



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

IN RE:	:	TERMINATION OF DISTRESSED
	:	STATUS UNDER SECTION 255.1
CITY OF SHAMOKIN	:	OF THE MUNICIPALITIES
NORTHUMBERLAND COUNTY	:	FINANCIAL RECOVERY ACT

DEPARTMENTAL DETERMINATION AND ORDER

1. On June 16, 2014 the City of Shamokin (the “City”) was designated a financially distressed municipality pursuant to the Municipalities Financial Recovery Act (“Act 47”), codified at 53 P.S. § 11701.101 *et seq.*.
2. On May 30, 2024, Stevens & Lee, P.C., the Act 47 Coordinator for the City, filed a final report which recommended termination of the City's distressed status.
3. In accordance with Section 255.1(a) of Act 47, on June 13, 2024, a public hearing was held at which a designated hearing officer received evidence regarding the potential termination of the City's distressed status.
4. In determining whether the City's distressed status shall be terminated, Section 255.1 of Act 47 requires a consideration of whether:
 - a) Operational deficits of the municipality have been eliminated and the financial condition of the municipality, as evidenced by audited financial statements prepared in accordance with generally accepted accounting principles and projections of future revenues and expenditures, demonstrates a reasonable probability of future balanced budgets absent participation in this act.
 - b) Obligations issued to finance the municipality's debt have been retired, reduced, or reissued in a manner that has adequately refinanced outstanding principal and interest and has permitted timely debt service and reasonable probability of continued timely debt service absent participation in this act.
 - c) The municipality has negotiated and resolved all claims or judgments that would have placed the municipality in imminent jeopardy of financial default.
 - d) The reasonably projected revenues of the municipality are sufficient to fund ongoing necessary expenditures, including pension and debt obligations, and the continuation or negotiation of collective bargaining agreements and the provision of municipal services. Projections of revenues shall include any anticipated tax or

fee increases to fund ongoing expenditures for the first five years after a termination of distressed status.

53 P.S. § 11701.255.1(c)(1)-(4).

5. With regard to the first factor, the City had operating deficits in 2018 and 2022 but has experienced operating surpluses for six of the last nine years because of the enhanced taxation permitted under the Act 47 program. The City has developed a small Rainy-Day Reserve and unassigned fund balance of \$310,578 at the end of 2023 that will assist in covering operational costs after the City's distress status is terminated and until a Home Rule Charter can be adopted.
6. With regard to the second factor, the City has made timely debt service payments and paid off both its General Obligation Bond, Series 2017 and the FEMA grant anticipation note. The City should be able to continue to pay any liabilities, including its existing long-term debt service payments, in a timely manner after leaving Act 47.
7. With regard to the third factor, based on available information the City has no outstanding claims or judgments that would place the municipality in jeopardy of financial default.
8. With regard to the fourth factor, the Coordinator projects that through the final DCED Act 47 loan and surplus, the City should generate sufficient revenues to support expenditures through 2024. Without a county-wide reassessment in Northumberland County, the City will need to adopt a Home Rule Charter by December 31, 2025 to remain financially stable. In doing so, the City will be able to revert to the same Earned Income Tax rates it maintained during its time in Act 47 to meet its current financial needs.

AND NOW, this the 20th day of August 2024, upon review of the written recommendation of the Act 47 Coordinator, the recommendations of departmental staff, and the evidence received at the public hearing, the above-captioned request is granted.

IT IS ORDERED that the status of the City of Shamokin, Northumberland County, as a financially distressed municipality under the Municipalities Financial Recovery Act, Act 47 of 1987, as amended, is terminated.

By:



Frederick C. Siger
DCED Secretary

Municipalities Financial Recovery Act

Financial Condition Report

City of Shamokin
Northumberland County, Pennsylvania



Prepared on behalf of the
Commonwealth of Pennsylvania
Department of Community and Economic Development
Governor's Center for Local Government Services

As filed with the City Administrator on May 30, 2024



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May 30, 2024

City of Shamokin
Shamokin City Hall
47 East Lincoln Street
Shamokin, PA 17872

Re: City of Shamokin Act 47 Coordinator's Financial Condition Report

Mayor and Councilmen:

As outlined in the City of Shamokin Act 47 Coordinator's Financial Condition Report (the "Report") mailed by the Act 47 Coordinator to the City and officially filed by the City Administrator of the City of Shamokin on May 8, 2024, the Coordinator accepted written comments on the Report for a period of 15 days until Thursday, May 23, 2024. Additionally, the Coordinator held a public meeting to receive comments on the Report, beginning at 6:00 P.M. on Thursday, May 23, 2024, at the City's Rescue Squad meeting room, 511 North Franklin Street, Shamokin, PA. The Coordinator did not receive any written comments during the 15 day written comment period or any comments at the May 23, 2024 public meeting.

Having received no public comments, no changes to the Report are being made based as the result of public comment, however one change is being made to the report which is the amortization payment term on an Emergency Loan from DCED. Within the section titled "Overcoming Deficits" the original length for repayment of an Emergency Loan received from DCED was recommended to be four (4) years. The Coordinator is changing the recommendation to have the repayment term extended to seven (7) years so that the City does not need to increase the Debt Service millage it currently levies in order to repay the loan. This is the only change to the Report filed on May 8, 2024.

The final amended Financial Conditions Report is included as an attachment to this letter.
Please feel free to contact me with any questions.

Best regards,

By: /s/ Ryan P. Hottenstein
Act 47 Coordinator

Enclosure (1)

cc: Robert Slaby, City of Shamokin (City Administrator)
Gerald Cross, Pennsylvania Economy League (Act 47 Coordinator)
Patricia Moorhead, Pennsylvania Economy League (Act 47 Coordinator)
Susan R. Friedman, Stevens & Lee (Act 47 Coordinator)
Richard Vilello, Deputy Secretary (DCED)
Kelly Robertson, Executive Director (DCED)
Andrew Sheaf, Deputy Executive Director (DCED)
Bethany Williams, Local Government Policy Manager (DCED)
Lisa Burns, Local Government Policy Specialist (DCED)
Ian Mahal, Local Government Policy Specialist (DCED)
Edward Greco, Solicitor

Act 47 Coordinator

FSL Public Finance, LLC
Stevens & Lee, Lawyers and Consultants
Pennsylvania Economy League

CITY OF SHAMOKIN FINANCIAL CONDITION REPORT

Introduction

Pursuant to the Commonwealth of Pennsylvania's Municipalities Financial Recovery Act, Act 47 of 1987, as amended, (Act 47) the City of Shamokin (City) was declared a financially distressed municipality by order of the Secretary of the Department of Community and Economic Development (DCED) on June 16, 2014. Stevens and Lee, P.C. (S&L) was subsequently appointed the Act 47 Coordinator (Coordinator) for the City. The City adopted its original Act 47 Recovery Plan (Recovery Plan) on February 23, 2015. The City, in consultation with the Coordinator and DCED, subsequently amended the 2015 Recovery Plan by ordinance on February 20, 2020 (First Amendment). This First Amendment to the 2015 Recovery Plan extended the 2015 Recovery Plan's termination date from February 23, 2020, to February 20, 2023. Subsequently, the City adopted by ordinance a Second Amendment on January 9, 2023 (Second Amendment). This Second Amendment extended the February 20, 2023 termination date to August 20, 2024. In addition, to the Second Amendment the City adopted a Third Amendment on June 28, 2023. The primary purpose of this Third Amendment to the 2015 Recovery Plan was to update the Revenue and Financial section included in the 2015 Recovery Plan, First and Second Amendments and to include requesting financial assistance to cover the partial costs of a full time Downtown Manager dedicated to economic development within the City of Shamokin.

