COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

IN RE: PLYMOUTH TOWNSHIP

REQUEST FOR TERMINATION OF
STATUS UNDER SECTION 255.1 OF
THE MUNICIPALITIES FINANCIAL
RECOVERY ACT

REQUESTING PARTY:

The Plymouth Township, Board of Supervisors in cooperation with the Recovery Coordinator, Commonwealth of Pennsylvania, Department of Community and Economic Development, Governor’s Center for Local Government Services.

DEPARTMENTAL DETERMINATION

1. On July 27, 2004, the Township of Plymouth (the “Township”) was designated a financially distressed municipality pursuant to the Municipalities Financial Recovery (“Act 47”), codified at 53 P.S. § 11701.101 et seq.

2. On February 1, 2016, the Plymouth Township, Board of Supervisors requested by Resolution to terminate distressed status under Act 47, based on recommendations from the Recovery Coordinator and the Department of Community and Economic Development.

3. A public hearing was held on March 10, 2016 in accordance with section 255.1(a).

4. In considering whether distressed status shall be terminated, section 255.1 requires a consideration of whether:

(a) Operational deficits of the municipality have been eliminated and the financial condition of the municipality as evidenced by audited
financial statements prepared in accordance with generally accepted accounting principles and projections of future revenues and expenditures, demonstrates a reasonable probability of future balanced budgets absent participation in this act.

(b) Obligations issued to finance the municipality's debt have been retired, reduced or reissued in a manner that has adequately refinanced outstanding principle and interest hand has permitted timely debt service and reasonable probability of continued timely debt service absent participation in this act.

(c) The municipality has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of financial default.

(d) The reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt obligations and the continuation or negotiation of collective bargaining agreements and the provision of municipal services. Projections of revenues shall include any anticipated tax or fee increases to fund ongoing expenditures for the first five years after termination of distressed status.

53 P.S. § 11701.255.1(c).

5. Deficits have been eliminated and the Township now exhibits sound financial management practices including an annual audit performed by a Certified Public Accountant. All Township budgets have been balanced since 2005. There is a reasonable probability of future balanced budgets following termination of the Township's Act 47 status.

6. The Township is currently debt free, having retired its DCED loan in December 2015.

7. There are no judgments which would place the Township in imminent jeopardy of financial default.
8. The Township has, and will have, sufficient revenue to meet its expenses for the foreseeable future.

AND NOW, this the May 3, 2016 upon review of the record of the hearing held on March 10, 2016, and the recommendations of the departmental staff and the aforementioned findings of fact, IT IS ORDERED that the status of Township of Plymouth, Luzerne County as a distressed municipality under the Municipalities Financial Recovery Act, Act 47 of 1987, as amended, is hereby TERMINATED.

By: ________________________________
    Dennis M. Davin,
    Secretary
Municipalities Financial Recovery Act
(Act 47 of 1987, as amended)

EVALUATION OF DESIGNATION OF DISTRESSED STATUS UNDER ACT 47

PLYMOUTH TOWNSHIP, LUZERNE COUNTY

Prepared by:
JAMES ROSE
Act 47 Coordinator

March 2016
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The Department of Community and Economic Development (DCED), Center for Local Government Services serves as the Act 47 Coordinator (Coordinator) for Plymouth Township, Luzerne County (Township) under the Municipalities Financial Recovery Act (Act 47). In compliance with Section 255 of Act 47 as amended by Act 199 of 2014, it is the Coordinator’s responsibility to report on the Township’s financial condition and make a recommendation concerning the Township’s distressed status. As such, it is the recommendation and opinion of the Coordinator that the conditions that led to the earlier determination of municipal distress for the Township are no longer present and warrant a termination of Act 47 status in accordance with the factors listed in Section 255.1 of the Act.

RECOVERY PLAN COORDINATOR’S REVIEW

INTRODUCTION

The Plymouth Township Board of Supervisors has made great progress since the initial distress determination and has improved the public administration of the Township’s government. Supervisors have made many improvements to operations, governance, public service delivery, and have improved employee relations. The Supervisors have a better understanding of the laws under which they operate. The Supervisors have been cooperative and open to suggestions and guidance throughout the term of their participation in Act 47 status. They have made difficult, yet beneficial decisions on behalf of the residents they represent. Services provided by the Township include public works, sanitary sewer collection system and operations, zoning and code enforcement, and administration. Municipal police protection, recycling, and solid waste collections have been privatized or contracted out so that the Township can more efficiently provide these services at a more appropriate cost.

It should be noted that the Northeastern Pennsylvania Alliance (NEPA) was the appointed Recovery Team Coordinator from 2004 until July, 2015 when it were replaced by personnel from the Department of Community and Economic Development, Center for Local Government Services.
The Board of Supervisors has addressed revenue enhancements, cost containment, and operational measures outlined in the original and updated Recovery Plans. The Table below illustrates the improvement in the year-end surplus for Fiscal Years 2012-2015.

