

ACT 47 RECOVERY PLAN
FOR THE
CITY OF NANTICOKE

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Prepared For:

The City of Nanticoke

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- Notice -

This copy of the Act 47 Recovery Plan as prepared by the Recovery Plan Coordinator, The Pennsylvania Economy League, contains changes to the draft Recovery Plan as submitted to the Nanticoke City Council on December 14, 2006, and presented for public comment.

The changes were the result of comments received by the Plan Coordinator at a public meeting on January 3, 2007, and also as a result of information developed by the Plan coordinator during the public comment period. Some changes in financial projections were made and incorporated throughout this plan. These changes were based upon a revised collection schedule for the increase for the Earned Income Tax during the initial year of the Plan.

The changes are as follows:

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- Earned Income Tax. The City of Nanticoke shall increase its Earned Income Tax rate (EIT) which accrues only to the City, from 0.5 percent to 1.5 percent per year. From the total EIT collected the City shall dedicate by ordinance not less than \$240,000 in budget year 2007, \$430,000 in 2008 and \$325,000 in 2009 to a Capital Improvement Fund. The balance of the Earned Income Tax revenue shall be used as general-purpose revenue to meet expenditures budgeted in the City's General Fund, or to be held in reserve for emergencies as fund balance.

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- Uniform allowances. Uniform allowances shall not be greater than the amount specified in the respective collective bargaining agreements in effect as of the date of the Recovery Plan. The City and the Bargaining Unit shall agree on a list of items which may be purchased under the uniform allowance.

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- Pension Requirements. All collective bargaining agreements shall fully comply with the Third Class City Code, other applicable laws, the opinions of the Pennsylvania Auditor General and Pennsylvania Attorney General with regard to the qualifications of participants

for receipt of benefits and the basis and calculation method for such pension benefits. During the term of this Recovery Plan, no new benefits and no improvements in existing benefits shall be made to any and all existing Pension Plans. In addition, no changes may be made to such pension plans with regard to pension eligibility.

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- Length of Workday. The normal paid workday shall be equal to 8 hours which shall include one hour of paid lunchtime.

CHAPTER 1 INTRODUCTION

Background

On May 25, 2006, the City of Nanticoke was declared a financially distressed municipality by the Pennsylvania Department of Community and Economic Development (DCED) under the provisions of the Municipalities Financial Recovery Act (Act 47). Subsequently, the Department retained the Pennsylvania Economy League, Inc., Central PA, LLC (PEL), to serve as Recovery Plan Coordinator. The role of the Recovery Plan Coordinator is to develop a Recovery Plan for the City under the provisions of Section 241 of Act 47 which will ensure the fiscal integrity of the City by providing a series of recommendations relating to the financing and operation of the City. **It must be recognized that the terms of Act 47 leave the responsibility for conducting the governmental affairs of the municipality in the hands of the local elected officials.**

PEL is an independent, nonprofit, citizen-supported, governmental research organization which has been helping state and local governments, school districts, and the public in Pennsylvania since 1936. PEL's professional staff conducts research and analyses and provides technical assistance involving government programs, organization, management, and financing. PEL makes the results of its studies available to both public officials and citizens to aid them in arriving at informed and intelligent public policy decisions. PEL has served as coordinator for the development and/or implementation of several recovery plans under Act 47.

Scope of Recovery Plan and the Process

The Recovery Plan developed by PEL is designed to address the factors outlined in the DCED's Request for Proposal and as required by law, and it offers appropriate recommendations to address these factors to the extent that they are relevant to the City's financial distress. Included are the needs to:

- Satisfy any judgements, past due accounts payable and past due and payable payroll and fringe benefits.

- Eliminate deficits and deficit funds.
- Restore to special fund accounts any money from those accounts that may have been used for purposes other than those specifically authorized.
- Balance the budget, avoid future deficits in funds, and maintain current payments of payroll, fringe benefits, and accounts through possible revenue enhancement recommendations, including tax or fee changes.
- Avoid a fiscal emergency condition in the future.
- Enhance the ability of the city to negotiate new general obligation bonds, lease rental debt, funded debt, and/or tax and revenue anticipation borrowing.
- Consider changes in accounting and automation procedures for the financial benefit of the city.
- Propose a reduction of debt due on specific claims by an amortized or lump-sum payment considered to be the most reasonable disposition of each claim possible for the city, considering the totality of circumstances.

In developing a Recovery Plan for the City of Nanticoke, to the extent practical and to the extent that it proved to be cost-effective in the context of the City's historical operations and available resources, PEL:

- Developed and analyzed a socio-demographic profile of the City.
- Developed and analyzed—to the extent possible based on readily available reliable data—the City's historical revenue and expenditure patterns.

- Assisted in developing, refining, and verifying a list of accounts payable and in processing payments of obligations for 2006.
- Explored the possibility of debt restructuring and/or debt consolidation as a means of reducing debt service costs.
- Reviewed all revenue sources, related service costs to user fees, and made appropriate recommendations for changes in the revenue structure.
- Examined the real estate tax duplicates with respect to taxable and tax-exempt properties.
- Reviewed and evaluated the City's fixed assets, equipment, and infrastructure including its condition.
- Reviewed the City's pension plan funding mechanisms.
- Reviewed the City's current service and staffing levels and third-party providers of major services and determined appropriate service and staffing levels.
- Undertook a limited cost analysis of services and the potential for providing services in an alternative fashion, and gave consideration to productivity improvements and/or temporary or permanent staffing level changes recognizing the terms of existing labor contracts and their impact on possible changes in service delivery.
- Reviewed current regional intergovernmental cooperation efforts, examined opportunities for increased intergovernmental cooperation with neighboring jurisdictions (including the Greater Nanticoke Area School District), and explored ways in which the City can improve service delivery and/or reduce costs through intergovernmental cooperation. Particular attention was given to the opportunities for and feasibility of providing appropriate municipal services on a regional level or on a

shared basis with neighboring municipalities in cooperation with the Luzerne County Municipal Cooperation Commission. The City is currently participating with neighboring Newport Township and Hanover Township in the South Valley Regional Police feasibility study process.

- Evaluated the current labor-management relationship within the City. Existing labor contracts were reviewed and costed-out with respect to establishing a baseline for Recovery Plan recommendations concerning possible changes in future collective bargaining agreements.
- Reviewed the City's insurance coverages to ensure that coverages are complete and appropriate.
- Projected revenues and expenditures for the remainder of 2006 as well as 2007, 2008, 2009, and 2010.
- Reviewed the City's existing data processing operations and computerized financial management system.
- Evaluated the current administrative structure, staffing levels, operations, and organizational plans.
- Reviewed the roles and duties of the council members including the mayor, and staff and the relationship between elected and appointed officials.
- Addressed the relationships and coordination between the City and relevant authorities, boards, and commissions.
- Reviewed the City's long-term economic and community development efforts and the City's relationship with the South Valley Partnership.

- Addressed potential changes to existing planning documents, zoning ordinances, and/or building codes, the potential for joint multi-municipal comprehensive planning and zoning programs, and the City's plans for local code enforcement and the administration of the Uniform Construction Code.
- Reviewed the City's 2001, 2002, 2003, 2004, and 2005 audits.
- Analyzed whether conditions set forth in Section 261 of the Act exist, whether specific exclusive Federal remedies could help relieve the City's financial distress, and whether filing a Federal debt adjustment action under Subchapter D of the Act would be appropriate.
- Analyzed whether the current and projected future economic conditions of the City are so severe that it is reasonable to conclude that the City is no longer viable and should consolidate or merge with an adjacent municipality or municipalities pursuant to Chapter 4 of the Act.
- Reviewed and considered whether additional ordinances and resolutions should be adopted and whether changes in existing ordinances and resolutions may be necessary to the fiscal recovery process.
- Considered the advisability of a home rule charter in resolving the City's fiscal and operational problems.
- Considered the need for further studies and special audits that may be necessary to the fiscal recovery process.
- Prepared and presented a Recovery Plan to all appropriate parties and advised the City Clerk to immediately place the copy on file for public inspection in the City office.

Further, PEL:

- Issued notices in the *Luzerne County Legal Register* in its Friday, December 15, 2006, edition; the *Times-Leader* of Friday, December 15, 2006; and, the *Citizens Voice* of Friday, December 15, 2006, that a plan had been filed and was open for public inspection in the City Office and setting forth:
 - That a plan regarding the coordination and relief of the municipality’s financial distress had been filed pursuant to the Act.
 - The date and place of filing.
 - That the public had 15 days from the date of filing in which to file written comments on the plan.
 - The name and address of the coordinator to whom written comments should be sent.
 - Summary of the plan.
- Issued a notice of the Coordinator’s public meeting/hearing on the plan in the Friday, December 15, 2006, edition of the *Luzerne County Legal Register*; the *Times-Leader* of Friday, December 15, 2006; and, the *Citizens Voice* of Friday, December 15, 2006, indicating:
 - That the purpose of the coordinator’s public meeting/hearing is to receive public comments on the plan.
 - The date and place of the meeting.
- Conducted a public meeting/hearing on the Recovery Plan on Wednesday, January 3, 2007, at 7:00 p.m., at the Greater Nanticoke Area High School to accept both verbal and written testimony. In letters dated December 14, 2006, the Coordinator requested that the Mayor and each member of City Council be present at the public meeting/hearing to offer comments on the Plan.
- Considered all comments received and within ten days after the public meeting/hearing made revisions to the plan as deemed necessary.

Within 25 days of public meeting/hearing City Council must take action either to enact an ordinance approving the implementation of the proposed Recovery Plan, including enactment of necessary related ordinances and revisions to ordinances, or to reject the proposed plan and proceed to develop its own plan.

Upon adoption of the Recovery Plan by the City, PEL is prepared to:

- Implement, at the direction of DCED, the adopted Recovery Plan as provided for in the Act for a period of at least four months.
- Provide written notice to creditors, collective bargaining units, and other parties who will be directly affected by the plan's implementation outlining the provisions of the plan and specify how that person's claim or interest will be treated.

In the course of its work on the development of the Recovery Plan PEL worked closely and maintained regular contact with City officials; maintained close contact with DCED and provided DCED with reports on the progress of its work; met with City employees; met with representatives of relevant public and private entities including financial institutions in the region; attended such meetings as directed by DCED and as requested by the City, or deemed appropriate by PEL; reviewed all relevant information provided by DECD and from other Commonwealth agencies; and consulted with other relevant state or federal agencies as necessary.

Among the individuals, groups, businesses, and others that PEL met and/or had discussions with in the course of plan development were:

- the administrative staff of the City (on numerous occasions).
- Mayor and the City Council as a whole and individual members of Council (on several occasions).
- The City's solicitor.

- The City's elected treasurer and elected controller.
- The heads of the City police, fire, and public works departments.
- Representatives of the City's Collective Bargaining Units.
- Representatives of the two financial institutions with whom the City had debt obligations (M&T Bank, PNC Bank).
- Representatives of the State Comptroller's Office.
- Representatives of the City's pension actuary.
- The City's independent auditor (J. R. Mazzoni, CPA).
- Representatives of Nanticoke's contiguous municipalities (Newport Township and Hanover Township) and Luzerne County Municipal Cooperation Commission.
- Representatives of the Greater Nanticoke Area School District.
- Representatives of the Wyoming Valley Sewer Authority and the collector of the City's sewage fee.
- The collector of the City's earned income and Emergency and Municipal Services taxes.
- Representatives of UGI.
- Representatives of the Luzerne County Assessment Office.

- Representatives of the Luzerne County Office of Community Development.
- Representatives of the Nanticoke City Housing Authority.

Project Team

PEL's project team was headed by Gerald E Cross, Executive Director of PEL's Central Division. Harry Miller, Senior Research Associate, Susan Baker, Research Associate and Joseph L. Boyle, Research Associate were the members of PEL's Central PA Division who participated in the project. Other members of PEL's Project Team who served in advisory roles on an as needed basis included John Cochran and John Race, Public Safety Programs Consultants. In addition, PEL utilized the services of the law firm of W. Timothy Barry and Associates, who assisted in matters involving labor relations and collective bargaining; the services of Albert Melone Company, CPA; the Joint Urban Studies Center; Stevens and Lee; and Financial S&Lutions.

Albert Melone Company, CPA provided consultative services and assisted in reviewing the City's accounting records. The Joint Urban Studies Center reviewed the City's economic development plans, status of code enforcement, and comprehensive planning process. Stevens and Lee, together with Financial S&Lutions, reviewed the City's current debt structure and provided alternative structures to realign the City's current and future debt service. John Cochran and John Race examined the City's fire and police services respectively and assisted in developing recommendations to address City operations in these service areas.

PEL received the Early Intervention Program Report (EIP) from Keystone Municipal Services, Inc. (KMS), prepared by KMS under the EIP program administered by the Pennsylvania Department of Community and Economic Development (DCED). The City applied for participation in the EIP program in 2005, and KMS prepared the EIP report. PEL relied on the EIP report and utilized the findings and recommendations contained in that report as part of the development of the Recovery Plan.

CHAPTER 2 DESCRIPTION OF NANTICOKE CITY

Introduction

The existence of municipal governments 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).

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

Municipal governments in Pennsylvania operate under the respective codes (laws) applicable to their classification of government; however, some municipalities have adopted “Home Rule Charter” or “Optional Plan” governments under Pennsylvania’s “Home Rule Charter and Optional Plans Law,” Act 62 of 1972. This law allows citizens greater flexibility in structuring their municipal governments. The City of Nanticoke has not adopted a Home Rule Charter or Optional Plan of government; nor has the City opted to use the optional Third Class City Charter Law (Act 399 of 1957) to adopt either the strong mayor form or the Council-Manager form of government, the two alternatives available under the Act. The City is organized and governed by the provisions of the Third Class City Code, as well as the general laws of the Commonwealth of Pennsylvania.

In a commission form of city government elected officials include five council members (one of whom is elected as mayor), a controller, and a treasurer. The Council is the governing or policy-making body of the City. For purposes of administration, since there is no separated executive in the commission form, the functional areas of City government are divided among

five separate departments, each of which is headed by a council member. This lack of separation of legislative and executive duties is one of the features that characterize the commission form of government.

The mayor is the presiding officer of council, but has no veto powers and retains few powers and duties beyond those of other council members. By law, the mayor heads the Department of Public Safety which must include the Bureau of Police.

Based upon comparisons with Pennsylvania municipal government experience since the advent of home rule and the optional plans forms of government, the commission form lacks executive direction, lacks checks and balances, lacks separation of powers, and is generally ineffective in providing administrative and fiscal leadership.

Overview of Government Services, Staffing, Taxes, and Fees

The City of Nanticoke occupies approximately 3.5 square miles of area and reflects a mix of residential, commercial, and limited retail uses. The City is also home to the main campus of the Luzerne County Community College.

The City of Nanticoke provides direct police protection to its residents with eleven full-time officers, one vacant position, and a police chief. Fire protection is provided by ten full-time firefighters (including the Fire Chief) supplemented by volunteer firefighters. Weekly refuse collection and curbside recycling are provided under a contract with a private hauler; residents pay an annual fee of \$176 per household. Various other public works functions (e.g., streets and sewer line maintenance) are carried out mainly by City personnel. There are limited planning and code enforcement activities.

Sewage treatment is provided by an independent regional authority which charges its customers for this service. City residents and businesses, however, also pay a “sewage transmission fee” to the City (a flat fee of \$120 per residential connection; commercial and industrial users have graduated fees based on consumption). Emergency Medical Services are provided by an independent association.

City taxes in Nanticoke include a 30-mill real estate tax for general purposes, a 1.0 mill tax for the library, and 29.38 mills for debt service, an earned income tax of 0.5 percent, a \$10 per capita and resident tax, a \$52 Emergency Management Services Tax, and a 0.5 percent real estate transfer tax, in addition to the fees for refuse collection/recycling and sewage transmission.

(It should be noted that under the terms of Act 511, per capita and EMS/occupational privilege taxes are commonly shared between school districts and their member municipalities. The City of Nanticoke receives the full \$10.00 per capita and resident tax levy and the full \$52.00 emergency and municipal services tax levy.)

In order to provide perspective PEL calculated the tax and major fee burden on a hypothetical household in the City of Nanticoke to support municipal operations in 2006 and found that it totaled \$639.54 or 2.44 percent of 1999's median household income in the City (the most recent figure available from the U.S. Census). The assumptions with respect to the hypothetical household include: a family of four with two working adults (only one of whom works within the City limits); a home valued at the median assessed value of owner-occupied housing in City as reported by the County (\$2,330); and a household income equal to the median household income in the City according to the 2000 Census—\$26,169. The calculated tax and major fee burden does not include any real estate transfer or other indirect taxes paid. (See Table 2-1.)

Table 2-1

CITY OF NANTICOKE

Tax and Major Fee Burden on a Hypothetical Household to Support City Operations^{1/}
2003

TAX/FEE BASE AND RATES

Median Value of Owner-Occupied Housing ^{2/}	\$66,100
Assessed Valuation ^{3/}	\$2,330
Median Household Income ^{2/}	\$26,169
Real Estate Tax Millage	60.38 Mills
Earned Income Tax Rate	0.5%
Per Capita Tax	\$10.00
Emergency and Municipal Services Tax	\$52.00
Garbage Collection/Recycling Fee	\$176
Sewerage Transmission Fee	\$120

TAX/FEE BURDEN

City Real Estate Tax	\$140.69
City Earned Income Tax	\$130.85
City Per Capita	\$20.00
City Emergency and Municipal Services Tax	\$52.00
Garbage Collection/Recycling	\$176.00
Sewerage Transmission Fee	\$120.00

TAX/FEE BURDEN^{4/} **\$639.54**

TAX/FEE BURDEN AS A % OF HOUSEHOLD INCOME^{4/} **2.44%**

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

^{2/} As reported in the 2000 U.S. Census.

^{3/} The 2006 median assessed valuation for single family owner-occupied housing.

^{4/} Does not include any real estate transfer or other indirect taxes paid.

In order to deliver its services and fulfill its duties and responsibilities to its residents Nanticoke has budgeted 38 full-time employees in 2006: one City Administrator; one City Finance Director, six clerical employees, 12 police officers; 10 firefighters; and eight public works employees. Elected officials in Nanticoke include five council members one of whom is the mayor, a controller, and a treasurer. (See Table 2-2.)

Table 2-2

CITY OF NANTICOKE

Current Personnel Distribution
2006

<u>Positions</u>	<u>Full Time</u>	<u>Part Time</u>
City Administrator	1	–
Finance Director	1	–
Police Officers	12	–
Firefighters	10	–
Public Works Employees	8	–
Clerical Employees	6	
Elected Officials		
Mayor	–	1
Council	–	5
Tax Collector-Treasurer	–	1
Controller	–	1

Source: City of Nanticoke

Demographics

Between 1970 and 2000 the population of the City of Nanticoke decreased from 14,632 to 10,955, or by 3,677 (25.1 percent). During the 1970s the decline in population totaled 1,588 (10.8 percent), during the 1980s the decline in population totaled 777 people (5.7 percent) and during the 1990s the decrease was 1,312 (10.7 percent). The 2005 Census estimate is that the City’s population has decreased further to 10,832 (by 573 or 5.2 percent) since 2000.

From 1970 through the 2005 US Census Estimate, the City’s population has declined from 14, 632 to 10,382, a decrease of 4,250 people or 29.1 percent. (See Table 2-3.)

Table 2-3

CITY OF NANTICOKE

Actual and Estimated Population
1970 to 2005

Year	Population	Changes from Prior Census	
		#	%
1970 Actual	14,632		
1980 Actual	13,044	-1,588	-10.8
1990 Actual	12,267	-777	-5.7
2000 Actual	10,955	-1,312	-10.7
2005 Estimate	10,382	-573	-5.2
Change	#	-3,677	
1970-2000	%	-25.1	
Change	#	-4,250	
1970-2005	%	-29.1	

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

As a point of reference, the population of Luzerne County decreased by 23,057 or 6.7 percent between 1970 and 2000; between 1970 and 1980 the County’s population increased by 1,048 or 0.3 percent. Between 1980 and 1990 the decrease totaled 14,930 or 4.4 percent; and between 1990 and 2000 the county’s population fell by 8,899 or 2.7 percent.

According to 2000 Census figures, 2,393 residents or 21.8 percent of the population in the City of Nanticoke was under 18 years of age; 6,006 (or 54.8 percent) were between the ages of 18 and 64 years; and 2,556 (or 23.3 percent) were age 65 or over. The City of Nanticoke’s population in the under 18 age group decreased by 764 or 24.2 percent between 1980 and 2000, the 18-64 age group declined by 2,134 or 26.2 percent, and the number of people 65 and over increased by 809 or 46.3 percent. (See Table 2-4)

Table 2-4

CITY OF NANTICOKE

Population and Age
1980-2000

<u>Population and Age</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
<u>Total Population</u>	13,044	12,267	10,955
Percent Change From Previous Census	-	-5.70	-10.70
Percent Change from 1980-2000	-	-	-16.00
<u>Under 18</u>	3,157	2,363	2,393
Percent Change from Previous Census	-	-25.2	1.3
Percent Change from 1980-2000	-	-	-24.2
Percent of total population	24.2	19.3	21.8
<u>18-64 Years</u>	8,140	6,911	6,006
Percent Change from Previous Census	-	-15.1	-13.1
Percent Change from 1980-2000	-	-	-26.2
Percent of total population	62.4	56.3	54.8
<u>65 and Older</u>	1,747	2,993	2,556
Percent Change from Previous Census	-	71.3	-14.6
Percent Change from 1980-2000	-	-	46.3
Percent of total population	13.4	24.4	23.3

SOURCE: U.S. Bureau of the Census

For the three other third class cities in Luzerne County, Hazleton, Pittston, and Wilkes-Barre, the population pattern from 1970 to 2000, (and the US Census 2005 population estimates) was similar to Nanticoke.

From 1970 to 2005, Hazleton’s population declined by 8,301 or 27.3 percent from 30,426 to 22,125, while Pittston’s population declined from 11,113 to 7,689, a decrease of 3,424 persons or 30.8 percent. Over the same 35-year period, Wilkes-Barre’s population decreased from 58,856 to 41,337, a decline of 17,518 persons or 29.8 percent.

In 2000, the median age in the City of Nanticoke was 42.7 (up slightly from 42.6 in 1990); countywide, the median was 40.8 (up from 38.2 in 1980). Statewide, the median age in 2000 was 38.0 (up from 35.0 in 1990).

The total number of households in the City of Nanticoke decreased from 5,305 in 1980 to 5,218 in 1990, and to 4,850 in 2000. The decrease during the 20-year period totaled 455 or 8.9

percent. The decrease for the period 1980 to 1990 was 87 households or 1.6 percent; the decrease during the decade of the 1990s was 368 households or 7.1 percent. (See Table 2-5.)

Table 2-5

CITY OF NANTICOKE

Change in Number of Households
1980 to 2000

Year	Housing Units	Changes from Prior Census	
		#	%
1980 Actual	5,305	—	—
1990 Actual	5,218	-87	-1.6
2000 Actual	4,850	-368	-7.1
Change #	-455		
1980-2000 %	-8.9		

SOURCE: U.S. Bureau of the Census.

