



2017 SURVEY OF FINANCIAL CONDITION FORM [DCED-CLGS-69] TIP SHEET

IMPORTANT POINTS TO REMEMBER WHEN SUBMITTING YOUR ONLINE SURVEY OF FINANCIAL CONDITION FORM

- To access the Municipal Statistics login page, go to munstats.pa.gov/forms and enter your user name and password. Once you are logged in, access to the 2017 *Survey of Financial Condition* form is obtained by clicking the link on your *Start Page* under *Your Pending Tasks* titled *2017 Survey of Financial Condition*. **Please note that links for this form will not be available on user "Start Pages" until after January 1, 2018.** (Your 2018 *Tax Information Form* must be filed in order to file your 2017 *Survey of Financial Condition* form.)
- You must check the certification box at the *Final Review* step and then click the *Confirm* button to submit your on-line *Survey of Financial Condition* form to the Department of Community and Economic Development (DCED). Simply clicking *Save & Exit* will not complete your submission.
- This form is due March 15 of each year. State Liquid Fuels payments will not be released by PennDOT until this form is received by the DCED.

E-FILING INSTRUCTIONS

Registered E-filers

If you have already registered to e-file with the DCED, please go to munstats.pa.gov/forms and enter your existing username and password, and click "Log In."

New E-filers

Those who are e-filing for the first time must complete a registration form by going to: munstats.pa.gov/forms and click the "Register" button in the lower left corner of the *Log in to Municipal Statistics* box. Once the online registration form is completed, it must be signed by the appropriate municipal official. Note that this form also requires a municipal seal. For your convenience and quick approval, you may fax the completed authorization form to us at 717.783.1402. If using a raised seal, rub a pencil over the seal, make a copy of the original, and fax the copy to us. This ensures that the seal is visible on the faxed copy. You can now set up your own user name and password during the registration process. The user name you choose may not contain any spaces or the @ symbol and must be at least three characters long. The password you choose must be at least eight characters in length with at least one upper case character, one lower case character, and one number. You will not be able to use this password until the DCED receives your completed E-filer Authorization and activates your e-filing privileges in the Municipal Statistics System. When logging in to the Municipal Statistics System, always make sure you are entering your user name and password in the *Log in to Municipal Statistics* box to e-file your information.

Existing Municipal Statistics Log-In Users

If you have not accessed the Municipal Statistics System Login site in the past 60 days, you will need to change your password before logging in. You can do this by clicking the link, "[Forgot your user name or password?](#)" in the *Log in to Municipal Statistics* box and following the prompts. Once you have created a new password in the *Security* section of the online form, be sure to click the Submit button at the bottom (do not hit the *Enter* key on your computer keyboard). You will receive an email with your user name and a system generated, password. Please make sure that you return to the *Log in to Municipal Statistics* box to log in and e-file your DCED forms.

Please Note - In order to function correctly, the Municipal Statistics website requires the following:

- Microsoft Internet Explorer 9 or later (also compatible with Microsoft Edge and Google Chrome web browsers)
- You may e-file from any computer with Microsoft Edge, Internet Explorer or Google Chrome web browsers.

INSTRUCTIONS FOR QUESTIONS

Note the following term used in these instructions:

Reporting fiscal year refers to the fiscal year which has most recently ended (the date noted in the title of the form after the phrase "FOR THE FISCAL YEAR ENDED").

Use the following formula for 1a and b.

Formula: *Expenditures minus Revenues, divided by Revenues*

Example: Step 1	Expenditures	\$101,000		Step 2	$\frac{1,000}{100,000} = 1\%$
	Revenues	<u>- 100,000</u>			
		\$ 1,000			

This information is available from the Annual Audit and Financial Report (DCED-CLGS-30) for municipalities and Annual Financial Report (DCED-CLGS-20) for counties. You may wish to use this report for the past three years to obtain this information. If your Annual Audit and Financial report for the most recent year is not yet completed, the information for the most recent year should be obtained for your accounting records. CAUTION: When making the calculation to respond to questions 1.a., 1.b. and 1.c., do not include interfund transfers as they are not revenues or expenditures.

