

**BOROUGH OF MAHANoy CITY
SCHUYLKILL COUNTY, PENNSYLVANIA**

ORDINANCE NO. 2022-1

**AN ORDINANCE AMENDING ORDINANCE NO. 2016-4 OF
THE BOROUGH OF MAHANoy CITY, SCHUYLKILL
COUNTY, PENNSYLVANIA WHICH SAID ORDINANCE
ADOPTED THE FINANCIAL RECOVERY PLAN FOR THE
BOROUGH OF MAHANoy CITY AS PREPARED BY THE
ACT 47 COORDINATOR.**

WHEREAS, the Borough of Mahanoy City was declared a financially distressed municipality by Order of the Secretary of the Department of Community and Economic Development (DCED) on February 18, 2016, pursuant to 53 P.S. §11701.203 of the Municipalities Financial Recovery Act, Act 47 of 1987 (Act 47); and

WHEREAS, the DCED appointed as Act 47 coordinator, the Pennsylvania Economy League (Coordinator), to formulate and file with the Borough the *Act 47 Financial Recovery Plan for the Borough of Mahanoy City* (Act 47 Financial Recovery Plan) pursuant to 53 P.S. §11701.242 of Act 47; and

WHEREAS, the Borough adopted, by Ordinance 2016-4, the Act 47 Financial Recovery Plan on September 22, 2016, on which date the Act 47 Financial Recovery Plan became effective pursuant to 53 P.S. §11701.245 of Act 47; and

WHEREAS, the Borough adopted, by Ordinance 2021-2, the First Amendment to the Act 47 Financial Recovery Plan (First Amendment) prepared by the Coordinator which First Amendment extended the Act 47 Financial Recovery Plan termination date from September 22, 2021 to March 22, 2023; and

WHEREAS, the Borough adopted, by Ordinance 2021-4, the Second Amendment to the Act 47 Financial Recovery Plan (Second Amendment) prepared by the Coordinator which

Second Amendment updated and revised certain sections of the Act 47 Financial Recovery Plan through March 22, 2023.

WHEREAS, the Borough now desires to adopt a third amendment prepared by the Coordinator to the Act 47 Financial Recovery Plan which will update and revise certain sections of the Act 47 Financial Recovery Plan through March 22, 2023.

NOW THEREFORE, BE IT ORDAINED AND ENACTED BY THE MAHANOEY CITY COUNCIL this 8th day of February, 2022, as follows:

SECTION 1. AMENDMENT. The *Act 47 Financial Recovery Plan for the Borough of Mahanoy City—Third Amendment*, as submitted by the Pennsylvania Economy League and attached hereto as Exhibit A, amending certain sections of the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City* is hereby approved and adopted in accordance with the Financially Distressed Municipalities Act and is hereby incorporated as part of the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City*.

SECTION 2. OFFICIALS AUTHORIZED. The appropriate officials of the Borough of Mahanoy City are hereby authorized to execute any and all documents necessary to implement the *Act 47 Financial Recovery Plan for the Borough of Mahanoy City—Third Amendment*.

SECTION 3. SUPERSEDE. The remaining sections of the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City* not amended by this *Act 47 Financial Recovery Plan for the Borough of Mahanoy City—Third Amendment* shall remain valid and in effect, provided that, the provisions of Exhibit “A” shall supersede and control any conflicts with the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City* which it amends.

SECTION 4. SAVINGS CLAUSE. If any section, clause, provision or portion of this Ordinance shall be held invalid or unconstitutional by any court of competent jurisdiction such decision shall not affect any other section, clause, provision or portion of this Ordinance, so long

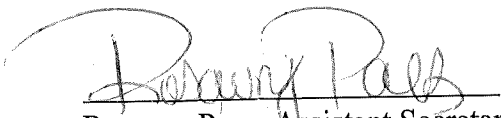
as it remains legally enforceable, minus the invalid portion. The Borough reserves the right to amend this Ordinance or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Ordinance, and the effective administration thereof.

SECTION 5. LEGAL AUTHORITY. This Ordinance is enacted by the Mahanoy City Council of the Borough of Mahanoy City under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Option Plans Law", as amended, any other applicable law arising under the laws of the State of Pennsylvania and the Home Rule Charter of the Borough of Mahanoy City.

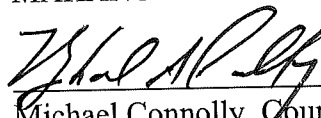
SECTION 6. EFFECTIVE DATE. This Ordinance shall become effective immediately upon approval by the Mahanoy City Council.

BE IT ORDAINED and ENACTED this 8th day of February 2022.

ATTEST


Rosaury Paez, Assistant Secretary

COUNCIL OF THE BOROUGH OF
MAHANOEY CITY


Michael Connolly, Council Chairperson

EXHIBIT

A

INTRODUCTION

The Borough of Mahanoy City was declared a financially distressed municipality by the Department of Community and Economic Development (DCED) on February 18, 2016. The Pennsylvania Economy League, the Borough's Act 47 Coordinator (Coordinator), prepared and filed with the Borough on August 18, 2016, the Act 47 Financial Recovery Plan for the Borough of Mahanoy City (2016 Recovery Plan). The Borough adopted by ordinance the 2016 Recovery Plan on September 22, 2016.

In response to the Covid-19 pandemic, on May 29, 2020, the Governor of Pennsylvania signed into law Fiscal Code-Omnibus Amendments, P.L. 158, No. 23 ("Act 23 of 2020"). Act 23 of 2020 permits a municipality operating under a recovery to be eligible for an 18-month extension of their recovery plan termination deadline. The Borough, in consultation with the Coordinator and DCED, subsequently amended the 2016 Recovery Plan by ordinance on February 9, 2021 (First Amendment). This First Amendment to the 2016 Recovery Plan extended the 2016 Recovery Plan's termination date from September 22, 2021, to March 22, 2023.

Due the fact that the 2016 Recovery Plan's historical performance review, financial projections and cost containment provisions included in the 2016 Recovery Plan were only through 2021, the Coordinator was then obligated to prepare a Second Amendment to update the financial projections and cost containment provisions included in the 2016 Recovery Plan. The Coordinator's primary purpose for the Second Amendment of the 2016 Recovery Plan was to review and update those sections of the 2016 Recovery Plan through March 2023. The terms and provisions of the Second Amendment supersede and control any conflicts with the 2016 Recovery Plan. Unless otherwise provided, the remaining chapters, sections, tables and initiatives included in the 2016 Recovery Plan remained valid and in effect. The Second Amendment of the 2016 Recovery Plan was enacted by ordinance of the Borough of Mahanoy City on July 6, 2021.

Third Amendment

The Coordinator's primary purpose of this Third Amendment of the 2016 Recovery Plan is to address recent actions related to personnel needs in the police department. PD01.2 of Chapter 3 of the Second Amendment limits the Borough to no more than four (4) full-time police officers including the Chief of Police. The Borough has struggled to maintain 24-7 coverage with the four full-time police officers along with part-time police officers. Four full-time officers by themselves are insufficient to maintain 24-7 police coverage in the Borough. Thus, the Borough is required to supplement the full-time force with part-time police officers. The ability to maintain a complement of part-time police officers has been very difficult as they often leave for full-time positions in other municipalities. Borough Council recently asked the Coordinator to determine the cost to add a fifth full-time officer. Following this review (Attached as Exhibit A) it was determined that the net cost to add an additional full-time police officer would be \$41,616 in FY 22; \$51,822 in FY23; and \$61,923 in FY 24. After taking into account the Borough's estimated fund balance and the annual use of \$70,000 in American Rescue Plan funds in FY 22-24, the Coordinator estimates the Borough would have a surplus of \$67,677 in FY 22; \$37,178 in FY 23; and \$5,957 in FY 24. Based on this financial review and the ability to have a more stable staffing situation in the police department, the Coordinator supports the Borough hiring an additional full-time officer.

The page that follows includes the terms and provisions of the Third Amendment to the 2016 Recovery Plan. Unless otherwise provided, the remaining chapters, sections, tables and initiatives

included in the 2016 Recovery Plan, the First Amendment and the Second Amendment shall remain valid and in effect. The terms and provisions of this Third Amendment shall supersede and control any conflicts with the 2016 Recovery Plan. The terms and provisions included in this Third Amendment of the 2016 Recovery Plan shall become effective immediately upon the adoption by ordinance by the Borough of Mahanoy City Council.

The following is a summary of the section of the 2016 Recovery Plan amended by this Third Amendment.

CHAPTER 3
DEPARTMENTAL REVIEWS AND INITIATIVES
(Amended December 2021)

The following initiative on Page 3-3, of the Borough of Mahanoy City's Recovery Plan is amended to read as follows:

PD01 Staffing and Operations Initiatives

Based on the foregoing analysis, the Borough shall implement the following initiative to strengthen the Police Department's staffing and operations. * * * * *

PD01.2 The Borough should employ or budget for no more than five (5) full-time police officers, including the Chief of Police.

Attachment A

Mahanoy City

Cost of Additional Police Officer

		0.02	0.02
	<u>2022</u>	<u>2023</u>	<u>2024</u>
Full Time Rate	\$ 27.82	\$ 28.38	\$ 28.94
1st Year	0.8	0.9	1
Base Rate	\$ 22.26	\$ 25.54	\$ 28.94
OT Rate	\$ 33.38	\$ 38.31	\$ 43.42
Hours	2,080	2,080	2,080 12 hour shifts (84 hours/14 days)
PEL Est OT 5 hr/week	260	260	260 (84*26=2184) Comp day every six weeks
Salary	46,292	53,121	60,203 Reduce to (2080)
Est OT 5 hr per week	8,680	9,960	11,288 PEL estimate.
Salary & OT	54,972	63,081	71,492
FICA 7.650%	4,205	4,826	5,469
Est Pension Normal Cost 15.4%	8,465	9,714	11,009
Health Care	12,528	13,217	13,944
Total Additional Cost	80,171	90,838	101,914

Part hours Reduction Estimate

FT Hours	2,080	2,080	2,080 PEL estimate.
Less Holiday 10	-120	-120	-120 10 holidays
Less Sick Time	-36	-36	-36 3 days annually
Less Personal Time	0	-24	-24 No personal time 1st Year
Less Court Time	-40	-40	-40
Net reduction to PT Hrs	1,884	1,860	1,860
Parttime Rate	\$ 19.01	\$ 19.49	\$ 19.97 Lowest PT Salary
Net reduction to PT Salaries	\$ 35,815	\$ 36,243	\$ 37,149
FICA 0.0765	2,740	2,773	2,842
Total PT Reduction	\$ 38,555	\$ 39,015	\$ 39,990 \$

	<u>2022</u>	<u>2023</u>	<u>2024*</u>
Recovery Plan Projections	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Revenues	\$1,524,717	\$1,532,670	\$1,540,736 *Recovery Plan went to 2023
Expenditures	\$1,485,424	\$1,513,670	\$1,542,856 Projected by PEL to 2024
Surplus/(Deficit)	\$ 39,293	\$ 19,000	\$-\$2,120
Cost of Add Officer	\$ 80,171	\$ 90,838	\$ 101,914
Reduction to Parttime	-\$38,555	-\$39,015	-\$39,990
Net Cost	\$41,616	\$51,822	\$61,923
Net Surplus/(Deficit)	-\$2,323	-\$32,822	-\$64,043
Estimated ARPA Funds	70,000	70,000	70,000
If supplemented by ARPA funds	\$67,677	\$37,178	\$5,957

**BOROUGH OF MAHANOEY CITY
SCHUYLKILL COUNTY, PENNSYLVANIA**

ORDINANCE NO. 2021-4

**AN ORDINANCE AMENDING ORDINANCE NO. 2016-4 OF
THE BOROUGH OF MAHANOEY CITY, SCHUYLKILL
COUNTY, PENNSYLVANIA WHICH SAID ORDINANCE
ADOPTED THE FINANCIAL RECOVERY PLAN FOR THE
BOROUGH OF MAHANOEY CITY AS PREPARED BY THE
ACT 47 COORDINATOR.**

WHEREAS, the Borough of Mahanoy City was declared a financially distressed municipality by Order of the Secretary of the Department of Community and Economic Development (DCED) on February 18, 2016, pursuant to 53 P.S. §11701.203 of the Municipalities Financial Recovery Act, Act 47 of 1987 (Act 47); and

WHEREAS, the DCED appointed as Act 47 coordinator, the Pennsylvania Economy League (Coordinator), to formulate and file with the Borough the *Act 47 Financial Recovery Plan for the Borough of Mahanoy City* (Act 47 Financial Recovery Plan) pursuant to 53 P.S. §11701.242 of Act 47; and

WHEREAS, the Borough adopted, by Ordinance 2016-4, the Act 47 Financial Recovery Plan on September 22, 2016, on which date the Act 47 Financial Recovery Plan became effective pursuant to 53 P.S. §11701.245 of Act 47; and

WHEREAS, the Borough adopted, by Ordinance 2021-2, the First Amendment to the Act 47 Financial Recovery Plan (First Amendment) prepared by the Coordinator which First Amendment extended the Act 47 Financial Recovery Plan termination date from September 22, 2021 to March 22, 2023; and

WHEREAS, the Borough now desires to adopt a second amendment prepared by the Coordinator to the Act 47 Financial Recovery Plan which will update and revise certain sections of the Act 47 Financial Recovery Plan through March 22, 2023.

NOW THEREFORE, BE IT ORDAINED AND ENACTED BY THE MAHANOEY CITY COUNCIL this 6th day of July, 2021, as follows:

SECTION 1. AMENDMENT. The *Act 47 Financial Recovery Plan for the Borough of Mahanoy City—Second Amendment*, as submitted by the Pennsylvania Economy League and attached hereto as Exhibit A, amending certain sections of the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City* is hereby approved and adopted in accordance with the Financially Distressed Municipalities Act and is hereby incorporated as part of the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City*.

SECTION 2. OFFICIALS AUTHORIZED. The appropriate officials of the Borough of Mahanoy City are hereby authorized to execute any and all documents necessary to implement the *Act 47 Financial Recovery Plan for the Borough of Mahanoy City—Second Amendment*.

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SECTION 4. SAVINGS CLAUSE. If any section, clause, provision or portion of this Ordinance shall be held invalid or unconstitutional by any court of competent jurisdiction such decision shall not affect any other section, clause, provision or portion of this Ordinance, so long as it remains legally enforceable, minus the invalid portion. The Borough reserves the right to amend this Ordinance or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Ordinance, and the effective administration thereof.

SECTION 5. LEGAL AUTHORITY. This Ordinance is enacted by the Mahanoy City Council of the Borough of Mahanoy City under the authority of the Act of Legislature, April 13,

1972, Act No. 62, known as the "Home Rule Charter and Option Plans Law", as amended, any other applicable law arising under the laws of the State of Pennsylvania and the Home Rule Charter of the Borough of Mahanoy City.

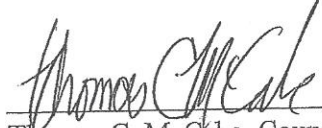
SECTION 6. EFFECTIVE DATE. This Ordinance shall become effective immediately upon approval by the Mahanoy City Council.

BE IT ORDAINED and ENACTED this 6th day of July 2021.

ATTEST
MAHANNOY CITY


Sandra Fisk, Acting Secretary

COUNCIL OF THE BOROUGH OF


Thomas C. McCabe, Council Chairperson

EXHIBIT

A

ACT 47 FINANCIAL RECOVERY PLAN
FOR THE
BOROUGH OF MAHANOEY CITY
SECOND AMENDMENT

Effective Immediately Upon Adoption by Ordinance

Prepared By:

Pennsylvania Economy League, Central PA Division, LLC
88 North Franklin Street, Suite 200
Wilkes-Barre, PA 18701

June 2021

INTRODUCTION

The Borough of Mahanoy City was declared a financially distressed municipality by the Department of Community and Economic Development (DCED) on February 18, 2016. The Pennsylvania Economy League, the Borough's Act 47 Coordinator (Coordinator), prepared and filed with the Borough on August 18, 2016, the *Act 47 Financial Recovery Plan for the Borough of Mahanoy City* (2016 Recovery Plan). The Borough adopted by ordinance the 2016 Recovery Plan on September 22, 2016.

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Due the fact that the 2016 Recovery Plan's historical performance review, financial projections and cost containment provisions included in the 2016 Recovery Plan are only through 2021, the Coordinator is obligated to update the financial projections and cost containment provisions included in the 2016 Recovery Plan. The Coordinator's primary purpose of this Second Amendment of the 2016 Recovery Plan is to review and update these sections of the 2016 Recovery Plan through March 2023.

The pages that follow include the terms and provisions of the 2016 Recovery Plan that are amended by this Second Amendment. Unless otherwise provided, the remaining chapters, sections, tables and initiatives included in the 2016 Recovery Plan shall remain valid and in effect. The terms and provisions of this Second Amendment shall supersede and control any conflicts with the 2016 Recovery Plan. The terms and provisions included in this Second Amendment of the 2016 Recovery Plan shall become effective immediately upon the adoption by ordinance by the Borough of Mahanoy City. The following table is a summary of the sections of the 2016 Recovery Plan amended by this Second Amendment.

**Summary of Recovery Plan Amendments
Second Amendment**

Chapter of 2016 Recovery Plan	Amendment Action
Chapter 2	The entire Chapter 2 of the 2016 Recovery Plan is replaced by the Chapter 2 included in this Recovery Plan Second Amendment.
Chapter 3	Page 3-3, initiative <u>PD01.2</u> is amended to permit the employment of no more than four (4) full-time police officers.
Chapter 5	<p>Pages 5-1 through page 5-4 are amended up to and including Table 5-1 on page 5-4.</p> <p>Page 5-6 beginning with <u>WFPW01 Workforce Review</u> through page 5-9 up to and including Table 5-2 on page 5-9 is amended.</p>
Chapter 7	Pages 7-1 through page 7-5 are amended up to and including the <u>Conclusion of Baseline Projections</u> on page 7-5.

CHAPTER 2
HISTORICAL FINANCIAL PERFORMANCE
(Amended June 2021)

This chapter reviews the Borough's General Fund financial performance during the fiscal years 2016 – 2020. Beginning with fiscal year 2017, the Borough annually implemented 2016 Recovery Plan Initiative REV01.2 which increased the Borough's resident earned income tax rate. This initiative provided the Borough with a stable source of revenue during the review period which allowed the Borough to maintain current operations. This chapter also evidences the Borough's control of expenditures during the review period.

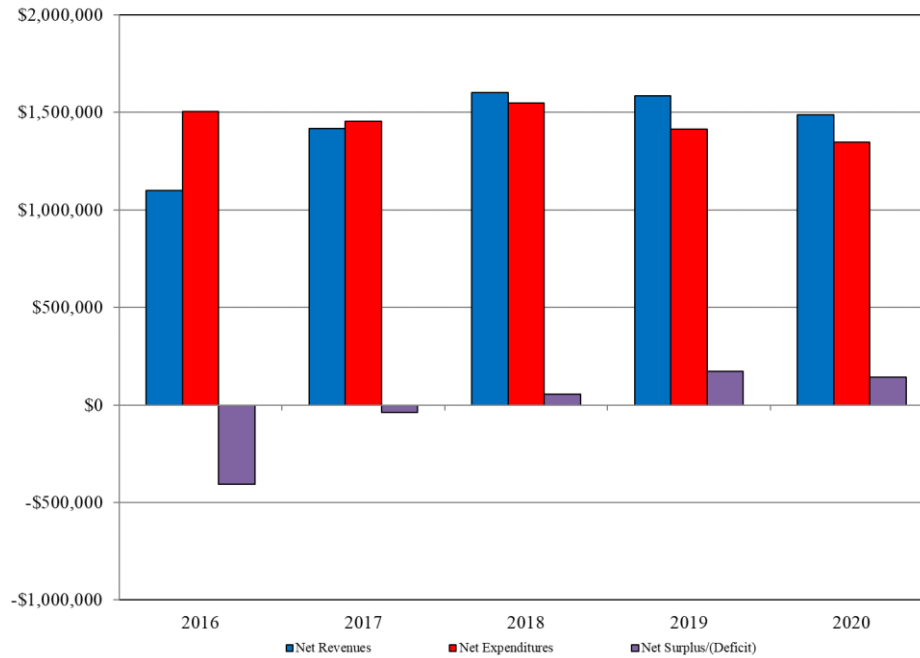
General Fund--Net Surplus/(Deficit)
2016 – 2020

During the review period, the Borough's General Fund incurred a net deficit in the years 2016 and 2017 with net surpluses in the years 2018 - 2020. The Borough's net revenues increased between 2016 and 2020 by \$390,894 or 35.6 percent. General Fund net revenues in the Borough ranged from a low of \$1,097,951 in 2016 to a high of \$1,602,177 in 2018. The Borough's net expenditures decreased between 2016 and 2020 by \$157,655 or 10.5 percent. General Fund net expenditures fluctuated from a low of \$1,346,671 in 2020 to a high of \$1,546,859 in 2018. (See Table 2-1 and Graph 2-1).

Table 2-1
BOROUGH OF MAHANOEY CITY
Net General Fund Revenues, Expenditures and Surplus/(Deficit)
2016 - 2020

	2016	2017	2018	2019	2020	<u>Change 2016-2020</u>	
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>\$</u>	<u>%</u>
Total Revenues	\$2,516,951	\$1,428,654	\$1,602,177	\$1,591,170	\$1,554,604	-962,347	-38.2
Transfers not LF	-19,000	-11,677	0	0	0	19,000	-100.0
Sale of Assets	0	0	0	-4,750	-65,759	-65,759	100.0
Act 47 Loan	-800,000	0	0	0	0	800,000	-100.0
TRAN	<u>-600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>-100.0</u>
Net Revenues	\$1,097,951	\$1,416,977	\$1,602,177	\$1,586,420	\$1,488,845	390,894	35.6
Total Expenditures	2,394,062	1,581,151	1,711,259	1,493,195	1,487,002	-907,060	-37.9
Transfers	-289,736	-126,652	-164,400	-77,718	-140,331	149,405	-51.6
TRAN	<u>-600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>-100.0</u>
Net Expenditures	\$1,504,326	\$1,454,499	\$1,546,859	\$1,415,477	\$1,346,671	-157,655	-10.5
Net Surplus/(Deficit)	-\$406,375	-\$37,522	\$55,318	\$170,943	\$142,174		

Graph 2-1
BOROUGH OF MAHANOEY CITY
Net General Fund Revenues, Expenditures and Surplus/(Deficit)
2016 - 2020



General Fund Revenues 2016 - 2020

The Borough's General Fund depends on a mixture of tax and nontax revenue sources. The total revenue the Borough received from tax and nontax revenue sources decreased from \$2,516,951 in 2016 to \$1,554,604 in 2020, a decrease of 38.2%. While on its face this may seem a discouraging trend, it must be noted that in 2016 the Borough's General Fund revenues included one-time proceeds of \$800,000 from the Act 47 loan. The Borough's annual total revenues stabilized during the years 2017 – 2020.

The two largest General Fund revenue sources during the 2016 - 2020 review period were the Borough's resident earned income tax and real estate tax. These two taxes provided the Borough with stable revenue resources. Beginning in 2017, the Borough increased its resident earned income tax rate to 2 percent from 1 percent as required in Chapter 7 of the 2016 Recovery Plan. Accordingly, the Borough's receipt of earned income tax revenue increased by 186 percent during the 2016 - 2020 review period.

While the Borough's General Fund real estate tax millage rates varied during the 2016 - 2020 examination period, the Borough's real estate tax receipts slightly decreased by 1.0 percent.

Although a reliable source of revenue, the Borough's real estate tax revenue receipts manifest no inherent growth.

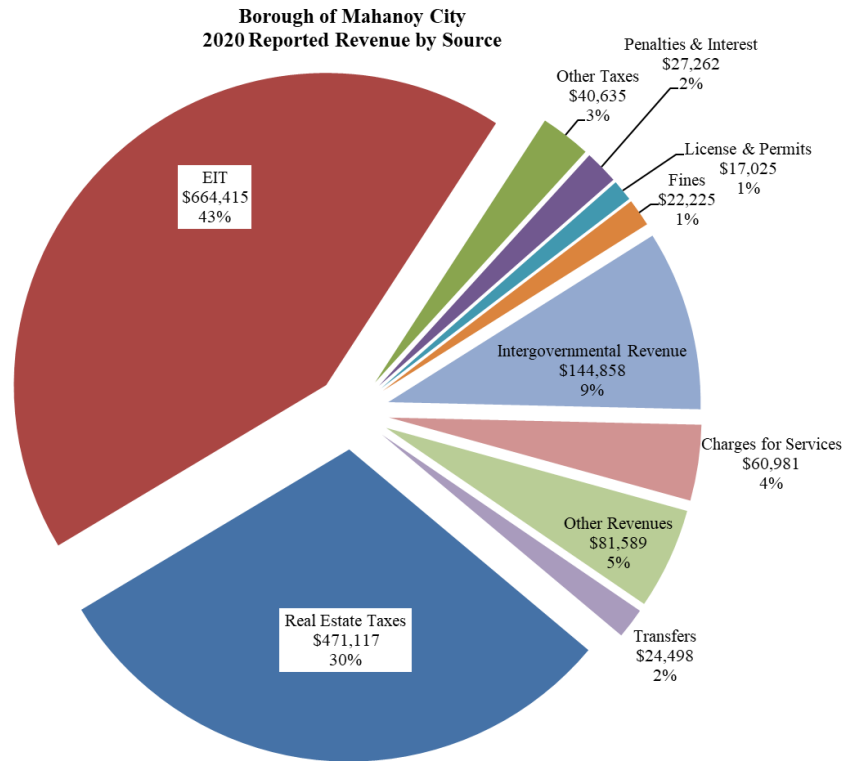
The Borough's real estate transfer tax increased by 94.3 percent. Intergovernmental revenue increased by 100.8 percent, of which a portion of this growth is due to the Borough's receipt of grant revenue, including Act 47 grant proceeds. The Borough's receipt of occupational tax revenue decreased by 83.2 percent as the Borough reduced the occupational tax rate to zero beginning in 2017. (See Table 2-2).

Table 2-2
BOROUGH OF MAHANOID CITY
General Fund Revenues
2016 – 2020

	2016	2017	2018	2019	2020	Change 2016-2020	
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	\$	%
Real Estate Taxes	\$475,985	\$478,913	\$513,614	\$461,811	\$471,117	-4,867	-1.0
EIT	231,648	537,925	690,836	693,169	664,415	432,767	186.8
Real Estate Transfer Tax	6,706	22,371	6,829	10,238	13,027	6,321	94.3
Occupation Tax	56,079	31,818	24,554	16,890	9,413	-46,666	-83.2
Local Services Tax	12,707	12,147	11,505	10,448	10,834	-1,873	-14.7
Per Capita Taxes	9,408	9,342	9,784	10,008	7,361	-2,047	-21.8
Penalties & Interest	17,956	17,749	17,316	20,708	27,262	9,306	51.8
License & Permits	40,629	40,460	36,705	51,862	17,025	-23,604	-58.1
Fines	21,459	19,374	22,289	20,531	22,225	766	3.6
Interest, Rents & Royalties	2,752	4,874	5,392	13,210	3,391	639	23.2
Intergovernmental Revenue	72,157	100,523	124,719	171,380	144,858	72,702	100.8
Charges for Services	84,349	53,331	56,130	53,525	60,981	-23,368	-27.7
Sanitation	0	254	40	0	0	0	0.0
Culture & Recreation	0	0	32,568	4,690	0	0	0.0
Miscellaneous Revenues	37,327	42,984	22,896	27,327	78,198	40,871	109.5
Interfund Transfers	47,790	56,589	26,999	25,373	24,498	-23,292	-48.7
Loan Proceeds	800,000	0	0	0	0	-800,000	-100.0
TRAN	<u>600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-600,000</u>	<u>-100.0</u>
Total Revenue	\$2,516,951	\$1,428,654	\$1,602,177	\$1,591,170	\$1,554,604	-962,347	-38.2

Graph 2-2 on the following page provides a breakdown of the revenue received by the Borough's General Fund by source, amount received and percentage in 2020.

Graph 2-2
BOROUGH OF MAHANoy CITY
General Fund Revenues by Source
2020



The Borough's total tax revenue increased by 48.4 percent from 2016 - 2020. As mentioned above, almost all of this increase in tax revenue is due to the Borough's increase in its resident earned income tax rate beginning in 2017. The Borough's nontax revenue increased by 27.9 percent. The increase in nontax revenue continues a similar increase of 39.9 percent in nontax revenue identified in Chapter 2 of the 2016 Recovery Plan. (See Table 2-3 of the 2016 Recovery Plan, at page 2-6).

Transfers to the General Fund decreased by 48.7 percent and since 2017 the Borough has eliminated the need to borrow money to cover its annual General Fund expenses. Similarly, the Borough has not utilized TRAN funding since 2017. The changes in Transfers, Loan Proceeds and TRAN are illustrative of the Borough's financial recovery during the past 5 years. From 2011 – 2015 transfers to support the Borough's General Fund's expenses increased by 370 percent.

In addition, the Borough needed to borrow \$130,000 in 2015 to support the General Fund's 2015 expenses and also needed to borrow the aforementioned \$800,000 in 2016 through the Commonwealth's Act 47 program to support the General Fund's 2016 expenses. These significant borrowings were made in response to the Borough's financial distress which led up to the Borough's entry into the Act 47 program in 2016. (See Table 2-3).

Table 2-3
BOROUGH OF MAHANOEY CITY
General Fund Revenues by Category
2016 – 2020

	2016	2017	2018	2019	2020	Change 2016-2020	
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	\$	%
Tax Revenue	\$792,533	\$1,092,515	\$1,257,122	\$1,202,565	\$1,176,168	383,635	48.4
Nontax Revenue	276,629	279,549	318,056	363,232	353,939	77,311	27.9
Transfers	47,790	56,589	26,999	25,373	24,498	-23,292	-48.7
Loan Proceeds	800,000	0	0	0	0	-800,000	-100.0
TRAN	<u>600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-600,000</u>	<u>-100.0</u>
Total Revenue	\$2,516,951	\$1,428,654	\$1,602,177	\$1,591,170	\$1,554,604	-962,347	-38.2

The positive consequence of the Borough actions since 2016 on its General Fund revenues are further illustrated by the fact that the percentage total of the Borough's General Fund revenues is now composed of nearly 99 percent of tax and nontax revenues which is indicative of the General Fund's ability to support itself without transfers or debt financing. (See Table 2-4).

Table 2-4
BOROUGH OF MAHANOEY CITY
General Fund Revenues Percentage of Total
2016 - 2020

	2016	2017	2018	2019	2020
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>
Tax Revenue	31.5	76.5	78.5	75.6	75.6
Nontax Revenue	11.0	19.6	19.9	22.8	22.8
Transfers	1.9	4.0	1.6	1.6	1.6
Loan Proceeds	31.8	0.0	0.0	0.0	0.0
TRAN	23.8	0.0	0.0	0.0	0.0
Total Revenue	100.0	100.0	100.0	100.0	100.0

Tax Rates

During the review period and pursuant to the Borough Code, the Borough was authorized to levy a real estate tax millage for General Fund purposes. In addition, the Borough was able to

levy real estate tax millages for special purposes. During the 2016 – 2020 period the Borough levied the following special purpose tax millages for the following funds: Debt, Library, Sinking/Capital Projects, Street Lighting and beginning in 2020 Fire Protection.

The Borough’s total real estate tax millage rate (General Fund and special purpose) remained constant at 35.524 mills from 2016 – 2020. As mentioned previously, the Borough varied its General Fund real estate millage rate during this period while correspondingly adjusting special purpose millage rates, but the total real estate tax millage rate of 35.524 has remained constant. The shift in mills from one fund category to another reflects Borough Council’s reaction to changing budget needs. The following provides a breakdown of the General Fund and special purpose mill rates from 2016 - 2020. (See Table 2-5).

Table 2-5
BOROUGH OF MAHANOEY CITY
Real Estate – Tax Millage
2016 - 2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Purpose	21.9	23.9	22.3	22.3	20.7
Library	0.474	0.474	0.474	0.45	0.45
Street Lighting	3.35	3.35	3.35	3.974	4.424
Special Road/Sinking Fund	0.6	0.6	1.5	1.5	1.5
Debt Service	7.2	7.2	7.9	7.3	7.3
Fire Equipment & Fire Houses	—	—	—	—	1.15
Blight Abatement	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Real Estate Mills	35.524	35.524	35.524	35.524	35.524

The Borough levies other taxes on residents and nonresidents as authorized by the Local Tax Enabling Act, Act 511 of 1965, as amended, (LTEA). Prior to adopting the 2016 Recovery Plan, the Borough levied a resident earned income tax rate of 1.0 percent which was subject to equal sharing with the Mahanoy Area School District. Therefore, a net rate of 0.5 percent of the 1.0 percent of the resident earned income tax levy was collected by the Borough for General Fund purposes. However, from 2017 - 2020 the Borough levied a resident earned income tax rate of 2.0 percent pursuant to the legal authority of Act 47 of 1987, as amended. Thus, the Borough received a net rate of 1.5 percent without having to share the additional 1.0 percent with the Mahanoy Area School District during this period. The revenue the Borough received from this rate increase has permitted the Borough to maintain a current level of public services since 2017.

The Borough also levies a local services tax of \$52.00 payable by all individuals who hold a job or profession within the Borough. The Borough is required by the LTEA to share \$5.00 of

the total local services tax of \$52.00 with the Mahanoy Area School District for a net rate of \$47.00 available for General Fund purposes. Notwithstanding the resident earned income tax rate, the other Borough's tax rates are at the legal maximum levied pursuant to the LTEA. The following is a list of LTEA taxes the Borough levied in 2020 and the applicable rate. (See Table 2-6).

Table 2-6
BOROUGH OF MAHANOEY CITY
Net Municipal Tax Rates
2020

<u>Tax</u>	<u>Municipal Rate</u>
Earned Income - Resident	1.5 percent
Local Services Tax	\$47.00
Realty Transfer	0.5 percent
Occupation	0 mills
Per Capita	\$5
Amusement—on each:	
Video game	\$25
Mechanical amusement device	\$10
Jukebox	\$5

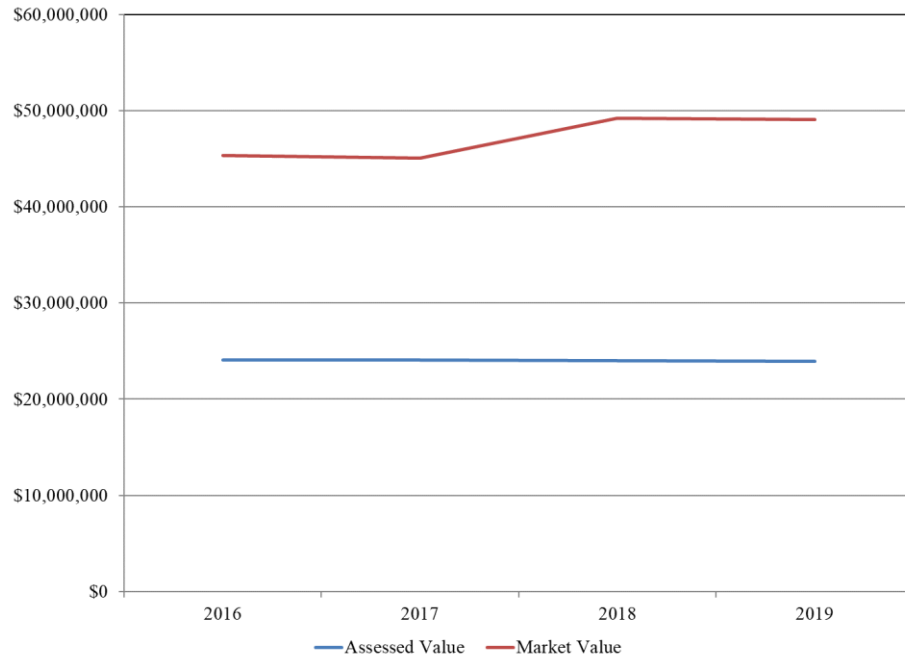
Changes in Market and Assessed Valuations of Real Estate

While the market value of real estate in the Borough increased by \$3,753,896 or 8.28 percent during 2016 – 2020, the assessed valuation of taxable real estate in the Borough decreased by \$200,200 or 0.83 percent. The assessed value of taxable real estate is the statutory value required to be used to calculate the real estate tax due by Borough property owners. Thus, the lack of growth in the value of taxable assessed real estate limits the growth of the Borough's property tax revenue receipts. (See Table 2-7 and Graph 2-3).

Table 2-7
BOROUGH OF MAHANOEY CITY
Market and Assessed Valuation
2016 - 2019

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Change \$</u>	<u>Change %</u>
STEB Market Value	\$45,331,244	\$45,053,042	\$49,225,846	\$49,085,140	\$3,753,896	8.28%
Assessed Valuation	\$24,101,590	\$24,037,125	\$23,996,715	\$23,901,390	(\$200,200)	-0.83%

Graph 2-3
BOROUGH OF MAHANOEY CITY
Market and Assessed Valuation
2016 - 2019

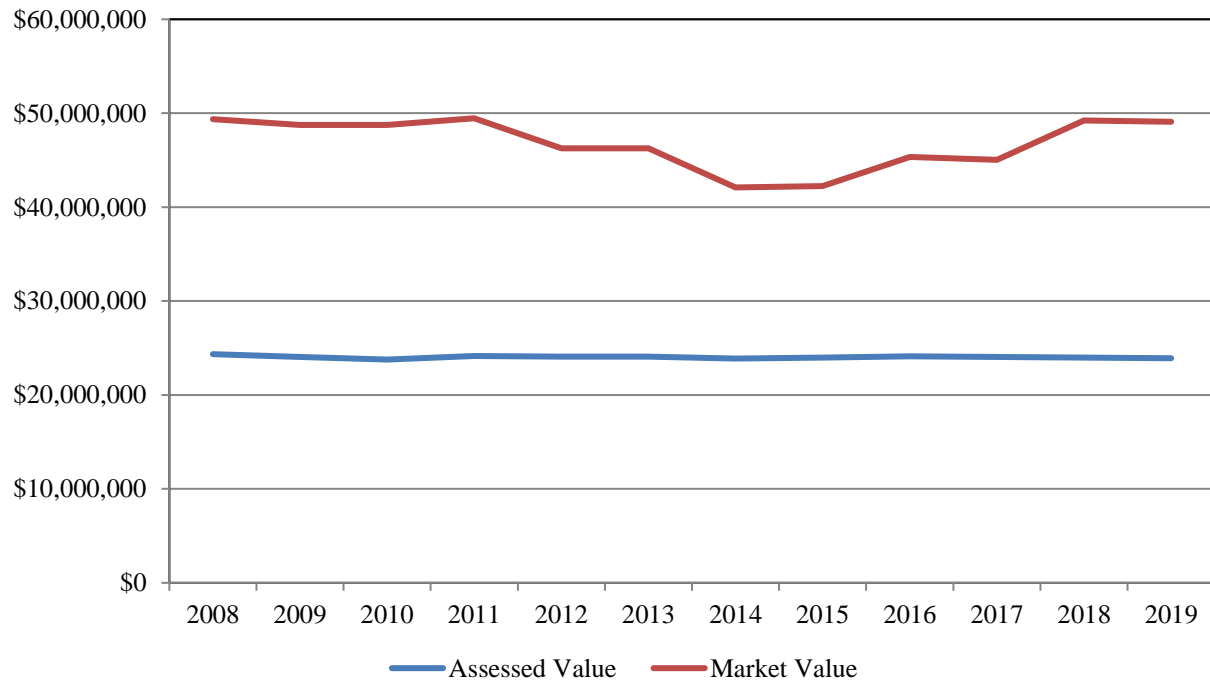


An extended review period reveals that the lack of growth in the value of the taxable real estate in the Borough appears to be a long-term trend. This lack of growth in the value of taxable assessed real estate is attributable to several intrinsic factors including the lack of available real estate for new residential or commercial development and an old and deteriorating housing stock with a majority of the existing residential structures over 70 years old. (See Table 2-8 and Graph 2-4 on the following page).

