

WASHINGTON TOWNSHIP

FINANCIAL REPORT

DECEMBER 31, 2021

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 3
------------------------------	-------

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position - Modified Cash Basis	4
Statement of Activities - Modified Cash Basis	5

Fund Financial Statements:

Balance Sheet - Governmental Funds - Modified Cash Basis	6
--	---

Reconciliation of the Governmental Funds Balance Sheet - Modified Cash Basis to the Statement of Net Position - Modified Cash Basis	7
---	---

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Modified Cash Basis	8
---	---

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	9
--	---

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Major Governmental Funds - Modified Cash Basis	10 - 11
---	---------

Statement of Fiduciary Net Position - Modified Cash Basis	12
---	----

Statement of Changes in Fiduciary Net Position - Modified Cash Basis	13
--	----

Notes to Financial Statements	14 - 40
-------------------------------	---------

CONTENTS (Continued)

OTHER INFORMATION

Schedule of Changes in the Pension Plan's Net Pension Liability and Related Ratios - Police Pension Plan	41
Schedule of Employer Contributions - Police Pension Plan	42
Schedule of Investment Returns - Police Pension Plan	43
Notes to Other Information - Police Pension Plan	44

SUPPLEMENTARY INFORMATION

Combining Balance Sheet - Non-Major Governmental Funds - Modified Cash Basis	45 - 46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds - Modified Cash Basis	47 - 48

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Washington Township
Waynesboro, Pennsylvania

Report on the Audit of Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, each major fund, aggregate remaining fund information and budgetary comparison of Washington Township (Township), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, aggregate remaining fund information and budgetary comparison of the primary government of Washington Township, as of December 31, 2021, and the respective changes in modified cash basis financial position in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - Primary Government

As discussed in Note 1, the financial statements referred to above include only the primary government of Washington Township, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the Township's legal entity. These primary government 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 the Washington Township as of December 31, 2021, the changes in modified cash basis financial position in accordance with modified cash basis of accounting as described in Note 1. Our opinions are not modified with respect to this matter.

Emphasis of Matter - 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS we:

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Township's basic financial statements. The combining non-major fund financial statements, as presented in the Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, as presented in the Contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the financial report. The other information comprises the pension schedules and related notes, as presented in the Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink, reading "Boyer & Ritten". The signature is written in a cursive, flowing style with a large loop at the end of the word "Ritten".

Chambersburg, Pennsylvania
June 22, 2022

WASHINGTON TOWNSHIP

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,275,417
Investments	12,378
Capital assets	
Land, historical artifacts and construction-in-progress	3,389,367
Other capital assets, net of depreciation	14,232,368
Total assets	23,909,530
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on pension liability	480,516
Total assets and deferred outflows of resources	\$ 24,390,046
LIABILITIES	
Payroll tax withholdings	\$ 6,733
Due to others	5,010
Long-term liabilities:	
Due within 1 year	145,000
Due in more than 1 year	1,478,000
Net pension liability	797,613
Total liabilities	2,432,356
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts on pension liability	248,897
NET POSITION	
Net investment in capital assets	15,998,735
Restricted for	
Capital improvements	2,202,846
Specified purposes	2,178,682
Unrestricted	1,328,530
Total net position	21,708,793
Total liabilities, deferred inflows of resources and net position	\$ 24,390,046

See Notes to Financial Statements.

WASHINGTON TOWNSHIP

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Change in Net Position Governmental Activities
Governmental Activities					
General government	\$ 1,744,181	\$ 160,002	\$ 951,964	\$ -	\$ (632,215)
Public safety	1,440,849	189,187	99,600	1,011	(1,151,051)
Health and human services	955	-	-	-	(955)
Public works	2,571,277	1,138,413	562,471	69,250	(801,143)
Culture and recreation	231,029	18,202	5,482	271,386	64,041
Community development	31,141	-	-	-	(31,141)
Interest on long-term debt	42,590	-	-	-	(42,590)
Total governmental activities	\$ 6,062,022	\$ 1,505,804	\$ 1,619,517	\$ 341,647	(2,595,054)
General Revenues					
Property taxes					1,263,107
Local-enabling act taxes					2,467,658
Investment income					19,000
Miscellaneous income					368
Gain on sale of capital assets					17,451
Refund of prior year expenditures					123,039
Operating transfers in					-
Total general revenues					3,890,623
Change in net position					1,295,569
Net Position:					
January 1, 2021					20,413,224
December 31, 2021					\$ 21,708,793

See Notes to Financial Statements.

