

**TOWNSHIP OF PITTSTON  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2020**

*Rainey & Rainey  
Certified Public Accountants*

*TOWNSHIP OF PITTSTON*  
Financial Statements with Supplementary Information –  
Cash Basis  
Year Ended December 31, 2020

**TABLE OF CONTENTS**

**BASIC FINANCIAL STATEMENTS**

Independent Auditor's Report.....	2-3
Statement of Assets, Liabilities, and Fund Balances – Cash Basis Governmental Funds.....	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Cash Basis – Governmental Funds.....	5
Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds.....	6
Statement of Changes in Fiduciary Net Assets - Cash Basis– Fiduciary Funds.....	7
Notes to Financial Statements.....	8-20

**REQUIRED SUPPLEMENTARY INFORMATION**

Required Supplemental Information Police Pension .....	21-22
Budgetary Comparison Schedule – General Fund.....	23
Notes to Required Supplementary Information.....	24

## CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA  
Jon Fiorelli, CPA

William Giovagnoli  
Randy Schmidt

### INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Pittston Township Pennsylvania

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Pittston Pennsylvania, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

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

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

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

## **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statements are prepared by the Township of Pittston, Pennsylvania, on the cash basis of accounting that demonstrates compliance with the regulatory basis of accounting and budget laws of the Commonwealth of Pennsylvania, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the cash basis of accounting described in Note 1 and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on U. S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Pittston, Pennsylvania, as of December 31, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

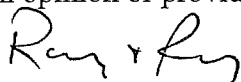
## **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the statement of assets, liabilities and fund balances – cash basis, of each fund of the Township of Pittston, Pennsylvania, as of December 31, 2020, and the related statement of revenues, expenditures and other financing sources – cash basis for each fund, on the cash basis of accounting that demonstrates compliance with the regulatory basis of accounting and budget laws of the Commonwealth of Pennsylvania as described in Note 1.

## **Other Matters**

### *Supplementary Information*

The required supplementary information related to the Police Pension Trust Fund on page 21 and 22 and the budgetary comparison information on page 23 be presented to supplement the basic financial statements. Such information, 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.



March 30, 2021  
Plains, Pennsylvania

Township of Pittston, Pennsylvania  
Statement of Assets, Liabilities and Fund Balances  
Governmental Funds - Cash Basis  
As of December 31, 2020

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
<b><u>Assets</u></b>			
<b>Current Assets</b>			
Cash - Checking	\$ 2,163,663	\$ 33,649	\$ 2,197,312
<b>Total Current Assets</b>	<u>\$ 2,163,663</u>	<u>\$ 33,649</u>	<u>\$ 2,197,312</u>
<b>Total Assets</b>	<u>\$ 2,163,663</u>	<u>\$ 33,649</u>	<u>\$ 2,197,312</u>
<b><u>Liabilities and Fund Balance</u></b>			
<b>Current Liabilities</b>			
Employee Benefits Payable	\$ 2,493	\$ -	\$ 2,493
<b>Total Current Liabilities</b>	<u>\$ 2,493</u>	<u>\$ -</u>	<u>\$ 2,493</u>
<b>Fund Balance</b>			
Unassigned Fund Balance	\$ 2,104,865	\$ -	\$ 2,104,865
Restricted Fund Balance	<u>56,305</u>	<u>33,649</u>	<u>89,954</u>
<b>Total Fund Balance</b>	<u>\$ 2,161,170</u>	<u>\$ 33,649</u>	<u>\$ 2,194,819</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 2,163,663</u>	<u>\$ 33,649</u>	<u>\$ 2,197,312</u>