- 1a. Answer "Yes" to this question if your municipality's expenditures exceeded revenues in any amount during each of the last three years (beginning with the *reporting fiscal year*). In making this calculation, use all funds of the municipality except trust funds, agency funds and pension funds.
- 1b. Answer "Yes" to this question only if expenditures have exceeded revenues by an amount equal to or greater than 1% of revenues during each of the last three fiscal years (beginning with the *reporting fiscal year*). In making this calculation, use all funds of the municipality except trust funds, agency funds and pension funds. A trust fund or agency fund is one in which the municipality holds money on behalf of another party.

Use the following formula for 1c.

Formula: *Expenditures minus Revenues, divided by Revenues*

Example: Step 1	Expenditures	\$105,000	Step 2	$\frac{5,000}{100,000} = 5\%$
	Revenues	<u>-100,000</u>		
		\$ 5,000		

- 1c. Answer "Yes" to this question if your municipality's expenditures have exceeded revenues by an amount equal to or greater than five percent (5%) of revenues for each of the last two successive years (beginning with the *reporting fiscal year*). This calculation should include all funds of the municipality except trust funds, agency funds and pension funds.
- 1d. Answer "Yes" to this question if your municipality is likely to experience an operating deficit in the governmental and/or proprietary funds at the end of 2017 and/or 2018.
- 1e. Answer "Yes" to this question if, during the reporting fiscal year, your municipality utilized its fund balance and/or other governmental proprietary funds to supplement its general fund in order to avoid unplanned general fund deficits.
- 2a. Answer "Yes" to this question if, during the reporting fiscal year, your municipality has defaulted in payment of principal or interest on either General Obligation Bonds or Notes or Specific Fund Obligation Bonds or Notes or in rental payments due to any authority created under commonwealth law. You should check "Yes" to this question even if those payments have now been made but at a date after the original due date of such payment.
- 2b. Answer "Yes" to this question if your municipality has borrowed funds during the reporting fiscal year to meet operating expenditures. Do not answer "Yes" if your municipality has borrowed funds in anticipation of current tax revenue or to fund capital expenditures.
- 2c. Answer "Yes" to this question if during the *reporting fiscal year*, your municipality was denied a loan from any financial institution.

Use the following formula for 2d.

Formula: $\frac{\text{Annual General Obligation Debt Service Payments}}{\text{Total Operating Revenue}}$

- 2d. Answer "Yes" to this question if during the reporting fiscal year, your municipality's (non-self-liquidating) general obligation debt service is greater than 10% of its revenues. Non-self-liquidating debt is revenue for debt that is not tied to specific user fees such as water and sewer systems.

This information is available from the *Annual Audit and Financial Report* (DCED-CLGS-30) for municipalities and *Annual Financial Report* (DCED-CLGS-20) for counties. In calculating the Annual General Obligation Debt Service Payments, use the sum of accounts 471, 472 and 475 in the *Annual Financial Report*. Principal payments on short-term debt (tax/revenue anticipation notes) are excluded but interest on short-term debt is included. In calculating Total Operating Revenues include revenues of the General Fund, State Liquid Fuels Fund, Debt Service Fund plus all other funds with operating revenue. You should not include enterprise fund revenues in this calculation.

- 3a. Answer "Yes" to this question only if your municipality was at the maximum general purpose real estate tax limit as of the reporting fiscal year. The maximum general purpose real estate tax limits are currently as follows:

Townships of the First Class	30 mills
Townships of the Second Class	14 mills
Boroughs	30 mills
Third Class Cities	30 mills
Home Rule Municipalities	established by Municipality
Home Rule Counties	established by County
County	25 mills

If you answered "No" to this question, skip 3b and go to question 4a.