The number of total housing units in the City of Nanticoke decreased from 5,699 in 1980 to 5,635 in 1990, and then to 5,487 in 2000. The decrease during the 20-year period totaled 212 units or 3.7 percent. The decrease for the period 1980 to 1990 was 64 units or 1.1 percent; the decrease during the decade of the 1990s was 148 units or 2.6 percent. (See Table 2-6.)

Table 2-6

CITY OF NANTICOKE

Change in Number of Total Housing Units
1980 to 2000

Year	Housing Units	Changes from Prior Census	
		#	%
1980 Actual	5,699	—	—
1990 Actual	5,635	-64	-1.1
2000 Actual	5,487	-148	-2.6
Change #	-212		
1980-2000 %	-3.7		

SOURCE: U.S. Bureau of the Census.

The number of owner occupied housing units in the City of Nanticoke decreased from 3,169 in 1980 to 3,156 in 1990, and to 3,003 in 2000. The decrease during the 20-year period totaled 166 units or 5.2 percent. The decrease for the period 1980 to 1990 was 13 units or 0.4 percent; the decrease during the decade of the 1990s was 153 units or 4.8 percent. As a percentage of total housing units, owner-occupied units went from 55.6 percent in 1980, to 56.0 percent in 1990, and then declined to 54.7 percent in 2000. (See Table 2-7.)

Table 2-7

CITY OF NANTICOKE

Change in Number of Owner-Occupied Housing Units
1980 to 2000

Year	Owner-Occupied Housing Units		Absolute Changes from Prior Census	
	#	% of Total	#	%
1980 Actual	3,169	55.6	-	-
1990 Actual	3,156	56.0	-13	-0.4
2000 Actual	3,003	54.7	-153	-4.8
Change	#	-166		
1980-2000	%	-5.2		

SOURCE: U.S. Bureau of the Census.

The total number of renter occupied housing units in the City of Nanticoke decreased from 2,138 in 1980 to 2,062 in 1990, and to 1,847 in 2000. The decrease during the 20-year period totaled 291 units or 13.6 percent. The decrease for the period 1980 to 1990 was 76 units or 3.6 percent; the decrease during the decade of the 1990s was 215 units or 10.4 percent. As a percentage of total housing units, renter occupied units fell from 37.5 percent in 1980 to 36.6 percent in 1990, to 33.7 percent in 2000. (See Table 2-8.)

Table 2-8

CITY OF NANTICOKE

Change in Number of Renter-Occupied Housing Units
1980 to 2000

Year	Total # Renter- Occupied	% of Total	Change	
			#	%
1980 Actual	2,138	37.5	-	-
1990 Actual	2,062	36.6	-76	-3.6
2000 Actual	1,847	33.7	-215	-10.4
Change #	-291			
1980-2000 %	-13.6			

SOURCE: U.S. Bureau of the Census.

The number of vacant housing units in the City of Nanticoke increased from 392 in 1980 to 417 in 1990, and then to 637 in 2000. The increase during the 20-year period totaled 245 units or 62.5 percent. The increase for the period 1980 to 1990 was 25 units or 6.4 percent; the increase during the decade of the 1990s was 224 units or 52.7 percent. As a percent of total housing units vacant units rose from 6.9 percent in 1980 to 7.4 percent in 1990 and to 11.6 percent in 2000. (See Table 2-9.)

Table 2-9

CITY OF NANTICOKE

Change in Number of Vacant Housing Units
1980 to 2000

Year	Vacant Housing Units		Absolute Changes from Prior Census	
	#	% of Total	#	%
1980 Actual	392	6.9	–	–
1990 Actual	417	7.4	25	6.4
2000 Actual	637	11.6	224	52.7
Change	#	245		
1980-2000	%	62.5		

SOURCE: U.S. Bureau of the Census.

The 1990 per capita income for the City of Nanticoke residents was \$10,815—\$1,187 or 9.9 percent lower than the figure for Luzerne County (\$12,002) and \$3,253 or 30.1 percent below the statewide figure (\$14,068). The growth in per capita income in the City of Nanticoke between 1990 and 2000 (\$4,533 or 44.9 percent) was below that of the county (\$6,226 or 51.9 percent) and the state (\$6,812 or 48.4 percent). (See Table 2-10.)

Table 2-10

CITY OF NANTICOKE

Change in Per Capita Income
1990 to 2000

	1990	2000	Change	
			\$	%
Nanticoke City	\$10,815	\$15,348	4,533	44.9
Luzerne County	\$12,002	\$18,228	6,226	51.9
Pennsylvania	\$14,068	\$20,880	6,812	48.4
City of Nanticoke	\$	-1,187	-2,880	
Over/Under County	%	-9.9	-18.7	
City of Nanticoke	\$	-3,253	-5,532	
Over/Under State	%	-30.1	-36.1	

Source: U.S. Bureau of the Census.

Median household income in The City of Nanticoke increased from \$18,974 based on the 1990 Census figures to \$26,169 at the time of the 2000 Census—up by \$7,195 or 27.9 percent. As a point of reference, during the same period median household income in Luzerne County rose from \$23,600 to \$33,771 (or by \$10,171 or 43.1 percent), and Pennsylvania as a whole grew from \$29,069 to \$40,106 (or by \$11,037 or 38.0 percent). (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.) (See Table 2-11.)

Table 2-11

CITY OF NANTICOKE

Median Household Income
1990 to 2000

		1990	2000	Change	
				\$	%
City of Nanticoke		\$18,974	\$26,169	7,195	37.9
Luzerne County		\$23,600	\$33,771	10,171	43.1
Pennsylvania		\$29,069	\$40,106	11,037	38.0
Nanticoke City	\$	-4,626	-7,602		
Over/Under County	%	-24.4	-29.1		
City of Nanticoke	\$	-10,095	\$13,937		
Over/Under State	%	-53.2	-53.3		

Source: U.S. Bureau of the Census.

Median family income in the City of Nanticoke rose from \$26,296 based on the 1990 Census figures to \$35,444 at the time of the 2000 Census—an increase of \$9,148 or 34.8 percent. As a point of reference, during the same period median family income in Luzerne County rose from \$30,349 to \$43,335 (or by \$12,986 or 42.8 percent), and Pennsylvania as a whole grew from \$34,856 to \$49,184 (or by \$14,328 or 41.1 percent). (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.) (See Table 2-12.)

Table 2-12

CITY OF NANTICOKE

Median Family Income
1990 to 2000

	1990	2000	Change	
			\$	%
City of Nanticoke	\$26,296	\$35,444	9,148	34.8
Luzerne County	\$30,349	\$43,335	12,986	42.8
Pennsylvania	\$34,856	\$49,184	14,328	41.1
City of Nanticoke	\$	-2,250	-5,859	
Over/Under County	%	-7.4	-13.5	
City of Nanticoke	\$	-6,757	-11,708	
Over/Under State	%	-19.4	-23.8	

Source: U.S. Bureau of the Census.



If the recent past serves as a valid guide, Nanticoke can expect fewer residents in the future and a population which is less equipped with taxable financial resources. A City with a population likely to decrease in the years ahead and a population with more limited financial capacity is a City which will have a reduced ability to finance its operations. Contrary to the loss in population, however, the physical area of the City will not change and, as a result, the miles of streets to be plowed and repaired and the sewer lines to be 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 changes can only compound the challenges faced by the City like Nanticoke. In view of this, the City will need to take action to prevent the continued loss of population and the further erosion of its tax base. It is incumbent on City officials to aggressively pursue all appropriate economic development and community development initiatives available to them, including efforts to enhance the housing stock in the City.

CHAPTER 3 FINANCIAL OVERVIEW

Introduction

The Pennsylvania Economy League, Central PA, LLC, acting as Recovery Plan Coordinator reviewed and analyzed Nanticoke City's operations and recent financial experience along with the Early Intervention Program Reports performed by Keystone Municipal Services as well as various other reports including with the public hearing transcript provided by DCED in its findings on the City's petition for Act 47 status. This extensive data and, in particular, the Early Intervention analysis were most helpful. PEL has concluded that the City's recent financial difficulties were the result of a multi-year pattern of incurring expenditures in excess of revenues and the use of deficit financing in an effort to meet the ever increasing structural imbalance. Some of the underlying causes of the City's problems and other general findings and conclusions with respect to the City's finances and operations are as follows:

General Findings and Conclusions

- In recent years spending by the City has significantly and consistently exceeded its financial resources.

- According to the City's audits, Nanticoke has had an excess of General Fund expenditures over revenues for each year from 2001 through 2005. These excess of expenditures over revenues range from about \$142,000 in 2001 to \$457,000 in 2004 and \$298,000 in 2005. Graph 3-1 shows a comparison of the revenue and expenditure over the period. Graph 3-2 depicts the excess of expenditures over revenues. A categorical listing of the General Fund revenues and expenditures is taken from the City's audit titled "Statement of Revenue, Expenditures, and Changes in Fund Balance, 2001-2005." (See Table 3-1.)

- The accumulation of these 2001-2005 excess of expenditures over revenues along with the previous accumulated deficit at the beginning of 2001 (in excess of \$217,000) would have been greater than \$1.8 million by the end of 2005.

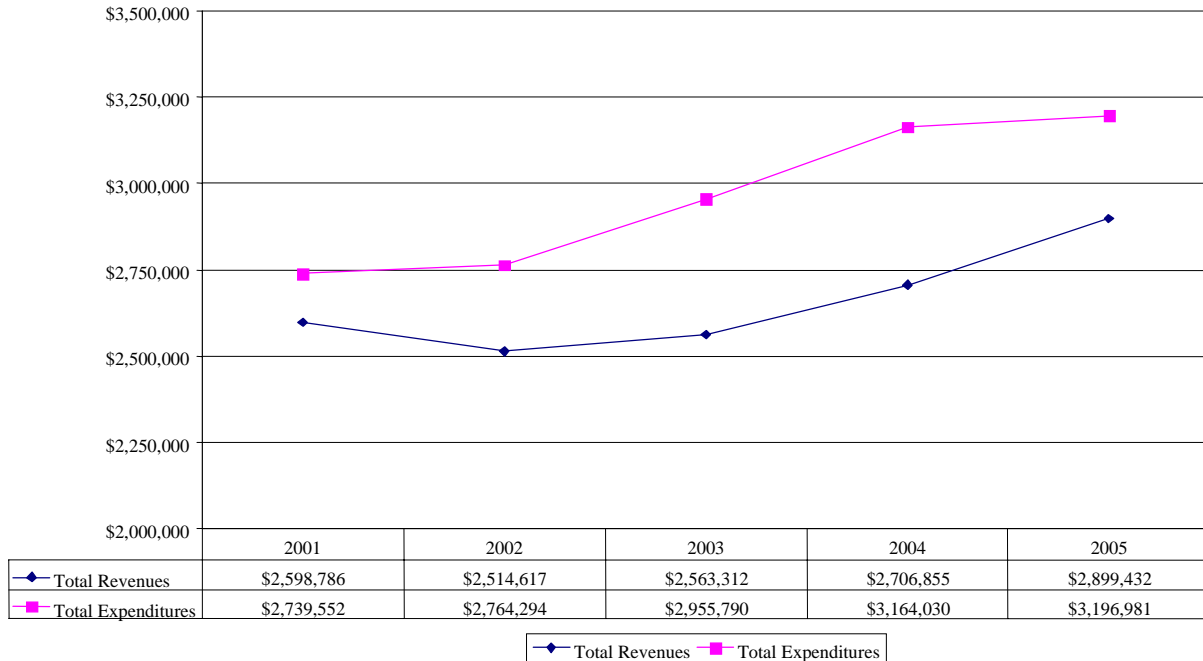
Table 3-1

CITY OF NANTICOKE

Baseline Statement of General Fund Revenues, Expenditures, and Change in Fund Balance
2001 – 2005

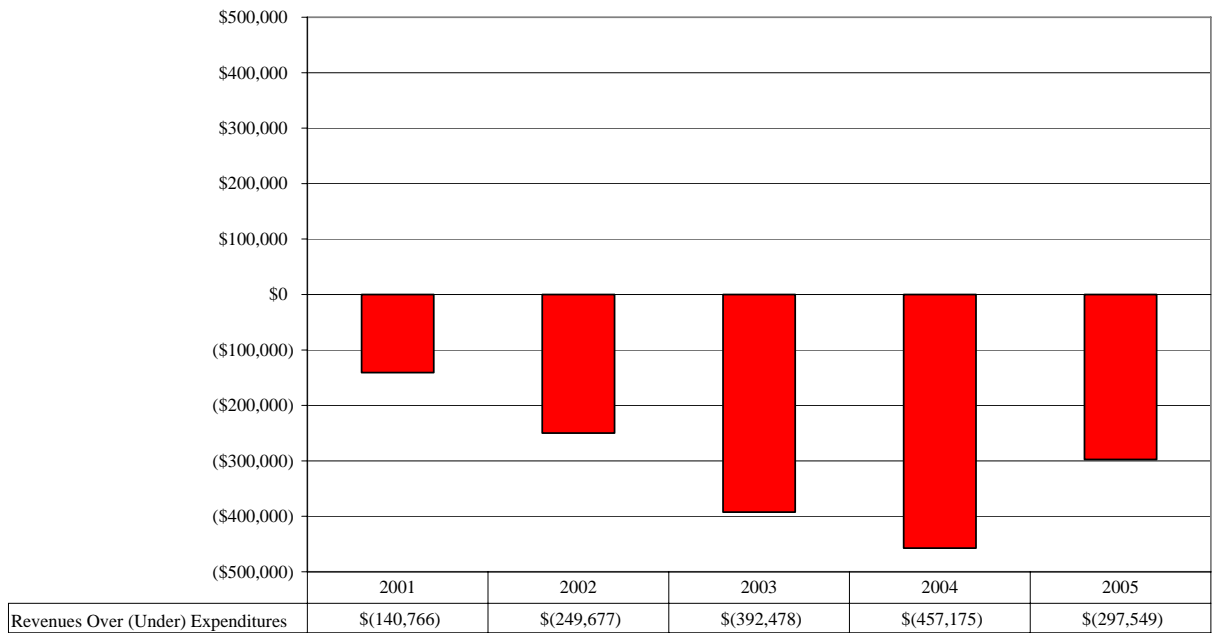
	2001 General <u>Fund</u>	2002 General <u>Fund</u>	2003 General <u>Fund</u>	2004 General <u>Fund</u>	2005 General <u>Fund</u>
Revenues					
Taxes	\$1,437,157	\$1,392,651	\$1,382,096	\$1,401,036	\$1,534,041
Licenses	226,371	192,861	175,782	180,948	160,725
Fines and forfeits	63,145	55,512	44,926	55,864	44,686
Interest and rent	29,964	23,982	35,657	35,914	40,166
Charges for services	514,597	566,141	628,142	746,237	811,793
Intergovernmental	268,398	259,835	277,536	268,452	242,491
Other	<u>59,154</u>	<u>23,635</u>	<u>19,173</u>	<u>18,404</u>	<u>65,530</u>
Total Revenues	2,598,786	2,514,617	2,563,312	2,706,855	2,899,432
Expenditures					
General government	265,010	288,169	349,245	376,190	367,152
Public safety	1,255,656	1,544,105	1,427,993	1,471,364	1,499,834
Sanitation	539,809	530,894	568,124	737,479	701,879
Public Works	211,570	256,159	288,615	291,783	219,022
Community development	–	–	–	–	–
Parks and recreation	18,751	5,921	51,649	5,057	7,285
Debt service	24,750	12,595	13,236	18,802	14,556
Insurance	52,740	126,451	55,308	73,034	153,745
Payroll tax et al	–	–	161,565	160,939	186,237
Employee benefits	371,266	–	16,084	26,437	32,458
Other	<u>–</u>	<u>–</u>	<u>23,971</u>	<u>2,945</u>	<u>14,813</u>
Total Expenditures	2,739,552	2,764,294	2,955,790	3,164,030	3,196,981
Revenue over (under) Expenditures	-140,766	-249,677	-392,478	-457,175	-297,549
Other Sources (Uses)					
TAN Proceeds	500,000	–	–	300,000	300,000
TAN Repayment	-500,000	–	–	-300,000	-300,000
General Obligation Note	–	–	–	1,000,000	700,000
Insurance Claim	–	–	94,500	–	–
Operating Transfers	–	–	–	–	-33,448
Equity Transfers	–	–	–	787	65
Total Sources (Uses)	<u>–</u>	<u>–</u>	<u>94,500</u>	<u>1,000,787</u>	<u>666,617</u>
Net Change in Fund Balance	-140,766	-249,677	-297,978	543,612	369,068
Fund Balance beginning	-217,117	-357,883	-716,887	-1,014,865	-471,253
Fund Balance ending	-357,883	-607,560	-1,014,865	-471,253	-102,185

Graph 3-1
City of Nanticoke
General Fund
Revenues and Expenditures 2001-2005 Audits



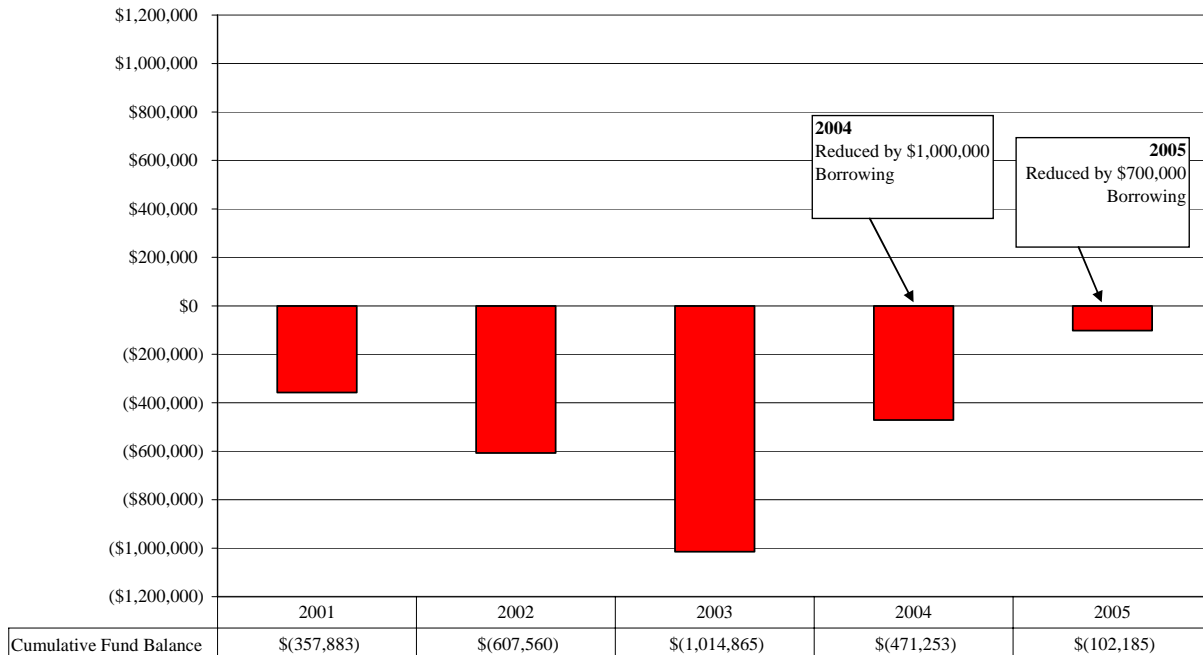
- In order to meet the ever growing deficit caused by the structural imbalance of insufficient revenue to meet increasing expenditures, the City engaged in a number of deficit finance borrowings. In 2004 the City borrowed \$1 million to meet accumulated short falls. In 2005 the City borrowed an additional \$700,000. With these debt proceeds, the City was able to continue operations. However, even with these loan resources, the City’s General Fund balance at the end of 2005 was at a deficit of \$102,000. Graph 3-3 presents the City’s fund balance of the General Fund for 2001 through 2005.
- In order to pay for its operational borrowing, the City was forced to raise its debt service millage to 29.38 mills through 2006. This debt millage matched the 30 mills maximum allowed under Pennsylvania law for “normal” municipal operations. Thus the City’s millage was increased to a total of 60.38 mills, nearly half of which was restricted to meet debt obligations. (One mill is dedicated to fund the library.)

Graph 3-2
City of Nanticoke
General Fund
Revenues Over (Under) Expenditures
2001-2005



- A good part of the City’s underlying fiscal dilemma can be traced to the legal limitations imposed on the City in the form of maximum tax rates. The City (even with Court approval) was at the maximum “operational” tax rate of 30 mills. Similarly all other Act 511 tax rates, but especially the Earned Income Tax, were also at the legal maximum. These restricted rates failed to produce revenue sufficient to meet expenditures. Moreover, the City found it very difficult to reduce expenditures. The principal expenditure areas are for personnel costs and related benefits. Police, fire, and public works manpower were considered to be not over staffed and therefore substantial manpower reductions were thought to likely curtail service. In addition, there are shift minimum manning clauses in both the police and fire contracts that place legal impediments to expenditure reductions through manpower reductions.

**Graph 3-3
City of Nanticoke
Cumulative General Fund Balance
2001-2005**



- Although the legal tax rate limits were a direct and immediate constraint on adequate revenue, the underlying cause is an inadequate city tax base. Table 3-2 provides a distribution of single-family residential City real estate taxes paid by residents of Nanticoke. The table gives the cumulative percentage of taxpayers with their applicable upper limit of tax dollars. For example, about 13 percent of single-family residential property owners pay less than \$90 in City Real Estate Tax per year; 57 percent pay \$150 or less per year; and about 74 percent paid \$210 or less per year. These very low annual municipal real estate taxes at a comparatively high millage rate demonstrate the tax base deficiency faced by the City.
- The tax generation problem is based upon assessed valuations that do not reflect the true current market value of real estate. This, in turn, fails to provide an adequate base to meet the cost of services. For example, the City median assessed valuation of single-family residential property is \$2,330. Converting this to the market value at the common level rate of 5.8 percent places the median market value of a single

residential property at \$40,172. The median value of owner occupied homes in Nanticoke at the 2000 census was \$66,100, and the value in 2006 would reflect six additional years of property value appreciation. The implementation of a countywide reassessment is of critical importance to the accurate and equitable levy of City property tax.

Table 3-2

CITY OF NANTICOKE

Current Real Estate Taxation Distribution of Single Family Homes
Based on 2006 Assessed Values

	<u>Number of Properties</u>	<u>Percent of Total</u>	<u>Cumulative Percentage</u>
Current Real Estate Taxes Paid			
Revenue Less Than \$90	443	13.40%	13.40%
Revenue Between \$90 and \$150	1,430	43.27%	56.67%
Revenue Between \$150 and \$210	585	17.70%	74.37%
Revenue Between \$210 and \$270	202	6.11%	80.48%
Revenue Between \$270 and \$330	150	4.54%	85.02%
Revenue Between \$330 and \$390	125	3.78%	88.80%
Revenue Greater Than \$390	370	11.20%	100.00%

Median 2006 Assessed Valuation = \$2,330

Single Family Homes Comprise 71.06% of the Total Taxable Assessed Valuation

SOURCE: Luzerne County Assessment Office.