The accompanying notes are an interregal part of these financial statements

**Township of Pittston, Pennsylvania**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds -Cash Basis**  
**For the Year Ended December 31, 2020**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
<b>Revenues</b>			
Taxes and assessments			
Mercantile tax	\$ 1,129,740	\$ -	\$ 1,129,740
Earned Income tax	515,263	-	515,263
Local Service tax	315,895	-	315,895
Real Estate tax	337,632	-	337,632
Other taxes	78,477	-	78,477
Licenses and permits	36,539	-	36,539
Fines and forfeits	17,219	-	17,219
Interest and Rents	21,231	398	21,629
Intergovernmental revenues	599,493	142,534	742,027
Charges for services	259,437	-	259,437
Miscellaneous income	4,392	-	4,392
<b>Total Revenues</b>	<b>\$ 3,315,318</b>	<b>\$ 142,932</b>	<b>\$ 3,458,250</b>
<b>Expenditures</b>			
General government	\$ 493,667	\$ -	\$ 493,667
Public Safety			
Police	822,882	-	822,882
Fire & Ambulance	627,867	-	627,867
Planning	284,088	-	284,088
Public works			
Sewer	119,578	-	119,578
Refuse & Recycling	354,257	-	354,257
Highways & Streets	694,183	147,308	841,491
Storm Water Management	37,306	-	37,306
Culture - Recreation	31,086	-	31,086
Insurance and Miscellaneous	158,082	-	158,082
<b>Total Expenditures</b>	<b>\$ 3,622,996</b>	<b>\$ 147,308</b>	<b>\$ 3,770,304</b>
<b>Net Change In Fund Balance</b>	<b>\$ (307,678)</b>	<b>\$ (4,376)</b>	<b>\$ (312,054)</b>
<b>Fund balance - January 1, 2020</b>	<b>2,468,848</b>	<b>38,025</b>	<b>2,506,873</b>
<b>Fund balance - December 31, 2020</b>	<b>\$ 2,161,170</b>	<b>\$ 33,649</b>	<b>\$ 2,194,819</b>

The accompanying notes are an interregal part of these financial statements

**Township of Pittston, Pennsylvania**  
**Statement Fiduciary Net Position - Cash Basis**  
**As of December 31, 2020**

---

---

	<u>Police Pension</u>
<b><u>ASSETS</u></b>	
<b><u>Current Assets</u></b>	
Cash and Investments	\$ 492,762
<b>TOTAL ASSETS</b>	<b><u>\$ 492,762</u></b>
<b><u>NET POSITION</u></b>	
Held in Trust for Pension Benefits	<u>492,762</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 492,762</u></b>

The accompanying notes are an interregnal part of these financial statements

**Township of Pittston, Pennsylvania**  
**Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Cash Basis**  
**For the Year Ended December 31, 2020**

	<b>Police Pension</b>
<b>Additions</b>	
Contributions - Employee	\$ 14,164
Contributions - Employer	72,029
State Aid Payments	57,141
Interest and Dividend Income	13,908
Net Appreciation/Depreciation in Fair Values of Investments	<u>5,908</u>
<b>Total Additions</b>	<b>\$ 163,150</b>
<b>Deductions</b>	
Pension Benefits	\$ 107,188
Investment Expenses	25
Administrative Expenses	<u>7,462</u>
<b>Total Deductions</b>	<b>\$ <u>114,675</u></b>
<b>Change in Net Position</b>	<b>\$ 48,475</b>
<b>Net Position - January 1, 2020</b>	<b>\$ <u>444,287</u></b>
<b>Net Position - December 31, 2020</b>	<b>\$ <u><u>492,762</u></u></b>

The accompanying notes are an interregal part of theses financial statements

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township is a Second-Class Township located in Northeastern Pennsylvania and was established under the laws of the Commonwealth of Pennsylvania in 1790. The Township operates under the Township Supervisors form of government. An elected three-member Board of Supervisors governs the Township, which provides general government administration, public safety, highway and street maintenance, sanitation, public improvements, and planning and zoning. The Township has a population of approximately 3,350 residents.

The Township Financial Administrator, appointed by the Board of Supervisors, is the person responsible to manage the office, supervises the maintenance of books and records and performs other various duties as required. There are full-time and occasional part-time employees under the supervision of the Township Financial Administrator.