Table 2-8
BOROUGH OF MAHANOEY CITY
Market and Assessed Valuation
2008 - 2019

Year	Market Value	\$ Change	% Change	Assessed Value	\$ Change	% Change	AV % of MV
2008	49,356,771			24,345,335			49.3%
2009	48,740,399	-616,371	-1.2	24,054,040	-291,295	-1.2	49.4%
2010	48,764,623	24,224	0.0	23,770,980	-283,060	-1.2	48.7%
2011	49,462,228	697,605	1.4	24,150,705	379,725	1.6	48.8%
2012	46,258,624	-3,203,604	-6.5	24,081,935	-68,770	-0.3	52.1%
2013	46,251,834	-6,790	0.0	24,077,745	-4,190	0.0	52.1%
2014	42,098,076	-4,153,758	-9.0	23,894,680	-183,065	-0.8	56.8%
2015	42,244,774	146,698	0.3	23,992,295	97,615	0.4	56.8%
2016	45,331,244	3,086,470	7.3	24,101,590	109,295	0.5	53.2%
2017	45,053,042	-278,202	-0.6	24,037,125	-64,465	-0.3	53.4%
2018	49,225,846	4,172,804	9.3	23,996,715	-40,410	-0.2	48.7%
2019	49,085,140	-140,706	-0.3	23,901,390	-95,325	-0.4	48.7%
Change 2008 - 2019		-271,631	<0.1		-443,945	<0.1	

Graph 2-4
BOROUGH OF MAHANOEY CITY
Market and Assessed Valuation
2008 - 2019



General Fund Expenditures
2016 – 2020

The Borough has controlled its expenditures during the review period with spending decreasing in almost every expenditure category with the exception of employee Salary/Wages, which slightly increased from \$618,490 in 2016 to \$628,609 in 2020 or by 1.6 percent. Other Employee expenditures decreased throughout the period decreasing from \$366,871 in 2016 to \$317,908 in 2020 or by 13.3 percent. (Other employee expenditures include healthcare, workers comp, pension, etc.).

Non-Employee expenditures decreased from \$427,481 in 2016 to \$400,154 in 2020 or by 6.4 percent. The Non-Employee category includes utilities, equipment, maintenance and repairs, insurance (excluding health and workers' compensation), engineering, training, vehicles, hydrants, third-party inspections (code enforcement) and general expenses.

Transfers decreased by \$149,405 or by 51.6 percent during the review period. Beginning in 2017, most the transfers made annually by the Borough from the General Fund were targeted to supporting the Borough's Blight Fund, Debt Reduction Fund and Sinking Fund as required by the 2016 Recovery Plan. The Borough's stabilization of its revenues and expenditures during the review period also permitted the Borough to reduce its need for TRAN financing and thus eliminate its TRAN interest expense. (See Table 2-9).

Table 2-9
BOROUGH OF MAHANOID CITY
General Fund Expenditures by Category
2016 - 2020

	2016	2017	2018	2019	2020	Change 2016-2020	
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	\$	%
Salary/Wages	\$618,490	\$582,187	\$618,300	\$631,617	\$628,609	10,119	1.6
Other Employee	366,871	313,527	348,004	349,332	317,908	-48,963	-13.3
Non-Employee	427,481	542,786	580,555	434,528	400,154	-27,327	-6.4
Transfers	289,736	126,652	164,400	77,718	140,331	-149,405	-51.6
TRAN Interest	<u>18,295</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-18,295</u>	<u>-100.0</u>
Total Expenditures	\$1,720,873	\$1,565,151	\$1,711,259	\$1,493,195	\$1,487,002	-233,871	-13.6

Salary/Wages and Other Employee expenses constitute the greatest portion of General Fund expenses, totaling 63.7 percent of total expenditures in 2020. Non-Employee expenditures were 26.9 percent of total General Fund expenditures in 2020. (See Table 2-10 on the following page).

Table 2-10
BOROUGH OF MAHANoy CITY
General Fund Expenditures Percentage of Total
2016 - 2020

	2016	2017	2018	2019	2020
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>
Salary/Wages	35.9	37.2	36.1	42.3	42.3
Other Employee	21.3	20.0	20.3	23.4	21.4
Non-Employee	24.8	34.7	33.9	29.1	26.9
Transfers	16.8	8.1	9.6	5.2	9.4
TRAN Interest	<u>1.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Expenditures	100.0	100.0	100.0	100.0	100.0

Departmental Expenditure Review

Total expenditures in General Government and Police decreased during the 2016 – 2020 review period by 12.0 percent and 2.5 percent, respectively. Public Works expenditures slightly increased by 1.2 percent. (See Table 2-11).

Table 2-11
BOROUGH OF MAHANoy CITY
General Fund Expenditures by Department
2016 - 2020

	2016	2017	2018	2019	2020	Change 2016-2020	
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	\$	%
General Government	\$388,353	\$401,586	\$503,834	\$432,112	\$341,902	-46,451	-12.0
Fire	45,292	74,060	69,196	59,470	42,059	-3,233	-7.1
Other Public Safety	2,500	6,150	2,700	2,937	3,444	944	37.8
Code	48,238	43,904	56,843	49,841	55,081	6,843	14.2
Culture & Rec	10,565	8,734	29,382	27,644	4,863	-5,702	-54.0
Miscellaneous	37,941	175,461	63,179	14,869	38,900	959	2.5
Insurance	<u>100,962</u>	<u>99,848</u>	<u>61,225</u>	<u>55,767</u>	<u>93,768</u>	<u>-7,193</u>	<u>-7.1</u>
Subtotal GenGovt/Other	\$633,850	\$809,744	\$786,359	\$642,640	\$580,017	-\$53,833	-8.5
Police	589,029	463,384	562,979	595,790	574,336	-14,694	-2.5
PW Highways	189,963	165,372	197,521	177,047	192,319	2,356	1.2
TRAN Principal	673,189	0	0	0	0	-673,189	-100.0
TRAN Interest	18,295	0	0	0	0	-18,295	-100.0
Transfers	<u>289,736</u>	<u>142,652</u>	<u>164,400</u>	<u>77,718</u>	<u>140,331</u>	<u>-149,405</u>	<u>-51.6</u>
Total Expenditures	\$2,394,062	\$1,581,151	\$1,711,259	\$1,493,195	\$1,487,002	-\$907,060	-37.9

As expected, the cost of operating the Borough's General Government, Police, Public Works and Code constituted 74.5 percent of the General Funds expenditures in 2020. (See Table 2-12).

Table 2-12
BOROUGH OF MAHANOEY CITY
General Fund Expenditures by Department Percentage of Total
2016 - 2020

	2016	2017	2018	2019	2020
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>
General Government	16.2	25.4	29.4	28.9	23.0
Fire	1.9	4.7	4.0	4.0	2.8
Other Public Safety	0.1	0.4	0.2	0.2	0.2
Code	2.0	2.8	3.3	3.3	3.7
Culture & Rec	0.4	0.6	1.7	1.9	0.3
Miscellaneous	1.6	11.1	3.7	1.0	2.6
Insurance	<u>4.2</u>	<u>6.3</u>	<u>3.6</u>	<u>3.7</u>	<u>6.3</u>
Subtotal Gen Govt/Other	26.5	51.2	46.0	43.0	39.0
Police	24.6	29.3	32.9	39.9	38.6
PW Highways	7.9	10.5	11.5	11.9	12.9
TRAN Principal	28.1	0.0	0.0	0.0	0.0
TRAN Interest	0.8	0.0	0.0	0.0	0.0
Total Expenditures	100.0	100.0	100.0	100.0	100.0

General Government

For the review that follows, the Coordinator includes the related expenditures of management, code and clerical operations in the term General Government. In addition to employee-related expenditures, the category also includes nearly all overhead items necessary for Borough operations including insurances, phone service, tax collection cost, supplies, engineering costs, and building repairs. Total General Government expenditures decreased \$53,833 or 8.5 percent. General Government employee salaries decreased by \$23,526 or by 14.9 percent. Expenses for Services also decreased by \$15,235 or 9.4 percent. Employee benefits and workers' compensation increased by 30.5 percent and 61.7 percent, respectively. (See Table 2-13 on the following page).

Table 2-13
BOROUGH OF MAHANOID CITY
General Government and Related Expenditures
2016 - 2020

	2016	2017	2018	2019	2020	Change 2016-2020	
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	\$	%
Salaries	\$157,461	\$161,219	\$138,814	\$135,992	\$133,935	-23,526	-14.9
Overtime	0	0	0	0	0	0	0.0
FICA	26,134	27,972	12,207	10,836	10,571	-15,562	-59.5
Benefits	38,867	86,799	47,474	53,859	50,707	11,839	30.5
Pension	24,339	13,031	0	0	0	-24,339	-100.0
Unemployment Comp	5,907	4,927	19,581	9,900	6,175	267	4.5
Workers Comp	18,916	22,553	57,375	45,660	30,579	11,663	61.7
Total Employee Expenditure	\$271,624	\$316,502	\$275,450	\$256,247	\$231,967	-39,657	-14.6
Services	162,461	132,896	192,695	178,548	147,225	-15,235	-9.4
Supplies	45,368	58,020	84,342	53,150	36,325	-9,043	-19.9
Vehicle	7,870	2,243	8,155	2,723	2,598	-5,272	-67.0
Grant Expense	0	0	104,541	57,763	21,631	21,631	100.0
Home Rule	0	0	0	5,800	9,588	9,588	100.0
COVID	0	0	0	0	3,652	3,652	100.0
Rent	0	0	0	0	0	0	0.0
Insurance	100,962	99,848	61,225	55,767	93,768	-7,193	-7.1
Fire Relief	0	14,252	12,994	14,200	14,485	14,485	100.0
Other	45,565	185,984	46,955	18,443	18,777	-26,788	-58.8
Total Nonemployee Expenditures	\$362,226	\$493,242	\$510,908	\$386,393	\$348,050	-14,176	-3.9
Total Expenditures	\$633,850	\$809,744	\$786,359	\$642,640	\$580,017	-53,833	-8.5

Police

Total Police expenditures decreased \$14,694 or 2.5 percent. Police salaries is the largest Police expenditure. Salaries for the Police varied from a low of \$280,522 in 2017 to a high of \$346,235 in 2019 as the number of officers fluctuated over the review period. Police salaries increased by \$23,152 or 7.4 percent. Benefits expenditures, including health insurance, decreased by \$13,995 or by 17.3 percent. (See Table 2-14 on the following page).

Table 2-14
BOROUGH OF MAHANOEY CITY
Police Expenditures
2016 - 2020

	2016	2017	2018	2019	2020	Change 2016-2020	
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	\$	%
Salaries	\$311,502	\$280,522	\$318,013	\$346,235	\$334,654	23,152	7.4
Overtime	\$0	\$0	\$23,083	\$12,488	\$8,075	8,075	100.0
FICA/Medicare	6,501	4,068	15,402	15,907	14,646	8,146	125.3
Benefits	80,849	54,938	62,531	70,994	66,854	-13,995	-17.3
Pension	144,902	90,724	96,630	117,484	112,648	-32,254	-22.3
Uniforms	10,970	6,508	2,810	3,300	1,899	-9,071	-82.7
Total Emp Exp	\$554,724	\$436,760	\$518,469	\$566,407	\$538,776	-15,948	-2.9
Services	\$13,763	\$6,177	\$22,974	\$7,906	\$7,684	-6,079	-44.2
Supplies	5,126	5,781	7,027	11,617	491	-4,635	-90.4
Vehicle	15,417	14,667	14,509	9,859	27,385	11,968	77.6
Other	0	0	0	0	0	0	0.0
Total Nonemp Exp	\$34,306	\$26,625	\$44,509	\$29,383	\$35,560	1,254	3.7
Total Police Expenditures	\$589,029	\$463,384	\$562,979	\$595,790	\$574,336	-14,694	-2.5

Public Works

Total Public Works expenditures increased \$2,356 or 1.2 percent. Salaries for the Public Works employees varied from a low of \$99,085 in 2019 to a high of \$115,262 in 2020 as the number of employees fluctuated over the review period. Overall, during the review period Salaries grew by \$6,676 or 6.1 percent. Public Works employee Benefits, including health insurance, increased by \$6,570 or 31.8 percent.

All Public Works Non-Employee expenditure categories decreased during the review period. Overall, Public Works Non-Employee expenses decreased by \$10,268 or by 41.2 percent. (See Table 2-15 on the following page).

Table 2-15
BOROUGH OF MAHANOEY CITY
Public Works Expenditures
2016 - 2020

	2016	2017	2018	2019	2020	Change 2016-2020	
	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>Reported</u>	<u>\$</u>	<u>%</u>
Salaries	\$108,586	\$100,702	\$100,854	\$99,085	\$115,262	6,676	6.1
Overtime	0	0	2,055	3,245	2,459	2,459	100.0
FICA	8,307	7,704	7,873	7,828	9,006	699	8.4
Benefits	20,640	22,596	25,611	28,934	27,210	6,570	31.8
Pension	24,243	13,333	35,716	20,687	21,798	-2,445	-10.1
Uniforms	3,273	3,625	3,086	1,815	1,939	-1,334	-40.8
Total Emp Expenditure	\$165,049	\$147,961	\$175,195	\$161,595	\$177,673	12,623	7.6
Services	\$7,464	\$1,815	\$9,121	\$1,821	\$3,318	-4,146	-55.5
Supplies	5,098	6,353	6,461	3,507	3,538	-1,560	-30.6
Vehicle	8,878	8,752	5,558	8,077	6,814	-2,063	-23.2
Other	3,474	491	1,187	2,048	975	-2,498	-71.9
Total Non-emp Exp	\$24,914	\$17,411	\$22,327	\$15,452	\$14,646	-10,268	-41.2
Total PW Expenditures	\$189,963	\$165,372	\$197,521	\$177,047	\$192,319	2,356	1.2

Conclusion of Historical Financial Performance

The Borough has successfully structured its tax and nontax revenue resources over the past 5 years permitting the Borough's General Fund to achieve financial stability without having to rely on one-time revenue sources. In addition, the Borough's elected officials, management and employees have resolutely managed to control General Fund expenditures. These two factors, along with the Borough's implementation of other 2016 Recovery Plan initiatives, have restored the Borough's financial stability.

CHAPTER 3
DEPARTMENTAL REVIEWS AND INITIATIVES
(Amended June 2021)

The following initiative on Page 3-3, is amended to read as follows:

PD01 Staffing and Operations Initiatives

Based on the foregoing analysis, the Borough shall implement the following initiatives to strengthen the Police Department's staffing and operations.

* * * * *

PD01.2 The Borough should employ or budget for no more than four (4) full-time police officers, including the Chief of Police.

* * * * *

CHAPTER 5
WORKFORCE
(Amended June 2021)

The five-year time limit on the 2016 Recovery Plan adopted by Borough Council on September 22, 2016, was extended eighteen months by the adoption of Ordinance 2021-2 on February 9, 2021, which amended the 2016 Recovery Plan. Thus, the time limit of the Borough's 2016 Recovery Plan is now extended to March 22, 2023. The Coordinator is thereby obligated to revise the contents of this chapter to reflect the eighteen-month extension of the Borough's 2016 Recovery Plan.

Pursuant to Act 133 of 2012, (Act 133) a coordinator is required to include cost containment recommendations in a recovery plan for individual collective bargaining units. The Act 133 cost containment provisions included in this chapter are applicable to any negotiated collective bargaining agreement, arbitration settlement or arbitration award, memoranda of understanding or any other side agreement or any other document, agreed to or rendered between the Borough and its collective bargaining units after the adoption of this Second Amendment of the 2016 Recovery Plan.

The Borough's police department and public works department employees are both represented by individual, separate collective bargaining units. Thus, the Act 133 cost containment provisions included hereafter are applicable to the Borough's police department and public works department. It is the intention of the Coordinator that any labor negotiations by the Borough with its employees' bargaining unit representatives conducted after the adoption of this Second Amendment of the 2016 Recovery Plan shall be conducted in good faith and maintain the 2016 Recovery Plan workforce initiatives included in the current collective bargaining agreements.

Police Department

WFPD01 Workforce Review

As mentioned above, a collective bargaining agreement governs the Borough's relationship with its police department employees. The Borough's police department employees are represented by the Fraternal Order of Police Lodge 25 (F.O.P. Lodge 25). The current Collective Bargaining Agreement became effective on January 1, 2020, and is effective through December 31, 2022 (Police CBA). The Coordinator duly acknowledges the good faith efforts displayed by

both parties in the negotiations leading to up to the current Police CBA whereby the Borough and the F.O.P. Lodge 25 agreed to include many of the cost containment initiatives which are now applicable to new police officers hired after December 31, 2019.

Because some elected members of Borough Council have been replaced since the adoption of the 2016 Recovery Plan, the Coordinator has included this summary review of other forms of compensated leave that full-time Borough police officers receive along with their base salary. Borough police officers receive eleven paid holidays. If a police officer works on a holiday, they receive one and one-half times their regular hourly rate for the entire shift worked on a holiday. The Borough also provides term life insurance (minimum death benefit of \$35,000) and accidental death/dismemberment (minimum benefit of \$35,000).

The police department's full-time police officers work 84 hours in a 14-day work period. The Fair Labor Standards Act allows police officers to work 86 hours in a defined 14-day work period. However, current full-time officers receive a compensatory day for working 84 hours for each 14-day work period. A summary of several other compensated leave categories for full-time police officers hired before January 1, 2020, is provided in Chart 5-1.

Chart 5-1
BOROUGH OF MAHANNOY CITY
Police Benefit Chart — Full-Time Officers Hired before January 1, 2020

Vacation Time	<ul style="list-style-type: none"> • After 1 year (48 hours) • After 2 years (84 hours) • After 5 years (144 hours) • After 12 years (168 hours) • After 20 years (216 hours) • No maximum limit on amount of vacation hours an officer may accumulate • Upon retirement, officer is compensated 100% of final hourly salary for all accumulated vacation hours OR officer may elect to apply accumulated vacation hours toward minimum service requirements
Personal Time	<ul style="list-style-type: none"> • 120 hours per year • Can carry over from one year to next up to 96 hours • An officer's voluntary or involuntary termination is compensated for all accrued personal hours • No maximum limit on amount of personal hours officer may accumulate • Upon retirement, officer is compensated 100% of final hourly salary for all accumulated personal hours OR officer may elect to apply accumulated personal hours toward minimum service requirements
Sick Time	<ul style="list-style-type: none"> • 108 hours per year • Accumulate maximum of 720 sick time hours • Sick time accrued above 720 maximum hours shall be paid at rate of 45% of officer base rate at end of each calendar year • An officer's voluntary or involuntary termination prior to full vesting (12 years) is not

	compensated for accrued sick time—after full vesting 40% of cash value of accrued sick time <ul style="list-style-type: none"> • Doctor’s certificate is required for absence exceeding 3 consecutive days • Accrued sick time may be applied to early retirement or compensated at rate of 40% of cash value at retirement
Longevity	<ul style="list-style-type: none"> • Upon completion of the number of years in service the officer receives in a separate check in pay period that includes officer’s anniversary date the following amounts: <u>Years of Service and \$ Amount</u> 2—\$100 per years of service 4—\$100 per years of service 6—\$100 per years of service 8—\$100 per years of service 10—\$100 per years of service 15—\$100 per years of service 20—\$100 per years of service 25—\$100 per years of service
Healthcare	<ul style="list-style-type: none"> • Health insurance paid monthly in full by Borough • Any increase of health insurance rates exceeding 7% compared to prior year health insurance rates is paid by officers in form of monthly co-pay • Officers must complete 25 years of service to receive healthcare coverage through retirement at no cost to officer as long as officer is not eligible for comparable health insurance coverage or eligible under Medicare • Health insurance for retired officer’s spouse or dependent available at cost to retired officer

Full-time Borough police officers with at least twenty-five years of service and at least fifty years of age are also eligible for retirement benefits. Eligible police officers are entitled to 50 percent of the officer’s average monthly salary based on the officer’s final 36 months of service. Officers are not required to contribute to the police pension fund so long as the police pension fund remains sound as determined by actuarial studies as required by law. Officers are only required to contribute to the police pension fund if such contribution is necessary to maintain the actuarial soundness of the police pension fund. Currently, Borough officers are contributing 6.75 percent of their pay into the defined benefit pension fund. Police officers are also permitted to participate in a Section 457 supplemental retirement plan offered by the Borough. Police officer’s contributions to such a supplemental retirement plan may be deducted from the police officer’s pre-tax earnings. Other provisions in the police pension plan include a service increment of one hundred dollars (\$100) per month for each year of service beyond twenty-five years up to a maximum of five hundred dollars (\$500) per month as permitted by law and a cost-of-living adjustment based on the Consumer Price Index rate.

When bargaining the current Police CBA, the Borough and F.O.P. Lodge 25 successfully negotiated many of the cost containment initiatives that were recommended in the 2016 Recovery Plan. These provisions, only applicable to full-time officers hired *after* December 31, 2019, will

be helpful in assisting the Borough control police department expenses in the future. The Coordinator recommends that these terms remain in any negotiated collective bargaining agreement, arbitration settlement or arbitration award, memoranda of understanding or any other side agreement or any other document, agreed to or rendered after the adoption of this Second Amendment of the 2016 Recovery Plan between the Borough and the F.O.P. Lodge 25. The following is a description of the 2016 Recovery Plan initiatives negotiated in the current Police CBA applicable to police officers hired after December 31, 2019.

- Full-time officers will work 84 hours in a 14-day work period without getting paid overtime or receiving a personal day or a compensatory day.
- Full-time officers will receive reduced paid vacation time.
- Full-time officers will receive reduced annual personal time and are prohibited from annually carrying over from year-to-year unused personal time.
- Full-time officers will receive reduced annual sick time, have a limit on amount of sick leave accumulated, are prohibited from any annual buy back of sick time or buy back of sick time upon voluntary or involuntary termination of employment and upon retirement, and there shall be a buyback of only up to 25 percent of unused, accumulated sick time.
- Full-time officers will begin receiving a longevity bonus only after 6 years of continuous service and the amount of longevity paid will be reduced.
- Full-time officers will contribute 5 percent of the applicable premium for their health insurance by payroll deduction.
- Full-time officers will not be eligible for the cost-of-living adjustment in the police pension plan.

WFPD01 Workforce Initiatives

As previously stated, the Borough's current Police CBA with its police department employees extends through the end of 2022. Thus, the total limit on police department employee expenditures, as required by Act 133, will become operative upon Borough Council's adoption of this Second Amendment of the 2016 Recovery Plan and will be applicable to any negotiated collective bargaining agreement, arbitration settlement or arbitration award, memoranda of understanding or any other side agreement or any other document, agreed to or rendered after the adoption of this Second Amendment of the 2016 Recovery Plan between the Borough and the

F.O.P. Lodge 25 through March 22, 2023. The following Table 5-1 provides for the total limits on the Borough's police department employee expenditures for the Mahanoy City Police Department.

Table 5-1
BOROUGH OF MAHANOEY CITY
Act 133 Police Expenditure Limits

	2021	2022	2023
	Estimated	Estimated	Estimated
Chief Salary	\$64,480	\$65,770	\$67,085
FT Salaries	170,498	173,908	177,386
PT Salaries	110,000	112,750	115,569
Overtime	8,000	8,000	8,000
FICA	11,822	12,101	12,386
Disability Income	2,500	2,550	2,601
Hospitalization	59,682	62,965	66,428
Pension	107,000	109,140	111,323
Workers Comp	20,400	20,400	20,400
Uniforms	3,700	3,774	3,849
Total Police Expenditures	\$558,082	\$571,357	\$585,027

Expenditure Limit Assumptions:

- Full time police chief, salary equal to hourly rate times 2,080, increased 2.0 percent annually.
- Three full-time officers, annual increase 2.0 percent per contract through 2022 and 2.0 percent for 2023
- Part time salary increase of 2.5 percent per contract through 2022 and 2.5 for 2023.
- Healthcare increases at 5.5 percent annually. Continue with no premium share.

Public Works Department

WFPW01 Workforce Review

A collective bargaining agreement governs the Borough's relationship with its public works department employees. The Borough's public works department employees are members of the collective bargaining unit Teamsters Joint Council No. 53, Local Union No. 429 (Teamsters Local No. 429). The current Collective Bargaining Agreement became effective on January 1, 2017, and is effective through December 31, 2021 (Public Works CBA). The Coordinator duly acknowledges the good faith efforts displayed by both parties in the negotiations leading to up to the Public Works CBA whereby the Borough and the Teamsters Local No. 429 agreed to include many of the cost containment initiatives which are now applicable to new public works employees hired after December 31, 2016.

Public works department employees work 40 hours per week, Monday-Friday, 7:00 a.m. to 3:30 p.m. with a nonpaid thirty-minute lunch break. Public works employees work overtime only for an emergency call out for snow removal, setting up barricades or boarding up abandoned and blighted buildings. The minimum emergency call out pay is a minimum of two hours and in increments of two hours thereafter, to be paid at time and one half or double time depending on the day of week. In the winter, emergency call out usually takes 4 hours or more. Sometimes the reason for the call out can be corrected in 10 minutes, in which case they do not bill the Borough for the time. Public works department employees work about 40-50 hours of overtime per year.

In addition to their hourly rate of rate of pay and overtime, full-time public works department employees also receive other categories of compensated leave. Public works employees receive ten paid holidays. If an employee works on a holiday, they receive one and one-half times their regular hourly rate for all hours worked on the holiday in addition to his/her regular holiday pay. The Borough also provides Public Works employees with term life insurance (minimum death benefit of \$40,000) and accidental death/dismemberment (minimum benefit of \$40,000). A summary of several other compensated leave categories for full-time public works department employees hired before January 1, 2017, is provided in Chart 5-2.

Chart 5-2
BOROUGH OF MAHANOEY CITY
Public Works Benefit Chart — Full-Time Employees Hired before January 1, 2017

Vacation Time	<ul style="list-style-type: none"> • Pro-rata with less than 1 year of service • After 1 year (5 days/1week) • After 2 years (10 days/2 weeks) • After 7 years (15 days/3 weeks) • After 15 years (20 days/4 weeks) • After 20 years (25 days/5 weeks) • Employees not entitled to carry over any unused vacation time
Personal Time	<ul style="list-style-type: none"> • 5 personal days • Employees can accumulate up to maximum of 15 personal days
Sick Time	<ul style="list-style-type: none"> • 10 sick days per year • Employees can accumulate up to maximum of 90 days • Sick time of up to 10 days per year accrued above the 90 day maximum may be cashed in at end of calendar year at 25% of current pay rate • Accrued sick time may be applied toward retirement eligibility at a rate of 100% OR may be sold upon retirement at a rate of 30% of current hourly rate • At employee's voluntary or involuntary termination, sick time is paid at various rates based on time of service for all accumulated sick time • Doctor's certificate is required for absence from sickness for 3 or more days • Employee may use sick time when sickness in immediate family requires employees' absence from work

Healthcare	<ul style="list-style-type: none"> • Borough makes a monthly contribution to the Central PA Teamster Health Fund for each eligible employee participating in the Fund • Amount of Borough's monthly contribution determined annually by the Fund • Employees pay 5% of monthly contribution based on bargaining units monthly bill divided equally to each bargaining unit participant • Upon retirement, employee with 20 years or more service offered single plan coverage for period of 1 year with employee responsible for any copayments. Thereafter, health care coverage offered to employee at full cost to the retiree. Borough provided coverage ceases if retiree becomes eligible for other coverage through employment or spouse or becomes eligible for Medicare
Pension	<ul style="list-style-type: none"> • The Borough is required to contribute a minimum of 11% of an employee's bi-weekly pay to the employees defined contribution plan

When bargaining the current public works labor agreement, the Borough and Teamsters Local No. 429 negotiated and included many of the provisions that were recommended in the 2016 Recovery Plan. These provisions, while only applicable to full-time public works employees hired *after* December 31, 2016, will be helpful in assisting the Borough control public works department expenses in the future. The Coordinator recommends that these terms remain in any negotiated collective bargaining agreement, arbitration settlement or arbitration award, memoranda of understanding or any other side agreement or any other document, agreed to or rendered after the adoption of this Second Amendment of the 2016 Recovery Plan between the Borough and the Teamsters Local No. 429 through March 22, 2023. The following is a description of the 2016 Recovery Plan initiatives negotiated in the current Public Works CBA applicable to full-time public works employees hired after December 31, 2016.

- Full-time employees will receive reduced paid vacation time after 20 years of service.
- Full-time employees will receive reduced annual personal time and a reduced amount of personal time an employee can accumulate.
- Full-time employees are permitted to use only 50% of accrued sick leave towards retirement eligibility.
- Full-time employees voluntarily or involuntarily terminated are not eligible to receive pay out of accumulated sick leave.
- Full-time employees are not eligible to be paid out for sick days above 90-day maximum accumulation amount.

WFPW01 Workforce Initiatives

As previously stated, the Borough's Public Works CBA with its public works department employees extends through the end of 2021. Thus, the total limit on public works department employee expenditures, as required by Act 133, will become operative upon Borough Council's adoption of this Second Amendment of the 2016 Recovery Plan and will be applicable to any negotiated collective bargaining agreement, arbitration settlement or arbitration award, memoranda of understanding or any other side agreement or any other document, agreed to or rendered after the adoption of this Second Amendment of the 2016 Recovery Plan amendment between the Borough and the Teamsters Local No. 429 through March 22, 2023. The following Table 5-2 provides for the total limits on the Borough's public works employee expenditures for the Mahanoy City Public Works Department.

Table 5-2
BOROUGH OF MAHANOEY CITY
Act 133-Limits on Expenditures-Public Works

	2021	2022	2023
	Estimated	Estimated	Estimated
Salaries	\$125,050	\$127,551	\$130,102
FICA	9,566	9,758	9,953
Disability Income	2,500	2,550	2,601
Hospitalization	35,726	37,691	39,764
Pension	25,000	25,500	26,010
Workers Comp	9,498	9,498	9,498
Uniforms	2,500	2,500	2,500
Total PW Expenditures	\$209,840	\$215,047	\$220,427

Expenditure Limit Assumptions:

--Three full-time positions, annual wage increase of 2.0 percent.

--Healthcare included for three employees at single rate. (Currently only 2 employees are covered by the Borough).

--Healthcare increases at 5.5 percent annually. Premium share continues at 5% employee co-pay rate.

CHAPTER 7
BASELINE OPERATING BUDGET PROJECTIONS AND
RECOVERY PLAN INITIATIVES

(Amended June 2021)

General Fund Baseline Projections
2021 - 2023

The General Fund baseline projections for the years 2021 - 2023 were developed using the Borough's historical revenue and expenditure trends outlined in Chapter 2 and the Borough's 2021 adopted budget projections.

Revenues

The Coordinator projects that Borough's General Fund revenue will decrease by \$22,505 or by 1.4% during the 2021 – 2023 period. General Fund property tax revenue is projected to decrease during the 2021 – 2023 period by 0.4 percent while the Borough's earned income tax revenue is projected to increase by 2.5 percent. Intergovernmental revenue is projected to decrease as the Borough completes its Act 47 grant projects in 2021. The Coordinator projects little or no growth in other Borough revenues sources. The following assumptions were used by the Coordinator in developing the revenue projections in Table 7-1 on the following page.

- The 2021 operating budget is used as the baseline.
- All tax rates are held constant at the 2021 budgeted levels; fee revenue is based upon the Borough's 2021 adopted fee schedules.
- Revenue from real estate taxes is decreased 0.2 percent based on decreasing assessed property values. Delinquent tax collections are included at historical levels.
- Earned income tax revenue is increased at 1.25 percent annually.
- Other tax revenues are reviewed on a line-by-line basis.
- Nontax revenues are held constant over the period.
- State aid for pension expense is increased annually by the historical average annual increase of 2.0 percent through the period.
- U.S. economic financial recovery from COVID-19 continues.

Table 7-1
BOROUGH OF MAHANOEY CITY
Baseline General Fund Revenue Projections
2021 - 2023

	2021	2022	2023	Change 2021-2023	
	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	\$	%
Real Estate Taxes	471,197	470,255	469,314	-1,883	-0.4
EIT	702,717	711,501	720,395	17,678	2.5
Real Estate Transfer Tax	11,000	11,000	11,000	0	0.0
Occupation Tax	4,000	4,000	4,000	0	0.0
Local Services Tax	10,500	10,500	10,500	0	0.0
Per Capita Taxes	9,600	9,600	9,600	0	0.0
Penalties & Interest	18,500	18,500	18,500	0	0.0
License & Permits	40,500	40,500	40,500	0	0.0
Fines	22,500	22,500	22,500	0	0.0
Interest, Rents & Royalties	70	70	70	0	0.0
Intergovernmental Revenue	149,050	110,750	110,750	-38,300	-25.7
Charges for Services	74,561	74,561	74,561	0	0.0
Culture & Recreation	1,700	1,700	1,700	0	0.0
Miscellaneous Revenues	4,280	4,280	4,280	0	0.0
Interfund Transfers	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>	<u>0.0</u>
Total Revenue	1,555,175	1,524,717	1,532,670	-22,505	-1.4

Expenditures

The Coordinator projects that Borough's General Fund expenditures will increase by \$25,591 or by 1.7% during the 2021 – 2023 period. The Coordinator projects expenditure growth in general government, police, code and public works, mostly due to annual wage/salary increases. The other notable increase in expenditures is in employee benefits which is attributable to employee health insurance and pension expenses. The following assumptions were used by the Coordinator in developing the expenditure projections in Table 7-2 on the following page.

- The number of employed Borough personnel is held constant at the 2021 operating budget level.
- Police officer wages are increased by collective bargaining agreement rate of 2 percent in 2022 and thereafter increased by 2.0 percent in 2023 for full time officers; part-time officers per hour rate was increased 2.6 percent in both 2022 and 2023.
- The chief of police salary for 2021 is at the 2021 budgeted levels. With the understanding that the Borough is searching for a police chief at the time of the writing of this amendment, the Coordinator assumes a full-time chief of police in 2022 with chief of

police wages calculated at the hourly rate per the current collective bargaining agreement in 2022 and, thereafter, increased by 2.0 percent in 2023.

- Public works wages are increased by 2 percent annually in 2022 and 2023.
- Non-bargaining management employee salaries/wages are increased by 2.0 percent annually in 2022 and 2023.
- Employee medical costs are increased by a rate of 5.5 percent annually. Employee healthcare contributions remain at rates contained in the last year of current collective bargaining contracts for bargaining unit employees and at 2021 budgeted rates for non-bargaining unit employees. Currently only two of the three Teamsters' members have healthcare.
- Municipal pension obligations are increased by the same percentages as total salary and wages.
- Other expenditures were increased at various levels using the U.S. Bureau of Economic Analysis' Core Personal Consumption Expenditures Index, held at budget level, or adjusted based on type of expenditure.

Table 7-2
BOROUGH OF MAHANOEY CITY
Baseline General Fund Expenditure Projections
2021 - 2023

	2021	2022	2023	Change 2021-2023	
	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>\$</u>	<u>%</u>
General Government	\$402,042	\$407,460	\$413,096	11,054	2.7
Police	632,636	648,023	663,894	31,258	4.9
Fire	51,516	51,902	52,296	779	1.5
Other Public Safety	3,400	3,400	3,400	0	0.0
Code	75,314	76,206	77,115	1,800	2.4
PW Highways	225,421	230,684	236,120	10,699	4.7
Culture & Rec	5,000	5,000	5,000	0	0.0
Miscellaneous	30,000	0	0	-30,000	-100.0
Insurance	<u>62,750</u>	<u>62,750</u>	<u>62,750</u>	<u>0</u>	<u>0.0</u>
Total Expenditures	\$1,488,080	\$1,485,424	\$1,513,670	25,591	1.7

Surplus/(Deficit)

The Coordinator projects the Borough to have modest General Fund budget surpluses through 2023. The projected General Fund budget surpluses gradually decrease each year. The decreasing General Fund budget surpluses during the 2021 – 2023 period are the result of the

projected increase in Borough expenditures by 1.7 percent while Borough revenues are projected to decrease by 1.4 percent. The General Fund baseline projections are illustrated in Table 7-3 below.

Table 7-3
BOROUGH OF MAHANOEY CITY
Baseline Revenue, Expenditures, Surplus/(Deficit) Projection Summary
2021 - 2023

	2021 <u>Estimated</u>	2022 <u>Projected</u>	2023 <u>Projected</u>	Change 2021-2023	
				\$	%
Revenues	\$1,555,175	\$1,524,717	\$1,532,670	-22,505	-1.4
Act 47 Grant Revenue	<u>-38,300</u>	<u>0</u>	<u>0</u>	<u>38,300</u>	<u>-100.0</u>
Revenues w/o Grant	\$1,516,875	\$1,524,717	\$1,532,670	15,795	1.0
Expenditures	\$1,488,080	\$1,485,424	\$1,513,670	25,591	1.7
Act 47 Grant Expense	<u>-30,000</u>	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>-100.0</u>
Expenditures w/o Grant	\$1,458,080	\$1,485,424	\$1,513,670	55,591	3.8
Surplus/(Deficit) w/o Grant	\$58,795	\$39,292	\$18,999		

2021 Baseline Cash Flow Projections

Baseline cash flow projections for the General Fund were developed for 2021 using the Borough's 2016 - 2020 operating budget actuals, the Borough's 2021 year to date actuals (through April 2021) and the estimated cash receipts and expenditures for the remainder of 2021.

The cash flow projection shows that the Borough will have sufficient cash during fiscal year 2021 to satisfy its budgeted 2021 expenses. The Borough is projected to end 2021 with a fourth quarter cash surplus totaling \$273,612. (See Table 7-4).

Table 7-4
BOROUGH OF MAHANOEY CITY
Baseline Estimated Cash Flow and Revenue and Expenditure by Quarter Year
2021

	1st Qtr. 2021	2nd Qtr. 2021	3rd Qtr. 2021	4th Qtr. 2021	
Cash Balance Beginning of Quarter	\$151,924	\$189,924	\$339,735	\$375,729	
Surplus/Deficit	-16,592	178,958	35,995	-131,265	
Increase/(Decrease) in Payables	5,541	0	0	0	
Other Items Affecting Cash	<u>49,052</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Balance End of Quarter	\$189,924	\$368,882	\$404,877	\$273,612	
General Fund Budget					
Estimated Revenues and Expenditures	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	FY 2021
Total Revenues	\$284,782	\$541,399	\$364,869	\$364,125	\$1,555,175
Total Expenditures	<u>301,375</u>	<u>\$362,441</u>	<u>\$328,875</u>	<u>\$495,390</u>	<u>\$1,488,080</u>
Cash Surplus/(Deficit)	(\$16,592)	\$178,958	\$35,995	(\$131,265)	\$67,095

Debt Service/Capital Leases

Presently, the Borough has several outstanding debt obligations. Fortunately, the Borough will be retiring a portion of its outstanding debt in 2021 and 2022 which will allow the Borough to allocate some of its current special debt service millage currently used for debt service to the General Fund if necessary. (See Table 7-5).

Table 7-5
BOROUGH OF MAHANOEY CITY
Debt Service
2021-2035

<u>Debt</u>	<u>Issued</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Annual Debt Service</u>	<u>Outstanding Balance 5/31/21</u>
Water Authority	2007	2027	\$154,250	\$8,508	\$52,253
USDA	2014	2035	56,000	3,948	33,628
GO Note, Series 2015 (MEM loan)	2015	2030	342,000	28,464	63,439
GO Note, Series 2015 (Unfunded Debt)	2015	2022	130,000	22,176	21,851
DCED Act 47	2016	2027	800,000	80,000	480,000
Capital Lease	2017	2021	38,226	8,754	8,754
USDA	2021	2026	47,500	10,056	47,500

Conclusion of Baseline Projections

The Coordinator's baseline revenue and expenditure projections project annual General Fund budget surpluses from 2021 – 2023. Unfortunately, the projections also highlight that the Borough's General Fund revenue growth is not maintaining the same level of growth as the Borough's General Fund expenditures. This mismatch is manifested in the projected decreasing annual budget surpluses. The Borough does have some options to address this issue.

First, as noted in the amended Chapter 2, the Borough has exhibited control over its expenditures since entering the Act 47 program in 2016. The Borough will need to continue to maintain control over its expenditures to maintain financial sustainability.

Second, as noted in the amended Chapter 2, the Borough has varied its General Fund real estate millage rate over the past 5 years reflecting Borough Council's reaction to changing budget needs. The Borough will be able to continue this practice as it retires lease and debt obligations in 2021 and 2022 that are currently funded by the Borough's Sinking Fund and the Borough's Debt Service Fund through special tax millages.

Clearly, the Borough finds itself in a much better financial situation after 5 years of implementation of the initiatives included in the 2016 Recovery Plan. The adoption of a home rule charter that became effective on January 1, 2021, provides the Borough with not only a new form of government but also with the flexibility to structure its revenue sources to meet the economic capacity of its tax base. This will enable the Borough to meet its obligations to its vendors and creditors and to maintain the delivery of vital and necessary services to its residents in future years.

**BOROUGH OF MAHANoy CITY
SCHUYLKILL COUNTY, PENNSYLVANIA**

ORDINANCE NO. 2021-2

AN ORDINANCE OF THE BOROUGH OF MAHANoy CITY, SCHUYLKILL COUNTY, PENNSYLVANIA AMENDING ORDINANCE NO. 2016-4 TO ADD A NEW CHAPTER TO THE FINANCIAL RECOVERY PLAN FOR THE BOROUGH OF MAHANoy CITY AS PREPARED BY THE ACT 47 COORDINATOR EXTENDING THE FINANCIAL RECOVERY PLAN'S TERMINATION DATE EIGHTEEN (18) MONTHS TO MARCH 22, 2023.