Act 199 of 2014 (Act 199) amended Act 47 to, among other provisions, limit the amount of time a municipality may be declared a financially distressed municipality while operating under a recovery plan. The City adopted its Recovery Plan after the effective date of Act 199. As part of the Act 199 process, the Coordinator is required to complete a report stating the financial condition of the municipality no later than 180 days after the beginning of the final year of distressed status. The report is required to include one of the following findings based on the conditions within the municipality: (1) termination of distressed status; (2) municipal disincorporation; (3) fiscal emergency; or (4) a three-year exit plan. The Coordinator has prepared this Report Stating the Financial Condition of the City of Shamokin (Report) and, makes a finding that conditions within the City warrant a termination of distressed status. Consequently, the Coordinator files this Report with DCED and City representatives.

Financial Condition

Background

The City of Shamokin is located in Northumberland County in Central Pennsylvania. The City's estimated 2017-2022 population was 6,915¹ making it the second largest municipality in Northumberland County. The City is governed pursuant to the Pennsylvania Third Class City Code. Under the Third Class City Code, the City's governing body is a five-member City Council, composed of a Mayor and four (4) additional Council Members. The current elected officials have cooperated with the Coordinator to implement most of the initiatives included in the City's original 2015 Recovery Plan and Plan Amendments. The City has taken numerous steps that have substantially improved the financial position of the City. With the provision that the City accepts a one-time emergency loan from DCED, adopts a Home Rule Charter which contains provisions for increased taxing authority, or if the Home Rule Charter initiative fails funds City operations by undertaking Local Government Unit Debt Act (LGUDA) compliant debt financings supported by debt millage, the City will remain financially stable outside Act 47.

This report will review the factors that led the City to its Act 47 designation, which have been remediated and will remain remediated with proceeds from a DCED loan, additional taxes allowable through Home Rule or if needed with proceeds from LGUDA compliant debt financings. In its filing to DCED the City alleged it met the following five (5) criteria as set forth in Section 201 of Act 47:

1. The City has maintained a deficit over a three-year period, with a deficit of 1% or more in each of the previous fiscal years.
2. The City's expenditures have exceeded revenues for a period of three years or more.
3. The City has accumulated and has operated for each of two successive years at a deficit equal to 5% of more of its revenues.

¹ U.S. Census Bureau. American Fact Finder, ACS Demographic and Housing Estimates, 2017-2022 American Community Survey 5-Year Estimates.

4. The City has failed to make the budgeted payment of its minimum municipal obligation as required by the Municipal Pension Plan Funding Standard and Recovery Act (Act 205) with respect to a pension fund during the fiscal year for which the payment was budgeted and has failed to take action within that time period to make required payments.
5. The City has experienced a decrease in quantified level of municipal service for the preceding fiscal year which has resulted from the municipality reaching its legal limit in levying real estate taxes for general purposes.

From the five identified criteria, DCED's Consultative Report affirmed four of the five criteria.

The following information has been used by the Coordinator to determine if the previous criteria have been sustainably remediated.

Operating Budget Review

The City has experienced operating budget surpluses six of the last nine years since it adopted the 2015 Recovery Plan. In 2018, the City paid off the General Obligation Bond, Series 2017, FEMA grant anticipation note. The City's 2023 financial estimates indicate that the City ended 2023 with an operating surplus of \$310,578.

**General Fund Revenues, Expenditures, Surplus (Deficit)
2015 - 2023**

	Revenues	Expenditures	Surplus/ (Deficit)	Fund Balance
Audited 2015	\$3,349,749	\$3,200,000	\$149,714	\$273,496
Audited 2016	3,660,738	3,582,880	77,858	351,354
Audited 2017	3,544,730	3,453,576	91,154	397,156
Audited 2018	3,988,991	4,026,399	-37,408	359,748
Audited 2019	3,687,252	3,465,441	221,811	581,559
Audited 2020	3,180,497	3,075,353	105,144	686,703
Audited 2021*	3,287,663	3,247,826	39,837	726,574
Audited 2022	3,326,767	3,552,247	-225,480	501,094
Reported 2023	3,769,968	3,459,390	310,578	811,672

*Ending Fund Balance restated in 2022 Audit from \$522,000 to \$726,574.

The City's legacy costs include retiree healthcare, pension, and debt service. Although these ongoing legacy costs were incurred by the City in prior years, the City remains legally required to satisfy the commitments. The City presently commits current General Fund operating budget revenue to fulfill retiree healthcare and pension legacy costs. Debt Service costs are covered by a separate, dedicated tax millage paid from the City's Debt Service Fund. During the 2019-2023 operating budget review period, the City's legacy costs increased by \$180,519 or 15.7%. In 2019, the City's legacy costs were \$1,150,582 or 29.8% of the City's total 2019 operating expenditures. By 2023, these costs increased to \$1,331,102 or 34.7% of the operating expenditures. These legacy costs significantly impact the City's ability to provide current services to its residents from the revenue it receives from its annual operating tax revenues.

Legacy Costs by Type and Proportion of Total Expenditures 2019 - 2023

	2019	2020	2021	2022	2023	Change 2019-2023	
	Reported	Reported	Reported	Reported	Reported	\$	%
Retiree Healthcare	\$95,090	\$98,383	\$84,055	\$100,226	\$120,255	25,165	26.5
Pension MMO	666,239	664,865	755,673	809,555	838,908	172,669	25.9
Annual Debt Service	<u>389,254</u>	<u>388,520</u>	<u>394,476</u>	<u>386,226</u>	<u>371,939</u>	<u>-17,315</u>	<u>-4.4</u>
Total Legacy Costs	\$1,150,582	\$1,151,768	\$1,234,204	\$1,296,007	\$1,331,102	180,519	15.7
% of Total Expenditures (inc DS)	29.8%	33.3%	32.1%	33.3%	34.7%		

The largest legacy cost increase during the review period was the City's Minimum Municipal Pension Obligation (MMO) which increased from \$666,239 in 2019 to \$838,908 in 2023, an increase of 25.9 percent. The City's retiree healthcare obligation increased from \$95,090 in 2019 to \$120,255 in 2023 while the City's debt service decreased slightly from \$389,254 in 2019 to \$371,939 in 2023.

