Program. One property was in year one (0% tax) and two properties were in year five (40% tax), and abated property taxes totaled \$3,990.

**WASHINGTON TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Interfund Receivables, Payables and Transfers**

Operating transfers between funds at December 31, 2020, were as follows:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 824,318	\$ 824,881
Capital Projects Funds	365,371	824,318
Washington Township Boulevard Fund	179,000	-
Highway Aid Fund	2,410	-
Commonwealth Grant Fund	296,100	-
	<u>\$ 1,667,199</u>	<u>\$ 1,649,199</u>

Transfers and payments within the Township are substantially for purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt-service on a routine basis. Resources are accumulated in funds to support and simplify the administration of various projects or programs.

**Note 6. Capital Assets**

Governmental fund, capital assets, which include property, plant and equipment; and infrastructure assets, are reported in the governmental column in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated, useful life exceeding two years. Such assets are recorded at historical cost or estimated, historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market values at the dates of donation.

The costs of normal maintenance and repairs that do not add to the values of assets or materially extend the assets' useful lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phases of capital assets is included as part of the capitalized values of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30-75
Public Domain Infrastructure	20
Vehicles and Equipment	5-30
Land Improvements	20-40

**WASHINGTON TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6. Capital Assets (Continued)**

Capital asset activity for the year ended December 31, 2020, and a summary of capital asset balances as of December 31, 2020, are as follows:

<b>Governmental Activities</b>	Balances			Balances	
	January 1, 2020	Increases	Decreases	December 31, 2020	
Capital assets not being depreciated					
Land	\$ 2,821,673	\$ 341,383	\$ -	\$ 3,163,056	
Historical artifacts	25,000	-	-	25,000	
Construction-in-progress	31,705	269,771	(31,705)	269,771	
Total capital assets not being depreciated	<u>2,878,378</u>	<u>611,154</u>	<u>(31,705)</u>	<u>3,457,827</u>	
Capital assets being depreciated					
Land improvements	760,088	22,058	-	782,146	
Buildings and improvements	3,063,375	-	-	3,063,375	
Machinery and equipment	3,989,098	343,814	(231,985)	4,100,927	
Infrastructure	18,426,199	387,348	-	18,813,547	
Total capital assets being depreciated	<u>26,238,760</u>	<u>753,220</u>	<u>(231,985)</u>	<u>26,759,995</u>	
Less accumulated depreciation for:					
Land improvements	(343,465)	(35,318)	-	(378,783)	
Buildings and improvements	(1,654,737)	(69,005)	-	(1,723,742)	
Machinery and equipment	(2,984,141)	(179,782)	194,753	(2,969,170)	
Infrastructure	(6,063,858)	(913,548)	-	(6,977,406)	
Total accumulated depreciation	<u>(11,046,201)</u>	<u>(1,197,653)</u>	<u>194,753</u>	<u>(12,049,101)</u>	
Total capital assets being depreciated, net	<u>15,192,559</u>	<u>(444,433)</u>	<u>(37,232)</u>	<u>14,710,894</u>	
Governmental Activities, Capital Assets, Net	<u>\$ 18,070,937</u>	<u>\$ 166,721</u>	<u>\$ (68,937)</u>	<u>\$ 18,168,721</u>	

Depreciation expense was charged to the Township's functions/programs as follows:

	Amount
Governmental Activities:	
General government	\$ 15,139
Public safety	32,968
Public works	1,068,983
Culture and recreation	80,563
Total depreciation expense - governmental activities	<u>\$ 1,197,653</u>



**WASHINGTON TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Long-Term Obligations**

A summary of the Township’s long-term obligations as of December 31, 2020, and transactions during the year then ended follows:

	Balance January 1, 2020	Increases	Decreases	Balance December 31, 2020	Due Within One Year
General Obligation Note Series 2016	\$ 1,903,000	\$ -	\$ (138,000)	\$ 1,765,000	\$ 142,000

General Obligation Note, Series 2016 - On July 5, 2016, the Township obtained financing through Farmers & Merchants Trust Company in the principal amount of \$2,400,000. The note matures on December 1, 2031, and bears interest at an annual, fixed rate of 2.38%. The proceeds were approved for the refunding the General Obligation Note, Series 2011, and to assist in funding capital improvements. A total of \$1,147,393 was drawn on the note during 2016, which was used to refund the General Obligation Note, Series 2011. \$150,000 was drawn on the note in 2017, which was used toward the Washington Township Boulevard project. The remainder of note, totaling \$1,102,607 was drawn on the note during 2018, for future use on capital expenditures. Interest paid on the note during the year ended December 31, 2020, was \$45,966.