**Reporting Entity**

In evaluating how to define the Township of Pittsburgh for financial reporting purposes, management has considered all potential component units. The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The Township does not have any relationships with other agencies, which would cause them to be a component unit of the Township's annual financial statements.

**Basis of Presentation – Fund Accounting**

The financial statements of the Township are presented on the modified cash basis of accounting which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America ("GAAP"). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board ("GASB") pronouncements as applied to governmental unites. The Township's most significant accounting policies to the financial statements are described in the following paragraphs.

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include assets, liabilities, fund balance, revenues, and expenditures. The following funds are used:

**Governmental Fund Types:**

General Fund – The general operating fund is used to account for all Township resources and expenditures except for those required to be accounted for in another fund.

Special Revenue Fund – Used to account for specific revenue sources that are restricted to expenditures for special purposes. Included in this category is the Liquid Fuels Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

---

**Fiduciary Fund Types:**

Fiduciary Fund – The Fiduciary Fund is used to account for assets held by the Township in a trustee capacity, specifically the uniform plan offered to Township Employees.

**Basis of Accounting and Measurement Focus**

Government-Wide Financial Statements

All Township Funds are accounted for using the cash basis of accounting. Revenues are recognized when received and expenditures are recognized when paid. This is a comprehensive basis of accounting other than generally accepted accounting principles. In governmental units (townships), conformance with generally accepted accounting principles currently requires that all governmental funds, expendable trust funds, and agency funds be accounted for using the full accrual basis of accounting. Principal and interest on general long-term debt are recorded as fund liabilities when due. The accrual basis of accounting is also required to be utilized by proprietary fund types, and nonexpendable trust funds, (Pension Funds). Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

In June 1999, The Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments (Statement). Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all the Township's activities, including reporting infrastructure assets (roads, bridges, etc.).

A change in the fund financial statements to focus on major funds.

At this time, the Township has not conformed with GASB 34, still reports on the cash basis of accounting, and is not presenting a management's discussion and analysis section. Management's discussion and analysis of the results is supplementary information required to be presented in financial statements prepared in accordance with generally accepted accounting principles. The Township has not presented that information required to supplement the basic financial statements.

The Township is not presenting a Statement of Net Position or Statement of Activities.

The Township is reporting using a comprehensive basis of accounting other than generally accepted accounting principles that demonstrates compliance with regulatory basis of accounting and budget laws of The Commonwealth of Pennsylvania.

Fund Financial Statements

All governmental funds are accounted for using the current financial resources method and the modified cash basis of accounting. Under this method of accounting, revenues are recognized

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

---

when received and expenditures are recognized in the accounting period in which the fund liability is expended.

The proprietary fund utilizes the accrual basis of accounting in which revenues are recognized in the accounting period in which they are earned; expenses are recognized at the time they are incurred.

Measurement Focus & Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenses or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting also relates to the timing of the measurement made, regardless of the measurement focus applied.

**Modified Cash Basis** – The government-wide, governmental fund statements, proprietary fund statements, and fiduciary fund financial statements are reported using the economic resources measurement focus and modified cash basis of accounting. This basis recognizes assets, liabilities, and net assets, revenues, and expenditures/expenses, when they result from cash transactions, in the financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets, and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary and fiduciary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Reconciliations accompany the governmental fund financial statements to reconcile and explain the differences between fund balances and changes in fund balances, as presented in the fund financial statements, and net position and changes in net position, as presented in the government-wide financial statements.

Budgets and Budgetary Accounting

The Township follows budgetary policies as established by the Department of Community Affairs for Townships.

TOWNSHIP OF PITTSTON, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

---

**Cash and Investments**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks and investments with original maturities of three months or less.

**Fixed Assets and Depreciation**

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

**Government-wide Statements**

In the government-wide financial statements, fixed assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method over the following useful lives:

	<u>Years</u>
Building and Improvements	50
Furniture and Fixtures	20
Equipment	5-10

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Use of Estimates**

The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that directly affect the financial statements and disclosures. Actual results could differ from those estimates.