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<td>TOTAL</td>
<td>$1,526,384</td>
<td>$1,220,799</td>
<td>$987,588</td>
<td>$858,263</td>
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| SURPLUS/LOSS            | $427,731 | $84,883  | $190,056 | $191,588 |
As noted in the chart above, the Board of Supervisors has made an effort to enhance
revenues while at the same time controlling expenses. They have been diligent in managing their
capital assets and they intend to continue with the development of a Capital Improvement
Program as recommended by the Recovery Plan.

The Board of Supervisors has worked with the Borough Engineer to apply for grant
funding to assist with the Public Works, Storm Sewer, and Sewer operations. Although they are
still under a consent decree for the Sewer they have addressed most of the issues regarding the
decree and they are finalizing improvement to the wildcat sewer issues that have been a source
of concern.

Overall, the management of the financial resources has greatly improved since the
Recovery Plan was introduced and the service delivery to the citizens has improved while cost of
the services has been reduced.

Fiscal stability has been achieved under the empowerment and authorities set forth under
Act 47. Beginning in 2005, all budgets have been balanced and by 2015 surplus have continued.
By exercising prudent financial constraint, the Township has accumulated a healthy cash balance
that has led to their stability.

**REVENUE**

**Tax Revenues**

**Earned Income and Real Estate Tax**

The original Recovery Plan increased the Township’s share of the Earned Income Tax
(EIT) for residents and non-residents. Infrastructure required many improvements, so the funds
generated by this tax increase were applied to capital improvement projects, debt service for the
Act 47 loan (retired in 2015), and operating expenses. The EIT is the largest single source of
revenue for the Township:

- 2010  $456,867
- 2011  $491,287
- 2012  $507,497
- 2013  $582,607
- 2014  $522,184
In 2009, the Township experienced a 10% increase in millage revenues after Luzerne County implemented a real estate property reassessment. Unfortunately, the Township experienced devastating flooding in September 2011 which resulted in many buildings being razed and the properties acquired by the Township. These properties can never be returned to the tax rolls as they were acquired with the assistance of federal disaster funds. Current (2016) real estate rates:

- 0.709 mills for general purposes ($64,776 is budgeted for 2016)
- 0.081 mills for fire protection ($7,400 is budgeted for 2016)
- 0.046 mills for street lighting ($4,203 is budgeted for 2016)
- 0.550 mills for debt service ($50,249 is budgeted for 2016)

Real estate tax collections have been at or above the 90% collection rate each year:

- 2010 96.1%
- 2011 95.2%
- 2012 93.8%
- 2013 91.9%
- 2014 96.3%
- 2015 95.7%

In 2004 when entering Act 47, the Township was levying the maximum Act 511 EIT and Second Class Township Code property millage rates. As noted earlier, Township officials increased the resident EIT to generate sufficient revenues to meet operating expenses, address a payment schedule on accrued debt, and accumulate sufficient funds to undertake small capital improvement projects.

**Home Rule Study Option**

In 2010, residents of the Township voted to enact an optional Home Rule form of government. This will allow the Township to continue to levy the resident EIT at the higher rate of 1.5%.

**Increase Real Estate Tax Collection Rate**

Real estate tax collection rates have improved to over 90%.

**Real Property Valuations**
Luzerne County's reassessment process was completed and new values became effective with the 2009 budget year. For 2016, the assessed valuation of real estate is $101,513,900.

**Tax Exempt Properties**
The Township has a significant number of tax exempt properties which result in a loss of approximately $17,000 that could otherwise be collected. Township officials continue to monitor any legislative relief efforts that would compensate for this loss of revenue.

**Emergency Services Tax**
The Emergency Services Tax was replaced with the Local Services Tax effective January 1, 2008 allowing for a small increase in revenue. Revenue of $5,000 is projected for 2016.

**Per Capita Tax**
A $5.00 per capita tax is levied on all residents 18 years of age and older and is expected to generate $4,100 in 2016.

**Real Estate Transfer Tax**
The real estate transfer tax is ½ of 1% on all real estate sales and transfers projected to generate $10,000 in 2016.

**Business Privilege Tax**
The Township levies a $100 fee on all businesses operating in its jurisdiction which is projected to generate $4,500 in 2016.

**Mechanical Devices Tax**
This tax is levied at a rate of $100 per amusement machine located in the Township and is forecast to generate $1,200 in 2016.

**Cable TV Franchise Fee**
A 5% franchise fee is levied on cable TV customers in the Township; $10,000 in 2016.

**Interest, Rent & Royalties**
The Township receives a small amount of interest earnings annually on the balance of their funds; $200 is budgeted for 2016.

