

CITY OF PITTSTON, PENNSYLVANIA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022
&
INDEPENDENT AUDITORS' REPORT
&
REQUIRED SUPPLEMENTARY INFORMATION
&
ADDITIONAL INFORMATION**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor – and Members of City Council
City of Pittston, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pittston, Pennsylvania, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Pittston, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pittston, Pennsylvania, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 City of Pittston, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 the 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 City of Pittston, Pennsylvania'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 City of Pittston, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

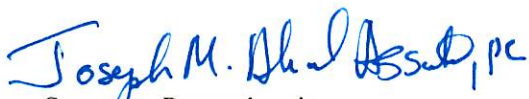
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pittston, Pennsylvania's basic financial statements. The combining and individual nonmajor fund financial statements 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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.


Scranton, Pennsylvania
June 15, 2023

CITY OF PITTSTON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Managements' discussion and analysis of the City of Pittston's financial performance provides an overview of the City's financial activities for the years ended December 31, 2022 and 2021 for governmental activities and business-type activity.

Pursuant to Article IV of the Pittston City Home Rule Charter (Pittston City Code §C4.04) the City Administrator is responsible for specified budgetary and financial administration. This discussion and analysis has been prepared by the Director of Operations, the city's designated budget and financial management officer (Pittston City Code §7-2A4), within the Office of the City Administrator. The Independent Auditors' report is authorized by the Pittston City Council pursuant to the Article X of the Pittston City Home Rule Charter (Pittston City Code §C10.01-§C10.03).

The city budget director and city controller hold membership in the Government Finance Officers Association (GFOA) and the city uses GFOA "best practices" in all aspects of financial management as guidelines for city financial policies.

FINANCIAL HIGHLIGHTS

Government-Wide Level

- The City's overall net assets increased as a result of this year's operations. The net capital assets of the business-type activity increased by **\$24,779**, and net assets of the governmental activities decreased in 2022 by **\$588,570**.
- During 2022, the City of Pittston general fund had expenses that were **\$580,446** less than the **\$7,127,308** generated in tax and other revenues for governmental programs.

Fund Level

- The General Fund reported a balance of **\$2,146,493** at December 31, 2022 and a balance of **\$1,566,047** at December 31, 2021.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages **33** and **34**) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page **35** and tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

"The Statement of Net Position and the Statement of Activities"

Our analysis of the City as a whole begins on page **4**. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets--the difference between assets and liabilities--as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property (real estate) tax base, earned income tax, and the condition of the City's roads and housing units, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here including the administration, code enforcement/building inspection, police, fire, public works (includes street, public property, sanitation, recycling, sewer, and recreation functions), community development, and **City of Pittston Redevelopment Authority** (Pittston City Code §18-1). Property (real estate) taxes, earned income and business taxes, franchise fees, permits/licenses, sewage transmission fees, garbage fees, and state and federal grants finance most of these activities.

- **Business-Type activity**-The **Pittston Parking Authority** is a Municipal Authority entity organized under the laws of the Commonwealth of Pennsylvania (Pittston City Code §18-3). The Authority collects fees from metered and rented parking spaces.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the City's major funds begins on page 7. The fund financial statements begin on page 35 and provide detailed information about the most significant funds--not the City as a whole. Some funds are required to be established by state law and by debt/bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (such as the Sewer Maintenance Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds--governmental and proprietary--use different accounting methods.

- **Governmental funds**-Most of the City's basic services are reported in **governmental funds**, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called **modified accrual accounting**, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the ***Statement of Net Position and the Statement of Activities***) and governmental funds in reconciliation on pages 33 and 34.
- **Proprietary funds**-When the City charges customers for the services it provides these services are generally reported in **proprietary funds**. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activity we report in the government-wide statements, but provide more detail and additional information.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

The City is the Trustee, or fiduciary, for its employees' pension plans (Pittston City Code Chapter 68). It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate ***Statement of Fiduciary Net Assets*** and ***Statement of Changes in Fiduciary Net Assets*** on pages 42 and 33. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The pension funds are audited every two years by the Commonwealth's Office of the Auditor General and the audit reports are available at city hall and from the Pennsylvania State Auditor General.

THE CITY AS A WHOLE

The City's combined assets decreased from a year ago to **\$22.1** million from **\$22.5** million. Our analysis below focuses on the net assets and changes in net assets of the City's governmental activities.

Net position of the City's governmental activities **decreased** to **\$768,804** compared to **\$2,128,080** Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, changed from a **\$5,875,412** surplus at December 31, 2021 to a **\$3,929,408** surplus at the end of fiscal year 2022.

The assets of our business-type activity increased to **\$116,889** in 2022 compared to **\$92,110** in 2021.

The cost of all governmental activities in 2022 and 2021, respectively, was **\$12.9** million and **\$8.4** million. However, as shown in the Statement of Activities on page 34, the amount that our taxpayers ultimately financed for these activities through City taxes was only **\$5.2** million in 2022 and **\$4.6** million in 2021 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain program with grants and contributions.

CITY'S MAJOR FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 35) reported a combined fund balance of **\$5,612,738**, which is more than 2021's total of **\$5,146,190**.

- Principal and interest payments made during FY 2021 on long-term debt and capital leases were approximately **\$1,268,000** and **\$400,000**.
- During the current year, the fund balance of the Office of Community Development Program **decreased** by **\$52,385**.
- Each year, the State provides the City with a portion of the motor vehicle fuel tax revenues it collects. These funds are deposited into the city's **Liquid Fuels Fund**, a restricted use special purpose revenue fund subject to separate audit by the office of the Commonwealth's Auditor General. These funds can only be used for certain purposes related to maintenance and improvement of public roads and street lighting and for specific equipment directly related to roadway maintenance. While Pennsylvania has one of the highest such tax rates in the nation, the amount of liquid fuels funds the city receives has actually been decreasing annually for the last three years (and indeed the trend continued with the allotment received in the first quarter of fiscal year 2022) because of the high rate of tax combined with the nation-wide push towards more fuel-efficient engines and electric vehicles. The following table shows the amount of Liquid Fuels funds received by the City in the last 3 years:

Fiscal Year	Liquid Fuels Funds Received from the Commonwealth of Pennsylvania
2022	\$213,821
2021	\$218,141
2020	\$234,962

Additionally, beginning in 2019 and continuing each year since, the City executed a multi-year agreement with the Pennsylvania Department of Transportation (PENNDOT) to provide snow-plowing and ice abatement on certain state-owned roadways during winter weather that the City had already largely been performing, prudent financial management essentially recovering the City's cost for performing those services. As a result, the City received an additional payment of \$6,020 from PENNDOT for this service, which was deposited into the Liquid Fuels Fund and this contract continues for several additional years with annual inflationary increases.

PayGo Street Repaving Program

To maintain the city's commitment to infrastructure maintenance and improvement, for a number of years as funds were available, the city's annual approved budget provided

for a PayGo street resurfacing appropriation. In 2020, the annual PayGo road-resurfacing project included a \$165,078 project to repave Grandview Drive, Carroll Street between Radcliffe and Hunter Streets, Halford Alley from Broad Street to Rear Tunnel Street and Rear Tunnel Street from Halford Alley to O'Connell Street, and portions of Lambert Street and Lyons Lane. Additionally, PENNDOT resurfaced Searle Street, a state roadway. In 2021, the completion of the Panama Street sewer replacement project included the repaving of Panama Street, Quinnans Alley and a portion of Rear Miller Street. Funds for this were included in the Panama Street capital improvement project administered by the Office of Community Development

Also in 2021, portions of Rear Carrol and High Streets were repaved, with a weather and economy-caused materials delay causing the completion of the project to early 2022, when Rear Union Street was to be reconstructed and repaved. In adherence with GASB accounting standards and best practices, the city accrued the outstanding liability for the 2021 Paygo street resurfacing program in all applicable funds based on estimates of liability known as of December 31, 2021. The FY 2021 paving project was indeed completed during FY 2022 and fully paid for as reflected on the balance sheet.

During 2022, the city utilized Paygo funding to repave portions of Laurie Lane, Rear Kennedy Street, an alley off Wilson Street; Rear Nafus Street from Vine to Stout Street and a portion of Msgr. Bendik Way.

CAPITAL ASSETS (GASB 34)

The city utilizes a highly qualified, experienced contractor, Industrial Appraisal Company, Pittsburgh, PA to maintain the inventory and depreciation of city assets per the requirements of the Governmental Standards Advisory Board (GASB 34). Through this contractor, the city updated this valuation and depreciation schedule as of December 31, 2022, ensuring the accuracy of the financial statements in this regard. A complete copy of the GASB 34 report is maintained in the city's administrative offices.

Additionally, in 2022, the city engaged PFM Financial Advisors LLC to undertake a fixed asset valuation of the city sewer system. Incorporation of this asset in future years will substantially add to the city's fixed asset valuation.

GASB 75 – OTHER POST-EMPLOYMENT BENEFITS

The City has been in compliance with required disclosure of the cost of Other Post-Employment Benefits (OPEB) since 2018 when the City's annual Financial Statements included compliance with GASB 45. Subsequently, GASB 45 was replaced with GASB 75. The city obtained compliance with GASB 75 requirements as of the 2018 Independent Audit and Financial Statements and maintained this accounting through each subsequent audit.

To annually update the city's GASB 75 disclosure, the City Council contracts with Foster & Foster, Actuaries and Consultants, Allentown, PA to provide updated valuations. Their most recent report is on file in the city's administrative offices and is included in the 2022 Financial Statements, thus the 2022 Financial Statements include completely updated and current GASB 75 disclosures.

Other post-employment liability obligations include accrued vacation pay, compensatory time and sick leave, all of which are accrued and are included in the financial statements and reports.

GASB 87/96 Disclosure

The city comptroller has reviewed the recently effective GASB 87 with regard to leases and determined there is no material impact on the city's financial statements. The City is reviewing the requirements for GASB 96, effective for budgets enacted after June 15, 2022, and will implement GASB 96 for the FY 2023 Independent Audit.

GASB 68 Disclosure

For compliance with requirements of GASB 68, the city includes the required disclosures for each city pension plan pursuant to GASB 68. Copies of the GASB 68 disclosure report for each pension plan were provided to the Independent Auditor and are on file at City Hall for review.

GASB 60 Accounting and Financial Reporting for Service Concession Arrangements and GASB 77 Tax Abatement Disclosures

The City of Pittston provides the following information in accordance with Governmental Standards Accounting Board (GASB) Standards #77, *Tax Abatement Disclosures* and GASB 60 *Financial Reporting for Service Concession Arrangements*:

Revenue-Sharing with Greater Pittston Landbank Authority

- The City Council enacted a real estate tax revenue-sharing plan for certain properties owed by the **Northeast Pennsylvania Land Bank Authority** (Pittston City Code §18-7). Typically these properties are abandoned, vacant, and or condemned at the time of acquisition, and the goal of the authority is to return them to private, taxable use. The amount of this limited revenue-sharing, projected annually at less than \$5,000, is immaterial to the City's General Fund revenue. The city monitor's the Land Bank's financial management through review of the authority's independent audit.

Grandview Drive Tax Increment Financing District

In February 2008 a Tax Increment Financing District was approved pursuant to Pennsylvania Act 113 of 1990 for a residential subdivision, a portion of which included a residential street called Grandview Drive within the City of Pittston. This Tax Incremental Financing District was approved by the Luzerne County Redevelopment Authority and participants included the Township of Pittston, Luzerne County, and the Pittston Area School District, but not the City of Pittston.

Subsequently, development of this subdivision within the City of Pittston faltered, and in order to encourage renewed construction of Grandview Drive, in February 2020, the Mayor and City Council of the City of Pittston adopted Ordinance, File of Council #4(2020) that provided for city participation in the Grandview Drive Tax Increment Financing District. In order to provide proper disclosure, by means of Resolution 12541, adopted on March 17, 2021, the City Council formally adopted GASB 77 as part of Pittston City Code Chapter 23, Budget, Financial and Debt Management Policy.

The ordinance requires that city property (real estate) tax revenue from the identified Grandview Drive Tax Increment Financing District be transmitted by the City Treasurer to the Luzerne County Redevelopment Authority until the debt specified in the ordinance is retired.

In accordance with GASB 77, the city has adopted the following policies and procedures for the Grandview Drive Tax Increment Financing District:

- The City Comptroller has established an accrual (liability) on the General Fund balance sheet for remittance of the revenue identified by the ordinance so that these funds are maintained restricted from general available cash;
- The City Budget Director will include in all budget and financial management planning the estimated financial impact of the said Grandview Drive Tax Increment Financing District;

Although additional structures were constructed on Grandview Drive during 2022, based on recent actual collections, the city projects the annual impact on the General Fund to be less than \$35,000 which is not material in scope of either the total General Fund budget (\$7.8 million) or the total property (real estate) tax revenue (\$1.3 million). Additionally, the construction of new homes in the city on Grandview Drive can be revenue-generating even given this ordinance, first, one-time revenue, for the building and zoning and sewer tap permits required for the construction of new houses and second, recurring annual revenue due to the potential for new residents to pay the city earned income tax, local services tax, refuse and sewer maintenance fees.

While these two policies have not resulted in significant revenue diversion from the city's General Fund, nonetheless, the legislative diversion of general fund revenue to non-government purposes requires diligence and monitoring, so the city subsequently imposed additional financial management guidelines:

- In accordance with best practices, Resolution 12541 requires a projected revenue impact statement to be provided to the City Council prior to consideration of any additional Tax Increment Financing districts and or any legislation which would result in an additional GASB #77 disclosure.

GASB 84

The City Council adopted Resolution 12380 on February 19, 2020, formally adopting GASB 84, Fiduciary Activities and all requirements of this statement are incorporated into the Financial Statements.