**Governmental Fund Financial Statements** – In the governmental fund financial statements, the Township reports fund balance classifications. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

**Nonspendable Fund Balance** – Amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.

**Restricted Fund Balance** – Amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. To be reported as committed,

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

---

amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint. For the purposes of the Township, the highest level of decision-making authority resides with the Township Board of Supervisors.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the Township Council delegates the authority. For the purposes of the Township, the Township Board of Supervisors has delegated authority to management.

**Unassigned Fund Balance** – Amounts that are available for any purpose.

For the classification of governmental fund balances, the Township considers an expenditure to be made from the budgetary appropriations first when more than one classification is available. The Township establishes and modifies fund balance commitments by a passage of resolution in meetings of the Township Council. The Township's management is responsible for all the purchasing activities of the Township and encumbrances at year end, which are considered assigned funds and therefore, management is designated as having the authority to assign amounts intended to be used for specific purposes. The Township Council approves the adoption and amendment of the budget and has the authority of final review of all assignments of fund balance.

**Restricted:**

**WVSA Savings Account** – is used to account for the specific funds that are restricted for storm water repairs and expenditures. The balance at December 31, 2020 was \$56,305.

**Reserve for Liquid Fuels** – is used to account for the specific funds that are restricted for the liquid fuel funds. The balance at December 31, 2020 was \$33,649.

**Unassigned** – Unassigned fund balance consisted of excess funds that have not been classified in the previous categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. This amounted to \$2,104,865 for all governmental funds as of December 31, 2020.

**NOTE 2 – COMPONENTS OF THE TOWNSHIP'S REPORTING ENTITY**

The financial statements of the Township have not been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units as noted in note 1. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

In evaluating how to define the government per Sec. 2100 GASB, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP.

TOWNSHIP OF PITTSTON, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

---

The basic - but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency.

Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens or whether the activity is conducted within the geographic boundaries of the government and generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Excluded from the reporting entity:

**Sewer Authority of the Township of Pittston.** The Sewer Authority of the Township of Pittston (herein referred to as "the Authority") was incorporated in 1966 under the Municipality Authorities Act of 1945, P.L. 382 of the Commonwealth of Pennsylvania, pursuant to resolution adopted by the Board of Supervisors of the Township of Pittston.

The Authority's governing board (appointed by the Township's Board of Supervisors) selects management staff, sets user charges, establishes budget and controls all aspects of general management and development. Additionally, the Township does not hold title to any of the Authority's assets, nor does it have any right to the Authority's surpluses. However, ultimately the Township is responsible for the proper implementation of its "Official Sewage Facilities Plan" as outlined by the Pennsylvania Department of Environmental Protection.

### NOTE 3 – COMMITMENTS AND CONTINGENCIES

The Township is serviced by the Wyoming Valley Sewer Authority (herein "WVSA") (under treatment service and lease agreement) who has the authority to bill and collect sewer rents and charges from the Township's residents and commercial entities and lien on real estate for delinquent billings. However, any outstanding bills are the responsibility of the Township. At December 31, 2020, the Township's contingent liability totaled \$42,777. As of December 31, 2020, the Township has not been required to pay any delinquent bills.

On February 28, 2020, the Township guaranteed a loan payable by the Sewer Authority of the Township of Pittston to a local bank in the amount of \$124,500 to settle litigation with a third party. The loan is due in 59 monthly installments of \$1,174 including interest at 2.50% and one installment of \$67,311 through February of 2025. The loan balance outstanding as of December 31, 2020 was \$115,277.

**TOWNSHIP OF PITTSBURGH, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

---

---

**NOTE 4 – CASH AND INVESTMENTS**

The Township's investment policy is to invest in: (1) United States Treasury Bills, (2) short-term obligations of the United States Government or its agencies or instrumentalities, (3) deposits in savings or time accounts or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent 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, (4) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, and (5) shares of certain investment companies registered under the Investment Companies Act of 1940 and the Securities Act of 1933 which invest only in instruments listed in (1) – (4) listed above, maintain a constant per share net asset value and are rated in the highest category by a nationally recognized rating agency.