**Intergovernmental Revenue**
The Township receives funding through various state and local government agencies. These sources include: Payments in Lieu of Taxes from DCNR, Public Utility Realty Tax, Alcoholic Beverage Tax, Penn DOT Liquid Fuels funds, and Luzerne County CDBG program.
funding. The Township also regularly applies for and has received competitive grant program funding. For 2016, $229,013 is budgeted for intergovernmental revenue.

**Charges for Services**

This covers a range of permits, fees and sales of documents totaling $13,950 in the 2016 budget.

**ADMINISTRATIVE & FINANCIAL MANAGEMENT**

**Work Sessions**

The Board of Supervisors has established monthly public work sessions to deliberate and discuss issues on which action may be taken at monthly business meetings. These meetings are the primary forum for discussion between the Board, staff, and appointed officials and have been beneficial to all in their efforts to provide good government to Township citizens.

**Administrative Positions**

The Township Coordinator-Secretary/Treasurer is the primary, day to day administrative official for the Township. Responsibilities of this position also include administrative responsibilities for the sewer system. All responsibilities are clearly defined in the Employee Manual and Personnel Policy. The employee who currently holds this position has proven to be efficient in performing job responsibilities and has a great deal of experience and institutional knowledge.

**Administrative Training**

The Township Coordinator-Secretary/Treasurer has been trained in QuickBooks, energy efficiency, software, and computer technology and he has attended many PSATS courses to enhance his administrative capabilities.

**Communications**

Regular communication by email and phone takes place to ensure all involved in the operations of the Township are up-to-date on issues affecting the municipality.

**Municipal Technology Upgrades**

The Township has purchased new computers, printers, phone system, and software. The most current version of QuickBooks is currently in use.

**Township Employee Manual**

The Township uses a Personnel Policy Manual which has job descriptions, human resource policies, and guidelines for addressing all personnel matters.
FINANCIAL MANAGEMENT

Unpaid Bills and Contingent Liabilities

All of the Township’s past obligations and including payroll liabilities were paid and are current according to the recommendations of the original Recovery Plan.

Accounting and Bookkeeping

The Township has adopted acceptable accounting and bookkeeping procedures. Records and files are clear, current, orderly, and well-organized. The Township has a Certified Public Accountant prepare the annual audit and financial statements and there have been no significant audit findings under the period in which the municipality has been an Act 47 distressed municipality.

Implementation of Accrual Basis of Accounting

The Township adopted a modified accrual basis of accounting which more accurately reflects their financial position. The Township consistently reports their financials on a modified accrual basis.

Allocation of Salary Expenses on a Monthly Basis

Salary expenses are consistently allocated on a biweekly basis in accordance with the Township’s payroll dates.

Quarterly Transfer of Interfund Payables and Receivables

All interfund payables and receivables are transferred at least quarterly.

Elimination of Miscellaneous Adjustments Account

This account has been eliminated.

Contract with Payroll Service for Payroll

The Township now contracts with a payroll service to process their payroll.

Secure Cash Receipts

The Township utilizes a safe to assure the appropriate security of deposits of cash transactions. The Township Coordinator-Secretary/Treasurer has sole access. Bank deposits are made at least weekly.

Implementation of Chart of Accounts.
The Township uses the Chart of Accounts for municipalities as published by the Department of Community and Economic Development, Governor’s Center for Local Government Services.

**Preparation of Financial Reports**

The Township Coordinator-Secretary/Treasurer provides the Board with monthly financial reports, a bill payment list, and Township correspondence at the work session prior to the business meeting.

**Consolidation of Bank Accounts Within Operating Funds**

Township Supervisors deemed it more advantageous to maintain accounts at a local bank and at PLGIT and continue to monitor to ensure the most competitive interest rate is obtained.

**Payment Of Bills Upon Authorization of a Majority of the Board of Supervisors at a Public Meeting**

Bills are authorized by a majority of the Supervisors at the monthly business meeting prior to payment.

**Establish a Sequential Numbered Receipt System for Checks and Cash Received**

The Coordinator-Secretary/Treasurer uses a sequential numbered receipt system for all incoming cash and checks. Duties cannot be segregated as there is only one administrative staff person.

**Establish Internal Controls for Check Signing**

A minimum of two signatures is now required on all checks issued.

**Competitive Bidding of Insurance Policies**

The Township Coordinator/Secretary-Treasurer reviews proposals annually when preparing the budget to ensure proper coverage and lowest possible premiums.

**Commence Budget Preparation in October of Each Calendar Year**

The budget development process is initiated by October 1.

**Annual Review of Insurance Equipment Schedules**

Township equipment is inventoried yearly and equipment schedules are reviewed and catalogued.