COVID-19 PANDEMIC

American Recovery Plan Act (ARPA) Funding

The city received minimal grant funding during the early COVID-19 pandemic (approximately \$125,000 in grant funds received and expended during 2020 mostly for protective equipment and cleaning supplies). As part of the federal government 2021 ***American Recovery Plan Act*** (ARPA) the city was awarded approximately \$820 thousand in federal funds. This funding was received in two approximately equal distributions in June of 2021 and 2022. The city accrued this asset upon enactment of the law and this funding is recorded appropriately in the financial statements. The city submitted the required funding plan and utilized \$300 thousand of this funding to support public safety and community development operations during FY 2022 , with further use of the funds incorporated into the FY 2023 Approved Budget.

2022 ANNUAL BUDGET & FEDERAL ARPA

The City Council has adopted a comprehensive budgetary, financial management and debt management policy (Pittston City Code Chapter 23) and the Fiscal Year 2022 budget was prepared in accordance with parameters of the policy (§23-2). The Fiscal Year 2022 Budget was approved by Ordinance, File of Council #9 of 2021 and the other required supporting tax revenue ordinances all were adopted by the City Council at the meeting of December 15, 2021.

During the course of a dynamic the fiscal year, the City Council proactively amended the Approved budget as follows: May 18th Resolution 12728 (General Fund); May 18th Resolution 12732 (Capital Improvement Fund); June 15th Resolution 12743 (Capital Improvement Fund); August 17th Resolution 12767 (several funds); September 21st Resolution 12786 (several funds); and November 16th Resolution 12807 (several funds) to reflect the then most current projections of revenue and expenditures and to reflect proceeds received from grants and the issuance of long-term debt. These several changes reflected close monitoring of the budget and spending plan, along with on-going capital improvement projects. Expenditures remaining at or below budget and strong revenue above initial projections allowed for support of capital projects and prudent one-time expenditures for equipment, software and repairs.

The following table shows the total annual budget for each appropriated fund for Fiscal Year 2022:

Fund Name	Approved FY 2022 Budget	Final Revised FY 2022 Budget
General Fund	\$6,400,000	\$7,136,050
Sewer Maintenance Fund	\$1,530,000	\$1,546,000
Liquid Fuels Fund	\$ 270,000	\$ 269,000

PAYGO Capital Fund

In order to provide funding for small capital projects without the issuance of debt, the city established a PayGo Capital Fund, with an approved budget to fund various small capital projects during the course of the fiscal year. During Fiscal Year 2022, this fund continued in its intended use with \$58,104 expended per the appropriated budget and established project approval process.

SUMMARY

During the last decade, city leadership has made a priority of improving the city's financial position, and this goal has been realized, even in the face of the tumultuous COVID-19 pandemic and national macro-level economic after-effects. The city's General Fund now demonstrates a multi-year trend of solvency and steadily increasing fund balance while city government operations have not only been maintained, but enhanced.

Over the last decade, the mayor and city council had dedicated significant resources to achieve this goal, including recruiting a high-quality management staff with demonstrated experience in financial and budgetary administration; developing and implementing strong financial and budgetary management policies using national standard best practices guidelines from GFOA and purchasing and implementing state of the art modernized budget and accounting software. These practices resulted in the city obtaining its first "investment-grade" credit ranking by an international credit rating agency (Moody's). Obtaining the credit rating allowed the city to combine and refinance virtually of its long-term debt during 2020 at a time of record-low interest rates, resulting in significant savings and further financial stabilization.

The city's finances were largely spared from the effects of the COVID-19 pandemic; in fact, most major revenue sources have increased in the period since 2020. Nonetheless, the city was concerned to receive only approximately \$821 thousand in federal COVID recovery funds under the legislated formula provisions of the 2021 American Recovery Plan Act (ARPA). By comparison, the nearby City of Wilkes-Barre received approximately \$39 million or approximately forty-five times the amount the City of Pittston received under the same law, despite Wilkes-Barre having a population only about five times that of the City of Pittston. Nonetheless, city leadership plans to continue to make prudent use of these one-time funds.

Furthermore, the city's downtown business district continues to see revitalization, investment and growth. The 2020 Census showed population stability, and neighborhoods are showing revitalization. A remarkable increase in the city's deed transfer tax demonstrates the increase in real investment value and transactions throughout the city since the pandemic.

Nonetheless, as an older, land-locked, essentially fully developed municipal entity, the city continues to face challenges. The city, while financially spared from the worst effects of the COVID-19 pandemic, is not fully insulated from the overall national economic picture, which includes concerns over inflation, supply chain disruptions and

the threat of recession. Certain primary revenue sources, such as earned income tax and real estate transfer tax, are directly tied to the condition of the overall national economy. At the same time, city government faces the same cost drivers as everyone else—increases in the cost of supplies, energy, insurance and wages. The city is also saddled with the cost of properly funding its defined benefit pension plans, regardless of investment performance, and the cost of health insurance for full-time employees, which continues to increase annually at a rate higher than overall inflation.

What city leadership has demonstrated however is a commitment and an ability to prudently and proactively managing the city's finances in a manner that has not only stabilized but significantly enhanced overall financial performance while maintaining and enhancing citizen service delivery.

FINANCIAL NOTES TO 2022 BUDGET

UNRESERVED AND UNRESTRICTED FUND BALANCE

One key measure of financial health is the multi-year trend in year-end unreserved and unrestricted fund balance.

Fiscal Year Ending December 31st	Unreserved & Unrestricted General Fund Balance
2022	\$2,146,493
2021	\$1,566,047
2020	\$769,511
2019	\$539,940
2018	\$148,445

REVENUE ACCOUNTS

The City's overall General Fund revenue over the past five years is as follows:

Fiscal Year	Total General Fund Revenue
2022	\$7,463,308
2021	\$7,198,185
2020	\$6,282,910
2019	\$5,702,261
2018	\$4,941,139

The City's two primary revenue sources are earned income tax and real estate tax (property tax). The following sections provide a discussion of the city's primary revenue categories:

Earned Income Tax

The City levies an Earned Income Tax (Pittston City Code §436-12) which is the City's largest single category of revenue. Earned income tax collections over the past five years are as follows:

Fiscal Year	Earned Income Tax
2022	\$2,517,416
2021	\$2,239,015
2020	\$2,019,807
2019	\$1,852,890
2018	\$1,699,880

The City is an active member of the Luzerne County Act 32 Tax Collection Committee [Pittston City Code §436-15(B)] and the City's Administration Department communicates regularly with the contracted collection agency, Berkheimer Associates, for alignment of the City's Budget to forecasted earned income tax revenue.

Real Estate (Property) Taxes.

Real estate taxes represent the City's second-largest single source of revenue. To address the regressive element inherent in real estate taxes, the City Council enacted an ordinance as required by the Home Rule Charter to provide property tax relief for qualified owner-occupied properties (homestead exemption further explained later in this analysis). Overall City assessment is an indicator of city economic health, and for 4 of the past 5 years there has been annual growth in total taxable assessment as follows:

Fiscal Year	Total City Taxable Property Assessment
2022	\$267,423,100
2021	\$267,966,700
2020	\$266,905,500
2019	\$265,705,200
2018	\$267,538,900

Data Source: Luzerne County Assessor's Office

The decrease for 2019 is attributed to the conversion of a taxable former bank building on South Main Street into what is now a non-taxable, government-owned building housing a campus of Luzerne County Community College, as well as certain other properties acquired by the City Redevelopment Authority as part of revitalization efforts that result in these properties becoming tax-exempt during the time they are held by the authority. The opening of a community college campus on Main Street was considered a key economic redevelopment accomplishment more than offsetting the small reduction in property tax revenue.

Actual collections of current year real estate taxes in the last three years are as follows:

Fiscal Year	Current Year Real Estate Tax
2022	\$1,489,822
2021	\$1,435,371
2020	\$1,461,714

The 2022 increase is attributable to the current healthy real estate economy in the city, including new construction.

Property Tax Homestead Deduction

The City's new Home Rule Charter required the establishment of a "Homestead Deduction" for the assessment amounts of owner-occupied residential homes. Pittston City Code Section §436-42(A) initially set the amount of the deduction at \$15,000. This resulted in a reduction of approximately \$220,000 in annual property tax revenue beginning in FY 2013. Since that time, real estate tax revenue has seen both increases and decreases. Increases are due primarily to commercial building construction and improvements in the downtown as well as new homes and some residential structure improvements. Decreases are due to demolition of blighted structures, abatements granted by the Luzerne County Board of Assessment Appeals, acquisition of properties by the City Redevelopment Authority pending redevelopment and return to the tax rolls and acquisition of properties by non-profits. For Fiscal Year 2018, the City Council increased the Homestead Deduction by ten percent (10%) to \$16,500 by an ordinance adopted on December 20, 2017 and this level was maintained for Fiscal Years 2018-2022. The projected impact on revenue was included in the proposed and adopted budget.

Delinquent Real Estate Tax

Luzerne County Government is responsible for collection of delinquent real estate taxes and enhanced administration of delinquent property tax revenue has also contributed to more current year tax revenue being received as property owners seek to avoid the fees and costs associated when taxes go delinquent. The three-year trend in delinquent real estate collections is as follows:

Fiscal Year	Delinquent Real Estate Tax Revenue
2022	\$199,029
2021	\$179,125
2020	\$199,268

Local Services Tax

The “Local Services Tax” (Pittston City Code Section 436 Title IV) is a \$52 per year tax levied as permitted by state law to fund public safety services. The three-year trend in Local Services Tax collections is as follows:

Fiscal Year	Local Services Tax Collected
2022	\$118,144
2021	\$89,481
2020	\$86,579

Business Privilege Tax

Pennsylvania state law and court decisions prevent the city from enacting a millage or percent based mercantile or business privilege tax. But based on current law and court cases, beginning in 2015, the city council enacted an ordinance that imposed a flat rate business privilege tax (BPT). The BPT is now codified in Chapter 436, Article VIII of the Pittston City Code, and business with proceeds greater than \$15,000 per calendar year are assessed a flat tax of \$225 during 2021. To maximize efficiency in tax collections, the city contracted with Berkheimer Associates, also the Act 32 tax collector for the earned income and local services taxes, to collect this tax. The three year trend in collections is as follows:

Fiscal Year	Business Privilege Tax Collected
2022	\$41,936
2021	\$41,196
2020	\$43,060

Realty Transfer Tax

As permitted by Home Rule, the city increased the Real Estate Transfer Tax (Pittston City Code §436-19) to 2.5% effective January 1, 2022. This increase, as well as the growing economy and gradual recovery of the national housing market, has resulted in a significant increase in this revenue source for the city's general fund compared to average annual levels of the last decade. The city real estate market continues to show healthy growth and activity as evidenced by both an increase in the number of sales and the average sales price. The city believes this is a result of continued economic redevelopment, rebirth of the downtown business district, and the macro-level effects of the COVID-19 pandemic, making the city an attractive place for new residents seeking to relocate from higher-tax areas more affected economically by the pandemic. However, the city realizes this revenue source is directly tied to the overall real estate market boom during 2021-2022, and will prudently continue to budget the revenue at historic trend levels to ensure financial responsibility should the real estate market cool. The three-year trend in real estate transfer tax is as follows.

Fiscal Year	Realty Transfer Tax
2022	\$594,503
2021	\$370,256
2020	\$261,125

Cable Television Franchise

As provided for in state law, the City Council approves a franchise agreement with cable television/internet providers to install and operate their systems within the city and market those services to residents and business. During 2021, rather than just renewing the same agreement, the city council retained qualified special counsel to negotiate an updated, modernized agreement with Comcast to ensure the city receives all applicable fees under the franchise agreement and this new agreement was approved by ordinance during 2021.

Despite a highly fluid environment for this service, this franchise revenue source shows steady growth for the last three fiscal years as follows

Fiscal Year	Cable Franchise Fee Revenue
2022	\$115,641
2021	\$109,888
2020	\$108,071

However, due in part to the city's continued revitalization, during 2021 an additional cable television/internet service provider installed a system within the city, and the city council also executed a cable television franchise via ordinance during 2021, with this provider, RCN

Telecom Services. It is unusual for a smaller municipality to have two providers, and this should result in residents and businesses having the most choice and a competitive price market for this service. While there may be some crossover revenue adjustments as some existing subscribers may move to the new provider, it is reasonable to believe that the overall franchise fee will increase in 2023 as the new provider continues to market service.

Building Permits and Other Fees

The City has also modernized and improved collections of various permits and license fees issued by its building inspection, code enforcement, fire inspection, and zoning offices pursuant to adopted ordinances. While these fees vary depending on annual construction, macro-level analysis indicates a healthy and growing construction environment in the city indicative of economic growth. The 2022 Building Permit revenue reached a record level, reflecting the city's strong real estate market. The three-year trend in Building Permits is as follows:

Fiscal Year	Building Permit Fees
2022	\$230,733
2021	\$140,221
2020	\$155,986

Refuse and Recycling Fees

As mandated by state law, the City provides weekly residential collection of refuse and recycling, supported by an annual per-unit refuse fee. Additionally, for additional fees the City provides a small volume commercial refuse and bulk item collection service. In recent years, the City has greatly expanded its recycling program, and the recycling market has been in dynamic change, presenting a challenge to finance operations. Nonetheless, revenue from the refuse fee has been increasing as the three-year trend indicates.

Fiscal Year	Total Refuse Fee Revenue
2022	\$655,783
2021	\$605,204
2020	\$564,168

The city has also been very successful in obtaining over a half million dollars in recent years from awarded state recycling performance and equipment grants. These grants have been used to procure recycling collection equipment that has helped to offset the cost of the program. To date the city has not levied a recycling fee in part due to these grant funds and the efforts of our citizens to comply with the separated recycling streams allowing the city to avoid the onerous fees being charged for “single stream” recycling.