WHEREAS, the Borough of Mahanoy City was declared a financially distressed municipality by Order of the Secretary of the Department of Community and Economic Development (DCED) on February 18, 2016, pursuant to 53 P.S. §11701.203 of the Municipalities Financial Recovery Act, Act 47 of 1987 (Act 47); and

WHEREAS, the DCED appointed as Act 47 coordinator, the Pennsylvania Economy League (Coordinator), to formulate and file with the Borough the *Act 47 Financial Recovery Plan for the Borough of Mahanoy City* (Act 47 Financial Recovery Plan) pursuant to 53 P.S. §11701.242 of Act 47; and

WHEREAS, the Borough adopted, by ordinance 2016-4, the Act 47 Financial Recovery Plan on September 22, 2016, on which date the Act 47 Financial Recovery Plan became effective pursuant to 53 P.S. §11701.245 of Act 47; and

WHEREAS, the provisions of the Act 47 Financial Recovery Plan are only effective up to five years from the effective date, pursuant to 53 P.S. §11701.254 of Act 47; and

WHEREAS, Act 23 of 2020 permits a municipality operating pursuant to a recovery plan to be eligible for an eighteen month extension to the five year time limit imposed by 53 P.S. §11701.254; and

WHEREAS, the Act 47 Financial Recovery Plan may be amended by ordinance upon initiation by the Coordinator; and

WHEREAS, Borough Council now desires to amend Ordinance No. 2016-4 to extend the Act 47 Financial Recovery Plan termination date for eighteen (18) months.

NOW THEREFORE, BE IT ORDAINED AND ENACTED BY THE MAHANOEY CITY COUNCIL this 9th day of February, 2021, as follows:

SECTION 1. AMENDMENT. The *Act 47 Financial Recovery Plan for the Borough of Mahanoy City—First Amendment*, as submitted by the Pennsylvania Economy League and attached hereto as Exhibit A, extending the five year time limit of the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City* by eighteen months from September 22, 2021 to March 22, 2023, is hereby approved and adopted in accordance with the Financially Distressed Municipalities Act and is hereby incorporated as part of the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City*.

SECTION 2. OFFICIALS AUTHORIZED. The appropriate officials of the Borough of Mahanoy City are hereby authorized to execute any and all documents necessary to implement the *Act 47 Financial Recovery Plan for the Borough of Mahanoy City—First Amendment* attached hereto as Exhibit A.

SECTION 3. SUPERSEDE. The remaining sections of the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City* shall remain valid and in effect, provided that, the provisions of Exhibit “A” shall supersede and control any conflicts with the *Act 47 Financial Recovery Plan of the Borough of Mahanoy City* which it amends.

SECTION 4. SAVINGS CLAUSE. If any section, clause, provision or portion of this Ordinance shall be held invalid or unconstitutional by any court of competent jurisdiction such decision shall not affect any other section, clause, provision or portion of this Ordinance, so long

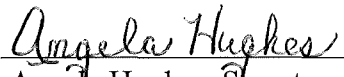
as it remains legally enforceable, minus the invalid portion. The Borough reserves the right to amend this Ordinance or any portion thereof from time to time as it shall deem advisable in the best interest of the promotion of the purposes and intent of this Ordinance, and the effective administration thereof.

SECTION 5. LEGAL AUTHORITY. This Ordinance is enacted by the Mahanoy City Council of the Borough of Mahanoy City under the authority of the Act of Legislature, April 13, 1972, Act No. 62, known as the "Home Rule Charter and Option Plans Law", as amended, any other applicable law arising under the laws of the State of Pennsylvania and the Home Rule Charter of the Borough of Mahanoy City.


SECTION 6. EFFECTIVE DATE. This Ordinance shall become effective immediately upon approval by the Mahanoy City Council.

BE IT ORDAINED and **ENACTED** this 9th day of February 2021.

ATTEST
MAHANOEY CITY


Angela Hughes, Secretary

COUNCIL OF THE BOROUGH OF


Thomas C. McCabe, Council Chairperson

EXHIBIT

A

ACT 47 FINANCIAL RECOVERY PLAN
FOR THE
BOROUGH OF MAHANOEY CITY
FIRST AMENDMENT

Effective Immediately Upon Adoption by Ordinance

Prepared By:

Pennsylvania Economy League, Central PA Division, LLC
88 North Franklin Street, Suite 200
Wilkes-Barre, PA 18701

January 2021

CHAPTER 8

EXTENSION OF RECOVERY PLAN TERMINATION DATE

The COVID-19 pandemic is negatively impacting the United States economy and most, if not all, of the commonwealth's municipalities. This includes the Borough of Mahanoy City. On May 29, 2020, the Governor of Pennsylvania signed into law Fiscal Code-Omnibus Amendments, P.L. 158, No. 23 ("Act 23 of 2020"). Section §2.1 of Act 23 of 2020 added a new Section §1604-D.1 to the Fiscal Code. Section §1604-D.1 provides as follows:

Section 1604-D.1. Emergency plan extension.

A municipality operating pursuant to a recovery plan under the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, shall be eligible for an 18-month extension beyond the time limit imposed under section 254 of the Municipalities Financial Recovery Act.

Pursuant to Act 23 of 2020, the Borough is eligible for an 18-month extension beyond the five-year time limit imposed by section 254 of Act 47. It is the Coordinator's opinion that extending the termination date of the Borough's Act 47 Recovery Plan by 18 months will ensure that the Borough maintains the support and technical assistance of the Coordinator and the Commonwealth in these uncertain times. In addition, it will enable the Borough to complete implementation of a key recovery plan recommendation—transition to a home rule form of government.

Section 249 of Act 47 authorizes a coordinator to initiate an amendment to an adopted recovery plan developed by a coordinator. Therefore, the Coordinator recommends that the Borough amend, by ordinance, its adopted Act 47 Recovery Plan to extend the Recovery Plan's time limit from September 22, 2021 to March 22, 2023. All other terms and conditions of the adopted Act 47 Recovery Plan will remain valid and enforceable through the 18-month extension.

**ACT 47 FINANCIAL RECOVERY PLAN
FOR THE
BOROUGH OF MAHANOEY CITY**

Prepared For:

The Borough of Mahanoy City

Date Filed:

August 18, 2016

Revised on September 16, 2016

Effective Upon Adoption by Ordinance

Prepared By:

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August 2016

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CHAPTER 1

DESCRIPTION OF THE BOROUGH OF MAHANoy CITY

Municipal government in Pennsylvania is authorized by the Pennsylvania Constitution and state law. All land within the Commonwealth is “incorporated” by law under a municipal government. There are three primary types or “classifications” of municipal governments: cities (of the first, second, or third class), boroughs and townships (of the first or second class). There is one town.

Municipal governments in Pennsylvania are the principal providers of direct public services to citizens. Services often include, among others, police and fire protection; construction and maintenance of roadways and bridges; street lighting; parks and recreation facilities and programs; planning and zoning activities; enforcement of building and related codes; water treatment and distribution; sewage collection and treatment; storm water management; solid waste collection and disposal; recycling; etc.

Government Structure

The Borough of Mahanoy City, Schuylkill County, Pennsylvania, was incorporated in 1863. The Borough operates pursuant to the Borough Code¹ which enumerates the Borough’s organizational structure and corporate powers. Borough Council consists of seven members who are elected at-large. The corporate powers and duties are placed in Borough Council. Borough Council may enact, revise, repeal and amend ordinances and resolutions as it deems beneficial to the Borough and to provide for the enforcement of the same. A member of Borough Council receives an annual compensation of \$1,200, within the limits permitted by the Borough Code.

The Borough also elects a Mayor at-large. The Mayor is charged with control of the Mahanoy City Police Department. The Mayor has veto rights over ordinances approved by Borough Council. The Mayor receives an annual compensation of \$2,400, within the limits permitted by the Borough Code.

The Borough also elects a Tax Collector who collects real estate and per capita taxes and occupation for the Borough, Schuylkill County and the Mahanoy Area School District. The

¹ 53 Pa.C.S §§101-3501; Borough Code

Borough has chosen to abolish the elected offices of Auditor and Controller and appoints an independent auditor annually.

Overview of Government Services, Staffing, Taxes, and Fees

The Borough occupies approximately 0.5 square miles of area and reflects a mix of residential and limited retail uses. The Borough provides direct police protection to its residents with 24/7 police coverage. There are three full-time officers budgeted, with part-time officers utilized for additional coverage. Fire protection is provided by five volunteer fire companies. Public works functions are performed by Borough personnel. There is strict code enforcement by the Borough Code Enforcement Officer.

Refuse collection and recycling are provided under a contract with a private hauler, and residents pay an annual fee of \$225 per household. Water and sanitary sewer services are provided by independent authorities who charge customers for these services. Emergency medical services are provided by an independent association.

In order to deliver its services and fulfill its duties and responsibilities to its residents, the Borough has budgeted nine full-time employees in 2016: one Borough Manager; one Secretary/Treasurer, three Police Officers (one position is currently not filled); one Code Enforcement Officer and three Public Works Employees. Elected officials in the Borough include the Mayor, seven Council Members, and a Tax Collector. (See Table 1-1.)

Table 1-1
BOROUGH OF MAHANOEY CITY
Budget Personnel Distribution
2016

<u>Positions</u>	<u>Full Time</u>	<u>Part Time</u>
Borough Manager	1	—
Secretary/Treasurer	1	—
Police Officers	3	9
Code Enforcement Officer	1	—
Public Works Employees	3	2 seasonal
Clerical Employees		1
Elected Officials		
Mayor	—	1
Council	—	7
Tax Collector	—	1

Source: Borough of Mahanoy City

The Borough's daily operations are overseen by an appointed Borough Manager. The Borough currently combines the duties of Treasurer and Secretary in one individual. This individual is assisted by a part-time Clerk. The Borough has an appointed Code Enforcement Officer, Solicitor and Engineer. Currently, the Police Department is supervised by an Officer-in-Charge who reports to the Mayor, and the Public Works Department is supervised by a Foreman who reports to the Borough Manager. There are no other appointed officials or department supervisors in the Borough.

Borough taxes include 21.9 mills Real Estate Tax for general purposes, 7.2 mills for debt service and 6.424 in special purpose mills; an Earned Income Tax of 1.0 percent (.50 percent share with the Mahanoy Area School District); a \$52 Local Services Tax (\$5 share with the Mahanoy Area School District); a 150 mill Occupation Tax based on a \$3,500 assessment; and a 0.5 percent Real Estate Transfer Tax. In addition, the Borough collects fees for refuse collection/recycling.

In order to provide perspective on the cost of Borough services to its residents, the Coordinator calculated the tax and major fee burden on a hypothetical household in the Borough to support municipal operations in 2016. The assumptions used by the Coordinator with respect to a hypothetical Borough household include: a family of four with two working adults (only one of whom works within the Borough limits); a home valued at the median assessed value of owner-occupied housing in the Borough as reported by Schuylkill County (\$8,077); and a household income equal to \$27,576, the median household income in the Borough according to the 2010 Census. The Coordinator found that the tax and major fee burden totaled \$1,235.31 or 4.5 percent of the 2010 median household income in the Borough. Note that the calculated tax and major fee burden does not include the Real Estate Transfer Tax or any other indirect taxes paid. (See Table 1-2.)

Table 1-2
BOROUGH OF MAHANoy CITY
Tax and Major Fee Burden on a Hypothetical Household to Support Borough Operations^{1/}
2016

TAX/FEE BASE AND RATES

Median Value of Owner-Occupied Housing ^{2/}	\$28,600
Assessed Valuation ^{3/}	\$8,077
Median Household Income ^{2/}	\$27,576
Real Estate Tax Millage	35.524
Earned Income Tax Rate ^{4/}	1.00%
Occupation Assessment Millage ^{5/}	150
Per Capita (Municipal)	\$5
Local Services Tax ^{6/}	\$52
Garbage Collection/Recycling Fee	\$225
Sanitary sewer charges	\$476

TAX/FEE BURDEN

Borough Real Estate Tax	\$ 286.93
Borough Earned Income Tax	137.88
Occupation Assessment	52.50
Per Capita (Municipal)	10.00
Local Services Tax	47.00
Garbage Collection/Recycling	225.00
Sewerage Transmission Fee	476.00

TAX/FEE BURDEN^{7/} **\$1,235.31**

TAX/FEE BURDEN AS A % OF HOUSEHOLD INCOME **4.5%**

^{1/} The hypothetical household consists of two adults, both of whom are employed (but only one within the boundaries of the Borough), and two children under age 18.

^{2/} As reported in the 2010 U.S. Census.

^{3/} The 2016 median assessed valuation for single family owner-occupied housing. Source: Schuylkill County Assessment Office.

^{4/} Pursuant to Act 511 of 1965, as amended, the Borough is required to share equally the levy of this tax with the Mahanoy Area School District, thus, reducing the Borough's levied rate by 50%.

^{5/} Levied on an Occupation assessed value of \$3,500.

^{6/} Pursuant to Act 511 of 1965, as amended, the Borough is required to share \$5.00 of this tax levy with the Mahanoy Area School District, thus, reducing the amount the Borough's receives to \$47.00.

^{7/} Does not include any real estate transfer or other indirect taxes paid.

Demographics

Between 1970 and 2010 the total population of the Borough decreased from 7,257 to 4,162 or by 3,095 (42.6 percent). During the 1970s the decline in population totaled 1,090 (15.0

percent), during the 1980s the decline in population totaled 958 people (15.5 percent) and during the 1990s the population decrease was 562 (10.8 percent). From 2000 to 2010, the Borough's population declined from 4,647 to 4,162, a decrease of 485 (10.4 percent). The 2014 Census estimate is that the Borough's population has decreased further to 4,083 (by 79 or 1.9 percent) since 2010. From 1970 through the 2014 Census Estimate, the Borough's population has declined from 7,257 to 4,083, a decrease of 3,174 people (43.7 percent). (See Table 1-3.)

Table 1-3
BOROUGH OF MAHANOEY CITY
Actual and Estimated Population
1970 to 2014

Year		Population	Changes from Prior Census	
			#	%
1970 Actual		7,257		
1980 Actual		6,167	-1,090	-15.0
1990 Actual		5,209	-958	-15.5
2000 Actual		4,647	-562	-10.8
2010 Actual		4,162	-485	-10.4
2014 Estimate		4,083	-79	-1.9
Change	#	-3,095		
1970-2010	%	-42.6		
Change	#	-3,174		
1970-2014	%	-43.7		

SOURCE: U.S. Bureau of the Census (actual and estimated)

As a point of reference, the total population of Schuylkill County decreased by 11,800 (7.4 percent) between 1970 and 2010. Between 1970 and 1980 Schuylkill County's population increased by 541 (0.3 percent). Between 1980 and 1990 the population decrease totaled 8,045 (5.0 percent). Between 1990 and 2000 the population decrease totaled 2,249 (1.5 percent), and between 2000 and 2010 the Schuylkill County's population fell by 2,047 (1.4 percent). From the 2010 census to the 2014 census estimate, the population in Schuylkill County is estimated to

have declined by 3,699 (2.5 percent). From 1970 through the 2014 Census Estimate, Schuylkill County's population has decreased by 15,499 (9.7 percent). (See Table 1-4).

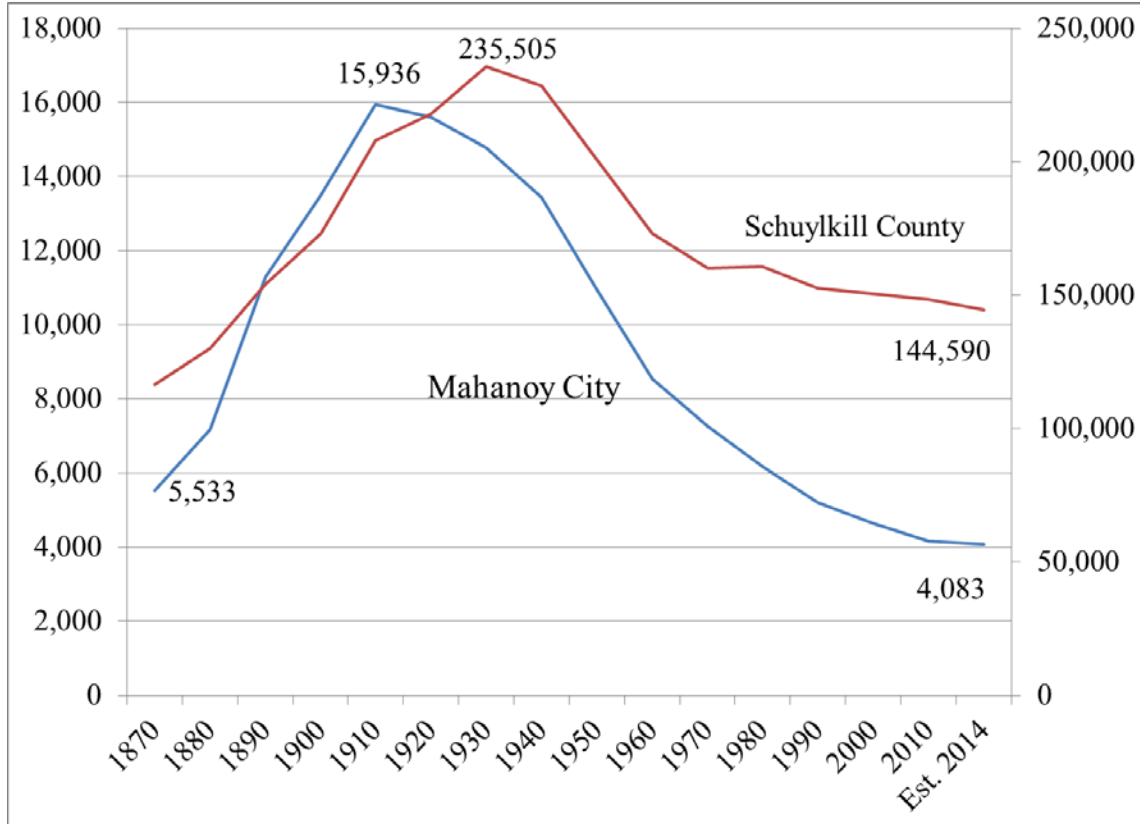
Table 1-4
BOROUGH OF MAHANOEY CITY
Schuylkill County
Actual and Estimated Population
1970 to 2014

Year	Population	Changes from Prior Census	
		#	%
1970 Actual	160,089		
1980 Actual	160,630	541	0.3
1990 Actual	152,585	-8,045	-5.0
2000 Actual	150,336	-2,249	-1.5
2010 Actual	148,289	-2,047	-1.4
2014 Estimate	144,590	-3,699	-2.5
Change	#	-11,800	
1970-2010	%	-7.4	
Change	#	-15,499	
1970-2014	%	-9.7	

SOURCE: U.S. Bureau of the Census (actual and estimated)

Both the Borough and Schuylkill County show significant population decreases from peaks in the early part of the 20th century. The Borough reached its peak population of 15,936 with the 1910 census with decreases in each subsequent census count. Schuylkill County reached its peak population of 235,505 in 1930 and has been on a downward trend ever since. (See Graph 1-1.)

Graph 1-1
BOROUGH OF MAHANOEY CITY
Actual and Estimated Population
1870 to 2014



According to 2010 Census figures, 1,100 residents (26.4 percent) of the population in the Borough was under 18 years of age; 2,251 (54.1 percent) were between the ages of 18 and 64 years; and 811 (19.5 percent) were age 65 or over. Between 1990 and 2010, the Borough's population in the under 18 age group decreased by 37 (3.3 percent), the 18-64 age group declined by 301 (11.8 percent), and the number of people 65 and over decreased by 709 (46.6 percent). (See Table 1-5.)

Table 1-5
BOROUGH OF MAHANoy CITY
Population and Age
1990 to 2010

<u>Population and Age</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
<u>Total Population</u>	5,209	4,647	4,162
Percent Change From Previous Census	-	-10.8	-10.4
Percent Change from 1990-2010	-	-	-20.1
<u>Under 18</u>	1,137	1,084	1,100
Percent Change from Previous Census	-	-4.7	1.5
Percent Change from 1990-2010	-	-	-3.3
Percent of total population	21.8	23.3	26.4
<u>18-64 Years</u>	2,552	2,354	2,251
Percent Change from Previous Census	-	-7.8	-4.4
Percent Change from 1990-2010	-	-	-11.8
Percent of total population	49.0	50.7	54.1
<u>65 and Older</u>	1,520	1,209	811
Percent Change from Previous Census	-	-20.5	-32.9
Percent Change from 1990-2010	-	-	-46.6
Percent of total population	29.2	26.0	19.5
Median Age	45.4	42.6	40.6

According to 2010 Census figures, in Schuylkill County 32,461 residents (21.9 percent) were under 18 years of age; 88,520 (59.7 percent) were between the ages of 18 and 64 years; and 26,828 (18.1 percent) were age 65 or over. Between 1990 and 2010, Schuylkill County's population in the under 18 age group decreased by 5,109 (13.6 percent), the 18-64 age group increased by 3,764 (4.4 percent), and the number of people 65 and over decreased by 3,721 (12.2 percent). (See Table 1-6.)

Table 1-6
BOROUGH OF MAHANOEY CITY
Schuylkill County
Population and Age
1990 to 2010

<u>Population and Age</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
<u>Total Population</u>	152,585	150,336	148,289
Percent Change From Previous Census	-	-1.5	-1.4
Percent Change from 1990-2010	-	-	-2.8
<u>Under 18</u>	37,570	34,567	32,461
Percent Change from Previous Census	-	-8.0	-6.1
Percent Change from 1990-2010	-	-	-13.6
Percent of total population	24.6	23.0	21.9
<u>18-64 Years</u>	84,756	85,903	88,520
Percent Change from Previous Census	-	1.4	3.1
Percent Change from 1990-2010	-	-	4.4
Percent of total population	55.6	57.1	59.7
<u>65 and Older</u>	30,549	29,868	26,828
Percent Change from Previous Census	-	-2.2	-10.2
Percent Change from 1990-2010	-	-	-12.2
Percent of total population	20.0	19.9	18.1
<u>Median Age</u>			
Schuylkill County	38.5	40.9	40.2
Borough of Mahanoy City	45.4	42.6	40.6

SOURCE: U.S. Bureau of the Census.

When comparing the age groups of the Borough and Schuylkill County during the 1990 to 2010 period, both the Borough (3.3 percent) and Schuylkill County (13.6 percent) show a decline in the under 18 age group. In the 18-64 age group, the Borough experienced a decrease in this age group of 11.8 percent while Schuylkill County experienced modest growth at 4.4 percent. In the 65 and older age group, both the Borough and Schuylkill County experienced decreases, however, the Borough's percentage decrease of 46.6 percent was much larger than Schuylkill County's 12.2 percent decrease.

In 2000, the median age in the Borough was 42.6 while the median age in Schuylkill County was 40.9. In 2010, the median age in the Borough declined to 40.6 years while the median age in Schuylkill County declined to 40.2. (See Table 1-5 and Table 1-6).

The total number of households in the Borough decreased from 2,361 in 1990 to 2,113 in 2000 and to 1,780 in 2010. The decrease for the period 1990 to 2000 was 248 households (10.5

percent); the decrease during the decade from 2000 to 2010 was 333 households (15.8 percent). The decrease during the 20-year period totaled 581 (24.6 percent). (See Table 1-7.)

Table 1-7
BOROUGH OF MAHANOEY CITY
Change in Number of Households
1990 to 2010

Year	Households	Changes from Prior Census	
		#	%
1990 Actual	2,361	—	—
2000 Actual	2,113	-248	-10.5
2010 Actual	1,780	-333	-15.8
Change	#	-581	
1990-2010	%	-24.6	

SOURCE: U.S. Bureau of the Census.

The number of total housing units in the Borough decreased from 2,788 in 1990 to 2,592 in 2000, and then decreased to 2,414 in 2010. The decrease for the period 1990 to 2000 was 196 units (7.0 percent); the decrease during the decade of the 2000s was 178 units (6.9 percent). The decrease during the 20-year period totaled 374 units (13.4 percent). (See Table 1-8.)

Table 1-8
BOROUGH OF MAHANOEY CITY
Change in Number of Total Housing Units
1990 to 2010

Year	Housing Units	Changes from Prior Census	
		#	%
1990 Actual	2,788	—	—
2000 Actual	2,592	-196	-7.0
2010 Actual	2,414	-178	-6.9
Change	#	-374	
1990-2010	%	-13.4	

SOURCE: U.S. Bureau of the Census.

The number of owner occupied housing units in the Borough decreased from 1,812 in 1990 to 1,631 in 2000, and to 1,254 in 2010. The decrease for the period 1990 to 2000 was 181 units (10.0 percent); the decrease during the decade of the 2000s was 377 units (23.1 percent). The decrease during the 20-year period totaled 558 units (30.8 percent). As a percentage of total housing units, owner-occupied housing units went from 65.0 percent in 1990, to 62.9 percent in 2000, and then declined to 51.9 percent in 2010. (See Table 1-9.)

Table 1-9
BOROUGH OF MAHANOEY CITY
Change in Number of Owner-Occupied Housing Units
1990 to 2010

Year	Owner-Occupied Housing Units		Changes from Prior Census	
	#	% of Total	#	%
1990 Actual	1,812	65.0	—	—
2000 Actual	1,631	62.9	-181	-10.0
2010 Actual	1,254	51.9	-377	-23.1
Change	#	-558		
1990-2010	%	-30.8		

SOURCE: U.S. Bureau of the Census.

The total number of renter occupied housing units in the Borough decreased from 549 in 1990 to 482 in 2000, and then increased to 526 in 2010. The decrease for the period 1990 to 2000 was 67 units (12.2 percent); the increase during the decade of the 2000 was 44 units (9.1 percent). The decrease during the 20-year period totaled 23 units (4.2 percent). As a percentage of total housing units, renter occupied units fell from 19.7 percent in 1990 to 18.6 percent in 2000, and then increased to 21.8 percent in 2010. (See Table 1-10.)

Table 1-10
BOROUGH OF MAHANOEY CITY
Change in Number of Renter-Occupied Housing Units
1990 to 2010

Year	Total Renter- Occupied	% of Total	Change From Prior Census	
			#	%
1990 Actual	549	19.7	—	—
2000 Actual	482	18.6	-67	-12.2
2010 Actual	526	21.8	44	9.1
Change	#			
1990-2010	%	-23		
		-4.2		

SOURCE: U.S. Bureau of the Census.

The number of vacant housing units in the Borough increased from 427 in 1990 to 479 in 2000, and increased to 634 in 2010. The increase for the period 1990 to 2000 was 52 units (12.2 percent); the increase during the decade of the 2000s was 155 units (32.4 percent). The increase during the 20-year period totaled 207 units (48.5 percent). As a percent of total housing units, vacant units rose from 15.3 percent in 1990 to 18.5 percent in 2000 and to 26.3 percent in 2010. (See Table 1-11.)

Table 1-11
BOROUGH OF MAHANOEY CITY
Change in Number of Vacant Housing Units
1990 to 2010

Year	Vacant Housing Units		Absolute Changes from Prior Census	
	#	% of Total	#	%
1990 Actual	427	15.3	—	—
2000 Actual	479	18.5	52	12.2
2010 Actual	634	26.3	155	32.4
Change	#			
1990-2010	%	207		
		48.5		

SOURCE: U.S. Bureau of the Census.

The growth in per capita income in the Borough between 2000 and 2010 of \$975 (6.8 percent) was below that of Schuylkill County of \$6,019 (34.9 percent) and that of Pennsylvania of \$8,032 (38.5 percent). From 2000 to 2010 the variance in per capita income between the Borough and Schuylkill County increased from \$2,861 to \$7,905. The variance in per capita income between the Borough and Pennsylvania from 2000 to 2010 increased from \$6,511 to \$13,568. In 2000, the Borough's per capita income was 83.4 percent of the Schuylkill County per capita income and decreased further in 2010 to 66.0 percent of Schuylkill County per capita income. In 2000, the Borough's per capita income was 68.8 percent of Pennsylvania per capita income and decreased further in 2010 to only 53.1 percent of Pennsylvania per capita income. (See Table 1-12.)

Table 1-12
BOROUGH OF MAHANOEY CITY
Change in Per Capita Income
2000 to 2010

	2000	2010	Change	
			\$	%
Mahanoe City	\$14,369	\$15,344	975	6.8
Schuylkill County	\$17,230	\$23,249	6,019	34.9
Pennsylvania	\$20,880	\$28,912	8,032	38.5
Mahanoe City/County Variance	\$-2,861	\$-7,905		
Mahanoe City as % of County	83.4	66.0		
Mahanoe City/State Variance	\$-6,511	\$-13,568		
Mahanoe City as a % of State	68.8	53.1		

Source: U.S. Bureau of the Census.

The growth in median household² income in the Borough between 2000 and 2010 of \$1,407 (5.4 percent) was below that of Schuylkill County which increased by \$11,249 (33.3

² A household is defined as all persons who occupy a housing unit as opposed to a family which is defined as a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. All persons in a household who are related to the householder are regarded as members of his or her family as opposed to a family which is defined as including all the persons who occupy a housing unit. A household can contain only one family for purposes of census tabulations, but not all households contain families because a household may comprise a group of unrelated persons or one person living alone.

percent) and that of Pennsylvania which increased by \$13,009 (32.4 percent). The variance in median household income between the Borough and Schuylkill County from 2000 to 2010 increased from \$7,602 to \$17,444. The variance in median household income between the Borough and Pennsylvania from 2000 to 2010 increased from \$13,937 to \$25,539. In 2000, the Borough's median household income was 77.5 percent of the Schuylkill County median household income and decreased further in 2010 to only 61.3 percent of Schuylkill County median household income. In 2000, the Borough's median household income was 65.2 percent of Pennsylvania median household and decreased further in 2010 to only 51.9 percent of Pennsylvania median household income. (See Table 1-13.)

Table 1-13
BOROUGH OF MAHANOEY CITY
Median Household Income
2000 to 2010

	2000	2010	Change	
			\$	%
Mahanoe City	\$26,169	\$27,576	1,407	5.4
Schuylkill County	\$33,771	\$45,020	11,249	33.3
Pennsylvania	\$40,106	\$53,115	13,009	32.4
Mahanoe City/County Variance	\$-7,602	\$-17,444		
Mahanoe City as a % of County	77.5	61.3		
Mahanoe City/State Variance	\$-13,937	\$-25,539		
Mahanoe City as % of State	65.2	51.9		

Source: U.S. Bureau of the Census.

The growth in median family³ income in the Borough between 2000 and 2010 of \$8,442 (32 percent) was below that of Schuylkill County which increased by \$15,210 (36.8 percent) and that of Pennsylvania which increased by \$15,920 (32.4 percent). The variance in median family income between the Borough and Schuylkill County from 2000 to 2010 increased from \$14,983

³ A family is defined as a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. All persons in a household who are related to the householder are regarded as members of his or her family. A household can contain only one family for purposes of census tabulations.

to \$21,771. The variance in median family income between the Borough and Pennsylvania from 2000 to 2010 increased from \$22,888 to \$30,386. In 2000, the Borough's median family income was 63.7 percent of the Schuylkill County median family income and slightly decreased in 2010 to 61.5 percent of Schuylkill County median family income. In 2000, the Borough's median family income was 53.5 percent of Pennsylvania median family income and decreased very slightly in 2010 to 53.3 percent of Pennsylvania median family income. (See Table 1-14.)

Table 1-14
BOROUGH OF MAHANOEY
Median Family Income
2000 to 2010

	2000	2010	Change	
			\$	%
Mahanoy City	\$26,296	\$34,718	8,422	32.0
Schuylkill County	\$41,279	\$56,489	15,210	36.8
Pennsylvania	\$49,184	\$65,104	15,920	32.4
Mahanoy City/County Difference	\$-14,983	\$-21,771		
Mahanoy City as a % of County	63.7	61.5		
Mahanoy City/State Difference	\$-22,888	\$-30,386		
Mahanoy City as a % of State	53.5	53.3		

Source: U.S. Bureau of the Census.

Conclusion

If the recent past is indicative of the future, the Borough can expect fewer residents in the future and a population that is less equipped with taxable financial resources. A Borough with a population likely to decrease in the years ahead and a population with more limited financial capacity is a Borough that will have a reduced ability to finance its operations. Contrary to the loss in population, however, the physical area of the Borough will not change and, as a result, the miles of streets to be plowed, repaired, and maintained are likely to remain the same despite an exodus of taxpayers. Similarly, the loss of population does not necessarily reduce the demand for public safety services. Clearly, the demographic and income changes affecting the Borough will only compound the future financial challenges faced by the Borough. In view of this, the Borough will need to take action to prevent the continued loss of population and the further

erosion of its tax base. It is incumbent on Borough officials to aggressively pursue all appropriate economic development and community development initiatives available to them, including efforts to enhance the housing stock in the Borough.

CHAPTER 2

HISTORICAL FINANCIAL PERFORMANCE

Like all municipal governments, in order to provide municipal services to its residents and businesses, the Borough is dependent upon a mixture of revenue sources. Stable revenue sources with some growth are critical to the Borough's ability to meet its annual expenditures. Stable revenue sources are critical because a large part of the Borough's expenditures related to salaries, benefits, and other operating expenditures generally increase annually. Unfortunately for the Borough, the revenue received by the Borough from stable revenue sources has experienced little growth or has actually declined over the past several years making it difficult for the Borough to meet its annual expenditures.

General Fund Surplus and (Deficit) 2011 – 2015

General Fund revenues in the Borough, including proceeds from Tax and Revenue Anticipation Notes (TRAN), ranged from a low of \$1.17 million in 2011 to a high of \$1.49 million in 2015. The change from 2011 to 2015 was an increase of \$318,536 or 27.2 percent. During the same period, General Fund expenditures fluctuated from a low of \$978,007 in 2011 to a high of \$1,620,219 in 2015. The difference between 2011 and 2015 was an increase in expenditures of \$642,211 or 65.7 percent. During the review period, General Fund annual deficits, indicating an excess of expenditures over revenues, occurred in 2012 (\$5,196), 2014 (\$5,431) and 2015 (\$132,345)

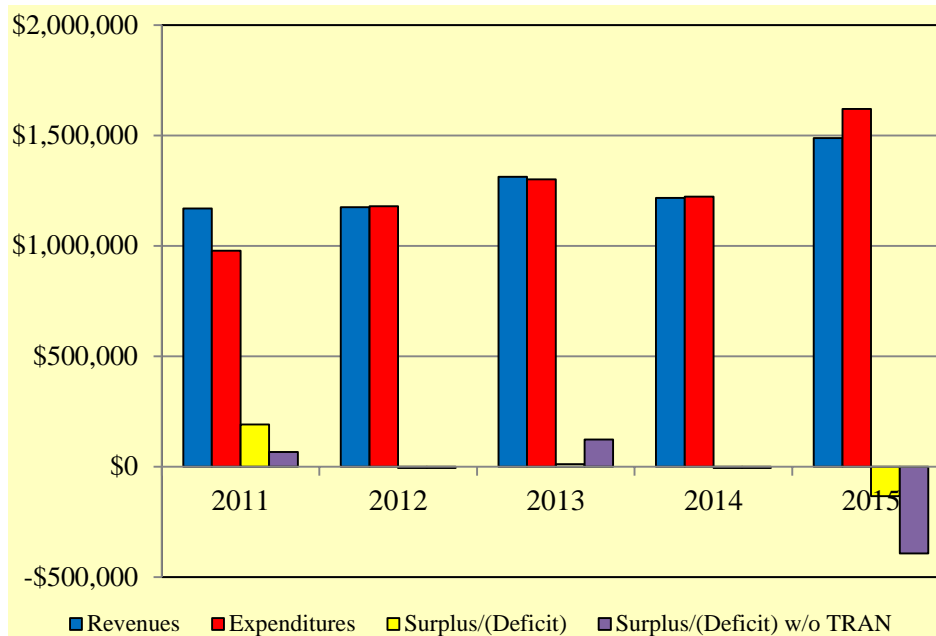
The Borough has partnered with M&T Bank for its TRAN's during the 2011 – 2015 review period. The Coordinator has verified with M&T Bank that all TRAN proceeds received by the Borough during the review period have been repaid. However, TRAN receipts and payments throughout the review period have been inconsistently reported by the Borough in the General Fund. In order to better understand the Borough's recent financial position, the Coordinator has removed reported TRAN revenues and expenditures; the impact of these adjustments on the Borough's historical operating surplus/deficits in the General Fund are shown in Table 2-1. Removing the \$125,000 TRAN revenue as a revenue source from the annual General Fund reduces the Borough's surplus in 2011 from \$191,330 to \$66,330. In 2012, the Borough received a \$100,000 TRAN with a corresponding TRAN expenditure so the Borough's operating deficit remains \$5,196. In 2013, the Borough recorded the TRAN as a \$112,000 reduction to revenue. Removing the TRAN appears to put the Borough in a positive position at

year end. In 2014, the Borough did not receive a TRAN, thus, the 2014 operating deficit remains \$5,431. In 2015 the Borough received a \$130,000 TRAN and \$130,000 proceeds from unfunded debt recorded as TRAN revenue. Removing these revenues increases the Borough's General Fund operating deficit in 2015 from \$132,345 to \$392,345. (See Table 2-1 and Graph 2-1.)

Table 2-1
BOROUGH OF MAHANOEY CITY
General Fund Revenues, Expenditures and Surplus/(Deficit)
Presented With and Without TRAN Proceeds
2011 to 2015

	2011	2012	2013	2014	2015	<u>Change 2011 to 2015</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Adjusted</u>	\$	%
Revenues	1,169,337	1,174,573	1,312,307	1,216,928	1,487,873	318,536	27.2
Expenditures	<u>978,007</u>	<u>1,179,768</u>	<u>1,300,948</u>	<u>1,222,360</u>	<u>1,620,219</u>	642,211	65.7
Surplus/(Deficit)	191,330	-5,196	11,359	-5,431	-132,345		
	2011	2012	2013	2014	2015	<u>Change 2011 to 2015</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Adjusted</u>	\$	%
Revenues	1,169,337	1,174,573	1,312,307	1,216,928	1,487,873	318,536	27.2
GO Proceeds	0	0	0	0	-130,000	-130,000	-100.0
TRAN	<u>-125,000</u>	<u>-100,000</u>	<u>112,439</u>	<u>0</u>	<u>-130,000</u>	-5,000	-4.0
Revenues w/o TRAN	1,044,337	1,074,573	1,424,746	1,216,928	1,227,873		
Expenditures	978,007	1,179,768	1,300,948	1,222,360	1,620,219	642,211	65.7
TRAN	<u>0</u>	<u>-100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	0	0
Expenditures w/o TRAN	978,007	1,079,768	1,300,948	1,222,360	1,620,219	642,211	65.7
Surplus/(Deficit) w/o TRAN	66,330	-105,195	123,798	-5,431	-392,345		

Graph 2-1
BOROUGH OF MAHANOEY CITY
General Fund Revenues, Expenditures and Surplus/(Deficit)
Without TRAN Proceeds
2011 to 2015



General Fund Revenues 2011 - 2015

The Borough's General Fund depends on a mixture of tax and nontax revenue sources. The total General Fund revenue the Borough received from tax and nontax revenue sources increased from \$1,169,337 in 2011 to \$1,487,873 in 2015, an increase of 27.2 percent. While on its face this is encouraging information, a further examination reveals several issues.

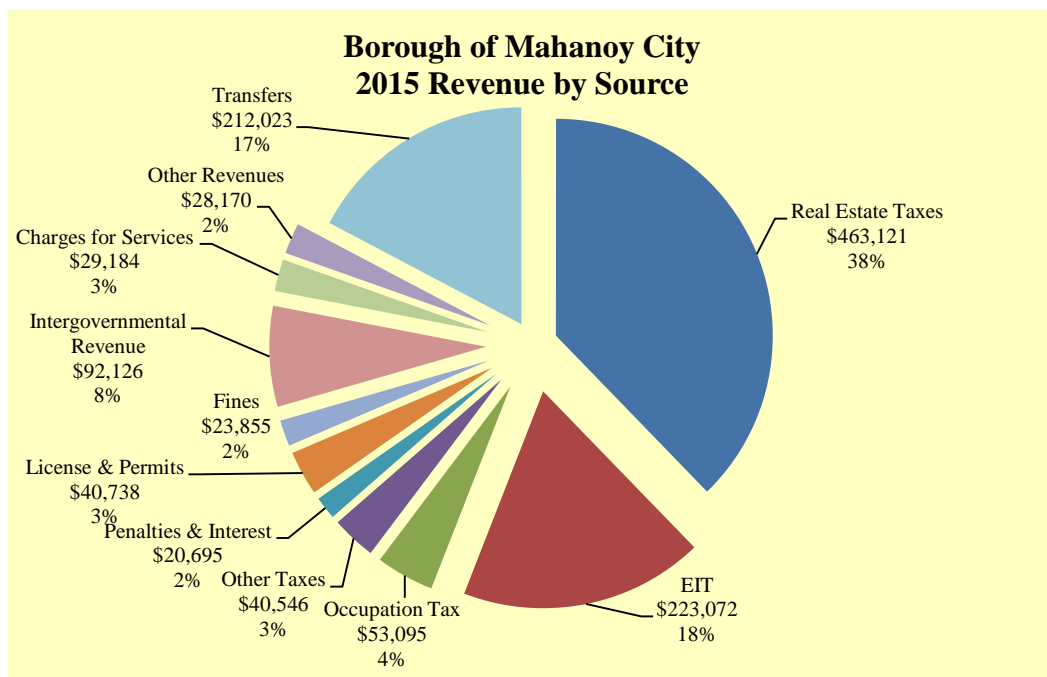
The Borough's two largest General Fund tax revenue sources during the 2011 - 2015 review period are the Real Estate Tax millage and Earned Income Tax. These two revenues sources are expected to provide the Borough with stable, recurring annual revenue with minimal growth. Unfortunately, this has not been the Borough's experience. The Borough has experienced a 10.6 percent decrease in General Fund Real Estate Tax revenue from 2011 to 2015. As explained later in this chapter, some of the factors contributing to this decrease in General Fund Real Estate Tax revenue include Borough Council's decision to reduce the General Fund Real Estate millage rate and also a decrease in the assessed valuation of real estate in the Borough. The Borough's second largest tax revenue source, Earned Income Tax, also experienced a decrease of 1.2 percent from 2011 to 2015. Decreasing revenue from its two

largest sources makes it difficult for the Borough to meet its annual General Fund budget expenditures.