**Competitive Bidding for Appointment of Township Auditor**

RFPs are initiated as contract expire and periodically for professional services such as solicitor, engineer, and accountant.
Investigate Payment in Lieu of Taxes (PILOT) with Luzerne County Board of Commissioners for Moon Lake Park

Luzerne County has closed Moon Lake Park.

Verify Road Mileage with PennDOT Municipal Services for Liquid Fuels Reimbursement

This has been implemented and will be monitored.

Eliminate Volunteer Fire Department from Township Automobile Fleet Insurance Policy

This has been accomplished.

Investigate Tax Exempt Invoicing with Vehicle Fuel Vendors

The Township uses a vehicle fuel vendor that provides tax exempt invoicing.

Review Wireless Phone Plans for Cost Savings

This has been accomplished and will continue to be monitored at least annually.

Rental of Municipal Building Floor Space

This has not been implemented due to insurance, security, and liability concerns.

TOWNSHIP SERVICES

Township Staffing Levels

Staffing levels have been maintained throughout the Recovery Plan:

- 1 Full Time Secretary/Treasurer-Coordinator
- 1 Part Time Clerk
- 1 Part Time Code Enforcement Officer
- 1 Part Time Zoning Officer
- 1 Part Time Cleaning/Custodial
- 1 Unpaid Roadmaster
- 1 Full Time Road Foreman
- 2 Full Time Road Workers
- 1 Part Time (as needed) Road Laborer

Wage, Salary and Benefits

Wages and salaries were frozen in 2006 and 2007, but there is no longer a need, as the Township is stable financially.

Township Employee Health Insurance
Alternative health insurance plans that provide the same coverage for less cost are always sought. Five employees are covered by the Township’s health plan.

Township Employee Pension Plan

The pension plan is a 3% match to employee contributions.

Public Safety – Law Enforcement

The Township eliminated their police department in 2004. Services are provided by the Pennsylvania State Police.

Public Safety – Consolidation of Volunteer Fire Departments

The Township has one remaining volunteer fire department which has been unable to meet its financial obligations since 2012. As a result, the Township has been forced to increase its contribution to the department. Township officials have developed contingency plans with neighboring fire departments in the event that the Plymouth Township department is dissolved.

Refuse Collection and Recycling Services

The Township ceased solid waste and recycling collection in 2007, but negotiated competitive curbside refuse collection rates with a private vendor.

Public Works

The Public Works department performs paving projects on Township roads and on streets in neighboring municipalities. The Township has shared service agreements with the neighboring municipalities for these services.

UCC Code Enforcement

Services are contracted to an alternative third party inspector.

Municipal Code Enforcement and Zoning Officers

The current level of services appears to be adequate.

PLANNING, BUILDING & PROPERTY MAINTENANCE

Codification of Municipal Ordinances

Ordinances were codified in 2010 and Township administration has kept the code up to date since that time.

Plymouth Township Planning Commission

The Township Planning Commission remains active.

Township Comprehensive Plan
The Township has a current comprehensive plan enacted in 2011.

**Multi Municipal Planning Opportunities**

The Township must again update their Act 537 sewer plan as it has become outdated. An update will be funded from a PennVest grant. In addition, meetings with neighboring Plymouth Borough and Department of Environmental Protect focused on eliminating wildcat sewer boreholes in one section of the Township are scheduled. It is hoped that the Township can build sewers in this section and tie them into the existing Plymouth Borough system. This will help to solve issues with DEP as the Township meets regularly with them to address any concerns.

**Township Zoning Ordinance**

This ordinance was updated in 2010.

**Township Subdivision and Land Development Ordinance (SALDO)**

SALDO was updated in 2010.

**Township Hazard Mitigation Plan**

The Township is particularly vulnerable to flooding from the Susquehanna River and several streams that pass through. In 2005, 2006 and 2011 flooding occurred. The 2011 flood had devastated part of the community and resulted in buyouts of many properties which were then raised. These properties were removed from the Act 537 plan as they no longer exist. The Township is now the owner of these properties and they cannot be redeveloped, so they cannot be returned to the tax rolls.

**Township Emergency Operations Plan.**

This has not been implemented.

**Township Floodplain Development Ordinance**

This has been reviewed and updated.

**Abandoned Mine Lands – Avondale Pit Project (Site #1)**

This project is ongoing.

**Abandoned Mine Lands – Avondale Pit Project (Site #2)**

This project has not been implemented.

**West Side Landfill**

Reclamation of the former landfill is ongoing.

**Zoning and Code Enforcement Practices**
The functions of these positions have been clearly delineated in the Personnel Manual providing the officers with an understanding of their responsibilities and the public with these important services.

**Township Building Code**

The Township’s building code is up to date and implemented and enforced by a third party vendor.

**Property Maintenance Code Enforcement**

The Township has adopted the International Property Maintenance Code and has a visible enforcement officer.