- 3b. If you answered "No" to question 3a, do not answer question 3b. Answer "Yes" to this question only if your municipality is at its maximum general purpose real estate tax limit and has reduced municipal service levels in the reporting fiscal year. A reduction in municipal services would include reductions in personnel or the reduction or elimination of certain types of services.

- 4a. Answer "Yes" to this question, if during the *reporting fiscal year*, your municipality has for any reason, failed to meet a payroll date for employees for a period of at least thirty days past the normal due date of such payroll.
- 4b. Answer "Yes" to this question if, during the *reporting fiscal year*, your municipality has failed to transfer either payroll taxes withheld from employees, social security withheld from employees or the matching employer share of social security to the taxing jurisdiction for a period of at least thirty days beyond the due date of such transfer.
- 4c. Answer "Yes" to this question if, during the *reporting fiscal year*, your municipality has failed to make budgeted payments to any of its municipal pension funds as required by Act 205 of 1984 (The Municipal Pension Plan Funding Standard and Recovery Act). The minimum municipal obligation to each of the municipal pension funds is the amount which was certified to the governing body by the Chief Administrative Officer on or before September 30 of each year. This amount is to be paid by the municipality to each of its pension funds during the next fiscal year. If your municipality has no pension plans, you should check "No".
- 4d. Answer "Yes" to this question if your municipality has any unfunded post-retirement health benefits or other post-employment liabilities aside from pension liabilities.
- 5a. Answer "Yes" to this question if your municipality has failed to reach an agreement with creditors for a claim or an adjustment in excess of 30% of a fund. In order to answer "Yes" to this question, the amount which a municipality has sought to negotiate the resolution of, must be greater than 30% of either the actual revenues or expenditures of a fund or the budgeted amount of revenues or expenditures of a fund or the budgeted amount of revenues or expenditures of a fund within the *reporting fiscal year*.
- 5b. Answer "Yes" to this question only if your municipality failed to make required payments to a judgment creditor after a judgment was duly recorded in favor of the creditor by proceedings in a court of competent jurisdiction, for a period of thirty days beyond the due date of such judgment.
6. Answer "Yes" to this question if during the *reporting fiscal year* your municipality has filed a municipal debt readjustment plan pursuant to the Federal Bankruptcy Code.
7. Answer "Yes" to this question if your municipality had or anticipates a plant or business closing that would result in a major impact on your community in the 2017 and/or 2018 fiscal years.
- 8a. Indicate the number of full-time and part-time municipal employees on your payroll at the beginning of the *reporting fiscal year*. Full-time employees for the purposes of this Act are defined as individuals who work at least thirty-five (35) hours per week on a regular basis.
- 8b. Indicate the number of full-time and part-time municipal employees on your payroll at the end of the *reporting fiscal year*. Full-time employees for the purposes of this Act are defined as individual who work at least thirty-five (35) hours per week on a regular basis.
- 9a. Answer "Yes" to this question only if the basis of accounting as described in 9b has changed during the last three years.
- 9b. Indicate the basis of accounting used in your municipality's *Annual Audit and Financial Report* as filed with the DCED. The cash basis of accounting records transactions when funds enter or leave a municipal account regardless of when the revenues are owed to you or expenditures are owed by you. The full accrual basis of accounting records expenditures in the accounting period in which the fund liability is incurred and records revenues when they are actually earned. The modified accrual basis of accounting records revenues when they become measurable and available regardless of when cash is actually received with expenditures being recorded on a basis similar to full accrual.
- 9c. Answer "Yes" to this question only if your municipality uses an independent Certified Public Accountant to perform its annual audit.
- 9d. If your municipality had an audit performed by an independent auditor (CPA), was the audit report accompanied by a management letter that questioned the ability of the municipality to continue providing basic municipal services? If so, please check "Yes" and attach a copy of the management letter to the form.
10. If you answered "Yes" to any question from 1 to 7 or if question 8 indicated a significant decrease in municipal employees, it **may** indicate that your municipality is experiencing financial distress. If there were unique circumstances that caused this situation and you do **not** feel that your municipality is financially distressed, explain in the space provided or attach a separate sheet of paper to this survey explaining those circumstances.
11. If you are aware of specific circumstances in your municipality that indicate financial distress and these circumstances are not covered in your response to questions contained on this survey, explain in the space provided or attach a separate sheet of paper outlining those circumstances.

