



Senate Box 203078
Harrisburg, PA 17120-3078
(717) 787-7680
Fax (717) 772-4524
www.lgc.state.pa.us

**LOCAL GOVERNMENT
COMMISSION**
Created in 1935

EXECUTIVE DIRECTOR
Philip H. Klotz

ASSISTANT DIRECTOR
David A. Greene

MEMBERS

Senator John H. Eichelberger, Jr.
Senator Thomas J. McGarrigle
Senator Scott E. Hutchinson

Senator John P. Blake
Senator Judith L. Schwank

Representative Kate Harper
Representative Warren Kampf
Representative R. Lee James

Representative Robert Freeman
Representative Mary Jo Daley

SB 771 (Printer's No. 969) Analysis

Date: June 16, 2017

**Amending the Borough Code and Third Class City Code –
Provide for concise publication of annual financial reporting information**

Prime Sponsor: Senator McGarrigle

A. Synopsis of Bill

The legislation amends the Borough Code and Third Class City Code, in Titles 8 and 11 of the Pennsylvania Consolidated Statutes, respectively, to provide for concise publication of required annual financial reporting information in a newspaper of general circulation. It also requires that the newspaper publication include reference to a place within the borough or city where full copies of the annual financial reporting information may be examined. The bill further stipulates that if the full required annual financial reporting information is not published, a copy shall be supplied to the publishing newspaper when the request for publication is submitted.

The legislation is part of a three bill package. The other two bills similarly amend the First Class Township Code (Act 331 of 1931) and Act 253 of 1929 (relating to incorporated towns).

B. Summary and Analysis of Bill

The bill amends the Borough Code and the Third Class City Code to provide for publication in a newspaper of general circulation concise annual financial information, approved by the auditor(s) and consistent with the audited financial statements, for:

- Total assets, total liabilities and total net position at the end of the fiscal year, and
- Total revenue, total expenses and changes in total net position for that fiscal year.

The legislation also requires that the newspaper publication include reference to a place within the borough or city where full copies of the annual financial reporting information may be examined. The bill further stipulates that if the full required annual financial reporting information is not published, a copy shall be

supplied to the publishing newspaper when the request for publication is submitted. A technical amendment is made to the Borough Code to change two references to "reports" to the singular to avoid confusion.

The act would take effect in 60 days.

C. Relevant Current Law

The Borough Code currently requires the auditors to annually publish in a newspaper of general circulation, a financial statement setting forth all of the following:

- (1) The balance in the treasury at the beginning of the fiscal year.
- (2) All revenue received during the fiscal year by major classifications.
- (3) All expenditures made during the fiscal year by major functions and the current resources and liabilities of the borough at the end of the fiscal year.
- (4) The gross liability and net debt of the borough.
- (5) The amount of assessed valuation of the borough.
- (6) The assets of the borough with their character and value.
- (7) The date of the last maturity of the respective forms of funded debt.
- (8) The assets in each sinking fund.

The Third Class City Code currently requires annual publication in a newspaper of general circulation, a report accompanied by a financial statement, prepared by the chief fiscal officer of the city, setting forth all of the following:

- (1) The balance in the treasury at the beginning of the fiscal year.
 - (2) All revenues received during the fiscal year, by major classifications.
 - (3) All expenditures made during the fiscal year, by major functions.
 - (4) The current resources and liabilities of the city at the end of the fiscal year.
 - (5) The gross liability and the net debt of the city.
 - (6) The amount of the assessed valuation of the taxable property in the city.
 - (7) The assets of the city.
 - (8) The character and value of the assets.
 - (9) The date of the last maturity of the respective forms of funded debt.
 - (10) The assets in each sinking fund.
-

D. Background of Bill

Based upon a request by the Pennsylvania State Association of Boroughs, supported by the other municipal associations, the Local Government Commission decided to introduce this bill, along with the other two bills in the package, to make annual financial publication requirements in the Third Class City Code, Borough Code, First Class Township Code and Act 253 of 1929 (pertaining to incorporated towns) more efficient and consistent with those requirements in the [Act 14 of 2016 \(SB 526\)](#) amendment to the Second Class Township Code, which the Senate and House passed unanimously last session. The comprehensive revision of the County Code, which the Commission is currently undertaking, will reflect similar annual financial publication requirements.

E. Effect of Bill

The bill provides for concise publication of required annual financial reporting information, thus saving boroughs and cities, and their taxpayers, money. However, it also maintains transparency by requiring that:

- The newspaper publication include reference to a place within the borough or city where full copies of the annual financial reporting information may be examined.
- If the full required annual financial reporting information is not published, a copy shall be supplied to the publishing newspaper when the request for publication is submitted.

F. Issues, Policy Questions and Stakeholder Feedback

The Pennsylvania State Association of Boroughs and Pennsylvania Municipal League support this legislation.

G. Bill History

The bill has no previous history.