**COMMUNITY DEVELOPMENT**

**Community Development Block Grant (CDBG) Program**

Plymouth Township applies for and usually receives these funds as the grants become available.

**Designation and Improvement of Central Business Districts**

The Township has applied for Local Share Account funds to undertake a streetscape program, but has been unsuccessful.

**South Valley Partnership.**

This Council of Governments has become more active recently and the Township is an active member.

**Preservation of Historic Resources**

The canal locks at Canal St. Park have been repaired and restored and will be maintained appropriately.

**Eastern Pennsylvania Coalition for Abandoned Mine Reclamation (EPCAMR) and the Luzerne Conservation District**

EPCAMR and the Conservation District remain involved in clean ups of the Township as needed.

**CAPITAL IMPROVEMENT AND INFRASTRUCTURE**

**Establish Capital Improvement Plan and Capital Reserve Fund**

An organized capital budget process has not been implemented due to recovery from a number of devastating floods. Capital project and improvement needs are reviewed annually and prioritized by the Board. Specific appropriations are authorized by formal action of the Board.

**Building and Facility Issues**
Upgrades to the building are ongoing.

**Public Works Equipment.**

Equipment is maintained properly and replaced as needed through the budget process. The Township will continue to maintain equipment and pursue grants to permit purchase of new equipment.

**Sale of Surplus Township Equipment**

The equipment inventory is reviewed annually for evaluation of condition and obsolescence. Sales or auctions are promptly scheduled for proper disposal.

**Infrastructure**

The Township performs its own paving of roads and maintenance of public parks leading to substantial savings.

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**GRANT ADMINISTRATION, LITIGATION & INTERGOVERNMENTAL COOPERATION**

**GRANT ADMINISTRATION**

**Grant Funding (Other than Act 47)**

The Township has been successful in receiving grants from DEP, PennVest, Gaming, and Hazard Mitigation Block Grants and has used these funds to purchase equipment, make infrastructure repairs after several severe floods and purchase and raze severe and repetitive loss properties.

**Timely Submission of Grant Closeout Reports**

The Township has submitted all closeout reports in a timely manner.

**Separation of Grant Proceeds**

The Township creates separate accounts and budgets for grant funds so that the financial condition of the Township is accurately portrayed.

**Follow-Up Communication with Contractors, Consultants, Funding Agencies for Progress Reports on Current Projects and Prospective Funding Opportunities.**

Supervisors, staff, and appointed officials routinely correspond with one another and contractors prior to, during and after projects.

**LITIGATION**

Prior legal claims against the Township have been resolved.

**INTERGOVERNMENTAL COOPERATION**
Intermunicipal Street Paving Services and Traffic Light Conversion

The Township has routinely been contracted to pave streets in neighboring municipalities as its Street Department has acquired the necessary skills to provide this service. In addition, the Township participates in the South Valley COG. Negotiations with Plymouth Borough to allow the Township to correct a severe sewer problem by connecting some properties into the Borough’s sewer system are scheduled to take place in the next few weeks. The Township has also explored the possibility of two neighboring municipalities providing fire protection should the fire company cease operations.

Municipal Merger

Township officials are not currently interested in pursuing a merger with neighboring municipalities.

Regional Police Service Initiatives

There are no current initiatives in which the Township can participate.

Regional Recycling Center

This has not been accomplished.

SEWER FUND AND SEWER SYSTEM

Reimbursement of Sewer Fund

The Sewer Fund was repaid from the proceeds of the initial Act 47 loan.

Township Act 537 Plan Implementation

The Township remains under a consent order by DEP for its sewer system. In 2004, the Township updated its Act 537 Plan, but has had a series of setbacks in its efforts to implement the plan. Severe, repetitive flooding has wreaked havoc on sewer lines in 2005, 2006 and 2011. This has resulted in many properties being purchased by the Township and buildings on these have been raised. These lots cannot be redeveloped, so fewer sewers need to be replaced, but fewer fees can be collected. The Township’s original engineer was tried and received a prison sentence, so plans were not finished. Efforts to retrieve the plans that were developed have been unsuccessful. A new engineering firm has been engaged and has developed less expensive plans to address the severe problems with wildcat and dysfunctional sewers in much of the Township. The Township received a $1 million grant from PennVest and these funds will be used to correct several problem areas to help to remedy the concerns in the consent order. DEP has been quite
helpful to the Township in its efforts to correct all issues in the consent order. The Township is currently embarking on a new Act 537 Plan.

**Reactivation of the Plymouth Township Sewer Authority**

This has not been implemented.

**Contact the Wyoming Valley Sanitary Authority (WVSA) to Determine if a Duplicate Billing Arrangement Could be Eliminated**

This has not been implemented as it has not been considered beneficial to the Township.