The minimum, debt-service requirements through maturity for this obligation are as follow:

Year	Principal to Maturity	Interest to Maturity	Debt Service Payments
2021	\$ 142,000	\$ 42,216	\$ 184,216
2022	145,000	38,819	183,819
2023	149,000	35,351	184,351
2024	153,000	31,787	184,787
2025	156,000	28,128	184,128
2026 - 2030	840,000	82,758	922,758
2031	180,000	4,305	184,305
	<u>\$ 1,765,000</u>	<u>\$ 263,364</u>	<u>\$ 2,028,364</u>

All debt outstanding at December 31, 2020, is general obligation debt supported by the full faith and credit of the Township. Although the Township has not pledged specific revenues for the payment of debt-service, the Township expects to utilize impact-fee revenues as its principal source of funds to pay this obligation’s debt service, supplemented by funds held in the Capital Reserve and General Funds.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Defined-Benefit Plan

The Washington Township Police Pension Plan is a single-employer, defined-benefit pension plan which covers all full-time, police employees upon date of hire. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries pursuant to Act 600 of 1956, as amended. The Plan is controlled by the provisions of Ordinance No. 177, effective January 1, 2004, amended and restated; Ordinances No. 218, 233 and 236; and the terms of the Collective Bargaining Agreement. The Plan is governed by the Washington Township Board of Supervisors, which may amend plan provisions, and which is responsible for management of the Plan's assets. The Township has delegated authority to manage certain assets to the Plan's investment consultant, Stonebridge Financial Group. Unless otherwise indicated, Plan information is provided as of the latest actuarial valuation dated January 1, 2019. Actuarial valuations are performed every two years.

#### Plan Membership

At December 31, 2020, Plan membership consisted of the following:

	Police Pension Plan
Active members	9
Terminated participants with deferred benefits	2
Retirees and beneficiaries receiving benefits (including DROP members)	8
	<u>19</u>

The following is a summary of benefit provisions:

#### Eligibility Requirements:

Normal: First day of the month after a member turns age 50 and completes 25 years of vesting service.

Early: N/A

Vesting: 100% vested in accrued benefits after the completion of 12 years of service.

#### Retirement Benefit Formula:

Sum of (a) and (b) below:

(a) 50% of average compensation.

(b) 2% of average compensation per month for each completed year of benefit service in excess of 25, up to a maximum-service increment of \$100 per month.

#### Late Retirement Benefit:

If a member continues to work beyond his normal retirement date, he will be eligible to receive his accrued pension payable at his late retirement date.

**WASHINGTON TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Defined-Benefit Plan (Continued)**

The following is a summary of benefit provisions (Continued):

DROP Benefit:	A member is eligible to enter the DROP Program on or after his normal retirement date. Upon entering the DROP Program, the member's retirement benefit is frozen, and his retirement benefit payments will be credited with interest at 3% per year and paid to the participant in a lump sum at his actual retirement, in addition to his monthly pension payments. The maximum period of participation in the DROP Program is 60 months, and elections to enter are irrevocable.
Postretirement:	
Cost-of-Living Increase:	Members are eligible to receive an annual cost-of-living adjustment effective each January 1 after retirement, based on the increase in the Consumer Price Index during the 12 months ended the prior September, with the following limitations: (a) the total cost-of-living increase cannot exceed the lesser of 30% of the initial pension payable at retirement or the increase in the Consumer Price Index since the member's retirement date, (b) the total pension payable may not exceed 75% of the average salary used to determine his retirement benefit, and (c) no cost-of-living increase will be granted that will impair the actuarial soundness of the Plan. The increase is applied to the member's original monthly pension, net of any service increment.
Death Benefit:	
Eligible for Retirement	Surviving spouse or eligible child will receive a pension equal to 50% of the pension the member would have received had he been retired at the time of his death.
Not Eligible for Retirement	Surviving spouse or eligible child will receive a pension payable at his normal retirement date equal to 50% of the pension he had accrued at the time of his death.
Disability Benefit:	
Service-Related:	Member will receive a disability retirement pension equal to 50% of the salary he was receiving at the time of his disablement, reduced by any Social Security Disability Benefits payable due to the same illness or injury.