To assist the Borough in meeting its annual General Fund expenditures since 2011, the Borough has become increasingly dependent on non-tax revenue sources. Interfund Transfers, which are a mixture of transfers from various funds including sanitation, sinking, debt reduction and liquid fuels, have increased 370 percent, Miscellaneous Revenues have increased 323.3 percent, Intergovernmental Revenues increased 119.3 percent and Tax and Revenue Anticipation Note revenue has increased 108 percent. The Borough's reliance on these nonrecurring revenues sources is symptomatic of the Borough's decrease in General Fund Real Estate Tax and Earned Income Tax revenues mentioned above. While the Borough is fortunate to have these nontax revenue sources to meet its past General Fund budget expenditures, the Borough's continued reliance on these nonrecurring revenue sources jeopardizes the Borough's ability to meet its future General Fund expenditure obligations. (See Table 2-2.)

Table 2-2
BOROUGH OF MAHANOID CITY
General Fund Revenues
2011 to 2015

	2011	2012	2013	2014	2015	<u>Change 2011 to 2015</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>\$</u>	<u>%</u>
Real Estate Taxes	517,972	491,804	533,383	483,101	463,121	-54,852	-10.6
EIT	225,829	179,247	257,256	225,339	223,072	-2,757	-1.2
Real Estate Transfer Tax	14,335	6,636	7,489	14,164	14,271	-64	-0.4
Occupation Tax	49,262	59,738	53,501	53,338	53,095	3,834	7.8
Local Services Tax	13,142	12,293	17,580	16,262	13,395	254	1.9
Per Capita Taxes	9,939	20,998	10,402	10,114	12,879	2,940	29.6
Other 511 Taxes	25	0	0	0	0	-25	-100.0
Penalties & Interest	20,463	19,198	4,566	20,364	20,695	232	1.1
License & Permits	46,381	49,353	47,034	43,987	40,738	-5,644	-12.2
Fines	22,305	22,753	22,860	23,442	23,855	1,550	6.9
Interest, Rents & Royalties	2,795	2,558	4,761	3,190	2,727	-68	-2.4
Intergovernmental Revenue	42,004	78,669	84,396	90,106	92,126	50,123	119.3
Charges for Services	28,760	29,905	23,571	44,668	29,184	424	0.0
Sanitation	0	1,434	1,251	1,072	1,250	1,250	0.0
Miscellaneous Revenues	6,011	-119	75,348	21,448	25,443	19,432	323.3
Interfund Transfers	45,116	100,106	281,347	166,335	212,023	166,907	370.0
TRAN/GO Proceeds	<u>125,000</u>	<u>100,000</u>	<u>-112,439</u>	<u>0</u>	<u>260,000</u>	<u>135,000</u>	108.0
Total Revenue	1,169,337	1,174,573	1,312,307	1,216,928	1,487,873	318,536	27.2



The Borough's total General Fund Tax Revenue from 2011 to 2015 decreased from \$830,503 in 2011 to \$779,833 in 2015, a decrease of 6.1 percent. Tax Revenue represented 71 percent of General Fund revenue in 2011 and decreased to 52.4 percent in 2015. Transfers increased from \$45,116 in 2011 to \$212,023 in 2015, an increase of 370 percent. Transfers increased from 3.9 percent of General Fund revenues in 2011 to 14.3 percent in 2015. (See Table 2-3).

Table 2-3
BOROUGH OF MAHANOEY CITY
General Fund Revenues by Category
2011 to 2015

	2011	2012	2013	2014	2015	<u>Change 2011 to 2015</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Adjusted</u>	\$	%
Tax Revenue	830,503	770,716	879,611	802,317	779,833	-50,670	-6.1
Nontax Revenue	168,718	203,751	263,788	248,276	236,018	67,299	39.9
Transfers	45,116	100,106	281,347	166,335	212,023	166,907	370.0
GO Proceeds	0	0	0	0	130,000	130,000	100.0
TRAN	<u>125,000</u>	<u>100,000</u>	<u>-112,439</u>	<u>0</u>	<u>130,000</u>	<u>135,000</u>	<u>4.0</u>
Total Revenue	1,169,337	1,174,573	1,312,307	1,216,928	1,487,873	318,536	27.2
<u>Percentage of Total</u>							
Tax Revenue	71.0	65.6	67.0	65.9	52.4		
Nontax Revenue	14.4	17.3	20.1	20.4	15.9		
Transfers	3.9	8.5	21.4	13.7	14.3		
TRAN	<u>10.7</u>	<u>8.5</u>	<u>-8.6</u>	<u>0.0</u>	<u>17.5</u>		
Total Revenue	100.0	100.0	100.0	100.0	100.0		

Taxation

Property Tax

Pursuant to the Borough Code, the Borough is authorized to levy a Real Estate Tax millage for General Fund purposes that cannot exceed 30 mills. The Borough may levy an additional 5 mills for General Fund purposes but the Borough must obtain Schuylkill County Court of Common Pleas approval for each increase above 30 mills. In addition, the Borough Code permits the Borough to levy separate real estate millages for special purposes. In addition to a General Fund Tax millage, the Borough levies the following several Special Purpose Tax millages: Library, Street Lighting, Special Road Levy, Debt Payment, and Blight Abatement.

In 2011, the Borough's total Real Estate Tax millage (General Fund and Special Purpose) was 30.524 mills. In 2016, the Borough's total Real Estate Tax millage is 35.524. While the Borough's total Real Estate mills increased by 5 mills from 2011 to 2016, the Borough has also varied Real Estate millage rates. For example, the Borough's General Fund Tax mill rate decreased from 23.55 mills in 2011 to 21.90 mills in 2016. During the same period, the Borough's Debt Payment millage has increased from 1.50 mills to 7.20 mills. This shift in mills from one category to another reflects Borough Council's reaction to changing budget needs. (See Table 2-4.)

Table 2-4
BOROUGH OF MAHANOEY CITY
Real Estate – Tax Millage
2011 to 2016

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Purpose	23.550	23.550	23.550	22.115	21.770	21.900
Debt Service	1.650	1.650	1.650	1.650	—	—
Library	0.474	0.474	0.474	0.474	0.474	0.474
Street Lighting	3.350	3.350	3.350	3.350	3.350	3.350
Special Road Levy	—	—	—	—	1.000	0.600
Debt Payment	1.500	1.500	1.500	2.935	3.950	7.200
Blight Abatement	—	—	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>
Total Real Estate Mills	30.524	30.524	32.524	32.524	32.544	35.524

Other Tax Rates

The Borough levies other taxes on residents and nonresidents as authorized by the Local Tax Enabling Act, Act 511 of 1965, as amended, (LTEA). The Borough levies an Earned Income Tax rate of 1.0 percent on its residents; however, the Borough is subject by the LTEA to share its earned income tax levy with the Mahanoy Area School District. Therefore, a net rate of 0.5 percent of the 1.0 percent Earned Income Tax levy is available to the Borough for General Fund purposes. The Borough also levies a Local Services Tax of \$52. The Borough is required by the LTEA to share \$5 of the total Local Services Tax of \$52 with the Mahanoy Area School District for a net rate of \$47 available for General Fund purposes. The Borough's tax rates for Earned Income, Realty Transfer, and Local Services are at the legal maximum levied pursuant to the LTEA. (See Table 2-5).

Table 2-5
BOROUGH OF MAHANOEY CITY
Net Municipal Tax Rates
2016

<u>Tax</u>	<u>Municipal Rate</u>
Earned Income - Resident	0.5 percent
Local Services Tax	\$47
Realty Transfer	0.5 percent
Occupation	150 mills
Per Capita	\$5
Mechanical Devices (dollars)	\$25

Non-Tax Revenues, Transfers, and Tax Anticipation Notes

The Borough receives Non-Tax revenues from a variety of sources: Penalties & Interest, License & Permits, Fines, Interest, Rents & Royalties, Intergovernmental Revenue, Charges for Services, Miscellaneous Revenues, Interfund Transfers, and Tax and Revenue Anticipation Notes (TRAN). As previously noted, during the review period the Borough has significantly increased its reliance on Interfund Transfers, Intergovernmental Revenues, and TRANs. (See Table 2-6).

Table 2-6
BOROUGH OF MAHANOEY CITY
General Fund Revenues by Category
2011 and 2015

<u>Category</u>	<u>2011</u>	<u>2015</u>	<u>Change \$</u>	<u>Change %</u>
Real Estate (General Fund)	\$517,972	\$463,121	-\$54,851	-10.6%
EIT	225,829	223,072	-2,757	-1.2
All other taxes	86,703	93,641	6,938	8.0
Non Tax Revenues	126,715	143,891	17,176	13.6
Intergovernmental Revenue	42,004	92,126	50,122	119.3
Interfund Transfers	45,116	212,023	166,907	370.0
TRAN and General Obligation Note	<u>125,000</u>	<u>260,000</u>	<u>135,000</u>	108.0
Total	\$1,169,339	\$1,487,874	\$318,535	27.2

Changes in Assessed and Market Valuations of Real Estate

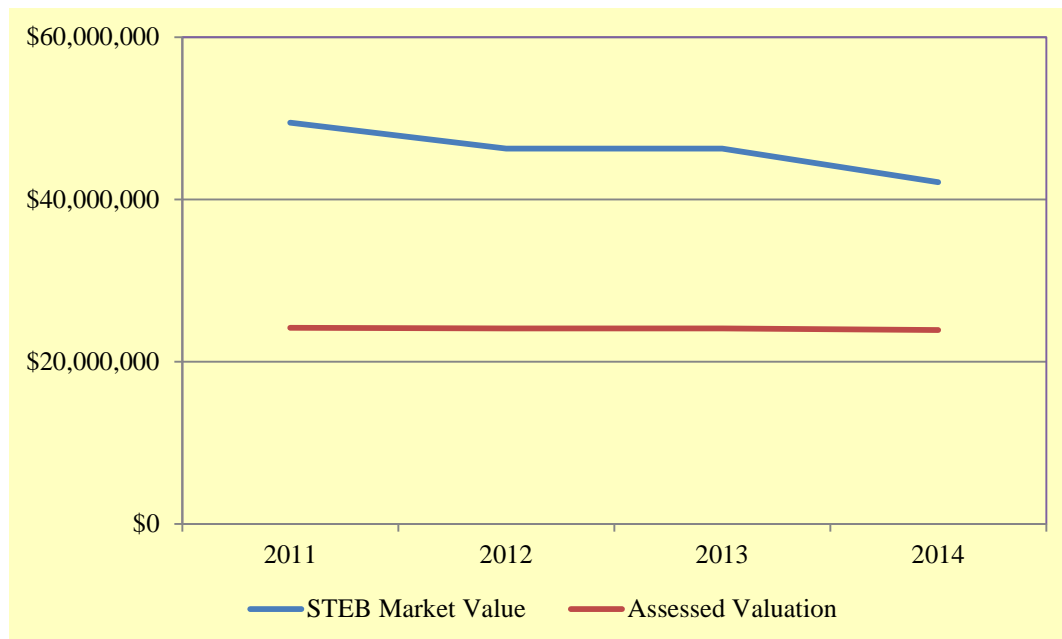
The assessed valuation of real estate in the Borough decreased from 2011 to 2014, by \$256,025 (1.1 percent). During this period, the market value of properties in the Borough decreased both in dollar value (\$7,364,152) and percent (14.9 percent). The combination of flat assessed valuations and decreasing market values of property will constrain the Borough's future ability to rely on increasing property values to increase Borough Real Estate Tax revenue absent Real Estate millage increases. (See Table 2-7 and Graph 2-2).

Table 2-7
BOROUGH OF MAHANOEY CITY
Market and Assessed Valuation
2011 to 2014

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Change \$</u>	<u>Change %</u>
STEB Market Value	\$49,462,228	\$46,258,624	\$46,251,834	\$42,098,076	-\$7,364,152	-14.9%
Assessed Valuation	\$24,150,705	\$24,081,935	\$24,077,745	\$23,894,680	-\$256,025	-1.1%

Source: Tax Equalization Division, PA DCED, latest data on market value available.

Graph 2-2
BOROUGH OF MAHANOEY CITY
Market and Assessed Valuation
2011-2014



Taxable and Tax Exempt Real Property Valuation

Taxable parcels comprise 88.3 percent of the total assessed valuation within the Borough while the remainder, 11.7 percent, is exempt from taxation. This is considered a reasonable amount of exempt property for a Borough without large nonprofit institutions like hospitals, colleges and government offices. (See Table 2-8).

Table 2-8
BOROUGH OF MAHANOEY CITY
Assessed Values Taxable and Exempt
2016

<u>Type</u>	<u>Total Assessed Valuation</u>	<u>Number</u>	<u>% of Total</u>
Taxable	\$24,726,015	2,799	88.3%
Exempt	<u>3,261,540</u>	<u>94</u>	<u>11.7</u>
Total	\$27,987,555	2,893	100.0%

Source: Schuylkill County Tax Assessment Office.

Taxable Properties

Based upon categories assigned by the Schuylkill County Tax Assessment Office, the predominant taxable category in the Borough is Residential Single Family (2,012 or 69.5 of the total number and 62.7 percent of total assessed valuation). Residential Vacant Land and Residential Auxiliary Improvements comprise the next two largest categories of taxable property. (See Table 2-9.)

Table 2-9
BOROUGH OF MAHANNOY CITY
2016 Assessed Values by Category

<u>Category</u>	<u>Number</u>	<u>% of Total Nu mber</u>	<u>Assessment</u>	<u>% of Grand Total Assess ment</u>
Taxable Real Estate	2,799	96.8	\$24,726,015	88.3
Residential 1 Family	2,012	69.5	17,560,460	62.7
Residential Vacant Land	285	9.9	322,105	1.2
Residential Auxiliary Improvements	223	7.7	337,890	1.2
Mixed Residential/Commercial	94	3.2	1,419,855	5.1
Residential 2 Family	46	1.6	530,125	1.9
Auxiliary Improvement	34	1.2	273,020	1.0
General Commercial Vacant Land	21	0.7	71,250	0.3
Apartment Garden-3 Sty & Under	11	0.4	1,378,675	4.9
Residential 3 Family	10	0.3	194,570	0.7
Retail- Single Occupancy	9	0.3	563,890	2.0
Auto Service Station	9	0.3	132,690	0.5
Unsound Residential Structure	7	0.2	21,670	0.1
Warehouse	6	0.2	139,190	0.5
Agricultural Vacant Land	5	0.2	36,360	0.1
Commercial - Mixed Use	3	0.1	48,680	0.2
Bar/Lounge	2	0.1	32,170	0.1
Restaurant	2	0.1	41,795	0.1
Bank	2	0.1	123,565	0.4
Office Building Low Rise	2	0.1	23,610	0.1
Social/Fraternal Hall	2	0.1	94,410	0.3
Discount Department Store	2	0.1	833,730	3.0
Funeral Home	1	<0.1	30,135	0.1
Parking Miscellaneous	1	<0.1	10,600	0.0
Manufacturing/Processing	1	<0.1	19,165	0.1
Mobile Home	1	<0.1	26,785	0.1
Retail- Multiple Occupancy	1	<0.1	52,630	0.2
Supermarket	1	<0.1	33,775	0.1
Mini-Warehouse	1	<0.1	21,495	0.1
Office/Warehouse	1	<0.1	22,880	0.1
Boarding/Rooming House	1	<0.1	30,270	0.1
Convenience Food Market	1	<0.1	190,960	0.7
Medical Office	1	<0.1	99,575	0.4
Service Station With Bays	1	<0.1	8,035	0.0
Grand Total Assessed Value			\$27,987,555	

Source: Schuylkill County Tax Assessment Office

Tax Exempt Properties

In 2016, the fiscal year impact to the Borough of properties exempt from taxation is a loss of \$115,863 in revenue. (See Table 2-10).

Table 2-10
BOROUGH OF MAHANOEY CITY
Revenue Impact of Exempt from Taxation Properties
Based on 2016 Tax Rates and 2016 Assessed Valuations

<u>Ownership</u>	<u>Number</u>	<u>Assessed Valuation</u>	<u>2016 Tax Impact</u>
General Government	31	\$1,438,585	\$51,104
Religious	32	1,058,850	37,615
Fire Company	17	532,410	18,913
Utility	3	113,490	4,032
Not for profit	5	101,890	3,620
Railroad	<u>6</u>	<u>16,315</u>	<u>580</u>
Total	94	\$3,261,540	\$115,863

Source: Schuylkill County Tax Assessment Office

Of the 94 tax exempt parcels in the Borough, the two largest are Vacant Exempt Land (36) and Other Miscellaneous Exempt (22). Vacant Exempt Land is 38.3 percent of the total number of exempt parcels in the Borough, but is only 2.4 percent of the assessed valuation exempt from taxation. Other Miscellaneous Exempt is a smaller proportion of exempt properties but is a larger proportion of assessed valuation exempt from taxation—23.4 percent and 32.0 percent, respectively. (See Table 2-11.)

Table 2-11
BOROUGH OF MAHANOEY CITY
Stated Use of Exempt from Taxation Properties
2016 Assessed Valuations

<u>Stated Use Exempt From Taxation</u>	<u>Number</u>	<u>% of Total Number</u>	<u>Assessment</u>	<u>% of Grand Total Assessment</u>
Vacant Exempt Land	36	38.3%	\$ 79,470	2.4%
Other Miscellaneous Exempt	22	23.4	1,042,390	32.0
Religious	14	14.9	681,180	20.9
Police or Fire Station	6	6.4	536,015	16.4
Residential Vacant Land	5	5.3	\$8,585	0.3
Telephone Equipment Building	3	3.2	113,490	3.5
School	2	2.1	615,880	18.9
Post Office	1	1.1	44,500	1.4
Library	1	1.1	27,105	0.8
Cultural Facilities	1	1.1	57,050	1.7
Health Spa	1	1.1	46,885	1.4
Auxiliary Improvements	1	1.1	540	0.0
Recreational/Health	1	1.1	8,450	0.3
Total	94	3.2%	\$3,261,540	11.7%
Grand Total Assessed Value			\$27,987,555	

General Fund Expenditures 2011 – 2015

Employee Versus Non-Employee Expenditures

Borough employees' Salary and Wages increased from \$522,321 in 2011 to \$662,345 in 2015 or by \$140,024 (26.8 percent). In 2015, Salary and Wages expenditures represented 40.9 percent of General Fund expenditures. Other Employee expenditures fluctuated throughout the period, with Other Employee expenditures increasing from \$243,205 in 2011 to \$328,514 in 2015 or by \$85,309 (35.1 percent). In 2015, Other Employee expenditures represented 20.3 percent of General Fund expenditures. Non-Employee expenditures ranged from a low of \$212,481 in 2011 to a high of \$440,879 in 2015. The change during the period was an increase of \$228,398 (107.5 percent). In 2015, Nonemployee expenditures were 27.2 percent of total General Fund expenditures. The Nonemployee category may include utilities, equipment, maintenance and repairs, insurance (excluding health and workers' compensation related), engineering, training, vehicles, hydrants, third-party inspections (code enforcement) and general

expenses. Transfers and TRAN interest combined for 11.6 percent of the remaining General Fund expenditure categories in 2015. The Transfer and TRAN amounts expended throughout the review period varied. (See Table 2-12.)

Table 2-12
MAHANOEY CITY
GENERAL FUND
Employee versus Non-Employee Expenditures
2011 to 2015

	2011	2012	2013	2014	2015	<u>Change 2011-2015</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>\$</u>	<u>%</u>
Salary/Wages	522,321	509,919	576,845	546,147	662,345	140,024	26.8
Other Employee	243,205	270,557	311,925	270,089	328,514	85,309	35.1
Nonemployee	212,481	292,915	406,130	307,505	440,879	228,398	107.5
Transfers	0	6,378	6,048	98,619	162,094	162,094	100.0
TRAN Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>55</u>	<u>26,388</u>	<u>26,388</u>	<u>100.0</u>
Total Expenditures	978,007	1,079,768	1,300,948	1,222,360	1,620,219	642,212	65.7
<u>Percentage of Total</u>							
Salary/Wages	53.4	47.2	44.3	44.7	40.9		
Other Employee	24.9	25.1	24.0	22.1	20.3		
Nonemployee	21.7	27.1	31.2	25.2	27.2		
Transfers	0.0	0.6	0.5	8.1	10.0		
TRAN Interest	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1.6</u>		
Total Expenditures	100.0	100.0	100.0	100.0	100.0		

Departmental Reviews

In 2015, General Government, Police and Public Works accounted for the largest amount of Borough General Fund expenditures at more than 75 percent of total expenditures. During the review period, General Government averaged about 25 percent of total expenditures. Police expenditures ranged from a high of 43.1 percent in 2011 to a low of 34.9 percent in 2014. Public Works expenditures ranged from a high of 18.9 percent in 2013 to a low of 13.0 percent in 2015. (See Table 2-13.)

Table 2-13
BOROUGH OF MAHANOEY CITY
General Fund Departmental Expenditures
2011 to 2015

	2011 <u>Actual</u>	2012 <u>Actual</u>	2013 <u>Adjusted</u>	2014 <u>Adjusted</u>	2015 <u>Adjusted</u>	<u>Change 2011-2015</u>	
						\$	%
General Government	264,886	278,503	307,349	324,851	420,294	155,409	58.7
Police	421,795	420,707	528,747	426,583	587,832	166,037	39.4
Fire	67,615	85,657	51,970	55,863	40,015	-27,599	-40.8
Ambulance	3,766	2,147	424	0	0	-3,766	-100.0
Code	33,152	36,305	35,085	35,608	43,297	10,144	30.6
Health	2,950	2,950	2,950	2,950	2,500	-450	-15.3
PW Highways	183,129	168,865	245,492	177,088	211,228	28,099	15.3
Sanitation	0	4,702	36,648	-5,724	1,649	1,649	100.0
Miscellaneous	0	46,102	65,017	41,073	61,407	61,407	1.0
Insurance	714	27,452	21,217	65,393	63,514	62,800	8,795.5
TRAN Principal	0	100,000	0	0	0	0	0.0
TRAN Interest	0	0	0	55	26,388	26,388	100.0
Transfers	<u>0</u>	<u>6,378</u>	<u>6,048</u>	<u>98,619</u>	<u>162,094</u>	<u>162,094</u>	100.0
Total Expenditures	978,007	1,179,768	1,300,948	1,222,360	1,620,219	642,211	65.7

	<u>Percentage of Total</u>				
General Government	27.1	23.6	23.6	26.6	25.9
Police	43.1	35.7	40.6	34.9	36.3
Fire	6.9	7.3	4.0	4.6	2.5
Ambulance	0.4	0.2	0.0	0.0	0.0
Code	3.4	3.1	2.7	2.9	2.7
Health	0.3	0.3	0.2	0.2	0.2
PW Highways	18.7	14.3	18.9	14.5	13.0
Sanitation	0.0	0.4	2.8	-0.5	0.1
Miscellaneous	0.0	3.9	5.0	3.4	3.8
Insurance	0.1	2.3	1.6	5.3	3.9
TRAN Principal	0.0	8.5	0.0	0.0	0.0
TRAN Interest	0.0	0.0	0.0	0.0	1.6
Transfers	<u>0.0</u>	<u>0.5</u>	<u>0.5</u>	<u>8.1</u>	<u>10.0</u>
Total Expenditures	100.0	100.0	100.0	100.0	100.0

General Government

The personnel expenditures related to the clerical and management operations categories, which are more than half of total General Government expenditures, include wages, benefits and insurances for the Borough's support staff. The category also includes nearly all overhead items necessary for Borough operations including insurances, phone service, tax collection cost, supplies, engineering costs, and building repairs. The low point for General Government

personnel expenditures was \$264,886 in 2011 rising to \$420,294 in 2015 mostly because of increased engineering costs. General Government personnel expenditures increased \$155,409, (58.7 percent) during the review period. (See Table 2-14).

Table 2-14
BOROUGH OF MAHANOEY CITY
GENERAL FUND
General Government and Related Expenditures
2011 to 2015

	2011 <u>Actual</u>	2012 <u>Actual</u>	2013 <u>Adjusted</u>	2014 <u>Adjusted</u>	2015 <u>Adjusted</u>	<u>Change 2011-2015</u>	
						\$	%
General Government	264,886	278,503	307,349	324,851	420,294	155,409	58.7
Fire	67,615	85,657	51,970	55,863	40,015	-27,599	-40.8
Ambulance	3,766	2,147	424	0	0	-3,766	-100.0
Code	33,152	36,305	35,085	35,608	43,297	10,144	30.6
Health Insurance	2,950	2,950	2,950	2,950	2,500	-450	-15.3
Miscellaneous	0	46,102	65,017	41,073	61,407	61,407	1.0
Insurance	714	27,452	21,217	65,393	63,514	62,800	8,795.5
TRAN Principal	0	100,000	0	0	0	0	0.0
TRAN Interest	0	0	0	55	26,388	26,388	100.0
Transfers	<u>0</u>	<u>6,378</u>	<u>6,048</u>	<u>98,619</u>	<u>162,094</u>	<u>162,094</u>	100.0
Total Expenditures	373,083	585,494	490,061	624,413	819,509	446,426	119.7

Police

Police Salaries are the largest Police expenditure. Salaries for the Police varied from a low of \$280,777 in 2012 to a high of \$384,900 in 2015 as the number of officers fluctuated over the review period. The change from 2011 to 2015 was an increase of \$99,117 (34.7 percent). Benefits expenditures, including health insurance, rose by 23.5 percent during the period from \$65,628 in 2011 to \$81,042 in 2015, an increase of \$15,414. The cost of Workers' Compensation insurance decreased over the period by \$11,183 (35.4 percent) and is down more than \$36,000 in 2015 from the period high of \$56,953 in 2013. (See Table 2-15.)

Table 2-15
BOROUGH OF MAHANOEY CITY
Police Expenditures
2010 to 2014

	2011	2012	2013	2014	2015	<u>Change 2011-2015</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Adjusted</u>	\$	%
Salaries	285,783	280,777	314,958	283,393	384,900	99,117	34.7
Benefits	65,628	77,419	88,495	84,664	81,042	15,414	23.5
Pension	0	0	11,688	0	66,792	66,792	100.0
Workers' Comp	31,621	23,977	56,953	16,780	20,438	-11,183	-35.4
Uniforms	<u>2,779</u>	<u>3,696</u>	<u>6,893</u>	<u>2,108</u>	<u>3,555</u>	<u>776</u>	<u>27.9</u>
Total Employee Expenditure	385,811	385,869	478,987	386,946	556,727	170,917	44.3
Services	9,993	7,393	9,105	8,797	11,457	1,465	14.7
Supplies	1,872	3,996	5,952	2,481	3,713	1,841	98.4
Vehicle	23,010	19,613	27,554	20,987	13,009	-10,001	-43.5
Other	<u>1,110</u>	<u>3,837</u>	<u>7,150</u>	<u>7,373</u>	<u>2,925</u>	<u>1,815</u>	<u>163.6</u>
Total Nonemployee Expenditures	35,984	34,839	49,760	39,638	31,105	-4,879	-13.6

Public Works

Public Works Salaries are the largest Public Works expenditure. Public Works Salaries fluctuated during the historical review period, ranging from a low of \$91,232 in 2012 to a high of \$118,580 in 2013. Overall, during the review period Salaries grew by \$11,642 (11.6 percent). Public Works Benefits, including health insurance, fell during this period, from \$45,462 in 2011 to \$19,579 in 2015 or by \$25,882 (56.9 percent).

Public Works Non-Employee Expenditures rose during the period from \$9,501 in 2011 to \$55,674 in 2015 with a high point of \$115,071 in 2013. The largest absolute dollar increase was in Services, \$34,225, and the largest proportionate increase was in Supplies, 224.9 percent. (See Table 2-16.)

Table 2-16
BOROUGH OF MAHANOEY CITY
Public Works Expenditures
2011 to 2015

	2011 <u>Actual</u>	2012 <u>Actual</u>	2013 <u>Adjusted</u>	2014 <u>Adjusted</u>	2015 <u>Adjusted</u>	<u>Change 2011-2015</u>	
						\$	%
Salaries	100,213	91,232	118,580	97,860	111,855	11,642	11.6
Benefits	45,462	39,058	19,745	19,799	19,579	-25,882	-56.9
Pension	8,034	8,498	8,871	11,534	12,624	4,590	57.1
Workers' Comp	16,870	11,318	16,735	7,663	9,855	-7,015	-41.6
Uniforms	<u>3,050</u>	<u>3,282</u>	<u>3,140</u>	<u>2,529</u>	<u>3,289</u>	<u>239</u>	<u>7.8</u>
Total Employee Expenditure	173,628	153,388	167,070	139,385	157,203	-16,426	-9.5
Services	0	4,497	55,936	8,278	34,225	34,225	100.0
Supplies	2,140	7,481	43,480	10,287	6,954	4,814	224.9
Vehicle	7,361	8,201	15,655	13,042	14,310	6,950	94.4
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>372</u>	<u>186</u>	<u>186</u>	<u>100.0</u>
Total Non-employee Expenditures	9,501	20,179	115,071	31,979	55,674	46,174	486.0
Total Expenditures	183,129	173,567	282,141	171,364	212,877	29,748	16.2

CHAPTER 3

DEPARTMENTAL REVIEWS AND INITIATIVES

The Borough government provides police, public works and administrative services to the Borough's residents. With an estimated 2014 population of 4,083 and a geographical area of 0.5 square miles, the services provided by the Borough government are critical to the well-being and safety of the Borough's residents. The number of employees employed by Borough has decreased significantly over the past decade. It is not an overstatement to claim that the number of employees providing services to the Borough's residents is at the bare minimum.

Police Department

PD01 Staffing and Operations Review

The Police Department is responsible for the delivery of police services to the residents of the Borough. The Police Department headquarters is located within Borough Hall.

The Police Department provides 24-hour service, seven days a week. In January 2016, the Police Department employed a full-time Chief of Police, a full-time Corporal, a full-time Patrol Officer and seven part-time Patrol Officers. In April 2016, the Police Department experienced the resignation of the Chief of Police and the suspension of the Corporal, with pay. In May 2016, Borough Council designated the full-time Patrol Officer as the current Officer-in-Charge (OIC) of the Police Department. Borough Council also promoted a part-time Patrol Officer to full-time and hired three part-time Patrol Officers. Thus, the Police Department is currently staffed with two full-time police officers and nine part-time police officers. There is one additional part-time officer that works in the Mahanoy Area High School as a School Resource Officer. The School Resource Officer is paid by the Mahanoy Area School District. The Police Department does not provide any specialized police services, i.e., detectives, narcotics, canine, etc. There are no civilian employees to support the Police Department.

The Mayor is the elected official assigned with authority and responsibility to oversee the Police Department. The OIC works with and reports to the Mayor as he fulfills his responsibilities. The OIC attempts to keep the Borough Manager and all elected officials informed of matters of mutual concern and interest.

The Police Department's small size does not allow staffing through professionally accepted practices. The Police Department presently schedules the two full-time and nine part-time police officers three shifts per day. As mentioned above, the Chief of Police position is currently vacant. Presently, the OIC bears ultimate responsibility for achieving objectives and for the effectiveness of the management process. The OIC works on all shifts, but primarily works 7 a.m. to 3 a.m. Monday through Friday. The full-time and part-time officers report directly to the OIC. The OIC and full-time officer share responsibility for uniform crime reporting, record keeping and payroll maintenance in conjunction with the Borough Manager. One full-time officer is assigned to do the police schedule. Responsibilities for each police position are detailed in various job descriptions contained in the policy manual.

Dispatching service is provided by the Schuylkill County Emergency Operations Center. The Police Department is limited to patrol and investigation of criminal incidents. Officers on patrol (full-time and part-time) respond to calls and take crime reports and conduct a follow up investigation if necessary or warranted. Report review is divided by shift between the OIC and the full-time Patrol Officer. The police officer on duty handles walk-in complaints, citizens requesting fingerprint services, general information, and paying fees and parking tickets if and when the officer is at police headquarters.

There is no investigative/detective unit. Follow-up cases are not formally supervised, however, the OIC might periodically discuss cases with the Patrol Officer handling a follow-up investigation or if he receives a complaint about the investigation. If it is a serious crime, the OIC himself may assume responsibility for further investigation. The Police Department is without professional policy, methodology, and/or procedure about the manner in which cases are selected and followed-up.

If a murder is reported, it is referred to the Pennsylvania State Police for investigation if it is not an easily closed investigation. One officer previously conducted narcotics investigations work during off-duty hours in conjunction with the Schuylkill County Drug Task Force, however, manpower limitations no longer permit this work. The part-time School Resource Officer does not work regular street patrol or investigative duty.

PD01 Staffing and Operations Initiatives

Based on the foregoing analysis, the Borough shall implement the following Initiatives to strengthen the Police Department's staffing and operations.

- PD01.1 The Borough shall immediately begin the process of filling the full-time Chief of Police position. The current Officer in Charge has notably performed the duties of the Chief of Police since May 2016. However, the hiring of a full-time Chief of Police will provide the Police Department with stability at its lead position and accountability of future police operations.
- PD01.2 The Borough should employ or budget for no more than three (3) full-time police officers, including the Chief of Police.
- PD01.3 The Borough should continue to use part-time police officers to fill shift vacancies.
- PD01.4 The Borough shall consider part-time employment (~20 hours per week) of a civilian secretary/clerk to assume the clerical duties currently performed by the Officer in Charge or Chief of Police. A part-time civilian position would be more cost-effective and efficient than having the Office in Charge or Chief of Police perform these duties and functions and will free up these police officers to do more patrolling or investigating. In consultation with the Coordinator, the Borough shall consider applying for an Act 47 Program Grant to assist with funding this position.
- PD01.5 The Borough shall consider and study the need and cost effectiveness for 24-hour, seven-day police coverage. The Borough shall:
 - a) Evaluate the current manpower scheduling on the midnight shift as it relates to the amount of activity being handled. This shall include a review of the Emergency Operations Center call sheets for the past 12 to 24 months and an evaluation of current scheduling to determine if there is a more efficient and cost effective use of manpower to better meet the midnight shift workload.
 - b) Dependent on the call sheet review above, the Borough may consider "stacking" non-emergency calls/incidents from 0200 until 0800 and

notifying the Pennsylvania State Police to cover “emergency” calls that may occur during the hours 0200-0800.

PD02 Personnel and Records Management Review

The primary responsibility for personnel matters for the Police Department, including recruiting, selection, and personnel records rests with the Chief of Police or OIC. When requested, the Borough Manager assists the Chief of Police or OIC with hiring, promotions, salary and related issues. The Police Department requires a high school diploma although this requirement is absent in the job description. The Police Department meets the Municipal Police Officer Education and Training Commission (MPOETC) standards of recruitment and selection procedures, written and oral examinations, psychological, medical and drug screening, background investigation, basic and field training requirements, along with mandatory in-service training. There is no mention of Act 120 Municipal Police Officer certification, clean background check and driving record in the job description, but they are required. The Police Department conducts background investigations for newly hired police officers. There are no written requirements on the Chief, Corporal or Patrol Officer’s job descriptions. All officers attend the MPOETC mandatory training and attempt to attend free training when available.

Disciplinary procedures are ultimately the responsibility of the Chief of Police or OIC. The Police Department does not have a formal career development program and it does not have a performance evaluation system. Job descriptions are not entirely indicative of the job duties being conducted by sworn employees. Job descriptions do include some but not all of the essential and non-essential functions associated with the positions.

There is little formal planning in the Police Department. Most planning is performed on an ad hoc basis as Borough Council’s preference is to commit manpower to field patrol rather than to planning responsibilities. The OIC has been unable to conduct staff meetings due to the workload and overtime involved. There appears to be no standing committees, such as policy, planning and/or drug investigations, that would enable management and non-management personnel to work together on any issue regardless of the importance of the issue. The exception is the police officers in the labor organization that meet with Borough officials on contractual matters.

The records system is the informational base of a police department. It is imperative that the Police Department’s records system be complete and accurate in its information gathering

capability. The current Police Department record system functions with part-time supervision and/or direction. The records system does not receive day-to-day attention and functions with inadequate operating procedures. The Schuylkill County Emergency Operations Center call sheet is used to compare the Police Department's recorded incidents to ensure that reports are being prepared on dispatched calls. There is no civilian support staff to handle the duties associated with the record system. The policy manual does not include procedures relating to records management and reporting.

The current Police Department records are maintained in the Central Records/Communications area under adequate security and provide all support services for the entire Police Department operations including records maintenance, data entry, completing and maintaining statistics and preparation of all reports. Historical records are locked in the basement of the Borough Hall.

PD02 Personnel and Records Management Initiatives

Based on the foregoing analysis, the Borough shall implement the following Initiatives to strengthen the Police Department's personnel system and records management system.

- PD02.1 The Borough shall develop, prepare and include a job description for the position of Officer-In-Charge.
- PD02.2 The Borough shall develop a structure of organizational objectives. The structure shall include objectives for the Police Department and must specify the ultimate measurable outcomes that the Police Department wishes to achieve. Particular attention should be directed to Patrol, Investigation and Records.
- PD02.3 The Borough shall update the Police Department's policy manual for content, completeness and accuracy. The current policy manual is a good start. The Borough shall contact the Pennsylvania Chiefs of Police Association and pursue accreditation or network with other accredited agencies to bring the policy manual into professionally accepted standards including written requirements for eligibility for employment with the Police Department. The policy manual shall include procedures for records management and reporting.

PD02.4 The Borough shall form committees with rank-and-file members to work on matters of mutual concern to labor and management.

PD03 Vehicles and Equipment Review

The Police Department operates with a fleet of three vehicles. The fleet was serviced and maintained by Borough personnel when possible, but now commercial vendors are utilized for fleet maintenance. (See Table 3-1.)

Table 3-1
BOROUGH OF MAHANOEY CITY
Vehicles Information
As of May 2016

<u>Equipment</u>	<u>Year/Make</u>	<u>Description</u>
Car 1	2011 Ford	Crown Victoria
Car 2	2014 Ford	Crown Victoria
Car 3	2015 Ford	Expedition

The Police Department does not have an inventory of equipment.

PD03 Vehicles and Equipment Initiatives

Based on the foregoing analysis, the Borough shall implement the following Initiatives to strengthen the Borough's control over its vehicle and equipment inventory.

PD03.1 The Borough shall gather, analyze and maintain data for the entire police vehicle fleet on a daily, monthly and annual basis and provide this information to the Mayor and Borough Council. Using this information, the Borough shall monitor the overall Police Department fleet needs with a goal of maintaining and replacing the vehicle fleet accordingly.

PD03.2 The Borough shall immediately conduct a systematic equipment inventory and prepare and maintain a list of all Police Department equipment.

PD03.3 In order to ensure the quality of its equipment and the accuracy of its equipment list, the Borough shall conduct annual inspections to maintain an up-to-date equipment inventory.

PD03.4 The Borough shall prepare and maintain a "Uniform & Equipment" initial issue list for all police officers. This process will better control, catalogue,

and inventory uniforms and equipment. This inventory should be maintained in the police officers' personnel file and used when a police officer returns the issue upon leaving employment with the Borough.

PD04 Facilities Review

The Police Department headquarters is located in Borough Hall. The Police Department area includes a reception area, an interview/break room, a squad room with four work station areas, the Chief of Police's office, a locker room, an evidence room with video camera, and two cell holding areas. In July 2016, the Pennsylvania State Police and the Schuylkill County District Attorney's Office conducted an audit and inventory of the Police Department Evidence Room correcting prior management issues with the Evidence Room.

PD04 Facilities Initiatives

Based on the foregoing analysis, the Borough shall implement the following Initiatives to improve the Police Department's facility management.

PD04.1 The Borough shall prepare and adopt a property and evidence handling policy using the "International Association of Property and Evidence" as a template and incorporate the adopted policy into the policy manual. The adopted policy should ensure that the evidence and property function is adequately staffed and supervised so that all tasks can be completed thoroughly and in a timely manner.

