REPORT ON

1958 BUDGET

OF

WILKES-BARRE CITY

December, 1957

PENNSYLVANIA ECONOMY LEAGUE, Inc.,
Central Division
326 Second National Bank Bldg.,
Wilkes-Barre, Pa.

OPERATING RESULTS - 1956 AND 1957

In 1956 Wilkes-Barre City incurred an operating deficit of $37,665.

Current costs including principal and interest payments on debt exceeded income including cash balances by $17,200 and the cash balance was reduced $20,465.

Operating cash was obtained by floating a $20,000 temporary loan left unpaid at year-end.

An analysis of City finances at the end of the third-quarter of 1957 indicates that another operating deficit is possible during the current year unless a drastic expenditure retrenchment is effected during the remainder of the year.

These deficits occur under a supposedly good budget system because total appropriations are based upon unrealistically high revenue estimates and expenditures are not cut back when it becomes obvious that the revenue estimates are not going to pan out.

1958 BUDGET

Appropriations in the 1958 General and Recreation Fund budgets as introduced exceed the appropriations incorporated in the 1957 budgets by $23,723.

The budget calls for the retention of the 21.9 mill tax on real estate, although the distribution of the tax varies from the 1957 allocation, as shown in the following table:

Tax Rate In Mills

	1955	1956	1957	1958
General Fund - Council	15.00	15.00	15.00	15.00
General Fund - Court Approval	-	-	2.89	2.89
Debt Service	2.81	2.40	2.67	2.37
Recreation Fund	1.09	1.10	1.34	1.64
Total - - -	18.90	18.50	21.90	21.90

Under the Third-Class City Code each city is permitted to levy 15 mills for general purposes; two mills for recreation; and sufficient tax to meet annual debt charges. Council may also petition the Court for the right to levy an additional tax for general purposes, but not to exceed five additional mills. The additional levy of 2.89 mills requested by Council and approved by the Court for the year 1958 is in the same amount as the additional rate levied in 1957. The tax rate for debt service in 1958 is three-tenths of a mill lower than the 1957 rate; while the tax rate for recreation purposes has been increased three-tenths of a mill over the 1957 rate.

Council departed from former practice by eliminating the tax on occupations and replacing it with a five ($5.00) dollar residence tax on individuals.

A report issued by the Pennsylvania Department of Internal Affairs in December, 1956 showed that only eight of the forty-seven third-class cities in the State levied an occupation tax in 1955, while eighteen cities levied a residence or per capita tax.

Assessed Valuation

The actual total assessed valuation of the City for the year 1957 was $82,913,754, of which $5,044,770 was personal valuation used for the occupation tax. This left a valuation of $77,868,984 upon real estate and minerals. A valuation of $78,000,000 on real estate and minerals was used in estimating the revenue from current real estate taxes in the 1958 budget.

Receipts

Current real estate taxes are expected to yield $1,639,872, representing 96 percent of the total duplicate. Recent experience indicates that a yield of 94.5 percent would be more realistic. Actual revenue from current real estate taxes could fall short of the budget estimate by $25,000.

The yield from the five ($5.00) dollar residence tax is estimated at $124,300, or 73 percent of the total duplicate. This is a new tax in the City but the percentage of yield appears to be justified on the basis of the yield record of the occupation tax and the per capita tax collected by the School District.

Other revenue estimates compare favorably with results experienced in prior years, but could be considered the maximum amounts the City can anticipate during the year. Receipts from parking meters may fall off considerably due to changes in curb parking regulations arising from efforts to expedite traffic flow.

Budget Appropriations

Expenditures proposed in the 1958 budget for general and recreation purposes and debt service total $2,272,341, an increase of $23,723 over 1957 budget appropriations.

The following tabulation shows the major appropriation adjustments when compared with items in the 1957 budget.

Item	Appropriations 1957	Appropriations 1958	Adjustments
Special Litigation	$ 2,000	$ 3,500	$ 1,500
Liability Insurance	6,751	8,100	1,349
Salaries of Police	265,500	263,674	-1,826
Salaries School Guards	14,075	16,192	2,117
Street Markings and Signals	-	-	-1,730
Parking Meters	1,500	6,000	4,500
Maint. and Repairs Motor Vehicles	5,000	6,000	1,000
New Accounting Machine	-	3,648	3,648
Debt Service	211,485	177,385	-34,100
Tax Collector's Office	-	-	1,250
Electrical Material & Supplies	2,700	1,300	-1,400
Msint. of Paved Streets	22,400	19,404	-2,996
Wages - Flood Control	1,750	2,750	1,000
Insurance Flood Equipment	-	1,700	1,700
Material & Supplies - Flood Cpntrol	3,210	1,110	-2,100
Roqd Materials & Supplies	10,280	3,100	-7,180
Rock Salt	-	10,900	10,900
Park Wages	48,800	56,350	7,550
Expenses - Pools	22,030	29,380	7,350
Traffic Survey, etc.	5,000	35,000	30,000
Net Increases - Major Adjustments			$ 22,532