**Contact the WVSA to Determine Potential Cost Savings on Maintenance of Sewage Collection System**

In 2009, the Township entered into an agreement with WVSA to provide regular maintenance services at the direction of Township officials. This has proved beneficial to the Township.

**Sewage Treatment Fees**

Sewage treatment fees have been adjusted throughout the Recovery Plan implementation phase.

**Stormwater Management Regulations**

The Township has pursued and will continue to pursue funds to correct stormwater issues. The Township code has been updated in this regard as well. The Township with the assistance of its engineer continues to work toward full compliance with all federal mandates.

**ACT 47 LOANS/GRANTS & DEBT SERVICE**

**ACT 47 GRANTS**

The Township received a $16,000 Act 47 grant in 2005 from DCED. $6,726 of this was used to purchase computers and networking for them. The remainder was not used and was returned to DCED. In 2010, the Township received an $18,200 Act 47 grant from DCED. Funds were used to complete ordinance codification.

**ACT 47 LOAN SUMMARY**

The Township received an Emergency Loan in 2004 for $300,000 to allow it to pay creditors and meet payroll obligations. In 2005 it received an Act 47 Long Term Debt Loan of $210,000. Both were satisfied in 2015 as planned.

**EXISTING LONG TERM UNFUNDED DEBT LOAN**
All loans have been satisfied.

CONCLUSION

The Township now has a consistent series of revenue streams to provide realistic and affordable service levels. Changes to the financial management of the Township allow the elected officials and the Township Coordinator-Secretary/Treasurer to deal with those factors that led to the distress determination. Reassessment has provided an enhanced and stable real estate tax base that permits the Township to fund current service levels and to increase those levels of service, as warranted. It is now the Township’s responsibility to remain vigilant and to actively manage the provision of Township services within the context of the fiscal and management resources available to the Township.

The Coordinators have worked with Township officials to develop an ongoing strategy that will prevent the reoccurrence of past fiscal transgressions and will point the way to balanced annual operating budgets. After termination of Act 47 status, the Township’s financial parameters will be constrained by the Township’s Home Rule Charter, Act 511, Acts 111, and 195, and related laws of the Commonwealth as applied to local governments. The ongoing challenge for the Township is to maintain its fiscal discipline and continue to provide the level of public services expected and requested by its citizens, businesses, and visitors within available financial resources. The following recommendations are intended to provide the Township with guidance moving forward to maintain a sustainable balanced budget for the foreseeable future while continuing to meet the service needs of its residents and businesses and provide for their health, safety and welfare.
RECOMMENDATIONS

Revenue

- The Township should avoid reliance on any one source of tax revenue to balance its budget as a general rule. The Township should not exceed a Township EIT rate of 1.5% percent.

- The Township shall prevent annual operating budget deficits by levying the appropriate taxes in an amount sufficient to fund any projected budget deficits. The Township shall also consider necessary and appropriate expenditure reductions or a combination of revenue increases and expenditure reductions to eliminate the projected operating budget deficits.

- The Township shall continue to levy separate real estate tax millages for the General Fund and the Debt Service Fund. The separate Debt Service Fund millage should be retained until the Township has retired all existing debt requirements. If the Township acquires additional debt, then the debt service millage shall be adjusted to reflect the new annual debt service requirements.

- The Township shall continue its efforts to maximize non-tax revenues from existing sources and continue to explore optional sources of on-going revenues.

- The Township should continue to pursue grant funding for specific capital projects but should not rely on grant revenue and other one-time sources to finance ongoing operations. Use of one-time revenues and grant funds should be dedicated to the specific use and/or purpose of the grant and, in the case of one-time revenues, not budgeted to fund any ongoing operating service of the Township.

- The Township has utilized transfers from the Sewer Fund, Refuse Fund, Highway Aid fund, and the Community Development Block Grant Fund to the General Fund in order to reimburse the General Fund for certain valid personnel and operating expenditures. These transfers have been budgeted, although not always appropriated, in the Township’s past fiscal years. The Township should continue the practice of fund reimbursement for appropriate and eligible expenditures.

Expenditures

- The Township shall continue to solicit all professional services through the use of a request-for-proposals (RFP) process. The Township Coordinator-Secretary/Treasurer
and responsible Township officials shall review the RFP responses and select the individual or firm that will provide for the requested service(s) at the best combination of qualifications, experience, and cost.

- The Township shall continue to utilize, to the extent possible, cooperative purchasing opportunities in conjunction with other governments and the State’s CO-STARS program.

- The Township shall continue to remain current on all obligations.

**Financial Management**

- The Board of Supervisors and Township Coordinator-Secretary/Treasurer, subject to the provisions of the Township’s Home Rule Charter and Administrative Code, are responsible for the financial management of the Township. The Board of Supervisors retains legislative oversight and is responsible for approving the annual Township budgets and the setting of taxation rates.