PD04.2 The Borough shall prepare and introduce into the policy manual a formal policy for property and evidence retention and disposition guidelines consistent with the Pennsylvania statute of limitations for summary offenses, misdemeanors, felonies, sexual assaults and homicides. Any retention guidelines for court cases should be developed in cooperation with the Schuylkill County District Attorney's Office. Abandoned and unclaimed property should be retained, reported and disposed of in accordance with Pennsylvania's Abandoned and Unclaimed Property Law.

PD04.3 The Borough shall consider adopting the seven Pennsylvania Law Enforcement Accreditation Standards on evidence and property control issued by the Pennsylvania Chiefs of Police Association.

PD05 Performance Review

A review of the call print out from Schuylkill County Emergency Operations Center handled by the Police Department during the month of April, 2016 was conducted. In accordance with the “Complaint Log by Date/Time Received,” the Police Department handled a total of 267 calls/incidents. Of those, an overview of shift calls/incidents is as follows:

- 38 (14 percent) were handled by the midnight shift – 0000-0800.
- 105 (40 percent) were handled by the day shift – 0800-1600.
- 124 (46 percent) were handled by the evening shift – 1600-2400.

Notable findings of the midnight shift were as follows:

- Eight midnight shifts received no calls/incidents.
- Eleven midnight shifts received only one call/incident.
- The most calls/incidents on the midnight shift were eight during an early Saturday morning.

Index Crimes are commonly used to portray the level and nature of crime in a jurisdiction. Part I Index Crimes include the offenses of homicide, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson. The Borough’s Part I Index Crimes decreased by 88 or 55.7 percent compared to five years earlier. The greatest number of Part I crimes (158) were reported in 2011. Larceny-Theft was the crime category most frequently reported during the review period in the Borough (445). During the review period, burglaries (98) and Motor Vehicle Theft (45) followed as the number two and three crime categories in the Borough. There were two homicides (one murder and one manslaughter) reported during the time period reviewed. (See Table 3-2.)

The Borough’s five year average clearance rate was 18.0 percent. The County average clearance rate was 43.6 percent. If accurately reported, the Borough’s clearance rate is less than half the County’s average for Part I Index Crimes.

Table3-2
BOROUGH OF MAHANoy CITY
Reported Part I Index Crimes
2011-2015

<u>Crime</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total Change</u>	
						#	%
Homicide	0	0	1	0	1		
Rape	0	1	2	4	1		
Robbery	1	3	2	7	3		
Assault	8	5	5	1	0		
Burglary	22	20	36	9	11		
Larceny Theft	113	111	102	70	49		
Motor Vehicle Theft	14	12	5	9	5		
Arson	<u>0</u>	<u>0</u>	<u>2</u>	<u>1</u>	<u>0</u>		
Total	158	152	155	101	70	88	-55.7

Source: Pennsylvania Uniform Crime Reporting System

Reported Part II Index Crimes include disorderly conduct, vandalism, narcotics, family offenses, DUI, etc. Part II Index Crimes decreased by 575 or 68.5 percent in the Borough, down from 840 in 2011 to 265 in 2015. During the five year time period, Disorderly Conduct (895), Vandalism (415), Narcotics (182) and Family Offenses (135) were the top four Part II crimes reported by the Police Department. The Borough's five year average clearance rate of Part II Crimes was 92.1 percent. The County average was 92.6 percent. (See Table 3-3.)

Table 3-3
BOROUGH OF MAHANoy CITY
Reported Part II Index Crimes
2011-2015

<u>Crime</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total Change</u>	
						#	%
Other Assault	22	19	4	0	1		
Forgery	0	1	0	0	0		
Fraud	2	0	15	11	4		
Embezzlement	1	0	0	0	4		
Stolen Property	0	0	0	0	0		
Vandalism	118	104	83	60	50		
Weapons	0	1	5	1	3		
Prostitution	0	0	0	0	0		
Sex Offenses	1	0	1	0	1		
Narcotics	16	28	43	57	38		
Gambling	0	0	0	0	0		
Family Offenses	0	0	99	22	14		
DUI	3	5	8	27	28		
Liquor Laws	7	18	1	0	1		
Drunkenness	22	16	36	35	14		
Disorderly Conduct	297	275	206	52	65		
Vagrancy	0	0	0	0	0		
All Others	<u>351</u>	<u>406</u>	<u>167</u>	<u>11</u>	<u>42</u>		
Total	840	873	668	276	265	-575	-68.5%

Source: Uniform Crime Report, Compiled By the Pennsylvania State Police, Bureau of Research and Development.

PD05 Performance Initiatives

Based on the foregoing analysis, the Borough shall implement the following Initiatives to improve police investigations and increase crime clearance rates.

PD05.1 The Borough shall designate Borough personnel to acquire training in Uniform Crime Reports Classification and Clearance Methodology Classification and Training from the local Pennsylvania State Police station and strengthen the understanding and manner of reporting crime clearances. The Borough's low clearance rate of Part I Index Crimes (18 percent) reported by the Police Department compared with the County clearance rate (44 percent) may be indicative of various reporting weaknesses.

PD05.2 The Borough shall consider and evaluate the effectiveness of assigning a full-time police officer to follow-up investigations rather than having part-time police officers conduct follow-up investigations.

PD05.3 The Borough shall develop and implement an Investigative Weekly Report and Monthly Summary Investigative Report detailing relevant information to be submitted by the investigating officer to the Officer in Charge or Chief of Police to Borough Council.

PD05.4 The Officer in Charge or Chief of Police shall create, publish and deliver to the Mayor and Borough Council a “Department Annual Report” of relevant crime and personnel activity throughout a given calendar year.

Public Works Department

The Borough of Mahanoy City’s Public Works Department is responsible for maintaining the functionality of the Borough’s public infrastructure. Like many other communities in the Anthracite coal region, the Borough has suffered significant declines in population and wealth over the past several decades, both tied to the decline of anthracite coal as an energy source. Such a drastic decline in population has the unavoidable impact of abandoned physical infrastructure. Private residential structures, commercial and industrial facilities, once abandoned, begin a slow physical deterioration resulting in an eventual collapse. In addition to private physical infrastructure, the public infrastructure also suffers from drastic declines in population. Public infrastructure including water lines, sewer lines, streets, street lights, structures, recreation facilities, storm water management facilities, designed and constructed to serve a population of almost 16,000 now serves a population of about 4,100. Unfortunately for the Borough, at a time when it is called upon to address a myriad number of infrastructure and safety issues caused by a deteriorating infrastructure environment, it is also facing a financial crisis that constrains the Borough’s elected officials from properly addressing these infrastructure issues.

PW01 Staffing and Operations Review

The Public Works Department, once staffed by 16 employees, is now staffed by three full-time employees, one of whom is a working foreman. The Borough also hires one or two seasonal employees during the summer months to supplement the summer workforce. The working foreman reports to the Borough Manager. The working foreman supervises the setup and direction of projects and supervises the work of other Public Work employees. Borough

Council has an appointed Council member who is a liaison with the Borough Manager and the Public Works Department. The Public Works Department employees are keenly aware of the financial plight of the Borough and try to minimize costs whenever possible.

The Borough has about 17.5 miles of streets that the Public Works employees maintain. Public Works employees routinely patch potholes and make minor repairs to the Borough streets. Street sweeping is done in-house using a borrowed street sweeper owned by the Northern Schuylkill County Council of Governments. Street sweeping is done in the spring and takes about three weeks. One employee operates the street sweeper. It takes one third of the work force three weeks to sweep the Borough's streets in the spring. If there is available time the streets will be swept again in the fall. The Public Works employees plow the Borough's streets when there is a snow storm. Snow storms are one of the few events that require overtime. In March 2016, the PENNDOT NBIS Bridge Inspector's ratings conclusions required the Borough to completely close a one block section of the Market Street Bridge and reduced the load posting from 15 tons to 4 tons on another one block section. The road closing and reduced load posting pose a hazardous condition to residents and vehicular traffic in the Borough.

There are eight traffic signals and two sets of caution lights in the Borough. The Borough contracts with a private electrician to maintain the traffic signals. There are street lights throughout the Borough that are owned and operated by PPL Electric Utilities. The lights were "upgraded" about ten years ago. They are now either low or high pressure sodium that cast an orange hued light that is not color accurate. The Borough installed about 20 decorative lights along Market Street in the business district. The decorative lights are owned by the Borough and maintained by the same private electrician who maintains the traffic signals. In the event that street signs need to be repaired or replaced, the Public Works employees do the work of repairing or removing the old sign and installing the new. The Borough buys its street signs from a private vendor.

Residential trash collection is done by a private hauler once a week. From Memorial Day to Labor Day the private hauler collects trash twice a week in the Borough. The private hauler also collects bulk items once a week throughout the year. In addition to refuse, the hauler picks up co-mingled recyclables every two weeks. The Borough has about 20 street side trash receptacles that the Public Works employees empty twice per week. The Borough owns a trash compactor truck that is used to collect the waste from the street side receptacles and to clean up

the parks. The street receptacles require two employees four hours each per week in the autumn, winter and spring, and two employees six hours each per week during the summer.

Fire protection is provided in the Borough by five volunteer fire companies, one of which also provides EMS, and the other provides rescue services. The Borough pays for fuel and vehicle, liability and workers' compensation insurances for these companies. Water service to the Borough is provided by the Mahanoy Township Authority (MTA). The Public Works employees maintain about 70 fire hydrants and pay rental on them to the MTA for the water service. The hydrants are approaching 100 years old and can no longer be repaired due to unavailability of parts. When a hydrant cannot be repaired, it is replaced with a new hydrant. The Borough has had to buy a new hydrant twice in the last seven years.

Sewer service is provided by the Mahanoy City Sewer Authority. The sewer system is a blend of storm and waste water. There are about 250 storm water inlets in the Borough. The Sewer Authority maintains 30 of them while Public Works employees maintain about 220 inlets. Many of the 220 inlets are in need of repair. At times the Sewer Authority will lend equipment to the Borough.

The Borough has three playgrounds and three parks. Two of the playgrounds are basketball courts and the third has playground equipment including swings, sliding board, jungle gym, benches and tables. There are two parks that are actually monument parks: one called the "Tank Park" has a World War II vintage tank, and the second, Molly McGuire Park, has statuary in remembrance of the coal miners of Irish descent who were convicted and executed for murders alleged to have been committed by them in the midst of labor strife. The third, Herman's Park, is on the site of the former Mahanoy Area High School. It is about 125 feet by 70 feet in size. It has a gazebo, benches and tables. The Public Works employees maintain the playgrounds and parks, including mowing grass, cleaning up and repairing when necessary.

The Borough owns several buildings that are maintained and repaired by the Public Works employees: Borough Hall with attached police station and the Borough garage and shop that is actually located in Mahanoy Township. The Borough Hall is a newer building but the Borough has been experiencing ventilation issues with the building this year. The Borough garage and shop are much older buildings that are not modernized and are not energy efficient. Attached to the Borough garage is the Borough's rock salt shed. The rock salt shed is in a deteriorated condition and may be in danger of collapsing. The Borough also owns a building

known as the Teen Canteen that was a community and recreation center. The Teen Canteen building is not currently being used but it houses the fire alarm system and must be kept heated in winter. The Borough also owns the Main Street Complex. The Main Street Complex currently houses an animal neutering clinic with a reception area, office, kennel, operating room and storage.

The Public Works employees are committed to performing their work in as safe a manner as possible. When working in the Borough's streets they establish a work zone using cones and barriers and, when appropriate, a flagman. The Borough has, over the years, had safety training sessions but the amount of training has decreased. Likewise, in the past the Borough commenced the creation of a safety committee but it has not been active in recent memory.

PW01 Staffing and Operations Initiatives

There is not much the Public Works Department can accomplish with a small staff of three full-time employees and two seasonal employees. The scant resources and minimal workforce severely limits the type and scope of projects and tasks the Public Works Department employees can safely perform. Much of their work is performed along the streets and sidewalks of the Borough. Therefore, based on the foregoing analysis, the Borough shall implement the following Initiatives to improve the staffing and operations of the Public Works Department.

PW01.1 The Borough shall develop a capital plan to identify road, drainage, building or other infrastructure issues and prioritize the identified issues for capital funding. In consultation with the Coordinator, the Borough shall consider applying for an Act 47 Program Grant for funding the development of a capital plan.

PW01.2 The Borough shall reach out to its neighboring public entities to determine if any of the issues identified in its capital plan can be jointly implemented with these entities. This could lead to cost savings by sharing the bidding costs or, if the work is to be performed by municipal employees, the sharing of personnel and equipment to complete a project.

PW01.3 The Borough shall consider the following changes when negotiating the next garbage collection contract:

- Remove the Borough as the responsible party for billing and collection of the sanitation fee. Consideration should be given to the use of a third-party that would collect the current fees, pursue delinquent payers, and assist the Borough and refuse contractor in coordinating service changes and lien charges against delinquent residents. The contract may allow for the option to use the private contractor as the collector of fees provided that the Borough Solicitor is satisfied that the responsibility for contract payments from the Borough is not in conflict with the collection responsibilities of a party to the collection contract.
- Require that the private contractor be responsible for public right of way trash pickup allowing the Borough to greatly reduce its use of its owned garbage truck and eventually eliminate the need for a Borough owned refuse truck.
- Have the private contractor pick up bulk items once a month instead of weekly.
- Eliminate the private haulers twice a week garbage pick-up during the Memorial Day to Labor Day time period.

PW01.4 Eliminate paying for the volunteer fire companies' fuel for their vehicles. The Borough is not required by Pennsylvania law to compensate the fire companies for this expense.

PW01.5 Continue to seek state and federal funding to replace the closed and reduced load posting sections of the Market Street Bridge.

PW01.6 Establish a safety committee. A safety committee established and conducted according to the standards of the Pennsylvania Department of Labor and Industry will qualify the Borough for a 5 percent discount on the Workers' Compensation Insurance premium. It will also reduce the incidents of workplace injuries and the severity of such injuries.

PW02 Vehicles and Equipment Review

The Borough's Public Works Department scope of work is limited by the small staff and the Borough's financial constraints. Thus, the Public Works Department does not possess many

vehicles or equipment. The following is a list of the Public Works Department's vehicles and equipment:

- One pickup truck, 6-years-old, used for general hauling and snow plowing
- One 5-Ton Dump Truck: recently purchased
- One very large PennDOT truck that PennDOT used for plowing interstate highways. The vehicle is too large to use effectively within the Borough.
- One Bobcat: 5-years-old
- One Front End Loader, 621D, 15-years-old
- One Trash Truck with Compactor: 20-years-old, rear end refurbished, used to empty public trash receptacles, and to clean up parks and playgrounds.
- Three weed trimmers, three lawn mowers, one tractor mower, one leaf blower and one leaf collector.

As mentioned above, the Borough's Public Works employees borrow equipment from other public entities to complete work in the Borough. Some of the equipment borrowed by Public Works employees are:

- Mahanoy Area School District lends a striping machine for striping parking spaces.
- Mahanoy Township lends a backhoe.
- Northern Schuylkill County Council of Governments lends a street sweeper, zipper, asphalt machine, and bobcat.

PW02 Vehicles and Equipment Initiatives

Based on the foregoing analysis, the Borough shall implement the following Initiatives regarding the Public Works vehicles and equipment.

PW02.1 The Borough shall consider selling the truck that was obtained from PennDOT, or otherwise dispose of it. This vehicle is of little use to the Borough due to its size. It cannot be used for effective snow plowing because the streets are too narrow.

PW02.2 The Borough shall continue to work with other public entities regarding sharing equipment and where feasible sharing public works services.

Administration

ADM01 Staffing and Operations Review

The Borough's Administration includes the following full-time employees: one Borough Manager, one Secretary/Treasurer and one Code Enforcement Officer. The Borough also employs one part-time employee to collect sanitation fees and to perform other administrative duties. The Borough Manager is responsible for the proper and efficient administration of the affairs of the Borough. The Borough Manager supervises the financial and administrative functions of the Borough and prepares and submits to Borough Council a budget for the next fiscal year and is responsible for the administration of the budget after its adoption.

The Secretary/Treasurer assists the Borough Manager with budgets and finance and also purchasing and contracts. The Secretary/Treasurer also prepares the meeting agendas for Borough Council meetings and records the meeting minutes, prepares legislative actions and responds to public inquiries by telephone or in person.

The primary duties of the Borough's Code Enforcement Officer include ensuring compliance with policies, codes, rules, regulations, and permits in a proper, timely fashion within the limits of the law. Consequently, the Borough Code Enforcement Officer must be fully acquainted with the policy adoption process and the intent of the regulations they enforce as well as the legal limits placed on them. The Borough Code Enforcement Officer is inundated with many code enforcement issues due to the old stock of the Borough's structures and also due to the increasing number of vacant structures deteriorating from lack of maintenance. Unfortunately, the regulations and legal limits placed on the Code Enforcement Officer requires him to devote a significant portion of his time to paper work instead of being in the field.

ADM01 Staffing and Operations Initiatives

Based on the foregoing analysis, the Borough shall implement the following Initiatives to strengthen the Administration's staffing and operations.

ADM01.1 The Borough shall consider part-time employment (~20 hours per week) of a secretary/clerk to assist the Code Enforcement Officer. A part-time position would be more cost-effective and efficient than having the Code Enforcement Officer perform these duties and will free up the Code Enforcement Office to spend more time in the field. In consultation with the Coordinator, the

Borough shall consider applying for an Act 47 Program Grant to assist with funding this position.

ADM01.2 The Borough should request bids for the codification of the Borough's ordinances. Borough officials have informed the Coordinator that the Borough's ordinances have not been codified. Many of the Borough's ordinances may be outdated or duplicated. Codification of the Borough's ordinances will make them more readily accessible to Borough personnel, especially the Code Enforcement Officer, as this Recovery Plan recommends increasing the Borough's Blight Fund to address the Borough's blight issues. In consultation with the Coordinator, the Borough shall consider applying for an Act 47 Program Grant to assist with funding this Initiative.

CHAPTER 4

FINANCIAL REVIEW AND INITIATIVES

Overview of Fund Structure

The Borough of Mahanoy City (Borough) maintains its financial records using sixteen self-balancing funds. The twelve currently active funds and their purposes follow:

- General – Tax assessment for general budgeted operations including public safety, public works, recreation and general government.
- Sanitation – For garbage collection; reports fees and related expenditures.
- Highway Aid – Collection and use of the Pennsylvania Liquid Fuels Entitlement.
- Blight Abatement – Tax assessment for demolition of blighted buildings.
- Library – Tax assessment and operations of the Borough library.
- Debt Reduction – Tax assessment for long-term debt reduction and capital acquisitions.
- Fire Protection – Operations of fire companies.
- Main Street Complex – Grant-funded project.
- Sinking – Tax assessment for capital projects and asset acquisitions.
- Street Lighting – Tax assessment for Borough's street lights.
- Local Grants – Local grant funding and respective projects and capital acquisitions.
- Federal Programs – Federal government grant funding and respective projects.

In addition to the governmental funds described above, the Borough is also responsible for Trust Funds that account for assets held by the Borough as a trustee. Trust Funds are not available to the Borough for operations. The Trust Funds are the Police and Nonuniformed Pension Plans.

Financial Statements

The Borough's financial records are maintained on a combination of modified accrual and cash bases. Only accounts payable and sanitation fees are maintained on the full accrual basis. The remainder of accounts is maintained on the cash basis of accounting. The cash basis does not present a realistic picture of the financial position of the Borough. The Borough's financial management systems must be sufficient to permit the preparation of internal and

external reports in accordance with the Borough's policies and procedures and other governmental laws and regulations.

The following are Financial Statement Initiatives that the Coordinator considers both reasonable and necessary for the Borough to implement to facilitate the Borough's financial recovery.

FS01.1 Financial statements should be prepared in accordance with GAAP on the full accrual basis for government-wide statements (the Borough and all component units) and modified accrual basis for the government funds financial statements. The accrual basis of accounting reports revenues when earned and expenditures when the cost is incurred. Modified accrual statements report revenue only for a period of time when available to satisfy current obligations; the Borough uses a sixty-day period after the period and year ends to report available funds. Only current assets and liabilities are reported; capital assets and long-term liabilities are not included.

FS01.2 Annual Financial Statements should include a Section Entitled "Management's Discussion and Analysis" (MD&A). An MD&A has not been included in the Borough's annual audited financial statements. GAAP requires that municipal year-end financial statements include a section for the MD&A. The MD&A section should provide an objective and easily readable analysis of the Borough's financial activities based on currently known facts, decisions or conditions. The MD&A should include:

- Comparisons of the current year to the prior year based on the government-wide financial statements.
- An analysis of the Borough's overall financial position and results of operations to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's operations.
- An analysis of significant changes that occurred in the funds and significant budget variances.
- A description of capital assets and long-term debt activities during the year.

- A description of currently known facts, decisions or conditions that are expected to have a significant future effect on financial position or results of operations.

FS01.3 Year-end financial statements should be on the full accrual basis for government-wide activities and modified accrual basis for the fund financial statements. The annual government-wide statements of net position and activities should be presented on the full accrual basis. The statement of net position should include all assets owned by and obligations of the Borough.

Accounts receivable – This amount should include all known receivables from all sources for all funds. For example, the amount due for real estate taxes should include the current year assessment and all delinquent amounts due. Since delinquent real estate tax receivables are collectible upon sale of a property through liens, 100 percent of the amounts due should be reported. The audited financial statements currently include only the receivables for the current year. This also applies to all other tax assessments.

Capital Assets – Capital assets should include land, land improvements, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and other tangible assets used in operations that have initial useful lives extending beyond one year. Infrastructure assets are normally stationary in nature and include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. The Borough's annual financial statements do not include all infrastructure capital assets.

Fund financial statements – These financial statements should be presented on the modified accrual basis of accounting. The Borough's annual fund basis financial statements are presented on the cash basis plus a few obligations and Sanitation Fund fees receivable. Additional accounts that should be reported include prepaid expenditures, other current assets, accounts payable and accrued expenditures such as compensated absences (vacation, sick and personal time).

FS01.4 Currently and in the past, the Borough's annual financial statements have been prepared by the Borough's auditor, a certified public accountant. This creates

a question about the auditor's independence from the Borough since he is auditing his own work. A person employed by the Borough should prepare the financial statements to be audited. If management prefers to have the auditor prepare the statements, then there should be someone designated at the Borough with the necessary skills, knowledge and experience to review and understand the financial statements.

FS01.5 Monthly financial statements for all funds on the modified accrual basis of accounting should be produced and provided to management and Borough Council, including budget compared to actual statements. Monthly financial statements should include the following statements for all funds:

- Balance sheet
- Statement of revenues and expenditures
- Statement of revenues and expenditures – budget compared to actual
- Cash flows projections for a minimum of three months

Eventually the financial system should produce the statements above, including prior year data compared to current period results of operations and financial position. In addition, the Borough should plan to maintain a rolling cash flow projection for a twelve-month period. This is especially crucial considering its Act 47 status and the need to provide current projections to the Recovery Plan Coordinator.

On a monthly basis, the accounting system should produce the following schedules for analysis by management and Council on a modified accrual basis in addition to the standard financial statements:

- Schedule of accounts receivable by category and age for all funds
- Schedule of credit memos generated to write off Sanitation Fund billed fees and finance charges
- Schedule of aged accounts payable for all funds

Ultimately, the Borough should produce a three- to five-year financial projection incorporating the changes that will be facilitated through adoption of the Recovery Plan.

FS01.6 Periodic full accrual financial statements should be prepared in order to provide a comprehensive presentation of the Borough's total assets, obligations and net position to enhance management's and Council's ability to monitor the operating budget and make viable decisions for the Borough. These statements will also disclose funds that are carrying deficit net positions.

Financial Management

The Borough prepares an annual budget only for the General Fund. Real estate taxes are assessed in five other funds. Annual budgets should be prepared for all active funds. The active funds include the Borough's other operations, assets and obligations and should be included in the planning process each year. The Borough should input the 2016 budget into QuickBooks in order to generate monthly budget compared to actual statements of revenues and expenditures.

The following are Financial Management Initiatives that the Coordinator considers both reasonable and necessary for the Borough to implement to facilitate the Borough's financial recovery.

FM01.1 The Borough should prepare annual budgets for all active funds. Council and management should plan to prepare 2017 budgets for all funds and input them into QuickBooks for monthly and annual financial reporting purposes. Any inactive funds with account balances should be adjusted to zero out all amounts. The annual budget documents should include comprehensive explanations for the financial data presented, including trends from prior years and assumptions made. Periodic financial reporting should include statements for all funds comparing actual results to budgeted amounts to enhance management's fiscal and Council's fiduciary responsibilities.

FM01.2 At the end of each month, all Borough accounts should be reconciled in order to prepare the monthly financial statements for all Borough funds. The following accounts should be reconciled:

- Cash
- Accounts receivable (all revenue sources)
- Allowance for uncollectible accounts

- Prepaid expenditures
- Capital projects and acquisitions
- Other assets
- Due from other funds
- Accounts payable
- Accrued expenditures (including payroll and compensated absences)
- Payroll tax liabilities
- Due to other funds
- Long-term debt
- Grant-related transactions
- Operating transfers in and out

As of December 31, 2015, there was a \$75,000 balance in accounts receivable in the Street Lighting Fund related to a 2010 acquisition of street lights. The amount is not collectible and should have been written off in a prior year. In addition, there was a \$16,700 receivable balance in the General Fund that was actually received in 2013; this resulted in recording the revenue amount twice. As of December 31, 2015, there is a \$27,500 amount in accounts payable in the Non-uniform Pension Plan Fund that has been on the financial records since before 2010. In the fire insurance escrow account in the Sinking Fund, there is an unidentifiable amount of \$16,400 from before 2007. These are the type of misstatements and discrepancies that should be reconciled and adjusted on a monthly basis.

FM01.3 The recording of the collection of delinquent real estate taxes should be based on appropriate millage levy. The Borough assesses real estate taxes that are recorded in six funds. When delinquent real estate taxes are received from the County, the Borough is using outdated allocation percentages to record collections of taxes and penalties in the appropriate funds. For example, no delinquent taxes and penalties collections for the Blight Fund are being allocated properly. The proper millage percentages for the applicable years should be used to record collection of delinquent real estate taxes in order to

properly reconcile accounts receivable. Table 4-1 illustrates the tax rates proportionate share for the years 2011 – 2016.

Table 4-1
BOROUGH OF MAHANOEY CITY
Proportionate Share of Real Estate Tax Rates
2011-2016

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Purpose (mills)	77.2%	77.2%	72.4%	68.0%	66.9%	61.6%
Debt Service (mills)	5.4	5.4	5.1	5.1	0.0	0.0
Debt Payment (mills)	4.9	4.9	4.6	9.0	12.1	20.3
Library (mills)	1.6	1.6	1.5	1.5	1.5	1.3
Street Lighting (mills)	11.0	11.0	10.3	10.3	10.3	9.4
Special Road Fund (mills)	0.0	0.0	0.0	0.0	3.1	1.7
Blight Abatement (mills)	<u>0.0</u>	<u>0.0</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>	<u>5.6</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FM01.4 Sanitation fees are billed to property owners based on the Mahanoy Water Authority's records. On a periodic basis, the validity of the property database used for sanitation billing should be determined based on both vacant certificates issued and a physical inspection of properties with outstanding balances. These processes should ultimately reduce the number of old outstanding balances associated with vacant properties.

FM01.5 An allowance for uncollectible accounts for sanitation fees receivable should be maintained. As of December 31, 2015, unpaid sanitation fees extended back to 2006. During those years, there were invoices written off due to discovered vacant buildings. In 2014 approximately 59 percent of the amount billed for that year was written off due to vacancies. One residence was vacant for 17 years. Finance charges on outstanding sanitation invoices are assessed at April 30, August 31 and December 31 of each year. The sanitation finance charges are automatically added to the invoices sent three times per year with the total outstanding amounts. If finance charges continue to be assessed for these vacant properties, these annual budget revenues will also be distorted.

FM01.6 On an annual basis, the Borough should determine the sanitation fees to be charged in amounts to cover sanitation operations. These revenues should

cover both direct charges to the Borough and indirect costs or overhead related to sanitation activities, such as billing and collection personnel and other related general expenditures. When preparing budgets for various projects, including those for grant programs, the estimated costs should also include both direct and indirect costs. When developing cost allocation plans in order to assess appropriate revenues, the Borough should use the guidance in 2 CFR (Code of Federal Regulations) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* which supersedes OMB Circular A-87. This process will ensure that all costs are included in the projection utilized in developing sufficient assessed fees and charges.

FM01.7 The Borough must improve upon its financial reporting, including cash flow projections and budgeting. Each month a formal cash flow projection for a twelve-month period should be updated on a rolling basis. The projection should include all expected receipts from all sources and cash flows out, including interfund transfers and payments for all funds. Multi-year budgets should be prepared for all funds in order to adequately monitor the Borough's operations through monthly financial reporting. In addition, multi-year capital budgets should be prepared to plan for various capital projects and acquisitions. Related plans for financing such initiatives should be included in the budgets and cash projections. The cash flow projection should be provided to and analyzed by Borough Council each month in order to make informed decisions regarding operations and capital needs planning.

Ideally these financial reports should be prepared by someone in the Finance Department; however there is insufficient staff at this time to provide for sufficient segregation of duties and internal controls. Consideration should be given to involving a Borough Council member and the Manager to design and set up the reports. Then someone in the Finance Department may be able to fill in the appropriate amounts on a daily or weekly basis.

FM01.8 All interfund transactions should be reconciled on a monthly basis. As of December 31, 2015, most of the interfund accounts (due to and from and

operating transfers) do not reconcile between the funds. For example, the receivable from another fund on one trial balance does not equal the payable on the respective other trial balance. The Borough's management is not able to reconcile the accounts; some of the discrepancies may be applicable to prior years. The Borough should investigate balances from prior years and make the necessary adjustments to the financial records. Borough personnel should be trained to record all interfund transactions properly.

FM01.9 To enhance the Borough's financial accounting and financial management capacity, the Borough, with the assistance of the Act 47 Coordinator, shall engage a consultant that will provide recommendations to the Borough regarding best practices in financial accounting and financial management. The consultant will work closely with the Borough's financial team to implement the best practices identified by the consultant in order to create a more a more efficient, effective and accountable financial system.

Financial Controls

The Borough has limited resources available to hire staff to adequately maintain strong segregation of duties. This creates the opportunity for misstatements on financial statements due to error or fraud. Therefore, the Borough Manager and a member or members of Borough Council should be involved in reviewing various financial reports and documents in order to establish adequate monitoring controls over financial transactions.

The following are Financial Control Initiatives that the Coordinator considers both reasonable and necessary for the Borough to implement to facilitate the Borough's financial recovery.

FC01.1 Internal controls should be added to the window collections process. At Borough Hall there is an interior window where individuals may pay various fees. There are no daily receipts listings prepared at the window to account for all incoming checks and cash. More than one individual may collect funds which are handed to or collected by the Secretary/Treasurer of the Borough. The same person prepares the bank deposit slip and takes the funds to the bank for deposit. Deposits are not made daily, so the cash and checks are held

in a locked drawer; the Secretary/Treasurer maintains the key. This same individual prepares the monthly bank reconciliations. Due to the small number of employees and lack of segregation of duties, a daily list of cash receipts should be maintained, and the Borough Manager should compare the lists with each deposit to ensure that the amounts agree.

FC01.2 A written accounting policies and procedures manual should be prepared and distributed to anyone handling the Borough's financial transactions. On an annual basis the manual should be reviewed and updated for any changes in procedures. The manual should include the processes and internal controls for:

1. Budget preparation
2. Cash management
3. Billing
4. Collections, including window transactions
5. Capital projects and acquisitions
6. Purchasing
7. Cash disbursements
8. Payroll
9. Long-term debt
10. Interfund transactions
11. Financial reporting – monthly and annually

FC01.3 The following controls should be implemented to the Borough's cash management system:

1. The Borough's supply of blank check stock is retained in an unlocked location at all times. All check stock should be locked in a locked location when not in use. Only limited personnel should have access to the stock.
2. All cash accounts should be maintained in the Borough's central financial records in the QuickBooks general ledger. There are six Borough bank accounts that are accounted for manually rather than in the QuickBooks general ledger. Another account had not been

accounted for at all in the financial records during 2015. All receipts and disbursements should be recorded in the financial records and reconciled with the related bank statements on a monthly basis.

3. The bank statements should be delivered directly to the Borough Manager or someone independent of the reconciliation process rather than to the person reconciling the cash accounts. The statements should be reviewed for any unusual transactions.
4. Bank statements and reconciliations should be reviewed monthly by someone independent of the cash receipts and disbursements and reconciliation processes.
5. Deposits should be taken to the bank at a minimum on a weekly basis in order to more effectively safeguard the Borough's assets.

FC01.4 Timesheets and worksheets for personnel in the streets, police and general government departments are submitted to the Secretary/Treasurer for biweekly payroll checks. The same individual inputs all information necessary to generate the pay checks. There is no review of the original timesheets and worksheets compared to the Payroll Summary generated by QuickBooks. The checks are signed and picked up by personnel. There is clearly a lack of segregation of duties in the entire payroll process since there are no review and approval policies and procedures. The Borough Manager and/or an individual on Borough Council should review the source documents used to generate the Payroll Summary and then compare the Summary with the final signed checks before they are distributed.

FC01.5 There are currently no written policies and procedures for payment of outstanding invoices. Two signatures are required for each check, however there is no indication on each invoice that it was approved and paid. There is a risk that an invoice could be paid twice and that payment could be made based on a statement. Therefore, the Borough should acquire a stamp that contains space for initials and date that the invoice was approved for payment and for the date paid with account number charged.

Current Liabilities

The following are Current Liability Initiatives that the Coordinator considers both reasonable and necessary for the Borough to implement to facilitate the Borough's financial recovery.

CL01.1 The current outstanding debt liabilities of the Borough consist of short-term and long-term debt. The Borough currently has an outstanding short-term Tax and Revenue Anticipation Note of \$600,000 which term expires on December 31, 2016. The Borough also has three outstanding long-term debt notes: (1) a 2015 General Obligation Note with a principal of \$130,000 and a term expiration date in 2022; (2) a United States Department of Agriculture Note with a principal of \$56,000 and a term expiration date in 2035; and (3) a 2015 General Obligation Note with a principal of \$342,000 and a term expiration date in 2030. As of December 31, 2015, the Borough was also a guarantor of a 2007 Mahanoy Township Water Authority Note. As of the date of this Recovery Plan the Borough is no longer a guarantor of this 2007 Note. The Borough shall continue to timely meet its periodic debt payment deadlines including the repayment of the 2016 Tax and Revenue Anticipation Note. Table 4-2 below summarizes the Borough's outstanding short-term and long-term debt liabilities as of December 31, 2015.

Table 4-2
BOROUGH OF MAHANOEY CITY
Debt Liabilities Summary
As of December 31, 2015

	<u>2014 Lease</u>	<u>2015 TAN</u>	<u>2015 GO Note</u>	<u>USDA</u>	<u>2015 GO Note</u>
Amount	\$ 42,170	\$ 130,000	\$ 130,000	\$ 56,000	\$ 342,000
Interest rate	4.00%	2.14%	5.07%	4.00%	3.00% /Var
Year of Maturity	2018	2015	2022	2035	2030
Payments - P&I	\$11,482/yr	N/A	\$5,544/Qtr	\$329/Mo	\$2,372/Mo
Balance, 12/31/14	42,170	-	-	-	-
Proceeds, new debt	-	130,000	130,000	56,000	342,000
2015 Loan payments	(10,307)	(10,000)	(11,838)	(898)	(12,230)
		(50,000)			
Balance 12/31/15	31,863	70,000	118,161	55,102	329,770

- CL01.2 As of December 31, 2015, there were no comprehensive records outlining the Borough's long-term debt obligations. There was one loan not reported in the 2014 financial statements with a balance of approximately \$101,900 and another loan was overstated by approximately \$21,700. It is imperative that the Borough maintain schedules of all debt in order to accurately prepare cash flow projections and monitor balances throughout each year. This tracking schedule should be updated every month and reconciled at year-end.
- CL01.3 The Borough also has current liabilities that have not been consistently recorded in the QuickBooks general ledger. One example is that the pension plans' Minimum Municipal Obligations are not recorded when due to the respective plans. Other invoices were not recorded in the general ledger in a timely manner as of December 31, 2015. Invoices should be posted into the Accounts Payable module upon receipt in order to maintain an accurate balance at the end of each month.
- CL01.4 For the annual accrual basis financial statements, the obligation for compensated absences, such as vacation, personal and sick time, should be calculated. There is no formal written policy for uncompensated absences for the general and administrative personnel. A policy is loosely followed each year. A written policy should be prepared and added to a personnel manual covering the administrative staff. The liability and tracking records should be monitored by the Borough Manager and a person on Borough Council on a periodic basis.

Contingent Liabilities

The Mahanoy City Sewer Authority (Authority) is reported as a component unit on the Borough's financial statements. Prior to 2016, the Borough guaranteed the Authority's 2007 and 2013 Sewer Revenue Bonds. In 2016, the Authority issued \$11,315,000 Guaranteed Sewer Revenue Bonds, Series of 2016, part of which refinanced the 2007 and 2013 Bonds. Pursuant to a guaranty agreement dated April 15, 2016, the Borough unconditionally guaranteed payment of the full amount of the principal and interest on the 2016 bonds when due, and for such payment,

pledges its full faith, credit and taxing power. The annual debt service on the bonds is approximately \$650,000.

Alfred Benesch & Company, the consulting engineer to the Authority, has issued a “Consultant’s Certificate” certifying that amounts estimated to be received by the Authority from collection of sewer rentals, rates and other charges from the Sewer System will be sufficient in 2017, 2018 and 2019 to cover the operating expenditures and debt service of the 2013 and 2016 revenue bonds. Therefore the Authority does not anticipate that the Borough will be required to service the Authority’s outstanding debt.

Insurance

The following are Insurance Initiatives that the Coordinator considers both reasonable and necessary for the Borough to implement to facilitate the Borough’s financial recovery.

INS01.1 The Borough should consider using a request for proposals from carriers with strong reputations as an initial step to determine where rates can be reduced. The municipal insurance market is a niche space served by a limited number of insurers. The primary carrier for the Borough—Employers Mutual Casualty Company (EMC)—is a respected provider in the market and their rates are considered to be competitive; however, a lower cost option may be available in the market.

INS01.2 The municipal address of 1-3 West Center Street sits in the flood map x-zone; a preferred zone. Because it’s not in a high risk zone the reason for maintaining the policy could have been a lender requirement; otherwise, the rationale is unclear. Also, the coverage appears to be written as a standard policy and not preferred. More details were not available without having authorization to discuss with the National Flood Program. The Borough should review and confirm the need for this policy. If the need is still valid, the Borough should consider a review with the flood program to obtain a preferred rating on this policy.

INS01.3 The Borough currently does not carry Cyber liability coverage, a fairly new form of coverage. The Borough should consider obtaining this coverage to

protect the municipality should someone suffer from a data breach originating with the Borough.

INS01.4 Due to most occupations within the Municipality requiring interaction with the public, it is recommended to seek out options with the carrier regarding safety training and education tools. Some of these tools are in the form of modules that can be assigned to employees. The general liability coverage amount of \$1.0 million per occurrence and \$2.0 million aggregate is a fairly standard underlying coverage amount. The premium appears competitive but may be acquired for less.

The Coordinator's analysis of the Borough's insurance program also generated other insurance findings that do not rise up to the level of an Initiative but are relevant to the Borough going forward. The Coordinator is including the results of its findings to assist the Borough in its future insurance practices.

Workers' Compensation (WC) – Volunteer Fire. The occupational risk and law changes have caused most carriers to move away from the volunteer fire department classification and results in a substantial rate for this class. Because of volunteer status, the rating is not based on payroll; it's influenced more by size of municipality and the experience rating.

Worker's Compensation – Municipal Employees. There are two primary areas that influence rates for the Workers' Compensation policy: City/Township/Borough/County (CTBC) class (code 980) and the Police class (code 985). Payroll changes and experience ratings will cause rate fluctuations annually. The baseline rate for CTBC set by the PA Compensation Rating Bureau is 4.51. The rate charged the Borough by EMC in 2015 was 7.44. The State baseline rate for Police class is 3.56 and rate charged by EMC is 7.47. During this analysis other carriers were identified with significantly lower rates. There are indications that EMC will take both rating classes higher at the next renewal. Some payroll companies are now offering "pay as you go" WC programs where the compensation is paid through the payroll process. This has the potential of being more efficient and should lead to greater accuracy for some employee classifications. At this time there does not appear to be a payroll company that offers this service for the Police classification.

Umbrella Policy. The limits for the Borough's umbrella policy are equal to limits on the underlying liability coverages on all liability coverages with the exception of the auto liability (\$500,000). Usually, the umbrella policy maintains higher limits over the underlying limits of liability thereby raising the level of protection. The Borough should consider raising its deductible to \$2.0 million per occurrence and \$4.0 million aggregate, which should not be a huge impact on premium.

Property Coverage. The property coverage assessment is limited because the Coordinator did not have the physical description of buildings or thorough understanding of the use of the business property. Areas of coverage are broad and losses are covered based on replacement for business property, which is preferred. The Borough should review higher deductible options to assist in lowering premiums.