WASHINGTON TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

December 31, 2021

	General Fund	Capital Projects Fund	Commonwealth Grant Fund II	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,901,257	\$ 2,195,478	\$ 774,250	\$ 1,404,432	\$ 6,275,417
Investments	-	12,378	-	-	12,378
Total assets	\$ 1,901,257	\$ 2,207,856	\$ 774,250	\$ 1,404,432	\$ 6,287,795
LIABILITIES AND FUND BALANCES					
Liabilities					
Payroll tax withholdings	\$ 6,733	\$ -	\$ -	\$ -	\$ 6,733
Due to others	-	5,010	-	-	5,010
Total liabilities	6,733	5,010	-	-	11,743
Fund Balances					
Restricted for					
Capital improvements	-	2,202,846	-	-	2,202,846
Specified purposes	-	-	774,250	1,404,432	2,178,682
Unassigned	1,894,524	-	-	-	1,894,524
Total fund balances	1,894,524	2,202,846	774,250	1,404,432	6,276,052
Total liabilities and fund balances	\$ 1,901,257	\$ 2,207,856	\$ 774,250	\$ 1,404,432	\$ 6,287,795

See Notes to Financial Statements.

WASHINGTON TOWNSHIP

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

December 31, 2021

Total fund balances - governmental funds	\$ 6,276,052
---	---------------------

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 \$30,845,799, and the related accumulated depreciation is \$13,224,064.

17,621,735

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	480,516
Deferred inflows	(248,897)

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	(1,623,000)
Net pension liability	(797,613)

Total net position - governmental activities	\$ 21,708,793
---	----------------------

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, 2021

	General Fund	Capital Projects Fund	Commonwealth Grant Fund II	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,426,362	\$ -	\$ -	\$ 296,188	\$ 3,722,550
Licenses and permits	138,120	-	-	-	138,120
Fines	93,663	1,208	-	-	94,871
Investment income	6,175	7,697	1,268	3,860	19,000
Rents	17,303	-	-	-	17,303
Intergovernmental revenue	360,776	-	772,982	818,753	1,952,511
Charges for services	1,210,680	-	-	1,436	1,212,116
Assessments	-	-	-	43,394	43,394
Contributions	-	11,386	-	5,482	16,868
Miscellaneous income	368	-	-	-	368
Total revenues	5,253,447	20,291	774,250	1,169,113	7,217,101
Expenditures					
General government	449,703	186,886	-	-	636,589
Public safety	1,188,331	147,127	-	219,453	1,554,911
Health and human services	955	-	-	-	955
Public works - sanitation	874,504	-	-	-	874,504
Public works - highways and streets	205,240	-	-	610,334	815,574
Culture and recreation	129,184	8,787	-	141,488	279,459
Employer paid benefits and withholdings	1,536,884	-	-	-	1,536,884
Insurance	101,195	-	-	-	101,195
Debt service	142,000	-	-	42,590	184,590
Total expenditures	4,629,817	372,120	-	1,013,865	6,015,802
Excess (deficiency) of revenues over expenditures	623,630	(351,829)	774,250	155,248	1,201,299
Other Financing Sources (Uses)					
Refund of prior year expenditures	123,039	-	-	-	123,039
Refund of prior year revenues	-	-	-	-	-
Operating transfers in	52,501	271,327	-	94	323,922
Operating transfers out	(271,421)	-	-	(52,501)	(323,922)
Proceeds from sales of assets	17,451	-	-	-	17,451
Total other financing sources (uses)	(78,430)	271,327	-	(52,407)	140,490
Net changes in fund balances	545,200	(80,502)	774,250	102,841	1,341,789
Fund Balances - January 1, 2021	1,349,324	2,283,348	-	1,301,591	4,934,263
Fund Balances - December 31, 2021	\$ 1,894,524	\$ 2,202,846	\$ 774,250	\$ 1,404,432	\$ 6,276,052

See Notes to Financial Statements.