- For 2006, the City continued to face the same structural imbalance between revenue and expenditures. Because of the lack of accurate accounting systems the precise excess of General Fund expenditures over revenues is not yet known. PEL estimates that it will be somewhere between \$500,000 and \$700,000 for 2006.
- In 2005 the City entered into the Commonwealth’s Early Intervention Program. The analyses conducted by Keystone Municipal Services found systemic and structural

deficiencies in both finances and organization. Based in part on this analysis the newly elected City Council filed for Act 47 assistance and was determined by DCED to be eligible for Act 47 designation.

- As part of the Act 47 process the Commonwealth made a \$700,000 emergency loan to the City to meet 2006 operational costs and emergency repairs.
- Within this ongoing financial environment the City has seen a significant deterioration of its infrastructure. Except for the use of Community Development funds there have been almost no capital improvements. Similarly, there has been continued deterioration of the City Hall/Police Headquarters. There are no funds for capital improvements available in the 2006 City budget.
- It is unclear to PEL whether prior officials and City Council had a full appreciation of the magnitude of the growing financial problem.
- Historically, most City spending has taken the form of wage and benefit costs, and these costs are determined by the number of employees and by collective bargaining agreements. Collective bargaining agreements cannot be unilaterally altered by the City. However, it is also true that the City entered into multi-year contracts for which they did not have adequate financial resources. For example, existing police and fire contracts run from 2005 through 2008 and the terms and conditions of these contracts cannot be changed until 2009.
- The City's accounting and financial management system and its record-keeping processes have been inadequate. In fact, there is little reliable historical data for detailed line item revenues and expenditures. During 2006 the City has initiated steps to improve financial accounting and related systems. However, further substantial improvements are imperative.

- The City's real estate tax base has been essentially static and will probably continue to be so for the next few years until the implementation of a countywide reassessment. The Recovery Plan Coordinator has estimated that real estate taxable assessments will increase minimally by about \$40,000 in 2007. For its 2008 projections, PEL has increased the real estate tax revenue by 5 percent over that for 2007 in conformance with state reassessment law which limits any revenue increase in the first year after reassessment. As previously mentioned Luzerne County is in the process of reassessment and was originally scheduled for a 2007 implementation. However, as of this writing it is unclear when or if a countywide reassessment will be implemented. The City's current collection rate of 88 percent of real estate tax compounds the problem and should be improved.
- The City's earned income tax levy has not grown in the recent past and future growth in the number of earned income tax payers is uncertain.
- Within the last few years both the implementation of various code inspections including enforcement of the City's rental ordinance has been erratic. Further, revenue produced from these inspections appears to be very minimal.
- The garbage fee is collected on a timely basis, although the fee collection process relies on extensive manual processing. There also is an inadequate mechanism to determine vacant units for exemption. Consequently some revenue may not be collected from active housing units. In addition, proper accounting for current and delinquent accounts, including penalties, is needed in order to determine the efficiency of the refuse collection fee.
- As previously mentioned, the City has a very sizeable debt. The City's 2007 debt service of approximately \$367,000 will require more than 29 mills of debt service taxes, about the same amount as produced by the City real estate taxes collected for operations. The 2007 total does include an estimated \$70,000 annual payment for the \$700,000 Commonwealth Act 47 loan. In addition, the City has a debt service

- payment of about \$312,000 paid from the Sewer Fund; this payment utilizes almost 55 percent of the Sewer Fee revenues.
- The City's non-sewer debt payments will drop from \$345,000 in 2008 to about \$282,000 for 2009. The sewer debt will remain at about \$316,000 for the period 2007 to 2009.
 - Because the City's non-sewer debt is essentially unfunded debt with a mandated 10-year term there is no possibility of refinancing the City's debt in a way that brings overall benefit to the City's finances. Early payment of some debt, however, is possible.
 - Compounding the City's fiscal plight is a long list of unmet capital needs for which there were only minimal available resources.
 - There is no contingency or fund balance available to meet emergencies.
 - The City's facilities and equipment are in great need of improved maintenance and repair. For example, the City had to borrow a police cruiser during 2006 because of the unusable state of the City's vehicles; the City Hall/Police Station's electrical system is in need of major attention and was declared a hazard. Also, the building's heating/air conditioning system is in need of repair. Most compelling of the state of City facilities, the building used by the Public Works Department has no running water.
 - There has been a lack of both continuity and expertise in overall City management. The City has had a succession of Administrators and/or Financial Directors, none for a significant amount of time.
 - As of December 2006, the City Administrator's position was vacant; there is a newly hired Finance Director. There appears to be a number of reasons for the historic lack

- of management continuity including insufficient rates of compensations, inadequate management expertise of hired persons, and unclear and inconsistent council policy directives (under the Third Class City Code) by prior Councils as a whole and of individual Councilpersons.
- In keeping with the Third Class City Code, Council needs to obtain a better understanding of the City's financial operation. Ultimately, Council, as the governing body, is responsible for the City's status. To this end, it is imperative that Council monitor the City's financial position and create policy. The Council needs to closely monitor the City's financial situation by reviewing monthly financial reports comparing actual year to date experience to the yearly budget. Furthermore, Council needs to take any and all necessary actions to maintain the fiscal integrity of the City through active oversight of City operations. The Recovery Plan Coordinator has seen a recent commitment to this objective but much more needs to be done through the City's organization.
 - In light of the foregoing, significant training needs to be provided to both elected and appointed officials with respect to their duties and responsibilities especially as it relates to financial matters and delegation of authority to administrative officials.
 - The City of Nanticoke operates as a Commission form of government provided for in the Third Class City Code. This form of government makes legislative and policy decisions through action of the City Council. Administrative decisions and policy implementation is under the direction of an individual Councilperson who is responsible for the operation of different functional areas, with the police function resting with the Mayor. This system does not promote a unified administrative approach to problem solving. This lack of a unified process can become overwhelming unless the Council as a group can agree to delegate administrative decisions to a central coordinating entity such as a respected and effective City Administrator. From the Plan Coordinator's point of view, not only has there been a financial structural imbalance but also an inconsistent and often unsuccessful attempt

to implement basic municipal operations. Unless the City can move to professionalize operations as it solves the financial structural imbalance, the City will remain subject to changes in policy and direction under different council leadership. Indeed the Recovery Plan Coordinator believes most strongly that the management system must be changed. To accomplish this the Recovery Plan Coordinator believes a change in the form of government may be necessary.

- Given the City's government history, the Recovery Plan Coordinator is much concerned whether, over time and without the additional tax authorization of Act 47, the City's citizens and government can maintain sufficient oversight and generate enough resources to maintain a viable governmental system under the Third Class City Code.

Baseline General Fund Revenue and Sources; Expenditures and Uses

Based on its review and analysis, the Recovery Plan Coordinator developed revenue and expenditure projections for budget years 2007 through 2009—**assuming that no specific actions would be taken to alter the way the City operates beyond those which have occurred during 2006; (the year 2010 is included for informational purposes only)**. Specific assumptions include:

- Current service levels and the current budgeted personnel complement will be maintained. Specifically, the police department will remain at 12 full-time officers and the Chief of Police. The fire service will remain at nine paid firefighters and the Chief with the continued use of volunteer firefighters. All other personnel will also be as budgeted in 2006 and include both Finance Director and a City Administrator.
- Wage rates and the employee benefit structure will remain as required under the existing collective bargaining agreements. Both the clerical and public works contracts are assumed to be in place through 2007 by action of an automatic renewal clause in the current contract.

- The projections also include Other Sources with Revenues and Other Uses with Expenditures.
- Revenue provided by the general purpose real estate tax will increase minimally in 2007 and by five percent in 2008 assuming a countywide reassessment. Thereafter it will remain constant.
- The earned income tax will remain static, providing approximately \$680,000 each year.
- The collection of garbage/recycling and sewer transmission fees will remain consistent with recent experience for the current collection rates and accounts receivable (delinquencies).
- Approximately two-and-one-half public works employee time will continue to be devoted to sewer and sewer related work.
- The Community Development fund will continue to reimburse the General Fund for personnel related costs.
- Health care costs will increase over the October 2006 base by 15 percent in 2007 and eight percent for year 2008 and eight percent in 2009.
- The repayment of the \$700,000 state loan will begin during 2007 and will be payable in each of the succeeding nine years.
- The State loan and all other non-sewer debt will be paid from the debt service fund which shall be funded by real estate tax of about 29 mills.
- The sewer debt service will continue to be paid from the revenue of the City's sewer fee.

Based on the foregoing assumptions, Table 3-3 presents the Plan Coordinator’s projections of General Fund revenues and other sources covering 2006 budget restated as well as the Recovery Plan years of 2007, 2008, and 2009 without Act 47 intervention; figures for 2010 are also included as a point of reference.

The projected revenues and other sources in the 2006 estimated budget restated are \$3.614 million including the \$700,000 emergency Commonwealth loan. In 2007 (primarily because there is no additional borrowing) revenue and other sources fall to \$2.980 million. There is then a minimal increase in 2008 to \$2.998 million and 2009 at \$3.006 million. For 2010 projected there is a minor decrease to \$3.003 million because of estimated payments related to intergovernmental revenue.

Table 3-3

CITY OF NANTICOKE

Baseline General Fund Before Recovery Plan Implementation

<i>Baseline</i> REVENUES	2006 <u>Restated</u>	2007 <u>Plan Year</u>	2008 <u>Plan Year</u>	2009 <u>Plan Year</u>	2010 <u>Plan Year</u>
Real Estate Taxes	\$ 417,012	\$ 418,068	\$ 437,771	\$ 437,771	\$ 437,771
Act 511 Taxes	1,057,000	1,057,000	1,057,000	1,057,000	1,057,000
Licenses and Permits	85,000	85,500	85,500	85,500	85,500
Fines and Forfeits	47,300	47,300	47,300	47,300	47,300
Interest, Rents and Royalties	39,575	39,575	39,575	39,575	39,575
Departmental Earnings	865,600	870,600	870,600	870,600	870,600
Intergovernmental Earnings	225,029	273,596	268,744	274,693	269,678
Miscellaneous and Other Revenue Sources	<u>877,519</u>	<u>188,052</u>	<u>191,136</u>	<u>193,447</u>	<u>195,942</u>
Revenue and Other Sources	\$3,614,036	\$2,979,690	\$2,997,626	\$3,005,886	\$3,003,366

Again, based on the assumptions listed above and without remedial action under Act 47, Table 3-4 presents the Coordinator’s estimates of expenditures and other uses during the same period. General Fund expenditures and other uses for 2006 are estimated on a budget basis at \$3.494 million. In 2007 expenditures and uses will rise to \$3.745 million; they will grow to \$3.924 million in 2008; and they will increase to \$4.030 million in 2009. (The figure for 2010 will rise further to \$4.094 million.)

Table 3-4

CITY OF NANTICOKE

General Fund

<i>Baseline</i>	2006	2007	2008	2009	2010
EXPENDITURES	<u>Restated</u>	<u>Plan Year</u>	<u>Plan Year</u>	<u>Plan Year</u>	<u>Plan Year</u>
General Government	\$ 239,706	\$ 244,742	\$ 248,631	\$ 251,324	\$ 254,233
Government Administration	321,425	340,263	344,764	347,881	351,248
Police	929,388	1,057,410	1,132,962	1,166,485	1,194,969
Fire	790,982	841,596	910,144	923,392	935,993
Refuse	744,966	747,283	760,754	798,963	799,677
Public Works	406,791	434,105	443,190	449,657	456,641
Streets	305,417	323,765	329,889	334,130	338,710
Sewers	101,374	110,339	113,301	115,527	117,931
Miscellaneous Expenditures	<u>60,297</u>	<u>79,532</u>	<u>83,570</u>	<u>92,059</u>	<u>101,069</u>
Total Expenditures and Other Uses	\$3,493,555	\$3,744,930	\$3,924,015	\$4,029,762	\$4,093,831

The totals of revenues and expenditures from Tables 3-3 and 3-4 are combined and presented in Table 3-5 and Graphs 3-4 and 3-5. This table focuses attention on the relationship between projected revenue and sources and expenditures and uses. The projections suggest that in 2006 revenues and other sources will exceed expenditures and other uses by \$120,000, due to the proceeds of the \$700,000 emergency State loan. However, in 2007, 2008, and 2009 there will again be an excess of expenditures and uses over revenue and other sources for a deficit of \$765,000 in 2007, \$926,000 in 2008, and \$1.024 million in 2009. Detailed projections are presented in Appendix 3-1.

Table 3-5

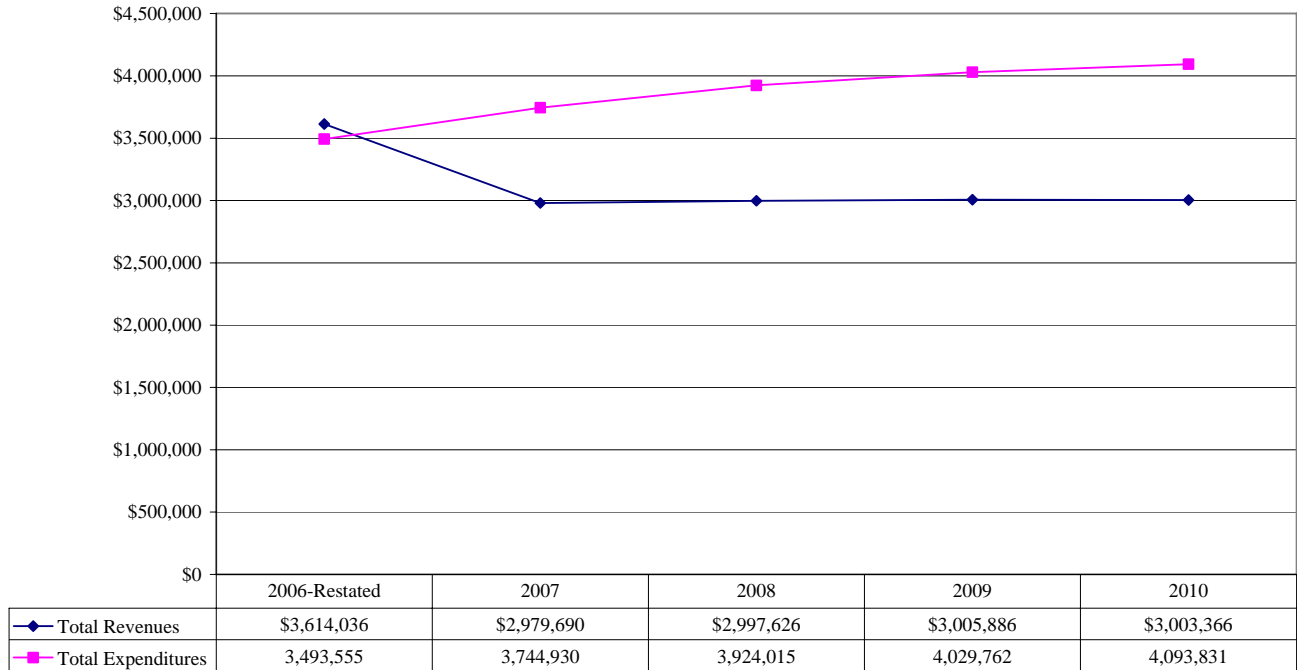
CITY OF NANTICOKE

General Fund

<i>Baseline</i>	2006	2007	2008	2009	2010
	<u>Restated</u>	<u>Plan Year</u>	<u>Plan Year</u>	<u>Plan Year</u>	<u>Plan Year</u>
Revenue and Other Sources	\$3,614,036	\$2,979,690	\$2,997,626	\$ 3,005,886	\$ 3,003,366
Expenditures and Other Uses	<u>3,493,555</u>	<u>3,744,930</u>	<u>3,924,015</u>	<u>4,029,762</u>	<u>4,093,831</u>
Revenue and Other Sources over (under) Expenditures and Other Uses	\$ 120,480	\$ -765,240	\$ -926,389	\$ -1,023,876	\$ -1,090,464
Cumulative Total	\$ 120,480	\$ -644,760	\$ -1,571,149	\$ -2,595,025	\$ -3,685,489

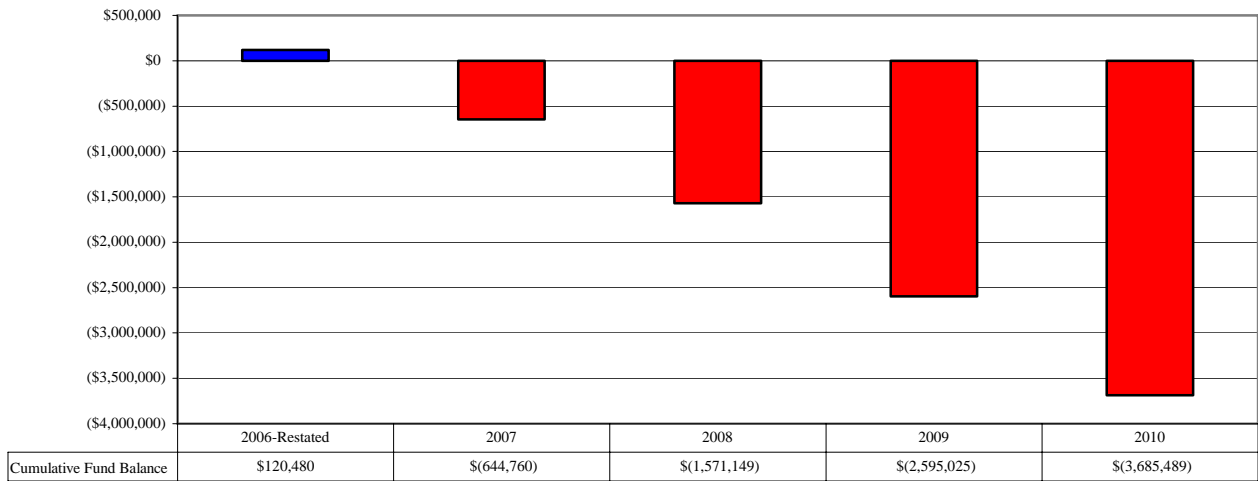


Graph 3-4
City of Nanticoke
General Fund
Revenue and Expenditures
2006-Restated - 2010 Projected



Clearly the magnitude of the City’s structural imbalance is significant and it is projected to increase without intervention under Act 47. In simple terms, to just meet the projected general fund deficit the City’s revenue and other sources need to be increased by 26 percent in 2007 and almost 34 percent by 2009.

Graph 3-5
City of Nanticoke
Cumulative Excess (Under) Revenues over Expenditures
General Fund
2006-Restated - 2010 Projected



APPENDIX 3-1

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Millage	60.38	60.38			
Assessed Value	14,886,817	14,926,817			
Theoretical Tax @60.38 mills	898,866	901,281			
Theoretical Tax @30.00 mills	446,605	447,805			
Collection rate for GF Actual/Theoretical 30mills	88.0%	88.0%			
General Fund Revenue--2006 Budget					
<u>Municipal Code Tax Revenue</u>					
Real Estate--Current	393,012	394,068	413,771	413,771	413,771
Back Taxes		-	-	-	-
Real Estate--Delinquent	-	-	-	-	-
Resident Tax--Current	21,000	21,000	21,000	21,000	21,000
Resident Tax--Prior Year	3,000	3,000	3,000	3,000	3,000
Real Estate - Taxes to County					
Total	\$417,012	\$418,068	\$437,771	\$437,771	\$437,771

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
<u>Local Enabling Tax Revenue</u>					
Per Capita--Current	21,000	21,000	21,000	21,000	21,000
Per Capita--Delinquent	3,000	3,000	3,000	3,000	3,000
Real Estate Transfer Tax	55,000	55,000	55,000	55,000	55,000
Earned Income Tax--Current	680,000	680,000	680,000	680,000	680,000
Earned Income Tax--Prior Year	-	-	-	-	-
Merchandise/Business Privilege	155,000	155,000	155,000	155,000	155,000
Emergency and Municipal Services Tax	135,000	135,000	135,000	135,000	135,000
Amusement Tax	8,000	8,000	8,000	8,000	8,000
Miscellaneous	-	-	-	-	-
Delinquent Act 511 Taxes			-	-	-
Total	\$1,057,000	\$1,057,000	\$1,057,000	\$1,057,000	\$1,057,000
<u>Business Licenses & Permits</u>					
Cable TV Fee	85,000	85,500	85,500	85,500	85,500
Total	\$85,000	\$85,500	\$85,500	\$85,500	\$85,500
<u>Fines & Forfeits</u>					
Magistrate Fines	30,000	30,000	30,000	30,000	30,000
State Police Fines	8,000	8,000	8,000	8,000	8,000
Parking Tickets/Ordinance Violations	6,300	6,300	6,300	6,300	6,300
Clerk of Court Fines	3,000	3,000	3,000	3,000	3,000
Total	\$47,300	\$47,300	\$47,300	\$47,300	\$47,300

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
<u>Interest, Rents & Royalties</u>					
Interest Income	5,000	5,000	5,000	5,000	5,000
Interest Income - Refuse	75	75	75	75	75
Rental Income Combined					
Rental Income Sewer Authority	11,400	11,400	11,400	11,400	11,400
Rental Income District Judge	10,500	10,500	10,500	10,500	10,500
Rental Income - Senior Center	-	-	-	-	-
Miscellaneous			-	-	-
EMJAZE MKTG	600	600	600	600	600
Rental Income Ambulance	12,000	12,000	12,000	12,000	12,000
Total	\$39,575	\$39,575	\$39,575	\$39,575	\$39,575

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Intergovernmental Revenues					
Act 66 Public Utility Reality Tax	2,500	2,500	2,500	2,500	2,500
Fuel tax refund	-	-	-	-	-
Liquor Control Board	4,500	10,000	4,500	10,000	4,500
Pension--State Aid	118,494	160,000	160,000	160,000	160,000
AD HOC Post Retirement Reimbursement	1,500	1,500	1,500	1,500	1,500
Volunteer Fire Company Relief Association	41,054	41,054	41,054	41,054	41,054
Recycling Performance Grant	25,000	25,000	25,000	25,000	25,000
Tax Office Reimbursement (County)	-	-	-	-	-
Tax Office Reimbursement (School District)	23,981	25,542	26,190	26,639	27,124
County Drug Taskforce Reimbursement			-	-	-
Housing Authority PILOT	8,000	8,000	8,000	8,000	8,000
County - Little League Fence	-	-	-	-	-
FEMA Reimbursement	-	-	-	-	-
Early Intervention	-	-	-	-	-
Keystone Grant	-	-	-	-	-
Total	\$225,029	\$273,596	\$268,744	\$274,693	\$269,678

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Departmental Earnings					
Zoning/Subdivision /Land Fees	1,200	1,200	1,200	1,200	1,200
Planning Commision	500	500	500	500	500
Police Services	18,000	18,000	18,000	18,000	18,000
Police Services - Housing Authority	-	-	-	-	-
Fire Reports/Inspections	500	500	500	500	500
Emergency Response Fee	1,000	1,000	1,000	1,000	1,000
Building Permits	48,000	48,000	48,000	48,000	48,000
Electrical Permits	7,500	7,500	7,500	7,500	7,500
Plumbing Permits	6,000	6,000	6,000	6,000	6,000
Permits			-	-	-
Occupancy Permits			-	-	-
Rental Inspection	400	400	400	400	400
Pave Cuts	8,000	8,000	8,000	8,000	8,000
Sewer Hookup	500	500	500	500	500
Refuse - Current Year	750,000	750,000	750,000	750,000	750,000
Refuse Delinquent	20,000	20,000	20,000	20,000	20,000
Refuse 2nd Payment		5,000	5,000	5,000	5,000
Refuse - Following Year	-	-	-	-	-
Health Inspections	4,000	4,000	4,000	4,000	4,000
Total	\$865,600	\$870,600	\$870,600	\$870,600	\$870,600