CERTIFICATION OF PRESIDING OFFICER OF GOVERNING BODY

The Municipalities Financial Recovery Act, Act 47 of 1987, Section 121 (A) (2) (I) requires the *Survey of Financial Condition* form [DCED-CLGS-69] to be signed by the Presiding Officer of the Governing Body. The Presiding Officer is: the Chairman of the Board of Commissioners, Counties and Townships of First Class; the Chairman of the Board of Supervisors, Townships of Second Class; the President of Council in Boroughs and Incorporated Towns; the Mayor of a City if operating under the Commission form of the Third Class City Code or the Council-Mayor form, or the President of Council in a Mayor-Council structure; or the Presiding Officer of the legislative policy making body in Home Rule Municipalities and Counties. For information and a free publication on the Municipalities Financial Recovery Act, Act 47 of 1987, visit our web page at: dced.pa.gov/local-government/act-47-financial-distress

DEFINITIONS

Basis of Accounting – revenues and expenditures may be recognized on the cash, modified accrual or full accrual basis of accounting, provided that basis is applied consistently throughout the fiscal periods reported for evaluation purposes

Cash Basis of Accounting – provides for the recording of revenues when received in cash and the recording of expenditures when paid in cash

Modified Accrual Basis of Accounting – recognizes an economic transaction or event as revenue in the operating period when the revenues are both measurable and available to liquidate liabilities of the current period. Expenditures are generally recognized when an event or transaction is expected to draw on current available resources

Accrual Basis of Accounting – revenues are recorded in the period in which the service is given, although payment is received in a prior or subsequent period. Expenses are recorded in the period in which the benefit is received, although payment is made in a prior or subsequent period

Claim – a right to payment (whether or not the right is reduced to judgment, liquidation, unliquidated, fixed contingent, matured, unmatured, disputed, undisputed, legal equitable, secured or unsecured; or right to an equitable remedy for breach of performance if the breach gives rise to a right to payment, whether or not the right to an equitable remedy is reduced to judgment, fixed contingent, matured, unmatured, disputed, undisputed, secured or unsecured)

Creditor – an individual, partnership, corporation, association, estate, trust, governmental unit or the governing board of a pension fund of a municipality that has a claim against a municipality

Deficit – the excess of expenditures over revenues, stated as a percentage of revenue, during an accounting period; the calculation shall include all governmental fund types and all proprietary fund types, but shall exclude all fiduciary fund types of the municipality

Expenditures – (decreases in net financial resources) - are reductions in fund equity, including current operating expenses that require the use of fund equity, debt service and capital outlays; the term shall not include interfund transfers

Fund Equity – excess of assets of a fund over its liabilities

Governing Body – the Council in Cities, Boroughs and Incorporated Towns; the Board of Commissioners in Counties and Townships of the First Class; the Board of Supervisors in Townships of the Second Class; or the legislative policy-making body in home rule municipalities

Matured Claim – a claim that has been reduced to judgment (by a court of competent jurisdiction) or liquidated in amount by agreement for a period of 90 days prior to the filing of a request to commence a fiscal distress proceeding under this act

Revenues – (increases in net current assets, excludes income resulting from borrowing, interfund transfers or sale of assets) – additions to fund equity other than from interfund transfers, proceeds of debt and proceeds of disposition of general fixed assets

Call with Questions – Please feel free to call the Governor's Center for Local Government Services toll- free at 888.223.6837 if you have any questions when completing the *Survey of Financial Condition* form.