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Defined-Benefit Plan (Continued)

The following is a summary of benefit provisions (Continued):

Termination of Employment Benefits:	If a member terminates employment prior to retirement eligibility, but after completing 12 or more years of vesting service, he will be eligible for a benefit from the plan equal to his accrued pension at the date of his termination. The benefit will be deferred to his normal retirement date. If a member terminates employment prior to completing 12 or more years of vesting service, he will receive a refund of any accumulated member contributions with interest.
Contributions:	Member contributions are established at 5% of compensation, but may be reduced or eliminated on an annual basis by resolution. Members currently do not contribute.

Plan Funding: Act 205 requires annual contributions to the plan based upon the Plan's Minimum Municipal Obligation (MMO), which is based on the Plan's biennial-actuarial valuation. In accordance with the Plan's governing document, employees are not required to contribute to the plan. The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program; this allocation must be used for pension funding. Any funding requirements established by the MMO exceeding employees' contributions and state aid must be paid by the municipality in accordance with Act 205. In accordance with Act 205, the required contribution to the Police Pension Plan for year 2020, was \$243,705. The Township's actual contribution was equal to the required contribution.

Administrative costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

Basis of Accounting: The Plan's financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions to the Plan are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments: All investments of the Pension Trust Fund are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Investment Policy: The Plan's policy regarding the allocation of invested assets is established and may be amended by the Pension Board. The investment objective of the Plan is to meet or exceed the actuarial-assumed annual rate of 7% on a net-of-fee basis over the long-term, while minimizing the risk of principal loss through diversification amongst various, non-correlated asset classes, including domestic and foreign equity securities, domestic and foreign fixed income securities and several other asset classes as may be deemed prudent.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Defined-Benefit Plan (Continued)

Long-Term Expected Rate-of-Return: The long-term expected rate of return on pension plan investments was determined using a building-block method according to which the best estimate ranges of expected future real rates of return (expected returns, net of 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.

The target allocation percentages and best estimates of arithmetic real rates of return for each major asset class included in the Plan as of December 31, 2020, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Contribution to Rate of Return
Domestic Equity, Core	33.00%	5.85%	1.93%
Domestic Equity, Dividend	22.00%	5.85%	1.29%
International Equity	7.00%	6.95%	0.49%
Fixed Income, Investment Grade	15.50%	0.85%	0.13%
Fixed Income, Opportunistic	15.70%	3.65%	0.57%
Fixed Income, Investment Grade, Global	5.80%	4.05%	0.23%
Cash	1.00%	-1.25%	-0.01%
Total	<u>100.00%</u>		<u>4.63%</u>
Inflation			<u>2.75%</u>
Long-Term, Expected Rate of Return			<u>7.38%</u>

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

#### Note 8. Defined-Benefit Plan (Continued)

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

As of December 31, 2020, the Police Pension Plan held the following investments:

Investment Type	Maturity	12/31/2020	Level 1
Investment by Fair Value Level:			
Money Market Funds	Less than one year	\$ 110,198	\$ 110,198
Mutual Funds			
Fixed Income	Less than one year	837,021	837,021
International Equity	Less than one year	359,731	359,731
Exchange Traded Funds			
U.S. Fixed Income Exchange Traded Funds	Less than one year	132,408	132,408
Corporate bonds	Less than one year	20,342	20,342
Corporate bonds	One-five years	230,302	230,302
Corporate bonds	Six-ten years	206,325	206,325
Corporate bonds	More than ten years	15,034	15,034
Equity Securities			
High-Dividend Income	Less than one year	1,282,847	1,282,847
Core Equity	Less than one year	1,585,228	1,585,228
Total Investments by Fair Value Level		<u>4,779,436</u>	<u>\$ 4,779,436</u>
Investments Measured at the Net Asset Value (NAV):			
Event-Driven Hedge Funds	More than ten years	233,646	
Private-Debt Hedge Funds	More than ten years	-	
Total Investments Measured at NAV		<u>233,646</u>	
Total Investments		<u>\$ 5,013,082</u>	

As of December 31, 2020, the Police Pension Plan investments presented in the Statement of Fiduciary Net Position include deposits in transit of \$1,363.