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, 2021

Net changes in fund balances - governmental funds	\$ 1,341,789
---	--------------

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	710,984	
Less depreciation expense	<u>(1,257,970)</u>	(546,986)

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.

-

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.

358,766

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>142,000</u>
-----------------------------	----------------

Total change in net position - governmental activities	<u><u>\$ 1,295,569</u></u>
---	-----------------------------------

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, 2021

	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
Revenues						
Taxes	\$ 3,383,000	\$ 3,426,362	\$ 43,362	\$ -	\$ -	\$ -
Licenses and permits	136,850	138,120	1,270	-	-	-
Fines	76,500	93,663	17,163	500	1,208	708
Investment income	9,600	6,175	(3,425)	10,000	7,697	(2,303)
Rents	29,950	17,303	(12,647)	-	-	-
Intergovernmental revenue	358,667	360,776	2,109	-	-	-
Charges for services	1,126,520	1,210,680	84,160	-	-	-
Contributions	-	-	-	550	11,386	10,836
Miscellaneous income	2,500	368	(2,132)	-	-	-
Total revenues	5,123,587	5,253,447	129,860	11,050	20,291	9,241
Expenditures						
General government	548,600	449,703	98,897	405,380	186,886	218,494
Public safety	1,521,892	1,188,331	333,561	114,690	147,127	(32,437)
Health and human services	1,000	955	45	-	-	-
Public works - sanitation	757,882	874,504	(116,622)	12,140	-	12,140
Public works - highway and streets	209,700	205,240	4,460	17,050	-	17,050
Culture and recreation	109,250	129,184	(19,934)	292,359	8,787	283,572
Community development	-	1,821	(1,821)	542	29,320	(28,778)
Employer-paid benefits and withholdings	1,614,645	1,536,884	77,761	-	-	-
Insurance	99,000	101,195	(2,195)	-	-	-
Debt service	184,007	142,000	42,007	-	-	-
Total expenditures	5,045,976	4,629,817	416,159	842,161	372,120	470,041
Excess (deficiency) of revenues over expenditures	77,611	623,630	546,019	(831,111)	(351,829)	479,282
Other Financing Sources (Uses)						
Refund of prior year expenditures	68,200	123,039	54,839	-	-	-
Operating transfers in	-	52,501	52,501	-	271,327	271,327
Operating transfers out	(67,750)	(271,421)	(203,671)	-	-	-
Proceeds from sales of assets	2,000	17,451	15,451	-	-	-
Total other financing sources (uses)	2,450	(78,430)	(80,880)	-	271,327	271,327
Net changes in fund balances	\$ 80,061	545,200	\$ 465,139	\$ (831,111)	(80,502)	\$ 750,609
Fund Balances - January 1, 2021		1,349,324			2,283,348	
Fund Balances - December 31, 2021		<u>\$ 1,894,524</u>			<u>\$ 2,202,846</u>	

See Notes to Financial Statements.

Budgeted Amounts		Variance with
Original and Final	Actual	Final Budget

11

WASHINGTON TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS

December 31, 2021

	Pension Funds		Custodial Fund
	Police	Non-Uniformed	Developer Escrow
ASSETS			
Cash and cash equivalents	\$ 491	\$ 1,170	\$ 128,322
Investments	5,814,837	1,074,080	-
Total assets	\$ 5,815,328	\$ 1,075,250	\$ 128,322
NET POSITION			
Reserved for:			
Pensions	\$ 5,815,329	\$ 1,075,250	\$ -
Individuals and organizations	-	-	128,322
Total net position	\$ 5,815,329	\$ 1,075,250	\$ 128,322

See Notes to Financial Statements.