Delinquent Revenue

Beginning in the last quarter of fiscal year 2015 the City began placing liens on properties with significant multi-year delinquencies in refuse fees and plans in 2018 to begin placing liens and undertaking water shut-offs for seriously delinquent sewer maintenance fees. Persistently delinquent accounts have resulted in revenue loss for these revenue sources that support vital public services and the City’s action in collecting delinquent accounts is consistent with enforcement actions set forth in the enacting ordinances for the fees in Pittston City Code Chapters 386 and 412. The City also has developed a uniform accounting policy for any write-offs of delinquent or bankrupt accounts in accordance with standard accounting policies to most accurately portray receivables.

During 2022 the city implemented a new billing system for the refuse fee accounts receivable. Extended collection efforts during the transition resulted in successful collection of past due revenue at a level substantially greater than anticipated and above the previous allowance for doubtful accounts. This resulted in the 2022 General Fund expenditure line item for bad debt actually showing a net positive of \$73,592, substantially reducing the actual write-off of bad debt.

Fiscal Impacts of Capital Projects on the Operating Budget

Governments sometimes fail to take into consideration the recurring impact on the operating budget for completed capital improvement projects. The city’s planning process for capital improvements includes the final recurring impact on the operating budget and such costs are then incorporated into the subsequent year’s budget.

CITY OF PITTSTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Overall Revenue Picture

Due to several factors previously discussed, overall city revenue was not only not significantly negatively impacted by the COVID-19 pandemic, but major revenue sources actually increased in 2021 and 2022 over the pre-pandemic 2019 levels. The city's revenue remains in a period of strong growth expected to continue into 2023. The city's finances were further augmented by receiving approximately \$821 thousand in federal economic recovery funding under the American Recovery Plan Act.

EXPENSE ACCOUNTS

The City adopted a comprehensive budgetary, financial, and debt service management policy in FY 2013 (Pittston City Code Chapter 23) that significantly improved the accuracy of the City's annual budget and resulted in proactive monthly budget to actual reporting by the office of the city administrator with monitoring by the elected officials. This policy has been followed and is regularly updated.

The improvements in the budgetary and financial reporting have made department heads more aware of and involved in administering their budgets and understanding the city's overall financial condition and this has resulted in a significant improvement in department spending being at or below budget appropriations. The office of the city administrator also proposes mid-year budget amendments to the mayor and city council as needed to adopt the budget to changing financial circumstances within the fiscal year. This ensures that expenditures remain within the budget levels.

Overall, 2022 was a very strong fiscal year for the city. General Fund expenditures of \$6,882,862 in FY 2022 were \$ 253,187 below the budget level and the revenue of \$7,463,308 was \$327,257 above the budget level.

DEBT SERVICE—LONG-TERM & SHORT-TERM

The city continued in 2022 to reap the savings and debt service schedule simplification resulting from the successful 2020 project to obtain an investment-grade credit rating and issue general obligation bonds that combined most of the long-term debt and reduced interest payments. The city issued no additional long-term debt during FY 2022 and made all debt service payments on time and in full.

Additionally, during FY 2022 the city repaid in full a short-term debt issuance used for interim financing to pay for a new recycling collection vehicle that was mostly funded through the receipt of grant based on reimbursement. The city ended 2022 with no outstanding short-term debt.

DEFINED PENSION PLAN LIABILITY

The City is required by state law to provide certain defined benefit pension plans to several classes of full-time employees. Decisions made by previous administrations, combined with the market effects of the 2020 pandemic greatly increased the cost of these pension plans to the city taxpayers. As with many older cities, meeting these obligations has been one of the greatest burdens of the city's general fund.

Police Pension Plan Minimum Municipal Obligation (MMO) Liability

The police pension plan minimum municipal obligation (MMO) contribution had increased dramatically in the 2000s due to a past administration's decision in collective bargaining to allow lower than normal member contributions; unexpected disability retirements; effects of the 2008 stock market downturn; and a pension "buy-back" for certain police officers provided for in the current collective bargaining agreement between the city and unionized full-time city police officers. Subsequent action taken by the city will result in this "buy-back" being sun-settled in future agreements but it has definite and significant fiscal impact on the MMO as a result of the officers who exercised the clause during the current agreement.

Prior to financial stabilization the city was unable to fully fund the FY 2015 MMO to the police pension fund. While the city issued a pension bond in 2018 that stabilized the fund, the law did not permit that unpaid MMO to be paid with the bond proceeds and the liability has been carried on the city's general fund balance sheet since. In addition to the issuance of the pension bond, the city successfully negotiated with the police union to instate a minimum retirement age and adjust the benefit that would be received by a widow or widower to the standard amount, which over the long term will further improve the financial solvency of the fund. However, city leadership was unwilling to imperil the city's fund balance during the uncertainty of the COVID-19 pandemic by fully and immediately repaying the liability to the police pension fund and provisions in the federal law for COVID-19 relief specifically disallow the use of those funds to pay for pension costs. The city will need to continue to annually budget repayment of this outstanding liability until the obligation is met. Overall, the city pension plans have evolved into well-funded status, and the city has met each year's required funding.

EFFECT OF 2022 INVESTMENT MARKET ON PENSION FUNDS

The investment performance of the city's three pension funds essentially mirrored the downturn in the national investment market during 2022. Actuarial reporting at the end of FY 2021 demonstrated the plans were in surplus funding status which reverted to less than fully funded status at the end of FY 2022. This plan investment performance mirrored the national economy during this period.

INSURANCE COSTS

WORKERS COMPENSATION INSURANCE:

The city proactively utilizes an Employee Safety Committee (Pittston City Code §7-2(1) that meets regularly and has worked to reduce workplace accidents. Nonetheless accident occur, and the city's resources are insufficient to self-insure, so the city obtains third party insurance for workers compensation. Claims due to workplace injuries as well as changes in state law to workers compensation particularly for firefighters a few years ago left the City unable to obtain workers compensation insurance from private insurers and the city had to obtain insurance from a state entity, the State Workers Compensation Fund (SWIF) for 2022. The city will continue to pursue private insurance options.

The City has an historical policy of paying the workers compensation insurance for its volunteer fire companies. With dwindling membership, the city was left paying close to \$50,000 per year for coverage for a handful of responding volunteers spread across 2 fire companies. Accordingly, the city supported an effort in 2022 to merge the two historical companies into 1 volunteer company. This was achieved during 2022, and the city subsequently cut its cost in half for this type of insurance, a recurring annual savings to the General Fund.

EMPLOYEE HEALTH INSURANCE:

Like all other municipalities, the city also faces uncertainty in the cost of health insurance for its full-time municipal employees, as required by collective bargaining. The significant spike in the cost of employee healthcare over the last decade had a material impact on the General Fund's stability.

In an effort to more aggressively address this cost, for FY 2017 the city moved to a health insurance trust, Pennsylvania Municipal Health Insurance Cooperative, with the goal, over time, of achieving a reduction of the current rate of medical insurance inflation and a stabilization of the annual premium fluctuations. Unfortunately, due to the small size of the employee pool and some serious claims, these savings were not immediately realized.

While costs for health insurance premiums continue to increase annually at a rate above overall inflation, the city is now finally receiving an annual refund from the cooperative. This refund is accounted for on the city's balance sheet and the FY 2022 refund approximated an entire monthly premium payment. It is anticipated this level of refund will continue and even grow in 2023.

At this point, each health insurance renewal presents uncertainty. The city has been challenged in obtaining union agreement to require full-time employees pay a meaningful share of the monthly premium and annual deductibles, all of which are negotiable under the Pennsylvania state collective bargaining laws. The city will continue to pursue this approach of requiring employees to share some of the cost of health insurance costs to try to ameliorate the cost to the taxpayers, but is constrained by state collective bargaining laws and the cost of arbitration, given an uncertain outcome, is not deemed prudent by city leadership at this time.

SUMMARY

Despite the COVID-19 pandemic, city leadership has effectively and efficiently significantly improved city finances over the past decade. The 2022 fiscal year continued this trend.

COMMENTS ON NON-GENERAL FUNDS

CAPITAL IMPROVEMENT FUNDS

The city maintains a Capital Improvement Fund to finance multi-year general construction projects financed by long-term debt and grants and PayGo Capital fund for smaller projects and equipment acquisitions that will be completed within the fiscal year. The City Council, by Resolution, appropriates capital funds as necessary.

Special Purpose Revenue Funds

The City maintains a number of special purpose revenue funds. These funds have specific sources of revenue and their expenditures are limited to purposes defined in their authorizing legislation.

- **Sewer Maintenance Fund:** The City's primary special purpose revenue fund is the Sewer Maintenance Fund. This fund receives revenue from an annual sewer maintenance fee on residential and commercial properties established pursuant to Chapter 386 Article IV of the Pittston City Code. Expenditures from this fund are limited to long-term debt service for sewer improvement loans; repairs and maintenance; MS4 stormwater permit compliance; and administrative/financial management costs for the City's sanitary and stormwater sewer system.

Debt service for a 2020 bond issue of approximately \$455,000 annually consumes approximately one quarter of this fund's annual budget, and represented a significant investment in renewing a major portion of the city sewer system. However, approximately 60% of the City's sewer system has yet to be renovated and is 100 or more years old. The City regularly is faced with unplanned emergency sewer repairs in the older portion of the system that challenge this fund's finances and which may require future revenue enhancement. Regulations imposed by the federal and state governments, particularly environmental departments, have greatly increased the cost of sewer work in recent years, as well as imposing legal requirements to immediately address system failures.

Additionally, the sewer fund remains impacted by the on-going costs of a lawsuit by a contractor against the city in Luzerne County Court, that remains in active litigation over a decade since it was filed. The outcome of this lawsuit is uncertain because senior city officials from a past administration that managed the project the suit is a focus of, including the city clerk and mayor, have since died and are not available for testimony. The city has limited financial means from available sewer maintenance

funds to support the legal costs to conclude this lawsuit. The legal costs associated with defending the taxpayers continue, and the costs of this lawsuit have resulted in less funds available for actual sewer repairs and necessary rate enhancements over the past decade. However, it is anticipated this lawsuit will finally conclude in 2023 as a result of court-ordered mediation towards settlement. Should this occur, the final cost and financial impact can be quantified, ending the uncertainty, and that will work towards further financial stabilization of the Sewer Maintenance Fund.

To limit rate increases, the city has made improved collections of the sewer maintenance fee a high priority. The city exercises every legal option including municipal liens and water shut-offs to encourage on-time payment of the fee, while also providing fair and equitable payment plans for properties in arrears. Revenue collection has steadily improved. The 3 year trend in Sewer Maintenance Fee Revenue is as follows:

2022	\$1,585,669
2021	\$1,489,540
2020	\$1,394,964

Expenditures from this fund are managed by the Office of the City Administrator and the City Council to ensure adequate cash flow, the ability to make required debt service payments on time, and to ensure immediate response to sewer main failures.

- **Liquid Fuels Fund:** The City has been a prudent steward of its Liquid Fuels Fund for road repairs. Unlike many jurisdictions the City does not charge any personnel costs to this fund, and regularly uses this fund for PayGo capital improvements to roads and for road maintenance equipment. An annual PayGo capital project for street resurfacing, previously discussed is typically also funded from this source. Street lighting is paid from this fund and significant cost savings were achieved by a capital improvement project as follows:
 - **LED Streetlight Replacement:** Several years ago, the city undertook a capital project to replace all of its street lights with energy-efficient LED lighting heads that improved the lighting and drastically reduced operating costs. The city also executed a contract to obtain lower cost wholesale electricity rates. This decision has been further validated by significant inflation costs in energy during 2021 and early 2022.

Other Funds

The Office of the City Treasurer also holds escrow funds for fire damaged properties under the City's fire escrow ordinance (Pittston City Code Chapter 255) and for certain condemned buildings pursuant to the City Condemned Building Ordinance (Pittston City Code Chapter 186). There is a special purpose fund activated when needed for handling costs associated with federal and state declared disasters. The capital improvement funds are managed through Resolutions of the City Council providing budget authority and appropriation for on-going projects in accordance with the budget and financial management requirements of the Home Rule Charter and Pittston City Code Chapter 23. All of these funds are audited and are also monitored by the City Controller and Office of the City Administrator, with regular reports to the City Council.

FLOODPLAIN MANAGEMENT

Parts of the City are in areas subject to federal floodplain regulations pertaining to the National Flood Insurance Program (NFIP). In 2012, the City adopted the most current federal floodplain regulations as required by NFIP (Pittston City Code Section 270) to assure NFIP insurance availability. The City Administrator has designated the Director of Operations and the Building Code Official to review all Building Permits for necessary compliance.

Stormwater Management

The City is subject to an MS4 permit for the Chesapeake Bay area issued by the United States Environmental Protection Agency (EPA). The city has entered into a multi-municipal agreement with the Wyoming Valley Sanitary Authority (WVSA) to manage this permit along with other member municipalities. The city has adopted all applicable stormwater management regulations (Pittston City Code Chapter 419). During 2022 the city adopted by ordinance all required stormwater management regulation updates. The stormwater management regulations are enforced in the city by the WVSA, the City Building Code Official (Pittston City Code §7-2B), City Planning Commission (Pittston City Code §77), the Director of Operations (Pittston City Code §7-2A) and select and designated management personnel within the Department of Streets and Sanitation designated by the City Administrator (Pittston City Code Chapter 99).

City Financial Administration

The city's staff is led by a professional City Administrator as set forth in the City's Home Rule Charter. The City Administrator is responsible for budget development, budget execution, budget monitoring and day to day financial management (Pittston City Code Section §4.04). Further enhancing professional financial administration, the City Home Charter provides for an independent elected City Treasurer/Tax Collector with prescribed duties (Pittston Code Section §8.03). The City Council also established a City Controller position (Pittston City Code Section §61-9,10) to ensure internal controls for payments and a Comptroller (Pittston City Code §61-11), who is a certified public accountant, ensures the accuracy of all accounting.