The Police Pension Plan categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure assets fair values. 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.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Defined-Benefit Plan (Continued)

Further information on the investments measured at the net asset value (NAV) is as follows:

	Fair Value 12/31/2020	Redemption Frequency	Redemption- Notice Period
Event-Driven Unlisted Closed-End Fund	\$ 233,646	Quarterly	30 days
Total Investments Measured at NAV	<u>\$ 233,646</u>		

Event-Driven Unlisted Closed-End Fund - This type includes an investment in a closed-end fund that invests primarily in global corporate credit, including loans, bonds and other credit instruments that companies use to finance their operations. The fund seeks to identify undervalued companies that are undergoing change or are out of favor and offer upside potential in order to generate income and growth for its investors. The fair value of the investment in this type has been determined using the NAV per share of the investment. The fund currently offers a quarterly re-purchase program to provide limited liquidity. The offer limits the number of Shares to be repurchased in any calendar year up to the lesser of (i) 20% of the weighted average number of shares outstanding in the prior calendar year, or 5% in each quarter and (ii) the number of shares the fund can repurchase with the aggregate proceeds it has received during the current quarter from the sale of shares under its distribution reinvestment plan. The offer is for a cash price equal to the NAV per share in effect on the date of the offer.

Interest-Rate Risk: The Plan may utilize a diverse mix of fixed income asset classes to attempt to reduce the fluctuations associated with changes in interest rates.

Credit Risk: Diversified Investment Act of 1940 Funds are commingled pools, rather than individual securities. As a result, these accounts are not rated.

Custodial-Credit Risk: Plan assets were not exposed to custodial-credit risk. Pershing segregates clients' assets from its own to protect client's funds in the unlikely event of Pershing's failure. Pershing is a member of the SIPC which protects customers up to \$500,000. In addition, Pershing provides excess SIPC coverage from certain underwriters in Lloyd's insurance market and other commercial insurers which provides an aggregate loss limit of \$1 billion for eligible securities over all clients' accounts, plus a per client loss limit of \$1.9 million for cash awaiting reinvestment.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

#### Note 8. Defined-Benefit Plan (Continued)

Foreign Currency Risk: Plan assets held were not exposed to foreign currency risk.

Derivatives: Diversified Investment Act of 1940 Funds held may use derivatives as part of the Funds' investment strategies. These accounts are commingled pools, rather than individual securities.

Concentration: There are no assets legally reserved for purposes other than the payment of Plan member benefits. At December 31, 2020, the Plan held the following investments, the fair values of which exceeded 5% percent or more of net position, available for benefits:

	Fair Value 12/31/2020	Percentage of Net Position Available for Benefits
City National Rochdale Fixed Income Opportunities Fund	\$ 467,928	9.33%
Fiera Capital Emerging Markets Fund Institutional Class	\$ 359,731	7.17%

Rate of Return: For the year ended December 31, 2019, the annual money-weighted rate of return on Plan investments, net of investment expenses, was 22.32%.

#### Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The Township reported a net pension liability of \$663,982 for the Police Pension Plan. The net pension liability reported at December 31, 2020, was measured as of December 31, 2019.

Changes in the total pension liability, Plan fiduciary net position, and net pension liability during the year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan-Fiduciary Net Position	Net Pension Liability
Balances at January 1, 2019	\$ 5,723,359	\$ 4,380,680	\$ 1,342,679
Service cost	66,161	-	66,161
Interest cost	391,196	-	391,196
Contributions - employer	-	218,793	(218,793)
Net investment income	-	975,297	(975,297)
Benefit payments, including refunds	(402,006)	(402,006)	-
Administrative expenses	-	(58,036)	58,036
Net changes	55,351	734,048	(678,697)
Balances at December 31, 2019	\$ 5,778,710	\$ 5,114,728	\$ 663,982



**WASHINGTON TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Defined-Benefit Plan (Continued)**

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2020, the Township recognized pension expense of \$89,677 for the Police Pension Plan. At December 31, 2020, the Township reported deferred outflows and inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in projected and actual experience	\$ -	\$ 137,036
Net difference between projected and actual earnings	-	319,618
Changes in actuarial assumptions	15,552	63,381
Contributions subsequent to the measurement date	243,705	-
	\$ 259,257	\$ 520,035

\$243,705 reported as deferred outflows of resources related to pensions resulting from the Township's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2021	\$ (196,346)
2022	(140,482)
2023	(32,238)
2024	(135,417)
	\$ (504,483)

Net Pension Liability: The net pension liability was measured as of December 31, 2020, and the total pension liability was determined as of December 31, 2020. The components of pension expense and changes in the net pension liability were determined by rolling forward the liabilities from the January 1, 2020, actuarial valuation through the measurement date. No significant events or changes in the assumptions occurred between the valuation date and year-end. Actuarial assumptions presented the Other Information Section of this report.