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Miscellaneous Revenue					
Duplicate Tax Bills	13,000	13,000	13,000	13,000	13,000
Miscellaneous Revenue	10,000	10,000	10,000	10,000	10,000
C.O.B.R.A. Payments	2,000	2,000	2,000	2,000	2,000
Unknown	-	-	-	-	-
Municipal Authority Payment	-	-	-	-	-
Total	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other Revenue Sources					
Transfer from Sewer Fund - Salary Reimbursement	\$ 101,374	\$ 110,339	\$ 113,301	\$ 115,527	\$ 117,931
Transfer from Highway Aid	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Refuse	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from CDBG - Salary Reimbursement	\$ 51,145	\$ 52,712	\$ 52,835	\$ 52,919	\$ 53,011
HUD Home Program	\$ -	\$ -	\$ -	\$ -	\$ -
Funds from Bond Proceeds					
State Loan	\$700,000				
Tax Anticipation Note	-	-	-	-	-
Refund of Prior Year Expenditures	-	-	-	-	-
Total	\$852,519	\$163,052	\$166,136	\$168,447	\$170,942
Revenue and Other Sources	\$3,614,036	\$2,979,690	\$2,997,626	\$3,005,886	\$3,003,366

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
General Fund Expenditure-2006 Budget					
Legislative Body					
Salary - Council-Controller	12,000	12,000	12,000	12,000	12,000
Salary - Mayor	2,500	2,500	2,500	2,500	2,500
FICA	1,109	1,109	1,109	1,109	1,109
Office Supplies	500	500	500	500	500
Professional Fees	1,000	1,000	1,000	1,000	1,000
Payroll Reimbursement			-	-	-
Transportation & Travel	500	500	500	500	500
Ads Printing			-	-	-
Communications Phone			-	-	-
Surety and Fidelity			-	-	-
Dues, Subscriptions and Memberships	1,000	1,000	1,000	1,000	1,000
Meetings and Conferences	500	500	500	500	500
Miscellaneous	500	500	500	500	500
Management Consulting - EIP Program			-	-	-
Total	19,609	19,609	19,609	19,609	19,609

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
City Administrator					
Salary - City Administrator	40,000	40,000	40,000	40,000	40,000
Life Insurance	136	136	136	136	136
Medical Insurance	12,371	14,889	16,834	18,180	19,635
Non Union MMO	31,000	39,821	39,821	39,821	39,821
FICA	3,060	3,060	3,060	3,060	3,060
Unemployment	-	248	248	248	248
Office Supplies	300	300	300	300	300
Workers Compensation	208	208	208	208	208
Surety and Fidelity	600	600	600	600	600
Ads Printing	250	250	250	250	250
Meetings and Conferences	100	100	100	100	100
Miscellaneous	500	500	500	500	500
Total	88,525	100,112	102,057	103,403	104,858

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
<u>Financial Administration</u>					
Salary	89,800	91,800	91,800	91,800	91,800
Dental Insurance	231	231	231	231	231
Vision Insurance	274	274	274	274	274
Medical Insurance	3,879	4,686	5,298	5,722	6,179
Life Insurance	407	407	407	407	407
FICA	6,870	7,023	7,023	7,023	7,023
Unemployment	744	744	744	744	744
Medical Insurance Buyout	4,000	4,000	4,000	4,000	4,000
Office Supplies	1,500	1,500	1,500	1,500	1,500
Payroll Service	4,100	4,100	4,100	4,100	4,100
Audit Services	16,000	16,000	16,000	16,000	16,000
Bank Charges	100	100	100	100	100
Communications					
Transportation & Travel	500	500	500	500	500
Surety and Fidelity					
Workers Compensation	422	431	431	431	431
Dues, Subscriptions and Memberships	1,000	1,000	1,000	1,000	1,000
Minor Equipment	2,000	2,000	2,000	2,000	2,000
Salary - Home Coordinator					
Total	131,826	134,796	135,408	135,831	136,289

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
City Treasurer's Office					
Salary - City Treasurer	6,500	6,500	6,500	6,500	6,500
Salary - Assistants	42,060	44,060	44,060	44,060	44,060
Dental Insurance	712	712	712	712	712
Vision Insurance	91	91	91	91	91
Medical Insurance	12,371	14,889	16,834	18,180	19,635
Life Insurance	271	271	271	271	271
FICA	3,715	3,868	3,868	3,868	3,868
Unemployment	496	496	496	496	496
Medical Insurance Buyout	2,000	2,000	2,000	2,000	2,000
Office Supplies	2,000	2,000	2,000	2,000	2,000
Minor Equipment	500	500	500	500	500
Realty Transfer Tax Collector Commission	130	130	130	130	130
Tax Collector Commission	23,000	23,000	23,000	23,000	23,000
Tax Assessment Expense			-	-	-
Payroll Services					
Postage	4,200	4,200	4,200	4,200	4,200
Treasurer's Shortage	-	-	-	-	-
Miscellaneous Tax Expense	1,500	1,500	1,500	1,500	1,500
Advertising and Printing	700	700	700	700	700
Workers Compensation	228	238	238	238	238
Meetings and Conference	100	100	100	100	100
Miscellaneous	500	100	100	100	100
Total	101,074	105,355	107,300	108,646	110,101

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Law					
Salary - City Attorney	9,900	9,900	9,900	9,900	9,900
FICA	757	757	757	757	757
Unemployment					
Special Legal Services	10,000	10,000	10,000	10,000	10,000
Advertising and Printing					
Total	20,657	20,657	20,657	20,657	20,657
City Clerk's Office					
Salary - City Clerk	4,100	4,100	4,100	4,100	4,100
FICA	314	314	314	314	314
Unemployment	-	-	-	-	-
Ordinance Codification					
Transportation & Travel					
Advertising and Printing	6,500	6,500	6,500	6,500	6,500
Workers Compensation	100	100	100	100	100
Dues, Subscription & Memberships					
Meetings and Conferences	100	100	100	100	100
Miscellaneous					
Total	11,114	11,114	11,114	11,114	11,114

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Public Buildings					
Salary - Buildings					
Dental Insurance					
FICA					
Unemployment					
Materials & Supplies	2,000	2,000	2,000	2,000	2,000
Communications	8,700	8,700	8,700	8,700	8,700
Telephone System Lease					
Lease Environmental Control					
Utilities - City Hall	55,000	55,000	55,000	55,000	55,000
Repairs (Municipal Building)	5,000	5,000	5,000	5,000	5,000
Equipment Rental			-	-	-
Other Transfer to Muni Authority for Maintenance	45,000	45,000	45,000	45,000	45,000
Miscellaneous	500	500	500	500	500
Total	116,200	116,200	116,200	116,200	116,200

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
<u>Police Protection</u>					
Salary - Chief	44,115	46,115	48,115	48,115	48,115
Salary - Patrol Officers	417,791	471,496	497,309	505,229	509,442
Salary - Clerical	20,418	21,418	21,418	21,418	21,418
Clerical Dental Insurance	646	646	646	646	646
Clerical Vision Insurance	88	88	88	88	88
Clerical Medical Insurance	12,371	14,889	16,834	18,180	19,635
Clerical Life Insurance	136	136	136	136	136
Clerical FICA	1,266	1,328	1,328	1,328	1,328
Clerical Medicare	296	311	311	311	311
Clerical Unemployment	248	248	248	248	248
Clerical Workmans Comp	105	111	111	111	111
Dental Insurance	6,623	7,335	7,335	7,335	7,335
Vision Insurance	876	969	969	969	969
Medical Insurance	112,068	149,771	169,331	182,877	197,508
Post Retirement Benefits	62,652	71,718	81,005	87,436	94,382
Life Insurance	1,627	1,763	1,763	1,763	1,763
Police Pension MMO	-	-	-	-	-
FICA	32,781	36,695	38,895	39,552	39,841
Unemployment	2,976	3,224	3,224	3,224	3,224
Medicare	8,453	9,421	9,981	10,137	10,208
Police Pension Reimbursement					
Personal Days					

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Holiday Pay	29,200	32,889	35,104	35,679	36,068
Longevity Pay	21,613	24,459	29,067	31,152	31,194
Overtime - Police	54,280	57,851	61,006	61,199	61,370
Overtime - Clerical	2,000	2,098	2,098	2,098	2,098
Court Time Pay	16,000	16,889	17,738	17,763	17,779
Atty Gen Police					
Office Supplies	4,000	4,000	4,000	4,000	4,000
Vehicle Fuel	15,000	15,000	15,000	15,000	15,000
Clothing Allowance	6,600	7,800	9,100	9,100	9,100
Vehicle Maintenance	12,000	12,000	12,000	12,000	12,000
Material and Supplies	1,000	1,000	1,000	1,000	1,000
Police Legal	1,000	1,000	1,000	1,000	1,000
Communications	4,657	4,657	4,657	4,657	4,657
Minor Equipment	2,000	2,000	2,000	2,000	2,000
Liability Insurance - Police					
Other Insurance			-	-	-
Workers Compensation	30,901	34,488	36,548	37,135	37,397
Vehicle Insurance	-	-	-	-	-
Training	600	600	600	600	600
Miscellaneous	3,000	3,000	3,000	3,000	3,000
Total	929,388	1,057,410	1,132,962	1,166,485	1,194,969

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Fire Protection					
Salary - Chief	41,016	43,487	46,968	46,968	46,968
Salary - Firefighters	290,721	307,573	332,509	332,509	332,509
Salary - Deputy Chief	39,396	41,869	45,354	45,354	45,354
Salary - Deputy Chief Volunteers	1,000	1,000	1,000	1,000	1,000
Salary - Part Time Firefighters	10,000	10,000	10,000	10,000	10,000
Dental Insurance	6,160	6,160	6,160	6,160	6,160
Vision Insurance	810	810	810	810	810
Medical Insurance	77,714	93,127	113,598	122,526	132,168
Post Retirement Benefits	27,572	31,708	34,245	36,984	39,943
Health Buyout	2,000	2,000	2,000	2,000	2,000
Life Insurance	1,358	1,358	1,358	1,358	1,358
Fire Pension MMO	60,921	64,963	64,963	64,963	64,963
FICA	25,439	27,019	29,387	29,666	29,666
Unemployment	2,480	2,480	2,480	2,480	2,480
Personal Day					
Holiday Pay	20,472	21,688	23,404	23,603	23,603

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Longevity Pay	21,181	23,639	29,239	30,057	30,057
Overtime - Pay	6,850	7,253	7,836	7,873	7,873
Call Back Pay	3,000	3,174	3,431	3,431	3,431
Office Supplies	300	300	300	300	300
Vehicle Fuel	5,500	5,500	5,500	5,500	5,500
Clothing Allowance	5,500	6,000	7,000	7,000	7,000
Vehicle Maintenance	7,611	7,611	7,611	7,611	7,611
Maintenance Repairs			-	-	-
Minor Equipment	1,500	1,500	1,500	1,500	1,500
Communications			-	-	-
Property Insurance	-	-	-	-	-
Other Insurance	-	-	-	-	-
Workers Compensation - Employees	22,735	24,145	26,259	26,507	26,507
Workers Compensation - Volunteers and EMS					
Vehicle Insurance			-	-	-
Utilities - Main Fire Station	25,061	25,061	25,061	25,061	25,061
Utilities - Volunteer Stations	4,300		-	-	-
Hydrant Rental	37,117	37,117	37,117	37,117	37,117
Repairs to Building	213	2,000	2,000	2,000	2,000
Miscellaneous	1,000	1,000	1,000	1,000	1,000
Repairs to Volunteer Bldg	-	-	-	-	-
Volunteer State Fire Aid	41,054	41,054	41,054	41,054	41,054
Major Equipment Purchase	1,000	1,000	1,000	1,000	1,000
Total	790,982	841,596	910,144	923,392	935,993

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Volunteer State Fire Aid Not in Fire Audit numbers					
<u>Building Regulation & Zoning</u>					
Salary - Code Officials	38,866	38,866	38,866	38,866	38,866
Health Inspector	2,000	2,000	2,000	2,000	2,000
Dental Insurance	12,371	14,889	16,834	18,180	19,635
Vision Insurance	-	-	-	-	-
Medical Insurance	12,371	14,889	16,834	18,180	19,635
Life Insurance	136	136	136	136	136
FICA	2,973	2,973	2,973	2,973	2,973
Unemployment	635	635	635	635	635
Office Supplies	1,000	1,000	1,000	1,000	1,000
Building Codes					
Engineering Services					
Legal Services					
Other Professional Services					
Mileage Reimbursement					
Advertising and Printing	400	400	400	400	400
Workers Compensation	373	373	373	373	373
Dues, Subscriptions, Memberships	1,000	1,000	1,000	1,000	1,000
Total	72,125	77,162	81,051	83,744	86,653

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Refuse Collection					
Salary - Refuse Officer	19,154	20,154	20,154	20,154	20,154
Dental Insurance	-	-	-	-	-
Vision Insurance	-	-	-	-	-
Medical Insurance	6,073	7,309	8,264	8,925	9,639
Life Insurance	136	136	136	136	136
FICA	1,465	1,542	1,542	1,542	1,542
Unemployment	248	248	248	248	248
Office Supplies	100	100	100	100	100
Vehicle Fuel - Propane					
Operating Supplies					
Mileage Reimbursement					
Vehicle Tires					
Vehicle Maintenance					
Advertising and Printing	2,500	2,500	2,500	2,500	2,500
Workers Compensation	90	95	95	95	95
Garbage Collection and Disposal	715,200	715,200	727,716	765,264	765,264
Maintenance and Repairs	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Recycling Containers	-	-	-	-	-
Total	744,966	747,283	760,754	798,963	799,677

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Public Works					
Sewer					
Salary - Superintendent	17,500	18,375	18,375	18,375	18,375
Salary - Sewer Department	58,400	61,320	61,320	61,320	61,320
Dental Insurance	1,540	1,540	1,540	1,540	1,540
Vision Insurance	232	232	232	232	232
Medical Insurance	20,980	24,925	27,827	30,053	32,457
Life Insurance	339	339	339	339	339
FICA	4,706	6,140	6,200	6,200	6,200
Workers Compensation	6,508	6,834	6,834	6,834	6,834
Clothing Allowance	1,250	1,250	1,250	1,250	1,250
Unemployment	620	620	620	620	620
Overtime	6,800	7,140	7,140	7,140	7,140
Total - Sewer	101,374	110,339	113,301	115,527	117,931

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Streets					
Salary - Superintendent	17,500	18,375	18,375	18,375	18,375
Salary - Street Department	150,543	158,070	158,070	158,070	158,070
Salary - Clerical	-	-	-	-	-
Dental Insurance	2,234	2,234	2,234	2,234	2,234
Vision Insurance	332	332	332	332	332
Medical Insurance	38,957	46,888	53,011	57,252	61,833
Life Insurance	746	746	746	746	746
Union Annuity					
FICA	13,044	13,696	13,696	13,696	13,696
Unemployment	1,364	1,364	1,364	1,364	1,364
Overtime	13,000	13,650	13,650	13,650	13,650
Vehicle Fuel	10,000	10,000	10,000	10,000	10,000
Clothing Allowance	2,750	2,750	2,750	2,750	2,750
Road Maintenance Materials	5,000	5,000	5,000	5,000	5,000
Materials & Supplies	1,000	1,000	1,000	1,000	1,000
Vehicle Maintenance	4,000	4,000	4,000	4,000	4,000
Engineering Services	5,000	5,000	5,000	5,000	5,000
Communications	2,500	2,500	2,500	2,500	2,500

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Property Insurance	-	-	-	-	-
Other Insurance	-	-	-	-	-
Vehicle Insurance	-	-	-	-	-
Workers Compensation	14,248	14,960	14,960	14,960	14,960
Utilities - Public Works	5,000	5,000	5,000	5,000	5,000
Maintenance & Repair	8,000	8,000	8,000	8,000	8,000
Emergency Service			-	-	-
Mechanical Service	1,000	1,000	1,000	1,000	1,000
Street Paving			-	-	-
Equipment Rentals			-	-	-
Interest Expense			-	-	-
General Expenses	1,000	1,000	1,000	1,000	1,000
Demolition			-	-	-
Minor Equipment	500	500	500	500	500
Equipment Lease Payment - Sewer Fund			-	-	-
Capital Expenditures			-	-	-
Total - Streets	297,717	316,065	322,189	326,430	331,010
Total Public Works	399,091	426,405	435,490	441,957	448,941

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
<u>Public Properties, Parks & Recreation</u>					
FICA					
Unemployment					
Vehicle Fuel	6,000	6,000	6,000	6,000	6,000
Parks, Recreation & Cultural Activities	1,200	1,200	1,200	1,200	1,200
Vehicle Maintenance	500	500	500	500	500
Miscellaneous	-	-	-	-	-
Communications	-	-	-	-	-
Minor Equipment	-	-	-	-	-
Workers Compensation	-	-	-	-	-
Utilities - Parks	-	-	-	-	-
Recreation Grant Projects	-	-	-	-	-
Total	7,700	7,700	7,700	7,700	7,700

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006	2007	2008	2009	2010
	Budget	Base Line	Base Line	Base Line	For Information
	Restated				Only
Miscellaneous Expenditures					
Tax Anticipation Note					
Tax Anticipation Note - Principal					
Tax Anticipation Note - Interest					
Issuance					
Amortization Expense					
Total - Tax Anticipation Note	-	-	-	-	-
Post-Retirement Health Benefits					
Dental Insurance Retires					
Vision Insurance Retires					
Health Insurance Retires					
Life Insurance					
Unemployment					
Total - Post Retirement Health Benefits	-	-	-	-	-
Business Insurances					
Workers Compensation					
Difference Adj. Total Department and Total Estimate (SWIF)	5,485	21,645	22,413	27,424	32,956
Total Insurance (Package Policy)	53,312	56,387	59,657	63,135	66,613
Property Insurance					
Liability Insurance					
Surety & Bonding	1,500	1,500	1,500	1,500	1,500
Other Insurance					
Insurance Prepayment					
Vehicle Insurance					
Total - Business Insurances	60,297	79,532	83,570	92,059	101,069

City of Nanticoke

Detail Projections of Revenues and Expenditures without Plan Implementation

	2006 Budget Restated	2007 Base Line	2008 Base Line	2009 Base Line	2010 For Information Only
Reimbursements and Miscellaneous					
Medical - Out of Pocket					
Miscellaneous					
Vision Insurance					
Dental Insurance					
Medical Insurance					
Unallocated Employee Benefits					
Early Intervention					
Home System Lease					
Social Security					
Non Uniform Pension MMO					
EMS Tax Reimbursement					
Transfer to Refuse Fund					
Transfer to Sewer Fund					
Workers Comp Audit Reconciliation					
Late Payment Fees					
Contingency (finance audit)					
Total - Reimbursements and Misc.	-	-	-	-	-
Total Miscellaneous Expenditures	60,297	79,532	83,570	92,059	101,069
Expenditures and Other Uses	3,493,555	3,744,930	3,924,015	4,029,762	4,093,831
<i>Proof</i>					
Revenue and Other Sources	3,614,036	2,979,690	2,997,626	3,005,886	3,003,366
Expenditures and Other Uses	3,493,555	3,744,930	3,924,015	4,029,762	4,093,831
Revenue and Other Sources over (under) Expenditures and Other	120,480	(765,240)	(926,389)	(1,023,876)	(1,090,464)

CHAPTER 4

RECOVERY PLAN DETAIL

Introduction

There is little doubt that without remedial action in conformance with Act 47 the City of Nanticoke will not be able to continue to provide basic services to its citizens. In fact, the fiscal crisis would ultimately lead to the inability of the City to provide for the health and safety of its citizens.

Thus immediate and significant action must be taken to avoid both a fiscal and operational crisis.

The Recovery Plan Coordinator has developed a series of recommendations enumerated in this Chapter which it believes are both reasonable and necessary. The Plan Coordinator believes that if these recommendations are followed the City can be restored to fiscal health, provide operational stability and begin street and other needed infrastructure improvements.

Plan Recommendations

Actions Regarding Revenue

- Earned Income Tax. The City of Nanticoke shall increase its Earned Income Tax rate (EIT) which accrues only to the City, from 0.5 percent to 1.5 percent per year. From the total EIT collected the City shall dedicate by ordinance not less than \$240,000 in budget year 2007, \$430,000 in 2008 and \$325,000 in 2009 to a Capital Improvement Fund. The balance of the Earned Income Tax revenue shall be used as general-purpose revenue to meet expenditures budgeted in the City's General Fund, or to be held in reserve for emergencies as fund balance.
- Non Resident Earned Income Tax. The City of Nanticoke shall enact a Non Resident Earned Income Tax (NREIT) of 1.33 percent which shall be paid to the City of Nanticoke by non-residents who work within the City. The revenue produced by the NREIT shall be used exclusively for capital projects, equipment, and public improvements within the City. The tax shall be in place for 2007, 2008, and 2009. In compliance with the legal requirements of

Act 47 on an annual basis, the City shall petition the Luzerne County Court of Common Pleas for approval to enact a NREIT. Upon such approval the 1.33 percent tax on nonresidents shall be collected and deposited in a special accounting fund called the NREIT Capital Improvement Fund whose sole purpose shall be to fund capital projects, equipment and public improvements. The tax, with Court approval, shall be collected in 2007. It will be reenacted, with court approval, only for collection in 2008 and 2009.

- Real Estate Tax for General Fund. The City's General Fund millage shall continue to be at 30 mills until such time as there shall occur a countywide reassessment. Subsequent to any reassessment, the millage shall be set in accordance with applicable reassessment law so that current real estate taxes collected by the City in the first year after reassessment shall not be greater than 105 percent of the prior years collection as required by law.
- Debt Service Millage Reduction. Any unreserved fund balance in the Debt Service Fund shall be used each year to reduce the debt service in accordance with the following: for the year 2007 approximately \$340,000 shall be used to pay off the 1998 B Note and a portion of the 2004 Note; the debt service millage rate shall be reduced to reflect the reduction in necessary debt service. Thereafter, on a yearly basis, any significant accumulation in the Debt Service Fund balance shall be used to reduce non-sewer debt loan balances or if more feasible the debt service millage for the given year.
- In Lieu of Taxes. The City shall develop a strategy within the first six months of 2007 to solicit payments in lieu of taxes from all not for profit entities within the City.
- Fees for City Services. It shall be the policy of the City to charge fees for service which meet the cost of providing each service including applicable administrative costs. To this end, the highest priority in 2007 will be given to a review of the cost of providing fee for service activities and, in particular, building code and rental inspections. A preliminary report by the City Administrator will be made to City Council not later than October 1, 2007. Council will then take any necessary action to change the fee structure by Ordinance for the 2008 budget year.