Commercial Auto. The higher value trucks/vehicles have higher collision rates. Raising collision deductibles to \$1,250 or \$1,500 will assist with reducing the premium. There is no indication of rental reimbursement coverage when a vehicle is out of use due to an auto accident. That should be considered as a low cost option to avoid interruption in service or large per-day rental fees.

Post-Employment Benefit Liability and Reporting

Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* applies to the Borough's liability for the Police Department officers' health coverage after their retirement. There is no disclosure regarding this liability in the December 31, 2014 financial statements. The Borough currently uses a "pay-as-you-go" approach for funding these benefits costs. The Statement requires the use of accrual based accounting methods for disclosure of liabilities related to postemployment benefits on the financial statements. This accrual based accounting recognizes costs when an employee earns a benefit, not when the benefit is actually paid. An actuarial valuation should be obtained to ensure that the proper benefit liability is disclosed in the annual GAAP financial statements.

In June 2015, GASB released Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires the postemployment benefit liability to be presented in the employer's statement of net position as an obligation. This requirement will need to be included in the Borough's 2018 financial statements.

2014 Audit Finding

The Borough's 2014 audited financial statements contained one finding in connection with the audit in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The finding stated that the "Single Audit report was not submitted to the Clearinghouse as required by the deadline." The Borough must file Form SF-SAC, *Data Collection Form for Reporting on Audits of States, Local Governments and NonProfit Organizations*, with the Federal Audit Clearinghouse within nine months of the Borough's year-end. The Form was due on September 30, 2015, but was not filed until January 15, 2016. The auditor recommended that the report should be filed by the required deadline. The Borough shall timely file the 2015 Single Audit report.

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CHAPTER 5

WORKFORCE

Pursuant to Act 133 of 2012, (Act 133) the Act 47 Coordinator (Coordinator) is required to include in a recovery plan cost containment recommendations on expenditures for individual collective bargaining units. The Borough's Police Department and Public Works Department employees are represented by individual, separate collective bargaining units. Thus, this Recovery Plan includes cost containment recommendations that are applicable to the expenditures for the Police and Public Works bargaining units. The Act 133 cost containment recommendations are only applicable to negotiated collective bargaining agreements, or arbitration settlements or arbitration awards, or any memoranda of understanding or other side agreements or any other document, agreed to or rendered **after** the adoption of this Recovery Plan. It is the intention of the Coordinator that any labor negotiations by the Borough with its employees' bargaining unit representatives conducted after the adoption of this Recovery Plan shall be conducted in good faith to incorporate the workforce initiatives listed below.

Police Department

WFPD01 Workforce Review

A collective bargaining agreement between the Borough and the Police Department employees governs the Borough's relationship with its Police Department employees. The current Collective Bargaining Agreement became effective on January 1, 2015, and is effective through December 31, 2019 (Police CBA). The Police Department employees are represented by the Fraternal Order of Police Lodge 25.

The Police Department's full-time police officers work 84 hours in a 14 day work period. The Fair Labor Standards Act allows police officers to work 86 hours in a defined 14 day work period. Under the current Collective Bargaining Agreement, current full-time officers receive a compensatory day for working 84 hours for each 14 day work period.

Full-time police officers also receive other categories of compensated leave. Police Department officers receive eleven paid holidays. If a police officer works on a holiday, he/she receives one and one-half times their regular hourly rate for the entire shift worked on a holiday. The Borough also provides term life insurance (minimum death benefit of \$35,000) and

accidental death/dismemberment (minimum benefit of \$35,000). A summary of several other compensated leave categories for full-time police officers is provided in Chart 5-1.

Chart 5-1
BOROUGH OF MAHANOEY CITY
Police Benefit Chart — Full-Time Officers Only

Vacation Time	<ul style="list-style-type: none"> • After 1 year (48 hours) • After 2 years (84 hours) • After 5 years (144 hours) • After 12 years (168 hours) • After 20 years (216 hours) • No maximum limit on amount of vacation hours an officer may accumulate • Upon retirement, officer is compensated 100% of final hourly salary for all accumulated vacation hours OR officer may elect to apply accumulated vacation hours toward minimum service requirements
Personal Time	<ul style="list-style-type: none"> • 120 hours per year • Can carry over from one year to next up to 96 hours • An officer's voluntary or involuntary termination is compensated for all accrued personal hours • No maximum limit on amount of personal hours officer may accumulate • Upon retirement, officer is compensated 100% of final hourly salary for all accumulated personal hours OR officer may elect to apply accumulated personal hours toward minimum service requirements
Sick Time	<ul style="list-style-type: none"> • 108 hours per year • Accumulate maximum of 720 sick time hours • Sick time accrued above 720 maximum shall be paid at rate of 45% of officer base rate at end of each calendar year • An officer's voluntary or involuntary termination prior to full vesting (12 years) is not compensated for accrued sick time—after full vesting 40% of cash value of accrued sick time • Doctor's certificate is required for absence exceeding 3 consecutive days • Accrued sick time may be applied to early retirement or compensated at rate of 40% of cash value at retirement
Longevity	<ul style="list-style-type: none"> • Upon completion of the number of years in service the officer receives in a separate check in pay period that includes officer's anniversary date the following amounts: <u>Years of Service and \$ Amount</u> 2—\$100 per years of service 4—\$100 per years of service 6—\$100 per years of service 8—\$100 per years of service 10—\$100 per years of service 15—\$100 per years of service 20—\$100 per years of service 25—\$100 per years of service
Healthcare	<ul style="list-style-type: none"> • Health insurance paid monthly in full by Borough • Any increase of health insurance rates exceeding 7% compared to prior year health insurance rates is paid by officers in form of monthly co-pay • Officers must complete 25 years of service to receive healthcare coverage through retirement at no cost to officer as long as officer is not eligible for comparable health insurance coverage or eligible under Medicare • Health insurance for retired officer's spouse or dependent available at cost to retired officer

Full-time Borough police officers with at least twenty-five years of service and at least fifty years of age are also eligible for retirement benefits. Eligible police officers are entitled to 50 percent of the officer's average monthly salary based on the officer's final 36 months of service. Officers are not required to contribute to the police pension fund so long as the police pension fund remains sound as determined by actuarial studies as required by law. Officers are only required to contribute to the police pension fund if such contribution is necessary to maintain the actuarial soundness of the police pension fund. Currently, Borough officers are contributing 6.75 percent of their pay into the defined benefit pension fund. Police officers are also permitted to participate in a Section 457 supplemental retirement plan offered by the Borough. Police officer's contributions to such a supplemental retirement plan may be deducted from the police officer's pre-tax earnings. Other provisions in the police pension plan include: a service increment of one hundred dollars (\$100) per month for each year of service beyond twenty-five years up to a maximum of five hundred dollars (\$500) per month as permitted by law; and a cost of living adjustment based on the Consumer Price Index rate.

WFPD01 Workforce Initiatives

As previously stated, the Borough's current Police CBA with its Police employees extends through the end of 2019, thus, the total limit on Police Department employee expenditures, as required by Act 133, will become operative upon Borough Council's adoption of this Recovery Plan and will be applicable in 2020 with contract negotiations beginning on or before June 30, 2019. The following Table 5-1 provides for the total limits on Police Department employee expenditures for the Mahanoy City Police Department:

Table 5-1
BOROUGH OF MAHANOEY CITY
Act 133 Police Expenditure Limits

	Term of F.O.P. <u>Collective Bargaining Agreement</u>				Subject to Act 133 <u>Total Limitations</u>	
	2016	2017	2018	2019	2020	2021
	<u>Budget</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Chief Salary	64,260	76,206	77,068	80,583	80,970	83,988
FT Salaries	–	114,428	117,858	120,727	124,121	125,563
PT Salaries	–	136,381	139,762	143,963	146,842	149,779
Police Salaries	245,755	0	0	0	0	0
FICA	12,951	13,197	13,518	13,932	14,207	14,497
Disability Income	2,400	2,443	2,492	2,542	2,593	2,645
Hospitalization	77,931	82,607	87,563	92,817	98,386	104,289
Workers Comp	20,400	20,767	21,183	21,606	22,038	22,479
Uniforms	<u>3,700</u>	<u>3,767</u>	<u>3,842</u>	<u>3,919</u>	<u>3,997</u>	<u>4,077</u>
Total Police Expenditures	427,397	449,796	463,286	480,089	493,154	507,317

Assumptions:

Salary Increases at contracted rate for 2017-2019; then 2.0 percent afterward.

Current acting chief becomes chief; additional FT officer hired at current contract

PT costs increased same as FT salary increase.

Healthcare cost increased 6 percent annually.

FICA assumes FT salary Medicare only (1.45 percent). PT (7.65 percent).

The following are Police Department workforce cost containment Initiatives that the Coordinator considers both reasonable and necessary to the Borough's financial recovery.

WFPD01.1 Newly hired, full-time police officers will work 84 hours in a 14 day work period without getting paid overtime or receiving a personal day or a compensatory day. The Fair Labor Standards Act allows police officers to work 86 hours in a defined 14 day work period. In order to take advantage of the Fair Labor Standards Act expanded provisions for public safety employees, including police officers, any collective bargaining agreement or arbitration settlement should define the 14 day work period and specify that police officers can work up to 84 hours within a 14 day work period without receiving overtime or receiving a personal day or a compensatory day.

WFPD01.2 Vacation Time for newly hired, full-time employees should be amended as follows:

- 48 hours after one full year of continuous service.
- 96 hours after two full years of continuous service.
- 144 hours after ten full years of continuous service.
- 192 hours after twenty years of continuous service.
- There should be no annual carryover of Vacation Time for new hires.

WFPD01.3 Personal Time for newly hired, full-time employees should be amended as follows:

- 24 hours after one full year of continuous service.
- 36 hours after five full years of continuous service.
- There should be no annual carryover of Personal Time for new hires.

WFPD01.4 Sick Time for newly hired, full-time employees should be amended as follows:

- 6 hours of Sick Time per full month of employment.
- Accumulation of Sick Time up to a maximum of 480 hours.
- There should be no annual buy back of Sick Time or buy back of Sick Time upon voluntary or involuntary termination of employment. Upon retirement, there should be a 25 percent buy back of unused, accumulated Sick Time, subject to Auditor General Bulletin 2001-1, whereby the payment of accumulated Sick Time upon retirement will not become part of the police officer's retirement calculation except to the extent that the Sick Time was earned during the averaging period (36 months).

WFPD01.5 Longevity Bonus for newly hired, full-time employees should be amended as follows:

6 full years of continuous service	\$ 400
7 full years of continuous service	\$ 500
8 full years of continuous service	\$ 600
9 full years of continuous service	\$ 700
10 full years of continuous service	\$ 800
11 full years of continuous service	\$ 900
12 full years of continuous service	\$1000
13 full years of continuous service	\$1100
14 full years of continuous service	\$1200
15 full years of continuous service	\$1300
16 full years of continuous service	\$1400
17 full years of continuous service	\$1500
18 full years of continuous service	\$1600
19 full years of continuous service	\$1700
20 full years of continuous service	\$1800
21 full years of continuous service	\$1900
22 full years of continuous service	\$2000

WFPD01.6 All newly hired, full-time police officers should contribute 10 percent of the applicable premium for their Health Insurance by payroll deduction.

WFPD01.7 The Borough should eliminate the pension cost of living adjustment for newly hired, full-time employees. An actuarial study should be conducted in order to determine the amount of savings to the Borough as a result of the elimination, or partial elimination, of the pension cost of living adjustment, and the effect on the Borough's Minimum Municipal Obligation (MMO) for the police pension plan.

Public Works Department

WFPW01 Workforce Review

A collective bargaining agreement between the Borough and the Public Works Department employees governs the Borough's relationship with its Public Works Department employees. The current Collective Bargaining Agreement became effective on January 1, 2013, and is effective through December 31, 2016 (Public Works CBA). The Public Works Department employees are members of the collective bargaining unit Teamsters Joint Council No. 53, Local Union No. 429.

The Public Works Department employees work 40 hours per week, Monday-Friday, 7:30 a.m. to 3:30 p.m. They rarely work overtime and, when they do it is usually for an emergency call out for snow removal, setting up barricades or boarding up abandoned and blighted buildings. The minimum emergency call out pay is a minimum of two hours and thereafter, requires at least two hour increments of paid time. In the winter, emergency call out usually takes 4 hours or more. Sometimes the reason for the call out can be corrected in 10 minutes, in which case they do not bill the Borough for the time. Public Works Department employees work about 40-50 hours of overtime per year.

In addition to their hourly rate of rate of pay and overtime, the full-time Public Works employees also receive other categories of compensated leave. Public Works employees receive ten paid holidays. If an employee works on a holiday, he/she receives one and one-half times their regular hourly rate for all hours worked on the holiday in addition to his/her regular holiday pay. The Borough also provides Public Works employees with term life insurance (minimum death benefit of \$40,000) and accidental death/dismemberment (minimum benefit of \$40,000). A summary of several other compensated leave categories for full-time Public Works employees is provided in Chart 5-2.

Chart 5-2
BOROUGH OF MAHANOEY CITY
Public Works Benefit Chart — Full-Time Employees Only

Vacation Time	<ul style="list-style-type: none"> • Pro-rata with less than 1 year of service • After 1 year (5 days/1week) • After 2 years (10 days/2 weeks) • After 7 years (15 days/3 weeks) • After 15 years (20 days/4 weeks) • After 20 years (25 days/5 weeks) • Employees not entitled to carry over any unused vacation time
Personal Time	<ul style="list-style-type: none"> • 5 personal days • Employees can accumulate up to maximum of 15 personal days
Sick Time	<ul style="list-style-type: none"> • 10 sick days per year • Employees can accumulate up to maximum of 90 days • Sick time of up to 10 days per year accrued above the 90 day maximum may be cashed in at end of calendar year at 25% of current pay rate • Accrued sick time may be applied toward retirement eligibility at a rate of 100% OR may be sold upon retirement at a rate of 30% of current hourly rate • At employee's voluntary or involuntary termination, sick time is paid at various rates based on time of service for all accumulated sick time • Doctor's certificate is required for absence from sickness for 3 or more days • Employee may use sick time when sickness in immediate family requires employees' absence from work
Healthcare	<ul style="list-style-type: none"> • Borough makes a monthly contribution to the Central PA Teamster Health Fund for each eligible employee participating in the Fund • Amount of Borough's monthly contribution determined annually by the Fund • Employees pay 5% of monthly contribution based on bargaining units monthly bill divided equally to each bargaining unit participant • Upon retirement, employee with 20 years or more service offered single plan coverage for period of 1 year with employee responsible for any copayments. Thereafter, health care coverage offered to employee at full cost to the retiree. Borough provided coverage ceases if retiree becomes eligible for other coverage through employment or spouse or becomes eligible for Medicare
Pension	<ul style="list-style-type: none"> • The Borough is required to contribute a minimum of 11% of an employee's bi-weekly pay to the employees defined contribution plan

WFPW01 – Workforce Initiatives

As previously stated, the Borough's current Public Works CBA with its Public Works employees is effective through the end of 2016, thus, the total limit on Public Works Department employee expenditures, as required by Act 133, will become operative upon the adoption of this Recovery Plan and be applicable in 2017 with contract negotiations beginning in 2016. The following Table 5-2 provides for the Act 133 total limits on Public Works Department employee expenditures for the period 2017 through 2021.

Table 5-2
BOROUGH OF MAHANOEY CITY
Act 133-Limits on Expenditures-Public Works

	Term of Teamsters Collective Bargaining Agreement	<u>Subject to Act 133 Total Limitations</u>				
	2016	2017	2018	2019	2020	2021
	<u>Budget</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
PW Salaries	118,874	121,219	123,612	126,052	128,541	131,080
FICA	9,094	9,273	9,456	9,643	9,833	10,028
Disability Income	1,500	1,500	1,500	1,500	1,500	1,500
Hospitalization	19,255	20,410	21,635	22,933	24,309	25,768
Life Insurance	0	0	0	0	0	0
Pension	11,825	12,062	12,303	12,549	12,800	13,056
Workers' Comp	9,816	9,993	10,193	10,396	10,604	10,816
Uniforms	<u>2,200</u>	<u>2,240</u>	<u>2,284</u>	<u>2,330</u>	<u>2,377</u>	<u>2,424</u>
Total Public Works Expenditures	172,564	176,697	180,983	185,403	189,964	194,672

Assumptions:

Salary Increases at 2.0% 2017-2021.

No change in number of Employees; Current Employees One Foreman, Two Borough Employees

Overtime, Double time in Salary line item.

Healthcare Cost increased 6% annually.

FICA calculated at (7.65%).

The following are Public Works Department cost containment Initiatives that the Coordinator considers both reasonable and necessary to the Borough's financial recovery.

WFPW01.1 The Borough should consider reducing the amount of paid holidays from 10 days to 8 days.

WFPW01.2 Vacation Time for newly hired, full-time Public Works employees should be amended as follows:

- Pro rata with less than one year of service.
- 5 days/1 week after 1 full year of continuous service.
- 10 days/2 weeks after 2 full years of continuous service.
- 15 days/3 weeks after 7 full years of continuous service.
- 20 days/4 weeks after 20 full years of continuous service.

WFPW01.3 Personal Time for newly hired, full-time Public Works employees should be amended as follows:

- 3 annual personal days.
- Accumulation of up to a maximum of 6 personal days.

WFPW01.4 Sick Time for newly hired, full-time Public Works employees should be amended as follows:

- The Borough should eliminate the annual buyback of up to 10 days per year accrued sick time above the 90 day maximum.
- The Borough should eliminate the payment for accumulated sick time upon the voluntary or involuntary termination of an employee, other than retirement.
- The Borough should eliminate the usage of sick time to be applied toward retirement eligibility at 100 percent.

WFPW01.5 The Borough should consider reducing its minimum contribution to eligible Public Works employees defined contribution plan to 8 percent.

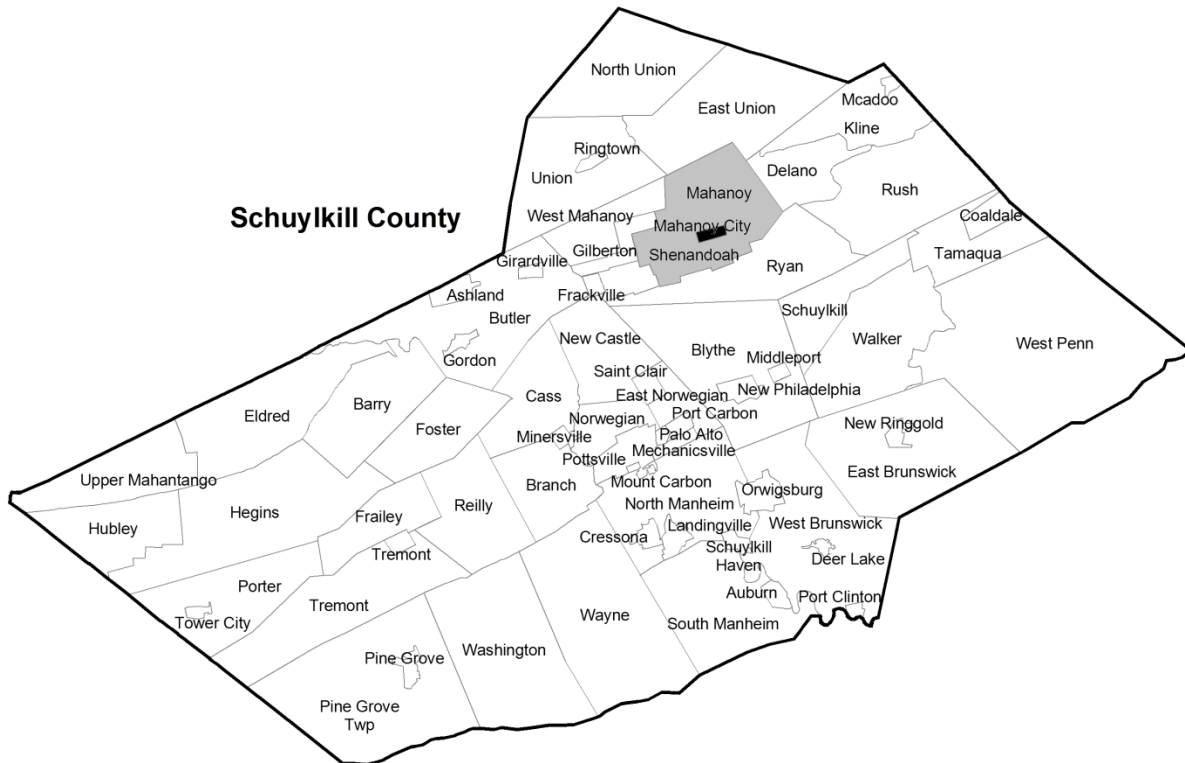
WFPW01.6 The Borough should remove the part-time clerical position from future collective bargaining agreements. The position is not part of the Pennsylvania Labor Relations Board certification for the Public Works bargaining unit. It is believed that the inclusion of the part-time clerical position in the Public Works CBA is historical and the Teamsters are not presently bargaining for this position.

CHAPTER 6

INTERGOVERNMENTAL COOPERATION

Overview

The Borough of Mahanoy City is one of 67 municipalities in Schuylkill County. There are other public entities within and adjacent to the Borough. The Township of Mahanoy is contiguous to and geographically surrounds all borders of the Borough. The Borough is a part of the Mahanoy Area School District, which is located within the borders of the Borough. The Borough is serviced by the Mahanoy City Sewer Authority, is the only member of the Authority and appoints its board members. The Borough is also serviced by the Mahanoy Township Water Authority. The Borough does not have any seats on the Water Authority board and all members are appointed by the Township.



The Borough is also a member of intergovernmental units. The Borough is a member of both the Northern Schuylkill County Council of Governments and the Schuylkill County Land Bank. The Borough is a founding member of both the COG and the Land Bank. The Borough actively participates in both intergovernmental units.

The Borough, in its day-to-day activities, occasionally interacts with other public entities within and adjacent to the Borough. The Borough Police Department provides a part-time School Resource Officer to the School District. The School District reimburses the Borough for the cost of the SRO. The Borough does not have any other formal intergovernmental service agreements with the School District or Mahanoy Township, although, Borough employees do have verbal agreements with these entities. The Borough actively shares and borrows equipment from these entities. For example, the Borough borrows the School District's line painter to paint street lines on Borough streets. The Borough's and Township's police departments provide mutual aid and back-up assistance when necessary. Borough employees also share equipment with both the Mahanoy City Sewer Authority and the Mahanoy Township Water Authority.

The Coordinator's discussion with Borough and Township officials revealed common issues confronting the Public Works Department facilities in both municipalities. Ironically, the Borough's public works garage and rock salt shed is located in Mahanoy Township while Mahanoy Township's public works garage and rock salt shed are located in the Borough. In both municipalities the salt shed is adjacent to the public works garage. Both facilities are within approximately a quarter mile from each other. Both municipalities expressed their concerns to the Coordinator about the depreciating condition of their public works garages and rock salt sheds. The public works garages are both decades old buildings. The rock salt sheds for both municipalities are also old, deteriorating structures and neither salt shed is secured. In addition, access to both facilities is inhibited by height restrictions to tall vehicles due to a railroad bridge that vehicles must traverse under to get to both facilities.

The Township does not have a paid or volunteer fire service but relies on the Borough's volunteer fire companies to provide fire protection to the residents of Mahanoy Township. The Township provides the Borough with an annual contribution for fire protection.

Intergovernmental Initiatives

Financially constrained municipalities are increasingly looking to service-sharing arrangements to generate costs savings and efficiencies. Pennsylvania's Intergovernmental Cooperation Act, Act 177 of 1996, as amended, explicitly authorizes two or more local governments, including school districts, to cooperate in the exercise of their governmental functions, powers, and responsibilities. Other Pennsylvania municipalities have utilized this authority to enter into service-sharing arrangements. There are many examples of these arrangements, and they are becoming more frequent as municipalities look for any available solution to close budget shortfalls.

It is imperative for the Borough to explore potential intergovernmental cooperation efforts in order to maximize efficiencies and cost savings. The Borough must look for every opportunity to eliminate duplication of services with other local government entities, and explore opportunities to partner on services, purchasing, administration, and staffing. The following are Initiatives that the Coordinator considers both reasonable and necessary for the Borough to implement to facilitate the Borough's long-term financial recovery.

IG01.1 Identify and Implement Intergovernmental Cooperative Initiatives

With the assistance of the Coordinator, the Borough Manager and Borough Council shall convene a group of leaders from the Borough, Schuylkill County, Mahanoy Township Water Authority, Mahanoy City Sewer Authority and Mahanoy Area School District to discuss possible collaborative intergovernmental initiatives aimed at conserving funds and/or improving current services. These initiatives may address topics including, but not limited to: tax collection; maintenance of vehicles and equipment; parks and recreation maintenance; municipal facilities maintenance; cooperative purchasing; financial management services; and information technology. The group shall consider meeting on a regular basis with the ultimate goal of identifying the most promising areas for future shared services, developing initiatives within these areas (along with specific implementation plans) and implementing these initiatives within each organization. The group shall analyze opportunities based on the potential

for cost savings, ability to improve current service delivery and/or savings on long-term capital costs for all entities involved.

IG01.2 Consider Sharing a Public Works Garage and Salt Shed with Mahanoy Township

The Borough's and Township's Public Works garages and salt sheds are currently separated by a quarter mile distance. Both Public Works garages and salt sheds are old and deteriorated and inefficient consumers of energy. The Borough's salt shed may be in danger of collapse with heavy snow or other inclement weather. The Coordinator recommends that the Borough and Township consider housing their Public Works equipment in a shared structure. This can be achieved through the purchase of an existing building or construction of a new building. The cost of operating the building can be shared by both municipalities.

In addition, the Coordinator recommends that the Borough and Township consider jointly purchasing or building a new salt shed to house the rock salt used by both municipalities. Any structure used to store the rock salt should be large enough to accommodate the rock salt anticipated to be used by both municipalities.

Any structure purchased or built by the municipalities to house their public works equipment or store rock salt should be easily accessible to all vehicles including tall commercial delivery vehicles. A potential source for funding assistance for the recommendations in this Initiative is the Department of Community and Economic Development's Municipal Assistance Program (MAP). A MAP grant provides funding assistance to intergovernmental projects which have two or more municipalities participating in the project.

IG01.3 Continue Cooperation with the Schuylkill County Land Bank

The Land Bank Law, Act 153 of 2012, is a new resource for municipalities and counties in Pennsylvania to address blight issues alongside current code enforcement, delinquent property tax enforcement and redevelopment policies. Land banks have certain unique powers including the following: a) acquire tax delinquent property at a judicial sale without competitive

bidding; b) discharge tax liens; c) hold property tax-free; d) share up to 50 percent of the real property taxes for five years after conveyance of land-bank owned property; d) file an expedited quiet title action and consolidate multiple properties into a single complaint to quiet title; and e) convey properties without a redevelopment agreement. In short, land banks can facilitate the return of vacant, abandoned and tax-delinquent properties to productive use.

The Borough joined the newly established Schuylkill County Land Bank in 2015. As mentioned previously in this Recovery Plan, as a percent of total housing units, vacant units rose from 15.3 percent in 1990 to 26.3 percent in 2010. Many of the Borough's elected and appointed officials have expressed to the Coordinator the priority of addressing the issue of blight within the Borough's borders. Thus, the Coordinator recommends that the Borough continue to participate with the Schuylkill County Land Bank to address the issue of increasing vacant housing units within the Borough.

IG01.4 Examine Potential for Cooperating on Policing Functions with Mahanoy Township Police Department

As mentioned previously, the Borough is geographically surrounded by Mahanoy Township. The Mahanoy Township Police Department currently employs one full-time and one part-time police officer. The Borough and Township Police Departments currently provide mutual assistance to each other. Criminals do not distinguish between artificial municipal boundaries when planning or carrying out criminal activities. Appointed members of Borough Council should reach out to the Mahanoy Township Supervisors to explore the possibility of future cooperation or consolidation of the two municipal police departments.

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CHAPTER 7

BASELINE OPERATING BUDGET PROJECTIONS AND RECOVERY PLAN INITIATIVES

The purpose of the first section of this chapter is to present the Borough's baseline operating budget projections from 2016 to 2021 assuming that no 2016 Recovery Plan initiatives are implemented by the Borough. Primary focus is on the General Fund. The second section provides several initiatives to eliminate the projected operating deficit and provide for a stable fund balance through the projection period.

2016–2021 General Fund Baseline Projections

Baseline projections for the General Fund were developed for 2016 to 2021 using the Borough's 2013, 2014, and 2015 operating budget actuals and the Borough's 2016 adopted budget projections. These projections are based upon the Borough's historical revenue and expenditure trends **without implementation** of any of the 2016 Recovery Plan initiatives. In developing the revenue projections in Table 7-1, a variety of assumptions were used, as described below.

- All tax rates were held constant at the 2016 budgeted levels; fee revenue is based upon the Borough's 2016 adopted fee schedules.
- Revenue from real estate taxes was held flat **throughout** the period. Delinquent tax collections were included at historical levels.
- Earned Income Tax Revenue is increased at 1.0 percent annually.
- Other tax revenues were reviewed on a line-by-line basis.
- State aid for pension expense was increased annually by the historical average annual increase of 2.0 percent through the period.
- Most other revenues are held constant over the period.

Table 7-1
BOROUGH OF MAHANOEY CITY
Baseline General Fund Revenue Projections with TRAN Proceeds
2016-2021

	2016	2017	2018	2019	2020	2021	<u>Change 2016-2021</u>	
	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>\$</u>	<u>%</u>
Real Estate Taxes	\$505,350	\$505,350	\$505,350	\$505,350	\$505,350	\$505,350	–	–
EIT	227,350	229,624	231,920	234,239	236,581	238,947	11,597	5.1
Real Estate Transfer	7,377	7,377	7,377	7,377	7,377	7,377	–	–
Occupation Tax	58,206	58,206	58,206	58,206	58,206	58,206	–	–
Local Services Tax	13,027	13,027	13,027	13,027	13,027	13,027	–	–
Per Capita Taxes	9,195	9,195	9,195	9,195	9,195	9,195	–	–
Penalties & Interest	21,134	21,134	21,134	21,134	21,134	21,134	–	–
License & Permits	43,147	43,147	43,147	43,147	43,147	43,147	–	–
Fines	22,799	22,799	22,799	22,799	22,799	22,799	–	–
Interest, Rents & Royalties	3,058	3,058	3,058	3,058	3,058	3,058	–	–
Intergovernmental Revenue	96,842	96,842	96,842	96,842	96,842	96,842	–	–
Charges for Services	38,560	38,560	38,560	38,560	38,560	38,560	–	–
Sanitation	627	627	627	627	627	627	–	–
Miscellaneous Revenues	21,966	20,452	20,452	20,452	20,452	20,452	-1,514	-6.9
Inter-fund Transfers	39,313	34,090	34,090	34,090	34,090	34,090	-5,223	-13.3
TRAN	<u>600,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>-470,000</u>	<u>-78.3</u>
Total Revenue	\$1,707,951	\$1,233,488	\$1,235,784	\$1,238,103	\$1,240,446	\$1,242,812	-465,139	-27.2

In developing the expenditure projections in Table 7-2, a variety of assumptions were used, as described below.

- The number of employed Borough personnel is held constant at the 2016 budget level.
- Police wages were increased by amounts in the collective bargaining agreement through 2019 and then by 2.0 percent annually for 2020 and 2021.
- For 2017 through 2021, base wages were increased by 2.0 percent annually for the Teamsters Bargaining Unit
- Non-bargaining management employee salaries/wages were increased by 2.0 percent annually in 2017 through 2021.
- Employee medical costs have been increased by a rate of 6.0 percent annually. Employee healthcare contributions remain at rates in the last year of contract for bargaining unit employees and at 2016 budgeted rates for non-bargaining unit employees.
- Municipal pension obligations are increased by the same percentages as total salary and wages.

- Other expenditures were increased at various levels using the U.S. Bureau of Economic Analysis' Core Personal Consumption Expenditures Index, held at budget level, or adjusted based on type of expenditure.

Table 7-2
BOROUGH OF MAHANOEY CITY
Baseline General Fund Expenditure Projections with TRAN Proceeds
2016-2021

	2016	2017	2018	2019	2020	2021	<u>Change 2016-2021</u>	
	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>\$</u>	<u>%</u>
General Government	\$311,428	\$319,086	\$326,351	\$333,856	\$341,612	\$349,631	\$38,203	12.3
Police	535,671	540,361	555,969	575,291	590,249	606,336	70,664	13.2
Fire	48,978	49,859	50,856	51,873	52,911	53,969	4,992	10.2
Code	44,863	45,716	46,600	47,502	48,422	49,360	4,497	10.0
Health	2,626	2,679	2,732	2,787	2,843	2,900	273	10.4
PW Highways	172,551	176,564	180,739	185,045	189,489	194,077	21,526	12.5
Sanitation	1,040	1,040	1,040	1,040	1,040	1,040	–	–
Miscellaneous	56,264	53,687	54,712	55,757	56,823	57,910	1,646	2.9
Insurance	61,554	62,662	63,916	65,194	66,498	67,828	6,273	10.2
Transfers	281,521	14,443	14,443	14,443	14,443	14,443	-267,078	-94.9
TRAN Principal	670,000	130,000	130,000	130,000	130,000	130,000	-540,000	-80.6
TRAN Interest	<u>6,589</u>	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>	<u>-3,189</u>	<u>-48.4</u>
Total Expenditures	\$2,193,086	\$1,399,498	\$1,430,757	\$1,466,188	\$1,497,730	\$1,530,894	-662,192	-30.2

The General Fund baseline projections summary below indicates that the Borough will have increasing operating deficits through 2021 with a cumulative deficit of more than \$1.78 million. (See Table 7-3).

Table 7-3
BOROUGH OF MAHANOEY CITY
Baseline Revenue, Expenditures, Surplus, Deficit Projection Summary with TRAN Proceeds
2016-2021

	2016	2017	2018	2019	2020	2021	<u>Change 2016-2021</u>	
	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>\$</u>	<u>%</u>
Revenues	1,707,951	1,233,488	1,235,784	1,238,103	1,240,446	1,242,812	-465,139	-27.2
Expenditures	<u>2,193,086</u>	<u>1,399,498</u>	<u>1,430,757</u>	<u>1,466,188</u>	<u>1,497,730</u>	<u>1,530,894</u>	-662,192	-30.2
Surplus/(Deficit)	-485,135	-166,011	-194,973	-228,085	-257,284	-288,082		
Cumulative Surplus/(Deficit)	-485,135	-651,146	-846,119	-1,074,204	-1,331,488	-1,619,570		

Cash Flow Baseline Projections

Baseline cash flow projections for the General Fund were developed for 2016 and 2017 using the Borough's 2013, 2014, and 2015 operating budget actuals and the Borough's 2016 year to date actual and estimated cash receipts and expenditures.

The 2016 cash flow projection is based upon the Borough's historical revenue and expenditure trends through June 2016 and **without implementation** of any of the 2016 Recovery Plan initiatives. The cash flow projection shows that the Borough will not receive sufficient cash during the year to satisfy employee and pension obligations, make the 2016 TRAN repayment due by December 31, 2016, pay regular debt service, and also continue to provide vital and necessary services. The Borough is projected to end 2016 with a quarterly **cash deficit** totaling \$489,016. The lack of available cash will require the Borough at a minimum to defer payments on its 2016 TRAN and 2016 Minimum Municipal Obligation. The Borough will also begin 2017 with a significant cash deficit. (See Table 7-4).

Table 7-4
BOROUGH OF MAHANOEY CITY
Baseline Estimated Cash Flow and Revenue and Expenditure by Quarter Year
2016

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	
	2016	2016	2016	2016	
Cash Balance Beginning of Quarter	\$29,747	\$99,671	\$162,557	\$191,247	
Surplus/Deficit	-435,378	28,500	63,328	-80,262	
Increase/(Decrease) in Payables	-10,183	-5,278	-22,415	0	
TRAN	600,000	0	0	-600,000	
Other Items Affecting Cash	<u>-84,514</u>	<u>39,664</u>	<u>-12,224</u>	<u>0</u>	
Cash Balance End of Quarter	\$99,671	\$162,557	\$191,247	\$-489,016	
Estimated Revenues and Expenditures	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	FY 2016
Total Revenues	\$269,859	\$352,554	\$279,337	\$179,715	\$1,081,466
Total Expenditures	<u>705,238</u>	<u>324,054</u>	<u>216,009</u>	<u>259,977</u>	<u>1,505,278</u>
Cash Surplus/(Deficit)	\$-435,378	\$ 28,500	\$ 63,328	\$-80,262	\$-423,812

The Borough's 2017 cash flow projection is based upon the Borough's historical revenue and expenditure trends **without implementation** of any of the 2016 Recovery Plan initiatives. The Borough is projected to have a first quarter 2017 cash deficit of \$645,260 without implementation of the Recovery Plan initiatives. The 2017 cash flow projection shows that the Borough will not receive sufficient cash during the year to satisfy employee and pension obligations, debt service, and continue to provide vital and necessary services when

needed. Obviously, the Borough cannot continue without significant available cash and will require assistance until the Plan initiatives have time to be implemented. (See Table 7-5.)

Table 7-5
BOROUGH OF MAHANOEY CITY
Baseline Estimated Cash Flow and Revenue and Expenditure By Quarter Year
2017

	1st Qtr. 2017	2nd Qtr. 2017	3rd Qtr. 2017	4th Qtr. 2017	
Cash Balance Beginning of Quarter	-\$489,016	-\$645,260	-\$581,986	-\$546,155	
Surplus/Deficit	-156,244	63,274	35,831	-135,607	
Increase/(Decrease) in Payables	0	0	0	0	
TRAN	0	0	0	0	
Other Items Affecting Cash	0	0	0	0	
Cash Balance End of Quarter	\$-645,260	\$-581,986	\$-546,155	\$-681,762	
Estimated Revenues and Expenditures	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	FY 2017
Total Revenues	\$224,715	\$401,751	\$275,673	\$174,613	\$1,076,752
Total Expenditures	380,960	338,477	239,842	310,220	1,269,498
Cash Surplus/(Deficit)	\$-156,244	\$63,274	\$35,831	\$-135,607	\$-192,747

Conclusion of Baseline Projections

Baseline revenue and expenditure projections for the Borough's General Fund **without** implementation of any of the initiatives provided herein by this 2016 Recovery Plan indicate that the Borough will encounter substantial General Fund operating budget deficits from 2016 through 2021 with a cumulative deficit of \$1.78 million. Throughout the projection period, annual expenditures exceed annual revenues. The Borough will not have adequate cash flow during the fiscal year to ensure payments for employees and continuation of vital and necessary services for its residents. **Clearly, the Borough of Mahanoe City will not be able to maintain the current level of vital and necessary services to its residents in future years if this revenue and expenditure mismatch is not addressed by revenue increases and by a restructuring of the delivery of necessary and vital services.**

Recovery Plan Initiatives

The Coordinator's team has developed several revenue and expenditure initiatives to eliminate the projected operating deficits and to provide for a stable fund balance through the projection period. Because many of the actions outlined under this Recovery Plan require significant planning, cooperation, and a level of uncertainty concerning revenue increases or

expenditure decreases, the Coordinator cannot determine a reasonable dollar value impact from every Recovery Plan initiative.

Revenue Initiatives

The Coordinator recommends that the Borough implement the following Initiatives as a means to increase tax revenue, reduce tax collection expenses and improve voluntary compliance.

REV01.1 Apply for an Act 47 Program Loan

The Borough shall file an application for an Act 47 Loan of \$800,000 immediately upon Borough Council's adoption of this Recovery Plan. The Borough shall utilize the proceeds from the Act 47 Loan to satisfy outstanding current expenses, including repayment of the \$600,000 2016 TRAN.

REV01.2 Temporary Increase in Earned Income Tax (EIT) Rate

Pursuant to Act 47, the Borough may increase certain tax rates above statutory limits. Therefore, immediately following the adoption of this Recovery Plan, Borough Council shall: (1) adopt an ordinance increasing the Borough's resident Earned Income Tax rate to a rate not to exceed 2.0 percent to begin on January 1, 2017; and (2) through its Solicitor petition the Schuylkill County Court of Common Pleas to approve the increase of the Borough's resident Earned Income Tax not to exceed a total rate of 2.0 percent on resident income for the 2017 fiscal year. The Borough Council and Borough Solicitor shall, thereafter, annually petition the Court of Common Pleas to maintain the Act 47 2.0 percent Earned Income Tax rate through the period 2018 to 2021. The 2.0 percent Earned Income Tax rate shall remain subject to 0.5 percent sharing with the Mahanoy Area School District under applicable law.

REV01.3 Increase the Collection Rate for Real Estate Taxes

Property taxes are levied on all real property in the Borough based on the taxable value of the land and the total current year millage rate. Each year the Borough receives approximately 70 percent of its current taxes due, meaning that three out of 10 property owners do not pay their taxes in the

year owed. Real estate tax payments not received in the year they are due become delinquent. It is imperative for the Borough to increase the amount of taxes received during the year the tax is levied to reduce the amount of delinquency and increase cash flow. Over the past five years, the Borough's assessed taxable valuation for real estate taxes has declined, which exacerbates a low current year real estate collection rate. As of December 31, 2015, total current and cumulative collection of 2011 to 2015 real estate taxes as a percentage of the annual amount billed follows. (See Table 7-6.)