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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**Note 8. Defined-Benefit Plan (Continued)**

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7%. The Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost, plus plan expenses, and amortization of the unfunded liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following sensitivity analysis presents the net pension liability for the Police Pension Plan, calculated using the discount rate of 7.00% and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ 1,356,609	\$ 663,982	\$ 91,180

# WASHINGTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Defined-Contribution Plan

The Washington Township (Franklin County) Non-Uniformed Employees' Pension Plan is a single-employer, defined-contribution pension plan controlled by the provisions of Ordinance No. 212, as amended and restated, effective January 1, 2007, and enacted December 17, 2007, pursuant to Act 69. The plan is governed by the Board of Township Supervisors which is responsible for the management of Plan assets. The Board of Township Supervisors has delegated to the plan participants the authority to manage their own accounts held with Great-West Trust Company/Empower. The checking account held with F&M Trust is managed by the Board of Township Supervisors. This Plan covers all full-time, non-uniformed municipal employees after six months of employment. Members begin vesting after 5 years and are fully vested after 10 years of credited service. An employee who reaches normal, retirement date (attains age 65 or completes 35 years of service) or early retirement date (attains 62 years of age and completes 10 years of service) will be eligible to receive retirement benefits on the date of retirement with a present value equal to the accumulated municipal contributions and any member deductions, regular interest and all excess, investment funds credited to the member's account. The Plan also provides death, disability and early retirement benefits.

Plan provisions and contribution requirements are established and may be amended by the Board of Supervisors. The Township contributes 8.50% of each member's compensation to the Plan. Members may not contribute to the Plan. The Plan's biennial Act 205 Actuarial Valuation Report is prepared on the accrual basis of accounting and is available at the Township's Office. During the year ended December 31, 2020, municipal contributions of \$75,118 were made to the Plan.

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

As of December 31, 2020, the Non-Uniformed Employees' Pension Plan held the following investments:

Investment Type	Maturity	12/31/2020	Level 1
Investment by Fair Value Level:			
US Equity Mutual Funds	Less than one year	\$ 14,312	\$ 14,312
International Equity Mutual Funds	Less than one year	7,380	7,380
Fixed Income Mutual Funds	Less than one year	-	-
Allocation/Target-Date Mutual Funds	Less than one year	869,470	869,470
Real Estate Mutual Funds	Less than one year	1,088	1,088
Guaranteed Interest Fund	Less than one year	11,097	11,097
Total Investments by Fair Value Level		<u>903,347</u>	<u>\$ 903,347</u>
Total Investments		<u>\$ 903,347</u>	

As of December 31, 2020, the Plan's investments include the forfeiture account balance of \$40.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Defined-Contribution Plan (Continued)

The Plan categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair values of assets. 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. All Plan investments are reported at fair value as Level 1 investments.

The Plan did not hold any individual securities as of December 31, 2020, and was holding only broadly diversified funds as defined under the Diversified Investment Act of 1940.

Interest-Rate Risk: The Plan may utilize a diverse mix of fixed income asset classes to attempt to reduce the fluctuations associated with changes in interest rates.

Credit Risk: Diversified Investment Act of 1940 Funds are commingled pools, rather than individual securities. As a result, these accounts are not rated.

Custodial-Credit Risk: Plan assets were not exposed to custodial-credit risk. Great-West Trust Company, a subsidiary of Great-West Life & Annuity Insurance Company, holds most of the assets at the Fund Family, and even though Great-West Trust Company may act as custodian or directed trustee, assets are registered “for the benefit of” the customer. Therefore, the assets are held by the mutual-fund company and not by Great-West Trust Company or any of its affiliated entities.