Pittston City Code §7-2A(4) designates the city's Director of Operations to serve as the City Budget Officer, under the direction of the City Administrator. In addition to duties for budget formulation, administration and monitoring, the City Budget Officer is charged with regularly attending continuing education towards the goal of maintaining the most current budgeting and financial administration policies of the city. Chapter 23 of the City Code, containing the city's budget, financial and debt management policies are continually monitored by the city budget officer, who makes recommendations for update to the city council. The city uses best practices set by the Government Finance Officers Association (GFOA) as models for its policies and procedures. The city has an investment-grade credit rating from Moody's Financial Services.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Pittston, City Hall, 35 Broad Street, Pittston PA 18640.

CITY OF PITTSBURGH

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
CURRENT ASSETS:			
Cash	\$ 3,348,075	\$ 66,579	\$ 3,414,654
Restricted cash	401,787	-	401,787
Accounts receivable, net	681,555	-	681,555
Taxes receivable	1,027,500	-	1,027,500
Prepaid expenses	18,644	-	18,644
Grants receivable	305,652	-	305,652
Due from related parties	23,195	-	23,195
Due from other funds	1,254	-	1,254
Due from other governments	2,172	-	2,172
Current portion of loans receivable	12,703	-	12,703
Accounts receivable, other	448,105	-	448,105
Total current assets	6,270,642	66,579	6,337,221
LOANS RECEIVABLE, Net of current portion	15,083	-	15,083
MORTGAGES RECEIVABLE	2,129,750	-	2,129,750
ROYALTIES RECEIVABLE	300,000	-	300,000
CAPITAL ASSETS, Net	10,831,757	50,310	10,882,067
NONCURRENT ASSETS			
Property held for resale and development	2,523,427	-	2,523,427
TOTAL	\$ 22,070,659	\$ 116,889	\$ 22,187,548
CURRENT LIABILITIES:			
Notes payable	\$ 998,218	\$ -	\$ 998,218
Capital lease obligations	228,300	-	228,300
Compensated absences	99,328	-	99,328
Accounts payable	1,183,777	-	1,183,777
Due to outside agencies	745,327	-	745,327
Accrued expenses	633,298	-	633,298
Due to City of Pittsburgh	-	13,908	13,908
Total current liabilities	3,888,248	13,908	3,902,156
NONCURRENT LIABILITIES:			
Notes payable	13,287,374	-	13,287,374
Net OPEB obligation	1,453,120	-	1,453,120
Unfunded pension liability	2,078,536	-	2,078,536
Capital lease obligations	445,585	-	445,585
Compensated absences	148,992	-	148,992
Total liabilities	21,301,856	13,908	21,315,763
NET POSITION:			
Invested in capital assets, net of related debt	(3,453,835)	50,310	(3,403,525)
Restricted	293,231	52,671	345,902
Unrestricted	3,929,408	-	3,929,408
Total net position	768,804	102,981	871,785
TOTAL	\$ 22,070,659	\$ 116,889	\$ 22,187,548

See Notes to Financial Statements

CITY OF PITTSTON

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

		PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
FUNCTIONS/PROGRAMS							
Governmental activities:							
Community development	\$ 3,288,368	\$ 174,841	\$ -	\$ 2,884,956	\$ (228,571)	\$ -	\$ (228,571)
Public safety	4,742,456	83,261	-	-	(4,659,195)	-	(4,659,195)
Public works	2,334,144	1,581,106	-	-	(753,038)	-	(753,038)
General government - administrative	1,919,348	1,258,459	874,455	-	213,566	-	213,566
Interest on long-term debt	390,615	-	-	-	(390,615)	-	(390,615)
Culture and recreation	<u>1,099,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,099,812)</u>	<u>-</u>	<u>(1,099,812)</u>
Total governmental activities	<u>\$ 13,774,743</u>	<u>\$ 3,097,667</u>	<u>\$ 874,455</u>	<u>\$ 2,884,956</u>	<u>\$ (6,917,665)</u>	<u>\$ -</u>	<u>\$ (6,917,665)</u>
Business-type activity,							
Pittston Parking Authority	<u>86,726</u>	<u>111,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,752</u>	<u>24,752</u>
TOTAL	<u>\$ 13,861,469</u>	<u>\$ 3,209,145</u>	<u>\$ 874,455</u>	<u>\$ 2,884,956</u>	<u>\$ (6,917,665)</u>	<u>\$ 24,752</u>	<u>\$ (6,892,913)</u>
General revenues:							
Property and other taxes					5,236,958	-	5,236,958
Unrestricted investment earnings					53,878	27	53,905
Miscellaneous					<u>266,553</u>	<u>-</u>	<u>266,553</u>
Total general revenues					<u>5,557,389</u>	<u>27</u>	<u>5,557,416</u>
Change in net position					(1,360,276)	24,779	(1,335,497)
Net position-beginning					<u>2,129,080</u>	<u>78,202</u>	<u>2,207,282</u>
Net position-ending					<u>\$ 768,804</u>	<u>\$ 102,981</u>	<u>\$ 871,785</u>

See Notes to Financial Statements

CITY OF PITTSTON

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	GENERAL FUND	COMMUNITY DEVELOPMENT FUND	SEWER MAINTENANCE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Current Assets						
Cash	\$ 1,596,798	\$ 1,187,494	\$ 218,400	\$ -	\$ 345,383	\$ 3,348,075
Restricted cash				401,787		401,787
Accounts receivable, net	30,000		539,205	112,350		681,555
Taxes receivable	1,027,500		-			1,027,500
Prepaid expenses	18,644					18,644
Grants receivable	8,897	231,250	65,505			305,652
Notes receivable		12,703				12,703
Accounts receivable, other	439,905		8,200			448,105
Due from other governments	2,172					2,172
Due from related parties	13,908	9,287				23,195
Due from other funds	1,254	-	-	-	-	1,254
Total current assets	<u>3,139,078</u>	<u>1,440,734</u>	<u>831,310</u>	<u>514,137</u>	<u>345,383</u>	<u>6,270,642</u>
NONCURRENT ASSETS						
Property held for resale and development	-	2,523,427	-	-	-	2,523,427
Total assets	<u>\$ 3,139,078</u>	<u>\$ 3,964,161</u>	<u>\$ 831,310</u>	<u>\$ 514,137</u>	<u>\$ 345,383</u>	<u>\$ 8,794,069</u>
LIABILITIES:						
Accounts payable	\$ 54,026	\$ 532,865	\$ 97,059	\$ 499,827	\$ -	\$ 1,183,777
Due to other funds					1,254	1,254
Grants received in advance		600,922		143,151		744,073
Accrued liabilities	621,565	-	11,733	-	-	633,298
Total liabilities	<u>675,591</u>	<u>1,133,787</u>	<u>108,792</u>	<u>642,978</u>	<u>1,254</u>	<u>2,562,402</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue:						
Property taxes	316,994					316,994
Sewer fees	-	-	301,935	-	-	301,935
Total deferred inflows	<u>316,994</u>	<u>-</u>	<u>301,935</u>	<u>-</u>	<u>-</u>	<u>618,929</u>
FUND BALANCES:						
Nonspendable						
Properties held for resale		2,523,427				2,523,427
Unassigned fund balances	2,146,493	306,947	-	-	342,640	2,796,080
Restricted fund balances	-	-	420,583	(128,841)	1,489	293,231
Total fund balances	<u>2,146,493</u>	<u>2,830,374</u>	<u>420,583</u>	<u>(128,841)</u>	<u>344,129</u>	<u>5,612,738</u>
Total liabilities and fund balances	<u>\$ 3,139,078</u>	<u>\$ 3,964,161</u>	<u>\$ 831,310</u>	<u>\$ 514,137</u>	<u>\$ 345,383</u>	<u>\$ 8,794,070</u>

See Notes to Financial Statements

CITY OF PITTSTON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2022

TOTAL FUND BALANCE (Page 35)	\$	5,612,738
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Amounts reported for governmental activities in the statement of
net position are different because:

Mortgages and loans and royalties receivable are not due and collectible in the current period and, therefore, are not reported as assets in the governmental funds.	\$	2,444,833
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Capital assets used in government activities are not reported as assets in governmental funds. The cost of assets is \$17,604,968 and the accumulated depreciation is \$7,869,182	\$	10,831,757
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Unavailable revenue and deferred inflows of resources in the governmental-fund balance sheet including accounts receivable balances that were not considered a current resource.	\$	618,929
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Unfunded pension liability	\$	(2,078,536)
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Long-term obligations are not due and payable in the current period and are not reported as liabilities in the general funds. Long-term obligations at year end consist of:

Notes payable	\$	(14,285,592)
Net OPEB obligation	\$	(1,453,120)
Compensated absences	\$	(248,320)
Capital lease	\$	(673,885)

Total net position of governmental activities (Page 33)	\$	<u>768,804</u>
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See Notes to Financial Statements

CITY OF PITTSBURGH

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	GENERAL FUND	COMMUNITY DEVELOPMENT FUND	SEWER MAINTENANCE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:						
Taxes	\$ 4,963,642	\$ -	\$ -	\$ -	\$ 213,821	\$ 5,177,463
Intergovernmental revenues	721,106	2,884,956			153,349	3,759,411
Charges for services	1,016,779	181,463	1,581,106			2,779,348
Licenses and permits	194,746					194,746
Fines and forfeits	83,261					83,261
Investment earnings	32,197	9,403	4,563	7,666	49	53,878
Miscellaneous revenues	115,577	126	-	145,350	5,500	266,553
Total revenues	7,127,308	3,075,948	1,585,669	153,016	372,719	12,314,660
EXPENDITURES:						
Current:						
Public works	1,138,073		558,230	188,097	184,694	2,069,094
Public safety	2,665,727			93,753		2,759,480
Community development	213,836	3,128,333				3,342,169
General government - administrative	1,162,976			36,708		1,199,684
Culture and recreation	696,728			284,110		980,838
Debt service:						
Principal	706,232		400,000			1,106,232
Interest	299,290	-	91,325	-	-	390,615
Total expenditures	6,882,862	3,128,333	1,049,555	602,668	184,694	11,848,112
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	244,446	(52,385)	536,114	(449,652)	188,025	466,548
OTHER FINANCING SOURCES (USES):						
Transfers in	336,000					336,000
Transfers out	-	-	(336,000)	-	-	(336,000)
Total other financing sources (uses)	336,000	-	(336,000)	-	-	-
NET CHANGE IN FUND BALANCE	580,446	(52,385)	200,114	(449,652)	188,025	466,548
FUND BALANCE, BEGINNING	1,566,047	2,882,759	220,469	320,811	156,104	5,146,190
FUND BALANCE, ENDING	\$ 2,146,493	\$ 2,830,374	\$ 420,583	\$ (128,841)	\$ 344,129	\$ 5,612,738

See Notes to Financial Statements

CITY OF PITTSTON

RECONCILIATION OF CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
WITH CHANGE IN NET POSITION IN THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Change in fund balance (Page 37)	\$ 466,548
The change in net position reported in the statement of activities is different because:	
Depreciation of capital assets	(622,312)
Payments of long-term obligation principal are considered a use of current financial resources and are reported in the changes in fund balance but not in the statement of activities.	1,106,232
Net repayment of loans receivable are considered a use of current financial resources and are reported in the changes in fund balance but not in the statement of activities.	(6,622)
Capital assets are considered a use of current financial resources and are reported in the changes in fund balance but not in the statement of activities.	351,345
Capital leases acquisitions current financial resources and are reported in the changes in fund balance but not in the statement of activities.	(290,352)
Net change in deferred revenue	106,429
Payments on capital lease principal are considered a use of current financial resources and are reported in the statement of changes in fund balance but not in the statement of activities.	161,845
Change in compensated absences	(13,688)
Change in unfunded pension liability	<u>(2,619,701)</u>
Net change in position of governmental activities	<u>(1,360,276)</u>

See Notes to Financial Statements

CITY OF PITTSTON

**STATEMENT OF NET POSITION-PROPRIETARY FUND
DECEMBER 31, 2022**

CURRENT ASSETS,	
Cash and cash equivalents	\$ 66,579
CAPITAL ASSETS, NET	<u>50,310</u>
TOTAL ASSETS	<u>\$ 116,889</u>
LIABILITY,	
Due to City of Pittston From Pittston City Parking Authority	\$ 13,908
NET ASSETS,	
Invested in capital assets	50,310
Restricted	<u>52,671</u>
Total net position	<u>102,981</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 116,889</u>

See Notes to Financial Statements

CITY OF PITTSTON

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION-PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES:

Fees	\$ 111,478
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EXPENSES:

Administration	74,282
Depreciation	9,964
Professional services	<u>2,480</u>

Total expenses	<u>86,726</u>
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OPERATING LOSS	<u>24,752</u>
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NONOPERATING REVENUE

Interest income	<u>27</u>
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CHANGE IN NET POSITION	24,779
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NET POSITION, BEGINNING OF THE YEAR,	<u>78,202</u>
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NET POSITION, END OF THE YEAR	<u>\$ 102,981</u>
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See Notes to Financial Statements

CITY OF PITTSTON

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 111,478
Cash payments to suppliers for goods and services	(69,583)
Cash payments to employees for services	<u>(7,179)</u>

Net cash used in operating activities	<u>34,716</u>
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CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:

Interest earnings	<u>27</u>
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NET INCREASE IN CASH	<u>34,743</u>
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CASH - BEGINNING OF YEAR	<u>31,836</u>
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CASH - END OF YEAR	<u>\$ 66,579</u>
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RECONCILIATION OF CHANGE IN OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 24,779
Adjustment to reconcile changes in operating income to cash provided by operating activities:	
Depreciation	<u>9,964</u>

Net cash used in operating activities	<u>\$ 34,743</u>
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See Notes to Financial Statements

CITY OF PITTSTON

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022

	PENSION TRUST FUND	AGENCY FUNDS
<u>ASSETS</u>		
CASH	\$ -	\$ 188,850
DUE FROM OTHER FUND	338,482	-
INVESTMENTS	<u>11,658,086</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 11,996,568</u>	<u>\$ 188,850</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES,		
Due to other governments	\$ -	\$ 147,888
Due to insured party	-	4,857
Due to property owner	<u>-</u>	<u>36,105</u>
Total Liabilities	-	188,850
NET ASSETS,		
Reserved for pension benefits	<u>11,996,568</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,996,568</u>	<u>\$ 188,850</u>

See Notes to Financial Statements

CITY OF PITTSTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

ADDITIONS:

Contributions:

Employer	\$ 61,095
Employees	108,637
State aid	<u>279,744</u>

Total contributions	<u>449,476</u>
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Investment earnings:

Net appreciation (depreciation) of fair value of investments	(1,882,832)
Interest and dividends	<u>195,013</u>

Total investment earnings	<u>(1,687,819)</u>
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Total reductions, net	<u>(1,238,343)</u>
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DEDUCTIONS:

Benefits paid to recipients	951,332
Administrative and other fees	101,327
Refund of member contributions	<u>14,873</u>

Total deductions	<u>1,067,532</u>
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NET DECREASE IN NET ASSETS	(2,305,875)
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NET ASSETS, RESERVED FOR EMPLOYEES

RETIREMENT BENEFITS:

Beginning of year	<u>14,302,444</u>
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End of year	<u><u>\$ 11,996,569</u></u>
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See Notes to Financial Statements

CITY OF PITTSTON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by the City of Pittston, Pennsylvania (the "City"), conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the financial statements are an integral part of the City's financial statements.