WASHINGTON TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS Year Ended December 31, 2021

	Pension Funds		Custodial Fund
	Police	Non-Uniformed	Developer Escrow
Additions			
Contributions			
Employer	\$ 179,937	\$ 59,372	\$ -
State aid	177,499	-	-
Investment gain	806,006	122,715	-
Interest	-	-	455
Escrow receipts	-	-	7,238
Total additions	1,163,442	182,087	7,693
Deductions			
Benefits and claims	292,087	2,038	-
Administrative expenses	70,961	9,316	-
Escrow payments	-	-	7,238
Transfers out	-	-	-
Total deductions	363,048	11,354	7,238
Changes in net position	800,394	170,733	455
Net Position:			
January 1, 2021	5,014,935	904,517	127,867
December 31, 2021	<u>\$ 5,815,329</u>	<u>\$ 1,075,250</u>	<u>\$ 128,322</u>

See Notes to Financial Statements.

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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

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.

Commonwealth Grant Fund II - The Commonwealth Grant Fund II holds funds related to the American Rescue Plan Act.

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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 I - 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.

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.

Fire and EMS Fund - The Fire and EMS fund began in 2021, as the Township began to collect taxes to be used for payment of and/or support of fire and EMS services.

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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 therefore, are 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

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, 2020. 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, 2021, the Township's total liability for compensated absences was \$116,326.

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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 June 22, 2022, 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

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

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, 2021, are as follows:

	Carrying Amount	Bank Balance	Financial Institution
FDIC Insured	\$ 57,055	\$ 57,055	BB&T
FDIC Insured	250,000	250,000	F&M Trust/ICS
Uninsured and collateralized by assets maintained in conformity with Act 72	6,110,724	6,226,372	
	<u>\$ 6,417,779</u>	<u>\$ 6,533,427</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.

Investments

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

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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 2021, was 6.4 mills (\$6.40 per \$1,000 assessed valuation). The Township's fire and EMS tax rates for 2021, was 1.7 mills (\$1.70 per \$1,000 assessed valuation) and 0.4 mills (\$0.40 per \$1,000 assessed valuation), respectively. The assessed value upon which the 2021 levy was based was \$148,183,260. Current tax collections for the year ended December 31, 2021, were 98.25% 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, 2021, the Township had three properties participating in the LERTA Program. One property was in year two (10% tax) and two properties were in year six (50% tax), and abated property taxes totaled \$3,464.

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Note 5. Interfund Receivables, Payables and Transfers

Operating transfers between funds at December 31, 2021, were as follows:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 52,501	\$ 271,421
Capital Projects Funds	271,327	-
Washington Township Boulevard Fund	-	43,000
Highway Aid Fund	-	9,501
Fire & EMS Fund	94	-
	<u>\$ 323,922</u>	<u>\$ 323,922</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, 2021, and a summary of capital asset balances as of December 31, 2021, are as follows:

Governmental Activities	Balances January 1, 2021	Increases	Decreases	Balances December 31, 2021
Capital assets not being depreciated				
Land	\$ 3,163,056	\$ -	\$ -	\$ 3,163,056
Historical artifacts	25,000	-	-	25,000
Construction-in-progress	269,771	310,324	(378,784)	201,311
Total capital assets not being depreciated	3,457,827	310,324	(378,784)	3,389,367
Capital assets being depreciated				
Land improvements	782,146	486,129	-	1,268,275
Buildings and improvements	3,063,375	5,505	-	3,068,880
Machinery and equipment	4,100,927	287,810	(83,007)	4,305,730
Infrastructure	18,813,547	-	-	18,813,547
Total capital assets being depreciated	26,759,995	779,444	(83,007)	27,456,432
Less accumulated depreciation for:				
Land improvements	(378,783)	(48,965)	-	(427,748)
Buildings and improvements	(1,723,742)	(68,862)	-	(1,792,604)
Machinery and equipment	(2,969,170)	(212,069)	83,007	(3,098,232)
Infrastructure	(6,977,406)	(928,074)	-	(7,905,480)
Total accumulated depreciation	(12,049,101)	(1,257,970)	83,007	(13,224,064)
Total capital assets being depreciated, net	14,710,894	(478,526)	-	14,232,368
Governmental Activities, Capital Assets, Net	\$ 18,168,721	\$ (168,202)	\$ (378,784)	\$ 17,621,735

