

## SOFC QUESTIONS

For the purposes of this form, the term, "current fiscal year," refers to the fiscal year which has most recently ended (the date of which is noted above after the phrase "For the fiscal year ended"). The term, "next fiscal year," refers to the year immediately following the current fiscal year, while, "subsequent fiscal year," refers to the year following the next fiscal year.

1. Deficit Factors:
  - a. Have your municipality's expenditures exceeded revenues for each of the previous three fiscal years (including the current fiscal year)?
  - b. Has your municipality maintained a deficit of 1% or more in each of the previous three fiscal years (including the current fiscal year)?
  - c. Has your municipality accumulated and operated with a deficit equal to 5% or more of its revenue for each of the previous two fiscal years (including the current fiscal year)?
  - d. Is your municipality likely to experience an operating deficit at the end of the next and/or subsequent fiscal year?
  
2. Indebtedness Factors:
  - a. During the current fiscal year, did your municipality default in payment of principal or interest on any of its bond issues or general obligation notes or in payment of rentals due any authority?
  - b. During the current fiscal year, did your municipality borrow funds, other than tax anticipation borrowing, to meet current operating expenditures?
  - c. During the current fiscal year, was your municipality denied a loan from any financial institution?
  - d. During the current fiscal year, was your municipality's debt service obligation greater than 10% of its revenues?
  
3. Real Estate Tax Factors:
  - a. Was your municipality at the maximum general purpose real estate tax limit during the current fiscal year?
  - b. If yes, has your municipality reduced police, highway or other services during the current or next fiscal year because of its inability to raise general purpose real estate taxes?
  
4. Payroll and MMO Factors:
  - a. During the current fiscal year, has your municipality missed a payroll for 30 days?
  - b. During the current fiscal year, has your municipality, for a period of at least 30 days beyond the due date, failed to forward payroll taxes withheld on the income of employees or failed to transfer employer or employee contributions for social security?
  - c. During the current fiscal year, has your municipality failed to make the budgeted payment of its Minimum Municipal Obligation (MMO) as required by section 302, 303 or 602 of the act of December 18, 1984 (P.L. 1005. No.205), known as the Municipal Pension Plan Funding Standard and Recovery Act, with respect to a pension fund during the fiscal year for which the payment was budgeted and failed to take action within that time period to make required payments?
  - d. During the current fiscal year, was the fund ratio for your municipality's pension funds at or below 70%?
  
5. Creditor Factors:

- a. During the current fiscal year, has your municipality sought to negotiate resolution or adjustment of a claim in excess of 30% against a fund or budget and failed to reach an agreement with creditors?
  - b. During the current fiscal year, has your municipality failed to make required payments to judgment creditors for 30 days beyond the date of the recording of the judgment?
6. Has your municipality filed a municipal debt readjustment plan pursuant to Chapter 9 of the Bankruptcy Code (11 U.S.C. § 901 et seq.)?
7. Does your municipality have any unfunded post-retirement health benefits or other employment liabilities aside from pension liabilities?
8. Do you anticipate your municipality experiencing, during the next and/or subsequent fiscal year, a plant or business closing resulting in a major impact on your community?
9. How many collective bargaining agreements (CBAs) does your municipality have?
10.
  - a. How many municipal employees were on your payroll at the beginning of the current fiscal year?
    - i. Full-Time
    - ii. Part-Time
  - b. How many municipal employees were on your payroll at the end of the current fiscal year?
    - i. Full-Time
    - ii. Part-Time
11.
  - a. Has the basis of accounting used by your municipality changed during the past three fiscal years (including the current fiscal year)?
  - b. What basis of accounting is currently used by your municipality?
    - i. Cash Basis
    - ii. Modified Accrual
    - iii. Full Accrual
  - c. Does your municipality use an independent Certified Public Accountant to perform its annual audit?
  - d. Has your auditor, in the most recent management letter, raised doubts about the ability of your municipality to function as a “going concern”? If yes, attach a copy of the letter.
12. If you answered “Yes” to any question from 1 to 7, please attach an explanation of your answer, including your rationale for whether you consider your municipality to be financially distressed.
13. If you are aware of any circumstances in or affecting your municipality that indicate that it is in or could be in a condition of financial distress, please attach a document explaining these circumstances and call the Governor’s Center for Local Government Services at 1-888-2CENTER (1-888-223-6837).