Elimination of Operating Deficits

As previously stated, the City's audits indicate that the City incurred operating budget surpluses in 2015, 2016, 2017, 2019 and 2020. Preliminary accounting for 2023 also reported a budgetary surplus.

2023 Financial Review

The City reported ending the 2023 fiscal year with an operating surplus of \$128,640. For the 2023 fiscal year, the City's unaudited operating revenues were \$3,769,968 or 7.5 percent more

than the budgeted amount, for a budget to actual difference of \$262,691. This was primarily due to higher Earned Income Tax revenue than anticipated. Unaudited operating expenditures were also higher at \$3,459,390 or 1.5 percent over the approved budget by \$51,020.

2023 Actual vs. Budget

	2023 Actual	2023 Budget	Variance	
<u>Revenues</u>			\$	%
General Property Taxes	\$1,140,312	\$1,138,262	2,050	0.2
EIT	1,569,562	1,345,000	224,562	16.7
Other Taxes	292,444	297,000	-4,556	-1.5
Other Revenue	<u>767,650</u>	<u>727,015</u>	<u>40,635</u>	<u>5.6</u>
Total Revenue	\$3,769,968	\$3,507,278	\$262,691	7.5
 <u>Expenditures</u>				
Employee	\$2,566,040	\$2,700,596	-134,556	-5.0
Non Employee	893,350	707,774	185,577	26.2
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Total Expenditures	\$3,459,390	\$3,408,370	\$51,020	1.5
 Operating Surplus/(Deficit)	 \$128,640	 \$35,647		

2024 Financial Condition

The City adopted a balanced 2024 operating budget on December 26, 2023, with General Fund revenues and expenditures of \$3,524,569. Throughout the 2024 fiscal year, the Coordinator has and will continue to monitor the City's fiscal position and prepare monthly cash flow estimates for the City's use.

As of the date of this Report the City has a typical amount of accounts payable with none known to be over thirty days due and a sufficient cash balance to meet anticipated costs. The City ended 2023 with \$526,590 in cash and \$5,248 in accounts payable. Based on the 2024 Budget, the City is projected to end 2024 with approximately \$556,000 in cash and \$5,000 in payables, and a \$30,000 operating budget surplus.

2024 Budget

	2024 Budget
Revenues	
Real Estate Taxes	\$1,133,714
EIT	1,345,000
LST	45,000
Other Taxes	255,000
Licenses & Permits	171,200
Fines & Forfeits	64,500
Interest Income	60
Rents & Royalties	20,000
Intergovernmental Revenue	7,700
Fed Capital & Operating Grant	0
State Capital & Operating Grant	4,500
State Shared Revenue & Entitle	154,131
Local Govt Grants/Revenue	5,000
Charges for Services	30,800
Parking Meter Revenue	95,000
Miscellaneous	89,264
Transfers	103,700
TRAN	0
Other Financing Sources	0
Total Revenues	\$3,524,569
Expenditures	
Payroll	\$1,331,212
Benefits	585,735
Pension	828,304
Fire Relief	26,000
Other Expenditures	723,305
Transfers	<u>0</u>
Total Expenditures	\$3,494,556
 Surplus/(Deficit)	 \$30,013

2024 Estimated Cash Flow

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2024

Revenues	951,107	1,130,133	813,297	630,031	3,524,569
Expenditures	<u>663,521</u>	<u>630,627</u>	<u>909,871</u>	<u>1,290,537</u>	<u>3,494,556</u>
Surplus/(Deficit)	287,586	499,506	(96,574)	(660,506)	30,013
 Cash Beginning of Quarter	 526,590	 814,176	 1,313,683	 1,217,109	
Surplus/(Deficit)	287,586	499,506	(96,574)	(660,506)	
Increase/(Decrease) in Payables	0	0	0	0	
Other Items Effecting Cash	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Balance City EOQ	814,176	1,313,683	1,217,109	556,603	

Cost Centers

Labor

The City currently has 23 budgeted employee positions. The City's managerial and confidential employees are "at will" employees. Most of the City's employees are represented by one of two unions and are subject to labor contracts with the City.

Shamokin Police Officers Association represents the City's uniformed police officers. The current City and police Association collective bargaining agreement term began on January 1, 2021 and will expire on December 31, 2024.

The American Federation of State, County and Municipal Employees Council 86, Local 2433 (AFSCME) represents the City's Public Works employees. The City's current collective bargaining agreement with AFSCME for the Public Works employees began on January 1, 2022, and will expire on December 31, 2024.

All the past contracts negotiated with the City bargaining units comply with the Act 47 Recovery Plan cost containment provisions. While the stringent policies contained within the recovery plans kept the expenditures in check in the past, at the same time employees have seen their buying power significantly reduced over the period with minimal pay increases and increased contributions to healthcare. Additionally, with minimal increases to the rate of pay, the City is now significantly below comparable regional positions for police, public works and administrative staff. This puts the City at a disadvantage in attracting and retaining quality employees for key positions. The Coordinator suggests bringing wages to comparable rates when economically feasible by no later than 2028.

While increases will impact the deficits going forward, the City will benefit from maintaining quality staff and services in the long run.

Debt

The City's outstanding principal long-term debt as of December 31, 2023, was approximately \$1,928,000. The City expected to make approximately \$394,000 of long-term debt service payments of principal and interest in 2024 for its General Obligation and Redevelopment Authority debt.

Long-Term Debt Summary

	Outstanding Principal	Rate	Maturity
Taxable General Obligation Note, Series A of 2018	627,000	4.40% to 6.00%	2031
General Obligation Note, Series B of 2018	486,000	2.95% to 4.25%	2031
2014 DCED Loan	116,350	0.00%	2024
Shamokin RDA Note, Series A of 2005	372,167	3.708%	2030
Shamokin RDA Note, Series B of 2005	326,418	3.250%	2030
Total Outstanding as of December 31, 2018	1,927,935		

Pension

The City of Shamokin participates in two single-employer pension plans. As of January 1, 2021, the Non Uniform Pension Plan (NUPP) funding ratio was 56% (Distress Level II). The Police Pension Plan (PPP) funding ratio was 56% (Distress Level II). The City's annual minimum pension obligation calculation in 2024 was \$828,304.

Financial Baseline

The Coordinator has reviewed Shamokin's financial history and developed financial projections for 2024-2028. The City is at its statutory time limit in Act 47. Beginning in 2025, the City will no longer have the authority to levy the additional 1.0% Earned Income Tax that it has levied since 2015. The City will receive 2024 fourth quarter and final return EIT revenue in 2025 but the receipts for the 1st – 3rd quarters of 2025 EIT revenue will be at the reduced rate. For 2026 through 2028 EIT is projected at the 0.5% rate with annual growth of 1.25%. Normal expenditure growth assumptions indicate that the City will incur a general fund operating deficit in 2025 of \$830,887 growing to \$1,333,476 in 2028 absent increases in revenue or decreases in expenditures.