FINANCIAL REPORTING ENTITY

The City was incorporated in 1894 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania. The City is a third-class city, as defined by state statutes. The City has been operating under a Home Rule Charter since January 2, 2013. The City operates under a Mayor/Council form of government and provides a full range of services, including general administration, public safety, health and welfare, sanitation, culture and recreation, community development, and public works to approximately 8,000 residents. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component unit. The component unit, discussed in Note 2, is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

BASIS OF PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its blended component unit. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 properly included among program revenues are reported instead as *general revenues*.

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

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING,
AND FINANCIAL STATEMENT PRESENTATION**

The governmental activities in the government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The business-type activity in the government-wide financial statements and the proprietary fund are reported using accounting principles prescribed by the Pennsylvania Department of Transportation.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be *measurable* and *available* only when cash is received by the City.

The City reports the following major governmental funds:

GENERAL FUND-Used to account for all financial transactions applicable to the general operations of the City except for those required to be accounted for in another fund.

COMMUNITY REDEVELOPMENT FUND-Used to account for the grant proceeds received from the state and Federal agencies to fund local development activities such as affordable housing, anti-poverty programs, and infrastructure development.

SEWER MAINTENANCE FUND-Used to account for the sewer usage charges collected from the City residents to fund the sewer improvement project.

CAPITAL PROJECTS FUNDS-Used to account for the financial resources and activity related to the acquisition, construction, or reconstruction of the City's sewer lines, and other public property and city infrastructure. Resources are derived from proceeds of long-term debt and various grants.

LIQUID FUELS FUND-Used to account for the maintenance of city streets. Financing is provided through the City's share of the state gasoline taxes.

The City's Fiduciary Fund accounts for the Pension Trust Fund and Agency Funds. The Pension Trust Fund is used to account for pension benefits for current and retired employees. The principal revenue sources for this fund are employer, employee, and state contributions. The Pension Trust Fund is accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. The Pension Trust Fund accounts for the City's defined benefit pension plans for police, firemen, and non-uniformed employees and retirees. The Agency Funds account for funds held by the City in a custodial or agent function.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board ("GASB"). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow subsequent private-sector guidance, except those that conflict with or contradict GASB pronouncements.

Amounts reported as *program revenues* include charges to customers or applicants for goods, services, or privileges provided and operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets acquired with operating assistance grants. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

BUDGETARY ACCOUNTING CONTROL

The City's budget is prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") using the modified accrual basis of accounting. Annual operating budgets are legally adopted for the General Fund, and other funds as required by enacting legislation.

CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's cash is considered to be cash on hand and demand deposits. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

INTERNAL BALANCES

Internal balances arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed.

FUND BALANCE

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

Restricted: Represents fund balance amounts that are limited by external parties, or by enabling legislation.

MORTGAGES RECEIVABLE

Mortgages receivable represents various notes and mortgages between the Lincoln Heights Corporation ("grantor") and Lincoln Heights Senior Housing, LP ("grantee") for an old school building that was converted to apartments for low income housing. Payment of principal only is due 30 years from the date of the notes, which were signed on various dates in 2005. The premises acts as security for the mortgage. Total mortgages receivable at December 31, 2022 is \$2,129,750.

RECEIVABLES

All accounts receivable are shown net of an allowance for doubtful accounts of \$510,671.

The loans receivable are shown net of an allowance for estimated uncollectible loans. The allowance is calculated based on collection history and is approximately \$32,297 at December 31, 2022.

COMPENSATED ABSENCES

Contracts between the City and the three unions representing substantially all police, firemen, and non-uniformed employees provide for various compensated absences for vacation pay and unused sick days.

Vacation time must generally be used in the period earned and there is no accrual for vacation pay included in the City's financial statements.

Sick leave may be accumulated for a maximum number of days as described in each of the respective union contracts. Fifty percent of the accumulated maximum number of days is payable upon death when as the employee retires under the normal retirement provisions of the applicable pension program.

PROPERTY TAXES

The City bills and collects its own property taxes based upon assessed valuations provided by Luzerne County. All uncollected taxes are submitted to Northeast Revenue Service, LLC, agent for the Luzerne County Tax Claim Bureau for collection. For 2022, The City levied 6.85 mills per dollar of assessed valuation for general governmental and pension funding upon the total taxable assessed valuation of property within the City of \$267,996,700. The 2022 property tax calendar follows:

Issued date	February 28, 2022
Discount period at 2%	Until April 27, 2022
Face period	April 28, 2022 to June 27, 2022
Penalty period at 10%	June 28 and thereafter

DEFERRED REVENUES

Deferred revenues are those revenues where asset recognition criteria have been met but for which revenue recognition criteria have not been met. Such amounts are measurable but are not available. Deferred revenue may also result from revenues being collected in advance of the fiscal year to which they apply or in advance of their legal due date.

RESTRICTED INVESTMENTS

Restricted investments represent resources set aside for the liquidation of specific obligations.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

INTER-FUND TRANSACTIONS

The City had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. These transactions are classified as transfers-in/out, and due from/to other funds.

The operating transfers between funds for the year ending December 31, 2022 are as follows:

	<u>General</u> <u>Fund</u>	<u>Community</u> <u>Development</u> <u>Fund</u>	<u>Sewer</u> <u>Maintenance</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Other</u> <u>Funds</u>	<u>Total</u>
Transfers in	\$336,000	\$ -	\$ -	\$ -	\$ -	\$ 336,000
Transfers out	\$ -	\$ -	\$ (336,000)	\$ -	\$ -	\$(336,000)

The following summarizes the receivables and payables between governmental fund for the year ended December 31, 2022:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Fiduciary Funds	\$ <u> -</u>	\$ <u> 338,482</u>
Fiduciary Funds:		
General Fund	\$ <u> 338,482</u>	\$ <u> -</u>

DATE OF MANAGEMENT REVIEW

The City has evaluated events and transactions subsequent to December 31, 2022 through the time that these financial statements were available to be used on September 7, 2023. Based on this evaluation, the City noted the following:

The City is not aware of any other events or transactions that occurred subsequent to December 31, 2022 that would require recognition or disclosure in its financial statements.

2. REPORTING ENTITY

In accordance with GASB 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB 14, the City evaluated the following related entities for the possible inclusion in the financial reporting entity:

The Redevelopment Authority of the City of Pittsburgh
Lincoln Heights Corporation
Pittsburgh Parking Authority
Housing Authority of the City of Pittsburgh
Pittsburgh Memorial Library
Lincoln Heights Senior Housing, LP

Based upon its evaluation, the City has included the Redevelopment Authority (the "Authority"), the Pittsburgh Parking Authority (the "Parking Authority"), and the Lincoln Heights Corporation (the "Corporation") each as a blended component unit, whereby the financial data for the Authority is presented in the same manner as that of the City's financial operation. The remaining entities do not meet the GASB criteria and are not included in the reporting entity.

The Authority and the Parking Authority is organized under the State of Pennsylvania Community Redevelopment Law. The Authority participates in low and moderate housing activities including rehabilitation of low and moderate income rental housing projects. The City council appoints the governing board of the Authority.

The Corporation is a 501 (c)3 entity formed in 2003 to oversee and provide funding to Lincoln Heights Senior Housing, LP. Lincoln Heights Senior Housing, LP provides affordable safe housing to low income elderly individuals. The Corporation is governed by the same board as The Authority.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City follows the Home Rule Charter and applicable state law for investment of City funds.

Authorized types of investments for City funds shall be:

- a. United States Treasury bills.
- b. Short-term obligations of the United States government or its agencies or instrumentalities.
- c. Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund or the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- d. 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, 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 subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- e. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for City funds listed.
- f. Certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund or the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation to the extent that such accounts are so insured; however, for any amounts above the insured maximum, such certificates of deposit shall be collateralized by a pledge or assignment of assets of the institution, and such 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 an amount equal to twenty percent of a bank's

total capital and surplus. Certificates of deposit purchased from savings and loan associations or savings banks shall be limited to an amount equal to twenty percent of an institution's assets minus liabilities.

- g. Any investment authorized by 20 Pa. C.S. Ch. 73 (relating to fiduciaries' investments) shall be an authorized investment for any pension or retirement fund.

In making investment of City funds, the City Council shall have authority: To permit assets pledged as collateral under subsection (d)(3), to be pooled in accordance with the act of August 6, 1971 (P.L. 281, No. 72), relating to pledges of assets to secure deposits of public funds. No custodial credit risk policy for deposits.

Investments of the Pension Fund are held by a fiscal agent under trust agreements that authorize the trustee to invest in any form of property, at its discretion, without restriction to investments authorized for fiduciaries, provided that the investments of the trust shall be kept separate and apart from other City funds.

As of December 31, 2022, the aggregate bank balance of bank deposits was \$3,560,543 of which \$893,087 was covered by federal depository insurance and the uninsured remaining bank deposits of \$2,667,456, were covered by pledged pools of assets maintained in accordance with Act No. 72 of the General Assembly that requires the institution pool collateral for all government deposits. The carrying amount of these bank deposits was \$3,348,075 at December 31, 2022.

INVESTMENTS

As of December 31, 2022, the City had the following Investments:

<u>Pension Trust Fund</u>	<u>Maturities</u>	<u>Fair Value</u>
Managed equity	N/A	<u>\$ 11,658,088</u>

CREDIT RATINGS

The City's investments had the following credit ratings:

Managed equity	NR	100%
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The City has no investment policy that would limit its investment choices to certain credit ratings.

INTEREST RATE RISK

As a means of limiting its exposure to fair value losses arising from interest rates, the City purchases securities with laddered maturities. In line with investment policy guidelines, ladders have maturities of 12 months or less.

4. CAPITAL ASSETS

Capital assets activity for the governmental units for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,781,146	\$ -	\$ -	\$ 2,781,146
Land, Redevelopment Authority	<u>76,200</u>	<u>-</u>	<u>-</u>	<u>76,200</u>
Total capital assets, not being depreciated	<u>2,857,346</u>	<u>-</u>	<u>-</u>	<u>2,857,346</u>
Capital assets, being depreciated:				
Building and improvements	9,066,140	74,097	29,512	9,140,237
Vehicles	3,875,640	-	-	3,846,068
Furniture and equipment	1,882,042	-	-	2,159,280
Rental properties	<u>1,472,595</u>	<u>277,248</u>	<u>-</u>	<u>1,472,595</u>
Total capital assets, being depreciated	<u>16,296,417</u>	<u>351,345</u>	<u>29,512</u>	<u>16,618,190</u>
Less: Accumulated depreciation:				
Building and improvements	(4,306,156)	(216,134)	-	4,522,290
Vehicles	(2,711,954)	(292,839)	-	3,004,793
Furniture and equipment	(851,072)	(73,920)	(29,512)	895,480
Rental properties	<u>(181,857)</u>	<u>(39,419)</u>	<u>-</u>	<u>221,276</u>
Total accumulated depreciation	<u>(8,051,039)</u>	<u>(622,312)</u>	<u>(29,512)</u>	<u>8,643,839</u>
Total capital assets being depreciated, net	<u>8,245,378</u>	<u>(270,967)</u>	<u>-</u>	<u>7,974,411</u>
Capital assets, net	<u>\$ 11,102,724</u>	<u>\$ (270,967)</u>	<u>\$ -</u>	<u>\$ 10,831,757</u>

CITY OF PITTSTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

Capital assets activity for the discretely presented component unit for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Equipment and furniture	\$ 150,051	\$ -	\$ -	\$ 150,051
Less: Accumulated depreciation:				
Equipment and furniture	<u>(89,777)</u>	<u>(9964)</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated, net	<u>\$ 60,274</u>	<u>\$ (9964)</u>	<u>\$ -</u>	<u>\$ 50,310</u>

Properties held for resale and redevelopment for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Property held for resale or redevelopment	<u>\$ 2,428,362</u>	<u>\$ 95,065</u>	<u>\$ -</u>	<u>2,523,427</u>