Table 7-6
BOROUGH OF MAHANOEY CITY
Assessed Valuation, Mills, Real Estate Duplicate, and Collection Results
As of December 31, 2015

	Taxable Assessed <u>Value</u> ¹	<u>Mills Levied</u> ¹	Real Estate <u>Duplicate</u> ²	Current RE Collect <u>12/31</u> ²	% Accrued/ <u>Collected</u>
2011	\$25,355,110	0.030524	\$773,939	\$564,410	72.9
2012	25,114,215	0.030524	766,586	549,934	71.7
2013 ³	24,872,365	0.032524	808,949	542,400	67.1
2014	24,646,415	0.032524	801,600	570,844	71.2
2015 ³	24,644,010	0.032544	802,015	563,701	70.3

1 DCED Consultative Evaluation

2 Mahanoy City Borough Tax Collector collections as of 12/31 each year.

3 In 2013 and 2015, increases in Borough's Mills Levied are not reflected in county real estate Duplicate provided by Tax Collector but reflect prior year rate.

An approximately 90 percent collection rate in the year of assessment is considered a reasonable target. Collections within the initial year taxes are assessed are very low. In fact, the Borough does not exceed 90 percent of taxes collected until five years past the taxable date. This is indicative of the Borough's citizens' current economic situation; taxpayers are slow to pay their tax obligations and the population continues to decline. After the first year of assessment, additional amounts are collected either through the County's collection efforts or sales of properties and related tax liens. Despite the penalty assessment due to nonpayment, the collections remain relatively low.

The Borough has been proactive with its elected Tax Collector and has encouraged and supported mailed notices to tax payers when the end of the year is approaching. The Borough and elected Tax Collector should expand the mailed notices to include the period prior to the end of: (1) the face value period; and (2) the penalty period to try to generate more payments by taxpayers within the current year.

REV01.4 Consider Increasing the Frequency of Delinquent Tax Sales

The Schuylkill County Tax Claim Bureau is responsible for collecting delinquent real estate taxes for the Borough and the Mahanoy Area School District. All real estate taxes are considered delinquent if not paid by December 31 of the current year. Any unpaid current year taxes are returned to the Tax Claim Bureau by the Borough's elected Tax Collector in January of the following year. Once the delinquent bills are returned to the Tax Claim Bureau, the Borough is not able to receive payment for them through the Borough's tax collector process. The Tax Claim Bureau holds Upset Sales every September, and the Bureau requires that at least one year's taxes or a portion of one year's taxes must be delinquent for a period of almost two years before qualifying for the Upset Sale. Any property whose taxes are paid in full prior to the time of the Upset Sale will not be offered for sale. The consequence of a property qualifying for an Upset Sale is that it permits delinquent tax payers nearly two and a half years to remit on "current year" taxes. That is taxes due on December 31, 2014, and not paid in full or *in a portion* by December 31, 2016, may not be subject to the Upset Sale process until September 2017. As a result, the Borough must rely on higher tax millages in the following budget years to account for the low current collection rate and to maintain adequate cash flow.

The Borough should negotiate with the Tax Claim Bureau, if possible, for a separate "Upset Sale". This may be appropriate under an intergovernmental agreement that provides for more frequent sales for the Borough and possibly the School District to decrease the annual delinquency rate of tax collection. The agreement should allow for the recapture of additional costs

associated with more frequent sales and the associated work required of the Tax Claim Bureau.

REV01.5 Consider Delinquent Tax Lien Sales

The sale of the Borough's delinquent real estate tax claims is a process that may reduce the collection time of delinquent real estate tax revenue collection. The Borough, with the assistance of the Coordinator, should explore what it could expect to be paid through a sale of its delinquent real estate tax liens to a processing and financing firm. The Borough may solicit a professional consultant with experience in the sale of Pennsylvania real estate tax claims to determine the aggregate cash value of its delinquent tax liens.

A typical process will involve selling delinquent real estate tax claims to a private firm or to a public entity, which will purchase the liens with funds borrowed from a participating bank or as a self-financed transaction. When the delinquent taxpayers pay their taxes, including penalty and interest, to the Schuylkill County Tax Claim Bureau, the Bureau would remit the collections to the purchaser of the liens to be used to pay down the loan. If there is a shortfall in the total taxes collected, the Borough may have to supply additional tax liens from future tax years to pay back the loan. However, once the bank loan is satisfied from the delinquent tax receipts, the collection of any remaining tax delinquencies are sent directly back to the Borough.

Under a typical arrangement there would be no interruption in involvement of the Tax Claims Bureau. As before, the Tax Claim Bureau continues to service the accounts and pursue collection of delinquent accounts. The main difference is that the Bureau remits the collections to the lender rather than to the Borough.

REV01.6 Reduce the Occupational Assessment Tax

The Borough shall reduce the Occupational Assessment Tax rate to zero beginning January 1, 2017. The Occupational Assessment Tax rate shall

remain at zero while the Borough levies an increased resident Earned Income Tax rate as required in Initiative REV01.5.

REV01.7 Consider Forming a Home Rule Study Commission to Study the Borough's Current Form of Government

As mentioned previously in this Chapter, the Borough is currently governed under the Borough Code and is therefore subject to limits on the rate of taxation on property included in the Borough Code. The Borough is also subject to other tax rate limits imposed on earned income, realty transfer, and other taxes levied pursuant to the Local Tax Enabling Act. These taxing limits are problematic for the Borough given the generally low market value and age of real estate, the length of time since the last countywide re-assessment, and the requirement for the Borough to share earned income taxes with the Mahanoy Area School District. These limits on revenue generation in particular are considered by the Coordinator to be a factor contributing to the Borough's municipal financial distress. Under Act 47, the Borough is enabled to exceed the tax rate limits on real estate, earned income, and realty transfer. However, this authority is for a limited time period. When the Borough's financially distressed status is rescinded the Borough will be forced to revert to the tax rate limitations of the Borough Code and the Local Tax Enabling Act. This will most likely result in the Borough experiencing difficulty in generating the revenue to provide for the provision of essential services of public safety and health over the long term. A legal alternative to avoid the possibility of reverting to these tax rate limitations would be for the Borough's residents to adopt a home rule charter pursuant to the Home Rule Charter and Optional Plans Law, Act 62 of 1972, as amended. Under a home rule charter form of government the Borough's residents would design a form of government that provides for local control and local governance outside of the Borough Code. Becoming a home rule municipality would allow Borough Council to determine the Borough's tax rates on Real Estate, Realty Transfers and the Earned Income of residents without statutory limitations. Thus, the Coordinator is

recommending that Borough Council consider adopting an ordinance initiating the home rule study process.

REV01.8 Reduce Delinquent Fees for Services

As of December 31, 2015, unpaid sanitation fees date back to 2006. During those years, invoices were written off due to discovered vacant buildings. In 2014, approximately 59 percent of the amount billed for that year was written off due to vacancies. The Borough should actively pursue outstanding balances from prior years in order to update the sanitation-related records. The Borough shall develop and implement a debt collection policy for outstanding service fees. The policy should include but not be limited to the procedures for initial contact with the debtor, the parameters and approaches to begin written payment plans, an appropriate lien approach for dealing with landlord/tenant situations, as well as an appropriate schedule of interest and penalty charges, attorneys' fees and ultimately, if possible, utility termination.

The Borough should aggressively use liens available under the Municipal Claims and Tax Liens Act, Act 153 of 1923, as amended, in the pursuit of unpaid charges. While a lien is not cash in hand, the lien may be sold at a discount or at some time be satisfied upon change in property or under a refinancing situation.

The Borough may also consider denial of a permit for non-essential work if a debtor property applies for one. The Borough Solicitor will inform the Council of its right and powers under vacant property laws, municipal liens, water and other utility termination, and other tools available to decrease delinquent fees.

REV01.9 Cost Indexing of Fees

Fees charged by the Borough must be based on the cost incurred from providing the service. Consistent with this requirement, the Borough should complete a cost allocation study for the services for which it charges fees, in order to ensure costs incurred are covered by fees charged, minimizing the impact on the General Fund.

REV01.10 Review the Tax Exempt Status of Properties in the Borough

Although tax exempt real properties are exempt as a matter of law based on the current applicable use of the property and ownership, the Borough may also examine the underlying basis for the granting of the exemptions to determine if the property still qualifies for exempt status. Some exemptions may have been granted in the past on prior usage while the current use of the property may or may not be eligible for exemption from taxation status. The Coordinator's review of the Category and Stated Use of Exempt properties shows that there may be opportunities for the Borough to successfully challenge the current status of properties that are miscellaneous or are vacant lands. Properties owned by religious institutions and not-for-profit organizations should be required to certify to the Borough the appropriate use for the property and maintain its exempt status. Failure to certify may be reason for the Borough to challenge the exempt status to the Schuylkill County Tax Assessment Office in order to return these properties to taxable status. For those properties that are properly exempt from taxation, the Borough should consider soliciting voluntary contributions, with Payment in Lieu of Taxes (PILOT) agreements, from government, government-sponsored organizations and not-for-profit organizations to reimburse the Borough for all or a portion of the services provided by the Borough.

Expenditure Initiatives

The Coordinator recommends that the Borough implement the following Initiatives as a means to address current and long-term expenditure issues that in the opinion of the Coordinator will position the Borough to exit the Act 47 Program at the end of the five-year term of this Recovery Plan.

EXP01.1 Increase Debt Service Payment on Municipal Energy Managers (MEM) Loan

In 2009, the Borough financed a 2009 General Obligation Note (2009 GO), the proceeds of which were to be used for streetlight funding to be paid by MEM. MEM subsequently went out of business, however, the Borough is

required to satisfy the 2009 GO. In 2015, the Borough refinanced the 2009 GO with a 2015 General Obligation Note for \$342,000 (2015 GO). The 2015 GO requires the Borough to make a principal and interest payment of \$2,372 per month through 2030. The Borough shall transfer \$39,000 from the General Fund for annual debt service payments from 2017–2021 to satisfy the outstanding balance on the 2015 GO during the term of this Recovery Plan.

EXP01.2 Transfer Additional General Fund Revenue to the Blight Fund

During the Coordinator’s interviews with elected and appointed officials, the recurring theme in all interviews was the deleterious impact of the blighted structures in the Borough that are a financial burden on the City’s finances and a hindrance to the Borough’s economic development. As mentioned in Chapter 1, this issue is manifested in an increase of vacant housing units in the Borough which grew from 427 to 634 units from 1990 to 2010, a 48.5 percent increase. The Borough currently transfers 2 mills of its General Fund millage to its Blight Fund. The Borough shall transfer from the General Fund an additional \$25,000 to the Blight Fund in 2017, increasing this transfer an additional \$25,000 in the years 2018–2019.

EXP01.3 Transfer General Fund Revenue to the Sinking Fund (Capital Projects)

The Borough uses its Sinking Fund for capital projects and asset acquisitions. As of December 31, 2015, the Borough’s Sinking Fund showed a negative balance of \$82,602. The Coordinator, in Chapter 4 Initiative FM01.8, states that the Borough shall reconcile its past inter-fund transfers to properly balance all of its funds. Upon completion of this reconciliation, the Borough shall transfer \$25,000 annually from 2017 – 2019 from the General Fund to the Sinking Fund to finance capital projects identified in the capital plan adopted by Borough Council pursuant to Chapter 3 Initiative PW01.1.

EXP01.4 Procure a Comprehensive Energy Audit of the Borough’s Municipal Buildings

The Borough owns four buildings: Borough Hall; the Main Street Complex; the Teen Canteen; and the Public Works garage. The heating fuel, building condition, hours of operation, and use of each of these buildings differ. When performed by a qualified contractor, an energy audit will identify specific behavioral changes or investments to make, their estimated capital costs, annual energy savings, and payback. An energy audit should be used to develop and implement an energy management plan as well as provide a financial guide for use of each these buildings and their hours of operation going forward.

The impact of implementation of the foregoing Revenue and Expenditure Initiatives that can be quantified and have a significant impact on the Borough's financial condition are summarized in Table 7-7.

Table 7-7
BOROUGH OF MAHANOEY CITY
Recovery Plan Initiatives and Impact on Estimated and Projected
Operating Deficits without TRAN Proceeds
2016-2021

	2016	2017	2018	2019	2020	2021
<u>Baseline Projections</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Real Estate Taxes	505,350	505,350	505,350	505,350	505,350	505,350
EIT	227,350	229,624	231,920	234,239	236,581	238,947
Real Estate Transfer Tax	7,377	7,377	7,377	7,377	7,377	7,377
Occupation Tax	58,206	58,206	58,206	58,206	58,206	58,206
Local Services Tax	13,027	13,027	13,027	13,027	13,027	13,027
Per Capita Taxes	9,195	9,195	9,195	9,195	9,195	9,195
Other 511 Taxes	0	0	0	0	0	0
Nontax Revenue	248,133	246,619	246,619	246,619	246,619	246,619
Transfers (LF)	<u>39,313</u>	<u>34,090</u>	<u>34,090</u>	<u>34,090</u>	<u>34,090</u>	<u>34,090</u>
Total Revenue	1,107,951	1,103,488	1,105,784	1,108,103	1,110,446	1,112,812
Employee Expenditures	927,097	943,986	969,509	999,090	1,024,664	1,051,742
Nonemployee Expenditures	307,879	311,069	316,805	322,655	328,622	334,708
Transfers	<u>281,521</u>	<u>14,443</u>	<u>14,443</u>	<u>14,443</u>	<u>14,443</u>	<u>14,443</u>
Total Expenditures	1,516,497	1,269,498	1,300,757	1,336,188	1,367,730	1,400,894
Net Surplus/(Deficit) before Initiatives	-408,546	-166,011	-194,973	-228,085	-257,284	-288,082
<u>Initiatives</u>						
Act 47 Working Capital Loan (General Fund)	800,000	0	-80,000	-80,000	-80,000	-80,000
Additional Act 47 EIT	0	229,624	463,839	468,478	473,163	477,894
Eliminate Occupational Assessment		-35,750	-35,750	-35,750	-58,206	-58,206
MEM Increase in Debt Service	0	-39,000	-39,000	-39,000	-39,000	-39,000
Increase Real Estate Collections	0	0	0	0	0	0
Utility Savings	0	0	0	0	0	0
Workforce Savings	0	0	0	0	0	0
Transfer to Blight Fund	0	-25,000	-50,000	-50,000	0	0
Transfer to Capital Reserve	<u>0</u>	<u>-25,000</u>	<u>-25,000</u>	<u>-25,000</u>	<u>0</u>	<u>0</u>
Net Initiatives	800,000	104,874	234,089	238,728	295,957	300,688
Surplus/(Deficit) after Initiatives	391,454	-61,137	39,116	10,643	38,673	12,606
Cumulative Surplus/(Deficit)	391,454	330,317	369,433	380,076	418,749	431,355

Other Funds

The Borough administers several other funds in addition to the General Fund. The principal additional funds that the Borough administers are:

- Sanitation Fund
- Sinking (Capital Projects) Fund
- Non-Uniform Pension Fund
- Blight Abatement (Demolition) Fund
- Street Lighting Fund
- Debt Reduction Fund

- Local Grant Account Fund
- Highway Aid/Street Improvement (Liquid Fuels) Fund
- Library Fund
- Federal Programs Fund
- Other Non-Major Funds

Baseline projections are provided for the relevant funds in the appendix.

Act 47 Program Financial Assistance

Section 302(a) of Act 47 allows a municipality or the recovery plan coordinator to apply to the Department of Community and Economic Development for financial assistance after a fiscally distressed municipality has adopted a recovery plan. The Coordinator believes that the Act 47 Program financial assistance recommendations in this Recovery Plan will assist in stabilizing the Borough's fiscal position, improve the Borough's operational efficiency and provide the Borough with reliable long-term plans that address several issues affecting the Borough. The Borough, upon adoption of this Recovery Plan and with the assistance of the Coordinator, shall consider applying for financial assistance from the Act 47 Program.

Act 47 Loan

LOAN01.1 Apply for an Act 47 Program Loan

The Borough shall file an application for an Act 47 Loan of \$800,000 immediately upon Borough Council's adoption of this Recovery Plan. The proceeds of the Act 47 Loan shall be used to address the projected 2016 cash flow deficit permitting the Borough to satisfy outstanding current expenses, including repayment of the Borough's \$600,000 2016 TRAN. Loan Amount Requested: **\$800,000**. (See Table 7-9.)

Table 7-9
BOROUGH OF MAHANOEY CITY
Act 47 Program Loan Summary

Description	2016	Total Loan Requested
Satisfy outstanding current expenses	\$800,000	\$800,00

Act 47 Grants

GRANT01.1 Supplement the Wages of Part-Time Positions for Code Enforcement and Police Clerical

As recommended in the Departmental Reviews and Initiatives chapter, the Borough shall consider employment of two part-time civilian secretary/clerk positions to assume the duties of record keeping and reporting that are currently being performed by the Officer in Charge or Chief of Police and the Code Enforcement Officer. A part-time civilian position would be more cost-effective and efficient than having the Chief of Police or Code Enforcement Officer perform these duties and will free up the Chief of Police and Code Enforcement Officer to spend more time in the field. Grant Amount Requested: **\$40,000.**

GRANT01.2 Engage Blight Abatement and Prevention Program Consultant.

The Borough currently has a blight abatement and prevention program funded by 2 mills from the General Fund real estate millage, which is transferred to the Blight Abatement Fund (Blight Fund). The Recovery Plan, in Initiative EXP01.2 provides for additional General Fund revenue to be allocated to the Blight Fund to maximize the Borough's efforts to abate the hazard posed by blighted structures in the Borough and to reverse the decrease in property values in neighborhoods affected by blighted properties. The Borough should begin a thorough review of blighted areas within the Borough and formulate a prescribed blight abatement and prevention plan to increase the impact of the Borough's blight funding. The Act 47 Grant funds shall be used by the Borough to engage an experienced consultant to determine the most effective blight abatement intervention program for the Borough as informed by current and future land use and current and projected market and physical conditions. The consultant's plan will consider available or projected resources and assist the Borough in identifying priorities for implementation. Grant Amount Requested: **\$30,000.**

GRANT01.3 Engage A Capital Improvement Plan Development Consultant

The Borough has not been able to properly invest and plan for necessary capital maintenance needs and improvements due to its fiscal distress. Capital maintenance and improvement planning is sound community management as adequate infrastructure and investment are essential to ensure basic health and safety for citizens. A capital plan will assist the Borough in managing its facilities and improvements today in an effort to reduce future operating costs and avoid higher replacement costs in the future. A multi-year capital plan will assist the Borough's elected and appointed officials in the decision-making process by allowing them to rank projects by necessity and affordability. The Act 47 Grant funds shall be used to engage an experienced consultant who shall create a capital plan that establishes infrastructure goals, priorities and community goals; estimates the Borough's fiscal capacity for the projects; provides a multi-year funding approach; includes necessary information about proposed capital projects; and will revise the capital plan as necessary after Borough review. Grant Amount Requested: **\$30,000.**

GRANT01.4 Codify Municipal Ordinances

The Borough's current ordinance codification is many years old and does not provide an easy guide to municipal officials attempting to enforce the Borough's various codes and ordinances. The haphazard filing of ordinances and updates may lead to insufficient enforcement of building codes and other violations that impact the health and safety of residents. The ordinance codification shall contain all of the Borough's administrative and regulatory laws of a general and permanent nature. The Act 47 Grant funds shall be used to engage an experienced consultant specializing in ordinance codification. Grant Amount Requested: **\$15,000.**

GRANT01.5 Improvements and Upgrade to Municipal Hall

There is a need for upgrades and maintenance improvement to Borough Hall. Borough Hall has two HVAC units, one of which has failed and is beyond normal service life expectancy and needs to be replaced. Borough Hall is also in need of general upgrades to modernize and provide for a more efficient area of operations. Grant Amount Requested: **\$15,000**. (See Table 7-10.)

Table 7-10
BOROUGH OF MAHANOEY CITY
Act 47 Grant Assistance Summary

Description	1st Year	2 nd Year	3rd Year	Total Grant Requested
Wage Supplement Part-Time Positions	\$20,000	\$13,400	\$6,600	\$ 40,000
Blight Elimination and Prevention Program Design Consultant	30,000			
Capital Improvement Plan Development Consultant	30,000			
Codification of Municipal Ordinances Contractor	15,000			
Maintenance Improvements and Upgrade to Municipal Building	<u>15,000</u>			
Total Act 47 Grant Assistance Requested	\$110,000	\$13,400	\$6,600	\$130,000

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Appendix 1

INITIATIVE SUMMARY

PD01	Staffing and Operations Initiatives	
	PD01.1	Fill the full-time Chief of Police position.
	PD01.2	Budget/employ no more than three (3) full-time police officers, including the Chief of Police.
	PD01.3	Continue to use part-time police officers to fill shift vacancies.
	PD01.4	Consider part-time employment (~20 hours per week) of a civilian secretary/clerk to assume the clerical duties currently performed by the Officer in Charge/Chief of Police.
	PD01.5	Consider and study the need and cost effectiveness for 24-hour, seven day police coverage.
PD02	Personnel and Records Management Initiatives	
	PD02.1	Develop, prepare and include a job description for the position of Officer-In-Charge.
	PD02.2	Develop a structure of organizational objectives.
	PD02.3	Update the Police Department's policy manual for content, completeness and accuracy.
	PD02.4	Form committees with rank-and-file members to work on matters of mutual concern to labor and management.
PD03	Vehicles and Equipment Initiatives	
	PD03.1	Gather, analyze and maintain data for the entire police vehicle fleet on a daily, monthly and annual basis and provide this information to the Mayor and Borough Council.
	PD03.2	Conduct a systematic equipment inventory and prepare and maintain a list of all Police Department equipment.
	PD03.3	Conduct annual inspections to maintain an up-to-date equipment inventory.
	PD03.4	Prepare and maintain a "Uniform & Equipment" initial issue list for all police officers.
PD04	Facilities Initiatives	
	PD04.1	Prepare and adopt a property and evidence handling policy using the "International Association of Property and Evidence" as a template and incorporate the adopted policy into the policy manual.
	PD04.2	Prepare and introduce into the policy manual a formal policy for property and evidence retention and disposition guidelines.
	PD04.3	Consider adopting the seven Pennsylvania Law Enforcement Accreditation Standards on evidence and property control issued by the Pennsylvania Chiefs of Police Association.
PD05	Performance Initiatives	
	PD05.1	Designate Borough personnel to acquire training in Uniform Crime Reports Classification and Clearance Methodology Classification and Training from the local Pennsylvania State Police station.
	PD05.2	Evaluate the effectiveness of assigning a full-time police officer to follow-up investigations rather than having part-time police officers conduct follow-up investigations.
	PD05.3	Develop and implement an Investigative Weekly Report and Monthly Summary Investigative Report detailing relevant information to be submitted by the investigating officer to the Officer in Charge or Chief of Police to Borough Council.
	PD05.4	Create, publish and deliver to the Mayor and Borough Council a "Department Annual Report" of relevant crime and personnel activity throughout a given calendar year.
PW01	Staffing and Operations Initiatives	
	PW01.1	Develop a capital plan to identify road, drainage, building or other infrastructure issues and prioritize the identified issues for capital funding.
	PW01.2	Reach out to neighboring public entities to determine if any of the issues identified in the capital plan can be jointly implemented.
	PW01.3	Consider contract term changes when negotiating the next garbage collection contract.
	PW01.4	Eliminate paying for the volunteer fire companies' fuel for their vehicles.
	PW01.5	Continue to seek state and federal funding to replace the closed and reduced load posting sections of the Market Street Bridge.
	PW01.6	Establish a safety committee.

PW02	Vehicles and Equipment Initiatives	
	PW02.1	Consider selling the large PennDOT truck.
	PW02.2	Continue cooperation with other public entities regarding sharing equipment and where feasible sharing public works services.
ADM01	Staffing and Operations Initiatives	
	ADM01.1	Consider part-time employment (~20 hours per week) of a civilian secretary/clerk to assist the Code Enforcement Officer.
	ADM01.2	Request bids for the codification of the Borough's ordinances.
FS01	Financial Statement Initiatives	
	FS01.1	Prepare Financial Statements in accordance with GAAP on the full accrual basis for government-wide statements (the Borough and all component units) and modified accrual basis for the government funds financial statements.
	FS01.2	Include a Section Entitled "Management's Discussion and Analysis" in the Annual Financial Statements.
	FS01.3	Prepare Year-end financial statements on the full accrual basis for government-wide activities and modified accrual basis for the fund financial statements.
	FS01.4	Assign a person employed/hired by the Borough other than the auditor to prepare the financial statements to be audited.
	FS01.5	Prepare monthly financial statements for all funds on the modified accrual basis of accounting and provide to management and Borough Council, including budget compared to actual statements.
	FS01.6	Prepare periodic full accrual financial statements.
FM01	Financial Management Initiatives	
	FM01.1	Prepare annual budgets for all active funds.
	FM01.2	Reconcile and close all Borough accounts monthly.
	FM01.3	Record the collection of delinquent real estate taxes based on appropriate millage levy.
	FM01.4	Periodically validate the property database for sanitation billing.
	FM01.5	Maintain an allowance for uncollectible accounts for sanitation fees receivable.
	FM01.6	Determine the sanitation fees to be charged in amounts to cover sanitation operations annually.
	FM01.7	Provide cash flow projections and improved budgeting.
	FM01.8	Reconcile all interfund transactions on a monthly basis.
	FM01.9	Engage a consultant to provide recommendations regarding best practices in financial accounting and management. Implement best practices.
FC01	Financial Controls Initiatives	
	FC01.1	Provide for internal controls for the window collections process.
	FC01.2	Prepare and distribute a written accounting policies and procedures manual to anyone handling the Borough's financial transactions.
	FC01.3	Implement controls to the Borough's cash management system.
	FC01.4	The Borough Manager and/or an individual on Borough Council should review the source documents used to generate the Payroll Summary and then compare the Summary with the final signed checks before they are distributed.
	FC01.5	The Borough should acquire a stamp that contains space for initials and date that the invoice was approved for payment and for the date paid with account number charged.
CL01	Current Liabilities	
	CL01.1	Continue to timely meet its periodic debt payment deadlines including the repayment of the 2016 Tax and Revenue Anticipation Note.
	CL01.2	Maintain schedules of all debt in order to accurately prepare cash flow projections and monitor balances throughout each year.
	CL01.3	Post invoices to the Accounts Payable module upon receipt in order to maintain an accurate balance at the end of each month.
	CL01.4	The Borough's obligation for compensated absences, such as vacation, personal and sick time, should be calculated for the annual accrual basis financial statements.

INS01	Insurance Initiatives	
	INS01.1	Consider using a request for proposals from carriers with strong reputations as an initial step to determine where rates can be reduced.
	INS01.2	Review with the flood policy for municipal address 1-3 West Center Street for a preferred rating.
	INS01.3	Consider obtaining Cyber Liability coverage to protect the municipality should someone suffer from a data breach originating with the Borough.
	INS01.4	Seek out options with its carrier(s) regarding safety training and education tools.
WFPD01	Workforce Initiatives	
	WFPD01.1	Newly hired, full-time police officers will work 84 hours in a 14 day work period without getting paid overtime or receiving a personal day or a compensatory day.
	WFPD01.2	Amend Vacation Time for newly hired, full-time employees.
	WFPD01.3	Amend Personal Time for newly hired, full-time employees.
	WFPD01.4	Amend Sick Time for newly hired, full-time employees.
	WFPD01.5	Amend Longevity Bonus for newly hired, full-time employees.
	WFPD01.6	All newly hired, full time police officers should contribute 10 percent of the applicable premium for their Health Insurance by payroll deduction.
	WFPD01.7	Eliminate the pension cost of living adjustment for newly hired, full-time employees.
WFPW01	Workforce Initiatives	
	WFPW01.1	Consider reducing the amount of paid holidays from 10 days to 8 days.
	WFPW01.2	Amend Vacation Time for newly hired, full-time Public Works employees.
	WFPW01.3	Amend Personal Time for newly hired, full-time Public Works employees.
	WFPW01.4	Amend Sick Time for newly hired, full-time Public Works employees.
	WFPW01.5	Consider reducing its minimum contribution to eligible Public Works employees defined contribution plan to 8 percent.
	WFPW01.6	Remove the part-time clerical position from future collective bargaining agreements.
IG01	Intergovernmental Cooperative Initiatives	
	IG01.1	Identify and Implement Intergovernmental Cooperative Initiatives.
	IG01.2	Consider Sharing a Public Works Garage and Salt Shed with Mahanoy Township.
	IG01.3	Continue Cooperation with the Schuylkill County Land Bank.
	IG01.4	Examine Potential for Cooperating on Policing Functions with Mahanoy Township Police Department.
REV01	Revenue Initiatives	
	REV01.1	Apply for an Act 47 Program Loan.
	REV01.2	Temporary Increase in Earned Income Tax (EIT) Rate.
	REV01.3	Increase the Collection Rate for Real Estate Taxes.
	REV01.4	Consider Increasing the Frequency of Delinquent Tax Sales.
	REV01.5	Consider Delinquent Tax Lien Sales.
	REV01.6	Reduce the Occupational Assessment Tax.
	REV01.7	Consider Forming a Home Rule Study Commission to Study the Borough's Current Form of Government.
	REV01.8	Reduce Delinquent Fees for Services.
	REV01.9	Cost Indexing of Fees.
	REV01.10	Review the Tax Exempt Status of Properties in the Borough.
EXP01	Expenditure Initiatives	
	EXP01.1	Increase Debt Service Payment on Municipal Energy Managers (MEM) Loan.
	EXP01.2	Transfer Additional General Fund Revenue to the Blight Fund.
	EXP01.3	Transfer General Fund Revenue to the Sinking Fund (Capital Projects).
	EXP01.4	Procure a Comprehensive Energy Audit of Municipal Buildings.
OF01	Other Fund Initiatives	
	OF01.1	Increase Sanitation Rates (\$5 annually).

Appendix 2

**Borough of Mahanoy City
Sanitation Fund**

	2013	2014	2015	2016	2017	2018	2019	2020	2021
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Garbage Fees	410,213	202,952	309,864	312,075	312,075	312,075	312,075	312,075	312,075
Other Operating Revenue	<u>2,665</u>	<u>732</u>	<u>394</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
Total Operating Revenue	412,878	203,684	310,258	312,375	312,375	312,375	312,375	312,375	312,375
Collection Fees	407,685	305,760	303,073	289,200	289,200	289,200	289,200	289,200	289,200
Other Operating Expense	<u>10,532</u>	<u>24,729</u>	<u>21,666</u>	<u>21,830</u>	<u>22,160</u>	<u>22,497</u>	<u>22,841</u>	<u>23,192</u>	<u>23,550</u>
Total Operating Expense	418,218	330,489	324,739	311,030	311,360	311,697	312,041	312,392	312,750
Net Operating Surplus/(Deficit)	-5,340	-126,806	-14,481	1,345	1,015	678	334	-17	-375
Transfers In	0	10,000	85,000	0	0	0	0	0	0
Transfers Out	<u>52,979</u>	<u>82,938</u>	<u>37,475</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Transfers	-52,979	-72,938	47,525	0	0	0	0	0	0
Net Change	-58,319	-199,744	33,044	1,345	1,015	678	334	-17	-375

Borough of Mahanoy City
Debt Service Fund

	2016	2017	2018	2019	2020	2021
Assessed Value	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010
Millage	7.2	7.2	7.2	7.2	7.2	7.2
Collection Rate	80%	80%	80%	80%	80%	80%
Delinquent Collection	5%	7.5%	10%	10%	10%	10%
Real Estate Taxes Current	141,949	141,949	141,949	141,949	141,949	141,949
Real Estate Taxes Delinquent	8,872	13,308	17,744	17,744	17,744	17,744
Transfer from General Fund	<u>0</u>	<u>39,000</u>	<u>109,000</u>	<u>109,000</u>	<u>109,000</u>	<u>109,000</u>
Net Revenues	150,821	194,257	268,693	268,693	268,693	268,693
USDA Community Facilities Loan	4,080	4,080	4,080	4,080	4,080	4,080
General Obligation Note 2009 refi (MEM)	28,446	28,446	28,446	28,446	28,446	28,446
Additional Payment to MEM	31,554	39,000	31,554	31,554	31,554	31,554
Unfunded Debt Proceeding Loan	22,178	22,178	22,178	22,178	22,178	22,178
Water Authority Hydrant Project	8,508	8,508	8,508	8,508	8,508	8,508
Act 47 Loan Repayment	<u>0</u>	<u>0</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Net Expenditures	94,766	102,212	164,766	164,766	164,766	164,766
Surplus/(Deficit)	56,055	92,045	103,927	103,927	103,927	103,927
Cumulative Surplus/(Deficit)	56,055	148,101	252,028	355,955	459,882	563,809

**Borough of Mahanoy City
Blight Fund**

	2016	2017	2018	2019	2020	2021
Assessed Value	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010
Millage	2	2	2	2	2	2
Collection Rate	80%	80%	80%	80%	80%	80%
Delinquent Collection	5%	8%	10%	10%	10%	10%
Real Estate Taxes Current	39,430	39,430	39,430	39,430	39,430	39,430
Real Estate Taxes Delinquent	2,464	3,697	4,929	4,929	4,929	4,929
Transfer from General Fund	<u>0</u>	<u>25,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>0</u>
Net Revenues	41,895	68,127	94,359	94,359	44,359	44,359
Blight Expenditure	<u>40,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>
Net Expenditures	40,000	65,000	65,000	65,000	65,000	65,000
Surplus/(Deficit)	1,895	3,127	29,359	29,359	-20,641	-20,641
Cumulative Surplus/(Deficit)	1,895	5,022	34,381	63,740	43,099	22,459

**Borough of Mahanoy City
Street Light Fund**

	2016	2017	2018	2019	2020	2021
Assessed Value	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010
Millage	3.35	3.35	3.35	3.35	3.35	3.35
Collection Rate	80%	80%	80%	80%	80%	80%
Delinquent Collection	5%	8%	10%	10%	10%	10%
Real Estate Taxes Current	66,046	66,046	66,046	66,046	66,046	66,046
Real Estate Taxes Delinquent	4,128	6,192	8,256	8,256	8,256	8,256
Transfer from General Fund	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>
Net Revenues	76,674	78,738	80,802	80,802	80,802	80,802
Utility Expense	<u>80,710</u>	<u>80,710</u>	<u>80,710</u>	<u>80,710</u>	<u>80,710</u>	<u>80,710</u>
Net Expenditures	80,710	80,710	80,710	80,710	80,710	80,710
Surplus/(Deficit)	-4,036	-1,972	92	92	92	92

**Borough of Mahanoy City
Special Road Fund**

	2016	2017	2018	2019	2020	2021
Assessed Value	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010
Millage	0.6	0.6	0.6	0.6	0.6	0.6
Collection Rate	80%	80%	80%	80%	80%	80%
Delinquent Collection	5%	8%	10%	10%	10%	10%
Real Estate Taxes Current	11,829	11,829	11,829	11,829	11,829	11,829
Real Estate Taxes Delinquent	739	1,109	1,479	1,479	1,479	1,479
Transfer from General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Revenues	12,568	12,938	13,308	13,308	13,308	13,308
Police Car Lease	<u>11,482</u>	<u>11,482</u>	<u>11,482</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>
Net Expenditures	11,482	11,482	11,482	12,000	12,000	12,000
Surplus/(Deficit)	1,086	1,456	1,825	1,308	1,308	1,308

* Note Current Lease through 2018 (New Lease 2019)

**Borough of Mahanoy City
Library Fund**

	2016	2017	2018	2019	2020	2021
Assessed Value	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010	24,644,010
Millage	0.474	0.474	0.474	0.474	0.474	0.474
Collection Rate	80%	80%	80%	80%	80%	80%
Delinquent Collection	5%	8%	10%	10%	10%	10%
Real Estate Taxes Current	9,345	9,345	9,345	9,345	9,345	9,345
Real Estate Taxes Delinquent	584	876	1,168	1,168	1,168	1,168
Transfer from General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Revenues	9,929	10,221	10,513	10,513	10,513	10,513
Contribution to Library	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
Net Expenditures	8,000	8,000	8,000	8,000	8,000	8,000
Surplus/(Deficit)	1,929	2,221	2,513	2,513	2,513	2,513
Cumulative Surplus/(Deficit)	1,929	4,150	6,663	9,176	11,690	14,203

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Appendix 3



Mahanoy City Borough

Utility Bill Analysis Report and Graphs



Provided by
Energy Resource Center
SEDA-Council of Governments
August 2016

The Coordinator, in cooperation with the SEDA-Council of Government's Energy Resource Center in Lewisburg, PA, conducted a utility bill analysis of all available energy accounts paid by Mahanoy City borough during the 24 months of May 2014 through April 2016. This analysis was conducted as part of Mahanoy City borough's financial analysis under Act 47 to identify for the borough how it is using electricity and heating fuel, where it is using it, and how much it is using and its costs, and to identify specific actions for the borough to take to minimize its costs without compromising services.

Municipalities use electricity and heating fuel for many types of services, often without understanding where they are using energy, how they use it, and its costs. Increased and volatile energy prices coupled with more extreme weather over the past decade make management of both energy use and its costs a growing priority for all customers, particularly local governments. Reducing energy costs based on payback can often provide the opportunity for the municipality to expand its services and/or reduce the burden on its tax base. Also, if retained in escrow, annual energy savings achieved through behavioral change or small capital investments can be used to capitalize larger projects that often reap even greater cumulative energy savings over time.

Municipalities of all sizes use energy to light and heat buildings, to operate a variety of outdoor lighting, and sometimes to operate large facilities such as water and wastewater treatment facilities. These operating costs often present as numerous monthly bills with little understanding over time as to what functions these expenditures apply and, more importantly, how these costs may be reduced.

Since 2006, SEDA-COG has assisted more than 30 municipalities to comprehend their energy use, reduce their use and costs, and provide an accounting mechanism to better manage their remaining costs going forward.

To accomplish this, SEDA-COG receives from their municipal clients all energy bills received over a recent 24-month period, creates a master spreadsheet of every bill's energy purchase and its costs, then creates graphs from the spreadsheet data that illustrate energy use as a composite of use and costs by services provided, as well as by individual energy accounts. An on-site assessment confirms and clarifies each energy use.

The graphs visually show baseline use for each energy account and sometimes seasonal fluctuations in use. The graphs provide a 2-year snapshot of energy use quantities, patterns and costs that serve to identify next steps for the municipality to take to reduce energy costs. As the municipality takes actions to reduce energy use, the associated savings can be visually tracked through the future graphs and ongoing annual costs can be more effectively budgeted. When maintained, the utility bill analysis spreadsheet can be used by the municipality as an energy management tool going forward.

Following are the SEDA-Council of Government Energy Resource Center's detailed findings and needed future actions relative to Mahanoy City's energy management.