- The Township Coordinator-Secretary/Treasurer is responsible for the development of the annual budget calendar and annual budget. The Township’s financial management system should be reviewed and evaluated on a regular basis to make certain that all financial obligations are reported in the budget development process.

- The Township Coordinator-Secretary/Treasurer shall provide the Board of Supervisors with monthly financial reports that contain detail on all Township operations.

- The Township Coordinator-Secretary/Treasurer shall prepare and present to the Board of Supervisors and the citizens of the Township an annual financial report that reviews the fiscal operations of the preceding year. This report should be presented to the Board of Supervisors and the citizens by January 31 of the next succeeding fiscal year.

- As required by its Home Rule Charter, Plymouth Township shall continue to provide for an annual independent Township audit performed by an experienced firm.
PLYMOUTH TOWNSHIP, LUZERNE COUNTY

EVALUATION OF TOWNSHIP’S REQUEST TO RESCIND DETERMINATION OF DISTRESS PER ACT 47, THE MUNICIPALITY FINANCIAL RECOVERY ACT

Hearing Held: March 10, 2016
FINDINGS OF FACT

Testimony was presented at a public hearing held Thursday, March 10, 2016, to rescind the distress determination for Plymouth Township, Luzerne County, from a Determination of Distress under the provisions of Act 47 of 1987, the Municipality Financial Recovery Act. The purpose of the hearing was to gather information on the Township’s financial condition to help the Secretary of the Department of Community and Economic Development (DCED) determine the Township’s financial condition and to inform the citizens, employees and officials of the Township of Plymouth Township of the Act 47 exit process.

The information that follows was presented by the Recovery Plan Coordinator, the Chairperson of the Board of Supervisors and the Township Secretary/Treasurer.

Evidence was presented that demonstrated the eligibility of the Township to exit the Act 47 Municipality Financial Recovery Program. No testimony was received that contradicted the evidence presented at this hearing.

Plymouth Township has resolved all provisions of Act 47. The Act 47 process requires a public hearing prior to consideration of exit from the program.

Plymouth Township’s revenue and expenditure history, fund balance history, government wide fund balance history and revenue and expenditure projections indicate a clear financial recovery.

Plymouth Township entered Act 47 in 2004 with a need to restore fiscal integrity after years of uncontrolled spending coupled with inadequate financial and day-to-day management. The Township suffered from both insufficient revenues and an inability to control expenditures. Plymouth Township was using debt to maintain necessary services. The lack of reassessment by Luzerne County prior to 2009 contributed to the increased debt levy in real property taxes as the Township was unable to capture naturally occurring growth in property values.

The Coordinators worked with the Township to develop and implement a Recovery Plan process that has resulted in a change to a Home Rule Charter form of government, an increase in revenues, controls on expenditures, better overall management, and eliminated indebtedness. As such, the Coordinator believes that the Township has satisfied the statutory factors that must be considered for termination of status.

Plymouth Township has taken numerous steps that have substantially improved the financial position of the Township and will continue to provide a reasonable probability of future balanced budgets absent Act 47 provisions.
FORMAL TESTIMONY FROM PUBLIC HEARING

The following discussion will focus on the actual hearing testimony that was conveyed at the public hearing. As Hearing Officer, I (Richard Vilello) conducted the public hearing.

Jim Rose, Local Government Policy Specialist, Governor's Center for Local Government Services, Pennsylvania Department of Community and Economic Development, the Township's Act 47 Recovery Plan Coordinator, presented the results of the Township's efforts under the recovery plan. These efforts are outlined in Mr. Rose's testimony found below.

Plymouth Township has taken numerous steps that have substantially improved the financial position of the Township and will continue to provide a reasonable probability of future balanced budgets absent Act 47 provisions.

The Township increased its resident Earned Income Tax rate as permitted by Act 47, raising the rate from 0.5 percent to 1.5 percent. As a result, revenue grew from approximately $145,000 in 2005 to over $500,000 annually. Without this substantial increase in revenue, the Township would be unable to meet its financial obligations. Township officials then spearheaded an effort to develop a Home Rule Charter for Plymouth Township that allows the Township to retain the higher resident EIT rate.

Through the adoption of the Home Rule Charter, the Township is no longer bound by statutory limits on rates for EIT, property taxes and realty transfer taxes. This will provide for greater flexibility in the future to generate tax revenue based on community needs. The charter also provided for a new, more efficient government structure that is outlined in more detail below.

Luzerne County implemented a property reassessment in 2009 that increased the Township's real estate tax base. The Township currently levies a property tax at 1.386 mills, generating an estimated $126,628 for 2016. Real estate tax collections have been at or above the 90% budgeted collection rates each year.