As noted above, the City's debt to the Commonwealth will be satisfied with its payment in 2024. If the City does not change the debt service millage or incur any other debt the City will have a surplus in the Debt Service fund. This millage can only be used for Debt Service payments. If both funds are combined the total deficits are reduced in 2025 through 2028 but still range from \$721,106 to \$1,220,908.

General Fund
Projected Baseline Revenues, Expenditures, Surplus (Deficit)
No Salary Adjustments
2024 – 2028

	2024	2025	2026	2027	2028	Change 2024 - 2028	
	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	\$	%
Revenues	3,461,054	2,750,661	2,526,161	2,536,357	2,546,755	-914,299	-26.4
Expenditures	<u>3,496,002</u>	<u>3,581,548</u>	<u>3,678,020</u>	<u>3,777,545</u>	<u>3,880,231</u>	384,229	11.0
Surplus/(Deficit)	(34,948)	(830,887)	(1,151,860)	(1,241,188)	(1,333,476)		

General Fund
Projected Baseline Revenues, Expenditures, Surplus (Deficit)
With Salary Adjustments
2024 – 2028

	2024	2025	2026	2027	2028	Change 2024 - 2028	
	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	\$	%
Revenues	3,461,054	2,750,661	2,526,161	2,536,357	2,546,755	-914,299	-26.4
Expenditures	<u>3,496,002</u>	<u>3,789,258</u>	<u>3,932,488</u>	<u>4,046,505</u>	<u>4,143,673</u>	647,671	18.5
Surplus/(Deficit)	(34,948)	(1,038,597)	(1,406,328)	(1,510,148)	(1,596,918)		

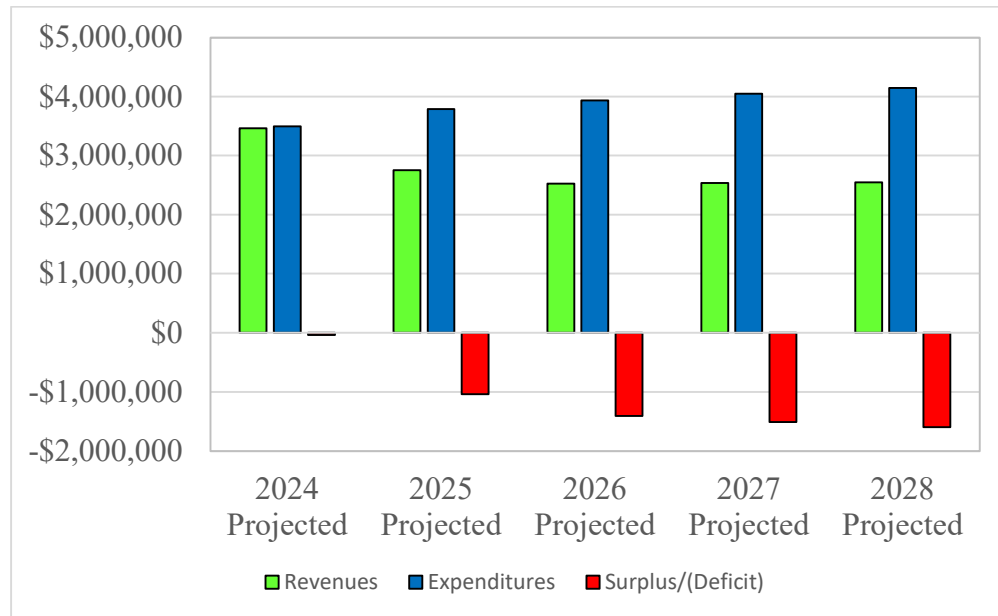
Debt Service Fund
Projected Baseline Revenues, Expenditures, Surplus (Deficit)
2024 – 2028

	2024	2025	2026	2027	2028
	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Revenues	488,337	488,337	488,337	488,337	488,337
Expenditures	<u>494,801</u>	<u>378,555</u>	<u>378,434</u>	<u>378,132</u>	<u>375,768</u>
Surplus/(Deficit)	(6,464)	109,782	109,903	110,205	112,569

General Fund, Debt Service Combined
Projected Baseline Revenues, Expenditures, Surplus (Deficit)
With Salary Adjustments
2024 – 2028

	2024	2025	2026	2027	2028
	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Revenues	3,949,391	3,238,998	3,014,497	3,024,694	3,035,092
Expenditures	3,990,803	3,960,104	4,056,454	4,155,677	4,255,999
Surplus/(Deficit)	(41,413)	(721,106)	(1,041,957)	(1,130,983)	(1,220,908)

**General Fund
With Salary Adjustment
Projected Baseline Revenues, Expenditures, Surplus (Deficit)
2024 – 2028**



Overcoming Deficits

Home Rule Charter

If a Home Rule Charter is approved, the City would no longer be bound by statutory limits on rates for EIT, property taxes and realty transfer taxes, providing for greater flexibility in the future to generate tax revenue based on community needs. To establish a Home Rule Charter registered voters of the local municipality, approve and elect a Home Rule Government Study Commission (GSC).

The GSC was approved at the 2024 Primary, however the study phase and charter drafting can take up to 18 months. This would mean the Charter could not go into effect until 2026, leaving the City without the additional EIT in 2025. For 2026, the City would only receive three quarters of Earned Income Tax. DCED has proposed to fund the expected deficit for 2025 with a 0% interest loan to the City. The Coordinator recommends repayment of the loan within seven years of when the funds are used so that the Debt Service millage in 2025 does not need to be increase from the current levy. Once the Home Rule Charter passes, the City will have the flexibility to set rates for

EIT, real estate and real estate transfer taxes that Council deems most equitable to meet the needs of the City. If City residents do not approve a Home Rule Charter the City would need to undertake LGUDA compliant debt financings to fund any future shortfalls.