Findings

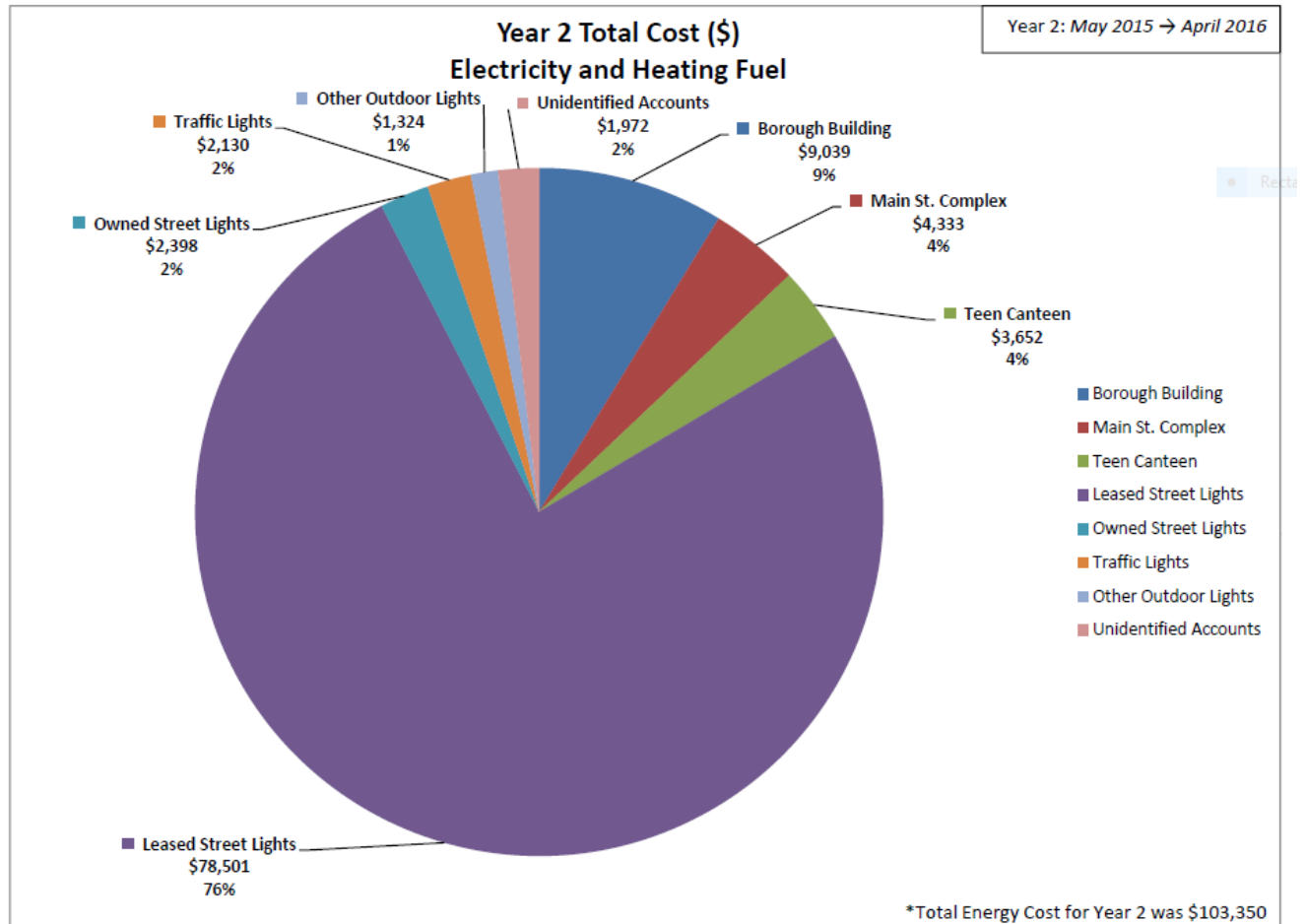
Overall Energy Use and Costs: Mahanoy City borough is fiscally responsible for at least 19 electricity accounts, one (1) coal account and one (1) oil account. PPL Electric Utilities provides electricity services to Mahanoy City as well as provides electricity supply for the borough's electricity accounts. Mahanoy City also contracts with two electricity suppliers—Direct Energy and Pennsylvania Gas and Electric --for the balance of its accounts.

These accounts provided electricity services for four buildings owned by the borough, eight (8) traffic lights, approximately 20 borough-owned (decorative) streetlights, 329 leased streetlights, other outdoor lighting and two unidentified accounts. Overall, the borough conservatively manages its energy

costs. Energy use and total cost in the past year did not increase, likely due to more temperate weather over the past 12 months relative to the previous 12 months. Our analysis of the amounts and patterns of energy use indicate opportunities to avoid additional energy use in the future, thereby containing, even reducing, costs going forward without compromising service or comfort.

The pie chart below illustrates the breakdown of Mahanoy City's energy costs by type of service from May 2015 through April 2016. During the most recent 12-months of energy use reviewed, May 2015 through April 2016, the borough paid a total of \$103,350 in energy costs. The borough's breakdown of energy costs by service was comparable to the prior year.

Graph 1.



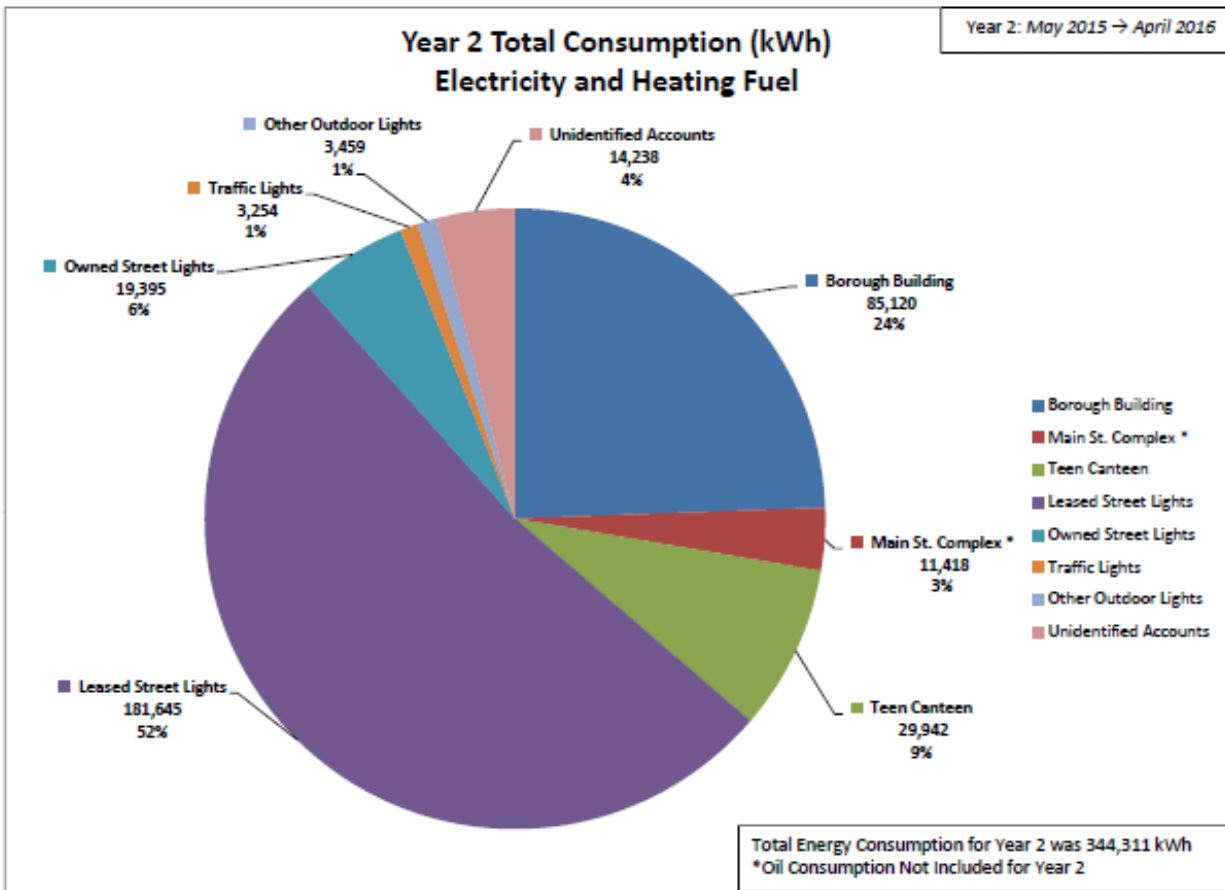
While the borough's recent 12 months of energy costs are less than the previous year's total annual energy expenditure of \$105,393, the savings were primarily associated with less heating fuel consumed during the recent mild winter. Conversely, although annual lighting consumption is similar for both years, a PPL rate increase resulted in the borough paying electricity costs for most accounts beginning in June 2015.

Lighting Electricity Use and Costs

The borough's greatest energy-related expense is its outdoor lighting, particularly its leased streetlights. The outdoor lighting paid by the borough include streetlights leased from PPL, borough-owned streetlights and municipal park/monument lighting. Graph 1 above shows that outdoor lighting

comprise 83% of the borough's total energy costs. However, Graph 2 shows that streetlights account for only 60% of the total energy consumed by the borough, with leased streetlights accounting for 52% of the total energy use.

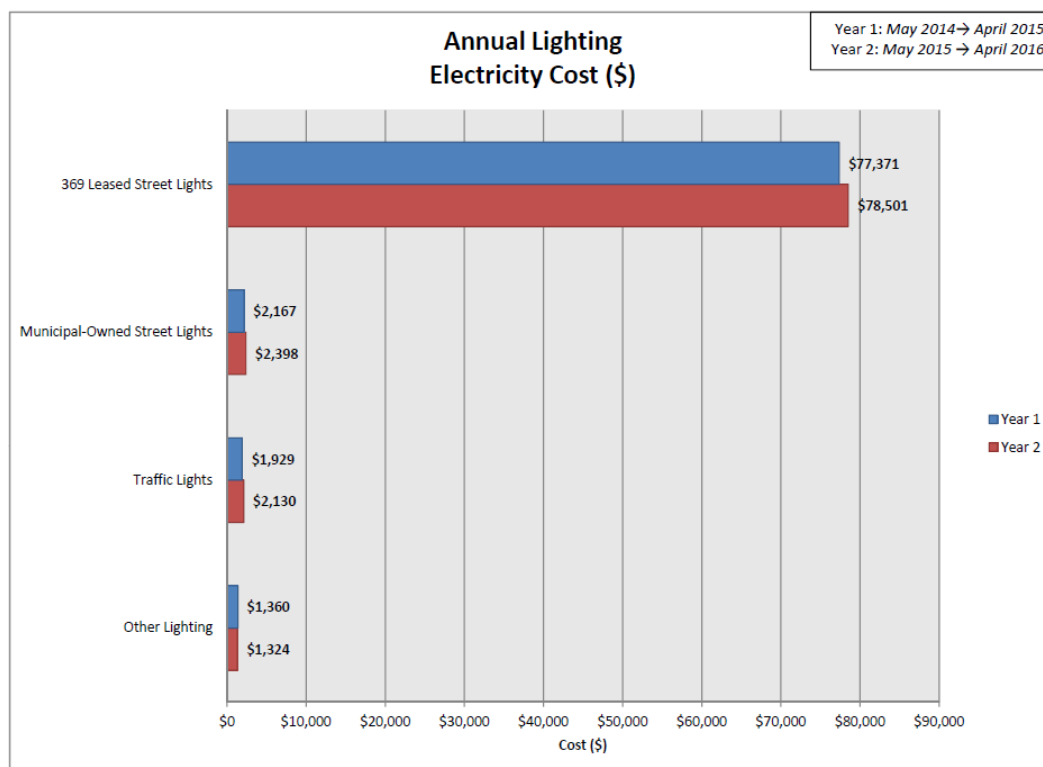
Graph 2.



Given its proportionally high costs, the leased streetlight account should be examined to ensure that the borough is recouping adequate revenue from its tax base to cover their streetlight costs. Also, exploring opportunities to reduce streetlight costs going forward should be explored with PPL Electric Utility representatives.

A breakdown of the outdoor lighting in Graph 3. below shows that the \$78,501 paid by the borough last year to lease 329 streetlights from PPL electric utilities was the most expensive energy cost borne by the borough. It is not unusual for leased streetlights to be the highest cost to small municipalities, such as Mahanoy City, that don't own water or wastewater treatment facilities that use large quantities of energy. Mahanoy City's current average cost per leased streetlight is \$239 per year. The current average cost per borough-owned streetlight is \$120. Leased streetlights have higher costs because the electric utility installed, owns and maintains the pole, lights and ancillary equipment on behalf of the borough.

Graph 3.

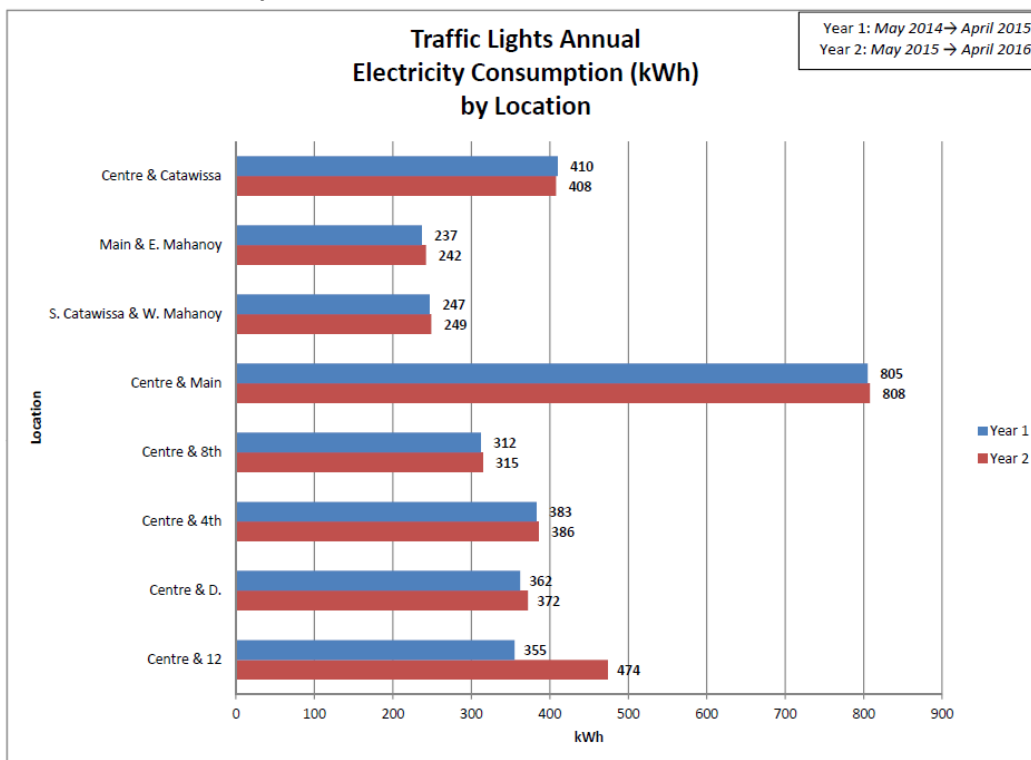


While PPL no longer allows municipalities to purchase their leased streetlights from PPL, PPL recently began to offer to retrofit leased streetlights with electricity-sipping LED lights. Usually, this retrofit is at no or minimal cost to the municipality. Municipalities that opt for PPL to retrofit their leased streetlights are achieving about a 5% annual cost savings due to the reduced electricity used. Municipalities opt into this program by contacting PPL.

All of the borough traffic lights have all been retrofitted to LED (light emitting diode) technology. Traffic signals installed with LED technology use approximately 70% less electricity than conventional incandescent traffic lights. While not included in our analysis, the maintenance costs associated with LED lighting is also less expensive than conventional lighting due to the LED lighting's significantly longer life (7-10 years vs. 2-3 years), resulting in a further but unquantified cost savings for the borough in

reduced staff labor. As illustrated in the graph below, the electricity consumption of these traffic lights are quite minimal. It is the monthly service charges and add-on surcharges, not the energy consumption, which comprises almost the entire \$20 - \$25 monthly cost of each signalized intersection.

Graph 4.

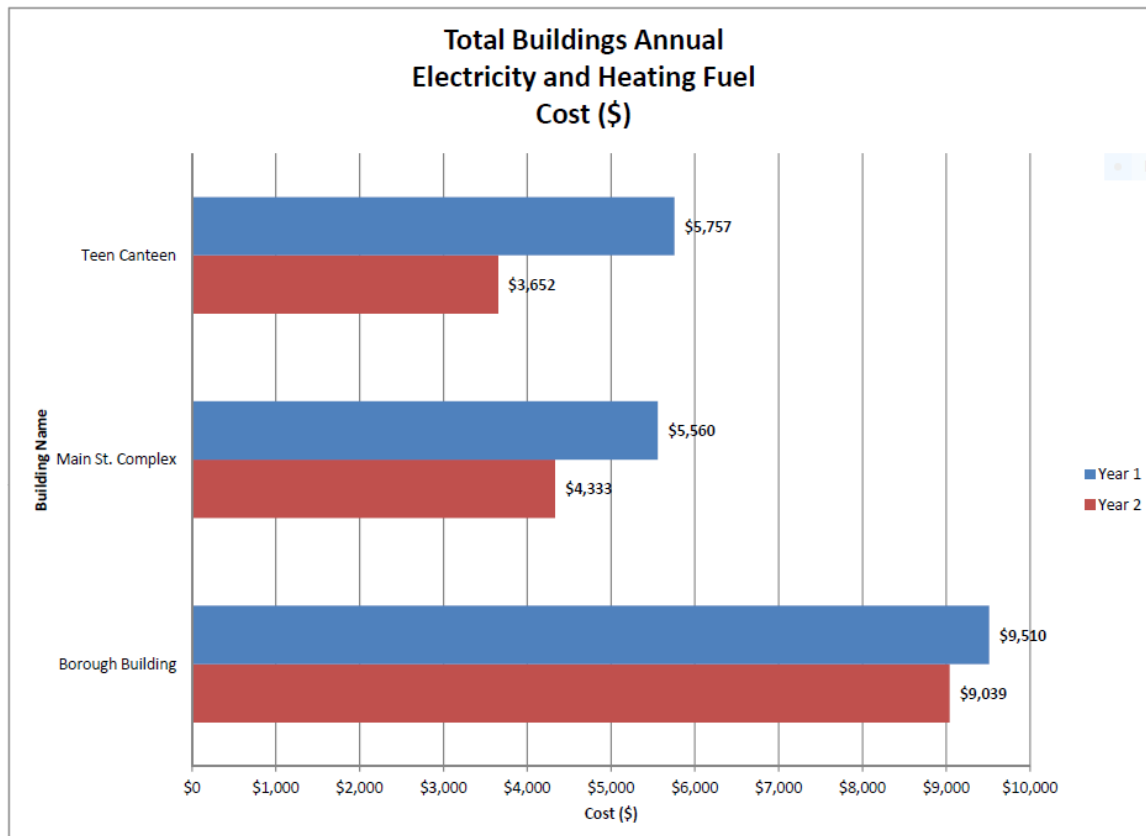


Building Energy Use and Costs: Mahanoy City owns and pays for electricity and heating fuel used in the four buildings that it owns:

- The Municipal Building is heated and cooled with electricity. Baseboard heat is supplemented with space heaters in the winter and the building is cooled in the summer through a central air system supplemented by several wall units.
- The Main Street Complex is heated with oil and, as needed, space heaters. It is cooled with window and wall air conditioning units.
- The Teen Canteen, in a former bank building, is heated with coal.
- The Borough maintenance garage is heated with a diesel fueled jet heater in the winter months. No energy bills were provided by the borough for this facility. Consequently, inclusion of the garage's energy use and costs cannot be included in this report aside from identifying this building as an energy cost center and recommending that the energy costs associated with this building be captured in the borough's accounts going forward.

As illustrated in Graph 5. below, the borough paid \$17,034 in the past year and \$20,827 the previous year for electricity and heating fuel associated with the first three buildings noted above. It is likely that the reduction in energy use this past year is attributable almost solely to the milder winter.

Graph 5.

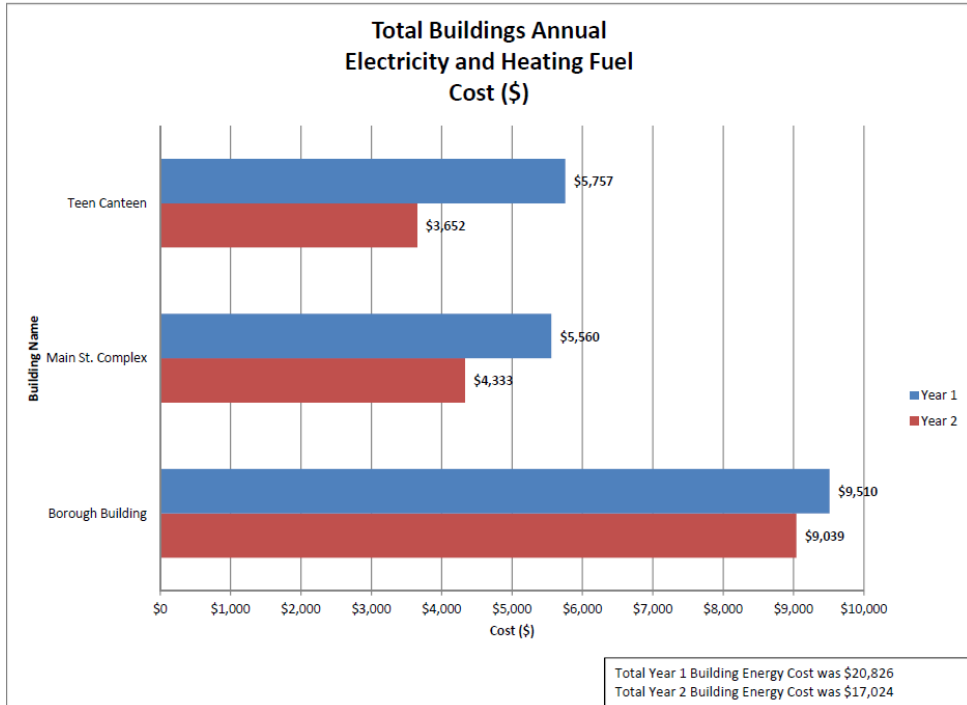


While these building-related energy costs are only a fraction of the borough’s annual outdoor lighting costs, the energy used in these buildings can likely be reduced, enabling the borough to avoid energy costs going forward. All three of the buildings are old, built at a time when energy costs were an insignificant portion of the operating budget, and two of the buildings have been repurposed.

The heating fuel, building condition, hours of operation, and use of each of these buildings differ. The utility bill analysis report included in the appendix provides some details about each building’s unique energy use patterns that support the value of a comprehensive energy audit being performed on all of these buildings and the needed next step in reducing their energy costs. When performed by a qualified contractor, an energy audit will identify specific behavioral changes or investments to make, their estimated capital costs, annual energy savings, and payback. An energy audit should be used to develop and implement an energy management plan as well as provide a financial guide for use of each these buildings and their hours of operation going forward.

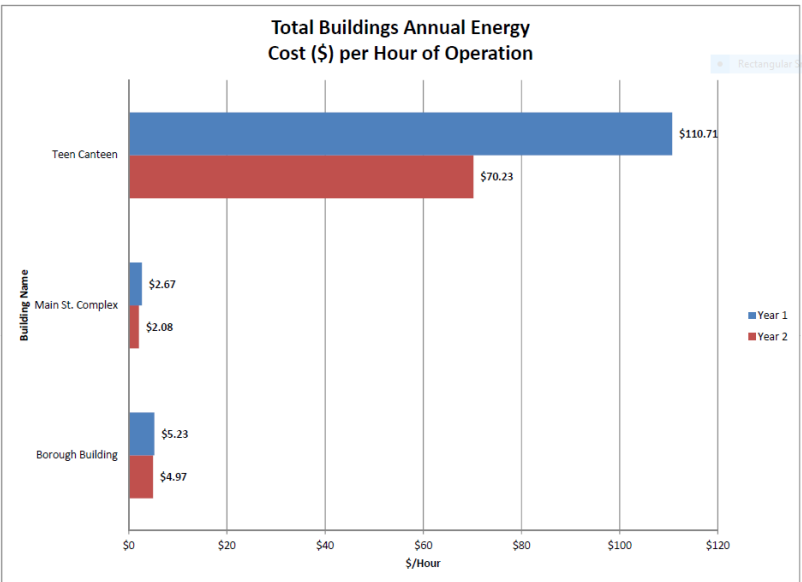
Following are several graphs displaying in various ways the energy use or cost of these borough-owned buildings:

Graph 6.



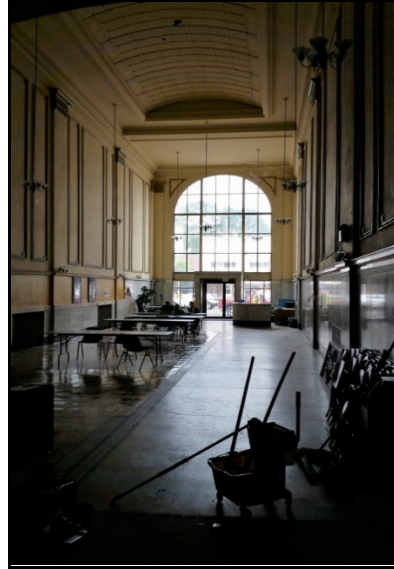
Graph 6 above indicates that the municipal building’s annual heating costs (electricity) are highest of all three buildings. However, note that in Graph 7 the old bank building (heated by relatively inexpensive coal) that is now home to the Teen Canteen has significantly higher per hours of operation energy costs than the other two buildings, even when not in use the Teen Canteen building’s temperature is maintained at 50 degrees.

Graph 7.



Teen Canteen Building

Built at a time when energy was a very insignificant operating cost, the majestic building's large vault ceiling, single-pane palladium windows and marble interior present costly challenges to maintaining a comfortable temperature within the building.

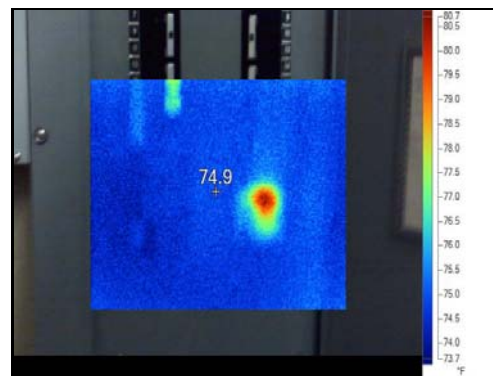


Home of the Teen Canteen



Mahanoy Municipal Building

Opposite is a thermal snapshot of the middle breaker box at the municipal building taken by a thermal imaging camera at the time of the on-site energy assessment visit. The red "hot spot" suggests a wiring malfunction at circuit #72.



Circuit Breaker Hot Spot

Main Street Complex



The Main Street Complex, owned by the borough, is comprised of a 3-story former house that was built 100 years ago. The one-story extension was added on in the 1960s and most recently housed the McCann School of Business. The extension now houses an animal neutering clinic, with reception area, office, kennel, operating room and storage.



Furnace/Hot Water Heater

While the energy use of this building is relative low, an energy audit will likely recommend opportunities to both reduce energy costs and increase comfort through air sealing of the building's envelope and other modest modifications.

For example, the furnace provides hot water for the building, including the washer and other water used by the neutering clinic. An on-demand hot water heater sized to meet hot water needs might be an audit recommendation that provides short payback through savings of the capital investment.

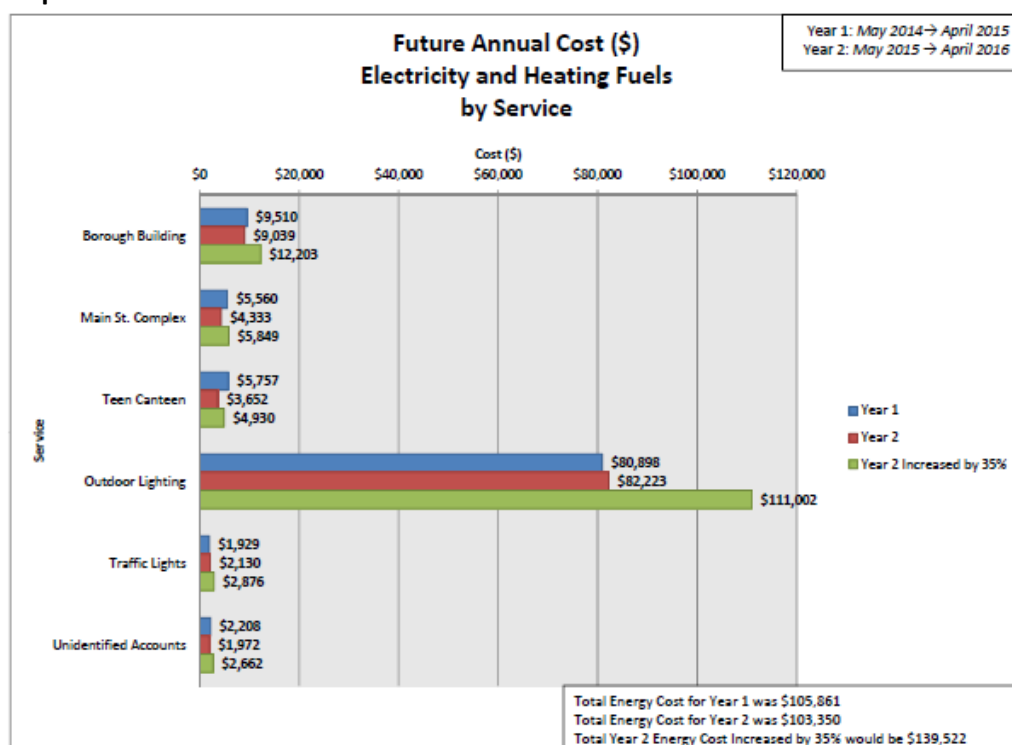


Neutering clinic louvered windows.

The louvered windows along the side of the Main St. Complex's extension leak conditioned air from the building. While replacing windows isn't often recommended due to the long payback based on high capital costs, the energy audit will evaluate the air flow through these windows and likely recommended modification to reduce the air leakage.

Budgeting for Energy Costs: An utility bill analysis spreadsheet can be used to estimate costs going forward. Should no actions be taken to reduce energy use Graph 8 below displays a comparison of the borough's most 24 months of annual energy costs by type of service. The green bar reflects estimated borough energy costs eight years from now (2024) when a 3.5% annual cost escalation rate is applied. Volatile weather patterns coupled with volatile energy fuel prices and energy service provider rates presents a challenge for all customers, but particularly for municipal customers who use energy in a variety of ways. Reducing energy consumption is the most effective and least costly way to reduce energy costs over time. A review of all electricity accounts with PPL Electric Utilities and the procurement of energy audits for all three borough-owned buildings are key recommendations of this report.

Graph 8.



Initiatives: The utility bill analysis indicates that opportunities exist for the energy use and costs associated with the borough's buildings and outdoor lighting to be reduced going forward.

1. The Borough and the Coordinator should meet with the PPL account manager assigned to Mahanoy City to review all PPL accounts for the purpose of identifying and then implementing opportunities to reduce electricity use going forward that offer a payback of seven years or less. Items to be discussed, evaluated for payback and then acted upon include:
 - Confirmation from PPL that the rate tariff assigned to each account is appropriate and provides the lowest cost to the municipality.

- Identification of opportunities to consolidate existing electricity services or actions by either the borough or PPL that would result in cost savings based on payback for the borough.
 - Retrofitting by PPL of leased streetlights to LED technology.
 - Identification by PPL of the services provided by the two unidentified electricity accounts
 - Other electricity cost savings opportunities identified by any of the parties.
 - Arrange for PPL to provide the borough with a PPL bill for every account and current subaccount for which electricity supply is provided by a third party. This will require several current sub-accounts to be re-assigned as major accounts.
2. Annually shop for your electricity supply. Avoid all electricity supply contracts that provide variable rates or penalty costs for cancelling the contract. For ease of electricity costs oversight, use at a maximum one electricity supplier in addition to PPL's default electricity provision. Continue to instruct PPL to include a third-party energy supplier's bill as part of PPL's monthly bill for every affected account.
 3. With the assistance of the Coordinator, procure a comprehensive energy audit of the municipal building, the Main Street Complex and the former bank building that houses the Teen Canteen.
 4. Implement the energy reduction actions recommended in the energy audits for all activities with a five year or less payback.
 5. Include the maintenance garage's electricity and heating fuel costs in the borough's energy cost accounting for maintenance expenses. Also include these energy costs in the utility bill analysis spreadsheet going forward.
 6. Examine the 3.35 millage assigned to streetlights for its adequacy to pay for leased and owned streetlight costs. Adjust this millage amount as necessary based on annual streetlight cost projections.
 7. Obtain staff training in maintaining all or a portion of the utility bill analysis spreadsheet to track energy consumption and costs going forward.
 8. Use the utility bill analysis or Energy Tracker template to budget for annual energy costs going forward.

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Attachments: Compendium of UBA-generated Charts

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Appendix 4

Mahanoy City Borough Unpaid Bills Detail As of September 14, 2016

	Type	Date	Num	Due Date	Aging	Open Balance
00007-Alfred Benesch & Company						
	Bill	09/11/2016	Invoice #97046	09/21/2016		396.00
	Bill	09/11/2016	Invoice #97047	09/21/2016		138.00
Total 00007-Alfred Benesch & Company						534.00
00011-Antz						
	Bill	08/29/2016	Invoice #14019	09/08/2016	6	112.43
	Bill	08/29/2016	invoice #13973	09/08/2016	6	359.00
Total 00011-Antz						471.43
00017-Atty Michael A O'Pake						
	Bill	07/15/2016		07/25/2016	51	2,565.00
Total 00017-Atty Michael A O'Pake						2,565.00
00021-Verizon						
	Bill	08/01/2016		08/11/2016	34	498.18
	Bill	09/11/2016		09/21/2016		508.61
Total 00021-Verizon						1,006.79
00022-Berkheimer Tax Administrator						
	Bill	08/09/2016	Distribution 349	08/19/2016	26	169.64
	Bill	08/09/2016	Distribution 319	08/19/2016	26	15.29
	Bill	09/11/2016	Distribution 350	09/21/2016		660.74
	Bill	09/11/2016	Distribution 320	09/21/2016		42.80
Total 00022-Berkheimer Tax Administrator						888.47
00027-Borough of Mahanoy City-Transfers						
	General Journal	01/01/2010	1100			23,550.14
	General Journal	01/01/2010	1101			-133,676.32
	General Journal	01/01/2011	1407			133,676.32
	General Journal	01/01/2012	1717			23,550.14
Total 00027-Borough of Mahanoy City-Transfers						47,100.28
00028-Borough of Mahanoy City-Payroll						
	Bill Pmt -Check	01/21/2013	20652			-5.72
Total 00028-Borough of Mahanoy City-Payroll						-5.72
00052-Dempsey Uniform & Linen Supply						
	Bill	07/28/2016	invoice# 15511102	08/07/2016	38	184.59
	Bill	08/01/2016	Invoice 15518072	08/11/2016	34	47.94
	Bill	08/03/2016	Invoice #15483218	08/13/2016	32	47.94
	Bill	08/08/2016	Invoice #15524974	08/18/2016	27	49.94
	Bill	08/16/2016	Invoice #15531950	08/26/2016	19	47.94
	Bill	08/29/2016	Invoice #15545837	09/08/2016	6	47.94
	Bill	09/11/2016	Invoice #15552882	09/21/2016		69.94
Total 00052-Dempsey Uniform & Linen Supply						496.23
00071-Galls, Inc.						
	Bill	08/01/2016	Invoice #005748164	08/11/2016	34	62.05
	Bill	08/16/2016	Invoice #005835181	08/26/2016	19	95.17
	Bill	09/11/2016	Invoice #005973159	09/21/2016		363.94
Total 00071-Galls, Inc.						521.16
00109-Klingaman's INC.						
	Credit	04/09/2015	0054758-003			-48.98
Total 00109-Klingaman's INC.						-48.98
00137-NAPA Auto Parts						
	Bill	08/16/2016	Invoice #779745	08/26/2016	19	105.99
Total 00137-NAPA Auto Parts						105.99
00142-North Schuylkill Transfer Station						
	Credit	08/15/2014				-1,064.23
Total 00142-North Schuylkill Transfer Station						-1,064.23
00144-PP&L						
	Bill	08/09/2016	96891-82008	08/19/2016	26	1,183.16

Mahanoy City Borough
Unpaid Bills Detail
As of September 14, 2016

	Type	Date	Num	Due Date	Aging	Open Balance
	Bill	08/16/2016	98712-35003	08/26/2016	19	174.24
	Bill	08/16/2016	Acc #57010-45020	08/26/2016	19	119.20
	Bill	09/11/2016	57010-45020	09/21/2016		23.61
	Bill	09/11/2016	96891-82008	09/21/2016		1,271.12
Total 00144-PP&L						2,771.33
00162-Petty Cash						
	General Journal	01/01/2010	1098			-89.47
Total 00162-Petty Cash						-89.47
00164-Republican and Herald						
	Bill	08/08/2016	Ordinance 2016-3	08/18/2016	27	200.94
	Bill	08/16/2016	Community day	08/26/2016	19	295.00
	Bill	09/13/2016	Financial recov plan	09/23/2016		342.61
Total 00164-Republican and Herald						838.55
00169-Quill Corporation						
	Bill Pmt -Check	01/06/2016	22225			-0.01
	Bill	07/26/2016	Invoice #6732272	08/05/2016	40	43.98
	Bill	07/26/2016	Invoice #6756040	08/05/2016	40	29.19
	Bill	07/26/2016	Invoice #7235303	08/05/2016	40	136.88
	Bill	08/29/2016	Invoice #8226512	09/08/2016	6	251.12
Total 00169-Quill Corporation						461.16
00201-Standard Speaker Pub Co						
	Bill	08/16/2016	Standard Speaker Pub	08/26/2016	19	646.60
Total 00201-Standard Speaker Pub Co						646.60
00211-Tom Ward Jr.						
	Bill Pmt -Check	04/13/2011	19699			-91.00
Total 00211-Tom Ward Jr.						-91.00
00240-H J Heiser & Co						
	Bill	08/01/2016		08/11/2016	34	114.53
	Bill	09/11/2016		09/21/2016		17.74
Total 00240-H J Heiser & Co						132.27
00257-Ringtown Farm Equipment						
	Credit	06/04/2015	1V21753			-33.99
Total 00257-Ringtown Farm Equipment						-33.99
00280-Jack Ryan & Sons						
	Bill	08/19/2016	11989	08/29/2016	16	245.00
	Bill	08/19/2016	11978	08/29/2016	16	285.00
Total 00280-Jack Ryan & Sons						530.00
00404-Jack Rich, Inc.						
	Bill	08/29/2016	Invoice #6195994	09/08/2016	6	2,094.85
Total 00404-Jack Rich, Inc.						2,094.85
00414 Ven-Mar Sales Inc						
	Bill Pmt -Check	04/11/2013	20786			-94.60
Total 00414 Ven-Mar Sales Inc						-94.60
00462-State Workers Insurance Fund						
	Bill	09/11/2016		09/21/2016		1,011.00
Total 00462-State Workers Insurance Fund						1,011.00
00482-Service Electric Cable TV, Inc.						
	Bill	08/01/2016		08/11/2016	34	56.95
	Bill	09/13/2016		09/23/2016		56.95
Total 00482-Service Electric Cable TV, Inc.						113.90
00487-Ken's Tire Service						
	Bill	08/01/2016	Invoice #033439	08/11/2016	34	1,081.00
Total 00487-Ken's Tire Service						1,081.00
00545-Verizon Wireless						
	Bill	08/09/2016	Invoice #9769395044	08/19/2016	26	164.08

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Mahanoy City Borough Unpaid Bills Detail As of September 14, 2016

	Type	Date	Num	Due Date	Aging	Open Balance
	Bill	09/11/2016	Invoice #9771042971	09/21/2016		164.08
Total 00545-Verizon Wireless						328.16
00550- Brown and Brown Insurance						
	Bill	08/29/2016	Invoice #78169	09/08/2016	6	735.00
Total 00550- Brown and Brown Insurance						735.00
00559-Atlantic Tactical						
	Bill	09/13/2016	Invoice #SI-10527203	09/23/2016		852.00
Total 00559-Atlantic Tactical						852.00
00567-Chief						
	Bill	09/13/2016	Invoice #199476	09/23/2016		224.68
Total 00567-Chief						224.68
00590-The Body Man						
	Bill	08/19/2016	7083	08/29/2016	16	10.00
	Bill	08/30/2016	Invoice #7680	09/09/2016	5	48.00
	Bill	08/30/2016	Invoice #7679	09/09/2016	5	44.00
Total 00590-The Body Man						102.00
00598-Reading & Northern RE Co.						
	Bill	08/29/2016	invoice #101610	09/08/2016	6	100.00
Total 00598-Reading & Northern RE Co.						100.00
00636-Central PA Teamsters H & W Fund						
	Bill	08/29/2016	Cov Month Oct 2016	09/08/2016	6	11,165.12
Total 00636-Central PA Teamsters H & W Fund						11,165.12
00641-Vikki L Buffington Tax Collector						
	Bill	07/06/2016		08/31/2016	14	421.78
Total 00641-Vikki L Buffington Tax Collector						421.78
00727-Independent Dock & Door						
	Bill	08/16/2016	Invoice #18082	08/26/2016	19	740.32
Total 00727-Independent Dock & Door						740.32
00729-Guers topsoil & mulch products						
	Bill	08/29/2016		09/08/2016	6	346.70
Total 00729-Guers topsoil & mulch products						346.70
00763-Lease Associates Inc						
	Bill	09/11/2016	Invoice #19335182	09/21/2016		133.00
Total 00763-Lease Associates Inc						133.00
00799-Marlin Business Bank						
	Bill	09/13/2016	Invoice #14322318	09/23/2016		148.60
Total 00799-Marlin Business Bank						148.60
00804-County Waste						
	Bill	07/26/2016	Invoice #1089067	08/05/2016	40	137.64
	Bill	08/16/2016	Invoice #1121733	08/26/2016	19	172.36
Total 00804-County Waste						310.00
00820-Centre Street Hardware						
	Bill	08/19/2016	27395	09/18/2016		76.00
Total 00820-Centre Street Hardware						76.00
00821-Onesource Fire Rescue LLC						
	Bill	08/19/2016	Invoice #1600548	09/18/2016		168.00
Total 00821-Onesource Fire Rescue LLC						168.00
Mahanoy City Borough						
	General Journal	01/01/2013	2025			290.92
	General Journal	01/01/2013	2035			-23,550.14
	General Journal	01/01/2013	2036			23,550.14
	General Journal	01/01/2014	2539			-23,550.14
	General Journal	01/01/2014	2545			-10.13
Total Mahanoy City Borough						-23,269.35
TOTAL						54,524.03