Foreign Currency Risk: Plan assets held were not exposed to foreign currency risk.

Derivatives: Diversified Investment Act of 1940 Funds may use derivatives as part of their investment strategy. These accounts are commingled pools, rather than individual securities.

Concentration: There are no assets legally reserved for purposes other than the payment of Plan member benefits. At December 31, 2020, the Plan held the following investments, the fair values of which exceeded 5% or more of net position available for benefits:

	Fair Value 12/31/2020	Percentage of Net Position Available for Benefits
American Funds 2015 Target Date Retirement Fund Class R-6	\$ 50,892	5.63%
American Funds 2025 Target Date Retirement Fund Class R-6	\$ 525,429	58.09%
American Funds 2035 Target Date Retirement Fund Class R-6	\$ 75,459	8.34%
American Funds 2045 Target Date Retirement Fund Class R-6	\$ 179,231	19.82%

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Deferred Compensation Plan**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Township employees, permits them to defer portions of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants in amounts equal to the fair market values of all participants' deferred accounts. At December 31, 2020 and 2019, the total fair market values of all participants' deferred accounts were \$650,013 and \$545,348, respectively.

#### **Note 11. Contingencies**

The Township participates in numerous grant programs for which it will be contingently liable for any disallowed expenditures. At December 31, 2020, the Township was not aware of any disallowances.

#### **Note 12. Related Party Transactions**

During the year ended December 31, 2020, Washington Township Municipal Authority paid the Township \$43,856 for contracted services and equipment rentals. The Township paid the Authority \$3,034 for water, sewer and miscellaneous services.

#### **Note 13. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

## WASHINGTON TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 14. Uncertainties**

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have disrupted operations of companies in many industries. Facility closings, labor and personnel layoffs, curtailments of supply lines and increased materials costs, contracted production, dislocations of product delivery methods and reduced markets enhance local government's risk factors as they have significant reliance on tax revenues from citizens and taxpayers to fund portions of their operations. These factors adversely impact revenue recognition, cash flows and liquidity, contingencies, and in some instances, the going-concern assumption. Presently, the ultimate effects of this crisis on financial position, results of operations, and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.

#### **Note 15. Significant Commitments**

In December 2020, the Township committed to the purchase of three police interceptor utility vehicles at a cost of \$145,327.

During 2020, the Township began a Battle of Monterey Walking Trail Project. As of December 31, 2020, the approximate cost to finish is \$98,208.

#### **Note 16. Subsequent Events**

In January 2021, the Township approved the Phase 1 Design and Construction documents for the new administration building for a cost of \$148,360.

In January 2021, the Township approved to purchase a 2022 F-750 truck for a cost of \$107,206.

In April 2021, the Township awarded the Bridge Maintenance project to Lobar Associates Inc., for a cost of \$271,101.

In June 2021, the Township approved a seal coating contract to Russell Standard Corporation for \$133,522 and a paving contract to AAA Paving for \$138,500.

In July 2021, The Township received \$772,982 of American Rescue Plan Funds. These funds are restricted for specific purposes. Any funds not spent will be returned to the grantor.

## **OTHER INFORMATION**

WASHINGTON TOWNSHIP

**SCHEDULE OF CHANGES IN THE PENSION PLAN'S NET PENSION LIABILITY  
AND RELATED RATIOS - POLICE PENSION PLAN  
Year Ended December 31,**