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

	Amount
Governmental Activities:	
General government	\$ 15,163
Public safety	51,175
Public works	1,098,756
Culture and recreation	92,876
Total depreciation expense - governmental activities	\$ 1,257,970

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations

A summary of the Township's long-term obligations as of December 31, 2021, and transactions during the year then ended follows:

	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021	Due Within One Year
General Obligation Note Series 2016	\$ 1,765,000	\$ -	\$ (142,000)	\$ 1,623,000	\$ 145,000

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, 2021, was \$42,590.

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

Year	Principal to Maturity	Interest to Maturity	Debt Service Payments
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	160,000	24,397	184,397
2027 - 2031	860,000	62,666	922,666
	<u>\$ 1,623,000</u>	<u>\$ 221,148</u>	<u>\$ 1,844,148</u>

All debt outstanding at December 31, 2021, 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

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, 2021. Actuarial valuations are performed every two years.

Plan Membership

At December 31, 2021, Plan membership consisted of the following:

	Police Pension Plan
Active members	10
Terminated participants with deferred benefits	2
Retirees and beneficiaries receiving benefits (including DROP members)	8
	<u>20</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

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:	<p>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:</p> <ul style="list-style-type: none">(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. <p>The increase is applied to the member's original monthly pension, net of any service increment.</p>
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

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 2021, was \$357,436. 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

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, 2021, 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%	7.05%	0.49%
Fixed income, investment grade	15.50%	1.05%	0.16%
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>4.66%</u>
Inflation			<u>2.75%</u>
Long-term, expected rate of return			<u>7.41%</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, 2021, the Police Pension Plan held the following investments:

Investment Type	Maturity	12/31/2021	Level 1
Investment by Fair Value Level:			
Money market funds	Less than one year	\$ 88,142	\$ 88,142
Mutual funds			
Fixed income	Less than one year	553,283	553,283
International equity	Less than one year	348,279	348,279
Exchange traded funds			
U.S. equity exchange traded funds	Less than one year	376,082	376,082
U.S. fixed income exchange traded funds	Less than one year	248,762	248,762
Corporate bonds	Less than one year	40,533	40,533
Corporate bonds	One-five years	240,694	240,694
Corporate bonds	Six-ten years	143,761	143,761
Corporate bonds	More than ten years	62,952	62,952
Equity securities			
High-dividend income	Less than one year	1,580,302	1,580,302
Core equity	Less than one year	1,886,173	1,886,173
Total investments by fair value level		<u>5,568,963</u>	<u>\$ 5,568,963</u>
Investments Measured at the Net Asset Value (NAV):			
Event-Driven Hedge Funds	More than ten years	<u>244,511</u>	
Total investments measured at NAV		<u>244,511</u>	
Total investments		<u>\$ 5,813,474</u>	

As of December 31, 2021, the Police Pension Plan investments presented in the Statement of Fiduciary Net Position - Modified Cash Basis 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

Note 8. Defined-Benefit Plan (Continued)

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

	Fair Value 12/31/2021	Redemption Frequency	Redemption- Notice Period
Event-Driven Unlisted Closed-End Fund	\$ 244,511	Quarterly	30 days
Total investments measured at NAV	<u>\$ 244,511</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, 2021, the Plan held the following investments, the fair values of which exceeded 5% percent or more of net position, available for benefits:

	Fair Value 12/31/2021	Percentage of Net Position Available for Benefits
City National Rochdale Fixed Income Opportunities Fund	\$ 293,078	5.04%

Rate of Return: For the year ended December 31, 2020, the annual money-weighted rate of return on Plan investments, net of investment expenses, was 4.45%.

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

The Township reported a net pension liability of \$797,613 for the Police Pension Plan. The net pension liability reported at December 31, 2021, was measured as of December 31, 2020.