- Real Estate Tax Collection. A committee will be formed comprised of City Finance Commissioner, the City's Treasurer, City Administrator, and the Plan Coordinator which shall be charged with improving both the efficiency and rate of collection of the City's real estate taxes.
- Additional Revenue. The City shall explore additional revenue generating possibilities including the sale of towing rights and similar arrangements.
- Cable Franchise Fee. The City shall continue to ensure that its cable franchise fee is maximized. To this end, the City Solicitor shall review the existing agreement and make recommendations to City Council.
- Recycling. The City shall endeavor to maximize revenues from State Recycling Performance Grants.
- Garbage Fee. The City shall undertake an examination of its database and collection procedures for the garbage fee as soon as possible after the adoption of this Recovery Plan. Special emphasis shall be placed on the determination of vacant units, delinquencies, and units exempt from payments. A plan to meet these goals shall be completed by June 30, 2007.
- Delinquent Revenue Collection. As soon as possible after this Recovery Plan is adopted, the City shall initiate a more aggressive collection policy for delinquent fees and taxes. It is believed that the City may be able to recover additional amounts in both garbage and sewer fee delinquencies. Both efforts could have the additional and continuing benefit of keeping accounts current. To this end, in those cases where delinquencies exceed a "reasonable" amount, the City shall explore use of such techniques as referring delinquent accounts to the local magistrate, use of an independent collection agent, termination of garbage collection if possible, and the available water service termination for nonpayment of the sewage fee.

- Agency Collection. As soon as possible after the adoption of this Recovery Plan appropriate City officials including representatives of Council and the Recovery Plan Coordinator shall meet with the agents for the collection of City nonproperty taxes and sewer fee to discuss delinquency issues and collection policies and procedures.
- Data Base of Customer Lists. The City shall undertake an effort using appropriate software or outside entities to crosscheck its billing/customer lists for garbage and sewage fees. It shall also compare these lists with those of the school district, water company, and the Wyoming Valley Sanitary Authority, as well as with real estate, earned income, and other tax rolls. This shall be completed by October of 2007.
- Rental Ordinance Enforcement. All appropriate steps shall be made to ensure full enforcement of the City's rental ordinance. This item shall along with Code enforcement restructuring shall be given the highest priority and new improved procedures shall be in place by July 1, 2007.
- Tax Exempt Properties. By mid-year 2007, the City shall, in conjunction with its Treasurer, verify that all properties exempt from real estate taxation are entitled to the exemption. If any property is not entitled to an exemption—in the judgment of the City—it shall take appropriate action to end the exemption.

Actions Regarding Municipal Finance and Expenditures

- Contracted Professional Services. All contracted professional services shall be subject to a competitive RFP process and require formal written contracts. The RFP shall clearly define the service to be performed and the experience and qualifications needed, the time period for performance, and any other requirements that must be met. Following the receipt of the RFP the City shall review the submitted proposals and select the one that meets the best combination of qualifications, experience, and low cost.

- Utility Payments. In the past the City has been delinquent in meeting its utility obligations. Such payments shall be made on a timely basis and taking all possible discounts. The City shall seek a refund of its security deposits at the earliest possible date.
- Competitive Purchasing. The City shall maximize to the extent possible the purchase for all items through cooperative purchase agreements including the Mountain Council of Governments (COG) and the Pennsylvania Department of General Services or in conjunction with other governmental entities.
- Functional Consolidation. The City shall aggressively explore a variety of options for delivering and financing an appropriate level of services to its residents including merger, purchase of service, functional consolidation, and/or cooperative ventures. To this end, during the first quarter of 2007, the City shall meet with each of its neighboring municipalities, the Luzerne County Municipal Cooperation Commission, and the Mountain COG to discuss all such opportunities. The Recovery Plan Coordinator shall facilitate these meetings.
- Prior Obligations. The City shall give the highest priority to the satisfaction of any 2006 and prior obligations which may be outstanding. Should there be any dispute over the goods and/or services provided by a vendor, an effort should be made to immediately resolve the problem with appropriate legal guidance.
- Current Obligations. In order to protect the public health, welfare, and safety of its residents, the City shall remain current with all of its 2007 obligations and remain current in 2008 and beyond. Actions necessary to meet the City's obligations are consistent with the purpose and legislative intent of Act 47 which declares that it is a public policy of the Commonwealth 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 debt obligations when due; meet financial obligations to their employees, vendors, and suppliers; and provide for proper financial accounting procedures, budgeting, and taxing practices. Furthermore, failure to

remain current with its financial obligations can continue to erode the fiscal credibility of the City.

- General Municipal and Redevelopment Authorities. The Recovery Plan has projected expenditures of \$45,000 for each of the recovery plan years for the preservation and maintenance of buildings owned or managed by the General Municipal Authority. While the buildings are under the control of the Authority, the financing of the buildings relied upon the backing and guarantee of the City. As of early 2007, the General Municipal Authority will not have enough resources to heat and light the buildings, therefore, deterioration of a pledged asset may occur. The City shall review all contracts and loan covenants with both the General Municipal Authority and the Redevelopment Authority for the purpose of reducing any future municipal fiscal liability or exposure to default payments. Further, the City shall endeavor to appoint representatives to the Municipal Authority based upon their understanding of the fiscal relationships and responsibilities of the Authorities and the City.
- State Emergency Loan. Upon adoption of the Recovery Plan the City shall immediately take any further action necessary to convert the \$700,000 Commonwealth emergency loan to a ten-year interest-free Act 47 loan. Any balance which may remain from the proceeds of the \$700,000 emergency state loan after all obligations for 2006 and prior years are met shall be allocated for capital expenditures upon approval by the Plan Coordinator.
- Five-Year Capital Plan. The City shall develop a five-year capital plan detailing the priorities for the use of all capital funds in a manner consistent with the letter and spirit of this Recovery Plan. The capital plan shall identify and prioritize all capital needs, such as those related to its buildings and equipment, as well as its infrastructure—with emphasis on streets and the combined sewer system. The capital plan shall be developed by the end of the second quarter of 2007.
- Tax Anticipation Note. The Recovery Plan Coordinator recommends that if the City has not already done so, upon the adoption of its Recovery Plan, the City investigate the possibility of an RFP for a Tax Anticipation Note (TAN) for 2007. Such borrowing shall be made only

for cash flow purposes and shall be repaid by the end of August of 2007. The TAN will provide the necessary cash to make timely payments to employees and vendors in order to rebuild the City's fiscal credibility. Given the uncertainty of utilizing a TAN, it is not specifically listed in the financial projections. However, since it is repaid in the current year only the interest would be a net cost.

- Accounting/Record Keeping. Significant improvements to the accounting record keeping system need to be made. To this end, a specific set of policies shall be implemented in accordance with Schedule 4-1.
- Inter Fund Balances. Immediately after the adoption of the Recovery Plan the City Finance Officer, City Administrator, Finance Commissioner, in conjunction with the City Auditor and Plan Coordinator, shall review all interfund loans, advances, and other transfers. A plan shall be devised to eliminate all interfund balances as soon as reasonable.
- Budget Process. The City has improved the 2007 budget development process by involving the participation of Department Directors as well as the newly appointed Finance Director. For 2008 and thereafter this process shall be continued and improved by integrating the final council passed budget into the City's accounting and financial reporting systems. Any budgetary amendments shall be accomplished in conformance with the Third Class City Code and duly reflected in the budgetary accounting system of the City. Any such changes shall have proper documentation and proper timely notice to the Plan Coordinator.
- Financial Management. City Council is responsible for the financial management of the City under the Third Class City Code. This includes responsibility for contract authorization and monitoring, overseeing of revenues and expenditures, and the approval of the payment of all bills. To this end, a list of bills shall continue to be provided to members of Council in advance of the meetings at which they are to be approved. City Council shall also ensure those who initiate purchases, incur obligations, and approve the payment of bills are authorized to do so in keeping with the Third Class City Code. However, Council shall give general authorization for the payment of payroll expenditures, utility bills, debt service

payments and related items prior to the Council meeting so as to avoid missing discount periods and to meet these prescheduled payments.

- Monthly Financial Statements. City Council shall be provided monthly financial statements at its regular scheduled Council Meeting which shall list by line item and in summary the previous months and year to date incurred revenues and expenditures along with a comparison of budgeted allocations.
- Federal Debt Remedies. The Recovery Plan Coordinator concluded that at this time the conditions set forth in Section 261 of the Act do not exist and specific exclusive Federal remedies are not needed to help relieve the City's financial distress. Therefore, filing a Federal debt adjustment action under Subchapter D of the Act is not appropriate at this time.
- Council Work Sessions. As soon as possible in 2007, City Council shall dedicate one work session per month to reviewing recovery plan implementation and related issues.
- Pension Administration. As soon as possible after the adoption of its Recovery Plan, the City shall meet with the Pennsylvania Municipal Retirement System (PMRS)—along with the Recovery Plan Coordinator—to explore additional opportunities for providing pension benefits and administering its pension system in a more cost-effective fashion. Concurrently, the City shall meet with its pension management services consultant in order to explore any alternatives for a more efficient pension management system.
- Purchasing. The purchase of materials and supplies shall be carried out in a manner consistent with the Third Class City Code including all bidding requirements.
- Utility Upgrades/Cost Control. As soon as possible after the Recovery Plan is adopted the City shall meet with its provider of electrical and telephone service (and any alternative vendors)—with the Recovery Plan Coordinator present—to determine if such services are being provided in the most cost-effective manner.

- Insurance Coverage. The City shall review its existing insurance coverage for the immediate policy year subsequent to Plan adoption in order to ensure that it has adequate coverage including applicable liability coverage required pursuant to its Collective Bargaining Agreements. The City shall work with the Recovery Plan Coordinator to develop specifications for the City's insurance coverage and to develop a Request for Proposal (RFP) to be used to solicit proposals for supplying insurance services in future years. The contract for insurance coverage should be awarded on the basis of competitive proposals from qualified vendors. Of particular concern is a reduction in the City's Workers Compensation premium by obtaining insurance coverage outside the State Workers Insurance Fund (SWIF). To this end, the City's compensation claims and experience need to be improved.

Actions Regarding Cost Containment

The following are the labor relations, cost containment, and related provisions of the City of Nanticoke Recovery Plan. They become effective as of the date of the plan's adoption. They cover the remainder of 2007 as well as the period 2008-2009 and beyond **provided that the terms and provisions of any existing collective bargaining agreement shall be followed for the remainder of each Collective Bargaining Agreement's current period.**

These cost containment provisions are both reasonable and necessary to the fiscal recovery of the City. It is the intention of the City to negotiate these cost containment provisions with the bargaining unit representatives of its employees in good faith. However, to the extent that the City is unable to reach agreement with any of its Unions, resulting in interest arbitration or other legal proceedings, it is the express intention of the City that the implementation of these cost containment provisions is mandatory. All costs containment provisions must be addressed. The only exception to the mandatory intent and nature of these provisions will be by amendment to said provisions, based upon approval from the Coordinator, in conjunction with the Pennsylvania Department of Community and Economic Development. Any such change must be in conformance with the financial parameters of the Recovery Plan.

Cost Containment Provisions Applicable to all Employees and Departments and Offices

- Benefits. All benefits or payments in lieu of benefits provided to municipal employees shall be clearly defined in resolutions duly adopted by City Council if they are not part of collective bargaining agreements.
- Timely Payments. The City shall make all required payments to its employees pursuant to collective bargaining agreements in a timely manner.
- Union Dues. In each collective bargaining agreement the City shall be held harmless and indemnified by the bargaining unit for the collection of union dues pursuant to each respective collective bargaining agreement.
- Management Rights. The City shall have the right to determine the organizational structure and operation of each Department including, but not limited to, the right to determine and change job duties for each position, the right to determine and change schedules for each employee, and the right to assign work to any employee. Any provision in any collective bargaining agreement which is inconsistent with, or which interferes with, the rights of the City as set forth above, shall be eliminated to the extent of such inconsistency or interference, and the City's management rights, as set forth above, shall not be the subject of any grievance procedure or arbitration clause in any collective bargaining agreement between the City and any of its unions.
- Prohibition of Parity. There shall be no parity clause(s) linking wages, benefits, conditions or term of employment between any or all of the City's collective bargaining agreements.
- Merger/Consolidation of Municipal Functions. Nothing in any collective bargaining agreement shall preclude or limit the City from entering into any agreement with any other entity to merge or consolidate any of its municipal functions or operations.
- Personnel Costs—Wages. For each collective bargaining unit the annual wage increase for its members shall not exceed the schedule list below:

First year after existing contract	\$ 0
Second year after existing contract	\$800
Third year after existing contract	\$800

- Fair Labor Standards Act. All collective bargaining agreements and labor practices including but not limited to the payment for overtime pay, holiday pay, court pay, compensatory time, and calculation of base pay, per the defined normal work period, shall be in conformance with the Fair Labor Standards Act.
- Paid Leave. There shall be no increase or improvement in any form of paid leave. The scheduling of vacation, holidays, and personal days shall be balanced and evenly distributed throughout the year in such a manner as to preclude the need for overtime. The City shall adopt and strictly enforce an aggressive management/supervisory oversight policy covering all types of leave (sick, family, bereavement, etc.).
- Vacations. Annual vacation shall be scheduled and used during the year for which it is earned. If, due to operational reasons, emergencies, and/or scheduling difficulties, leave cannot be used within this time period, said leave may be carried forward into the next calendar year for a period of three (3) months. Carryover leave not used within the first three (3) months of the subsequent year shall be lost. In order for an employee to carry over leave, the written approval of the respective department head and the City Administrator shall be required. The City Administrator in consultation with the department heads shall establish standards and guidelines for granting such approval.

No vacation time shall be earned by an employee who is on extended leave because of injury, sickness, personal days, or holidays which would result in the employee being paid for more than 52 weeks in a year. There shall be no duplication of any form of paid leave or accrual of paid leave for the same period of time.

Upon the termination date for each collective bargaining agreement in effect as of the date that the Recovery Plan is adopted, the total number of vacation days provided to any employee shall not be greater than per the schedule below:

Greater than one but less than five years of service	14 Vacation Days
Greater than five but less than 15 years of service	17 Vacation Days
Equal or greater than 15 years of service	20 Vacation Days

- Uniform allowances. Uniform allowances shall not be greater than the amount specified in the respective collective bargaining agreements in effect as of the date of the Recovery Plan. The City and the Bargaining Unit shall agree on a list of items which may be purchased under the uniform allowance.
- Sick Days. Full-time employees hired on or after the termination of each existing contract, shall earn the lesser of one sick day per month beginning the first day of the month following the date of hire or that specified in the collective bargaining agreement. An employee will be entitled to accumulate the lesser of 120 days or that specified by a collective bargaining agreement. Employees may earn sick days only while on active pay status (i.e., when an employee is actually working and not on any form of leave—paid or unpaid in excess of 30 calendar days.)
- Holidays/Personal Days. Upon the termination date for each collective bargaining agreement in effect as of the date that the Recovery Plan is adopted, the total number of paid personal days and holidays provided to any employee shall not be greater than 10 days. Further, no holiday payment shall be in excess of two and one-half times that of the normal daily rate.
- Holidays/Vacation Entitlement. Employees will not be entitled to payment for any holidays/personal days which occurs after their retirement, discharge, or layoff date. Further, at the time of discharge, retirement, or layoff an employee shall be entitled to vacation pay only if the employee is currently on active pay status.

- Health Insurance Benefits. Beginning after the termination of each existing contract, each employee shall share equally in any future cost increase in the employee portion of any health care, vision care, or dental care premiums, paid for by the City. Further, each employee who has health care, vision care, or dental care premiums paid by the City in excess of the premiums which are paid for a single employee, shall pay ten percent of the difference between the total premiums cost and the costs attributed to that paid for a single employee.
- Health Care Committee. There shall be created a health care committee made up of one representative from each bargaining unit, the City Administrator, the City Finance Director, and two Councilpersons. The Committee's purpose shall be to examine alternative and less costly health care options. The Committee shall be purely advisory.
- Post Retirement Health Care Benefits. Beginning after the termination of each existing collective bargaining agreement, no post retirement health care benefits shall be paid to any newly hired employees. Beginning after the termination of the existing contract period any employees who are entitled to post-retirement health care benefits under the contract in force at the time of the Recovery Plan adoption shall contribute an amount equal to the amount paid by the working employee.
- Pension Requirements. All collective bargaining agreements shall fully comply with the Third Class City Code, other applicable laws, the opinions of the Pennsylvania Auditor General and Pennsylvania Attorney General with regard to the qualifications of participants for receipt of benefits and the basis and calculation method for such pension benefits. During the term of this Recovery Plan no new benefits and no improvements in existing benefits shall be made to any and all existing Pension Plans. In addition, no changes may be made to such pension plans with regard to pension eligibility.
- Regular Part-time Employees. The City has been able to come to an accommodation regarding part-time employees with the Fire Bargaining Unit. Through negotiations, this arrangement for the use of part-time personnel shall be increased. However, in the absence

of an agreement to increase the use of regular part-time employees with the Fire Unit or any other bargaining unit, the City shall have the right to hire regular part-time employees. Regular part-time employees shall be used or scheduled in such a fashion so as to virtually eliminate the need for nonemergency overtime within the City. Regular part-time employees shall be part of the applicable bargaining unit, and regular part-time police and firefighters will be hired through Civil Service procedures. Regular part-time employees may be scheduled at any time but shall not be scheduled to work more than 35 hours per week (42 hours per week for firefighters), except for court time, training, and in cases of emergency. Regular part-time employees may be used to replace a full-time employee who is absent from work for any reason. In this regard, the City shall have the right to change the schedules of regular part-time employees, for any reason, or to use regular part-time employees as “on call” replacements for full-time employees.

The City shall have the right, in its sole discretion, to determine the starting wages and job duties of regular part-time employees. **The City shall not hire regular part-time employees which would displace any existing full-time employees.** Qualified part-time employees shall be considered for full-time positions which the City decides to fill through the job posting procedure. In cases of layoffs, all regular part-time employees within a job classification shall be laid off first, according to their reverse seniority, before full-time employees are laid off within the same job classification.

Regular part-time employees shall not be eligible for any form of employee benefits or paid leave.

- Elimination of Minimum Manning Upon Expiration of Current Collective Bargaining Agreement. Any provision of any collective bargaining agreement between the City and any of its Unions concerning minimum manning requirements for any particular bargaining unit, shift, platoon, job classification, specialization, or position shall be eliminated. The City shall have the sole right to determine the number of personnel employed and utilized by the City. Further, the City shall have the right to layoff any employees for economic or any other reasons, without limitation.

- No “No Lay-off Clause.” There shall be no clause or provision in any collective bargaining agreement which prohibits or limits the City’s right to layoff any employee.
- Subcontracting Clauses. There shall be no provision in any future collective bargaining agreement which prohibits or limits the right of the City to subcontract any service, function, or activity.
- Sick Leave/Doctors Evaluation. Any employee who is off work as a result of any illness or injury for more than three consecutive work days or who exhibits a pattern of possible sick leave abuse shall be required to furnish, at the employee’s expense, a doctor’s certification concerning the nature of the illness or injury. In addition, the City may, at its discretion, order an evaluation of the employee’s condition by medical personnel of the City’s choosing at the City’s expense.
- Elimination of Past Practices. Effective with each new collective bargaining agreement, any provision or clause in any collective bargaining agreement which protects past practices, or any rights which are not specifically set forth in the collective bargaining agreements, shall be eliminated. The Unions shall be given the opportunity to identify and negotiate any specific practices or rights which they would like to preserve and have included in future collective bargaining agreements.
- Grievance Procedures. All grievance procedures in any future collective bargaining agreement shall be amended to include a provision that requires the following as part of the initial filing of any grievance:
 - a. Specific identification of nature and all details concerning the grievance in question.
 - b. Specific identification of the section of the collective bargaining agreement which has been violated.
 - c. Specific remedy requested including the section of the collective bargaining agreement which authorizes the remedy requested.
 - d. The grievance must be filed within a 7-day period following the first occurrence giving rise to the grievance.

- e. All grievance procedures which cannot be settled by the City and the Bargaining Unit shall be appealed to Pennsylvania Bureau of Mediation.
 - f. In any grievance procedure each party shall be responsible for the payment of their own legal costs.
 - g. The City will have no duty to process or arbitrate any grievance which does not comply with these requirements.
- Progressive Discipline. The City shall generally follow a policy of progressive discipline for all employees. However, no collective bargaining agreement shall preclude the use of non-progressive substantive discipline including time off without pay and discharge for egregious behavior. Such behavior shall include, but not be limited to, criminal activities, theft and acts of violence.
 - Drug and Alcohol Testing. The City shall have the right to establish and implement a policy requiring a drug and alcohol test prior to employment with the City and providing for random drug and alcohol testing for current employees.
 - Modified Duty. Employees who are partially disabled because of a work- or nonwork-related injury or illness and who are unable to perform their regular assigned duties shall be required to report for “modified duty” based on medical documentation provided by a physician designated by the City. Modified duty hours shall be consistent with the regular City Hall hours—9:00 a.m. to 4:00 p.m. Monday through Friday. Modified duty shall be limited to a maximum of twelve months from the date the injury occurred or illness began.
 - Workers’ Compensation. An employee who suffers a work related accident, injury, or illness shall follow the procedures developed by the City Administrator unless governed by the State Workers’ Compensation Act. Such procedures shall be developed for the City by the City Administrator, in consultation with the City’s Insurance Company and other advisors including legal counsel not later than December 1, 2007, and shall include, but not be limited to, a mandatory drug and alcohol test upon having a work-related accident or incurring a work-related injury. The City shall use its insurance company to administer and coordinate

the Workers' Compensation program. The City shall make the initial determination concerning whether the injury or condition in question is work-related before paying any benefits. Should any claim be determined to be compensable then the City in conjunction with its risk manager shall review each claim at least every 90 days.

- Absence Report. Employees must record any vacation, sick, personal, jury, or bereavement leaves on an Absence Report form and submit a copy to the Department Director.
- Job Descriptions. The City shall have the right to re-evaluate and modify job descriptions for all employees. Job descriptions shall include an enumeration of appropriate knowledge, experience, and qualifications in order for an employee to be eligible for hire or promotion. The City shall have the ability to conduct desk audits to establish the duties being performed by various positions and how such duties may be more efficiently distributed.
- Training. Any and all training for any employee shall be subject to City approval.

Cost Containment Provisions Applicable to Clerical Bargaining Unit

- Clerical Job Duties. The City employs a number of administrative clerical/support staff who provide financial, accounting, word processing, filing, and related clerical duties for various municipal functions. A number of functions appear to need additional support and other tasks may be either redundant or performed more efficiently with automated approaches. Therefore, for 2007 City shall re-evaluate these clerical job tasks.
- Manpower. The present workforce complement may have their duties reassigned as needed.
- Length of Workday. The normal paid workday shall be equal to 8 hours which shall include one hour of paid lunchtime.
- Job Description. New job descriptions shall be developed in conformance with realigned duties and applicable collective bargaining agreements.