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. At December 31, 2020, \$1,753,060 of the Township's bank balance of \$2,146,170 was exposed to custodial credit risk. The amount exposed to custodial credit risk was uninsured but was collateralized by securities pledged by the financial institutions for such funds but not in the Township's name in accordance with the collateralization provisions of the Commonwealth of Pennsylvania Act 72 of 1971, as amended.

**NOTE 5 – REAL ESTATE TAXES**

The Township levies real estate taxes on all real property on a calendar year basis, at a rate enacted by the Township Supervisors, on the assessed value of property as determined by Chief Assessor's Office of the County of Luzerne. The assessed value of real property on January 1, 2020, upon which the levy for the 2020 year was based, was \$481,779,500. Taxes are due during the 2020 calendar year and become delinquent by December 31, 2020. The tax rate during 2020 was .375 mills per \$1,000 of assessed valuation for general purposes and .375 mills per \$1,000 of assessed valuation for emergency services.

The schedule for real estate taxed and levied each year is as follows:

February 15	Levy Date
March 9 – May 8	2.0% discount period
May 9 – July 8	Face payment period
July 9 – December 31	10% penalty period
January 1	Delinquent period

**NOTE 6 – INVESTMENTS**

Carrying amounts of investments as of December 31, 2020, appear in the financial statements as summarized below:

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2020

Investments – fiduciary fund, statement of net position \$ 492,762

**Investments measured at fair value**

In accordance with the authoritative guidance on fair value measurements and disclosures under GASB statement No. 72, the Township discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities the Township has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fixed income funds, domestic equities and international equities classified in Level 1 of the fair value hierarchy are valued using quoted in active markets for those securities.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments measured at fair value consisted of the following at December 31, 2020:

	Total	Fair Value (Level 1)
Mutual Funds	\$ 492,762	\$ 492,762
Total	<u>\$ 492,762</u>	<u>\$ 492,762</u>

**Interest rate risk** – In accordance with its investment policy, the Township manages its exposure by investing in short-term securities. The Township will reinvest these funds at higher rates as the opportunity presents itself.

**Credit risk** – The Township’s investment policy states that the Township is to only invest in authorized instruments that are backed by the “full faith and credit” of the federal or state government.

**Concentration of credit risk** – The Township’s investment policy places no limit on the amount

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

---

the Township may invest in any one issuer. However, the Township manages market risk through diversification by including several types of investments.

The Township's investment policy and the Pennsylvania Township Code establish criteria for the type of investments that can be held by the Township. Permissible investments include the following:

- United States treasury bills
- Short-term obligations of the United States government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions insured by the Federal Deposit Insurance Corporation 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.
- Obligations of the United States of America or any of its agencies or instruments 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.
- 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 only investments of that company are in the authorized investments for Township funds listed in the categories above.
- 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 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.
- 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.

**NOTE 7— INTERFUND RECEIVABLES, PAYABLES, OR TRANSFERS**

There were no interfund receivables, payables, or transfers.

**TOWNSHIP OF PITTSBURGH, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

---

**NOTE 8- RETIREMENT AND PENSION PLAN**

The non-uniform pension plan is a defined contribution plan covering seven (7) non-uniform employees. The Township contributes a maximum of 5% of each employee's salary. Pension expense for 2019 was \$18,384. Annually, the Township is reimbursed for its share of the pension contributions in accordance with the Municipal Pension Plan Funding and Recovery Act (Act 205 of 1984).

**POLICE PENSION PLAN**

The Township manages a Police Pension Plan pursuant to the provisions of Act 600 in which the six (6) full-time township policemen are not fully vested. The plan was funded by allocations of Commonwealth of Pennsylvania tax on foreign casualty insurance premiums. The Township is liable for any unfunded pension liabilities. The Township is liable for any unfunded pension liabilities which exceeds the Commonwealth of Pennsylvania and member contributions. In an compliance audit of the plan in May 2019. The Auditor General of the State of Pennsylvania has classified the Police Pension Plan as distress because of its unfunded liability amount.