5. SHORT TERM BORROWINGS

	<u>1-Jan-22</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>31-Dec-22</u>
2021 General Obligation Note				
Due June 2022 at interest rate of 2%. Proceeds used to purchase City recycling truck. Repayment in 2022 via grant funds.	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>-</u>
	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ -</u>

CITY OF PITTSBURGH, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT

At December 31, 2022, Long-Term debt obligations were as follows:

	<u>Current</u>	<u>1-Jan-22</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>31-Dec-22</u>
City of Pittsburgh:					
2018 General Obligation Series A Bond USDA 97.04 at 3.5% interest. Monthly installments of \$4,398 for 468 months to July 2053. Proceeds were used for refinancing of Main Street Streetscape Phase 3.	\$18,460	\$ 1,006,695	\$ -	\$ 17,827	\$ 988,868
2018 General Obligation Series B Bond USDA 97.06 at 4 % interest only until April 2020, then monthly installments of \$2,692 for 468 months to December 2049. Proceeds were used for refinancing City Hall renovations.	11,201	543,531	-	10,760	532,771
2019 General Obligation Series Bond USDA 97.01 at 3.5% with interest only until April 2020, then monthly installments of \$2,987 for 468 months to April 2059. Proceeds were used for refinancing of Pittsburgh Memorial Library renovations.	10,235	746,223	-	9,885	736,338
2019 General Obligation Series A Bond USDA 97.03 at 3.125% with interest only until April 2020, then monthly installments of \$4,676 for 468 months to April 2059. Proceeds were used for refinancing of City Hall renovations.	18,322	1,235,375	-	17,760	1,217,615
General Obligation Bonds Series A of 2020 bonds issued for refinancing of City's outstanding note obligations.	755,000	8,025,000	-	740,000	7,285,000
General Obligation Bonds Series B of 2020 bonds issued for refinancing of City's outstanding taxable general note obligations	<u>185,000</u>	<u>3,465,000</u>	<u>-</u>	<u>190,000</u>	<u>3,275,000</u>
Total City of Pittsburgh long-term notes payable	<u>\$ 998,218</u>	<u>15,021,824</u>	<u>-</u>	<u>986,232</u>	<u>14,035,592</u>

CITY OF PITTSBURGH, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

	<u>Current</u>	<u>1-Jan-22</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>31-Dec-22</u>
Redevelopment Authority:					
Note Payable to the County of Luzerne, Pennsylvania, this note is a non-interest bearing note with a deferred repayment of the principal until November 2036. This note will be forgiven in its entirety at the end of its term, contingent upon compliance with the terms of the agreement. Note proceeds were used for the development of a multi-unit residential facility for eligible elderly tenants.	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Total City of Pittsburgh and Redevelopment Authority					
long-term notes	<u>\$ -</u>	<u>\$15,271,824</u>	<u>\$ -</u>	<u>\$ 986,232</u>	<u>\$14,285,592</u>

CITY OF PITTSBURGH, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

Debt service requirements to maturity are as follows:

<u>YEAR ENDING DECEMBER 31:</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 998,218	\$ 436,947	\$ 1,435,164
2024	1,035,276	400,902	1,436,178
2025	1,062,407	362,460	1,424,867
2026	569,614	323,010	892,625
2027	591,901	302,800	894,701
2028-2032	3,009,904	1,261,969	4,271,873
2033-2037	3,122,439	873,849	3,996,287
2038-2042	1,456,698	520,590	1,977,288
2043-2047	1,082,152	300,594	1,382,746
2048-2052	783,542	149,396	932,939
2053-2059	<u>573,441</u>	<u>59,435</u>	<u>632,876</u>
Total	<u>\$ 14,285,592</u>	<u>\$ 4,991,951</u>	<u>\$ 19,277,544</u>

The following represents changes in long-term liabilities, other than notes and bond payables. The capital leases consist of vehicles and equipment, expiring in 2026.

	<u>BALANCE JANUARY 1, 2022</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE DECEMBER 31, 2022</u>
Capital leases	<u>\$ 545,378</u>	<u>\$290,352</u>	<u>\$161,845</u>	<u>\$673,885</u>
Compensated absences	<u>\$ 234,632</u>	<u>\$49,754</u>	<u>\$36,066</u>	<u>\$248,320</u>

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2022:

<u>YEAR ENDING:</u>	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
2023	\$ 228,300
2024	196,471
2025	174,274
2026	102,932
2027	<u>35,079</u>
Total commitment under capital lease	737,056
Less amounts representing interest	<u>63,171</u>
Present value of future minimum lease payments	<u>\$ 673,885</u>

The city has adopted a debt management policy for both short and long-term debt as provided in Section 23-3 of the Pittsburgh City Code.

7. PENSION PLANS

The City has three single-employer defined benefit pension plans: The Officers and Employees Retirement Plan, Paid Firemen's Pension Plan, and Police Pension Plan. The Police and Firemen plans provide for retirement, late retirement, disability, and death benefits to plan members and their beneficiaries. The Officers and Employees retirement plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Refer to Pittsburgh City Code Chapter 68 for additional information on the City pension plans.

STATEMENT OF FIDUCIARY NET ASSETS

	POLICE PENSION FUND	FIREMEN PENSION FUND	OFFICERS AND EMPLOYEES PENSION FUND
ASSETS:			
Due from other fund	338,482	\$ -	\$ -
Investments	<u>5,492,384</u>	<u>2,817,772</u>	<u>3,347,932</u>
TOTAL ASSETS	<u>\$ 5,830,866</u>	<u>\$ 2,817,772</u>	<u>\$ 3,347,932</u>
Net assets,			
Reserved for employees' retirement benefits	<u>\$ 5,830,866</u>	<u>\$ 2,817,772</u>	<u>\$ 3,347,932</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,830,866</u>	<u>\$ 2,817,772</u>	<u>\$ 3,347,932</u>

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	POLICE PENSION FUND	FIREMEN'S PENSION FUND	OFFICERS & EMPLOYEES PENSION FUND
ADDITIONS:			
Contributions:			
Employer	\$ 61,095	\$ -	\$ -
State Aid	81,984	85,739	112,021
Employees	<u>34,050</u>	<u>18,221</u>	<u>56,366</u>
Total contributions	<u>177,129</u>	<u>103,960</u>	<u>168,387</u>
Investment earnings:			
Net appreciation			
(depreciation)			
in fair value of investments	(891,467)	(454,591)	(536,774)
Interest and dividends	<u>106,828</u>	<u>40,401</u>	<u>47,784</u>
Total investment loss	<u>(784,639)</u>	<u>(414,190)</u>	<u>(488,990)</u>
Total additions	<u>(601,510)</u>	<u>(310,230)</u>	<u>(320,603)</u>
DEDUCTIONS:			
Benefits paid to recipients	487,493	211,519	252,320
Administrative and other fees	47,245	25,094	28,988
Refund of employee contributions	<u>2,612</u>	<u>-</u>	<u>12,261</u>
Total deductions	<u>537,349</u>	<u>236,613</u>	<u>293,569</u>
NET DECREASE IN NET ASSETS	(1,144,859)	(546,843)	(614,172)
NET ASSETS, RESERVED FOR EMPLOYEES' RETIREMENT - BEGINNING	<u>6,975,725</u>	<u>3,364,615</u>	<u>3,962,104</u>
NET ASSETS, RESERVED FOR EMPLOYEES' RETIREMENT - ENDING	<u>\$ 5,830,866</u>	<u>\$ 2,817,772</u>	<u>\$ 3,347,932</u>

The following table provides information concerning types of covered employees and benefit provisions for each of the plans. Benefit provisions and their amendments are authorized by the separate pension boards:

	Police Pension Plan	Firemen Pension Plan	Officers and Employees Plan
Active plan members	10	7	28
Inactive plan members currently receiving benefits	16	7	20
Inactive plan members entitled to but not yet receiving benefits	1	0	0

BENEFIT TYPES PROVIDED:

Eligibility Requirements:

- Police: For officers hired prior to 09/01/2019, 20 years of service. For officers hired after 09/01/2019, age 55 and 20 years of service, vesting at 12 years of service, no early retirement.
- Fire: For employees hired on or prior to 01/01/2021, 20 years of service. For employees hired after 01/01/2021, age 55 with 20 years of service, vesting at 12 years of service.
- Officers & Employees: Normal retirement at age 60 and 20 years of service, vesting at 12 years of service, no early retirement.

Retirement Benefit:

- Police: 50% of average monthly compensation based on higher of final rate of pay or the 5 highest year average, plus an incremental pension (maximum \$100) of 1/40th of the basic pension benefit times years of service over 20 earned prior to age 65.
- Fire: 50% of average monthly compensation based on higher of final rate of pay or the 5 highest year average, plus an incremental pension (maximum \$100) of 1/40th of the basic pension benefit times years of service over 20 earned prior to age 65.
- Officers & Employees: 50 % of average monthly compensation based on higher of final monthly compensation rate or average of 5 highest years of employment.

If joint coverage has been elected, the pension is reduced by 40% of Primary Social Security.

Survivor Benefit:

- Police: For death not in the line of duty and before completing 10 years of service, death benefit is 25% of pay. For death in the line of duty or after completing 10 years of service, death benefit is 50% of pay. If retired and hired prior to 09/01/2019, benefit is 100% of monthly pension. If retired and hired after 09/01/2019, benefit is 50% of monthly pension.
- Fire: For employees hired on or prior to 01/01/2021, if retired, eligible for retirement or killed-in-service, 100% of benefit to surviving spouse or child under 18. For employees hired after 01/01/2021, if retired, eligible for retirement, or killed-in-service, 50% of benefit to surviving spouse or under 18.
- Officers & Employees: If retired, eligible for retirement or killed-in-service, 50% of benefit to surviving spouse.

Disability Benefit:

- Police: Service related – 50% of compensation. Non-service related – If member has completed ten years of service, 50% of compensation; If member has not completed ten years of service, 25% of compensation.
- Fire: Service related – benefit is based on normal retirement formula. Non-service related – no benefit
- Officers & Employees: Service and non-service related – upon completion of 15 years of service, but not after the age of 55, the benefit is 50% of average monthly compensation.

Post Retirement:

- Police: None
- Fire: None
- Officers & Employees: None

Members Contributions:

- Police:
Amount or Rate: 5% of compensation plus \$1.00 per month.
Interest Rate Credited to Member Contributions: None.
- Fire:
Amount or Rate: For employees hired prior to 01/01/2017, 3% of compensation plus \$1.00 per month. For employees hired on or after 01/01/2017, 4% of compensation plus \$1.00 per month.
Interest Rate Credited to Member Contributions: None.

- Officers & Employees:
Amount or Rate: Dual, 5% of pay, Joint, 3.50% of SS pay plus 5% of excess pay.
Interest Rate Credited to Member Contributions: None.

CONTRIBUTIONS

Pennsylvania Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act of the Commonwealth of Pennsylvania (as amended) (Act 205) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the plan's annual actuarial valuation. The MMO includes the normal cost estimated administrative expenses and an amortization of the unfunded actuarial accrued liability less estimated member contributions. The Commonwealth provides an allocation of funds which must be used for pension funding. Any financial requirements established by the MMO which exceeds Commonwealth and member contribution must be funded by the employer.

In 2009, the Governor of Pennsylvania signed into law Act 44 of 2009 (Act 44). Act 44 clarifies the limitations on the uses of the special municipal taxing authority currently provided under the Act, and in the case of a municipality utilizing the proceeds from the special tax to fund other post-employment benefits (OPEBs), requires the inclusion of OPEB liabilities in the actuarial valuation report filed with the Commission and in the calculation of the municipality's Minimum Municipal Obligation (MMO), and became effective January 1, 2010.

Police are required to contribute 5% of covered payroll plus \$1.00 per month. Firemen are required to contribute 3% of covered payroll plus \$1.00 per month for employees hired prior to January 1, 2017. Firemen hired on or after January 1, 2017 are required to contribute 4% of covered payroll plus \$1.00 per month. Non-Uniformed employees are required to contribute 5% of covered payroll. Non-Uniformed employees may elect joint coverage. Under joint coverage, non-uniformed employees are required to contribute 3.50% of social security pay plus 5% of excess pay. These contributions are governed by the Plans governing documents and collective bargaining agreements. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plans and funded through the MMO and/or investment earnings. The City did not fully fund its MMO for the Police Fund by December 31, 2022. The outstanding balance due is approximately \$338,500.

ANNUAL PENSION COST

State aid contributions amounted to \$81,984 for the police pension, \$85,739 for the firemen pension, and \$112,021 for the officers and employees pension in 2022.

ASSET ALLOCATION:

The investment policy established for the plans include the following target allocation across asset classes:

	Police Pension Plan	Firemen Pension Plan	Officers and Employees Plan
US Large Cap Core	13.0%	13.0%	13.0%
US Large Cap Growth	12.0%	12.0%	12.0%
US Large Cap Value	12.0%	12.0%	12.0%
US Small & Mid Cap Growth	8.0%	8.0%	8.0%
International Equity	15.0%	15.0%	15.0%
US Fixed Income	33.0%	33.0%	33.0%
Private Real Estate	7.0%	7.0%	7.0%
Cash	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The long-term expected rate of return for each plan is 7.2%.