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, 2020	\$ 5,778,710	\$ 5,114,728	\$ 663,982
Service cost	50,818	-	50,818
Interest cost	388,925	-	388,925
Differences between expected and actual experience	139,607	-	139,607
Contributions - employer	-	243,705	(243,705)
Net investment income	-	261,074	(261,074)
Benefit payments, including refunds	(546,925)	(546,925)	-
Administrative expenses	-	(59,060)	59,060
Net changes	32,425	(101,206)	133,631
Balances at December 31, 2020	\$ 5,811,135	\$ 5,013,522	\$ 797,613

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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, 2021, the Township recognized pension expense of \$(1,330) for the Police Pension Plan. At December 31, 2021, 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	\$ 114,898	\$ 49,910
Net difference between projected and actual earnings	-	182,208
Changes in actuarial assumptions	8,182	13,779
Contributions subsequent to the measurement date	357,436	-
	<u>\$ 480,516</u>	<u>\$ 245,897</u>

\$357,436 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2022	\$ (98,918)
2023	9,326
2024	(93,853)
2025	41,566
2026	16,062
	<u>\$ (125,817)</u>

Net Pension Liability: The net pension liability was measured as of December 31, 2021, and the total pension liability was determined as of December 31, 2021. The components of pension expense and changes in the net pension liability were determined by rolling forward the liabilities from the January 1, 2021, 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

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	\$ 1,530,238	\$ 797,613	\$ 190,596

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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, 2021, municipal contributions of \$59,372 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, 2021, the Non-Uniformed Employees' Pension Plan held the following investments:

Investment Type	Maturity	12/31/2021	Level 1
Investment by Fair Value Level:			
U.S. equity mutual funds	Less than one year	\$ 19,487	\$ 19,487
International equity mutual funds	Less than one year	8,901	8,901
Fixed income mutual funds	Less than one year	-	-
Allocation/target-date mutual funds	Less than one year	1,043,495	1,043,495
Real estate mutual funds	Less than one year	1,681	1,681
Guaranteed interest fund	Less than one year	517	517
Total investments by fair value level		<u>1,074,081</u>	<u>\$ 1,074,081</u>
Total investments		<u>\$ 1,074,081</u>	

As of December 31, 2021, the Plan's investments include the forfeiture account balance of \$517.

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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, 2021, 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, 2021, the Plan held the following investments, the fair values of which exceeded 5% or more of net position available for benefits:

	Fair Value 12/31/2021	Percentage of Net Position Available for Benefits
American Funds 2025 Target Date Retirement Fund Class R-6	\$ 606,973	56.45%
American Funds 2035 Target Date Retirement Fund Class R-6	\$ 88,985	8.28%
American Funds 2045 Target Date Retirement Fund Class R-6	\$ 223,563	20.79%
American Funds 2050 Target Date Retirement Fund Class R-6	\$ 67,865	6.31%

WASHINGTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, the total fair market values of all participants' deferred accounts were \$787,610 and \$650,013, 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, 2021, the Township was not aware of any disallowances.

Note 12. Related Party Transactions

During the year ended December 31, 2021, Washington Township Municipal Authority paid the Township \$49,975 for contracted services and equipment rentals. The Township paid the Authority \$5,426 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

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

During 2021, the Township approved a contract for bridge maintenance services, for a total cost of \$271,101.

Note 16. Subsequent Events

In April 2022, the Township accepted bids for the new office building projects. The office building bid was awarded to GRC Contractors with two add-ons totaling \$3,891,143. The plumbing bid was awarded to Mid-State in the amount of \$251,586. The HVAC bid was awarded to Rodney B. Smith in the amount of \$505,000. The electrical bid was awarded to Monocacy in the amount of \$406,800.

In June 2022, the Township accepted quotes for the new office building project. Two quotes were approved from Tele-Plus. The first quote in the amount of \$179,960 includes installation of intrusion alarms, fire sensing devices, surveillance, a perimeter gate, and fencing protection. The second quote in the amount of \$81,792 provides cabling and media infrastructure.