Annually, the Township is reimbursed for its share of the pension contributions in accordance with the Municipal Pension Plan Funding and Recovery Act (Act 205 of 1984).

**Description of Plan**

The Township pension plan is a single employer defined benefit pension plan controlled by the provisions of Ordinance No. 4 of 1991, Ordinance 3 of 1994, and ordinance 701 of 2007, adopted pursuant to Act 600. The plan is governed by the Township Supervisors which is responsible for the management of plan assets. The recommended rate of contributions is determined each year by actuaries using the entry age cost valuation method. The contribution for 2020 was \$72,029.

All full-time police officers are eligible to participate in the plan. The normal retirement date is the later of the date in which the participant attains age fifty-five (55) and completes twenty-five (25) years of service.

**Plan Membership**

As of December 31, 2020, the pension plan's membership consisted of:

Active Employees	6
Retirees and beneficiaries currently receiving benefits	1
Disability benefits	2
Terminated employees entitled to benefits but not receiving them	-
Total	<u>9</u>

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

---

**Retirement Benefits:**

**Normal Retirement Benefit** – One-half (1/2) of compensation averaged over the last sixty (60) months of continuous employment.

**Disability Benefit** – One-half (1/2) of the participant’s salary at the time when the disability was incurred reduced by Social Security disability benefits for the same injury.

**Death Benefits:**

**Pre-Retirement Death Benefit** – If a participant dies prior to becoming eligible for pension benefits, then their designed beneficiary shall be entitled to a refund of their accumulated participant contributions with credited interest. If no beneficiary survives, then the refund is payable to the participant’s estate.

**Death Benefit to Surviving Spouse and Dependent Children** – If the participant reached the Normal Retirement Date (see above) or is already receiving a pension, the amount of the pension benefit shall be equal to 50% of the Normal Retirement Benefit to the surviving spouse. If there is no benefit payable to a surviving spouse, then the benefit is payable to the guardian of surviving dependent children until the last dependent child dies or reaches his/her 18<sup>th</sup> birthday (or if attending college, reaches the 23<sup>rd</sup> birthday).

If the participant has no surviving spouse or dependent children, the participant’s beneficiary or estate shall be entitled to a refund of his/her accumulated member contributions with credited interest reduced by the amount of pension benefit received by the participant.

**Participant Contributions-** Participants pay into the pension fund at the rate of 5% of salary unless the Township Board of Supervisors, by ordinance or resolution, reduce or eliminate payments into the Fund by participants. Member contributions, began in 2018, totaled \$14,164 at December 31, 2020 and are payable to plan participants upon separation of service.

**Vesting** – If a participant transfers, resigns, becomes disabled before becoming eligible for benefits as described above then he/she shall be entitled to a refund of all contributions made by him/her plus interest.

**Summary of Significant Accounting Policies**

**Basis of accounting**

Financial information of the Police Pension is presented on the cash basis of accounting. Plan participant contributions (if any) are recognized in the period in which the contributions are paid. Employer contributions to the plan are recognized when paid. Benefits and refunds are recognized when paid. This is a comprehensive basis of accounting other than generally accepted accounting

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2020

principles with no recognition having been accorded to accounts receivable, accounts payable or accrued expenses.

**Administrative expenses** – Administrative expenses, including actuarial and consultant services are charged to the appropriate plan and funded through investment earnings and contributions.

**Contributions and Funding Policy** – The Act requires that annual contributions be based on the calculation of the Minimum Pension Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. The Commonwealth of PA allocates certain funds to assist in pension funding. Any financial requirements established by the MMO which exceed the Commonwealth allocation must be funded by the Township. The 2020 MMO for the Police Pension plan was \$69,930.