CITY OF PITTSBURGH, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NET PENSION LIABILITY

The City's net pension liability is as follows:

	Police Pension Plan	Firemen Pension Plan	Officers and Employees Plan	Total
Total Pension Liability	\$ 6,851,779	\$ 3,414,219	\$ 3,809,108	\$ 14,075,106
Plan Fiduciary Net Position	<u>5,830,866</u>	<u>2,817,772</u>	<u>3,347,932</u>	<u>11,996,570</u>
Net Pension Liability	<u>\$1,020,913</u>	<u>\$ 596,447</u>	<u>\$ 461,176</u>	<u>\$ 2,078,536</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.1%	82.5%	87.9%	85.2%

CITY OF PITTSBURGH, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

The following table shows the changes in net pension liability recognized over the measurement period for the Police Pension Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2021	<u>\$ 6,749,529</u>	<u>\$ 6,975,725</u>	<u>\$ (226,196)</u>
Changes for the year:			
Service cost	104,518	-	104,518
Interest	487,836	-	487,836
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – Employer	-	-	-
Contributions – State Aid	-	143,079	(143,079)
Contributions – Member	-	34,050	(34,050)
Net investment income	-	(784,635)	(784,635)
Benefit payments	(490,104)	(490,104)	-
Administrative expense	-	(43,245)	47,245
Other changes	-	-	-
Net changes	<u>102,250</u>	<u>(1,144,859)</u>	<u>(1,247,105)</u>
Balances at 12/31/2022	<u>\$6,851,779</u>	<u>\$ 5,830,866</u>	<u>\$ (1,020,913)</u>

CITY OF PITTSBURGH, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

The following table shows the changes in net pension liability recognized over the measurement period for the Firemen's Pension Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2021	<u>\$ 3,321,458</u>	<u>\$ 3,364,615</u>	<u>\$ (43,157)</u>
Changes for the year:			
Service cost	63,103	-	63,103
Interest	241,177	-	241,177
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – State Aid	-	85,739	(85,739)
Contributions – Member	-	18,221	(18,221)
Net investment income	-	(414,190)	414,190
Benefit payments	(211,519)	(211,519)	-
Administrative expense	-	(25,094)	25,094
Other changes	-	-	-
Net changes	<u>92,761</u>	<u>(546,843)</u>	<u>639,604</u>
Balances at 12/31/2022	<u>\$ 3,414,219</u>	<u>\$2,817,772</u>	<u>\$ 596,447</u>

CITY OF PITTSBURGH, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

The following table shows the changes in net pension liability recognized over the measurement period for the Officers and Employees Retirement Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2021	<u>\$ 3,690,292</u>	<u>\$ 3,962,104</u>	<u>\$ (271,812)</u>
Changes for the year:			
Service cost	116,547	-	116,547
Interest	266,850	-	266,850
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – Employer	-	-	-
Contributions – City & State Aid	-	112,021	(112,021)
Contributions – Member	-	56,366	(56,366)
Net investment income	-	(488,990)	488,990
Benefit payments	(264,581)	(264,581)	-
Administrative expense	-	(28,988)	28,988
Other changes	<u>-</u>	<u>-</u>	<u>-</u>
Net changes	<u>118,816</u>	<u>(614,172)</u>	<u>732,988</u>
Balances at 12/31/2022	<u>\$ 3,809,108</u>	<u>\$ 3,347,932</u>	<u>\$ (461,176)</u>

CITY OF PITTSBURGH, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

The following table shows the pension expense for fiscal year ended December 31, 2022

	Police Pension Plan	Firemen Pension Plan	Officers and Employees Plan
Service cost	\$ 104,518	\$ 63,103	\$ 116,547
Interest on total pension liability	487,836	241,177	266,850
Changes in benefit terms	-	-	-
Amortization Payments	201,970	128,748	59,521
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Employee contributions	(34,050)	(18,221)	(56,366)
Projected earnings on pension plan investments	(507,040)	(245,795)	(290,403)
Differences between projected and actual earnings on investments	-	-	-
Administrative expense	47,245	25,094	28,988
Other changes in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Total pension expense	<u>\$ 300,419</u>	<u>\$ 194,106</u>	<u>\$ 125,137</u>

DEFERRED OUTFLOWS OF RESOURCES

For the year ended December 31, 2022, the City recognized a pension expense of \$300,479 for the Police Pension Plan, \$194,106 for the Firemen's Pension Plan, and \$125,137 for the Officers and Employees Retirement Plan. At December 31, 2022, the City reported deferred outflows of resources related to pensions from the following sources:

	Police Pension Plan	Firemen Pension Plan	Officers and Employees Plan
Differences between expected and actual experience	\$ 105,521	\$ 73,395	\$ (234,726)
Changes in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	<u>671,613</u>	<u>341,423</u>	<u>411,818</u>
Total	<u>\$777,134</u>	<u>\$414,818</u>	<u>\$ 177,092</u>

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

	Police Pension Plan	Firemen Pension Plan	Officers and Employees Plan
Year Ended December 31:			
2023	\$105,044	\$60,021	\$(18,271)
2024	191,042	105,994	32,521
2025	222,713	116,806	54,449
2026	258,335	131,997	115,634
Thereafter	<u>-</u>	<u>-</u>	<u>(7,241)</u>
Total	<u>\$777,134</u>	<u>\$414,818</u>	<u>\$ 177,092</u>

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2017. Update procedures were used to roll forward the plans' fiscal plan year ending December 31, 2022. The plans' pension liability was based upon the plans' actuarial assumptions, asset valuation method, and cost method as described below:

	Police Pension Plan	Firemen Pension Plan	Officers and Employees Plan
Valuation Date	1/1/2021	1/1/2021	1/1/2021
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Dollar	Level Dollar	Level Dollar
Mortality	RP-2000 Mortality Table Projected to 2017 using scale AA	RP-2000 Mortality Table Projected to 2017 using scale AA	RP-2000 Mortality Table Projected to 2017 using scale AA
Remaining Amortization Period	None	11 years	1 year
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment Rate of Return	7.50%	7.50%	7.50%
Projected Salary Increases	4.50%	4.50%	4.50%
Includes inflation at cost-of-living adjustments	2.25%	2.25%	2.25%

The discount rate used to measure the total pension liability for each plan was 7.50%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate, and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.50% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Police	\$ 1,802,872	\$1,020,913	\$ 369,535
Fire Fighters	921,753	596,447	318,721
Officers and employees	<u>807,010</u>	<u>461,176</u>	<u>160,663</u>
Total Pension Liability	<u>\$ 3,531,635</u>	<u>\$ 2,078,536</u>	<u>\$ 848,919</u>

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The City implemented Governmental Accounting Standards Board ("GASB") Statement no. 75, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions", for certain post-employment benefits provided by the City which include health insurance benefits. The requirement of this statement was implemented retroactively. The most recent actuarial review of post-employment benefits was performed as of December 31, 2021.

GENERAL INFORMATION ABOUT THE OPEB PLAN

PLAN DESCRIPTION

The City of Pittston's Other Post Employment Benefits offered to Police employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by the City of Pittston and outlined in a collectively bargained agreement between the City of Pittston and Pittston Police Association most recently revised January 1, 2021.

The City of Pittston's Other Post Employment Benefits offered to Fire Fighter employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by the City of Pittston and outlined in a collectively bargained agreement between the City of Pittston and Pittston City Fire Fighters Local 840 International Association of Fire Fighters AFL-CIO-CLC most recently revised January 1, 2017. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

BENEFIT TYPES PROVIDED:

- Fire – Same medical, prescription drug, and vision benefits as when active.
- Police – Same medical, prescription drug, and vision benefits as when active.

Duration of Benefits and Dependent Coverage:

- Fire - Coverage ends when member is eligible for Medicare. Spousal and dependent coverage is only available if retiree pays 100% of the cost of coverage. If other coverage is available through either employment or retiree's spouse, the retiree must take that coverage.
- Police - Coverage ends when member is eligible for Medicare. Spousal and dependent coverage is only available if retiree pays 100% of the cost of coverage. If other coverage is available through either employment or retiree's spouse, the retiree must take that coverage.

Minimum Age and Service Requirements:

- Fire – 65 years of age and a minimum of 20 years of service, or a work-related disability.
- Police - Minimum of 20 years of service, or a work-related disability

City Contribution

- Fire - Full premium paid for retiree.
- Police - Full premium paid for retiree.

EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2021, the following employees were covered by the benefit terms:

	Police	Fire
Fully eligible active employees	-	2
Other active employees not fully eligible	8	3
Retirees and beneficiaries currently receiving benefits	<u>2</u>	<u>2</u>
Total	<u>10</u>	<u>7</u>

TOTAL OPEB LIABILITY

The City's total OPEB liability of \$1,453,120 is comprised of \$1,109,976 for Police and \$343,144 for Fire. The total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Assumption:

Investment return
Salary increase
Discount rate
Healthcare cost trend rates

Police and Fire Fighters OPEB Plans:

There are no invested assets
4.5% compounded annually
2.25%
Medical and prescription drug costs are assumed to increase by 25% during 2021, 7.75% during 2022 reduced by 0.25% per year thereafter to an ultimate level of 5% per year. Vision costs are assumed to remain level during 2021 and increase by 1.5% per year thereafter. Reimbursement of the deductible is assumed to be 3% per year for 8 years.

Retirees' share of benefit-related costs

None

Mortality rates for the Police and Fire Fighters were based on the 2010 Public Safety Amount Based Mortality Tables for Males and Females projected to 2025 using Scale MP-2019

For the Police and Fire Fighters, no terminations were assumed.

For the Police and Fire Fighters, disability was based on SOA 1987 Group LTD Table – Males, 3 month elimination.

Retirement is assumed to occur at a minimum age of 50 and 20 years of service for Police and 55 and 20 years of service for Fire Fighters.

Participation is assumed to be 40% of retired Police and 20% of retired Fire Fighters. No spouses are assumed to participate in coverage.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability Total
Balance at 12/31/2020	<u>\$ 1,469,645</u>
Changes for the year	
Service cost	55,403
Interest	32,600
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(47,811)
Benefit payments	<u>(56,717)</u>
Net changes	<u>(16,525)</u>
Balance at 12/31/2021	<u>\$ 1,453,120</u>

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 2.25% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (1.25%) or 1 percent higher (3.25%) than the current rate.

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	<u>\$ 1,633,072</u>	<u>\$ 1,453,120</u>	<u>\$ 1,319,378</u>

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND

The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the net OPEB liability calculated using the trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent higher and 1 percent lower than expected.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 1,306,557</u>	<u>\$ 1,453,120</u>	<u>\$ 1,622,363</u>

9. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

LITIGATION

The City is involved in several claims and lawsuits relative to its operations. In the opinion of the City and legal counsel, the ultimate resolution of these matters is either unknown, or will not have a material adverse effect on the financial portion of the City.

FEDERAL AND STATE GRANTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2021, significant amounts of grant expenditures have not been audited by the grantor government, but the City believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the financial position of the City.

CONSTRUCTION COMMITMENTS

The Community Development Fund has entered into several agreements with local contractors totaling \$ 1,047,800 for redevelopment projects for the City. The community development fund has not expended any funds on these agreements through December 31, 2022.

CITY OF PITTSBURGH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

	General Fund		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
Taxes	\$ 4,232,000	\$ 4,703,305	\$ 4,963,642	\$ 260,337
Intergovernmental revenue	481,800	632,490	721,106	88,616
Charges for services	889,900	894,900	1,016,779	121,879
Investment earnings	15,500	27,400	32,197	4,797
Licenses and permits	202,800	189,800	194,746	4,946
Fines and forfeitures	69,250	72,550	83,261	10,711
Miscellaneous revenues	39,000	109,800	115,577	5,777
Total revenues	<u>5,930,250</u>	<u>6,630,245</u>	<u>7,127,308</u>	<u>497,063</u>
EXPENDITURES:				
Current:				
Public safety	2,654,880	2,725,622	2,665,727	(59,895)
General government - administrative	1,121,370	1,302,664	1,162,976	(139,688)
Public works	940,900	1,180,430	1,138,073	(42,357)
Community development	103,250	209,871	213,836	3,965
Culture and recreation	684,400	689,850	696,728	6,878
Debt service:				
Principal	707,200	711,600	706,232	(5,368)
Interest	188,000	206,013	299,290	93,277
Total expenditures	<u>6,400,000</u>	<u>7,026,050</u>	<u>6,882,862</u>	<u>(143,188)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(469,750)</u>	<u>(395,805)</u>	<u>244,446</u>	<u>640,251</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	365,000	365,000	336,000	(29,000)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>365,000</u>	<u>365,000</u>	<u>336,000</u>	<u>(29,000)</u>
SURPLUS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(104,750)</u>	<u>(96,605)</u>	<u>580,446</u>	<u>611,251</u>
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>1,566,047</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 469,750</u>	<u>\$ 461,605</u>	<u>\$ 2,146,493</u>	<u>\$ (640,251)</u>