**General Fund, Debt Service Combined
With Salary Adjustments
Under a Home Rule Charter
Balanced Revenues, Expenditures, Surplus (Deficit)
2024 – 2028**

	2024	2025	2026	2027	2028
	Estimated	Projected	Projected	Projected	Projected
Combined Revenues	3,949,391	3,238,998	3,014,497	3,024,694	3,035,092
Expenditures	3,990,803	4,167,813	4,310,922	4,424,637	4,519,441
Surplus/(Deficit)	(41,413)	(928,816)	(1,296,424)	(1,399,943)	(1,484,349)
Tax Revenue/Fund Balance	41,413	178,816	1,296,424	1,399,943	1,484,349
DCED Loan	0	750,000	-187,500	-187,500	-187,500
Debt Service	0	0	0	0	0
Net Surplus/(Deficit)	0	0	0	0	0

**General Fund, Debt Service Combined
With Salary Adjustments
Home Rule Fails
Balanced Revenues, Expenditures, Surplus (Deficit)
2024 – 2028**

	2024	2025	2026	2027	2028
	Estimated	Projected	Projected	Projected	Projected
Combined Revenues	3,949,391	3,238,998	3,014,497	3,024,694	3,035,092
Expenditures	3,990,803	4,167,813	4,310,922	4,424,637	4,519,441
Surplus/(Deficit)	(41,413)	(928,816)	(1,296,424)	(1,399,943)	(1,484,349)
Tax Revenue/Fund Balance	41,413	178,816	1,521,364	1,627,808	1,712,214
DCED Loan	0	750,000	-187,500	-187,500	-187,500
LGUDA Approved Financing	0	0	1,152,000	1,242,000	1,242,000
Debt Service	<u>0</u>	<u>0</u>	<u>-1,189,440</u>	<u>-1,282,365</u>	<u>-1,282,365</u>
Net Surplus/(Deficit)	0	0	0	0	0

Real Estate Taxes

Northumberland County last implemented a property reassessment in 1972. When Shamokin entered Act 47 it was at its limit for general purpose real estate millage, leaving no room to gain additional general purpose revenue if needed through a property tax increase. The City remains at the current general purposes limit of 35.00 mills in 2024. One mill is valued at approximately \$23,280. Outside the benefits of Home Rule, the City does not have the ability to raise its general purpose property tax or earned income tax to meet its revenue requirements.

Unless and until voters in Shamokin approve a Home Rule Charter the City will be forced to increase revenue through receipt of an emergency loan from DCED or if Home Rule fails the use of LGUDA compliant debt financings. Relying on an emergency loan from DCED or undertaking LGUDA compliant debt financings to fund City operations is not preferable or efficient but is the only mechanism available to provide the City with the funds necessary to replace the loss in EIT revenue outside of operating under a Home Rule Charter.

Deficit Reduction Options Under Third Class City Code

Proceeds from an emergency loan from DCED or LGUDA compliant debt financings can be used to fund City operations. Both an emergency loan from DCED and LGUDA compliant debt financings would be considered debt under the LGUDA. Since there is no cap on millage for the repayment of debt under the 3rd Class City Code the City would be able to increase property taxes to pay back debt incurred while maintaining vital and necessary services.

If Home Rule fails it is estimated that the City would need to increase the debt service millage by at least 47.50 mills from 12.50 mills to 60.00 mills to cover the additional debt service on the emergency loan and any future LGUDA compliant debt financings needed.

Tax Burden Without Home Rule

The City's 2024 tax burden on the mean household income was \$1,392.79 or 2.43 percent of the household's income. Real estate and earned income tax accounted for \$1,222.37 or 87.8 percent of the 2024 tax burden.

The City's 2022, 2023 and 2024 budgets maintain the 1.5 percent rate for the earned income tax under authorization of the Recovery Plan. However, upon exiting Act 47 the City will lose its ability to levy the additional 1.0 percent earned income tax. To make up the loss in EIT revenue the City will either have to reduce expenses and increase revenue through an emergency loan from DCED, adopting a Home Rule charter or from the use of LGUDA compliant debt financings if Home Rule fails.

While the use of LGUDA compliant debt financings is allowable and has on occasion in the past been used for multiple years to generate operating revenue, it could be challenged thereby putting a significant portion of City operating funds at risk.

Both receipt of an emergency loan from DCED and LGUDA compliant debt financings will require a shift in the allocation of City tax burden, moving the largest source of revenue from earned income tax to real estate taxes. This shift of tax burden will have a negative impact on retirees and businesses within the City of Shamokin.

As stated above the 2024 tax burden on mean household income was \$1,392.79 or 2.43 percent of the Shamokin's household's income. Real estate and earned income tax accounted for \$1,222.37 or 87.8 percent of the 2024 tax burden. If Home Rule fails after exiting Act 47 and the City is forced to undertake LGUDA compliant financings the tax burden on a mean household income is estimated to decrease for the average working citizen to \$1,118.01 or 1.95 percent of the household's income with real estate and earned income tax accounting for \$947.59 or 84.8 percent of the projected tax burden.

City of Shamokin
Comparison of Tax and Major Fee Burden
on a Hypothetical Household to Support
City Operations

Tax Base and Rate	Act 47	Outside Act 47
Mean Assessed Taxable Valuation ¹	6,264	6,264
Mean Household Income with earnings	57,230	57,230
Real Estate Tax Millage	58.1000	105.6000
Earned Income Tax Rate	1.50%	0.50%
Emergency and Municipal Services Tax	47.00	47.00
Occupation Tax	31 mills at 100%	
Tax Burden		
City Real Estate Tax	\$ 363.92	\$ 661.44
City Earned Income Tax	858.45	286.15
City Per Capita	10.00	10.00
City Emergency and Municipal Services Tax	47.00	47.00
Occupation Tax	113.42	113.42
Tax	<u>\$ 1,392.79</u>	<u>\$ 1,118.01</u>
Burden as a % of Median Household Income with earnings	2.43%	1.95%

¹ Average 2024 Assessed Property Value as reported by the City

As mentioned earlier the estimated decrease in tax burden **will not** be experienced by all taxpayers within the City of Shamokin. Individual tax burden will depend on the citizen's actual assessed property value and actual income earned.

Two portions of the taxpayer mix in the City of Shamokin will experience a noticeable tax increase, businesses and retirees. Since neither businesses nor retirees pay earned income tax their overall tax burden will increase as the 81.8% increase in real estate tax will not be offset by the decrease in earned income tax.

City of Shamokin
Comparison of Real Estate Tax Burden for Retirees

Tax Base and Rate	Act 47	Outside Act 47
Mean Assessed Taxable Valuation ¹	6,264	6,264
Median Household Income 65 years and over	21,436	21,436
Real Estate Tax Millage	58.1000	105.6000
Tax Burden		
City Real Estate Tax	\$ 363.92	\$ 661.44
City Per Capita	10.00	10.00
Tax	\$ 373.92	\$ 671.44
Burden as a % of Mean Retiree Income	1.74%	3.13%

¹ Average 2024 Assessed Property Value as reported by the City

City of Shamokin
Comparison of Real Estate Tax Burden for Commercial Properties

Tax Base and Rate	Act 47	Outside Act 47
Mean Assessed Taxable Valuation ¹	25,660	25,660
Real Estate Tax Millage	58.1000	105.6000
Tax Burden		
City Real Estate Tax	\$ 1,490.83	\$ 2,709.65

¹ Average 2024 Assessed Property Value as reported by the City

However this shift of tax burden from EIT to property tax will not be needed if City residents approve a Home Rule Charter which authorizes them to determine their own taxation mix.

Summary

The City's financial condition has improved significantly during the last ten (10) years. The taxing authority granted while in Act 47 allows the City to receive the necessary funding to support City operations and maintain balanced budgets.