**NOTE 9 – RESTRICTED FUNDS**

All cash, investments, and other assets contained in the Police Pension Funds are, by law, restricted for use solely therein.

**NOTE 10 – INTERGOVERNMENTAL GRANTS**

GENERAL FUND:

<u>Grantor</u>	<u>Amount</u>	<u>Source</u>
PA Municipal Pensions Program	49,238	State
PA Municipal Fire Relief Program	26,344	State
PA Department of Environmental Protection	60,050	State
Community Development Block Grant	192,305	State
Wyoming Valley Sewer Authority	117,945	Local
Other PA intergovernmental revenue	<u>153,610</u>	State/Local
Total	<u>\$599,493</u>	

LIQUID FUELS FUND:

<u>Grantor</u>	<u>Amount</u>	<u>Source</u>
PA Dept of Transportation	<u>\$142,534</u>	State

**NOTE 11 – BUDGET POLICY AND PRACTICE**

The Township Financial Administrator submits an annual budget to the Township Supervisors in accordance with The Pennsylvania Second Class Township Code. On or before December 31, Board of Supervisors amends and/or adopts the budget after it has been advertised in the newspaper and made available for public inspection by the Secretary. Once approved, the Board of

**TOWNSHIP OF PITTSBURGH, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

---

Supervisors may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

**NOTE 12 – CONCENTRATIONS**

The Township levies and collects mercantile tax based on the gross receipts of business taxpayers located within the Township. Eight (8) taxpayers account for approximately 68% of the mercantile tax collected in 2020.

**NOTE 13– SUBSEQUENT EVENTS**

The Township has evaluated events subsequent to the statement of assets, liabilities and fund balance date of December 31, 2020 through March 29, 2021 which is the date these financial statements were available and issued, and has determined that with the exception to the item noted below, no material subsequent events exist that require disclosure. Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (Covid-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Township, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Township is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

## SUPPLEMENTARY INFORMATION

TOWNSHIP OF PITTSBURGH, PENNSYLVANIA

REQUIRED SUPPLEMENTAL INFORMATION - POLICE PENSION  
UNAUDITED

DECEMBER 31, 2020/21

SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE (b)	UNFUNDED (OVERFUNDED) AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
01/01/2007	\$357,645	\$258,161	(\$99,484)	138.5%	\$134,698	-73.9%
01/01/2009	\$276,664	\$271,567	(\$5,097)	101.9%	\$144,928	-3.5%
01/01/2011	\$339,827	\$292,034	(\$47,793)	116.4%	\$127,346	-37.5%
01/01/2013	\$316,559	\$313,353	(\$3,206)	101.0%	\$159,786	-2.0%
01/01/2015	\$346,223	\$505,369	\$159,146	68.5%	\$176,965	89.9%
01/01/2017	\$341,163	\$784,983	\$443,820	43.5%	\$148,688	298.5%
01/01/2019	\$358,046	\$565,642	\$207,596	63.3%	\$131,281	158.1%

**TOWNSHIP OF PITTSTON, PENNSYLVANIA**

**REQUIRED SUPPLEMENTAL INFORMATION - POLICE PENSION  
UNAUDITED  
DECEMBER 31, 2020**

---

The following information has been provided by Duda Actuarial Consulting, Inc for compliance with GASB.

	<u>Police Pension Plan</u>
Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age normal cost
Amortization method	Level dollar open
Remaining amortization period	15 Years
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	4.0%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES:**

YEAR	ANNUAL REQUIRED CONTRIBUTION	CONTRIBUTIONS FROM EMPLOYER	PERCENTAGE CONTRIBUTED
2012	\$ 14,955	\$ 14,955	100%
2013	\$ 18,086	\$ 18,086	100%
2014	\$ 27,934	\$ 27,634	100%
2015	\$ 28,164	\$ 28,164	100%
2016	\$ 47,009	\$ 47,009	100%
2017	\$ 37,265	\$ 37,265	100%
2018	\$ 41,573	\$ 41,573	100%
2019	\$ 79,345	\$ 79,345	100%
2020	\$ 129,170	\$ 129,170	100%