- Straight time/Overtime. Payments for time worked in excess of 35 hours per week but not more than 40 hours in a week will be paid at straight time for nonexempt employees. Overtime shall be paid only for work in excess of 40 hours in a week for nonexempt employees. No overtime shall be worked unless there is prior approval by the immediate supervisor.
- Restructuring and Cross-Training. In an effort to improve the workflow within the City, the City shall have the right to restructure duties and require cross training of employees.

Cost Containment Provisions Applicable to Police Bargaining Unit

- Staffing and Organizational Structure. The City shall have the sole right to organize its Police Department in order to effectively and efficiently provide police protection for its citizens. All issues and matters are reserved to the City's management right to decide the organization, structure, and operations for the Police Department including but not limited to manpower levels, shift scheduling, authorization of overtime patrol and detective organization.
- Police Longevity Effective January 1, 2009, longevity pay shall be prohibited for all police employees hired on or after January 1, 2009.

Effective January 1, 2009, longevity pay for all police employees hired on or before December 31, 2008, shall be capped at the rate in effect as of December 31, 2008, if such rate shall be ten percent or greater. Effective January 1, 2009, for those police employees who are at less than the ten percent longevity rate, longevity shall be calculated at a rate of one-half percent per year of service up to a maximum rate of ten percent.

- Shift Schedules. The City shall have the sole right to determine both shift schedules and manpower per shift. No later than July 1, 2008, the Chief of Police in conjunction with the Mayor shall determine the schedules and manpower requirements to be effective January 1, 2009. Such schedules may be altered at any time with 14 days notice or in case of

emergency. The Chief shall consider as input for such changes demand for police response as obtained from the crime tracking database.

- Court Time. The City shall have the right to adjust or change the scheduled work hours of an office to ensure attendance at any required judicial or administrative proceedings relating to, or arising from, the performance of his/her duties. Such action will minimize the use of required court appearance overtime, which takes place outside the officer's regularly scheduled work shift. In no case shall officers be permitted to pyramid court-related appearances in order to receive additional pay or compensation.
- Management Positions. The City shall create new job descriptions for existing management positions within the Police Department including the Chief. The Chief's position shall be given supervisory and decision-making authority including, but not limited to, involvement in collective bargaining proposals and labor relations matters on behalf of the City. The Chief's position shall be excluded from the applicable bargaining unit upon the expiration of the current Collective Bargaining Agreement. The City shall file a unit clarification petition with the Pennsylvania Labor Relations Board in order to exclude the Chief's position from the bargaining unit, if necessary.
- Leave Policy. An appropriate policy relative to the maximum number of personnel per shift who can be on leave simultaneously shall be developed by the Chief of Police in keeping with the determined shift schedule.

Cost Containment Provisions Applicable to Fire Bargaining Unit

- Fire Department Personnel. Currently, all career personnel including the Fire Chief are members of the bargaining unit and are covered under agreement between the City and Local 2655 of the International Association of Firefighters. The agreement is a multi-year agreement and is set to expire in December of 2008. The agreement is comprehensive in nature and includes the definitions of firefighter working conditions, fringe and other benefits. To some degree the agreement impacts the direction and operations of the

department, thus limiting the City's ability to be flexible in providing optimum fire and rescue services during times of severe financial crisis.

- Organization and Scheduling. The City shall have the sole right to organize its Fire Department in order to effectively and efficiently provide fire protection for its citizens. All issues and matters are reserved to the City's management right to decide the organization, structure and operations of the Fire Department including, but not limited to, the number and location of fire stations, the temporary and permanent closing of fire stations and companies, and the authorization and scheduling of overtime.
- Fire Longevity. Effective January 1, 2009, longevity pay shall be prohibited for all Fire employees hired on or after January 1, 2009.

Effective January 1, 2009, longevity pay for all fire employees hire on or before December 31, 2008, shall be capped at the rate in effect as of December 31, 2008, if such rate shall be ten percent or greater. Effective January 1, 2009, for those Fire employees who are at less than the ten percent longevity rate, longevity shall be calculated at a rate of one-half percent per year of service up to a maximum rate of ten percent.

- Management Positions. The City shall create new job descriptions for the existing management positions of Chief and Deputy Chief within the Fire Department. Said management positions shall be given supervisory and decision-making authority including, but not limited to, involvement in collective bargaining proposals and labor relations matters on behalf of the City. The position of Chief shall be excluded from the applicable bargaining unit upon the expiration of the current Collective Bargaining Agreement. The City shall file a unit clarification petition with the Pennsylvania Labor Relations Board in order to exclude said management position from the bargaining unit, if necessary.
- Fire Chief Work Schedule. The City shall explore the use of the Fire Chief's work schedule to perform a 40 hour/8-5 administrative position.

- Code Enforcement Duties. Better utilization of firefighters shall be developed for firefighting prevention, suppression and educational activities. In particular, a firefighter's expertise should be utilized for code inspection type activities as they relate to fire prevention activities, including a more effective rental property inspection program. To this end, the City Administrator, along with Chief and relevant councilpersons and firefighters, shall develop a revised and effective program for firefighter utilization.
- Shift Schedule. The City reserves the sole right to determine the shift schedule for this department subject to meeting and discussing any change with the bargaining unit. The City shall explore alternative shift schedules including the number of hours worked per shift.
- Restrictions on Volunteer Response. The current operational system defined in the collective bargaining agreement places limitations on the response area for volunteer firefighters. This practice decreases both the manpower complement and efficiency of the department. This provision shall be eliminated. The City shall have the sole determination of volunteer firefighter utilization upon expiration of the current collective bargaining agreement.

Cost Containment Provisions Applicable to the Public Works Bargaining Unit

- Re-evaluation of Public Works Department. There is a question whether the Public Works Department will be able to meet the challenges facing the City during the Recovery Plan period. In 2006, the City began to institute Public Works departmental management and operational changes. Assuming further progress is possible, the City shall continue to maintain its existing Public Works operation. However, the City in conjunction with the Plan Coordinator shall reevaluate the department's effectiveness in early 2008.
- Shift Schedule. The City reserves the sole right to determine the shift schedule for this department subject to meeting and discussing any change with the bargaining unit.
- Subcontracting. The City shall retain the sole right to contract out any Public Works service, function, or activity in order to carryout its responsibilities to the citizens of Nanticoke in the

most efficient and cost-effective manner possible. The City shall investigate such alternative means of service delivery.

- Seasonal Work. To the greatest extent possible, all grass, weed, and related type work shall be done by seasonal employees and **not** full-time public works employees.
- Part-Time Work. To the greatest extent possible, the City shall use part-time personnel rather than overtime to meet any additional workload. In particular, any extended medical or workers compensation leave shall be met by part-time employees rather than overtime. Such part-time employment shall be in conformance with the general part-time employment recommendations of this plan.
- Building Maintenance. The City's Superintendent of Public Works in conjunction with the City Administrator and Building and Grounds Commissioner shall immediately explore the contracting out of cleaning and minimal maintenance for City Hall/Police Station and the Senior Citizen's Center. The cost for the latter facility shall be considered in the calculation of future rental charge.
- Peer Review. In general, after a DCED sponsored peer-to-peer review, the Public Works Department shall emphasize basic maintenance. Major repairs shall be contracted out unless there is ample evidence that in house repairs can be done more effectively and not interfere with critical roadway maintenance.
- Organizational Structure. The City reserves the sole right to determine its organizational structure for the Public Works Department.

Actions Regarding Police Operation

- Police Facility. Immediately upon the adoption of the Recovery Plan, the Chief of Police in conjunction with the City Administrator and any appropriate consultants shall devise a plan for ingress and egress of the police station by a police officer with a prisoner during the time that the normal ramp access is not usable.

Immediately upon the adoption of the Recovery Plan the Chief of Police in conjunction with the City Administrator, a consulting engineer or electrician and the Director of Public Works shall determine a plan to provide back up emergency power to the Police Station. In the event such power cannot be provided or the cost is prohibitive, an alternate emergency police headquarters operation plan shall be put into place.

Immediately after the adoption of the Recovery Plan the Chief of Police along with the appropriate officers shall investigate the various alternatives available to acquire a crime tracking/reporting automated system. Such system shall have as data elements: type of crime, location, date of occurrence, time of occurrence, etc. By April 1, 2007, the Chief shall report its recommendations for the type of system to be acquired to the Mayor, City Council, and the City Administrator. Concurrently, the City shall make applications for a federal or state grant to fund such a system.

- Police Log. In coordination with, or as part of the crime tracking automated database, the department shall create a daily patrol officer police log system. The system shall be, to the most reasonable extent possible, an automated system.
- Magistrate Hearings. The cost of court time, the time an off duty officer must spend in court or at a magistrate hearing, is very significant. This cost appears to have increased with the advent of the “central magisterial processing.” The Chief, City Administrator, and Mayor shall explore alternatives to the present system with the goal of cost reduction.
- Regional Police. The City shall continue to aggressively explore alternative policing arrangements with special emphasis on the creation of a possible regional police commission through the City’s cooperation with the Luzerne County Municipal Cooperation Commission.
- Budget Participation by Police Chief. With the advent of the 2007 budget cycle, the Chief of Police was invited by City Council to give input into the proposed 2007 budget. This practice of departmental finance supervision needs to be continued and enlarged. Effective

upon the adoption of the Recovery Plan the Chief shall be provided with a monthly financial report which compares actual to budget monthly expenditures. Further subsidiary reports as needed (and as accounting improvements are in place) shall be made available to the Chief. The Chief with the guidance of the City Administrator and the Mayor shall have full knowledge of all expenditures incurred by the Police Department.

- Annual Report. Beginning in January 2008 the Chief shall appoint a committee of supervisors and officers to develop data for an annual police report. Not later than April 1, 2009, the Police Department shall issue an annual report for 2008.

Actions Regarding Fire Operation

- Master Planning. A master planning process should be established that addresses the future needs of the department for the next 5-10 years. The plan should be comprehensive in nature and identify the type and severity of fire risk found within the community, the accepted level of service approved by the governing body, and a method of measuring the effectiveness of services and programs through the use of service delivery benchmarks. Currently, the department does not have in place any form of a strategic or master plan.
- Vehicles. The City's two newest fire vehicles appear to be in very good condition. However, its third vehicle is in need of replacement and grant funds are being pursued by the City. High priority should be given to funding a third vehicle. It is essential to provide first-rate preventive maintenance on the vehicles. Efforts shall be made to meet reasonable fire equipment needs including those related to general communications and the compatibility of fire radios with other public safety providers, protective clothing, fire hoses, and appliances.
- Apparatus Plan. The City shall develop a multi-apparatus plan to insure that no front-line vehicle is more than 20 years old, and implement a preventative and regular maintenance program. Financing for any items shall be developed in conjunction with the overall Capital Improvement Fund for the City.

- Leasing Fire Equipment. The City shall consider abolishing the current practice of entering into apparatus leasing agreements. All apparatus should be purchased using City Capital Improvement Fund resources and utilizing consistent apparatus specifications.
- Volunteer Effort. In recognition of declining participation in volunteer fire efforts the City shall engage in a formal volunteer fire fighter recruiting and retention program and form a recruitment/retention committee within the fire service. Given that this is a problem which is not unique to Nanticoke City and likely shared by many of its neighbors, the City should also approach the neighboring communities by April 1, 2007, with a view to addressing this issue on an area wide basis. The City shall cooperate in this activity with the Luzerne County Municipal Cooperation Commission.
- Fire Station. The Fire Chief, in conjunction with appropriate staff, Commissioner of Fire, the Code Enforcement Officer, and Superintendent of Public Works, shall review each fire station in order to determine what repairs and/or improvements are needed. Recommendations for immediate repairs shall be made to the City Administrator no later than August 1, 2007, for inclusion in the City's 2008 Capital Plan/Budget. Policies for daily and weekly cleaning and maintenance by on-duty personnel shall be developed and implemented no later than June 1, 2007. The Fire Chief, in conjunction with the Code Enforcement Official, shall insure that the fire station meets current building, fire, and related codes and standards as adopted by the City. Long-term recommendations dealing with overall structural improvements for each station shall be made to Council no later than August 1, 2008 for inclusion in the 2009 Capital Plan/Budget and shall be addressed in the Fire Department's master plan.
- Regional Fire Department. Building on the analysis of Second Response and Mutual Aid the City shall begin to explore the development of a regional firefighting organization in cooperation with the Luzerne County Municipal Cooperation Commission.
- Service Analysis. The Fire Department should begin measuring its effectiveness through the practice of benchmarking including the following:

- Cost of service per capita
 - Area served per capita
 - Percentage of fires contained to the room and floor of origin
 - Percentage of fires contained to the building of origin
 - Average response times for fire and EMS responses
-
- Annual Report. The Nanticoke Fire Department already produces various statistical data relevant for the management of fire operations within the City. Analyses of this data along with its presentation to the public and City Council would be extremely informative. The Fire Chief should set up a committee of paid and volunteer firefighters to provide a 2007 annual report by early 2008.

 - Command Structure. The command structure of the fire department shall be reevaluated. Therefore, not later than September 1, 2007, the Fire Chief shall appoint, in addition to himself, a representative of the paid firefighters, volunteer firefighters, City Administrator, and Fire Council Commissioner to review the situation.

 - Training. The Nanticoke Fire Department already engages in regular training for firefighters. The Recovery Plan recommends that within the limits of time and financial resources additional training regimens be implemented.

 - Emergency Management. The City Administrator in conjunction with the Mayor, Commissioner for Fire, the Police Chief, and the Fire Chief should initiate a review of the City's Emergency Management System. Special emphasis shall be on lead coordinators, an Emergency Management headquarters, training and control. A final report should be made to City Council by the end of 2007.

 - Fire Hydrants. The City needs to examine the method for the use of fire hydrants. The City needs to develop a program to inspect the fire hydrants at least twice a year using the guidelines of the ISO and the American Water Works Association.

- Record Keeping. The City shall implement policies to insure the accountability of all personnel including hours worked, annual leave, and sick time. A broader use of software programs recently obtained by the department will greatly improve the management and tracking of department and personnel records. Shift supervisors should have the responsibility of proper recordkeeping on their respective shifts.
- EMS Integration. The City should examine including EMS as an integral component of the community's future fire department master planning and consider any future regionalization and/or integration of area fire and rescue services.

Actions Regarding Public Works Operation

- Park Maintenance. As early as possible in 2007, the City shall explore the possibility of getting voluntary organizations to maintain Lower Broadway Park. Such action will relieve manpower pressure on the Department and begin forming public growth in civic awareness.
- Training. As soon as possible after the adoption of the plan, a training program shall be developed and instituted in conjunction with the DCED sponsored peer-to-peer program on basic road maintenance, safety, and related practices.
- Municipal Garage. The City shall begin to develop plans for a useable municipal garage possibly in conjunction with neighboring municipalities. In the interim, the City shall provide minimal facilities for such a facility which include basic power, running water, toilet facilities for its public work crews as well as keeping equipment under roof. The City will explore rental of such a facility as a short-term solution.
- Vehicles and Equipment. As soon as possible after the adoption of its Recovery Plan the City shall review its vehicle stock and related equipment and determine whether all equipment has a useful purpose and should be retained. There is a cost associated with keeping equipment, and if it doesn't have a productive use it should not be retained. Eliminating pieces of equipment will reduce insurance costs and perhaps other costs as well. If the sale of City equipment is to occur, the City shall contact other local municipalities and

the Mountain COG to determine if a joint sale of equipment with other local municipalities is feasible.

- Snow Plowing. Beginning immediately, the Superintendent of Public Works along with the City Administrator and the Streets Commissioner shall implement a snow plowing and snow removal program including such items as an employee call out plan, snowplowing street plan, and use of third party contractors, and shall seek input from the peer-to-peer advisor.
- Refuse Collection. The City shall continue to contract out its collection of refuse to a third party contractor. The total cost of the collection contract effort as well as relevant personnel administrative costs shall be met as much as possible by the City's garbage fee.
- Salt Storage. Until such time as the City's salt storage can be placed under cover the City shall investigate the possibility of alternative storage sites in close proximity or sharing storage capacity with a neighboring municipality.
- Pave Cuts. The City shall appoint an entity to be responsible for the issuing of permits, collection of permit fees, and the inspection of pavement cut restoration. Further, the cost of such permitting and inspection shall be reimbursed to the City as part of the basic pave cut fee. The City shall give due consideration to contracting out this function.
- Third Party Contractors. All third party contractors shall provide periodic reports to the City and such reporting shall be a condition for any contract.
- Street Light Purchase. The City shall begin to investigate its options with respect to the purchase of streetlights from UGI. Such an acquisition has both advantages and disadvantages; however, it may after careful review, be beneficial. During 2007 the City Council shall set up a committee to look into this process. The Committee shall include the City Engineer as well as the Plan Coordinator and the City Solicitor.

- Yard Waste. The City Administrator, DPW Superintendent, and Street Commissioner after consultation with DPW employees shall consider various strategies for dealing with the collection/disposal of yard waste.
- Record Keeping. In an effort to institute a basic record keeping system, immediately upon plan adoption, each public works employee shall complete and sign a daily time sheet which shall list by workday hour, the project task, and location and vehicle/equipment utilized. Such daily sheets shall be reviewed by and signed by the supervisor. The data from these sheets shall be recorded in spreadsheets for future analysis. Existing clerical staff shall be appointed to assist in this task. During 2007 the City shall consider the possibility of using more sophisticated data gathering techniques including specialized software.
- Signage. Street signage shall continue to be the responsibility of the Public Works Department. In the first quarter of 2007 the Superintendent of Public Works, the City Administrator, the Public Works Street Council/Commissioner shall meet with Penn DOT and the City's peer to peer consultant to ensure that street signage is in conformance with Penn Dot's requirements. A report to City Council shall subsequently be provided. Starting as soon as possible in Spring of 2007 implementation of replacement signage shall be initiated. Any available grants to assist in the replacement costs shall be applied for by the City.
- Sewer Lateral Lines. The City Council shall set forth in an ordinance the policy on the responsibility for the maintenance of lateral sewer lines.
- Catch Basin Maintenance and Repair. The cleaning, maintenance, and repair of catch basins, and manholes shall be the responsibility of the Public Works Department. To this end, necessary equipment shall be procured or rented such as vacuums from the Wyoming Valley Sanitary Authority or private rental entities.
- Catch Basin Inventory. The Superintendent of Public Works in conjunction with the Public Works Department personnel shall begin an inventory of catch basin sites necessary for

replacement. Such an inventory shall be initiated during the spring of 2007. The Superintendent in conjunction with the City Administrator and Street Commissioner shall recommend to City Council whether replacement shall be performed by City personnel or third party contractors. Recommendations shall also be made on the type of construction and the material to be used.

Code Enforcement

On December 4, 2004, the City adopted a code of ordinances. The comprehensive code covers all topics, one ordinance and a summation of prior ordinances. The City's Code of Ordinances, however, identifies several key sections with the wording "reserved to accommodate future enactments." There are no ordinances or descriptions in the following sections: buildings, grading and excavating, libraries, mobile home and mobile home parks, parks and recreation, planned residential development, signs and billboards, swimming pools, trees, and water.

The section on housing carries forward regulations adopted in the 1970s and 1980s. Very few exist in the 1990s and none thereafter.

The City adopted the "BOCA National Building Code, Thirteenth Edition, 1996" as published by the Building Officials and Code Administrators International, Inc., as the building code of the City of Nanticoke in the Commonwealth of Pennsylvania; for the control of buildings and structures as well as each and all of the regulations, provisions, penalties, conditions and terms of said BOCA National Building Code.

This same Code of Ordinances has a section on zoning that contains the following: purpose (as required by the Commonwealth under Municipality Planning Act 247), compliance, definitions, general regulations, district regulations, conditional uses, special exceptions, zoning, board hearings, enforcement, and amendments.

All of the ordinances in all of the sections site ordinances adopted in 1993 and carried forward.

A property maintenance code was enacted. It was adopted from the "International Property Maintenance Code, First Edition, 1998," as published by the Building Officials and Code Administrators International Inc., the International Conference of Building Officials and the Southern Building Code Congress International, Inc.

Nanticoke has building and zoning permit applications and fee structures online. The updated list of ordinances includes those on swimming pools, animals, and nuisances.

No references are made to the PA Uniform Construction Code in the Code of Ordinances or on the city website. Staff was unaware of any standard operating procedures except that the inspectors are part-time for the city.

It is required that the City remains as an “opt-in” municipality under the PA Uniform Construction Code (PA UCC),

Based on these findings, the City needs the following (but is not limited to): completion of a new comprehensive plan to include neighborhood plans; economic and community development strategy; review of zoning ordinances; review of building, construction, and property maintenance code; development of a more effective organization structure and job descriptions for community and economic development personnel; and standard operating procedures for grants administration, code enforcement, construction permit (in concert with PA UCC).

Actions Regarding Code Enforcement Operation

- Code Enforcement. The Early Intervention Program enumerated a number of fundamental recommendations on improving code enforcement zoning and city planning. The Plan Coordinator in its review shares the view that, at a minimum, many of these recommendations should be implemented. However, it appears that the entire system of code enforcement needs to be completely restructured from the ground up. All of the following areas are in need of action:
 - The City shall immediately contact the DCED PA UCC Representative to assist in the City’s compliance in all respects to the PA Uniform Construction Code (PA UCC). Such activities shall include any necessary peer-to-peer cooperation with City employees.
 - The City shall remain as an “opt in” municipality and it shall be required that the City adopt the PA Uniform Construction Code.
 - Any individual administering the provisions of the PA UCC must be licensed and certified under the provisions of the PA UCC.

- The City shall hire a full-time Code Enforcement Officer by June 1, 2007, to administer the City’s property maintenance code.
- Development of an adequate data base of housing – especially for rental units
- More effective scheduling and performance of inspections
- Capturing data on inspections and then utilizing it
- Better use of manpower for various inspections
- Accurate accounting of fees paid by type of inspection
- Follow up on inspections and any fee delinquencies
- Determination of costs to established appropriate fee structures
- Enforcement of non compliance with inspections
- Reporting to City Council on both activities performed and problem areas
- Recommendations to City Council on necessary ordinances to promote good code enforcement
- Move to multi department comprehensive code enforcement

Therefore, immediately upon adoption of the Recovery Plan the City Council shall appoint a Committee chaired by the Commissioner for Code Enforcement to develop specific policies for the restructuring of Code Enforcement. As a starting point the Committee will make use of the EIP recommendations as well as other sections of the Recovery Plan. Initial steps to restructure this function shall be in place by April 1, 2007.

Action Recommendations for Management

- Administration. Within one month after the adoption of the Recovery Plan City Council shall create by Ordinance the position of the City Administrator whose function shall be to administer the City on a daily basis and to supervise all personnel, financial, and related functions. The Administrator shall perform such tasks in conformance with the Third Class City Code. The Administrator will also provide liaison and coordination with the respective Councilperson who “oversees” the individual department and operation. As soon as possible, City Council shall appoint a full-time City Administrator to fill the ordinance created position delineated above. The City will endeavor to cooperate in any possible sharing of administration support with Plymouth Township and the Recovery Plan Coordinator for the

Township. Such sharing of administration support between Act 47 municipalities shall be coordinated by DCED, the Luzerne County Municipal Cooperation Commission, and the respective Plan Coordinator.