In June 2022, the Township issued General Obligation Note, Series 2022 in the amount of \$7,500,000 to provide funds for the refunding of the Township's Series 2016 General Obligation Note and to provide funds for the new office building project. The principal payments on this Note begin in December 2022 with maturity occurring in December 2052. The interest rate on the Note is a fixed rate of 3.15% until December 1, 2032, and thereafter at variable rate equal to 79% of the U.S. Prime Rate.

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,**

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 50,818	\$ 66,161	\$ 70,467	\$ 80,570	\$ 84,599	\$ 130,366	\$ 127,810
Interest	388,925	391,196	384,399	367,789	346,280	345,078	318,040
Differences between expected and actual experience	139,607	-	(101,626)	-	(334,460)	-	-
Changes of actuarial assumptions	-	-	30,292	-	(249,789)	-	-
Benefit payments, including refunds of member contributions	(546,925)	(402,006)	(162,236)	(239,716)	(99,475)	(54,534)	(25,032)
Net change in total pension liability	32,425	55,351	221,296	208,643	(252,845)	420,910	420,818
Total pension liability - beginning	5,778,710	5,723,359	5,502,063	5,293,420	5,546,265	5,125,355	4,704,537
Total pension liability - ending	<u>\$ 5,811,135</u>	<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>
Plan Fiduciary Net Position							
Contributions - employer	\$ 243,705	\$ 218,793	\$ 214,342	\$ 213,369	\$ 190,856	\$ 209,646	\$ 208,229
Net investment income	261,074	975,297	(204,539)	552,741	187,868	(87,244)	166,526
Benefit payments, including refunds of member contributions	(546,925)	(402,006)	(162,236)	(239,716)	(99,475)	(54,534)	(25,032)
Administrative expenses	(59,060)	(58,036)	(50,016)	(55,874)	(39,826)	(19,616)	(6,484)
Net change in plan fiduciary net position	(101,206)	734,048	(202,449)	470,520	239,423	48,252	343,239
Plan net position - beginning	5,114,728	4,380,680	4,583,129	4,112,609	3,873,186	3,824,934	3,481,695
Plan net position - ending	<u>\$ 5,013,522</u>	<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>
Plan net pension liability	<u>\$ 797,613</u>	<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>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.27%	88.51%	76.54%	83.30%	77.69%	69.83%	74.63%
Covered-employee Payroll	<u>\$ 715,851</u>	<u>\$ 651,781</u>	<u>\$ 557,393</u>	<u>\$ 391,844</u>	<u>\$ 422,288</u>	<u>\$ 472,737</u>	<u>\$ 479,748</u>
Plan's Net Pension Liability as a Percentage of Covered-employee Payroll	111.42%	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,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$357,436	\$243,705	\$218,793	\$214,342	\$213,369	\$190,856	\$209,646	\$206,152	\$204,267	\$195,765
Contributions in relation to the actuarially determined contribution	357,436	243,705	218,793	214,342	213,369	190,856	209,646	206,152	204,267	195,765
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$715,851	\$651,781	\$557,393	\$391,844	\$422,288	\$472,737	\$479,748	\$854,688	\$881,268	\$870,511
Contributions as a percentage of covered-employee payroll	49.93%	37.39%	39.25%	54.70%	50.53%	40.37%	43.70%	24.12%	23.18%	22.49%

WASHINGTON TOWNSHIP

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

	2020	2019	2018	2017	2016	2015
Annual, money-weighted rate-of-return, net of investment expense	4.45%	22.32%	-5.47%	12.59%	4.12%	-2.30%

WASHINGTON TOWNSHIP

NOTES TO OTHER INFORMATION - POLICE PENSION PLAN Year Ended December 31, 2021

Valuation Date	1/1/2021
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, 2021