However, if the City accepts the emergency loan from DCED, approves Home Rule and in the case of Home Rule failing undertakes LGUDA compliant debt financings outlined previously, the City would be able to replace the additional 1.0% Earned Income Tax the City it receives while in Act 47, thereby maintaining its current fiscal stability and remain free from financial distress without making significant cuts to public services.

Finding & Recommendation

The City has two paths forward:

- 1) If the City accepts DCED's emergency loan and adopts a Home Rule Charter by December 31, 2025, this charter will permit the City to set higher tax rates than those currently allowed under the 3rd Class City Code. This would provide the necessary tools to balance future budgets.
- 2) If residents reject the Home Rule initiative, the City will need to resort to LGUDA compliant debt financings until these borrowings are no longer needed, either through a County Reassessment or the eventual adoption of a Home Rule Charter.

The Coordinator finds and concludes that if the City follows either path, anticipated revenues will be sufficient to fund ongoing necessary expenditures, warranting a termination of distressed status under Act 47, in accordance with Section 255.1 of the Act.

Under either path, the Coordinator finds:

- 1) operational deficits of the City have been eliminated and the financial conditions demonstrate a reasonable probability of future balanced budgets absent participation in Act 47;
- 2) obligations have been structured so that there is a reasonable probability of continued timely debt service absent participation in Act 47;
- 3) there are no claims or judgments that would place the City in imminent jeopardy of financial default; and
- 4) reasonably projected revenues of the City are sufficient to fund ongoing necessary expenditures, including pension and debt obligations and the continuation of collective bargaining agreements and the provision of municipal services.

Act 47 Coordinator

FSL Public Finance
Stevens & Lee, Lawyers and Consultants
Pennsylvania Economy League

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

* * * * *

IN RE: TERMINATION OF STATUS AS A FINANCIALLY
DISTRESSED MUNICIPALITY -
CITY OF SHAMOKIN

ADMINISTRATIVE PUBLIC HEARING

* * * * *

BEFORE: ANDREW SHEAF, Hearing Officer

HEARING: Thursday, June 13, 2024
6:00 p.m.

LOCATION: City of Shamokin Police Department
511 North Franklin Street
Shamokin, PA 17872

WITNESSES: Ryan Hottenstein, Lisa Burns
Robert Slaby

Reporter: Rachel Wilbur-Adams

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A P P E A R A N C E S

Also Present:

Ian Mahal

I N D E X

OPENING REMARKS

By Hearing Officer

5 - 7

TESTIMONY

By Mr. Hottenstein

7 - 17

TESTIMONY

By Ms. Burns

18

TESTIMONY

By Mr. Slaby

19 - 21

E X H I B I T S

<u>Number</u>	<u>Description</u>	<u>Page</u> <u>Identified</u>	<u>Page</u> <u>Admitted</u>
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NONE OFFERED

P R O C E E D I N G S

HEARING OFFICER: It is now 6:00 p.m.

on June 13th, 2024. I call to order this administrative public hearing, which is being held pursuant to Section 255.1(a) of the Municipalities Financial Recovery Act, also known Act 47.

The sole purpose of this hearing to receive evidence and testimony regarding the potential termination of the City of Shamokin's status as a financially distressed municipality. We cannot respond to any questions or challenges at this hearing. My name is Andrew Sheaf, acting executive director of the Governor's Center for Local Government Services for the Department of Community and Economic Development, and I will be serving as the hearing officer today.

For the record, this hearing was advertised in the News Item on June 6th, 2024, and written notice was provided to the municipal manager, the mayor, the municipal solicitor and each member of the governing body of the - of the municipality prior to the meeting.

As background for the members of the public with us today, on May 30th, 2024 the recovery

1 coordinator for the city, Ryan Hottenstein of
2 Financial Solutions, submitted a final remember in
3 accordance with Section 255 of Act 47. The
4 coordinator's report reviewed the city's financial
5 condition in conjunction with statutory factors
6 listed in Section 255.1(c) of Act 47, and concluded
7 that the city's status as a distressed municipality
8 should be terminated.

9 Per Section 255.1(a) of Act 47 the
10 Department is required to hold a public hearing
11 within 30 days of receiving the final coordinator's
12 report. Once again, the sole purpose of this
13 hearing is to receive evidence and testimony
14 regarding the potential termination of Shamokin's
15 status as a financially distressed municipality.

16 Individuals representing Shamokin, the
17 city's Act 47 coordinator and the Governor's Center
18 for Local Government Services will be presenting
19 evidence and testimony tonight. After the
20 Department has received comment from the previously
21 mentioned parties I will invite any other interested
22 party in the audience to speak. Please note there
23 is a sign in sheet that has been circulated to verify
24 attendance at the hearing today. I will ask that
25 all in attendance please sign the sheet, even if you

1 are not provided comment. If you change your mind
2 later and do decide you want to provide testimony,
3 please know that all witnesses will be required to be
4 sworn in by the stenographer prior to testifying.

5 Do any of you folks want to go? At
6 this point I call Ryan Hottenstein, recovery
7 coordinator for the City of Shamokin, to the witness
8 stand.

9 MR. HOTTENSTEIN: Which is where?

10 HEARING OFFICER: Which is right
11 there.

12 MR. HOTTENSTEIN: Fantastic. All
13 right.

14 COURT REPORTER: Could you please
15 raise your right hand? Thank you.

16 ---

17 RYAN HOTTENSTEIN,
18 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
19 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
20 FOLLOWS:

21 ---

22 COURT REPORTER: Okay. Thank you.
23 You can lower your hand.

24 MR. HOTTENSTEIN: Good evening. My
25 name is Ryan Hottenstein, and I'm employed by FSL

1 Public Finance, affiliated business of Stevens and
2 Lee. I have extensive background in municipal
3 government operations and municipal finance having
4 served previously as the managing director and
5 finance director for the City of Reading, and also
6 as the lead coordinator for Act 47 team for the City
7 of Altoona and currently here for the City of
8 Shamokin. Additionally I work with numerous
9 municipal and nonprofit entities throughout the
10 Commonwealth and New Jersey as a registered
11 municipal advisor with the Securities Exchange
12 Commission and the MSRB.

13 Pursuant to the Commonwealth of
14 Pennsylvania's Municipal Financial Recovery Act, Act
15 47 of 1987 as amended, this city was declared
16 financially distressed municipality by order of the
17 secretary of the Department of Community and
18 Economic Development on June 16th, 2014. Stevens
19 and Lee was subsequently appointed as the Act 47
20 coordinator for the city. The city adopted its
21 original Act 47 recovery plan on February 23rd,
22 2015, and adopted a subsequent three-year exit plan
23 amendment on February 20th, 2020. This first
24 amendment to the 2015 recovery plan extended the
25 2015 recovery plan's termination date from February

1 23rd to - February 23rd, 2020 to February 20th,
2 2023. Subsequently, the city adopted by ordinance a
3 second Amendment on January 9th, 2023. This second
4 amendment extended the February 20th, 2023
5 termination date to August 20th, 2024.