See Notes to Financial Statements

CITY OF PITTSBURGH

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 104,518	\$ 93,039	\$ 114,925	\$ 109,976	\$ 123,831	\$ 118,499	\$ 111,439	\$ 106,640
Interest	487,836	484,676	457,437	439,807	422,740	405,616	373,019	359,430
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	175,867	-	2,836	-	229,896	-	-
Changes in assumptions	-	-	-	-	-	5,187	-	-
Benefit payments, including refunds of member contributions	(490,104)	(394,995)	(331,323)	(307,990)	(307,990)	(294,263)	(289,687)	(289,687)
Net Change in Total Pension Liability	102,250	358,587	241,039	244,629	238,581	464,935	194,771	176,383
Net Change in Pension Liability - Beginning	6,749,529	6,390,942	6,149,903	5,905,274	5,666,693	5,201,758	5,006,987	4,830,604
Net Change in Pension Liability - Ending	\$ 6,851,779	\$ 6,749,529	\$ 6,390,942	\$ 6,149,903	\$ 5,905,274	\$ 5,666,693	\$ 5,201,758	\$ 5,006,987
Plan Fiduciary Net Position								
Contributions - Employer	-	\$ 55,248	\$ 131,655	\$ 82,390	\$ 2,226,495	\$ 347,322	\$ 272,913	\$ 322,511
Contributions - State Aid	143,079	86,351	-	25,783	12,472	78,705	79,482	24,910
Contributions - Member	34,050	30,101	28,896	27,540	26,213	23,259	23,286	10,289
Net Investment Income	(784,639)	823,034	600,830	827,156	(178,286)	411,553	156,835	26,833
Benefit payments, including refunds of member contributions	(490,104)	(394,995)	(331,323)	(307,990)	(307,990)	(294,263)	(289,687)	(289,687)
Administrative expense	(47,245)	(49,849)	(44,886)	(45,551)	(26,977)	(27,897)	(23,081)	(22,086)
Net Change in Plan Fiduciary Net Position	(1,144,859)	549,890	385,172	609,328	1,751,927	538,679	219,748	72,770
Net Plan Position, Beginning	6,975,725	6,425,835	6,040,663	5,431,335	3,679,408	3,140,729	2,920,981	2,848,211
Net Plan Position, Ending	\$ 5,830,866	\$ 6,975,725	\$ 6,425,835	\$ 6,040,663	\$ 5,431,335	\$ 3,679,408	\$ 3,140,729	\$ 2,920,981
Net Plan Pension Liability	\$ 1,020,913	\$ (226,196)	\$ (34,893)	\$ 109,240	\$ 473,939	\$ 1,987,285	\$ 2,061,029	\$ 2,086,006
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.1%	103.4%	100.5%	98.2%	92.0%	64.9%	60.4%	58.3%
Covered Employee Payroll	639,610	618,330	552,996	536,912	522,218	556,848	524,612	441,583
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	159.6%	-36.6%	-6.3%	20.3%	90.8%	356.9%	392.9%	472.4%

Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See Notes to Required Supplementary Information

CITY OF PITTSBURGH

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
FIREMEN'S PENSION PLAN
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 63,103	\$ 56,172	\$ 43,973	\$ 42,079	\$ 39,730	\$ 38,019	\$ 36,553	\$ 34,979
Interest	241,177	239,150	223,769	216,595	217,654	207,757	206,477	196,849
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	125,821	-	(140,228)	-	(127,673)	-	-
Changes in assumptions	-	-	-	-	-	5,293	-	-
Benefit payments, including refunds of member contributions	(211,519)	(212,721)	(188,645)	(141,191)	(126,035)	(105,039)	(105,039)	(105,039)
Net Change in Total Pension Liability	92,761	208,422	79,097	(22,745)	131,349	18,357	137,991	126,789
Net Change in Pension Liability - Beginning	3,321,458	3,113,036	3,033,939	3,056,684	2,925,335	2,906,978	2,768,987	2,642,198
Net Change in Pension Liability - Ending	\$ 3,414,219	\$ 3,321,458	\$ 3,113,036	\$ 3,033,939	\$ 3,056,684	\$ 2,925,335	\$ 2,906,978	\$ 2,768,987
Plan Fiduciary Net Position								
Contributions - Employer	-	\$ 13,877	\$ 748	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - State Aid	85,739	47,973	64,420	57,843	59,635	46,450	46,389	70,122
Contributions - Member	18,221	15,464	7,220	7,974	7,553	6,638	3,926	3,697
Net Investment Income	(414,190)	407,574	296,213	423,304	(133,312)	337,628	116,782	(43,927)
Benefit payments, including refunds of member contributions	(211,519)	(212,721)	(188,645)	(141,191)	(126,035)	(105,039)	(105,039)	(105,039)
Administrative expense	(25,094)	(28,947)	(24,117)	(27,255)	(22,966)	(26,327)	(22,386)	(22,755)
Net Change in Plan Fiduciary Net Position	(546,843)	243,220	155,839	320,675	(215,125)	259,350	39,672	(97,902)
Net Plan Position, Beginning	3,364,615	3,121,395	2,965,556	2,644,881	2,860,006	2,600,656	2,560,984	2,658,886
Net Plan Position, Ending	\$ 2,817,772	\$ 3,364,615	\$ 3,121,395	\$ 2,965,556	\$ 2,644,881	\$ 2,860,006	\$ 2,600,656	\$ 2,560,984
Net Plan Pension Liability	\$ 596,447	\$ (43,157)	\$ (8,359)	\$ 68,383	\$ 411,803	\$ 65,329	\$ 306,322	\$ 208,003
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.5%	101.3%	100.3%	97.7%	86.5%	97.8%	89.5%	92.5%
Covered Employee Payroll	420,146	354,160	388,740	390,438	413,606	385,368	384,648	468,512
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	142.0%	-12.2%	-2.2%	17.5%	99.6%	17.0%	79.6%	44.4%

Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See Notes to Required Supplementary Information

CITY OF PITTSBURGH

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
OFFICERS AND EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 116,547	\$ 103,747	\$ 120,038	\$ 114,869	\$ 104,305	\$ 99,813	\$ 97,113	\$ 92,931
Interest	266,850	265,859	275,659	266,445	268,571	259,158	246,570	234,587
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(248,699)	-	(159,213)	-	4,542	-	-
Changes in assumptions	-	-	-	-	-	10,987	-	-
Benefit payments, including refunds of member contributions	(264,581)	(240,713)	(282,020)	(245,261)	(259,870)	(216,037)	(172,103)	(171,770)
Net Change in Total Pension Liability	118,816	(119,806)	113,677	(23,160)	113,006	158,463	171,580	155,748
Net Change in Pension Liability - Beginning	3,690,292	3,810,098	3,696,421	3,719,581	3,606,575	3,448,112	3,276,532	3,120,784
Net Change in Pension Liability - Ending	\$ 3,809,108	\$ 3,690,292	\$ 3,810,098	\$ 3,696,421	\$ 3,719,581	\$ 3,606,575	\$ 3,448,112	\$ 3,276,532
Plan Fiduciary Net Position								
Contributions - Employer	-	\$ 83,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - State Aid	112,021	91,148	171,924	146,796	143,375	99,669	92,861	101,010
Contributions - Member	56,366	48,332	42,695	42,532	38,649	36,360	36,614	38,545
Net investment income	(488,990)	465,942	335,687	467,243	(145,866)	374,991	130,205	(41,042)
Benefit payments, including refunds of member contributions	(264,581)	(240,713)	(282,020)	(245,261)	(259,870)	(216,037)	(172,103)	(171,770)
Administrative expense	(28,988)	(32,813)	(26,420)	(29,975)	(24,848)	(29,129)	(24,460)	(25,169)
Net Change in Plan Fiduciary Net Position	(614,172)	415,590	241,866	381,335	(248,560)	265,854	63,117	(98,426)
Net Plan Position, Beginning	3,962,104	3,546,514	3,304,648	2,923,313	3,171,873	2,906,019	2,842,902	2,941,328
Net Plan Position, Ending	\$ 3,347,932	\$ 3,962,104	\$ 3,546,514	\$ 3,304,648	\$ 2,923,313	\$ 3,171,873	\$ 2,906,019	\$ 2,842,902
Net Plan Pension Liability	\$ 461,176	\$ (271,812)	\$ 263,584	\$ 391,773	\$ 796,268	\$ 434,702	\$ 542,093	\$ 433,630
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.9%	107.4%	93.1%	89.4%	78.6%	87.9%	84.3%	86.8%
Covered Employee Payroll	947,744	877,708	846,394	772,312	728,904	743,958	757,618	811,084
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	48.7%	-31.0%	31.1%	50.7%	109.2%	58.4%	71.6%	53.5%

Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See Notes to Required Supplementary Information

CITY OF PITTSTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
POLICE PENSION PLAN
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 143,079	\$ 131,655	\$ 131,655	\$ 108,173	\$ 105,892	\$ 426,027	\$ 352,395	\$ 347,421	\$ 334,650
Contributions made	<u>143,079</u>	<u>131,655</u>	<u>131,655</u>	<u>108,173</u>	<u>12,472</u>	<u>22,767</u>	<u>352,395</u>	<u>347,421</u>	<u>334,650</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,420</u>	<u>\$ 403,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	639,610	552,996	\$ 552,996	\$ 536,912	\$ 522,218	\$ 556,848	\$ 524,612	\$ 441,583	\$ 399,172
Contributions as a percentage of covered employee payroll	22.37%	23.81%	23.81%	20.15%	2.39%	4.09%	67.17%	78.68%	83.84%

Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See Notes to Required Supplementary Information

CITY OF PITTSTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
FIREMEN'S PENSION PLAN
LAST 10 FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 85,739	\$ 61,850	\$ 65,168	\$ 57,843	\$ 59,635	\$ 46,450	\$ 46,389	\$ 70,122	\$ 76,255
Contributions made	<u>85,739</u>	<u>61,850</u>	<u>65,168</u>	<u>57,843</u>	<u>59,635</u>	<u>46,450</u>	<u>46,389</u>	<u>70,122</u>	<u>76,255</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 420,146	\$ 354,160	\$ 388,740	\$ 390,438	\$ 413,606	\$ 385,368	\$ 384,648	\$ 468,512	\$ 335,777
Contributions as a percentage of covered employee payroll	20.41%	17.46%	16.76%	14.81%	14.42%	12.05%	12.06%	14.97%	22.71%

Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See Notes to Required Supplementary Information

CITY OF PITTSBURGH

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
OFFICERS AND EMPLOYEES PENSION PLAN
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 112,021	\$ 174,842	\$ 171,924	\$ 146,796	\$ 143,375	\$ 99,669	\$ 92,861	\$ 101,010	\$ 86,368
Contributions made	<u>112,021</u>	<u>174,842</u>	<u>171,924</u>	<u>146,796</u>	<u>143,375</u>	<u>99,669</u>	<u>92,861</u>	<u>101,010</u>	<u>86,368</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 947,744	\$ 877,708	\$ 846,394	\$ 772,312	\$ 728,904	\$ 743,958	\$ 757,618	\$ 811,084	\$ 704,777
Contributions as a percentage of covered employee payroll	11.82%	19.92%	20.31%	19.01%	19.67%	13.40%	12.26%	12.45%	12.25%

Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See Notes to Required Supplementary Information

CITY OF PITTSBURGH
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLANS
POLICE AND FIRE FIGHTER HEALTH AND WELFARE PLAN
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 55,403	\$ 55,403	\$ 56,223	\$ 40,906	\$ 39,144
Interest	32,600	32,600	28,204	34,106	32,554
Changes of benefit terms			-	-	-
Differences between expected and actual experience			65,581	-	-
Changes in assumptions and cost method	(47,811)	(47,811)	366,595	-	-
benefit payments	<u>(56,717)</u>	<u>(56,717)</u>	<u>(39,826)</u>	<u>(31,391)</u>	<u>(26,820)</u>
Net change in total OPEB liability	(16,525)	(16,525)	476,777	43,621	44,878
Total OPEB Liability, Beginning	<u>1,469,645</u>	<u>1,469,645</u>	<u>992,868</u>	<u>949,247</u>	<u>904,369</u>
Total OPEB Liability, Ending	<u>\$ 1,453,120</u>	<u>\$ 1,453,120</u>	<u>\$ 1,469,645</u>	<u>\$ 992,868</u>	<u>\$ 949,247</u>
Covered-employee payroll	\$ 848,446	\$ 848,446	\$ 811,910	\$ 1,015,116	\$ 971,403
Total OPEB liability as a percentage of covered-employee payroll	171.27%	171.27%	181.01%	97.81%	97.72%

Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See Notes to Required Supplementary Information

CITY OF PITTSBURGH

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
POLICE, FIREMEN, AND OFFICERS AND EMPLOYEES RETIREMENT PENSION PLANS
DECEMBER 31, 2022
(UNAUDITED)

	POLICE PENSION PLAN	FIREMEN PENSION PLAN	NONUNIFORMED PENSION PLAN
VALUATION DATE	1/1/2021	1/1/2021	1/1/2021
ACTUARIAL COST METHOD	Entry Age	Entry Age	Entry Age
AMORTIZATION METHOD	Level Dollar	Level Dollar	Level Dollar
MORTALITY	RP-2000 Mortality Table Projected to 2017 using scale AA	RP-2000 Mortality Table Projected to 2017 using scale AA	RP-2000 Mortality Table Projected to 2017 using scale AA
TERMINATION	None Assumed	None Assumed	None Assumed
DISABILITY	SOA 1987 Group LTD Table - Males, 3 month elimination	SOA 1987 Group LTD Table - Males, 3 month elimination	SOA 1987 Group LTD Table - Males, 6 month elimination
RETIREMENT AGE	Later of age 50 and the completion of 20 years of service, or age on valuation date if greater	Later of age 55 and the completion of 20 years of service, or age on valuation date if greater	Normal retirement age, or age on valuation date if greater
MARITAL STATUS	100% of active members are assumed to be married. Female spouse is assumed to be the same age as male spouse	100% of active members are assumed to be married. Female spouse is assumed to be the same age as male spouse	100% of active members are assumed to be married. Female spouse is assumed to be the same age as male spouse
FORM OF ANNUITY	Joint & 100% survivor	Joint & 100% survivor	Joint & 50% survivor
KILLED IN SERVICE	After 10 years of service, death benefit is 50%	Before 1/1/21, 100% to surviving spouse or child under 18. After 1-1- 21, death benefit is 50%	N/A
REMAINING AMORTIZATION PERIOD	None	11 years	1 year
ASSET VALUATION METHOD	Market Value	Market Value	Market Value
ACTUARIAL ASSUMPTIONS:			
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases	4.50%	4.50%	4.50%
Includes inflation at cost-of-living Adjustments	2.25%	2.25%	2.25%

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor – and Members of City Council
City of Pittston, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pittston, Pennsylvania, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Pittston, Pennsylvania's basic financial statements, and have issued our report thereon dated June 15, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Scranton, Pennsylvania
June 15, 2023