	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 66,161	\$ 70,467	\$ 80,570	\$ 84,599	\$ 130,366	\$ 127,810
Interest	391,196	384,399	367,789	346,280	345,078	318,040
Differences between expected and actual experience	-	(101,626)	-	(334,460)	-	-
Changes of actuarial assumptions	-	30,292	-	(249,789)	-	-
Benefit payments, including refunds of member contributions	(402,006)	(162,236)	(239,716)	(99,475)	(54,534)	(25,032)
<b>Net change in total pension liability</b>	55,351	221,296	208,643	(252,845)	420,910	420,818
<b>Total pension liability - beginning</b>	5,723,359	5,502,063	5,293,420	5,546,265	5,125,355	4,704,537
<b>Total pension liability - ending</b>	<u>\$ 5,778,710</u>	<u>\$ 5,723,359</u>	<u>\$ 5,502,063</u>	<u>\$ 5,293,420</u>	<u>\$ 5,546,265</u>	<u>\$ 5,125,355</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 218,793	\$ 214,342	\$ 213,369	\$ 190,856	\$ 209,646	\$ 208,229
Net investment income	975,297	(204,539)	552,741	187,868	(87,244)	166,526
Benefit payments, including refunds of member contributions	(402,006)	(162,236)	(239,716)	(99,475)	(54,534)	(25,032)
Administrative expenses	(58,036)	(50,016)	(55,874)	(39,826)	(19,616)	(6,484)
<b>Net change in plan fiduciary net position</b>	734,048	(202,449)	470,520	239,423	48,252	343,239
<b>Plan net position - beginning</b>	4,380,680	4,583,129	4,112,609	3,873,186	3,824,934	3,481,695
<b>Plan net position - ending</b>	<u>\$ 5,114,728</u>	<u>\$ 4,380,680</u>	<u>\$ 4,583,129</u>	<u>\$ 4,112,609</u>	<u>\$ 3,873,186</u>	<u>\$ 3,824,934</u>
<b>Plan net pension liability</b>	<u>\$ 663,982</u>	<u>\$ 1,342,679</u>	<u>\$ 918,934</u>	<u>\$ 1,180,811</u>	<u>\$ 1,673,079</u>	<u>\$ 1,300,421</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	88.51%	76.54%	83.30%	77.69%	69.83%	74.63%
<b>Covered-employee Payroll</b>	<u>\$ 651,781</u>	<u>\$ 557,393</u>	<u>\$ 391,844</u>	<u>\$ 422,288</u>	<u>\$ 472,737</u>	<u>\$ 479,748</u>
<b>Plan's Net Pension Liability as a Percentage of Covered-employee Payroll</b>	101.87%	240.89%	234.52%	279.62%	353.91%	271.06%



**WASHINGTON TOWNSHIP**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS -  
POLICE PENSION PLAN**

**Year Ended December 31,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Actuarially determined contribution	\$243,705	\$218,793	\$214,342	\$213,369	\$190,856	\$209,646	\$206,152	\$204,267	\$195,765	\$227,673
Contributions in relation to the actuarially determined contribution	243,705	218,793	214,342	213,369	190,856	209,646	206,152	204,267	195,765	228,464
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (791)
Covered-employee payroll	\$651,781	\$557,393	\$391,844	\$422,288	\$472,737	\$479,748	\$854,688	\$881,268	\$870,511	\$822,011
Contributions as a percentage of covered-employee payroll	37.39%	39.25%	54.70%	50.53%	40.37%	43.70%	24.12%	23.18%	22.49%	27.79%

**WASHINGTON TOWNSHIP**

**SCHEDULE OF INVESTMENT RETURNS -  
POLICE PENSION PLAN  
Year Ended December 31,**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual, money-weighted rate-of-return, net of investment expense	22.32%	-5.47%	12.59%	4.12%	-2.30%	5.14%

## WASHINGTON TOWNSHIP

### NOTES TO OTHER INFORMATION - POLICE PENSION PLAN Year Ended December 31, 2020

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Valuation Date	1/1/2019
Cost Method	Entry-age normal.
Actuarial Value of Assets	The valuation uses an asset-smoothing method to even out the year-to-year fluctuations in the investment markets. Under the method being used for this valuation, the investment gains or losses (i.e., actual vs. expected performance) are recognized over a five-year period. The actuarial values of assets determined under this method are limited to 20% above or below the market values of assets.
Interest rate	7.00% per year
Salary increase	3.50% per year
Inflation	2.75% per year
Mortality	Assumed rates of post-retirement mortality are based on the RP-2014 Table, projected using Scale MP-2018.
Turnover	The assumed rates of employee turnover are the age of the member. Sample rates are below: Age 20 - Rate of Turnover 5.5000%; Age 25 - Rate of Turnover 5.0000%; Age 30 - Rate of Turnover 4.0000%; Age 35 - Rate of Turnover 2.5000%; Age 40 - Rate of Turnover 1.0000%; Age 45 - Rate of Turnover 0.5000%; Age 50 - Rate of Turnover 0.0000%.
Disability	The assumed rates of disablement are from SOA 1987 Group LTD Table - Males, 6 month elimination. The following are the annual rates of disability at selected ages: Age 20 - Rate 0.0764%; Age 25 - Rate 0.0854%; Age 30 - Rate 0.0986%; Age 35 - Rate 0.1242%; Age 40 - Rate 0.1760%; Age 45 - Rate 0.2944%; Age 50 - Rate 0.5396%; Age 55 - Rate 0.9770%; Age 60 - Rate 1.4774%. 50% of disabilities are assumed to be in the line-of-duty.
Retirement	50% of members are assumed to retire or enter the DROP Program on the date they are first eligible for retirement and the remainder are assumed to retire at the latest of age 52, completion of 25 years of service, or the valuation date.
Percent Married	80% of employees are assumed to be married. Male spouses are assumed to be three years older than their female spouses.
Administrative Expenses	An amount is added to the plan's annual, normal cost to represent the administrative expenses expected to be paid during the plan year.