6 As part of the process outlined in
7 Act 199 of 2014, the coordinator is required to
8 complete a report stating the financial condition of
9 the municipality after beginning of the final year
10 of the - final year of distress status. The report
11 is required to include one of the following findings
12 based on conditions within the municipality. One,
13 the termination of distress status, two, municipal
14 district corporation, three, fiscal emergency or
15 four, a three-year exit plan. The coordinator
16 prepared and delivered this report stating the
17 financial condition of the City of Shamokin on May
18 8, 2024 and was subsequently officially filed on May
19 30th, 2024, after public comment period had ended.
20 The coordinator's findings set forth in the report
21 is that the conditions within the City of Shamokin
22 warrant a termination in distress status under Act
23 47 in accordance with section 255.1 of the act.

24 In summary, the coordinator found
25 that there were two paths forward for the City of

1 Shamokin. One being if the city accepts DCED's
2 emergency loan and adopts a home rule charter by
3 December 31, 2025. This charter would allow the
4 city to set higher tax rates than those currently
5 allowed under the Third Class City Code, and this
6 would provide the necessary tools to balance future
7 budgets. Alternatively, if residents rejected the
8 home rule initiative, the city would be able to
9 resort to LGUDA compliant debt financings and use
10 those borrowings until either a county reassessment
11 or an eventual adoption of home rule - of a home
12 rule charter was completed. Under either path
13 forward the coordinator finds that; one, operational
14 deficits of the city have been eliminated and the
15 financial conditions demonstrate a reasonable
16 probability of future balanced budgets absent
17 participation in Act 47. Two, obligations have been
18 structured so that there is a reasonable probability
19 of continuing timely debt service absent
20 participation in Act 47. Three, there are no claims
21 or judgments that would place the city in imminent
22 jeopardy of financial default. And four, that
23 reasonably projected revenues of the city are
24 sufficient to fund ongoing necessary expenditures,
25 including pension and debt obligations and the

1 continuation of collective bargaining agreements and
2 the provisions of municipal service.

3 After delivery of the financial
4 condition report the coordinator accepted written
5 comments on the report for a period of 15 days from
6 the original filing date until Thursday, May 23rd,
7 2024, and held a public meeting to receive comments
8 in the report beginning at 6:00 p.m. on Thursday,
9 May 23rd here in the city's rescue squad meeting.
10 The coordinator did not receive any written comments
11 during a 15-day written comment period or any
12 comments at the May 23rd, 2024 public hearing.
13 Having received no public comments, no changes to
14 the financial condition report were made based on
15 the result of public comment. However, one change
16 was made to the report, which was the amortization
17 payment term on the emergency loan from DCED.
18 Within the selection titled overcoming deficits of
19 the original - the original report, the length
20 repayment on emergency loan received from DCED was
21 recommended to be four years. The coordinator had
22 changed the recommendation in the final report to
23 repayment term extended to seven years so that the
24 city does not need to increase the debt service
25 millage it currently levies in order to repay the

1 loan. This was the only change that was made to the
2 - in the final report filed on May 30th.

3 The coordinator reviewed various
4 financial and operation - operating results to - to
5 determine if the previous criteria had been
6 remediated prior to making our recommendation for
7 termination of distress status. These included an
8 operating budget review. The city had experienced
9 operating budget surpluses in six of the last nine
10 years, and the city's unaudited financial report for
11 2023 indicate that the city incurred an operating
12 budget surplus of \$310,578.23, resulting in a
13 projected fund balance of \$811,672.

14 Looking at financial review of 2023,
15 their operating revenues were \$3.7 million, or about
16 7.5 percent more than the budgeted amount for a
17 budget total actual difference of 262,000 to the
18 positive. This was primarily due to higher earned
19 income tax revenue than anticipated. As discussed
20 previously, these indicated that the city incurred
21 an operating budget surplus of more than 310,000 and
22 a fund balance of more than 810,000.

23 Looking at the financial condition
24 for 2024, the city adopted a balanced 2024 operating
25 budget on December 26, 2023 with general fund

1 revenues and expenditures of \$3,524,569. Throughout
2 the 2024 fiscal year the coordinator has and will
3 continue to monitor the city's fiscal position for
4 the city's use. Currently, the city has a normal
5 amount of accounts payable with none known to be
6 over 30 days due, and sufficient cash balance to
7 meet anticipated costs. The city ended 2023 with
8 \$526,000 in cash and \$5,248 in accounts payable.
9 Based on the 2024 budget the city is projected to
10 end 2024 with approximately \$556,000 in cash and
11 \$5,000 in payables and a \$30,000 operating surplus.

12 Considering the financial baseline in
13 drafting our financial condition report, the
14 coordinator team reviewed Shamokin's financial
15 history and developed financial projections for 2024
16 through 2028. The city is at its statutory time
17 limit in Act 47, and beginning in 2025, the city
18 will no longer have the authority to levy the
19 additional one percent earned income tax at is
20 levied since 2015. The city will receive a 2024
21 fourth quarter and final return EIT revenue in 2025,
22 but the receipts for the first and three- and third
23 quarters of 2025 EIT revenue will be at a reduced
24 rate. For 2026 through 2028 the original baseline
25 projections of EIT were at the 0.5 percent rate with

1 annual growth of 1.25 percent. Normal expenditure
2 growth assumptions indicated that the city will
3 incur future operating deficits in 2025 of about
4 \$830,000, growing to 1.3 in 2028 absent increases in
5 revenue or decreases expenditure.

6 However, elimination of deficits is
7 available. If home rule charter is approved the
8 city would no longer be bound by those statutory
9 limits off rates on EIT, property taxes or realty
10 transfer taxes, providing for greater flexibility in
11 the future to generate tax revenue based on
12 community needs. To establish the home rule
13 charter, registered voters of the local municipality
14 approve and elect a home rule government study
15 commission. This home rule government study
16 commission was approved at the 2024 primary
17 election. However, the study phase and charter
18 drafting can take up to 18 months. This would mean
19 the charter would not go into effect until 2026,
20 leaving the city without the additional EIT for '25,
21 as discussed earlier. For '26, the city would only
22 receive three quarters of the earned income tax and
23 in order to compensate for this gap in funding, DCED
24 has proposed to fund the expected deficit for 2025
25 with a zero percent interest loan to the city. The

1 coordinator recommends repayment of the loan within
2 seven years of when those funds are used so that the
3 debt service millage, as mentioned earlier, does not
4 need to be increased from the current levy. Once
5 the home rule charter passes the city will have the
6 flexibility to set rates for EIT, real estate and
7 real estate transfer that council deems most
8 equitable to meet the needs of the city. If city
9 residents do not approve the home rule charter the
10 city would need to undertake LGUDA compliant debt
11 financings to fund any shortfalls.

