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SB 772 (Printer's No. 970) Analysis

Date: June 16, 2017

**Amending the First Class Township Code –
Provide for concise publication of annual financial reporting information**

Prime Sponsor: Senator McGarrigle

A. Synopsis of Bill

The legislation amends the First Class Township Code (Act 331 of 1931) 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 township 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 Act 253 of 1929 (relating to incorporated towns) and the Borough Code and Third Class City Code, in Titles 8 and 11 of the Pennsylvania Consolidated Statutes, respectively.

B. Summary and Analysis of Bill

The bill amends the First Class Township 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 township 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 act would take effect in 60 days.

C. Relevant Current Law

The First Class Township 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 township at the end of the fiscal year.
- (4) The gross liability and net debt of the township.
- (5) The amount of assessed valuation of the township.
- (6) The assets of the township 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.

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 a package of bills 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 townships, and their taxpayers, money. However, it also maintains transparency by requiring that:

- The newspaper publication includes reference to a place within the township 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 Township Commissioners supports this legislation.

G. Bill History

The bill has no previous history.