**Township of Pittston, Pennsylvania**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund and Liquid Fuels Fund - Budget vs Actual**  
**For the Year Ended December 31, 2020**

	<u>General Fund</u>			<u>Liquid Fuels Fund</u>		
	<u>Original and</u>			<u>Original and</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>						
Taxes and assessments						
Mercantile tax	\$ 910,000	\$ 1,129,740	\$ 219,740	\$ -	\$ -	\$ -
Earned Income tax	500,000	515,263	15,263	-	-	-
Local Service tax	305,000	315,895	10,895	-	-	-
Real Estate tax	329,600	337,632	8,032	-	-	-
Other taxes	70,000	78,477	8,477	-	-	-
Licenses and permits	53,000	36,539	(16,461)	-	-	-
Fines and forfeits	15,400	17,219	1,819	-	-	-
Interest	26,000	21,231	(4,769)	-	398	398
Intergovernmental revenues	236,000	599,493	363,493	139,400	142,534	3,134
Charges for services	304,400	259,437	(44,963)	-	-	-
Miscellaneous income	6,500	4,392	(2,108)	-	-	-
<b>Total Revenues</b>	<b>\$ 2,755,900</b>	<b>\$ 3,315,318</b>	<b>\$ 559,418</b>	<b>\$ 139,400</b>	<b>\$ 142,932</b>	<b>\$ 3,532</b>
<b>Expenditures</b>						
General government	\$ 315,610	\$ 493,667	\$ 178,057	\$ -	\$ -	\$ -
Public safety						
Police	573,730	822,882	249,152	-	-	-
Fire & Ambulance	602,475	627,867	25,392	-	-	-
Planning	202,010	284,088	82,078	-	-	-
Public works						
Sewer	129,250	119,578	(9,672)	-	-	-
Refuse & Recycling	370,590	354,257	(16,333)	-	-	-
Highways & Streets	387,240	694,183	306,943	139,400	147,308	7,908
Storm Water Management	38,895	37,306	(1,589)	-	-	-
Culture - Recreation	55,995	31,086	(24,909)	-	-	-
Insurance and Miscellaneous	222,105	158,082	(64,023)	-	-	-
<b>Total Expenditures</b>	<b>\$ 2,897,900</b>	<b>\$ 3,622,996</b>	<b>\$ 725,096</b>	<b>\$ 139,400</b>	<b>\$ 147,308</b>	<b>\$ 7,908</b>
	0					
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (142,000)</b>	<b>\$ (307,678)</b>	<b>\$ (165,678)</b>	<b>\$ -</b>	<b>\$ (4,376)</b>	<b>\$ (4,376)</b>

The accompanying notes are an interregal part of these financial statements

**Township of Pittston, Pennsylvania**  
**Notes to Required Supplementary Information**  
**December 31, 2020**

**1. Budgetary Data**

Budgetary data is established by the Township Supervisors and is officially adopted via ordinance. The budgets are prepared using the cash basis of accounting which is method utilized for the Governmental Funds.

The Pennsylvania General Assembly dictates specific procedures relative to adoption of the Township's budget and reporting of its financial statements, specifically:

Beginning at least 30 days prior to the adoption of the budget, a proposed budget or annual estimate of revenues and expenditures for the ensuing year shall be prepared in a manner designated by the board of supervisors. The proposed budget shall be kept on file with the township secretary and be made available for public inspection by the township secretary for a period of ten days.

Notice that the proposed budget is available for inspection shall be published by the township secretary in a newspaper of general circulation.

Upon completion of the budget containing the estimated receipts and expenditures, the board of supervisors shall adopt the budget by motion of the board, which may not be later than December 31.

After supervisors have adopted the budget, it is the duty of the supervisors to enact an ordinance levying the taxes referred to in this part for the fiscal year.

Budgetary data and actual data are presented for the General Fund and Special Revenue Fund.