- Staff Training. The City shall utilize training opportunities sponsored by the Governor's Center for Local Government Services and other organizations with special emphasis on cross training for accounting and related bookkeeping functions.

- Act 47 Grants. The City shall request that the Commonwealth provide Act 47 grants for the following purposes:
 - Computer and related accounting, billing and related software – \$25,000.
 - Staff training for computer accounting software – \$5,000.
 - Accounting procedures and practices for training employees – \$7,500.
 - Human Resources review and development of job descriptions – \$12,500.
 - Peer-to Peer Public Works assistance based upon the DCED program guidelines.
 - Zoning review and update possibly on a multi municipal approach – \$15,000.
 - Comprehensive plan update based upon RFP.
 - Funding to initiate and complete necessary studies to evaluate the creation of a regional police commission and a regional base for fire protection services. The City may use these funds in cooperation with the Luzerne County Municipal Cooperation Commission or any other Act 47 municipality in the County.

As the recovery process progresses additional Act 47 grants may become necessary. For example, funding may be needed to serve as seed money to advance intermunicipal arrangements to improve police, fire, or other services or for possible improvements through municipal sharing of the City's management capacity.

Action Recommendations for Governance

- Home Rule. The City Council shall begin to explore the possibility of the adoption of a Home Rule Charter and/or an Optional Plan of Government during 2007 which shall include a public report on their examination of the available options.
- Intergovernmental. The City shall begin to explore the possibility of sharing management and financial capacity with other municipalities on an equitable cost base sharing formula and in particular the City Administrator's function.

The City shall aggressively explore all reasonable opportunities for appropriate **intergovernmental cooperation** programs with the Luzerne County Municipal Cooperation Commission, Mountain Council of Governments, and its neighboring jurisdictions including the Nanticoke Area School District. Areas of cooperation to be explored shall include joint purchasing, PA UCC administration, and various other services including but not limited to police and fire protection, refuse collection, etc.

Economic and Community Development

The City has no long-term economic/community development strategy of its own. A portion of the recommendations from a study conducted by the nonprofit South Valley Partnership identified some short-term non-comprehensive strategies, however, upon PEL review of those initiatives, the City will need a citywide long-term strategy for revitalization.

The South Valley Partnership (SVP) is a regional organization established to promote and enhance the South Valley region. This region consists of Nanticoke, Wanamie, Glen Lyon, Plymouth, and Newport Township. The SVP recently commissioned a strategic plan for the region. This strategy outlined several individual community functions and regional initiatives. The Nanticoke initiatives focused on transportation routes, identification of blighted property for demolition and repair, some reuse, and attention to aesthetics (landscaping, facades, sidewalks and road repair). The two major initiatives outlined were to engage Luzerne County Community College into the City and give consideration to transforming part of the Kanjorski building into a business incubator. Given the relationship Nanticoke has with the surrounding communities, Nanticoke is the "urban core" and the other communities are its "first tier suburbs." The

economic and demographic characteristics of the core and suburbs have shown these trends and interdependence over time and is critical that Nanticoke work with the SVP and begin to implement some of the recommendations.

Based on conversations with staff, it is estimated that the last comprehensive plan for the City was completed in the early 1970s. A copy was not readily available for review.

The City does have a “three plan” (as required by CDBG) that identifies community development, public facilities, and economic development needs. The plan is current through 2006. The objectives listed in the plan are primarily infrastructure related (street and sewer) and public facility improvements (fire house and public works). Other relevant objectives listed are focus on downtown revitalization, blighted property, and an increase in low income housing stock. The plan as stated lacks citywide depth, completeness, strategy development, cost, and timelines.

Based on the 2004 Code of Ordinances for the City, the community development objectives of the City of Nanticoke shall be to:

- A. Achieve the best use of land within the City, ensuring that varying land uses will complement one another and thus improve the economic and aesthetic character of the community.
- B. To maintain its urban character, emphasizing urban amenities and solving or ameliorating urban problems.
- C. Commercial development will be encouraged to be prosperous, efficient and attractive at all scale of development.
- D. Provide desirable educational and recreational facilities.
- E. Industrial development will be encouraged at specific locations, both to minimize adverse impacts on certain adjoining activities and to enhance the appearance and efficient functioning of industry itself.
- F. Encourage and promote the provision of a wide range and variety of housing types to meet the needs of all City residents, newly formed households, growing families and senior citizens.
- G. Rehabilitation of older homes will be encouraged; the construction of new homes will be encouraged; and, dilapidated structures will be removed.

- H. Strip-mined land and land scarred by culm banks or other mining activity will be restored to improve its usefulness to increase the tax base, and to make the community attractive.
- I. Establish realistic population densities in order to ensure adequate circulation, health standards, privacy and open space and in order to provide utilities, protection and facilities in the most convenient and efficient manner.
- J. Streets throughout the City will be improved and maintained to provide safe and convenient access through the community and to the activities located along such streets. Wherever possible, streets will be brought up to State standards in width and construction.
- K. Wherever possible, streets will be provided with curbs and sidewalks as well as with adequate lighting, traffic control, and landscaping.
- L. Provide the best possible police and fire protection consistent with the community's needs, including cooperation with adjacent municipalities.
- M. Expand and activate a continuing planning program that will serve to continually update and revise planning goals and objectives, and the operational tools necessary for implementation, in light of new data and conditions.

Action Recommendations for Economic and Community Development

- The City shall develop and coordinate its **economic/community development activities** with the efforts of the County, regional, and state agencies as well as the City's Redevelopment and General Municipal Authorities and the South Valley Partnership. Specifically, the City shall begin to develop a comprehensive economic/community development master plan with a goal of building resources for economic revitalization. To this end, the City's representatives shall work with the Plan Coordinator through the Joint Urban Studies Center and the South Valley Partnership to facilitate the emergence of this Plan.
- The City shall review the status of its Comprehensive Plan and, in so doing, shall explore with its neighboring municipalities the prospects for undertaking a joint comprehensive plan which may be funded in full by an Act 47 grant.

Communications with Plan Coordinator

- It is important that that the City regularly report its progress in implementing the Recovery Plan recommendations to the Plan Coordinator. This, in turn, allows the Plan Coordinator, as the agent of the Pennsylvania Department of Community and Economic Development, to ensure that the Commonwealth is up-to-date on the status of implementation efforts. Therefore, the City shall provide status reports to the Coordinator no less frequently than monthly during the period it remains in a distressed condition. These reports may be in written form or may take the form of monthly meetings solely for this purpose. Additional on-site meetings involving the Coordinator and appropriate officials and employees will also be held on a regular basis to review implementation efforts and to aid in the overall implementation process.

- Further, the City shall routinely provide the Coordinator with all data pertinent to the recovery effort. For example, the annual budget shall be sent to the Coordinator as soon as it is introduced by City Council and again upon its adoption. In addition, key management, administrative, and financial decisions made by the City—which may or may not relate directly to the Recovery Plan—shall also be promptly communicated to the Coordinator. This is particularly important if these actions entail an abrupt change or alteration in the policies or practices of the City.

- Among the specific items which shall be regularly transmitted to the Recovery Plan Coordinator are:
 - Council Meeting Agendas (prior to the meetings)—all regular and special meetings
 - Council Meeting Minutes—all regular and special meetings
 - Notice of any meetings involving the City and third parties on any matter relating to City finances and operations (e.g., meetings with creditors, vendors, etc.)
 - Relevant communications with creditors, vendors, etc.
 - All correspondence (in and out, internal and external) on matters relating to employee unions, collective bargaining, arbitration, grievances, etc.
 - All proposed ordinances
 - All litigation initiated/settled.

- All personnel actions (including WC claims)
 - All meetings with the General Municipal Authority and the Redevelopment Authority.
 - Monthly financial reports (as of the last day of each month) and related documents
 - Major contracts awarded and grant applications made
 - All other relevant correspondence (internal and external, in and out)
 - Anything the item that the Coordinator should be made aware of in regards to the operation of the City
-
- If the City and its elected or appointed officials fail to communicate and consult with the Coordinator on a regular basis as provided for in this Recovery Plan and/or fail to provide the information, reports, or documentation requested by the Coordinator, the City may be found to have violated the Recovery Plan which may result in sanctions by the state including the withholding of Commonwealth funding.

* * * * *

**General Fund Projections
Revenue and Other Sources
Expenditures and Other Uses
Based on Recovery Plan Recommendations**

Based on the implementation of the recommendations enumerated in this Chapter the Recovery Plan Coordinator has projected General Fund Revenues and Sources and Expenditures and Uses for the Recovery Plan Period for 2007 through 2009. It should be noted that some revenue items (especially fees for code enforcement) have been held static because three-year estimates cannot be reliably estimated. Similarly some expenditure reductions for holidays and vacation have not been included because of possible scheduling variances.

Projected General Fund Revenues and Sources for 2006 through 2010 are presented in Table 4-1

Table 4-1

CITY OF NANTICOKE

General Fund Revenue Summary by Source with Recovery Plan Implementation

<u>Revenues and Other Sources</u>	2006 <u>Restated</u>	2007 <u>Plan Year</u>	2008 <u>Plan Year</u>	2009 <u>Plan Year</u>	2010 <u>Projected</u>
Real Estate Taxes	\$ 417,012	\$ 418,068	\$ 437,771	\$ 437,771	\$ 437,771
Act 511 Taxes	1,057,000	2,077,000	2,417,000	2,417,000	2,417,000
Licenses and Permits	85,000	85,500	85,500	85,500	85,500
Fines and Forfeits	47,300	47,300	47,300	47,300	47,300
Interest, Rents and Royalties	39,575	39,575	39,575	39,575	39,575
Departmental Earnings	865,600	870,600	870,600	870,600	870,600
Intergovernmental Earnings	225,029	273,596	269,032	275,498	270,527
Misc. and Other Revenue Sources	<u>877,519</u>	<u>188,052</u>	<u>191,309</u>	<u>196,462</u>	<u>200,917</u>
Total Revenue and Other Sources	\$3,614,036	\$3,999,690	\$4,358,088	\$4,369,707	\$4,369,191

Revenues and Other Sources increase from an estimated \$3.614 million in 2006, to \$4.000 million in 2007, and to \$4.370 million in 2009. The 2010 projected revenue and other sources is \$4.369 million and is presented for informational purposes. The largest source of new revenue is the recommended increase in the earned income tax rate from 0.5 percent to 1.5 percent. (It is anticipated that the ordinance for the EIT will become effective not later than March 31, 2007.)

Expenditures and Other Uses also increase from the 2006 estimate of \$3.494 million to \$3.985 million in 2007 and further increases to \$4.334 million in 2009. The year 2010 is projected to have expenditures of \$4.337 million and is provided only for information purposes. The projected expenditures and uses are provided in Table 4-2

Table 4-2

CITY OF NANTICOKE

General Fund Expenditure Summary by Category with Recovery Plan Implementation

<u>Expenditures and Other Uses</u>	<u>2006 Restated</u>	<u>2007 Plan Year</u>	<u>2008 Plan Year</u>	<u>2009 Plan Year</u>	<u>2010 Projected</u>
General Government	\$ 239,706	\$ 244,742	\$ 246,324	\$ 248,721	\$ 250,968
Government Administration	321,425	340,263	345,053	353,007	358,076
Police	929,388	1,057,412	1,131,811	1,156,742	1,197,076
Fire	790,982	841,597	901,575	905,322	923,684
Refuse	744,966	747,283	760,457	799,452	800,774
Public Works	406,791	434,430	439,994	453,276	465,685
Streets	305,417	323,766	327,502	336,690	345,239
Sewers	101,374	110,665	112,492	116,586	120,446
Miscellaneous Expenditures	<u>60,297</u>	<u>319,532</u>	<u>513,570</u>	<u>417,059</u>	<u>341,069</u>
Total Expenditures & Other Uses	\$3,493,555	\$3,985,260	\$4,338,785	\$4,333,578	\$4,337,332

These General Fund expenditure increases are driven primarily by increases in medical insurance and existing and projected contractual labor contract changes. **Of significant importance however is that within these totals there are included transfers or set asides to begin capital infrastructure improvements. These include not less than \$240,000 in 2007, \$430,000 in 2008, and \$325,000 in 2009. The projected amount for informational purposes for 2010 is not less than \$240,000. Graph 4-1 shows both revenue and expenditure projections under the plan for the period 2006-2010.**

Graph 4-1
City of Nanticoke
General Fund
2006-Restated - 2010 Projected



Of critical importance for all years presented, revenue and other sources exceed expenditures and other uses. **There is no deficit.** This is the primary requirement under Act 47 and the recovery process. The excess of revenues for these years are given in Table 4-3 and Graph 4-2. Detailed line item presentations of revenues and Other Sources and Expenditures and Other Uses are given in Appendix 4-1 at the end of this Chapter.

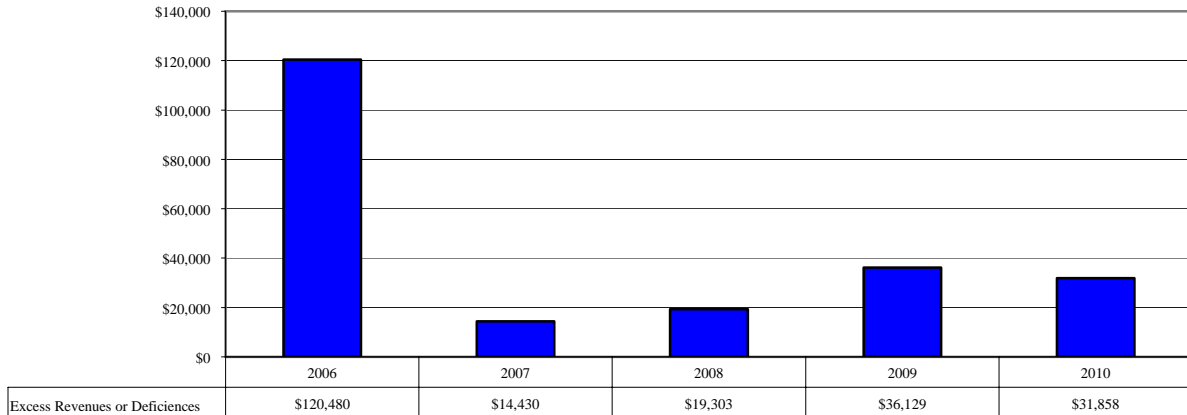
Table 4-3

CITY OF NANTICOKE

General Fund Revenue and Other Sources over (under) Expenditures and Other Uses with Recovery Plan Implementation

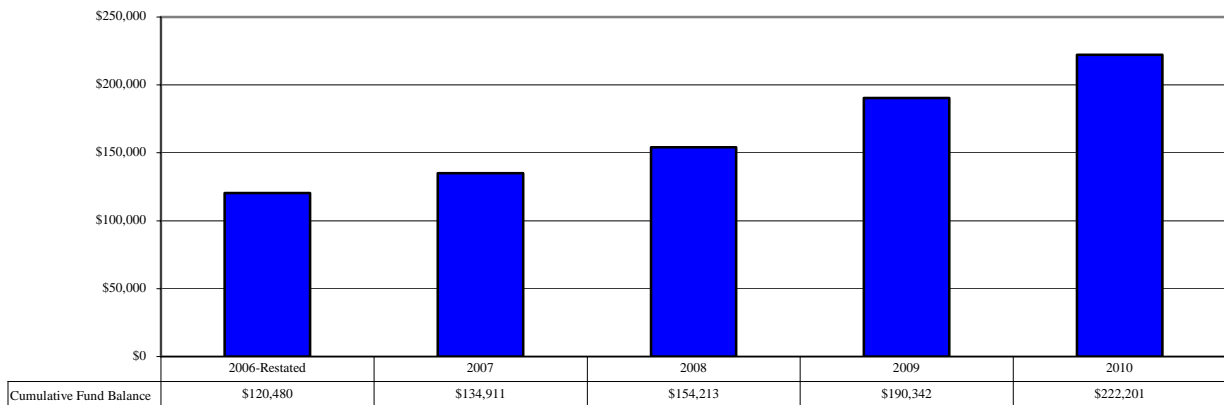
	2006 <u>Restated</u>	2007 <u>Plan Year</u>	2008 <u>Plan Year</u>	2009 <u>Plan Year</u>	2010 <u>Projected</u>
Revenue and Other Sources	\$ 3,614,036	\$ 3,999,690	\$ 4,358,088	\$ 4,369,707	\$ 4,369,191
Expenditures and Other Uses	<u>3,493,555</u>	<u>3,985,260</u>	<u>4,338,785</u>	<u>4,333,578</u>	<u>4,337,332</u>
Revenue and Other Sources over (under) Expenditures and Other Uses	\$ 120,480	\$ 14,430	\$ 19,303	\$ 36,129	\$ 31,858
Cumulative Total	\$ 120,480	\$ 134,911	\$ 154,213	\$ 190,342	\$ 222,201

Graph 4-2
City of Nanticoke
General Fund Projections Under Recovery Plan
2006 Restated-2010 Projected
Excess Revenues



The cumulative balance of excess of revenues over expenditures for the years 2006 -2010 is given in Table 4-3 and Graph 4-3.

Graph 4-3
City of Nanticoke
Cumulative Excess (Under) Revenues over Expenditures
General Fund
2006-Restated - 2010 Projected



Non Residential Earned Income Tax

Based upon the Plan recommendation, the City shall levy a Non Resident Earned Income Tax as permitted by Act 47. The tax shall be at a rate of 1.33 percent and applicable for the years 2007 through 2009. It is estimated that this tax should produce revenue between \$225,000 and \$235,000 per year, although for 2007 only about 75 percent of this amount would be collected assuming final enactment not later than March 31, 2007. The revenue from this tax shall be dedicated for capital equipment and infrastructure improvements and **no** part shall be designated for general municipal operations. Consequently, these revenues will be deposited directly into the separate NREIT Capital Improvement Fund and are not included in the General Fund projections given above.

Debt Service

The City budgets for debt service millage, levies taxes, and pays its non-sewer debt service directly from its Debt Service Fund (DSF). Consequently, these revenues and expenditures are not accounted for in the General Fund projections given above.

Based on the Recovery Plan recommendations, the City shall utilize the existing fund balance in the Debt Service Fund (about \$300,000 to \$340,000 which by law can only be used to meet debt obligations) to pay two of the City's oldest unfunded obligations. Specifically, the 1998 B Note will be paid off in full as well as a portion of the 2004 Note. It is, therefore, anticipated that the total debt service millage required for 2007 will be 19.44 mills.

APPENDIX 4-1

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
Millage	60.38	60.38			
Assessed Value	14,886,817	14,926,817			
Theoretical Tax @60.38 mills	898,866	901,281			
Theoretical Tax @30.00 mills	446,605	447,805			
Collection rate for GF Actual/Theoretical 30mills	88.0%	88.0%			
General Fund Revenue--2006 Budget					
<u>Municipal Code Tax Revenue</u>					
Real Estate--Current	393,012	394,068	413,771	413,771	413,771
Back Taxes		-	-	-	-
Real Estate--Delinquent	-	-	-	-	-
Resident Tax--Current	21,000	21,000	21,000	21,000	21,000
Resident Tax--Prior Year	3,000	3,000	3,000	3,000	3,000
Real Estate - Taxes to County					
Total	\$417,012	\$418,068	\$437,771	\$437,771	\$437,771

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Local Enabling Tax Revenue</u>					
Per Capita--Current	21,000	21,000	21,000	21,000	21,000
Per Capita--Delinquent	3,000	3,000	3,000	3,000	3,000
Real Estate Transfer Tax	55,000	55,000	55,000	55,000	55,000
Earned Income Tax--Current	680,000	1,700,000	2,040,000	2,040,000	2,040,000
Earned Income Tax--Prior Year	-	-	-	-	-
Merchantile/Business Privilege	155,000	155,000	155,000	155,000	155,000
Emergency and Municipal Services Tax	135,000	135,000	135,000	135,000	135,000
Amusement Tax	8,000	8,000	8,000	8,000	8,000
Miscellaneous	-	-	-	-	-
Delinquent Act 511 Taxes					
Total	\$1,057,000	\$2,077,000	\$2,417,000	\$2,417,000	\$2,417,000
<u>Business Licenses & Permits</u>					
Cable TV Fee	85,000	85,500	85,500	85,500	85,500
Total	\$85,000	\$85,500	\$85,500	\$85,500	\$85,500
<u>Fines & Forfeits</u>					
Magistrate Fines	30,000	30,000	30,000	30,000	30,000
State Police Fines	8,000	8,000	8,000	8,000	8,000
Parking Tickets/Ordinance Violations	6,300	6,300	6,300	6,300	6,300
Clerk of Court Fines	3,000	3,000	3,000	3,000	3,000
Total	\$47,300	\$47,300	\$47,300	\$47,300	\$47,300

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Interest, Rents & Royalties</u>					
Interest Income	5,000	5,000	5,000	5,000	5,000
Interest Income - Refuse	75	75	75	75	75
Rental Income Combined					
Rental Income Sewer Authority	11,400	11,400	11,400	11,400	11,400
Rental Income District Judge	10,500	10,500	10,500	10,500	10,500
Rental Income - Senior Center	-	-	-	-	-
Miscellaneous					
EMJAZE MKTG	600	600	600	600	600
Rental Income Ambulance	12,000	12,000	12,000	12,000	12,000
Total	\$39,575	\$39,575	\$39,575	\$39,575	\$39,575
<u>Intergovernmental Revenues</u>					
Act 66 Public Utility Reality Tax	2,500	2,500	2,500	2,500	2,500
Fuel tax refund	-	-	-	-	-
Liquor Control Board	4,500	10,000	4,500	10,000	4,500
Pension--State Aid	118,494	160,000	160,000	160,000	160,000
AD HOC Post Retirement Reimbursement	1,500	1,500	1,500	1,500	1,500
Volunteer Fire Company Relief Association	41,054	41,054	41,054	41,054	41,054
Recycling Performance Grant	25,000	25,000	25,000	25,000	25,000
Tax Office Reimbursement (County)	-	-	-	-	-
Tax Office Reimbursement (School District)	23,981	25,542	26,478	27,444	27,973
County Drug Taskforce Reimbursement			-	-	-
Housing Authority PILOT	8,000	8,000	8,000	8,000	8,000
County - Little League Fence	-	-	-	-	-
FEMA Reimbursement	-	-	-	-	-
Early Intervention	-	-	-	-	-
Keystone Grant		-	-	-	-
Total	\$225,029	\$273,596	\$269,032	\$275,498	\$270,527