The Township now has the ability under its Home Rule Charter to raise its general purpose property tax to meet its revenue requirements.

The lack of a consistent administrative organization and limited understanding of the fiduciary and general management responsibilities hindered the Township's ability to correct the fiscal mismanagement that contributed to the distress designation. The Township now employs a well trained and experienced Township Secretary/Treasurer, Elected Officials and has implemented an accurate accounting and financial management system. Financial information is now available to Township officials and citizens and is presented at each monthly meeting.

Annual financial reports and recent CPA audits indicate that deficits have been eliminated and the Township exhibits sound financial management practices.

The Township has retired all debt, including a $500,000 DCED Act 47 loan. It should be noted that the Township is still under a Department of Environmental Protection consent order regarding its sewer system. Portions of the Township have inadequate or nonexistent sewers. The Township and its engineer are developing innovative and cost effective ways for bringing the sewer system into compliance and have the ability to perform some of the work in house. The Township also has an H2O grant to perform some work and update their Act 537 sewer plan. The Township may at some point need to finance part of these improvements.

The Township has no outstanding claims or judgments and is current with its vendors.
The Coordinator has reviewed Plymouth Township’s financial history and anticipates continued financial health for the next 5 years.

The Township now has a consistent series of revenue streams to provide realistic and affordable service levels. Changes to the financial management of the Township allow the elected officials and the Township Manager to deal with those factors that led to the distress determination. Reassessment has provided an enhanced and stable real estate tax base that permits the Township to fund current service levels and to increase those levels of service if warranted. It is now the Township’s responsibility to remain vigilant and to actively manage the provision of Township services within the context of the fiscal and management resources available to the Township.

The Coordinator has worked with Township officials to develop an ongoing strategy that will prevent the reoccurrence of past fiscal transgressions and point the way to balanced annual operating budgets. After termination of Act 47 status, the Township’s financial parameters will be constrained by the Township’s Home Rule Charter, Act 511, Acts 111 and 195, and related laws of the Commonwealth as applied to local governments. The ongoing challenge for the Township is to maintain its fiscal discipline and continue to provide the level of public services expected and requested by its citizens, businesses, and visitors within the productivity of the financial resources that are available. The following recommendations are intended to provide the Township with guidance moving forward to maintain a sustainable balanced budget for the foreseeable future while continuing to meet the service needs of its residents and businesses and provide for their health, safety and welfare.

As such, it is the recommendation and opinion of the Act 47 Coordinator that the conditions that led to the earlier determination of municipal distress for the Township are no longer present and warrant a termination of Act 47 status in accordance with the factors listed in Section 255.1 of the Act.

Secretary/Treasurer Steven Grzymski offered the following testimony. Mr. Grzymski noted remarkable improvements in the Township’s financial procedures and praised Alan Baranski, Northeastern Pennsylvania Alliance, who was the previous Act 47 Recovery Coordinator for his many years of assistance and direction. The Township has sufficient funds to meet its obligations and has developed personnel policies, safety policy, discipline policy, purchasing policy and formal job descriptions. None of these existed prior to working with the Act 47 Recovery Coordinator. He noted that the audits are now done by a CPA and have been clean. All debt has been satisfied. The Township has made many improvements and is ready to leave distressed status.

Board of Supervisors Chairperson Gale Conrad next offered testimony and thanked former Supervisors for their dedication to the Township. Chairperson Conrad also acknowledged the members of the Home Rule Study Commission for their willingness to serve on that Commission. The Chairperson continued to thank many individuals for their assistance and stated that she believes the Township is ready to leave the distressed municipality determination.

Mr. Vilello thanked all for their testimony and congratulated all who worked closely to make hard decisions and improve the Township.

CONCLUSIONS

The financial condition of the Township of Plymouth Township has significantly improved during the recovery period. The commitment of the Supervisors, Secretary/Treasurer and staff over the past
The analysis supports the fact that the conditions that initially led to the Township’s distress status no longer exist. The Township’s elected officials have requested that the Township exit distressed status at this time.

It is Commonwealth policy, as stated in Act 47, “to foster the fiscal integrity of municipalities so that they provide for the health, safety and welfare of their citizens; pay principal and interest on their obligations when due; meet the financial obligations to their employees, vendors and suppliers; and provide for proper accounting procedures, budgeting and taxing practices.” The Township has done just that.

Based on the testimony presented at the public hearing and evidence gathered through the consultative investigation, the Township of Plymouth Township meets the criteria for distress status to be rescinded.

I recommend that for the above reasons, the status of distressed municipality under the provisions of the Municipalities Financial Recovery Act, Act 47 of 1987, be rescinded for the Township of Plymouth Township.

Respectfully submitted,

Richard Vilello, Hearing Officer

Executive Director, Governor’s Center for Local Government Services