12 In summary, the city's financial
13 condition has improved significantly during the last
14 ten years. The taxing authority granted while on
15 Act 47 allows the city to receive the necessary
16 funding to support city operations and maintain
17 balanced budgets. And with receipts of the
18 emergency loan from DCED approval of the home rule -
19 of home rule and in the case home rule fails,
20 undertaking LGUDA compliant debt financing outlined
21 previously, the city would be able to replace the
22 additional one percent earned income tax the city
23 receives while in Act 47, thereby being able to
24 maintain its current fiscal stability and remain
25 free of financial distress without making

1 significant cuts to public service.

2 As such, the coordinating team finds
3 and concludes that if the city follows either of
4 those paths again, number one, operational deficits
5 of the city would have been eliminated if fiscal
6 financial conditions demonstrate a reasonable
7 probability of future balance budgets absent
8 participation in Act 47; two, that the obligations
9 have been structured so that there is a reasonable
10 and probability of continued timely debt service
11 absent participation in Act 47; three, that there
12 are no claims or judgments that would place the city
13 in imminent jeopardy of financial default; and four,
14 reasonable projection - projected revenues of the
15 city are sufficient to fund ongoing necessary
16 expenditures, including pension and debt
17 obligations, and the continuation of collective
18 bargaining agreements and the provisions of
19 municipal service, we hereby find and conclude that
20 anticipated revenues will be sufficient to fund
21 ongoing necessary expenditures warranting
22 termination of distress status under Act 47 in
23 accordance with section 255.1 of the act. In
24 summary, the city has options available to maintain
25 consistent series of revenue streams to provide

1 realistic and affordable service levels. It is now
2 the city's responsibility to remain diligent and
3 actively manage the provisions of the city services
4 within the context of fiscal and management
5 resources available to the city. Thank you.

6 HEARING OFFICER: Thank you, Mr.
7 Hottenstein. Stein (changes pronunciation). Sorry.

8 MR. HOTTENSTEIN: It's stein. You're
9 right.

10 HEARING OFFICER: Yeah. Sorry.

11 I now call Mrs. Lisa Burns, local
12 government policy specialist for DCED, to provide
13 comment.

14 COURT REPORTER: Hello. Can you
15 please raise your right hand? Thank you.

16 ---

17 LISA BURNS,
18 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
19 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
20 FOLLOWS:

21 ---

22 COURT REPORTER: Thank you. And
23 could you please just spell your last name for the
24 record?

25 MS. BURNS: B-U-R-N-S. Ready?

1 HEARING OFFICER: Did you swear her
2 in?

3 COURT REPORTER: Yeah.

4 HEARING OFFICER: I'm sorry. Okay.
5 All right. It's warm in here.

6 MR. BURNS: I'm Lisa Burns, local
7 government policy specialist working with Shamokin
8 from October of 2022 to present. Shamokin has been
9 cooperative in their response to balance their
10 budget. They managed to keep their payroll at a
11 minimum and have learned to live within their means.
12 After they exit Act 47, they will have a setback,
13 losing their earned income tax, but they have taken
14 the steps for home rule and with that passing will
15 have no problem meeting their anticipated budget.
16 They are receptive to recommendations and have been
17 a pleasure to work with.

18 HEARING OFFICER: Thank you Mrs.
19 Burns. I would now like to invite any other
20 interested party in the audience who would like to
21 present testimony to please raise your hand, let us
22 know, to be sworn in by the stenographer.

23 MR. SLABY: I just - I just want to
24 make a comment and I guess I have to. Go ahead.

25 COURT REPORTER: Hi, could you please

1 state your name for me?

2 MR. SLABY: Robert Slaby.

3 COURT REPORTER: Could you spell your
4 last name?

5 MR. SLABY: S-L-A-B-Y.

6 COURT REPORTER: Thank you. Your
7 hands already raised.

8 ---

9 ROBERT SLABY,
10 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
11 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
12 FOLLOWS:

13 ---

14 COURT REPORTER: Okay. You can lower
15 your hand.

16 MR. SLABY: I just want to comment.
17 I have been a part of this from the very beginning,
18 and at first I sometimes second-guessed did I do the
19 right thing? Did they do the right thing, those
20 that selected me to come on board and be the city
21 administrator? I just want to say there has been a
22 lot of people help me and Shamokin get to where we
23 are today. And one of the people sitting at the end
24 of that table was one of the biggest players. He
25 was patient, he was a good teacher to me and we

1 worked very well together. And I think if either
2 one of us didn't treat each other the way we have,
3 we would have never made it here. And for that I
4 say thank you.

5 MR. HOTTENSTEIN: My pleasure. Thank
6 you.

7 MR. SLABY: And everyone else that
8 was a part of what we call the team that had input
9 on those Friday mornings. When we first started out
10 I thought I'm going to have to put up with this for
11 a long time. And then we started playing with the
12 days. The meeting, the phone meetings didn't suit
13 one person. So went from Tuesday to Thursday and
14 then we went from Thursday - the only day we didn't
15 go to was Sunday. But it's been - it's been a
16 pleasure. I've enjoyed working. And those - me
17 that aren't here, Jerry from the Pennsylvania
18 Economy League. Despite the fact that he's no
19 longer with DCED, I have to give a shout out to Jim
20 Rose. Jim was - was very, very helpful to me in
21 working with me and assuring me that Bob, you'll get
22 him there. You're going to get him there. And -
23 because there was a lot of times when the door was
24 looking good, and I mean the exterior door from city
25 hall. So with that said, Ryan, I thank you, man. I

1 thank you. And Patty and these guys are new, s -
2 and - but thank you. Thank you.

3 HEARING OFFICER: Thank you, Mr.
4 Slaby.

5 Any other interested party in the
6 audience like to provide comment? Seeing no other
7 witnesses, I would like to take this opportunity to
8 thank those in attendance and those who provided
9 comment at today's administrative public hearing.
10 Today's evidence and testimony will be presented to
11 Secretary Rick Siger for his final determination as
12 to whether the City of Shamokin's status as a
13 financially distressed municipality should be
14 terminated. Pursuant to Section 255.1(b) of Act 47
15 the determination will be issued within 90 days of
16 this hearing. Thank you. This hearing will now be
17 adjourned at 6:20 p.m.

18 * * * * *

19 HEARING CONCLUDED AT 6:20 P.M.

20 * * * * *

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23


24

25

CERTIFICATE

I hereby certify that the foregoing proceedings,
a public hearing by Hearing Officer Sheaf was
reported by me on 6/13/24 and that I, Rachel Wilbur-
Adams, read this transcript, and that I attest that
this transcript is a true and accurate record of the
proceeding.

Dated the 1st day of July, 2024



Rachel Wilbur-Adams,

Court Reporter