**SUPPLEMENTARY INFORMATION**

**WASHINGTON TOWNSHIP**

**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS -  
MODIFIED CASH BASIS**

**December 31, 2020**

	Special Revenue			
	Drug Enforcement	Train	Impact Fee	Traffic Light Escrow
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,907	\$ 4,789	\$ 24,639	\$ 118,347
<b>Total assets</b>	<b>\$ 8,907</b>	<b>\$ 4,789</b>	<b>\$ 24,639</b>	<b>\$ 118,347</b>
<b>FUND BALANCES</b>				
Restricted for specified purposes	\$ 8,907	\$ 4,789	\$ 24,639	\$ 118,347
<b>Total fund balances</b>	<b>8,907</b>	<b>4,789</b>	<b>24,639</b>	<b>118,347</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,907</b>	<b>\$ 4,789</b>	<b>\$ 24,639</b>	<b>\$ 118,347</b>

Washington Township Boulevard	Recreation Fee	Storm Water	Happel's Meadow	Commonwealth Grant	Total Non-Major Governmental Funds
\$ 449,984	\$ 32,728	\$ 22,918	\$ 4,310	\$ 104,825	\$ 771,447
\$ 449,984	\$ 32,728	\$ 22,918	\$ 4,310	\$ 104,825	\$ 771,447
\$ 449,984	\$ 32,728	\$ 22,918	\$ 4,310	\$ 104,825	\$ 771,447
449,984	32,728	22,918	4,310	104,825	771,447
\$ 449,984	\$ 32,728	\$ 22,918	\$ 4,310	\$ 104,825	\$ 771,447

**WASHINGTON TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Year Ended December 31, 2020**

	Special Revenue			
	Drug Enforcement	Train	Impact Fee	Traffic Light Escrow
<b>Revenues</b>				
Investment income	\$ 40	\$ 21	\$ 77	\$ 530
Assessments	-	-	63,595	-
Contributions	-	-	-	-
Intergovernmental revenues	-	-	-	-
<b>Total revenues</b>	<b>40</b>	<b>21</b>	<b>63,673</b>	<b>530</b>
<b>Expenditures</b>				
Public works	-	-	413	-
Culture and recreation	-	-	-	-
Debt service	-	-	45,000	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>45,413</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>40</b>	<b>21</b>	<b>18,260</b>	<b>530</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>40</b>	<b>21</b>	<b>18,260</b>	<b>530</b>
<b>Fund Balances:</b>				
January 1, 2020	8,867	4,768	6,379	117,817
December 31, 2020	\$ 8,907	\$ 4,789	\$ 24,639	\$ 118,347

Washington Township Boulevard	Recreation Fee	Storm Water	Happel's Meadow	Commonwealth Grant	Total Non-Major Governmental Funds
\$ 44	\$ 135	\$ 103	\$ -	\$ 10	\$ 960
-	-	-	-	-	63,595
-	3,450	-	-	-	3,450
545,278				64,500	609,778
545,322	3,585	103	-	64,510	677,783
274,567	-	-	-	-	274,980
-	-	-	-	255,785	255,785
-	-	-	-	-	45,000
274,567	-	-	-	255,785	575,764
270,755	3,585	103	-	(191,275)	102,019
179,000	-	-	-	296,100	475,100
179,000	-	-	-	296,100	475,100
449,755	3,585	103	-	104,825	577,119
229	29,143	22,815	4,310	-	194,328
\$ 449,983	\$ 32,728	\$ 22,918	\$ 4,310	\$ 104,825	\$ 771,447