	Special Revenue					Washington
	Drug			Traffic Light		Township
	Enforcement	Train	Impact Fee	Escrow		Boulevard
ASSETS						
Cash and cash equivalents	\$ 8,938	\$ 6,971	\$ 25,552	\$ 118,762	\$	370,056
Total assets	<u>\$ 8,938</u>	<u>\$ 6,971</u>	<u>\$ 25,552</u>	<u>\$ 118,762</u>	<u>\$</u>	<u>370,056</u>
FUND BALANCES						
Restricted for specified purposes	\$ 8,938	\$ 6,971	\$ 25,552	\$ 118,762	\$	370,056
Total fund balances	<u>8,938</u>	<u>6,971</u>	<u>25,552</u>	<u>118,762</u>		<u>370,056</u>
Total liabilities and fund balances	<u>\$ 8,938</u>	<u>\$ 6,971</u>	<u>\$ 25,552</u>	<u>\$ 118,762</u>	<u>\$</u>	<u>370,056</u>

							Total Non-Major Governmental Funds
Recreation Fee	Storm Water	Happel's Meadow	Commonwealth Grant I	Highway Aid	Fire & EMS Fund		
\$ 36,294	\$ 22,998	\$ 4,310	\$ 173,657	\$ 559,833	\$ 77,060	\$	1,404,432
\$ 36,294	\$ 22,998	\$ 4,310	\$ 173,657	\$ 559,833	\$ 77,060	\$	1,404,432
\$ 36,294	\$ 22,998	\$ 4,310	\$ 173,657	\$ 559,833	\$ 77,060	\$	1,404,432
36,294	22,998	4,310	173,657	559,833	77,060		1,404,432
\$ 36,294	\$ 22,998	\$ 4,310	\$ 173,657	\$ 559,833	\$ 77,060	\$	1,404,432

WASHINGTON TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

Year Ended December 31, 2021

	Special Revenue				
	Drug Enforcement	Train	Impact Fee	Traffic Light Escrow	Washington Township Boulevard
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	31	20	110	415	11
Assessments	-	-	43,394	-	-
Contributions	-	2,032	-	-	-
Intergovernmental revenues	-	-	-	-	69,250
Charges for services	-	130	-	-	-
Total revenues	31	2,182	43,503	415	69,261
Expenditures					
Public safety	-	-	-	-	-
Public works	-	-	-	-	106,189
Culture and recreation	-	-	-	-	-
Debt service	-	-	42,590	-	-
Total expenditures	-	-	42,590	-	106,189
Excess (deficiency) of revenues over expenditures	31	2,182	913	415	(36,928)
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	(43,000)
Total other financing sources	-	-	-	-	(43,000)
Net changes in fund balances	31	2,182	913	415	(79,928)
Fund Balances:					
January 1, 2021	8,907	4,789	24,639	118,347	449,984
December 31, 2021	\$ 8,938	\$ 6,971	\$ 25,552	\$ 118,762	\$ 370,056

Recreation Fee		Storm Water		Happel's Meadow		Commonwealth Grant I		Highway Aid		Fire & EMS Fund		Total Non-Major Governmental Funds
\$	-	\$	-	\$	-	\$	-	\$	-	\$	296,188	\$ 296,188
	116		80		-		320		2,525		231	3,860
	-		-		-		-		-		-	43,394
	3,450		-		-		-		-		-	5,482
	-		-		-		210,000		539,503		-	818,753
	-		-		-		-		1,306		-	1,436
	3,566		80		-		210,320		543,334		296,419	1,169,113
	-		-		-		-		-		219,453	219,453
	-		-		-		-		504,145		-	610,334
	-		-		-		141,488		-		-	141,488
	-		-		-		-		-		-	42,590
	-		-		-		141,488		504,145		219,453	1,013,865
	3,566		80		-		68,832		39,190		76,966	155,248
	-		-		-		-		-		94	94
	-		-		-		-		(9,501)		-	(52,501)
	-		-		-		-		(9,501)		94	(52,407)
	3,566		80		-		68,832		29,689		77,060	102,841
	32,728		22,918		4,310		104,825		530,144		-	1,301,591
\$	36,294	\$	22,998	\$	4,310	\$	173,657	\$	559,833	\$	77,060	\$ 1,404,432