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Departmental Earnings</u>					
Zoning/Subdivision /Land Fees	1,200	1,200	1,200	1,200	1,200
Planning Commission	500	500	500	500	500
Police Services	18,000	18,000	18,000	18,000	18,000
Police Services - Housing Authority	-	-	-	-	-
Fire Reports/Inspections	500	500	500	500	500
Emergency Response Fee	1,000	1,000	1,000	1,000	1,000
Building Permits	48,000	48,000	48,000	48,000	48,000
Electrical Permits	7,500	7,500	7,500	7,500	7,500
Plumbing Permits	6,000	6,000	6,000	6,000	6,000
Permits			-	-	-
Occupancy Permits			-	-	-
Rental Inspection	400	400	400	400	400
Pave Cuts	8,000	8,000	8,000	8,000	8,000
Sewer Hookup	500	500	500	500	500
Refuse - Current Year	750,000	750,000	750,000	750,000	750,000
Refuse Delinquent	20,000	20,000	20,000	20,000	20,000
Refuse 2nd Payment		5,000	5,000	5,000	5,000
Refuse - Following Year	-	-	-	-	-
Health Inspections	4,000	4,000	4,000	4,000	4,000
Total	\$865,600	\$870,600	\$870,600	\$870,600	\$870,600
<u>Miscellaneous Revenue</u>					
Duplicate Tax Bills	13,000	13,000	13,000	13,000	13,000
Miscellaneous Revenue	10,000	10,000	10,000	10,000	10,000
C.O.B.R.A. Payments	2,000	2,000	2,000	2,000	2,000
Unknown	-	-	-	-	-
Municipal Authority Payment	-	-	-	-	-
Total	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
Other Revenue Sources					
Transfer from Sewer Fund - Salary Reimbursement	\$ 101,374	\$ 110,339	\$ 113,301	\$ 117,083	\$ 120,369
Transfer from Highway Aid	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Refuse	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from CDBG - Salary Reimbursement	\$ 51,145	\$ 52,712	\$ 53,008	\$ 54,379	\$ 55,548
HUD Home Program	\$ -	\$ -	\$ -	\$ -	\$ -
Funds from Bond Proceeds					
State Loan	\$700,000				
Tax Anticipation Note	-	-	-	-	-
Refund of Prior Year Expenditures	-	-	-	-	-
Total	\$852,519	\$163,052	\$166,309	\$171,462	\$175,917
Revenue and Other Sources	\$3,614,036	\$3,999,690	\$4,358,088	\$4,369,707	\$4,369,191

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Legislative Body</u>					
Salary - Council-Controller	12,000	12,000	12,000	12,000	12,000
Salary - Mayor	2,500	2,500	2,500	2,500	2,500
FICA	1,109	1,109	1,109	1,109	1,109
Office Supplies	500	500	500	500	500
Professional Fees	1,000	1,000	1,000	1,000	1,000
Payroll Reimbursement			-	-	-
Transportation & Travel	500	500	500	500	500
Ads Printing			-	-	-
Communications Phone			-	-	-
Surety and Fidelity			-	-	-
Dues, Subscriptions and Memberships	1,000	1,000	1,000	1,000	1,000
Meetings and Conferences	500	500	500	500	500
Miscellaneous	500	500	500	500	500
Management Consulting - EIP Program			-	-	-
Total	19,609	19,609	19,609	19,609	19,609
<u>City Administrator</u>					
Salary - City Administrator	40,000	40,000	40,800	41,600	41,600
Life Insurance	136	136	136	136	136
Medical Insurance	12,371	14,889	15,680	16,879	18,002
Non Union MMO	31,000	39,821	39,821	39,821	39,821
FICA	3,060	3,060	3,121	3,182	3,182
Unemployment	-	248	248	248	248
Office Supplies	300	300	300	300	300
Workers Compensation	208	208	212	216	216
Surety and Fidelity	600	600	600	600	600
Ads Printing	250	250	250	250	250
Meetings and Conferences	100	100	100	100	100
Miscellaneous	500	500	500	500	500
Total	88,525	100,112	101,769	103,832	104,956

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Financial Administration</u>					
Salary	89,800	91,800	92,600	95,000	96,600
Dental Insurance	231	231	231	231	231
Vision Insurance	274	274	274	274	274
Medical Insurance	3,879	4,686	5,298	5,666	5,892
Life Insurance	407	407	407	407	407
FICA	6,870	7,023	7,084	7,267	7,390
Unemployment	744	744	744	744	744
Medical Insurance Buyout	4,000	4,000	4,000	4,000	4,000
Office Supplies	1,500	1,500	1,500	1,500	1,500
Payroll Service	4,100	4,100	4,100	4,100	4,100
Audit Services	16,000	16,000	16,000	16,000	16,000
Bank Charges	100	100	100	100	100
Communications					
Transportation & Travel	500	500	500	500	500
Surety and Fidelity					
Workers Compensation	422	431	435	446	454
Dues, Subscriptions and Memberships	1,000	1,000	1,000	1,000	1,000
Minor Equipment	2,000	2,000	2,000	2,000	2,000
Salary - Home Coordinator					
Total	131,826	134,796	136,273	139,235	141,192

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>City Treasurer's Office</u>					
Salary - City Treasurer	6,500	6,500	6,500	6,500	6,500
Salary - Assistants	42,060	44,060	44,860	46,460	47,260
Dental Insurance	712	712	712	712	712
Vision Insurance	91	91	91	91	91
Medical Insurance	12,371	14,889	15,680	16,879	18,002
Life Insurance	271	271	271	271	271
FICA	3,715	3,868	3,929	4,051	4,113
Unemployment	496	496	496	496	496
Medical Insurance Buyout	2,000	2,000	2,000	2,000	2,000
Office Supplies	2,000	2,000	2,000	2,000	2,000
Minor Equipment	500	500	500	500	500
Realty Transfer Tax Collector Commission	130	130	130	130	130
Tax Collector Commission	23,000	23,000	23,000	23,000	23,000
Tax Assessment Expense			-	-	-
Payroll Services					
Postage	4,200	4,200	4,200	4,200	4,200
Treasurer's Shortage	-	-	-	-	-
Miscellaneous Tax Expense	1,500	1,500	1,500	1,500	1,500
Advertising and Printing	700	700	700	700	700
Workers Compensation	228	238	241	249	253
Meetings and Conference	100	100	100	100	100
Miscellaneous	500	100	100	100	100
Total	101,074	105,355	107,011	109,940	111,928
<u>Law</u>					
Salary - City Attorney	9,900	9,900	9,900	9,900	9,900
FICA	757	757	757	757	757
Unemployment					
Special Legal Services	10,000	10,000	10,000	10,000	10,000
Advertising and Printing					
Total	20,657	20,657	20,657	20,657	20,657

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
City Clerk's Office					
Salary - City Clerk	4,100	4,100	4,100	4,100	4,100
FICA	314	314	314	314	314
Unemployment	-	-	-	-	-
Ordinance Codification					
Transportation & Travel					
Advertising and Printing	6,500	6,500	6,500	6,500	6,500
Workers Compensation	100	100	100	100	100
Dues, Subscription & Memberships					
Meetings and Conferences	100	100	100	100	100
Miscellaneous					
Total	11,114	11,114	11,114	11,114	11,114
Public Buildings					
Salary - Buildings					
Dental Insurance					
FICA					
Unemployment					
Materials & Supplies	2,000	2,000	2,000	2,000	2,000
Communications	8,700	8,700	8,700	8,700	8,700
Telephone System Lease					
Lease Environmental Control					
Utilities - City Hall	55,000	55,000	55,000	55,000	55,000
Repairs (Municipal Building)	5,000	5,000	5,000	5,000	5,000
Equipment Rental			-	-	-
Other Transfer to Muni Authority for Maintenance	45,000	45,000	45,000	45,000	45,000
Miscellaneous	500	500	500	500	500
Total	116,200	116,200	116,200	116,200	116,200

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Police Protection</u>					
Salary - Chief	44,115	46,115	48,115	48,115	48,915
Salary - Patrol Officers	417,791	471,496	497,309	505,229	519,002
Salary - Clerical	20,418	21,418	21,418	22,218	23,018
Clerical Dental Insurance	646	646	646	646	646
Clerical Vision Insurance	88	88	88	88	88
Clerical Medical Insurance	12,371	14,889	15,680	16,879	18,002
Clerical Life Insurance	136	136	136	136	136
Clerical FICA	1,266	1,328	1,328	1,378	1,427
Clerical Medicare	296	311	311	322	334
Clerical Unemployment	248	248	248	248	248
Clerical Workmans Comp	105	111	111	115	119
Dental Insurance	6,623	7,335	7,335	7,335	7,335
Vision Insurance	876	969	969	969	969
Medical Insurance	112,068	149,772	169,333	173,492	184,652
Post Retirement Benefits	62,652	71,718	81,005	87,436	94,382
Life Insurance	1,627	1,763	1,763	1,763	1,763
Police Pension MMO	-	-	-	-	-
FICA	32,781	36,695	38,895	39,552	40,581
Unemployment	2,976	3,224	3,224	3,224	3,224
Medicare	8,453	9,421	9,981	10,137	10,397
Police Pension Reimbursement					
Personal Days					
Holiday Pay	29,200	32,889	35,104	35,679	36,744

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
Longevity Pay	21,613	24,459	29,067	31,152	31,762
Overtime - Police	54,280	57,851	61,006	61,199	62,517
Overtime - Clerical	2,000	2,098	2,098	2,176	2,255
Court Time Pay	16,000	16,889	17,738	17,763	18,112
Atty Gen Police					
Office Supplies	4,000	4,000	4,000	4,000	4,000
Vehicle Fuel	15,000	15,000	15,000	15,000	15,000
Clothing Allowance	6,600	7,800	9,100	9,100	9,100
Vehicle Maintenance	12,000	12,000	12,000	12,000	12,000
Material and Supplies	1,000	1,000	1,000	1,000	1,000
Police Legal	1,000	1,000	1,000	1,000	1,000
Communications	4,657	4,657	4,657	4,657	4,657
Minor Equipment	2,000	2,000	2,000	2,000	2,000
Liability Insurance - Police					
Other Insurance			-	-	-
Workers Compensation	30,901	34,488	36,548	37,135	38,092
Vehicle Insurance	-	-	-	-	-
Training	600	600	600	600	600
Miscellaneous	3,000	3,000	3,000	3,000	3,000
Total	929,388	1,057,412	1,131,811	1,156,742	1,197,076

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Fire Protection</u>					
Salary - Chief	41,016	43,487	46,968	46,968	47,768
Salary - Firefighters	290,721	307,573	332,509	332,509	338,109
Salary - Deputy Chief	39,396	41,869	45,354	45,354	46,154
Salary - Deputy Chief Volunteers	1,000	1,000	1,000	1,000	1,000
Salary - Part Time Firefighters	10,000	10,000	10,000	10,000	10,000
Dental Insurance	6,160	6,160	6,160	6,160	6,160
Vision Insurance	810	810	810	810	810
Medical Insurance	77,714	93,128	105,030	104,456	110,839
Post Retirement Benefits	27,572	31,708	34,245	36,984	39,943
Health Buyout	2,000	2,000	2,000	2,000	2,000
Life Insurance	1,358	1,358	1,358	1,358	1,358
Fire Pension MMO	60,921	64,963	64,963	64,963	64,963
FICA	25,439	27,019	29,387	29,666	30,112
Unemployment	2,480	2,480	2,480	2,480	2,480
Personal Day					
Holiday Pay	20,472	21,688	23,404	23,603	23,957
Longevity Pay	21,181	23,639	29,239	30,057	30,489
Overtime - Pay	6,850	7,253	7,836	7,873	8,004
Call Back Pay	3,000	3,174	3,431	3,431	3,489
Office Supplies	300	300	300	300	300
Vehicle Fuel	5,500	5,500	5,500	5,500	5,500
Clothing Allowance	5,500	6,000	7,000	7,000	7,000
Vehicle Maintenance	7,611	7,611	7,611	7,611	7,611

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
Maintenance Repairs			-	-	-
Minor Equipment	1,500	1,500	1,500	1,500	1,500
Communications			-	-	-
Property Insurance	-	-	-	-	-
Other Insurance	-	-	-	-	-
Workers Compensation - Employees	22,735	24,145	26,259	26,507	26,906
Workers Compensation - Volunteers and EMS					
Vehicle Insurance			-	-	-
Utilities - Main Fire Station	25,061	25,061	25,061	25,061	25,061
Utilities - Volunteer Stations	4,300		-	-	-
Hydrant Rental	37,117	37,117	37,117	37,117	37,117
Repairs to Building	213	2,000	2,000	2,000	2,000
Miscellaneous	1,000	1,000	1,000	1,000	1,000
Repairs to Volunteer Bldg	-	-	-	-	-
Volunteer State Fire Aid	41,054	41,054	41,054	41,054	41,054
Major Equipment Purchase	1,000	1,000	1,000	1,000	1,000
Total	790,982	841,597	901,575	905,322	923,684

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Building Regulation & Zoning</u>					
Salary - Code Officials	38,866	38,866	38,866	38,866	38,866
Health Inspector	2,000	2,000	2,000	2,000	2,000
Dental Insurance	12,371	14,889	15,680	16,879	18,002
Vision Insurance	-	-	-	-	-
Medical Insurance	12,371	14,889	15,680	16,879	18,002
Life Insurance	136	136	136	136	136
FICA	2,973	2,973	2,973	2,973	2,973
Unemployment	635	635	635	635	635
Office Supplies	1,000	1,000	1,000	1,000	1,000
Building Codes					
Engineering Services					
Legal Services					
Other Professional Services					
Mileage Reimbursement					
Advertising and Printing	400	400	400	400	400
Workers Compensation	373	373	373	373	373
Dues, Subscriptions, Memberships	1,000	1,000	1,000	1,000	1,000
Total	72,125	77,162	78,744	81,141	83,388

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Refuse Collection</u>					
Salary - Refuse Officer	19,154	20,154	20,154	20,954	21,754
Dental Insurance	-	-	-	-	-
Vision Insurance	-	-	-	-	-
Medical Insurance	6,073	7,309	7,967	8,548	9,006
Life Insurance	136	136	136	136	136
FICA	1,465	1,542	1,542	1,603	1,664
Unemployment	248	248	248	248	248
Office Supplies	100	100	100	100	100
Vehicle Fuel - Propane					
Operating Supplies					
Mileage Reimbursement					
Vehicle Tires					
Vehicle Maintenance					
Advertising and Printing	2,500	2,500	2,500	2,500	2,500
Workers Compensation	90	95	95	98	102
Garbage Collection and Disposal	715,200	715,200	727,716	765,264	765,264
Maintenance and Repairs	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Recycling Containers	-	-	-	-	-
Total	744,966	747,283	760,457	799,452	800,774

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Public Works</u>					
<u>Sewer</u>					
Salary - Superintendent	17,500	18,375	18,375	18,775	19,175
Salary - Sewer Department	58,400	61,320	61,320	62,920	64,520
Dental Insurance	1,540	1,540	1,540	1,540	1,540
Vision Insurance	232	232	232	232	232
Medical Insurance	20,980	25,250	27,018	29,039	30,795
Life Insurance	339	339	339	339	339
FICA	4,706	6,140	6,200	6,324	6,480
Workers Compensation	6,508	6,834	6,834	7,005	7,177
Clothing Allowance	1,250	1,250	1,250	1,250	1,250
Unemployment	620	620	620	620	620
Overtime	6,800	7,140	7,140	7,317	7,494
Total - Sewer	101,374	110,665	112,492	116,586	120,446
<u>Streets</u>					
Salary - Superintendent	17,500	18,375	18,375	18,775	19,175
Salary - Street Department	150,543	158,070	158,070	162,070	166,070
Salary - Clerical	-	-	-	-	-
Dental Insurance	2,234	2,234	2,234	2,234	2,234
Vision Insurance	332	332	332	332	332
Medical Insurance	38,957	46,888	50,625	54,366	57,469
Life Insurance	746	746	746	746	746
Union Annuity					
FICA	13,044	13,696	13,696	14,037	14,379
Unemployment	1,364	1,364	1,364	1,364	1,364
Overtime	13,000	13,650	13,650	13,982	14,315
Vehicle Fuel	10,000	10,000	10,000	10,000	10,000
Clothing Allowance	2,750	2,750	2,750	2,750	2,750
Road Maintenance Materials	5,000	5,000	5,000	5,000	5,000
Materials & Supplies	1,000	1,000	1,000	1,000	1,000
Vehicle Maintenance	4,000	4,000	4,000	4,000	4,000
Engineering Services	5,000	5,000	5,000	5,000	5,000

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
Communications	2,500	2,500	2,500	2,500	2,500
Property Insurance	-	-	-	-	-
Other Insurance	-	-	-	-	-
Vehicle Insurance	-	-	-	-	-
Workers Compensation	14,248	14,960	14,960	15,333	15,705
Utilities - Public Works	5,000	5,000	5,000	5,000	5,000
Maintenance & Repair	8,000	8,000	8,000	8,000	8,000
Emergency Service			-	-	-
Mechanical Service	1,000	1,000	1,000	1,000	1,000
Street Paving			-	-	-
Equipment Rentals			-	-	-
Interest Expense			-	-	-
General Expenses	1,000	1,000	1,000	1,000	1,000
Demolition			-	-	-
Minor Equipment	500	500	500	500	500
Equipment Lease Payment - Sewer Fund			-	-	-
Capital Expenditures			-	-	-
Total - Streets	297,717	316,066	319,802	328,990	337,539
Total Public Works	399,091	426,730	432,294	445,576	457,985

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
<u>Public Properties, Parks & Recreation</u>					
FICA					
Unemployment					
Vehicle Fuel	6,000	6,000	6,000	6,000	6,000
Parks, Recreation & Cultural Activities	1,200	1,200	1,200	1,200	1,200
Vehicle Maintenance	500	500	500	500	500
Miscellaneous	-	-	-	-	-
Communications	-	-	-	-	-
Minor Equipment	-	-	-	-	-
Workers Compensation	-	-	-	-	-
Utilities - Parks	-	-	-	-	-
Recreation Grant Projects	-	-	-	-	-
Total	7,700	7,700	7,700	7,700	7,700
<u>Miscellaneous Expenditures</u>					
<u>Tax Anticipation Note</u>					
Tax Anticipation Note - Principal					
Tax Anticipation Note - Interest					
Issuance					
Amortization Expense					
Total - Tax Anticipation Note	-	-	-	-	-
Post-Retirement Health Benefits					
Dental Insurance Retires					
Vision Insurance Retires					
Health Insurance Retires					
Life Insurance					
Unemployment					
Total - Post Retirement Health Benefits	-	-	-	-	-

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
Business Insurances					
Workers Compensation					
Difference Adj. Total Department and Total Estimate (SW	5,485	21,645	22,413	27,424	32,956
Total Insurance (Package Policy)	53,312	56,387	59,657	63,135	66,613
Property Insurance					
Liability Insurance					
Surety & Bonding	1,500	1,500	1,500	1,500	1,500
Other Insurance					
Insurance Prepayment					
Vehicle Insurance					
Total - Business Insurances	60,297	79,532	83,570	92,059	101,069
<u>Reimbursements and Miscellaneous</u>					
Medical - Out of Pocket					
Miscellaneous					
Vision Insurance					
Dental Insurance					
Medical Insurance					
Unallocated Employee Benefits					
Early Intervention					
Home System Lease					
Social Security					
Non Uniform Pension MMO					
EMS Tax Reimbursement					
Transfer to Refuse Fund					
Transfer to Sewer Fund					
Transfer to Capital Improvement Fund Not Less Than		240,000	430,000	325,000	240,000
Workers Comp Audit Reconciliation					
Late Payment Fees					
Contingency (finance audit)					
Total - Reimbursements and Misc.	-	240,000	430,000	325,000	240,000
Total Miscellaneous Expenditures	60,297	319,532	513,570	417,059	341,069

City of Nanticoke					
General Fund					
Recovery Plan					
Act 47	Recovery Plan	Recovery Plan	Recovery Plan	Recovery Plan	
	2006	2007	2008	2009	2010
	Restated	Plan Year	Plan Year	Plan Year	Projected
Expenditures and Other Uses	3,493,555	3,985,260	4,338,785	4,333,578	4,337,332
Revenue and Other Sources	\$3,614,036	\$3,999,690	\$4,358,088	\$4,369,707	\$4,369,191
Expenditures and Other Uses	3,493,555	3,985,260	4,338,785	4,333,578	4,337,332
Revenue and Other Sources over (under) Expenditures and Other Uses	\$120,480	\$14,430	\$19,303	\$36,129	\$31,858

SCHEDULE 4-1

Schedule 4-1

Accounting and Fiscal Control Recommendations

The following are the recommendations for improving the City of Nanticoke's accounting procedures and internal controls:

Finding

The current bookkeeping system is adequate for meeting the City's accounting and reporting requirements. However, the accuracy, completeness, and timeliness of the City's un-audited accounting records need to be improved. Specifically:

- Accounting records are not maintained separately by fund.
- Revenue and various reimbursements are not always posted correctly or timely.
- Disbursements are coded and posted to expense accounts inconsistently.
- Recording of payroll is currently a cumbersome process resulting in posting delays and inaccuracies.
- Various cash accounts are not reconciled properly or timely on a monthly basis and resulting adjustments are not posted to the general ledger.
- Interfund transfers are not accounted for correctly thus resulting in revenue and expenses not being recognized properly.

Recommendations

- City of Nanticoke personnel would benefit from bookkeeping/accounting/system training.
- Access to general ledger entry posting should be limited to personnel with proper training.
- Posting to the general ledger by personnel other than the Finance Director should be reviewed for accuracy by the Finance Director on a timely basis.
- Consideration should be given to improving the current Payroll process.
- Accounting records should be kept separately by fund or fund type.

Please note corrections to the above are recorded via the audit process. However, this may not occur until after year end and may lead to inaccurate interim financial information presented to Council.

Finding

- The City of Nanticoke does not have a financial reporting review process in place. As a result, it is difficult for Council, the Mayor, and the administrative staff to monitor and assess revenue and expense items on an interim basis and also analyze and assess variances derived from comparing budget to actual data.

Recommendation

- The City of Nanticoke should generate financial reports to be provided to Council, the Mayor, and the administrative staff monthly so that proper monitoring and corrective action can be implemented as required. These reports should compare actual revenues and expenses for the current month and year to date with budgeted accounts. Additionally, a comparison to prior year actuals would be beneficial to the City of Nanticoke.

Finding

- The City of Nanticoke needs to revise various accounting processes such as revenue collection, accounts payable, payroll processing, and other areas where applicable to incorporate stronger internal controls.

Recommendations

- The City of Nanticoke should utilize the segregation of duties concept to ensure a proper system of accounting checks and balances. Simultaneously this system will provide direction to employees as well as accountability. Authorization of payments, custody of assets, record keeping, and reconciliation, (general categories for effective segregation of duties) should not be executed by one individual for effective internal control.
- Additionally, review and approval procedures should be utilized as a mitigating control where applicable i.e., bank reconciliations/transactions should be reviewed/approved by personnel who are not involved in the transactions.

Finding

- The City of Nanticoke does not have a standard or complete set of accounting source documentation to backup the data entered into the accounting system. This makes it difficult to verify the accounting data as entered in the system.

Recommendation

- The City of Nanticoke should maintain adequate accounting records for a reasonable period of time in order to ensure a clear audit trail.

Finding

- The City of Nanticoke does not backup their computerized financial records.

Recommendation

- A system to backup accounting data periodically needs to be implemented so that data may be recovered when necessary.

Finding

- The City of Nanticoke does not have current job descriptions for the Accounting and Treasury staff that reflect actual job duties.

Recommendation

- The City of Nanticoke should document and clearly define job responsibilities for the Accounting and Treasury staff. In addition, allocation of duties should be reviewed to ensure that personnel with more cyclical functions have adequate work during their non-peak months.