CONCLUSIONS

It seems highly doubtful that the budgeted revenue estimates will actually materialize. Accordingly the City will probably experience another year-end deficit unless expenditures are governed by actual receipts rather than estimated receipts.

WILKES-BARRE CITY TAX STRUCTURE

1956-1957-1958

TAX STRUCTURE	Actual 1956	Budget 1957	Budget 1958
Assessed Valuation - Real Estate	$78,391,013	*$ 82,600,000	$ 78,000,000
Tax Rate - Mills	18.50	21.90	21.90
Current Real Estate Duplicate	$ 1,450,233	*$ 1,808,940	$ 1,708,200
Current Real Estate Tax Yield	$ 1,370,216	*$ 1,736,582	$ 1,639,872
Percent Realized	94.5%	96%	96%
Assessed Valuation - Occupation	$ 4,834,140	-	-
Tax Rate - Mills	18.50	-	-
Current Occupation Duplicate	$ 89,431	-	-
Occupation Tax Yield	$ 66,612	-	-
Percent Realized	74.5%	-	-
No. of Resident Taxables	-	-	34,001
Resident Tax Rate - Dollars	-	-	$ 5.00
Current Resident Duplicate	-	-	$ 170,005
Resident Tax Yield			124,300
Percent Realized			73%
Taxes Prior Years - Tax Collection	$ 25,487	$ 28,000	$ 25,000
Delinquent Taxes - County	$ 21,665	$ 23,000	$ 24,900
Admission Taxes	$ 45,162	$ 45,000	$ 45,000
Total Taxes Collected	$ 1,529,142	$ 1,832,582	$ 1,859,072

* - Real Estate and Occupation Assessments and Taxes

GENERAL & RECREATION FUND BUDGET - 1958

Receipts	Actual 1956	Budget 1957	Budget 1958
Taxes	$1,529,142	$1,832,582	$1,859,072
Permits	18,486	18,750	18,900
Licenses	148,133	144,750	142,561
Fines & Costs	20,798	22,300	20,500
Rents	725	500	750
Departmental Earnings	24,629	26,400	26,450
Parking Meters	124,574	125,000	125,000
Street & Sewer Repairs	21,991	25,000	25,000
Interest, Dividend, etc.	4,135	1,000	1,250
Refunds	52,474	50,186	50,408
Temporary Loans	20,000	-	-
Sale of Supplies, etc	821	1,000	450
Other Non-revenue receipts	568	150	1,000
Transfers	1,130	-	-
Total Receipts	$1,967,606	$2,247,618	$2,271,341
Cash Balance - 1st of Year	23,266	1,000	1,000
Total Cash & Receipts	$1,990,872	$2,248,618	$2,272,341
Departmental Expenditures			
Department of Public Affairs	$ 421,943	$ 481,518	$ 489,586
Department of Accounts & Finance	162,244	185,046	220,574
Department of Public Safety	602,744	663,096	662,327
Department of Streets	447,877	519,362	517,236
Department of Parks	162,888	183,111	200,233
Temporary Loans	-	5,000	5,000
Total Department Expend's.	$1,797,696	$2,037,133	$2,094,956
Debt Service	190,376	211,485	177,385
Total Expenditures	$1,988,072	$2,248,618	$2,272,341
Cash Balance end of Year	2,800	-	-
Total Cash & Expenditures	$1,990,872	$2,248,618	$2,272,341

LIQUID FUEL TAX BUDGET - 1958

Receipts			
Commonwealth of Penna.	$ 113,328	$ 113,328	$ 113,135
Cash Balance 1st of Year	36	-	-
Total Cash & Receipts	$ 113,364	$ 113,328	$ 113,135
Expenditures			
Maintenance & Reconstruction of Streets & Bridges	$ 112,186	$ 113,328	$ 113,135
Cash Balance End of Year	1,178	-	-
Total Cash & Expenditures	$ 113,364	$ 113,328	$ 113,135